



Item: 1

Asset Management Sub-committee: 24 March 2026

Information Technology Capital Replacement Programme.

Report by Director of Infrastructure and Operational Development.

1. Overview

- 1.1. This report presents the annual Information Technology Capital Replacement Programme for members' approval.
- 1.2. In April 2014, the Council agreed that an annual amount of £420,000 should be allocated to support a programme of IT Replacement. This covers devices across all Council services, and the infrastructure hardware used to deliver the services that all staff are increasingly dependent upon. This includes servers, end-user devices, fixed-wireless network links, secure gateways, phone systems, data storage and backup systems. It also includes server, laptop and desktop PC assets purchased by other services, but does not include other technology such as plant and machinery or control systems.
- 1.3. On 18 June 2024, when considering a review of top-sliced asset replacement programmes, the Policy and Resources Committee recommended, inter alia, that for each of financial years 2025/26, 2026/27 and 2027/28, the Information Technology Capital Replacement Programme be increased to £600,000.
- 1.4. As detailed in the Information and Communications Technology Asset Management Plan, the replacement value of the Council's tangible information technology assets was valued at £6,101,500. If the asset replacement programme assumed that 20% of the assets should be replaced every year, the budget required would be in the region of £1,220,000.
- 1.5. As technology evolves and the Council becomes ever more reliant on information technology, it is important that the replacement programme is sufficient to ensure service continuity and resilience. Maintaining the information technology estate to ensure that it is current, supported, and reliable with the capacity to meet the continuous growth in demand is fundamental to delivering ongoing services effectively and efficiently.

- 1.6. It is relevant to note the policy obligations that the Council must maintain an information technology infrastructure that remains “in support” with the vendor and replace technology once a manufacturer declares technology at “end of support”.
- 1.7. Whilst there have been considerable changes to the delivery of many services via the use of cloud services, the majority of the information technology asset base is still delivered “on premise” and therefore maintaining the continuity, capacity, currency and resilience of these remains a priority. These include:
- Equipment and technology used in server room locations and Microsoft Cloud Environment in which the IT systems are housed.
 - The physical and virtual servers on which IT systems run.
 - The data storage systems and backup facilities on which the Council’s data is held.
 - The Security Gateways that protect the Council’s networks and permits secure access to the Internet.
 - The Wide Area Network communications links which connect Council sites to one another and to the Internet.
 - The Local Area Network and Wi-Fi infrastructure within Council premises.
 - The desktop and laptop end-user devices across the Council Offices and schools used by Council staff, teachers and pupils, including interactive displays.
 - The telephone systems used across the Council and Schools.

2. Recommendations

- 2.1. It is recommended that members of the Sub-committee:
- i. Approve the Information Technology Capital Replacement Programme for 2026/27, together with the indicative programme for 2027/28, attached as Appendices 1 and 2 respectively to this report, to be funded from the allocation of £600,000 per annum within the Council’s current approved capital programme.
 - ii. Delegate powers to the Director of Infrastructure and Organisational Development, in consultation with the Head of Finance, to adjust the two-year programme, referred to above, as variations arise in order to maximise use of the annual capital allocation.

3. Capital Replacement Programme

- 3.1. The proposed Information Technology Capital Replacement Programme for 2026/27, together with the indicative programme for 2027/28, are attached as Appendices 1 and 2 to this report.
- 3.2. With regard to Datacentre Replacements, the Council has two main datacentre rooms, plus a disaster recovery datacentre, additional network distribution rooms, network rooms and cabinets across Council premises. In these are IT communications cabinets, server racks plus cable management, uninterruptable power supplies (backup batteries) and, in the case of larger sites, environmental monitoring and remote management links which allow the sites to be monitored and supported remotely. During 2026/27, the focus will be on increasing battery capacity in the main communications room at School Place.
- 3.3. The server budget covers the replacement of servers that are end of support lifetime and cannot viably be replaced with cloud alternatives. This includes the primary Virtual Server infrastructure in our main Data Centre at 9 King Street which becomes End-Of-Life in 2026.
- 3.4. The data backup infrastructure is constantly in need of renewal as older storage arrays require expansion or retirement. In 2026/27 the focus will be the data storage elements of the Virtual Server infrastructure at 9 King Street.
- 3.5. The Local Area Network Infrastructure budget covers the ongoing replacement of Wi-Fi controllers, additional compatible wireless access points and also the network switches that support all of the network traffic across the Council's technology estate. The main focus of network infrastructure replacement will be for Kirkwall Grammar School updating networking equipment which was installed in 2014.
- 3.6. Of the Security Gateways which protect the Council's networks and permit secure access to the Internet and cloud hosted systems, over 2026/27 the Perimeter firewalls will be replaced with the latest New Generation Firewall clustering technology. These firewalls will have the latest security application and load balancing capabilities so that the Council can make best use of its new 1Gbps Internet feeds. This infrastructure will also ensure guest access to the Internet is filtered to protect users to our network and enable us to adjust to any upcoming legislation with regard to filtering requirements.

- 3.7. The Council's Wide Area Network connects many of the Council premises securely via fixed wireless links to the main mast infrastructure. Links are being targeted for replacement due to age and latency issues. However, it should be noted that this infrastructure is particularly vulnerable to the weather and therefore the potential impact of weather may arise unexpectedly. This being the Case funding is being diverted to fund to more resilient technologies such as optical fibre.
- 3.8. A high priority is ensuring the estate of PC laptops and desktops is kept up to date. The particular focus over 2026/27 will be the continued rollout of Windows 11 devices to both the corporate and the school's estates. Windows 10 ceased to be supported with necessary security updates in October 2025. IT therefore will continue to replace the older devices with new and rebuild the later models from Windows 10 to Windows 11.
- 3.9. Due to the BT analogue switch off in January 2027, IT will continue to prioritise the retirement of Council standalone phone systems which are present on many Council locations, including schools. While the majority of the Councils telephony estate has been migrated, there are a number of smaller sites still to be moved to the digital platform. IT will be purchasing additional communications infrastructure and linking them to the Council Avaya phone system, which will reduce operating costs by removing or reducing landlines and routing calls via secure Internet connectivity.

For Further Information please contact:

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Implications of Report

- 1. Financial** – The capital programme report includes an approved provision of £600,000 in financial years 2025/27 in respect of the Information Technology Capital Replacement Programme. That the development of multi-year plans for maintaining and improving the Council's Information Technology, as set out in this report, is consistent with the Council's approach to corporate asset management planning and should over time lead to a more effective use of Council resources.
- 2. Legal** – Regularly monitoring and updating the IT Capital Replacement Programme helps the Council to meet its statutory obligation to secure best value.
- 3. Corporate Governance** – In terms of the Scheme of Administration, the establishment and review of the annual information and communication technology capital replacement programme, funded through the approved Capital Programme, is delegated to the Asset Management Sub-committee.
- 4. Human Resources** – No implications.

5. **Equalities** – An Equality Impact Assessment is not required.
6. **Island Communities Impact** – An Island Communities Impact Assessment is not required.
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** – None directly related to the recommendations in this report.
10. **Risk** – None directly related to the recommendations in this report.
11. **Procurement** – None directly related to the recommendations in this report.
12. **Health and Safety** – None directly related to the recommendations in this report.
13. **Property and Assets** – None directly related to the recommendations in this report.
14. **Information Technology** – A well-maintained IT system, incorporating latest hardware and software updates, will assist the Council in delivering its priorities, as outlined in the Council Delivery Plan.
15. **Cost of Living** – None directly related to the recommendations in this report.

List of Background Papers

Policy and Resources Committee, 18 June 2024: Item 8: Review of Top Sliced Asset Replacement Programmes.

Appendices

Appendix 1: IT Replacement Programme 2026 to 2027.

Appendix 2: IT Indicative Replacement Programme 2027 to 2028.

Information Technology Replacement Programme 2026/27

Asset Group	Project	Reason.	Sub Total.	Total.
Datacentre Replacement	Server Room Replacement	Replacement of Server and Network Room Equipment including UPS (backup power), Remote Management, Monitoring and Access Controls. Improved UPS is required at all sites to ensure resilience for new digital phone systems.	£30,000	£30,000
Server Replacements	Replacement of servers that are end-of-life.	Replacement of the servers that are at end of operational lifetime and reaching or beyond vendor support.	£85,000	£175,000
	Replacement of Storage and Backup Infrastructure	Replacement of storage that is approaching capacity and enhance the resilience of data backups.	£90,000	
Local Area Network Replacement	Wi-Fi Modernisation	Renew and improve Wi-Fi systems to maintain capacity and currency of support, replacing end of life equipment.	£20,000	£110,000
	Replacement of Network Switches	Replacement of network switches that are end of support. Ensuring devices are in current support is an essential objective in maintaining Public Sector Network Accreditation, this will include the replacement of core networking switchgear at Kirkwall Grammar School.	£90,000	
Security Gateways	Proxy/Firewall Replacements	Main perimeter Firewalls are End of Life and will require replacement	£55,000	£55,000
Telephony	Analogue to Digital switchover	To complete replacement of voice infrastructure requiring replacement as part of the analogue switch off in Council sites, extending the Council's core switchboard via updated equipment to Council and School sites.	£25,000	£25,000
Wide Area Network Replacement	Replacement of End of Life and Poor Performing Radio Wireless and Microwave Mast Equipment	To replace core WAN Infrastructure to ensure connectivity between our data centres and other Council sites through the county Including Schools and Care Homes.	£55,000	£55,000
Device Replacement	Replacement of end User Devices (Corporate).	To replace end of life end-user devices in Council Offices.	£50,000	£100,000
	Replacement of end User Devices (Schools).	To replace end of life end-user devices in Schools.	£50,000	
Other	Failures and Emergency Replacements of Capital Equipment.	Allocation to replace failures not covered by repairs, and any systems that fail security audit requirements. Particularly WAN wireless	£50,000	£50,000
			Total	£600,000

Information Technology Indicative Replacement Programme 2027/28

Asset Group	Project	Reason.	Sub Total.	Total.
Datacentre Replacement	Server Room Replacement	Replacement of Server and Network Room Equipment including UPS (backup power), Remote Management, Monitoring and Access Controls.	£20,000	£20,000
Server Replacements	Replacement of servers that are end-of-life.	Replacement of the servers that are at end of operational lifetime and reaching or beyond vendor support.	£85,000	£175,000
	Replacement of Storage and Backup Infrastructure	Replacement of storage that is approaching capacity and enhance the resilience of data backups.	£90,000	
Local Area Network Replacement	Wi-Fi Modernisation	Renew and improve Wi-Fi systems to maintain capacity and currency of support, replacing end of life equipment.	£20,000	£100,000
	Replacement of Network Switches	Replacement of network switches that are end of support. Ensuring devices are in current support is an essential objective in maintaining Public Sector Network Accreditation, this will include the replacement of remaining networking switchgear at Kirkwall Grammar School.	£80,000	
Security Gateways	Proxy/Firewall Replacements	Internal Firewalls are approaching End-Of-Life and will require replacement	£55,000	£55,000
Telephony	Analogue to Digital switchover	To replace voice infrastructure requiring replacement as part of the normal replacement of infrastructure	£45,000	£45,000
Wide Area Network Replacement	Replacement of End of Life and Poor Performing Radio Wireless and Microwave Mast Equipment	To replace core WAN Infrastructure to ensure connectivity between our data centres and other Council sites through the county Including Schools and Care Homes.	£55,000	£55,000
Device Replacement	Replacement of end User Devices (Corporate).	To replace end of life end-user devices in Council Offices.	£50,000	£100,000
	Replacement of end User Devices (Schools).	To replace end of life end-user devices in Schools.	£50,000	
Other	Failures and Emergency Replacements of Capital Equipment.	Allocation to replace failures not covered by repairs, and any systems that fail security audit requirements. Particularly WAN wireless	£50,000	£50,000
			Total	£600,000