

Item: 12

Enterprise and Infrastructure Committee: 8 September 2026.

Road Asset Replacement Programme – Expenditure Monitoring.

Report by Head of Finance.

1. Overview

- 1.1. This report presents the summary position of expenditure incurred as at 30 June 2026 in respect of the Road Asset Replacement Programme for 2026/27.
- 1.2. To demonstrate a focus on maintaining existing assets of the Council and ensuring that our buildings and infrastructure are maintained at levels expected by the Orkney public and that our IT, plant and vehicles achieve modern standards of security, safety and emissions, annual capital improvement and replacement programmes of work are agreed by the relevant service Committee or Sub-committee.
- 1.3. Delivery of these planned programmes of work are thereafter monitored throughout the financial year by the relevant service Committee or Sub-committee.
- 1.4. The Roads Asset Replacement Programme budget was temporarily increased to £1.5 million for financial years 2025/26, 2026/27 and 2027/28, as a result of a recommendation by the Policy and Resources Committee on 18 June 2024, to demonstrate a focus on maintaining existing assets.
- 1.5. The annual Road Asset Replacement Programme for financial year 2026/27 was approved by the Enterprise and Infrastructure Committee on 3 February 2026.
- 1.6. Additional funding totally £534,000 has been allocated from the Islands Accelerator Fund for 2026/27, to allow additional works to be undertaken.
- 1.7. The table below provides an overview of the expenditure incurred for the period 1 April to 30 June 2026.

Project Description	Expenditure as at 30 June 2026	Annual Budget 2026/27	Probable Out-turn 2026/27	Overspend/ (Underspend)
Road Asset Replacement Programme	£321,478.	£2,014,000.	£1,935,914	(£78,086).

- 1.8. Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2026/27, including individual project updates.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
- Note the summary position of expenditure incurred as at 30 June 2026, against the approved Road Asset Replacement Programme for financial year 2026/27, as detailed in section 1.7 of this report.
 - Note the detailed analysis of expenditure figures and programme updates, in respect of the approved Road Asset Replacement Programme for 2026/27 attached as Appendix 1 to this report.

For Further Information please contact:

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Implications of Report

- 1. Financial** The Financial Regulations state that Directors can incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations.
- 2. Legal** Regular financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.
- 3. Corporate Governance** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the levels of expenditure incurred against the approved road asset improvement programme, funded through the approved capital programme, is referred to the Enterprise and Infrastructure Committee.
- 4. Human Resources** N/A

5. **Equalities** Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** Island Communities Impact Assessment is not required for financial monitoring.
7. **Links to Council Plan** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - ☐ Growing our economy.
 - ☐ Strengthening our Communities.
 - ☐ Developing our Infrastructure.
 - ☐ Transforming our Council.
8. **Links to Local Outcomes Improvement Plan** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - ☐ Cost of Living.
 - ☐ Sustainable Development.
 - ☐ Local Equality.
 - ☐ Improving Population Health.
9. **Environmental and Climate Risk** Where resources allow, improvement works can include ‘greener’ solutions.
10. **Risk** Improvement of existing assets can help reduce risks associated with these assets.
11. **Procurement** Any contractual arrangements require to comply with the Financial Regulations and Contract Standing Orders.
12. **Health and Safety** Well-maintained assets will assist the Council in complying with relevant Health and Safety requirements for both staff and the public.
13. **Property and Assets** Included throughout the report and detailed in the Appendix.
14. **Information Technology** N/A.
15. **Cost of Living** N/A.

List of Background Papers

Enterprise and Infrastructure Committee, 3 February 2026, Road Asset Replacement Programmes for 2026/27.

Appendix

Appendix 1 – Road Asset Replacement Programme 2026/27 Q1.

Roads Asset Replacement Programme 2026/2027		Actual Spend to 30/06/2026	Budget	Probable Out-turn	Appendix 1 Overspend/(Underspend)
B9061 Mount Pleasant and Bay of Bomastay, Stronsay		0	100,000	100,000	0
Protection against coastal erosion.		Works with Engineering Services to design and tender. Expected completion by the end of financial year 2026/27.			
Houton - Rock Armour		0	30,000	30,000	0
Protection against coastal erosion.		Works with Engineering Services to design and tender. Expected completion by the end of financial year 2026/27.			
Germiston Road - Brig repair		0	100,000	100,000	0
Structural repair of the Brig.		Awaiting final structural assessment and design from Engineering Services to finalise the full extent of works required.			
Total Bridges and Structures		0	230,000	230,000	0
Slater Street, Kirkwall - Lay new kerbs and surface		0	20,000	20,000	0
Defective kerbing and footway surface to be upgraded.		Works have been instructed to the Roads Operations team and are expected to be carried out by the end of 2026.			
A961 Burray - Lay new kerbs and footway reconstruction		0	0	0	0
Associated with A961 Burray haunch works. Works Cancelled for 2026/27. Budget Reallocated		Due to significant sand underground and on the recommendation of Engineering Services, this project requires further survey work and specialist road foundation design. Works will be postponed until 2027/28 to allow geological surveys and Tensar grid foundation designs to be carried out this year.			
Bellevue Park - Lay new kerbs and surface		0	30,000	30,000	0
Associated with streetlighting cabling works.		Works instructed to the Operations team for programming this financial year.			
Solar Panel Replacement for weather stations		0	25,000	25,000	0
Solar Panel Replacement for weather stations.		Purchase order issued to the supplier and will be charged when the solar panels are installed during our next maintenance visit before the end of 2026.			
Total Associated Infrastructure		0	75,000	75,000	0
A965 near Atlantis Lodges, Finstown		0	52,000	0	(£52,000)
Upgrade existing drainage and outfall. £15,000 - carry over from Atlantis Lodges work started in 2025/26. £37,000 - repair outfall, new pipes and headwall.		Remainder of works extended into this financial year are now complete. Please note costs for this project have been charged to the Reconstruction cost code for A965 near Atlantis Lodges, Finstown (below) for simplicity on the external contract, but this will be addressed prior to Q2 monitoring report.			
Lindisfarne, Westray - Upgrade existing drainage and outfall		0	25,000	25,000	0
Culvert works, pipework upgrade and tideflex installation.		Works currently being designed and will be instructed to our operations team for completion before the end of financial year 2026/27.			
Bay of Greentoft, Eday - Upgrade existing drainage and outfall		0	60,000	60,000	0
Repair outfall. New pipes and headwalls.		Works still to be designed and sent to Engineering Services to issue a contract works package.			
Stromness Pumping Station - Drainage		0	40,000	40,000	0
Stromness Pumping Station - Drainage		Works ongoing during school summer holidays. Expected completion Mid August.			
Total Drainage		0	177,000	125,000	(£52,000)

Germiston Road, Orphir - Overlay Surfacing	62,004	0	23,854	23,854
Improvement of carriageway surface. Budget Reallocated.	C/f from 2025/26 - Please note that the total expenditure includes £38k of Surface Dressing costs that have been incorrectly coded. These costs will be reallocated to the appropriate surface dressing budget code prior to the Q2 monitoring report.			
A961 Highland Park - Inlay Surfacing	0	25,000	25,000	0
Improvement of carriageway surface.	Works completed in July. Awaiting final costs from the Roads Operations team.			
A965 near Atlantis Lodges, Finstown - Inlay Surfacing	0	30,000	0	(£30,000)
Carry over from Atlantis Lodges work started in 2025/26.	Remainder of works extended into this financial year are now complete. Please note the majority of costs for this project have been allocated to the Reconstruction cost code for A965 near Atlantis Lodges, Finstown (below) for simplicity on the external contract, but this will be addressed prior to Q2 monitoring report.			
Castle Street, Kirkwall - Inlay Surfacing	83,032	80,000	83,032	3,032
Improvement of carriageway surface.	Works complete. Slight overspend due to replacement and realignment of manhole chamber covers within the works area that was not accounted for in the original budget estimate.			
B9056 North of Yesnaby Junction - Inlay Surfacing	0	0	0	0
Improvement of carriageway surface. Budget reallocated	This project was removed from the capital asset replacement programme and will be surface dressed in summer 2027 instead.			
Back Road / Church Road, St Margaret's Hope - Inlay Surfacing	0	125,000	125,000	0
Improvement of carriageway surface. Back Road / Church Road, St Margaret's Hope.	Works instructed. Expected to be completed in October.			
Investigation works 2027 - Surfacing Projects	0	10,000	10,000	0
Test holes.	No investigation works carried out yet.			
Pickaquoy Road, Kirkwall - Inlay Surfacing	0	190,000	190,000	0
Tesco zebra crossing to Crafty car park access. Plus section from junction with Muddisdale Road to joint of existing patch near Pickaquoy Loan.	Currently out to tender. Expected to be awarded and works completed before the end of the financial year.			
Noup Road, Westray - Inlay Surfacing	0	70,000	70,000	0
Inlay Surfacing, Noup Road.	Currently out to tender. Expected to be awarded and works completed before the end of the financial year.			
Crowness Crescent, Kirkwall - Inlay Surfacing	0	65,000	65,000	0
Inlay Surfacing, Crowness Crescent.	Instructed to Operations team. Expected to be completed before the end of 2026.			
A965 Finstown West - Inlay Surfacing	0	160,000	160,000	0
Worst section between Grandon Road and 30mph speed limit.	Contract awarded. Works expected to be completed by the end of 2026.			
Laing Street, Kirkwall - Inlay Surfacing	0	45,000	45,000	0
Full extent, Laing Street, Kirkwall.	Instructed to Operations team. Expected to be completed before the end of 2026.			

Muddisdale Road, Kirkwall - Inlay Surfacing	0	70,000	66,090	(£3,910)
From Pickaquoy Road to just past junction to Muddisdale car park plus approx. 5m into the junction for the road leading to Muddisdale car park. Plus remaining 3 speed bumps along Muddisdale Road (include approx. 5m each side of the speed bumps). Plus overlay on Care Home access part at the end of Muddisdale Road.	Works completed in July. Awaiting final invoice from contractor following site measurement.			
Mill Street, Kirkwall - Inlay Surfacing	0	40,000	40,000	0
From junction with King Street to just past OIC car park access.	Instructed to Operations team. Expected to be completed before the end of 2026.			
Howe Road, Stromness - Inlay Surfacing	0	20,000	20,000	0
Inlay Surfacing, Howe Road.	Instructed to Operations team. Expected to be completed before the end of 2026.			
Total Surface Treatments	145,036	930,000	922,975	(£7,025)
B9056 North of Yesnaby Junction - Carriageway reconstruction	0	0	0	0
Carriageway strengthening and improvement associated with surfacing works. Budget of £15k reallocated	This project was removed from the capital asset replacement programme and will be surface dressed in summer 2027 instead.			
Germiston Road, Orphir - Carriageway reconstruction	0	0	0	0
Carriageway strengthening and improvement associated with surfacing works. Budget Reallocated.	Works completed at the end of 2025/26 financial year.			
Church Road, St Margaret's Hope - Carriageway reconstruction	0	20,000	20,000	0
Carriageway strengthening and improvement associated with surfacing works.	Works instructed. Expected to be completed in October.			
A961 Burray Village - Carriageway reconstruction	0	125,000	0	(£125,000)
Carriageway strengthening and improvement on failed section.	Due to significant sand underground and on the recommendation of Engineering Services, this project requires further survey work and specialist road foundation design. Works will be postponed until 2027/28 to allow geological surveys and Tensar grid foundation designs to be carried out this year.			
Old Scapa Road, Kirkwall - Carriageway reconstruction	0	130,000	130,000	0
Carriageway edge strengthening and improvement.	Works commenced in July. Expected completion September.			
A965 Near Atlantis Lodges, Finstown - Haunch reconstruction	101,040	20,000	101,040	81,040
Carry over from Atlantis Lodges work started in 2025/26.	Works are now complete. These works were carried forward from 2025/26. Please note that the large overspend is due to all costs associated with the A965 Atlantis Lodges drainage, surfacing, and reconstruction works being charged to this project for simplicity under a single external contract. This will be corrected before the Q2 monitoring report to provide a clearer explanation of actual overspend relating to all works at this site.			

A966 Rendall - Haunch reconstruction	0	53,000	75,402	22,402
Carriageway edge strengthening and improvement.	Expenditure of £75,401.66 was incorrectly coded to the A965 Rennibister project and will be reallocated prior to the Q2 monitoring report. The expenditure includes costs carried forward from works undertaken at the end of 2025/26 that could not be completed before the start of the new financial year. The overspend is primarily due to unforeseen additional works required during delivery, including the replacement of broken culvert slabs at several locations and increased excavation depths where soft ground conditions were encountered.			
B9055 Brodgar - Haunch reconstruction	0	0	0	0
Carriageway edge strengthening and improvement. Budget Reallocated	Removed from the programme.			
A965 Finstown West - Haunch reconstruction	0	155,000	157,497	2,497
Carriageway edge strengthening and improvement, A965 Finstown West.	Contract awarded. Works expected to be completed by the end of 2026.			
A965 Rennibister - Haunch reconstruction	75,402	0	0	0
Carry over from Rennibister works started in 2025/26.	The expenditure has been incorrectly charged to the A965 Rennibister project and will be transferred to the correct project (A966- Rendall) prior to the Q2 monitoring report.			
Total Roads Reconstruction	176,441	503,000	483,938	(£19,062)
Helliar View, Shapinsay - Replace Columns	0	15,000	15,000	0
2 columns (CA04 & 05) to be replaced in same location. Replace columns over 30yrs old. HV01 - HV05.	Instructed to Operations team. Expected to be completed before the end of 2026.			
Kirkwall , Stromness, Westray & Longhope - Replace columns only	0	50,000	50,000	0
Replace 18 obsolete Corus folding columns: B9047 Longhope LH05N - LH07N; Pier Road, Longhope PR01 - PR03; Coplands Lane, Kirkwall CO01 & CO02; Market Green, Stromness MG06 - MG08; Gill Pier GP01; Stromness School Path SA14 - SA16; Lane between Kirklands Road and Scapa Crescent SC15 & SC20.	Works ongoing. All columns expected to be replaced by end of the financial year.			
Bellevue Park, Kirkwall - Replace columns, cabling and control systems	0	24,000	24,000	0
Replace columns over 30yrs old and upgrade control/cabling. BP01 - BP04.	Works instructed to the Operations team for programming this financial year.			
Liberator Drive, Kirkwall - LED lantern upgrade	0	10,000	10,000	0
Replacement of old Thorn Lanterns with new signify lanterns. 31 in total.	Works instructed. Will be completed when Lanterns arrive in stock and electrician resources are available within this financial year.			
Total Street Lighting	0	99,000	99,000	0
Roads Asset Replacement Programme 2026/2027	321,478	2,014,000	1,935,914	(£78,086)