Item: 7

Enterprise and Infrastructure Committee: 10 November 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 September 2026, in respect of the approved 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. To support the delivery of additional works, the programme has been allocated £654,000 in additional funding, consisting of £534,000 from the Islands Accelerator Fund and £120,000 from Scottish Government Connectivity funding for 2026/27.

1.7. The table below provides an overview of the expenditure incurred for the period 1 April to 30 September 2026.

Project Description	Expenditure as at 30 September 2026	Annual Budget 2026/27	Probable Out-turn 2026/27	Overspend/ (Underspend)
Road Asset Replacement Programme	£541,897.	£2,154,000.	£1,838,206.	(£315,794).

1.8. To mitigate the underspend, the Roads team is actively identifying additional works that can be incorporated into the 2026/27 programme.

1.9. 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:

i. Note the summary position of expenditure incurred as at 30 September 2026, against the approved Road Asset Replacement Programme for financial year 2026/27, as detailed in section 1.7 of this report.

ii. 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 Q2.

Roads Asset Replacement Programme 2026/2027	Actual Spend to 30/09/2026 £	Budget £	Probable Out-turn £	Overspend/ (Underspend) £
B9061 Mount Pleasant and Bay of Bomastay, Stronsay	0	100,000	0	(100,000)
Protection against coastal erosion.	Development Management have requested a screening application for this work which will have a knock on effect to the completion timescale of this project. The works will be postponed for this year and moved to a future asset replacement programme.			
Houton - Rock Armour	183	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	0	(100,000)
Structural repair of the Brig.	Ecological surveys delayed the final design of this project and meant the best weather window was missed for this year. Works proposed to be postponed until summer 2027 when water levels are minimal and the works can be carried out quicker and safer.			
Bridges and Structures	**183**	**230,000**	**30,000**	**(200,000)**
Slater Street, Kirkwall - Lay new kerbs and surface	0	20,000	20,000	0
Defective kerbing and footway surface to be upgraded.	On works programme. To be completed over the winter 2026/27.			
A961 Burray - Lay new kerbs and footway reconstruction	0	20,000	0	(20,000)
Associated with A961 Burray haunch works. Works Cancelled for 26.27. Budget Reallocated	Works postponed to financial year 2027/28 to allow for bore hole testing to be carried out and a Tensar grid foundation design to be prepared due to significant depth of sand underground at this location.			
Bellevue Park - Lay new kerbs and surface	0	30,000	30,000	0
Associated with streetlighting cabling works.	Works are planned to be completed over winter 2026/27. Full budget expected to be spent.			
Solar Panel Replacement for weather stations	0	25,000	25,000	0
Solar Panel Replacement for weather stations	Order confirmed with the supplier and will be invoiced and paid when the equipment has been supplied and installed later this financial year.			
Welfare Portacabins	0	120,000	120,000	0
Purchase of four welfare portacabins for Eday, Stronsay, Sanday and Shapinsay	Ongoing procurement for the purchase of these facilities. On track to be purchased and installed before the end of the financial year.			
Associated Infrastructure	**0**	**215,000**	**195,000**	**(20,000)**
A965 near Atlantis Lodges, Finstown	40,000	52,000	40,000	(12,000)
Upgrade existing drainage and outfall. *£15,000 - carry over from Atlantis Lodges work started in 2025/26.* *£37,000 - repair outfall, new pipes & headwall.*	Remainder of works extended into this financial year are now complete. Carried over works as part of an ongoing contract which included drainage, resurfacing and carriageway reconstruction at this location. The budget figure represents the best estimate split of each remaining phase of work at the time of preparing the asset replacement programme, based upon the remaining value of the contract. Final site measurements and valuations on completion of the work provided a more accurate figure to attribute the remaining contract costs to.			
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.	Awaiting site visit and final design. Expected to be fully spent by end of the financial year.			

Roads Asset Replacement Programme 2026/2027	Actual Spend to 30/09/2026 £	Budget £	Probable Out-turn £	Overspend/ (Underspend) £
Stromness Pumping Station - Drainage	61,769	40,000	61,769	21,769
Stromness Pumping Station - Drainage	Works complete. Effective working time on site was limited due to tidal conditions which increased labour costs for the project which led to the overspend.			
Drainage	**101,769**	**177,000**	**186,769**	**9,769**
Germiston Road, Orphir - Overlay Surfacing	23,854	0	23,854	23,854
Improvement of carriageway surface. Budget Reallocated.	Expenditure from works carried out at the end of last financial year that was not invoiced in time to be paid from last year's budget.			
A961 Highland Park - Inlay Surfacing	30,539	25,000	30,539	5,539
Improvement of carriageway surface.	Works complete. Overspend relates to additional labour and plant hire costs from works taking slightly longer than planned.			
A965 near Atlantis Lodges, Finstown - Inlay Surfacing	38,000	30,000	38,000	8,000
Carry over from Atlantis Lodges work started in 2025/26.	Remainder of works extended into this financial year are now complete. Carried over works as part of an ongoing contract which included drainage, resurfacing and carriageway reconstruction at this location. The budget figure represents the best estimate split of each remaining phase of work at the time of preparing the asset replacement programme, based upon the remaining value of the contract. Final site measurements and valuations on completion of the work provided a more accurate figure to attribute the remaining contract costs to.			
Castle Street, Kirkwall - Inlay Surfacing	83,206	80,000	83,206	3,206
Improvement of carriageway surface.	Works complete. Additional works included to replace some carriageway ironwork contributed to slight overspend.			
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 Margarets Hope.	Works currently ongoing. Expected to be completed by mid November.			
Investigation works 2027 - Surfacing Projects	0	10,000	10,000	0
Test holes.	No investigation works carried out yet. Geological survey work planned for A961 near Leaburn in Burray for future reconstruction works planned for 2027/28. Survey works will be carried out this financial year.			
Pickaquoy Road, Kirkwall - Inlay Surfacing	0	190,000	98,627	(91,373)
Tesco zebra crossing to Crafty car park access. Plus section from junction with Muddisdale Road to joint of existing patch near Picky Loan.	Works programmed for October school holidays. The project outturn reflects the agreed programme of works and efficiencies realised during delivery.			
Noup Road, Westray - Inlay Surfacing	0	70,000	62,798	(7,202)
Inlay Surfacing, Noup Road.	Works programmed for October school holidays. The project outturn reflects the agreed programme of works and efficiencies realised during delivery.			
Crowness Crescent, Kirkwall - Inlay Surfacing	0	65,000	65,000	0
Inlay Surfacing, Crowness Crescent.	Works programmed and will be completed by the end of the financial year.			
A965 Finstown West - Inlay Surfacing	0	160,000	160,000	0
Worst section between Grandon Road and 30mph speed limit.	Contract awarded and works in progress. Expected to be completed by end of 2026.			

Roads Asset Replacement Programme 2026/2027	Actual Spend to 30/09/2026 £	Budget £	Probable Out-turn £	Overspend/ (Underspend) £
Laing Street, Kirkwall - Inlay Surfacing	0	45,000	45,000	0
Full extent, Laing Street, Kirkwall.	On planned works programme. Due to be completed at the end of November 2026.			
Muddiesdale Road, Kirkwall - Inlay Surfacing	3,817	70,000	73,852	3,852
From Picky 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 complete. Small extra cost incurred after final site measurement resulted in actual works being slightly more than initially estimated.			
Mill Street, Kirkwall - Inlay Surfacing	0	40,000	40,000	0
From junction with King Street to just past OIC car park access.	On planned works programme. Due to be completed by the end of 2026.			
Howe Road, Stromness - Inlay Surfacing	0	20,000	20,000	0
Inlay Surfacing, Howe Road.	Works were completed mid October. Awaiting final costings to be charged to the project.			
Surface Treatments	**179,415**	**930,000**	**875,875**	**(54,125)**
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	1,000	0	1,000	1,000
Carriageway strengthening and improvement associated with surfacing works. Budget Reallocated.	Expenditure from works carried out at the end of last financial year that was not invoiced in time to be paid from last year's budget.			
Church Road, St Margaret's Hope - Carriageway reconstruction	0	20,000	20,000	0
Carriageway strengthening and improvement associated with surfacing works.	Works currently ongoing. Expected to be completed by mid November.			
A961 Burray Village - Carriageway reconstruction	0	125,000	0	(125,000)
Carriageway strengthening and improvement on failed section.	Works postponed to financial year 2027/28 to allow for bore hole testing to be carried out and a Tensar grid foundation design to be prepared due to significant depth of sand underground at this location.			
Old Scapa Road, Kirkwall - Carriageway reconstruction	81,277	130,000	130,000	0
Carriageway edge strengthening and improvement.	Works recently completed. Still awaiting all final costs to be invoiced and allocated to the job. Final expenditure will end up closer to the budgeted figure.			
A965 Finstown - Haunch reconstruction	46,666	20,000	46,666	26,666
Carry over from Atlantis Lodges work started in 2025/26.	Remainder of works extended into this financial year are now complete. Carried over works as part of an ongoing contract which included drainage, resurfacing and carriageway reconstruction at this location. The budget figure represents the best estimate split of each remaining phase of work at the time of preparing the asset replacement programme, based upon the remaining value of the contract. Final site measurements and valuations on completion of the work provided a more accurate figure to attribute the remaining contract costs to.			
A966 Rendall - Haunch reconstruction	75,402	53,000	75,402	22,402
Carriageway edge strengthening & improvement.	Carry over cost from works that were carried out at the end of 2025/26 and could not be fully completed in time before the new financial year. Overspend relates to unforeseen additional works that were required during the project, including replacement of broken culvert slabs on several culverts and additional dig depth for sections where soft ground conditions were encountered.			
B9055 Brodgar - Haunch reconstruction	0	0	0	0
Carriageway edge strengthening & improvement. Budget Reallocated	Moved to a future programme.			

Roads Asset Replacement Programme 2026/2027	Actual Spend to 30/09/2026 £	Budget £	Probable Out-turn £	Overspend/ (Underspend) £
A965 Finstown West - Haunch reconstruction	771	155,000	155,000	0
Carriageway edge strengthening & improvement, A965 Finstown West.	Contract awarded and works in progress. Expected to be completed by end of 2026.			
A965 Rennibister - Haunch reconstruction	0	0	0	0
Carry over from Rennibister works started in 2025/26.	Works completed last financial year.			
A960 St Andrews Reconstruction	16,994	0	16,994	16,994
A960 St Andrews Reconstruction - carry over costs from 25.26	Expenditure from works carried out at the end of last financial year that was not invoiced in time to be paid from last year's budget.			
Roads Reconstruction	**222,110**	**503,000**	**445,062**	**(57,938)**
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.	Works recently completed and awaiting final invoices to be allocated to the job. Full budget expected to be spent.			
Kirkwall , Stromness, Westray & Longhope - Replace columns only	7,470	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. Current expenditure reflects works completed so far. Final expenditure expected to match the budget.			
Bellevue Park, Kirkwall - Replace columns, cabling and control systems	332	24,000	24,000	0
Replace columns over 30yrs old and upgrade control/cabling.	Works are planned to be completed over winter 2026/27. Full budget expected to be spent.			
Liberator Drive, Kirkwall - LED lantern upgrade	30,617	10,000	16,500	6,500
Replacement of old Thorn Lanterns with new signify lanterns. 31 in total.	Current expenditure includes an overcharge which has been investigated and will be amended. The final cost is expected to be £16,500. Overspend relates to additional electrician labour cost and unplanned cabling works within some columns due to condition of existing wiring being significantly worse than expected as a result of water ingress through some of the old lanterns.			
Street Lighting	**38,419**	**99,000**	**105,500**	**6,500**
Roads Asset Replacement Programme 2026/2027	**541,897**	**2,154,000**	**1,838,206**	**(315,794)**