

HIGHLAND COUNCIL

Committee: Highland Council

Date: 7th March 2018

Report Title: Capital Programme 2018/19 to 2022/23

Report By: Director of Corporate Resources and Director of Development & Infrastructure

1. Purpose/Executive Summary

- 1.1 The Highland Council has just under £2bn of assets on its balance sheet comprising, amongst other things, 203 operational schools, over 6,700km of roads and over 2,000 properties. As the Council with the largest geographical area in Scotland the asset base comprises a hugely diverse range of assets in terms of size, location, purpose and condition.
- 1.2 The Capital programme reflects the level of investment the Council chooses to make in those assets, whether that be creating new assets or improving existing ones.
- 1.3 The Council funds that investment by two principal means, an annual capital grant received from government to be used for capital purposes, and borrowing which the Council finances through its revenue budget.
- 1.4 Given the continuing squeeze on the capital and revenue funding the Council receives from the Scottish Government it is considered that its current capital programme, a ten year programme covering the period from 2015/16 to 2024/25 approved in December 2015, is no longer affordable and requires to be reduced.
- 1.5 The reduction in the capital plan will mean that not all identified requirements for capital investment can be met which will likely lead to further deterioration in the Council's asset base. Already the Council has 42% of all its schools rated as being in poor condition and 9.24% of roads identified as category red (i.e. needing significant repairs) and those statistics will likely worsen over the period of the proposed plan.
- 1.6 The proposed programme is predicated on what level of capital investment is able to be financed by maintaining the loans charges budget (the revenue budget from which the Council finances capital investment) at its current level of £56.7m per annum as approved by Council on the 15th February 2018.
- 1.7 The proposed programme contains a range of assumptions, and therefore needs to be reviewed regularly to test the continuing validity of these assumptions.

2. Recommendations

- 2.1 Members are asked to approve the capital programme as detailed in **Appendix 1** to this report with an estimated year-by-year cash flow profile as detailed in **Appendix 2**.
- 2.2 Members are asked to approve the transfer of any capital receipts received over the period of the programme to the capital receipts reserve to be drawn down flexibly over the period as detailed in section 8.8.
- 2.3 Members are asked to agree to the principle, as outlined in section 8.11, that any capital projects that deliver net revenue savings can be approved by the relevant strategic committee without the need to review the wider capital plan.

3. Background – Capital Programme 2015/16 to 2024/25

- 3.1 The Council last set a capital programme in December 2015. A link to that approved programme can be found in the background papers section of this report.
- 3.2 That programme covered the period from 2015/16 to 2024/25 and included gross expenditure of just over £900m. The programme assumed average annual borrowing of £50m to support the investment and it was anticipated that the impact of the agreed programme on the revenue budget would be to result in a year on year increase in loans charges of £2.5m.
- 3.3 As part of its revenue budget process for 2018/19 the Council has agreed that there should be no increase in loan charges as this would make the Capital Plan unaffordable and breach one of the key criteria of the Prudential Code. To do otherwise would place significant pressure on future years' budgets in the current financial climate and require an even greater level of service savings that may place the Council in financial jeopardy.
- 3.4 The proposed new capital programme as detailed in this report is predicated on an annual affordability level of repayment and interest costs of £56.7m which equates to the current budget available for loans charges.

4. Funding Capital Investment

- 4.1 Capital investment can be funded from a variety of different sources and more information on these sources is provided in the section below.
- 4.2 The Council receives an annual capital grant from the Scottish Government. This grant can only be used for capital investment and cannot be used for revenue purposes. The Council has received notification of its capital grant for 2018-19 which comprises a core capital grant of £31.4m and additional funding of £9.6m for specific flood scheme projects. The core grant figure reflects a reduction of around £1m from the previous year.
- 4.3 No indication has been given as to what the value of the capital grant will be in future years so for the purpose of planning the capital programme a 'flat cash' grant has been assumed. One exception to this is in financial year 2019-20 when an assumed additional £7.5m of grant income is anticipated. This reflects a commitment by Government to repay funding deducted from the 2016/17 capital settlement.

- 4.4 Some projects in the proposed capital programme have project-specific funding associated with them. This funding may come from sources such as developer contributions and government or other agency grants. Funding of this nature can only be used for those specific projects. Total funding of this nature of £136.9m is available to support the five years of the proposed programme.
- 4.5 If the Council disposes of an asset it receives a capital receipt which can be used to support capital investment. As the Council continues to look to rationalise its property estate more capital receipts will be forthcoming. Many assets however cannot be disposed of as they are required for frontline service delivery or have no wider market value. There is a potential impact of the Community Empowerment legislation that may reduce the level of any capital receipts received however the financial implications will be notified to the Council should such a situation arise. No recognition has been made in this proposed Capital Plan of this financial risk.
- 4.6 The final main source of funding for capital investment is borrowing. Members will be aware that local authorities are allowed to borrow to finance capital investment and that borrowing should be done in accordance with CIPFA's Prudential Code for Capital Finance. The code allows for each authority to determine its own borrowing limits which this Council does as part of its annual treasury management strategy statement which Council will be asked to approve on the 8th March. The key considerations for borrowing must be that it is affordable, sustainable and prudent.
- 4.7 A key indicator used by councils to assess their borrowing position is to express their annual borrowing costs (loans charges) as a proportion of income from general revenue grants and taxation. For Highland this figure (including borrowing costs associated with PPP schools) stands at over 13%, the fifth highest in Scotland. At a time when the revenue budget is being reduced in real terms, and the Council faces a number of contractual and policy objectives that effectively ring fence a significant proportion of its budget, this situation is not sustainable in the long term.

5. Condition of the Council's Assets

- 5.1 One of the key determinants for capital investment is the current condition of assets. The section below provides some of the key indicators around the condition of the Council's main asset types.
- 5.2 The school estate is assessed using guidance from the Scottish Government, particularly in relation to three of the key "Core Facts" (Condition, Suitability and Sufficiency) that are reported on annually. The current position with regard to each of these criteria is outlined below.
- **Condition:** The outcome of an exercise to re-survey all schools was published in 2014. There is an ongoing programme of survey work which is used to update results, identify trends and highlight any deterioration that may be worse than anticipated. Results are also updated on completion of any significant capital investment projects. Best practice suggests that a full condition survey of the school estate should be carried out every five years.
 - **Suitability:** An exercise to re-survey all primary schools was completed last year. Work is underway to re-survey all secondary schools and this is programmed to be completed by the end of the current school session in June. The results will be reviewed annually and updated as necessary. Again, the impact of any major capital investment is assessed, along with any particular changes in circumstances at individual schools.

- **Sufficiency:** School roll forecasts (over a 15-year period) are reviewed and updated annually to take account of any significant changes (such as house building rates or significant social/economic factors). The most recently updated figures were published in December 2017 following an extensive review of the overall approach and methodology, along with an exercise by colleagues in Planning to update the information in the Housing Land Audit relating to the anticipated delivery of new housing. With regard to the capacity of schools, the Planning Capacity figures for all primary schools were reviewed and updated last year to take account of guidance published by the Scottish Government along with the Council's agreed approach to this (as approved by the Education Children and Adult Services Committee at the time). A similar exercise to review the Planning Capacity figures for all secondary schools is currently underway and this is also planned to be completed by the end of the current school session.

For Condition and Suitability, all schools are rated in four overall categories ("A: Good"; "B: Satisfactory"; "C: Poor"; and "D: Bad"). The Condition data can also be used to assess the state of (and to prioritise investment in) separate elements of the building fabric (such as roofs, windows, electrical and heating installations), or individual blocks or buildings within larger school campuses. There is a particular issue with the condition of ageing modular accommodation at a number of our schools.

With regards to Sufficiency, the school roll forecasts are analysed against the capacity of each school to identify any short, medium or long term roll pressures.

Appendix 3 (the School Estate "Core Facts" Summary) outlines the current position with regard to each of these criteria for all of the schools in Highland. To set these statistics in a national context, the table below contrasts Highland's current overall ratings for Condition and Suitability with the Scotland-wide position from the most recently published Scottish Government data (the 2016 annual return).

		Highland Schools		Scotland
		Number Rated C: Poor	Percentage Rated C: Poor	Percentage Rated C or D
Condition	Primary	72	42%	15%
	Secondary	14	48%	21%
	Special	0	0%	18%
	Overall	86	42%	16%
Suitability	Primary	74	44%	17%
	Secondary	14	48%	21%
	Special	1	25%	30%
	Overall	89	44%	19%

It should be noted that Highland has no schools rated as "D: Bad" for either Condition or Suitability. Also, the number of schools rated as "A: Good" for Condition has risen to 33, compared to 27 in 2016.

5.3 The Highland Council is responsible for managing just over 2000 operational buildings across a diverse, challenging environment. In regards to national council property indicators the Council is performing as follows:

- CORP ASSET1 - Proportion of operational buildings that are suitable for their current use: - The Council's response is 66% and currently sits in the bottom quartile, position 30 out of 32 Scottish Councils.
- CORP ASSET2 - Proportion of internal floor area of operational buildings in satisfactory condition: - The Council's response is 83% and currently sits in the third quartile, position 23 out of 32 Scottish Councils.

These indicators reflect the considerable level of existing backlog maintenance and improvement that is required to bring the Council's property portfolio up to a suitable and satisfactory condition.

5.4 The Highland Council is responsible for the largest road network in Scotland which as at March 2016 comprised of 6,743.8km Carriageway and 1,902km Footways. The asset value, in terms of Gross Replacement Cost, is around £4,632m for Carriageways and £244m for footways. The Carriageway Condition is measured by Road Condition Indicator (RCI) which is a machine based Key Performance Indicator undertaken on a national basis and co-ordinated by SCOTS. The national average for 2016 was 36.7% of roads rated as red or amber; Highland Council's figure was 39.1%. In terms of ranking Highland is ranked 21st out of the 32 Scottish Councils, but the speed at which the roads are deteriorating in Highland is increasing. In 2012 the RCI was 29.3%, so there has been a 10% decrease in road condition over the last 5 years.

5.5 The Highland Council has approximately 3,300 road structures (which includes bridges, culverts and retaining walls). They have an asset replacement value of about £650m. There is a rolling programme of general and principal inspections of structures, and their condition is well known and documented with over 40 having weight or other restrictions.

Highland bridges have an average condition index of 81, this compares poorly against the Scottish average of 85. Fifty bridges have been categorised as poor or very poor requiring significant investment and these have been ranked and prioritised. Monitoring of the bridge stock will continue and this will influence the prioritisation list – but with significant underinvestment it is likely that emergency action and funding will be required. Given the size and condition of our stock, completion of about 30 projects in any five-year period is required to maintain a steady state condition.

6. Capital Programme Review Process

6.1 The condition of the Council's assets is not the sole determinant for capital investment and other considerations also need to be taken into account. Some capital investment may facilitate economic development whilst some might ensure the Council is able to meet its statutory requirements. All such considerations were factored into the programme review process.

6.2 The review of the capital programme was facilitated by the Capital Programme Board, an officer group with representatives from all services led by the Director of Development and Infrastructure. As a starting point for a proposed new programme officers were asked to assess their anticipated requirement for capital expenditure for their services for the next ten year period.

- 6.3 Working under the premise that the level of spend would maintain the condition of assets in a steady state plus meet the need for new investment and the creation of new assets those requirements were consolidated with a total estimated cost over 10 years of £1.7bn.
- 6.4 Working in tandem with the Administration's Budget Group it was immediately decided that a programme of this level would be unaffordable. Given the pressures on the Council's revenue budget a programme was requested that would be affordable within the Council's existing loans charges budget of £56.7m. As a guideline figure for planning purposes it was estimated that an annual capital spend of £55m would fit within the affordability parameters.
- 6.5 Given the uncertainty around the funding settlement from government it was also decided to reduce the duration of the plan to 5 years rather than 10. The Council is only being given a one year settlement for both capital and revenue and given the lack of clarity about any period beyond that it was felt too risky to be setting a capital programme that makes expenditure commitments for the next ten years. As such the group began to work towards identifying a 5 year programme to the value of £275m.
- 6.6 Each service developed a scoring methodology to prioritise their own projects and corporately the group began to work towards identifying the essential projects that needed to be prioritised within the programme. This iterative process was supported by the administration's budget group who identified their priorities for capital investment to be on the roads network and on schools.
- 6.7 As a programme developed more sophisticated modelling of the impact on loans charges was able to be done. That modelling has identified some capacity for increased spend in the first three years of the programme, partially mitigated by proposed spend below an annual £55m in years 4 and 5. As outlined in sections 8 and 9 however there are significant risks to delivering the proposed programme within the parameters of the existing loans charges budget.

7. Proposed Capital Programme

- 7.1 The outcome of the review process is the proposed programme that can be seen at **Appendix 1** to the report. **Appendix 2** illustrates the budgeted spend on projects by financial year. The sections below provide a service by service summary of what the programme achieves and the implications of such a programme.

Care and Learning

- 7.2 The Care and Learning capital programme covers a broad range of assets including schools and nurseries, community facilities, land and other assets, High Life Highland (HLH) tenanted assets, HLH operated vehicles, Adult Services facilities and Children's Services facilities.
- 7.3 Highland has a large number of schools, and a large number of those schools have condition, suitability or capacity pressures. The Council must also deliver investment to support expansion in Early Learning and Childcare provision to meet Scottish Government policy. The programme as proposed addresses some of the most urgent of these pressures, but in the context of a significantly reduced capital programme, will not meet all the needs identified.

- 7.4 In addition to the named schemes within the capital programme, there are a number of 'generic' budget lines, with detailed allocation to projects to be considered by Committee following agreement by the Council of the overall programme. For a number of these generic budget lines, the budget available is reduced from that available within the previous capital programme, in particular the 'School Improvement Programme' and 'Community and Leisure Facilities' budgets.
- 7.5 For schools, other than named projects within the capital programme, the generic budget line is the budget remaining to address all other need across the school estate. **Appendix 3** (the School Estate "Core Facts" Summary) provides the context for the range of pressures in existence, with the sum allocated only able to address a small number of the known demands at present.
- 7.6 The Care and Learning programme assumes a successful £50m bid made to the Scottish Government for the next tranche of the Schools for the Future fund. Whilst the criteria and timescales for this funding are not known at this time, the Administration has identified immediate priority schools for such a bid to include a Tain 3-18 campus; the Nairn and Fortrose secondaries; the schools in Invergordon; Beauly, Broadford, Dunvegan and Tarradale primaries; and the St. Clements special school.
- 7.7 The level of bid proposed, alongside Council match funding from the 'School Estate-Improvement Programme' budget, will not in all likelihood cover all of the priorities named. There is also no guarantee that the Council would be successful in securing that level of Scottish Government funding. In such an instance it will be necessary to review the scope of the capital programme.
- 7.8 It is intended that a bid will be made to the subsequent round of Schools for the Future funding likely to cover years 6 to 10 of the programme. It is intended that bids will be made in respect of the primaries in Alness and Kiltarn as substantial consultation will be needed before those bids can be ready.
- 7.9 The Community and Leisure Facility budget provides for investment in that aspect of the estate, in particular HLH tenanted assets, and HLH operated vehicles. A number of mobile library vehicles are now overdue replacement, and the level of budget will present challenges in prioritising that budget across both property and vehicle priorities. Investigations are underway to explore options including sourcing reconditioned vehicles. If that is not successful they would need to be discussed in the context of the capital programme. Efforts will be made to access external funding to enhance this budget.

Community Services

- 7.10 The proposed plan across the 6 different roads budget headings of an average annual £7.2m maintains the planned level of investment in the previous capital programme..
- 7.11 The optimum figure, which has been independently calculated by SCOTS, is £21m. For 18/19 in particular, the resurfacing programme that will be available from the proposed plan is also likely to be further reduced, due to the need to react to the significant deterioration caused by the freeze/thaw effect of this winter.
- 7.12 An anticipated sum of £2.2m is required to replace roads vehicles that will be 10 years old (i.e. at the end of their life) in 2018/19. The proposed budget of £1.98m will result in 2 vehicles not being replaced. As these vehicles are 10 years old, their reliability will be reduced and further revenue expenditure will be required to maintain them in a roadworthy condition.

- 7.13 The optimum life cycle life of an HGV working in winter conditions is 7 years. Due to reduced funding in previous years, this has been extended to 10 years which is the maximum life we can reasonably expect to get reliable operation from them.

Corporate Resources

- 7.14 The 5-year capital plan for ICT comprises a number of key elements. These include Wipro contract milestones (£1m), Network refresh (£7m), Managed Device Refresh (£5m) and Chromebook purchase and refresh (£9m). Overall the 5-year capital plan as it stands does fully support fully the first 3 items detailed above.
- 7.15 The first item relates to the core Wipro contract and payment will be released when Wipro deliverables have been provided to the Council's specification. The Network Refresh is a contractually committed project with Wipro and is essential work to replace ageing network equipment in schools and offices. It is a pre-requisite for the deployment of Chromebooks in schools and for effective operation of corporate devices.
- 7.16 The Managed Device Refresh will replace laptops and desktops across the Council with more capable and efficient devices. The existing computer estate is generally 6-7 years old and will not support a Windows 10 and Office 365 environment going forward. Where appropriate, any recently purchased devices will be re-used.
- 7.17 The Chromebook programme differs from the other ICT lines as it covers the initial supply of Chromebooks across the school estate plus the start of a full re-supply of devices. The original plan was to fully refresh the Chromebook estate on a 4-year rolling cycle on the basis of experience in pilot schools of the expected device lifespan. As it stands the 5-year plan does push out the first full re-supply of devices by 1-2 years. Therefore there is a greater risk of devices failing before they are planned to be refreshed.

Development and Infrastructure

- 7.18 With the exception of West Link and Inshes (which form part of the City-Region Deal) no further specific projects have been proposed at this stage. There are a number of well-developed proposals for road improvements throughout Highland, with some being shovel ready, which will not be able to proceed within the plan. A small annual sum of £206k has been retained to provide match funding of developer contributions, such as at South Loch Ness, and an allowance of just over £1m is included with the aim to identify road capacity solutions at Dingwall to unlock constrained development.
- 7.19 The Highland Council has the largest bridge stock of any Local Authority in Scotland, the second largest in the UK, with the average age of close to 90 years. Underinvestment in both revenue and capital for the last 25 years has resulted in a gradual decline in the condition of the bridge stock through lack of routine maintenance, mid-life strengthening and refurbishment and timeous replacement. There are now over 40 bridges which have weight, or other, restrictions. Continued underinvestment will result in an increase in the numbers of restrictions, the risk of closure of some bridges and the possible need for unfunded emergency repair/replacement of others. There are 9 bridges funded to completion in the proposed programme, clearly this level of spend will see an acceleration in the decline of the bridge stock. Any additional funds would be targeted at the highest priority structures.

- 7.20 The recent completion of a national assessment of flood risk concluded with a Flood Risk Management Strategy and Plan for the Highlands. The Council has committed to:-
- 4 flood protection schemes
 - 10 flood studies to develop solutions to known flood risk areas
 - 7 surface water management assessments
- Such work is plan led and risk based, and was incorporated in the 2015 capital programme. The proposed capital plan falls significantly short of these commitments, and the sanctions for failure to deliver is not known. The funding provision also makes no allowance for solutions to address known flooding locations outwith the specified Potentially Vulnerable Areas.
- 7.21 The Property Statutory Compliance capital budget allocations are used to support the Council's requirement to comply with statutory Health & Safety and Property related legislation across the Council's built estate. Our extensive Property portfolio includes schools, nurseries, ASN accommodation, heritage buildings, care facilities, offices, HLH facilities, libraries, museums, workplace depots etc. The allocated capital budgets are currently not sufficient to support a phased programme of upgrade works to adequately reduce the level of risk that currently exists within the built estate.
- 7.22 The proposed capital budget will likely place an increased strain on existing Property Revenue budgets as additional revenue will be required to keep vital engineering systems operational and buildings open to deliver frontline services. There is also a greater input required by local Council officers in dealing with an increasing number of day to day property repairs to keep buildings safe that, however essential, are not adding value to the property.
- 7.23 There will be a significant reputational risk for the Council should facilities have to be closed during term time, to have running repairs carried out to areas where planned capital investment would have prevented such building failures occurring.
- 7.24 Failure to invest adequately in areas such as Fire Risk Assessment work, Electrical rewiring, Gas compliance, Water Safety and external fabric upgrading such as reroofing, new windows and doors will potentially attract future HSE enforcement due to failings that can be attributed to being unable to maintain safe, compliant assets. However the Council will work to minimise the risk of this happening.
- 7.25 The proposed budget allocation for property upgrade works reflects around one third of the desired level of capital spend. This limited level of investment will not prevent the property portfolio from further degradation, front line service interruption and reduced service resilience. However work can only be prioritised within the affordable level of capital funding.

Spend to save projects

- 7.26 This programme excludes certain spend to save projects where business cases demonstrate that project income will more than offset any additional borrowing costs required to finance capital investment. A decision on two such projects will be made by Resources Committee on the 28th February. Projects of this nature do not affect the overall affordability of the programme.

8. Financial Implications of Proposed Programme

- 8.1 The proposed programme at **Appendix 1** comprises total gross expenditure of £481.9m over the period 2018/19 to 2022/23. By agreeing to this programme however, commitments will be made to certain projects which will incur expenditure in 2023/24 and beyond. A consequent gross expenditure requirement of £66.1m is forecast between 2023/24 and 2027/28.
- 8.2 An anticipated £33.6m of this expenditure relates to projects underway in financial year 2017/18 but where expenditure will slip into 2018/19 and beyond. For any projects with a figure showing in the 2017/18 carry forward column in **Appendix 2** a revised carry forward figure will be calculated at the end of financial year 2017/18.
- 8.3 £136.9m of project specific income is planned for the first five years of the programme. This then gives a net programme cost of £345.0m over the period 2018/19 to 2022/23. Capital grant funding of £154.2m is anticipated over the 5 year period which leaves a residual balance of £190.8m to be funded from capital receipts and borrowing.
- 8.4 A detailed exercise to model the impact of the proposed programme on the Council's loans charges budget has been undertaken and a number of the key assumptions that underpin that exercise are detailed in section 9 below.
- 8.5 Commitment to a programme of this magnitude would see the 'principal' element of loans charges rising from £28.2m in 2017/18 to a high of £31.3m in 2020/21. The total level of principal outstanding would also be expected to peak at £745.7m in 2021/22. Details of the estimated annual principal repayments and outstanding balances can be seen at **Appendix 4**. That appendix also shows the anticipated repayment profile of all outstanding principal, profiled over the next 65 years. The Council requires to undertake borrowing equivalent to the principal outstanding.
- 8.6 In order to keep the total loans charges cost within the existing budget it will be necessary to continue reducing the 'interest' element of loans charges. Details of these elements can be seen in **Appendix 5**. By 2020/21 a 0.75% reduction in the average loans rate will be required. Whilst such a reduction is challenging to achieve it is feasible and would require a variable approach to borrowing to be undertaken mixing shorter and longer term loans. Such an approach would be needed in an environment where interest rates are expected to be slowly increasing. The Council's treasury management strategy statement will be presented to Council on the 8th March.
- 8.7 Should prevailing market conditions not allow us to make the necessary reductions in interest payments the programme may need to be reviewed or additional funding added to the loans charges budget. Some mitigation to this may come if there is any slippage in the delivery of the programme which would push out the phasing profile of the principal repayments associated with new capital expenditure.
- 8.8 Council is asked to approve that any capital receipts that are received over the period of the programme are transferred to the capital receipts reserve. Funding will then be drawn down flexibly from this reserve and applied to principal repayments to smooth the loans charge budget over the period of the programme.

- 8.9 The proposed programme will also impact on the revenue budget as a result of any new assets that are created. The assets that will have the most significant impact on the revenue budget will be extended or replacement schools which will likely result in increased rates charges for those properties. Any such additional costs will be treated as 'revenue consequences of capital' and addressed through future years' revenue budget setting processes.
- 8.10 Certain projects may enable revenue savings to be made- for example energy works may reduce energy usage. It may however be that rather than making savings such reductions in usage may mitigate against cost increases. Where applicable any savings will be built into future years' revenue budgets.
- 8.11 Going forward any capital project not currently in the programme that is expected to generate net revenue savings may be assessed by means of a business case. Council is asked to agree the principle that any project that delivers a net revenue saving (after the costs of borrowing are taken into account) can be approved by an appropriate strategic committee without the requirement to review the wider capital programme
- 8.12 As outlined in section 7 of this report the overall level of capital spend included in this plan will not address all issues with the Council's asset base. As such reactive revenue costs relating to repairs and maintenance may become increasingly necessary. The Capital programme board intend to take forward an exercise to review lifecycle costings for different categories of asset to help determine the most appropriate strategy for the management of the Council's assets.
- 8.13 Historically government funding (over and above the core capital grant) for schools projects has only been a partial contribution to total project costs. Any 'match funding' for those projects will need to be found from the 'School Estate- Improvement Programme' budget line. Should government funding not be at the level anticipated the Council will have to decide whether it wishes to reprioritise items in the prevailing programme or insist on only progressing additional projects that come with full external funding.

9 Risks and Assumptions

- 9.1 A significant number of assumptions underpin the proposed capital programme, both in terms of project cost and the financing of the entire programme. The key assumptions are summarised below with a brief explanation of the impact of any variations from them.
- 9.2 An assumed inflation rate of 3% has been applied to the programme in order to reflect the estimated difference between the cost of projects today and the cost at the point at which projects are undertaken. Any variations in inflation may impact positively or negatively on costs.
- 9.3 The ability of the Council to afford the proposed programme is predicated on all projects being delivered within the budgets allocated. Any project overspends will need to be mitigated by underspends elsewhere in the programme to avoid any adverse impact on the loans charges budget.

- 9.4 A number of the projects within the programme do not yet have a clearly defined scope and Council must be clear that the budgets allocated for specific projects should be considered the maximum funding available for any project. Should the required outcomes be able to be delivered at a lesser cost then any surplus budget should remain unused.
- 9.5 On the funding side a flat cash assumption has been made about future levels of capital grant. Should this be more or less generous than forecast there will be a requirement to review the affordability of the proposed programme.
- 9.6 As borrowing will support a significant proportion of the programme assumptions have been made around the prevailing interest rate at which the Council will be able to borrow in future, along with the type of borrowing the Council undertakes, i.e. short term or long term. Any rises in the average loans fund rate above the required level would place increased pressure on the revenue budget.
- 9.7 The delivery of the programme outside the agreed timescales will also have a significant impact on affordability. Any slippage in delivery would delay the requirement to incur borrowing but there may also be implications from a loans fund accounting perspective with regard to which assets require to be financed by borrowing. Similarly any acceleration of spend would advance the need to borrow.
- 9.8 When modelling the loan charges associated with each line of the programme assumptions have been made about the use of the generic lines and the number of years these projects will be written down over. However the actual projects delivered from these budgets may differ in nature and in the number of years over which they will be written down. This will impact on the actual loan charges.
- 9.9 Recent changes to loans fund accounting regulations mean that we will have to account differently for loans charges from financial year 2021/22 onwards. Whilst this has been included in the modelling any further changes to the regulations may also impact on our annual loans charge figure.
- 9.10 All of the items listed above have both upside and downside risk attached. Whilst it is to be hoped that the impact of any changes in certain items are mitigated by changes in others there will be a requirement to continually monitor the progress of the delivery of the programme. In addition impact of the delivered programme on loans charges will need to be factored into the annual revenue budget setting process.

10. Implications

Resource implications

- 10.1 The proposed programme reflects an anticipated gross capital investment of £482m in the Council's assets over the next five years and is anticipated to be 'revenue neutral' i.e. it should require neither an increase nor a decrease in the annual revenue loans charges budget.

Capital spend at this level, whilst affordable, only meets a part of the very real need across our communities for school renovations, road improvements or investment in our other assets. The Administration intends to take forward the following key actions to optimise that investment:

- A review of new build techniques that are proven elsewhere for schools;
- Ensure a much greater scrutiny of spend;
- Establishment of a capital budget board to undertake those tasks;
- Undertaking a major lobbying campaign to bring in additional Scottish Government funding for schools and roads;
- Preparation of portfolios to assist with the case for roads and schools;
- Making a strong and ambitious bid for Scottish Schools for the Future funding for secondary and primary schools;
- Identifying and bidding for other funding sources, including Gaelic funding

10.2 Risk implications are as outlined in section 9 of the report. There are a considerable number of these, often outwith the Council's control, so a regular review of the Capital Plan will be required to ensure that the Plan is still affordable.

10.3 The capital programme entails a significant amount of construction activity which may have Climate Change or Carbon Clever implications. Specific projects will also have their own implications with new buildings anticipated to be more environmentally friendly than those being replaced. All such implications will be assessed as part of the project management process for individual projects.

10.4 The Council's capital programme must always balance competing demands for the resources available. This includes community facing projects such as schools, roads and bridges, as well as essential assets to support service delivery. As such, it is not possible to address all needs identified and not all communities will benefit as a result of the proposed programme. There are opportunities through the Community Asset Transfer approach to enable communities to develop assets outwith the capital programme with support from other sources.

10.5 There are no specific Legal or Gaelic implications as a result of this report.

Designation: Director of Corporate Resources/Director of Development and Infrastructure

Date: 26th February 2018

Author: Derek Yule, Director of Corporate Resources; Stuart Black, Director of Development and Infrastructure; and Edward Foster, Head of Corporate Finance

Background Papers:

https://www.highland.gov.uk/download/meetings/id/69496/item_11_capital_programme_review_capital_plan_201516_to_202425

https://www.highland.gov.uk/download/meetings/id/69541/item_11_capital_programme_review_annex_1_amended

https://www.highland.gov.uk/download/meetings/id/69542/item_11_capital_programme_review_annex_8_late_adjustments_to_dec_2015_programme

Capital Programme 2018/19 to 2022/23

Appendix 1

Care and Learning

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Alness Academy – New School	£34m	0	£13.717m	A new build, 600 capacity secondary school, with swimming pool and community facilities, to replace all of the existing buildings. Part funded by Scottish Government, with an essential opening date (linked to SG funding) of March 2020.
Charleston Academy – Extension/ Refurbishment	£7.5m	0	£0.164m	Investment to extend and refurbish the Academy to address capacity pressures and condition/suitability issues. The roll is forecast to exceed capacity and to continue to increase over the next 5 years and beyond. The scope of works will be finalised following confirmation of capital funding. The overall completion of the works, based on the proposed expenditure profile, will be in 2022/23.
Culloden Academy – Extension/ Refurbishment	£7.5m	0	£1.001m	Investment to extend and refurbish the Academy to address capacity pressures and condition/suitability issues. The School is currently over capacity and the roll is forecast to continue to increase over the next 5 years and beyond. The scope of works will be finalised following confirmation of capital funding. The overall completion of the works, based on the proposed expenditure profile, will be in 2022/23.
Milton of Leys Primary School – Nursery Annexe	£1.5m	0	£0.356m	The school is over capacity and the roll is forecast to continue to increase over the next 5 years. There is also a requirement to provide additional accommodation for ELC provision by 2020. The project will see a new nursery annexe that will meet future demand and that will in turn free up space within the existing building for primary classrooms. The overall completion of the works, based on the proposed expenditure profile, will be in 2019/20.
Ness Castle – New Primary School	£12.353m	£5.5m	£2.260m	3 of the Primary Schools within the Inverness Royal Academy ASG are currently over capacity and capped (Hilton, Holm and Lochardil) with Cauldeen also forecast to exceed capacity by 2019. There is also a requirement to provide additional accommodation for ELC provision by 2020. A Statutory Consultation is currently underway for the new school which would meet demand from the housing developments at Ness Castle and Ness-Side, and address some of the wider pressures in the ASG. Subject to a final decision on the catchment area, the new school could ultimately have a maximum capacity of around 650 pupils. It will be built on a phased basis, with the initial phase planned to open in August 2021. A second phase will be required in Years 6-10 of the capital programme.

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Smithton Primary School – Extension/ Refurbishment	£4m	0	£0.765m	The existing school is rated as C (Poor) for suitability and is currently over capacity, and forecast to remain so. There is also a requirement to provide additional accommodation for ELC provision by 2020. The project will extend and refurbish the school, with an indicative occupancy date of August 2019. A new school will be required at Stratton at some point in the future but this is not included in Years 1-5 of the programme. The resultant additional pressure on both Smithton and Duncan Forbes has to be addressed in the meantime.
BSGI/Slackbuie – Additional Accommodation or New School	0	0		As a result of housing development, English Medium (EM) primary provision within the area is under pressure, with schools over capacity and capped. The existing Gaelic Medium (GM) Primary (BSGI) which sits within the Slackbuie area is also over capacity and there is a requirement to provide additional accommodation for ELC provision by 2020. Options to address both immediate and longer term capacity pressures on both EM and GM are being assessed. The Council has £4m of Scottish Government grant funding available to support investment in GM provision in Inverness. No additional funding has been allocated against the project line at this time, pending further work on assessing options.
Inverness High School Phase 1 and 2 – Refurbishment	£6.5m	0		This project is part funded by Scottish Government with an essential completion date (linked to SG funding) of March 2020. The project will address significant condition and suitability issues within the existing building. Phase 1 contract has already been let and works underway.
Merkinch Primary School – Extension/ Refurbishment	£18m	0		This project is part funded by Scottish Government with an essential opening date for the school (linked to SG funding) of March 2020. The existing school has significant condition and suitability issues, as well as major capacity issues. Several modular classroom units have been installed to date, but the core accommodation in the building is insufficient to support the increased roll. The project comprises a new school building that meets the roll forecasts and other requirements for the coming years. It also includes increased nursery provision, and the refurbishment of the existing listed building refurbished to house an expanded Family Centre, both of which will be funded from separate budget lines.

Project name	Project budget-years 1-5	Project budget-years 6-10	Income	Description of project
School Estate – ELC Expansion 1,140 hours	Tbc	Tbc		The Scottish Government has committed to increase funded Early Learning and Childcare (ELC) provision to 1,140 hours per annum by 2020. It is anticipated that the capital allocation from SG will be confirmed later this year. This this will support the expansion of the physical infrastructure and the additional capacity that is required to accommodate the necessary changes in provision. However, the funding will not support improvements to the condition and suitability of the existing estate where there is no increase in capacity or operating hours, nor will it support population growth beyond 2021. Some of the funding will be allocated to existing projects where the works can be incorporated and delivered within the required timescale.
Free School Meals P1-3	*	0		This is the residual funding from Scottish Government grant awarded in prior years to meet capital implications of providing free meals for Primary 1 to 3. The remaining balance of funding has been allocated to Dalneigh Primary and Grantown Primary.
Family Centres	*	0		This is the residual funding from Scottish Government grant awarded in prior years, and targeted towards investment in Family Centres. Part of this funding will be utilised for investment in a new Centre as part of the Merkinch Primary project (see above). Further decision on specific projects from within this funding line will be made in due course through the relevant Strategic Committee.
Modular Units – Pan Highland Capacity Issues	£4.635m	£0.515m		There are circa 30 primary schools across the Highlands which are either currently, or forecast to be, over capacity over the life of the capital programme. This line will provide funding for modular units to be installed to meet additional capacity requirements. Decision on specific projects from within this funding line will be made through the relevant Strategic Committee.
Justice Centre – Contribution	£2.5m	0		This is a contribution from the Council towards the new centre, which will accommodate Council Criminal Justice staffing alongside other agencies. The phasing is based on current estimates of when the Council’s contribution would be sought.
Adult Services Improvement Programme	£5m	0		The Council remains owner, landlord and responsible party for all assets utilised by NHS Highland in the provision of Adult Services through the partnership agreement. Agreement has been in place since the partnership for the sum of £1m p.a. to support investment in Adult Services assets. The North West Sutherland Health and Social Care project is to be financed through slippage. Governance and decision making remains with the Council through Strategic Committee, with proposals developed by NHS Highland in discussion with the Council.

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Children's Services Improvement Programme	£0.5m	0		This budget line exists for capital investment in children's homes operated by the council and is allocated on an annual basis.
Community and Leisure Facilities	£1.914m	0		This budget line exists for capital investment related to Council owned community and leisure facilities. In the main it is utilised for those assets operated by Highlife Highland, including land, buildings and vehicles. Proposals will be developed in consultation with HLH, with formal decision making on individual project allocations from this budget sitting with the relevant Strategic Committee.
School Estate Improvement Programme	£55m	0		<p>This budget represents the funding available for school capital investment requirements not otherwise covered by other specific projects set out within the capital programme, and is also the budget available to match fund bids to Scottish Government/Scottish Futures Trust (see below).</p> <p>The Council has 86 schools in Condition Rating 'C-Poor' and 89 rated 'C-Poor' for Suitability. The budget will also have to consider any reactive demand that may arise, which could also include Additional Support Need alterations or replacement of failed synthetic pitch surfaces as examples.</p> <p>The potential demand for funding from this budget line will be extensive and will far exceed the funding available. Specific project proposals will be developed and considered for decision by the relevant Strategic Committee.</p>
Out of Authority Alternatives	£3m	0		This budget will provide investment for facilities within Highland, to serve as an alternative to placements of children out with the Highland Area. While in time this investment should represent a financial saving to the Council, as well as an improved outcome for young people, due to current pressure on the Out of Authority revenue budget, upfront capital investment is required to implement change. Business cases and individual project decisions for funding from this line will be determined by Strategic Committee.

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Carry forward – legacy projects	*			This line represents the amalgam of carry forward from prior years of a number of legacy capital projects (Cauldeen Primary, Cromarty Primary, Fort William Primary Schools, Grantown Swimming Pool, Inverness Leisure (floodlighting to running track), Inverness Royal Academy, Portree Gaelic Primary, Wick Campus, School Estate Review and School Life-Cycle investment). For presentation purposes these have been combined. Ongoing monitoring will continue at project level through the relevant Strategic Committee.
Scottish Schools for the Future- Scottish Government funding	£50m	0	£50m	<p>This line reflects the Council’s intention to bid to the Scottish Government for the next tranche of Scottish Schools for the Future funding. In recent years the Council has been successful in securing funding for projects including Inverness Royal Academy, Wick Campus, Alness Academy, Inverness High School and Merkinch Primary School.</p> <p>The level of funding that may be available from Scottish Government for any given project is expected to be determined by a number of factors including school roll and capacity, scope including any community facilities, and whether primary or secondary. SG would also typically only part fund projects, with Council match funding required, which would come from the School Improvement Programme.</p> <p>Business cases will require to be developed as part of the bidding process, but the Council Administration has identified the following as its priorities to be developed as bids for years 1-5; a Tain 3-18 campus; the Invergordon schools; the secondary schools in Fortrose and Nairn; the primary schools in Beauly, Broadford, Dunvegan and Tarradale; and the St Clements special school.</p> <p>For years 6-10, the Alness and Kiltarn (Evanton) primaries are proposed as priorities for bids. The level of bid proposed, alongside Council match funding, will not in all likelihood cover all of the priorities named. Nor is there guarantee that the Council would be successful in securing that level of Scottish Government funding. Further review of priorities and scope of the capital programme may be required once the level of available Scottish Government funding is known.</p> <p>The Council’s match funding, to come from within the School Improvement Programme budget, can be used to fund preliminary work to develop business cases for these projects.</p>
Total Care & Learning	£213.901m	£6.015m	£68.263m	

Corporate Resources

Project name	Project budget- years 1-5	Project budget years 6-10	Income	Description of project
ICT Transformation	£9.529m	£14.105m		The budget for years 1-5 covers Wipro capital payments (transition and data centre transformation), refresh of PCs, refresh of local area networks and wireless networks in schools and offices and the initial supply of Chromebooks to schools. Years 6-10 covers the continuing refresh of Chromebooks and transition to a new ICT contract at the end of the 7 year Wipro contract.
Total Corporate Resources	£9.529m	£14.105m	0	

Community Services

Roads Structural - Overlay/Inlay	£5.75m	0		To undertake structural re-surfacing works to the road network as identified through the Road Condition Survey. Resources are targeted at those roads in the poorest condition. Resources are allocated to each Area according to a formula largely based on road length Annual programmes are identified and submitted for approval to Area Committee based on available resources.
Roads Structural Integrity Improvements	£7.5m	0		To undertake structural Integrity improvements to the road network as identified through the Road Condition Survey. These can include edge strengthening works and footway works as well as re-surfacing. Resources are targeted at those roads in the poorest condition. Resources are allocated to each Area according to a formula largely based on road length Annual programmes are identified and submitted for approval to Area Committee based on available resources.
Roads Surface Dressing	£7.5m	0		To undertake surface dressing works which is a preventative treatment to address deterioration of the road surface due to wear, and provide road texture and also to prevent water ingress to the road structure. Resources are allocated as above.
Roads Bridge Maintenance (HQ/Structures)	£3.25m	0		To undertake repairs to bridges, culverts and retaining walls. Projects are identified according to their condition as identified by Inspection. Annual programmes are approved by EDI Committee.

Project name	Project budget-years 1-5	Project budget-years 6-10	Income	Description of project
Roads Structural Road Maintenance (SRMCS)	£11.25m	0		To undertake structural re-surfacing works to the road network as identified through the Road Condition Survey. Resources are targeted at those roads in the poorest condition. Resources are allocated to each Area according to a formula largely based on road length Annual programmes are identified and submitted for approval to Area Committee based on available resources.
Road Markings	£0.75m	0		To refresh and improve road markings following re-surfacing and surface dressing works programmes.
Burial Grounds	£0.721m	0		There is a list of Burial grounds which have been identified as requiring extensions due to capacity issues. Current projects include Portree, Fodderty and Dores.
Landfill Restoration	£3.278m	0		To ensure that Granish and Seater landfill sites comply with current and future environmental [SEPA] legislation, and continue to provide strategically essential waste management facilities.
Waste Transfer Stations & Infrastructure	£3.090m	0		To provide new waste transfer stations at Aviemore and Lochaber, and to provide new re-cycling infrastructure i.e. bottle banks, skips etc.
Depots (health and Safety works)	£0.547m	0		To undertake essential health and safety works at Depots as identified through workplace inspections.
Ferries and Harbours (Health and Safety Works)	£1.367m	0		To undertake essential Health & Safety works at harbours and ferry slipways as identified through Inspection.
LED Lighting Enhanced	£8.24m	0		Four year programme to replace street lighting traditional sodium lanterns lighting with LED lanterns to reduce energy costs.
Lighting Columns	£2.575m	0		To replace street lighting structural columns on an age and condition basis (usually every 30 years). There are over 54,000 Street Columns throughout Highland.
Waste Strategy	£6.695m	0		To construct new waste facility as identified through waste strategy option appraisal (going to EDI Committee in May) to comply with statutory requirement to abolish waste landfill sites by 2020.

Project name	Project budget-years 1-5	Project budget-years 6-10	Income	Description of project
Travelling People Sites	£0.592m	0		To undertake works to gypsy/traveller sites to ensure compliance with legal site standards. Site by site approach has been adopted.
Roads HGV's (Snow Ploughs/Gritters & Other Roads Maint Vehicles')	£5.191m	0		To replace Roads Heavy Goods Vehicles at end of their 10 year life cycle.
Waste HGV's	£7.086m	0		To replace Waste heavy Good Vehicles at the end of their 10 year life cycle.
Total Community Services	£75.383m	0	0	

Development and Infrastructure

West Link including Stage 2	£15.914m	0	£3.108m	City and Region Deal commitment with developer contributions. Construction of the additional swing bridge and roundabout with realignment of General Booth Road (the golden triangle) works can only commence following the relocation of the golf course. Works are planned to start in Spring 2019, to be complete by December 2020.
Inshes Roundabout	£2.065m	£5.195m	£1.638m	City and Region Deal commitment with developer contributions. Inshes junction has existing capacity issues. Work is ongoing with Transport Scotland regarding the East Link which will also generate additional traffic at this location. Tenders to construct the third lane over Inshes overbridge will be invited following budget approval, and will be completed in 2018. The overall junction improvements are required to become operational prior to the opening of the East Link by Transport Scotland, and is budgeted to commence in 23/24 with completion in 24/25.
Development Infrastructure Dingwall	£1.093m	0	£0.008m	Residential developments c370 houses are constrained by a lack of acceptable infrastructure. This was to be released following the construction of Kinnairdie link Road (not included), but this budget provision is to undertake investigations and works to determine if a lower cost solution(s) can release some/all of the constrained housing potential in Dingwall without the significant cost associated with Kinnairdie Link.

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Cycling, Walking and Safer Streets	£1.6m	0	£1.6m	Scottish Government 100% grant spent on safer routes to school, active travel, road safety and lower speeds. Schemes developed based on school travel plans and/or accident data.
Smithton/ Culloden Flood Protection Scheme	£14.885m	0	£11.561m	Construction expected to commence 18/19. The main works are expected to be complete within 18 months, with a 3 year budget (post completion) for landscape establishment. 80% grant funded.
Caol Flood Protection Scheme	£8.858m	0	£6.880m	Publication of scheme Spring 2018 detailed design 18/19. Construction 19/20 – 14 months construction period. 80% grant funded.
Drumnadrochit Flood Protection Scheme	£3.111m	0	£2.416m	Publication of scheme Summer 2018. Construction spring / summer 2019 – 8 months construction period. 80% grant funded
Conon Bridge Flood Defence Improvements	£0.840m	0	£0.150m	Design for scheme ongoing. Permissions necessary for works not yet secured. Scheme to protect existing properties/community but will also allow residential development that is currently constrained due to flood risk. Developer contributions aid funding.
Uig Harbour	£30.294m	0	£28.794m	Ferry terminal upgrade works to accommodate the new ferry (currently under construction). All funding for ferry upgrade works will be provided by Transport Scotland, works are expected to commence in Spring 2019, but the programme and duration will be determined by Transport Scotland. The existing pier is in very poor condition and an allocation of £1.5M has been made to undertake essential works, these being unrelated to the new ferry requirements and thus not eligible for grant funding.
Inshes District Park	£0.963m	0	£0.963m	Development of Inshes Park – funded from accumulated developer contributions – works started on current phase for completion Summer 2018, landscaping contract will follow for completion in 2019 from available funds.

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Inverness City Active Travel Network	£6.595m	0	£6.595m	Scottish Government 100% grant over 3 year period. Preparation of 6 interventions along the West-East route begins 2018. All 6 interventions expected to be complete by 2021.
Private Sector Housing Grant	£10.280m	0	£10.280m	Annual programme to deliver 550 housing repair and adaptation grants of which approximately 500 will be disabled grants
Fire Safety	£1.759m	0		This budget will address a further phase of the considerable backlog of statutory Fire Safety Works across the Councils Public Buildings including schools. Works will include: <ul style="list-style-type: none"> • New addressable Fire Alarm Systems. • New Fire Doors and Fire Screens. • Upgrading of Fire stopping to walls and ceilings. • New Emergency Lighting. • Upgrading of Internal and External Fire Exit routes. • Additional Fire Suppression Systems are also required
Water Management	£1.094m	0		This budget will address a further phase of the considerable backlog of statutory Water Safety Works across the Councils Public Buildings including schools. Works will include: <ul style="list-style-type: none"> • The removal of redundant pipework and tanks in schools and other buildings to reduce the risk of legionella exposure. • A reduction in the amount of water being stored in our buildings. • The installation of safety mixing valves to prevent scald risks. • Safety improvements to private water supplies that provide water to off-grid buildings. • The replacement of failing hot water storage cylinders.

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Engineering Compliance	£4.220m	0		<p>This budget will address a further phase of the considerable backlog of statutory Engineering Compliance Works across the Councils Public Buildings including schools. Works will include:</p> <ul style="list-style-type: none"> • Upgrade of gas installations that are currently deemed to be at risk such as Science Labs, Home Economics Rooms, original metal pipework buried in concrete that is corroding, Gas boilers failing and ventilation issues • Full electrical rewiring to schools. • Oil Boiler and Heating pipework replacement. • Upgrade of ventilation systems to schools and offices. • Installation of new passenger lifts to schools. • Renewal of Automatic doors. <p>Installation of new Swimming Pool Plant reaching the end of its life.</p>
Asbestos Removal	£0.383m	0		<p>This budget will support the phased removal of Asbestos materials across the Councils Public Buildings including schools. Removal will reduce the number of regular inspections that have to take place of Asbestos materials within our buildings and reduce any future potential exposure to asbestos fibre release. Works will include:</p> <ul style="list-style-type: none"> • The phased removal of asbestos materials from schools and other public buildings.
Structure and Fabric - Buildings	£8.151m	0		<p>This budget will assist in the reduction of backlog Structure and Fabric Works across the Councils Public Buildings, including schools. A phased programme will include:</p> <ul style="list-style-type: none"> • Replacement of failed roof coverings to buildings. • Installation of new windows and doors to schools and Public Buildings. • Refurbishment of school toilets. • Replacement of patent glazing to buildings. • Upgrading of Chimneys and high level structures/towers.

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Property Security	£1.729m	0		<p>This budget will be invested to improve the level of Security in Council Public Buildings and will deliver the following works:</p> <ul style="list-style-type: none"> • New CCTV systems to schools and public access buildings. • New security doors and locking systems where necessary. • New security systems/intruder alarms. • New security lighting to buildings. <p>New security fencing & gates to schools.</p>
Catering and FM Compliance	£1.367m	0		<p>This budget will be invested in Council facilities to deliver the following works:</p> <ul style="list-style-type: none"> • Upgrading of School Kitchens and Dining Centres. • Installation of School Kitchen Equipment. • Installation of extraction Canopies to Kitchens. • Provision of Ground Maintenance equipment for the FM Team.
Property Rationalisation	£3.828m	0		<p>The budget will fund works that will allow space within existing Council buildings to be maximised and the number of leased buildings reduced. Projects will consist of:</p> <ul style="list-style-type: none"> • Works to existing properties/offices/stores etc. to allow staff to relocate out of leased/underutilised buildings. <p>Work to support the reduction of Council Depots.</p>
Town and Countryside regeneration	£0.930m	0		<p>The Service manages a portfolio of in excess of 200 countryside sites including woodlands, car parks, picnic sites, paths, bridges and structures and over five hundred other minor structures and installations including signage, interpretation panels and seating.</p> <ul style="list-style-type: none"> • This budget is required to meet our statutory duty to maintain these sites in a safe and accessible condition, to enable local community involvement in their management and secure external match funding. A significant proportion of the sites have high tourism value.

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Energy Works	£6.562m	0		This budget will continue to deliver Energy Improvement projects to Public Buildings, Schools and Offices consisting of: <ul style="list-style-type: none"> • Installation of new heating controls. • Installation of new LED lighting. • Installation of new Renewable heating systems. (Air Source, Water Source, Biomass, Gas CHP).
Fort William Office Phase 1	£0.155m	0		This legally committed budget is allocated to fund the contractual retention payment for the Phase 1 Office Building that became operational in December 2017.
Fort William Office Phase 2	£0.067m	0		This legally committed budget is allocated to fund the contractual retention payment for the Phase 2 Office Buildings that will become operational during April 2018.
Torvean Golf Course	£4.393m	0		City and Region deal commitment. New golf course required to provide access to the existing course for the construction of West Link Stage 2. Golf course under construction, clubhouse, maintenance building and car parking will commence in Spring 2018, for completion Spring 2019.
Road Improvements Match Funding	£1.030m	0		Funding provided to offer up match/seed funding from developers and other sources, such as South Loch Ness Side, to ensure maximum benefits from such developments are realised.
B08630010, Invercoe	£4.145m	0		Invercoe Bridge carries the Glencoe to Kinlochleven road over the River Coe, near Glencoe village. This project is to construct a new 60m long two-span bridge to replace the existing weak, decaying structure. Design is in progress, with construction programmed in 2020-21.
B80070070, Glenmore	£0.874m	0		Glenmore Bridge is on the Salen to Kilchoan road near Glenborrodale. The B8007 is the only road access to Kilchoan and Ardnamurchan Point. This project is to construct a new 10m long single span bridge to replace the existing weak, decaying structure. Design is in progress, with construction programmed in 2021.

Project name	Project budget-years 1-5	Project budget-years 6-10	Income	Description of project
B90900040, White	£3.502m	0		White Bridge is 260 year old, category A listed, masonry arch bridge which carries the B9090 over the River Nairn near Cawdor. The existing bridge has an 18 tonnes gross vehicle weight restriction. This project is to construct a new 40m long single span bridge and 750m of approach road. The existing bridge will remain open for pedestrians and cyclists. Design is well advanced and construction is programmed for 2018 -19.
A08840080, Acharn	£0.058m	£1.034m		Acharn Bridge is on the Strontian to Lochaline road, the only road access to Lochaline and the ferry to Mull. This project is to carry out essential refurbishment of the bridge to prolong its useful life and to replace the existing weak parapets. Works are programmed for 2023.
A08840090, Achnagavin	£0.035m	£0.852m		Achnagavin Bridge is on the Strontian to Lochaline road, the only road access to Lochaline and the ferry to Mull. This project is to carry out essential repair and refurbishment of the bridge to prolong its useful life. Works are programmed for 2023.
A08310100, Comar	£0.809m	£0.011m		Comar Bridge carries the Drumnadrochit to Beaully road over the River Affric at Cannich. This project is to carry out essential refurbishment to arrest deterioration and prolong the useful life of the bridge. Works are programmed for 2022
A08360290, Naver	£0.185m	£6.724m		Naver Bridge carries the main Tongue to Thurso road over the River Naver near Bettyhill. This project is to construct a new 90m long bridge to replace the existing 125 year old structure with a very limited residual life. Construction could be expected to be around 2025-26.
Newhall Bridge	£0.258m	0		Newhall Bridge carries the Culbokie to Cromarty Road over the Newhall Burn on the Black Isle. The existing bridge was damaged during storms in 2015. This project is a “low-cost” option to replace the existing bridge with proprietary steel bridging units. Works are programmed for 2018.

Project name	Project budget-years 1-5	Project budget years 6-10	Income	Description of project
Dulsie Bridge	£0.456m	0		Dulsie Bridge is a 250 year old, two-span masonry arch bridge which carries a minor road over the River Findhorn in rural Nairn-shire. It is a category A listed building. This project is to carry out essential repairs to protect this historic structure. Works are programmed for 2019.
Mill Burn Flood Protection Scheme	£0.683m	0		A Flood Management commitment made by THC. The Flood Protection Study will commence 18/19 with completion by 20/21. The Study will conclude with the permissions necessary for the preferred solution. This work will allow a grant bid to be submitted to fund the detailed design and construction stage.
River Gynack Flood Protection Scheme	£0.592m	0		A Flood Management commitment made by THC. A Flood Protection Study will commence 18/19 with completion by 20/21. The Study will conclude with the permissions necessary for the preferred solution. This work will allow a grant bid to be submitted to fund the detailed design and construction stage.
River Nairn & Auldearn Burn Flood Protection Scheme	£0.555m	£0.093m		A Flood Management commitment made by THC. A Flood Protection Study will commence 18/19 with completion by 20/21. The Study will conclude with the permissions necessary for the preferred solution. This work will allow a grant bid to be submitted to fund the detailed design and construction stage.
Newtonmore Surface Water Management Plan	£0.052m	0		A Flood Management commitment made by THC. Development of a SWMP, working with Scottish Water, has commenced already and should be completed by 20/21. The solutions developed will identify who is responsible to undertake the works and will allow a grant bid to be submitted to fund the detailed design and construction stage.
Inverness Surface Water Management Plan	£0.052m	0		A Flood Management commitment made by THC. Development of a SWMP, working with Scottish Water, has commenced already and should be completed by 20/21. The solutions developed will identify who is responsible to undertake the works and will allow a grant bid to be submitted to fund the detailed design and construction stage.
Dingwall Surface Water Management Plan	£0.053m	0		A Flood Management commitment made by THC. Development of a SWMP, working with Scottish Water, has commenced already and should be completed by 20/21. The solutions developed will identify who is responsible to undertake the works and will allow a grant bid to be submitted to fund the detailed design and construction stage.

Project name	Project budget-years 1-5	Project budget-years 6-10	Income	Description of project
Fort William Surface Water Management Plan	£0.053m	0		A Flood Management commitment made by THC. Development of a SWMP, working with Scottish Water, has commenced already and should be completed by 20/21. The solutions developed will identify who is responsible to undertake the works and will allow a grant bid to be submitted to fund the detailed design and construction stage.
Corpach Surface Water Management Plan	£0.055m	0		A Flood Management commitment made by THC. Development of a SWMP, working with Scottish Water, has commenced already and should be completed by 20/21. The solutions developed will identify who is responsible to undertake the works and will allow a grant bid to be submitted to fund the detailed design and construction stage.
Smithton/ Culloden Surface Water Management Plan	£0.055m	0		A Flood Management commitment made by THC. Development of a SWMP, working with Scottish Water, has commenced already and should be completed by 20/21. The solutions developed will identify who is responsible to undertake the works and will allow a grant bid to be submitted to fund the detailed design and construction stage.
Halkirk Surface Water Management Plan	£0.056m	0		A Flood Management commitment made by THC. Development of a SWMP, working with Scottish Water, has commenced already and should be completed by 20/21. The solutions developed will identify who is responsible to undertake the works and will allow a grant bid to be submitted to fund the detailed design and construction stage.
River Peffery Flood Protection Scheme/ Natural Flood Management Scheme	£0.185m	0		A Flood Management commitment made by THC. A Flood Protection Study has already commenced and will be completed in 19/20. The Study will conclude with the permissions necessary for the preferred solution. This work will allow a grant bid to be submitted to fund the detailed design and construction stage.
Golspie Flood Protection Scheme/ Natural Flood Management Scheme	£0.348m	0		A Flood Management commitment made by THC. A Flood Protection Study has already commenced and will be completed in 19/20. The Study will conclude with the permissions necessary for the preferred solution. This work will allow a grant bid to be submitted to fund the detailed design and construction stage.
River Thurso Flood Protection Scheme	£0.343m	0		A Flood Management commitment made by THC. A Flood Protection Study has already commenced and will be completed in 19/20. The Study will conclude with the permissions necessary for the preferred solution. This work will allow a grant bid to be submitted to fund the detailed design and construction stage.

Project name	Project budget-years 1-5	Project budget-years 6-10	Income	Description of project
Inverness Intergrated Catchment Study	£0.052m	0		A Flood Management commitment made by THC. An Integrated Catchment Study (model) has already commenced and will be completed in 19/20. The Study will provide a hydraulic model which informs the SWMP of areas of flood risk.
River Ness Flood Prevention	*	0		Scheme completed. Final compensation payments to businesses expected to conclude 18/19.
Flood Risk Management Plans	£0.773m	0		Ongoing flood risk management actions required by the Flood Risk Management Act.
Stromeferry Rockface Stabilisation	£2.318m	0		Stromeferry Bypass lies between an unstable rock face and the loch, the route is prone to rockfall onto the road with attendant risk. An inspection regime is in place with a daily drive through in advance of the school bus, a monthly walked Engineer inspection and an annual rope accessed inspection. The annual report identifies stabilisation works and also categorises the risks. Works are scheduled to address the highest risk. A large unstable rock mass has been identified and c£1M is required to stabilise this area – works will commence in Autumn for completion in Spring 2019, Further annual inspections will inform future works, influenced by the available budget. Note no allocation of funding is proposed to address a long term solution.
Soldiers Rock Knoydart	£0.062m	0		The only road link on Knoydart was severed by a landslide in 2017, emergency works were immediately undertaken to establish pedestrian and quad bike access, works are currently ongoing to reinstate the road, but a small amount of work will fall into the financial year 2018/19
Total Development & Infrastructure	£148.770m	£13.908m	£73.993m	

Other

Project name	Project budget- years 1-5	Project budget years 6-10	Income	Description of project
Inverness Castle	£0.710m	£32.072m	£23m	As part of the Inverness Highland City Region deal to develop Inverness Castle and Castle Hill as an international quality cultural visitor centre. Majority funded by Scottish Government and with a proposed bid for additional Heritage Lottery funding
Capital Discretionary Fund	*	0		<p>Until now the Council has had a Capital Discretionary Fund that has provided support for a range of projects across the Highlands. The Fund has been topped up annually through the Capital Plan by £0.5m and £0.25m in alternate years. The proposal contained in this report is to discontinue the Fund completely and not consider any further applications.</p> <p>The Plan does make provision for all awards that have been made to date but for which funding has not yet been drawn down, this sum totals £1.57m .</p>
Total Other	£0.710m	£32.072m	£23.000m	

Total Programme	£448.293m	£66.100m	£165.256m
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*Carry forward from 2017-18

Capital Programme 2018/19-2027/28- annual cash flow profile

Project Name	2018/19 Gross	17-18 Carry Forward	Revised 2018/19 Gross	2019/20 Gross	2020/21 Gross	2021/22 Gross	2022/23 Gross	2023/24 Gross	2024/25 Gross	2025/26 Gross	2026/27 Gross	2027/28 Gross	2017/18 - 2026/27 Gross	Income Total	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Alness Academy - New School	9,000	-	9,000	20,000	4,500	500	-	-	-	-	-	-	34,000	-	13,717
Charleston Academy - Extension/Refurbishment	-	-	-	500	2,500	2,000	2,500	-	-	-	-	-	7,500	-	164
Culloden Academy - Extension/Refurbishment	-	-	-	500	2,500	2,000	2,500	-	-	-	-	-	7,500	-	1,001
Milton of Leys Primary School - Nursery Annexe	350	-	350	1,000	150	-	-	-	-	-	-	-	1,500	-	356
Ness Castle - New Primary School	103	-	103	412	6,695	4,893	250	-	500	2,000	2,750	250	17,853	-	2,260
Smithton Primary School - Extension/Refurbishment	1,500	-	1,500	2,250	250	-	-	-	-	-	-	-	4,000	-	765
BSGI/Slackbuie - Additional Accommodation or New School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inverness High Phase 1 & 2 - Refurbishment	-	4,500	4,500	3,000	3,000	500	-	-	-	-	-	-	11,000	-	11,000
Merkinch Primary - Extension/Refurbishment & Community Facilities	4,500	-	4,500	8,500	4,500	500	-	-	-	-	-	-	18,000	-	18,000
School Estate - ELC Expansion (1,140 Hours) - TBC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Free School Meals	-	1,000	2,000	1,000	750	250	-	-	-	-	-	-	2,000	-	2,000
Family Centres	-	2,500	4,000	1,500	2,250	250	-	-	-	-	-	-	4,000	-	4,000
C&L - External Funding	11,953	10,500	22,453	39,162	24,595	10,393	5,250	-	500	2,000	2,750	250	107,353	-	18,263
Modular Units Capacity Issues Pan Highland	1,030	-	1,030	1,030	1,030	1,030	515	515	-	-	-	-	5,150	-	5,150
Justice Centre - Contribution	-	-	-	-	-	2,500	-	-	-	-	-	-	2,500	-	2,500
Adult Services - Improvement Programme	1,000	-	1,000	1,000	1,000	1,000	1,000	-	-	-	-	-	5,000	-	5,000
Children's Services - Improvement Programme	-	100	250	150	150	150	150	-	-	-	-	-	750	-	750
Community and Leisure Facilities	361	-	361	371	382	394	406	-	-	-	-	-	1,914	-	1,914
School Estate - Improvement Programme	5,000	-	5,000	7,500	10,000	15,000	17,500	-	-	-	-	-	55,000	-	55,000
Out of Authority	500	-	500	1,750	750	-	-	-	-	-	-	-	3,000	-	3,000
Carry forward – legacy projects	-	5,923	5,923	-	-	-	-	-	-	-	-	-	5,923	-	5,923
C&L - No External Funding	7,791	6,173	13,963	11,801	13,312	20,074	19,571	515	-	-	-	-	79,236	-	79,236
Scottish Schools for the Future- Scottish Government funding bid (years 1-5)	-	-	-	5,000	10,000	15,000	20,000	-	-	-	-	-	50,000	-	50,000
Scottish Schools for the Future- Scottish Government funding bid (years 6-10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C&L- External Funding required	-	-	-	5,000	10,000	15,000	20,000	-	-	-	-	-	50,000	-	50,000
C&L TOTAL	19,744	16,673	36,416	55,963	47,907	45,466	44,821	515	500	2,000	2,750	250	236,589	-	68,263
ICT Transformation	5,838	12,473	18,311	3,235	152	152	152	3,031	3,031	5,164	152	2,727	36,107	-	36,107
CD TOTAL	5,838	12,473	18,311	3,235	152	152	152	3,031	3,031	5,164	152	2,727	36,107	-	36,107
Roads Structural - Overlay/Inlay	1,150	-	1,150	1,150	1,150	1,150	1,150	-	-	-	-	-	5,750	-	5,750
Roads Structural Integrity Improvements	1,500	-	1,500	1,500	1,500	1,500	1,500	-	-	-	-	-	7,500	-	7,500
Roads Surface Dressing	1,500	-	1,500	1,500	1,500	1,500	1,500	-	-	-	-	-	7,500	-	7,500
Roads Bridge Maintenance (HQ/Structures)	650	-	650	650	650	650	650	-	-	-	-	-	3,250	-	3,250
Roads Structural Road Maintenance (SRMCS)	3,250	-	3,250	1,250	2,250	2,250	2,250	-	-	-	-	-	11,250	-	11,250
Road Markings	150	-	150	150	150	150	150	-	-	-	-	-	750	-	750
Burial Grounds	541	-	541	180	-	-	-	-	-	-	-	-	721	-	721
Landfill Restoration	1,000	-	1,000	1,000	1,278	-	-	-	-	-	-	-	3,278	-	3,278
Waste Transfer Stations & Infrastructure	258	901	1,159	1,288	1,030	515	-	-	-	-	-	-	3,991	-	3,991
Depots (health and Safety works)	103	-	103	106	109	113	116	-	-	-	-	-	547	-	547
Ferries and Harbours (Health and Safety Works)	258	103	361	265	273	281	290	-	-	-	-	-	1,470	-	1,470

Project Name	2018/19 Gross	17-18 Carry Forward	Revised 2018/19 Gross	2019/20 Gross	2020/21 Gross	2021/22 Gross	2022/23 Gross	2023/24 Gross	2024/25 Gross	2025/26 Gross	2026/27 Gross	2027/28 Gross	2017/18 - 2026/27 Gross	Income Total	Net Total
LED Lighting Enhanced	3,090	-	3,090	3,090	2,060	-	-	-	-	-	-	-	8,240	-	8,240
Lighting Columns	515	-	515	515	515	515	515	-	-	-	-	-	2,575	-	2,575
Waste Strategy	103	-	103	5,562	1,030	-	-	-	-	-	-	-	6,695	-	6,695
Travelling People Sites	118	-	118	118	118	118	118	-	-	-	-	-	592	-	592
Roads HGV's (Snow Ploughs/Gritters & Other Roads Maint Vehicle's)	1,978	-	1,978	1,236	906	536	536	-	-	-	-	-	5,191	-	5,191
Waste HGV's	1,813	-	1,813	1,648	1,154	1,195	1,277	-	-	-	-	-	7,086	-	7,086
CS TOTAL	17,976	1,004	18,980	21,209	15,674	10,473	10,052	-	-	-	-	-	76,387	-	76,387
West Link including Stage 2	1,000	-	1,000	9,609	5,092	213	-	-	-	-	-	-	15,914	- 3,108	12,806
Inshes Roundabout	618	-	618	824	206	206	212	3,456	1,739	-	-	-	7,260	- 1,638	5,622
Development Infrastructure Dingwall	-	-	-	-	364	364	365	-	-	-	-	-	1,093	- 8	1,085
Cycling, Walking and Safer Streets	320	-	320	320	320	320	320	-	-	-	-	-	1,600	- 1,600	-
Smithton/ Culloden Flood Protection Scheme	8,895	-	8,895	5,876	48	43	22	-	-	-	-	-	14,885	- 11,561	3,324
Caol Flood Protection Scheme	515	-	515	5,974	2,266	52	52	-	-	-	-	-	8,858	- 6,880	1,978
Drumnadrochit Flood Protection Scheme	309	-	309	597	2,163	21	21	-	-	-	-	-	3,111	- 2,416	695
Conon Bridge Flood Defence Improvements	206	-	206	634	-	-	-	-	-	-	-	-	840	- 150	690
Uig Harbour	4,910	-	4,910	19,624	5,760	-	-	-	-	-	-	-	30,294	- 28,794	1,500
Inshes District Park	585	-	585	200	178	-	-	-	-	-	-	-	963	- 963	-
Inverness City Active Travel Network	985	-	985	2,715	2,895	-	-	-	-	-	-	-	6,595	- 6,595	-
Private Sector Housing Grant	2,600	-	2,600	1,920	1,920	1,920	1,920	-	-	-	-	-	10,280	- 10,280	-
D&I - External Funding	20,943	-	20,943	48,294	21,212	3,138	2,911	3,456	1,739	-	-	-	101,693	- 73,993	27,700
Fire Safety	206	-	206	371	382	394	406	-	-	-	-	-	1,759	-	1,759
Water Management	206	-	206	212	219	225	232	-	-	-	-	-	1,094	-	1,094
Engineering Compliance	670	-	670	849	874	900	927	-	-	-	-	-	4,220	-	4,220
Asbestos Removal	72	-	72	74	76	79	81	-	-	-	-	-	383	-	383
Structure and Fabric - Buildings	1,030	-	1,030	1,379	1,858	1,913	1,971	-	-	-	-	-	8,151	-	8,151
Property Security	175	-	175	371	382	394	406	-	-	-	-	-	1,729	-	1,729
Catering and FM Compliance	258	-	258	265	273	281	290	-	-	-	-	-	1,367	-	1,367
Property Rationalisation	721	-	721	743	765	788	811	-	-	-	-	-	3,828	-	3,828
Town and Countryside regeneration	175	822	997	180	186	191	197	-	-	-	-	-	1,752	-	1,752
Energy Works	1,236	-	1,236	1,273	1,311	1,351	1,391	-	-	-	-	-	6,562	-	6,562
Fort William Office Phase 1	155	-	155	-	-	-	-	-	-	-	-	-	155	-	155
Fort William Office Phase 2	67	515	582	-	-	-	-	-	-	-	-	-	582	-	582
Torvean Golf Course	4,255	-	4,255	138	-	-	-	-	-	-	-	-	4,393	-	4,393
Road Improvements Match Funding	206	-	206	206	206	206	206	-	-	-	-	-	1,030	-	1,030
Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B08630010, Invercoe	150	-	150	150	2,987	858	-	-	-	-	-	-	4,145	-	4,145
B80070070, Glenmore	-	-	-	-	55	809	11	-	-	-	-	-	874	-	874
B90900040, White	1,854	-	1,854	1,442	21	185	-	-	-	-	-	-	3,502	-	3,502
A08840080, Acharn	-	-	-	-	-	-	58	1,034	-	-	-	-	1,092	-	1,092
A08840090, Achnagavin	-	-	-	-	-	-	35	852	-	-	-	-	887	-	887
A08310100, Comar	-	-	-	-	22	33	754	11	-	-	-	-	820	-	820
A08360290, Naver	-	-	-	-	-	-	185	3,478	3,130	116	-	-	6,909	-	6,909
Newhall Bridge	258	-	258	-	-	-	-	-	-	-	-	-	258	-	258
Dulsie Bridge	-	-	-	446	11	-	-	-	-	-	-	-	456	-	456
Flood Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mill Burn Flood Protection Scheme	180	-	180	266	237	-	-	-	-	-	-	-	683	-	683

Project Name	2018/19 Gross	17-18 Carry Forward	Revised 2018/19 Gross	2019/20 Gross	2020/21 Gross	2021/22 Gross	2022/23 Gross	2023/24 Gross	2024/25 Gross	2025/26 Gross	2026/27 Gross	2027/28 Gross	2017/18 - 2026/27 Gross	Income Total	Net Total
River Gynack Flood Protection Scheme	-	-	-	-	192	280	120	-	-	-	-	-	592	-	592
River Nairn & Auldearn Burn Flood Protection Scheme	-	-	-	-	151	209	195	93	-	-	-	-	647	-	647
Newtonmore Surface Water Management Plan	26	-	26	26	-	-	-	-	-	-	-	-	52	-	52
Inverness Surface Water Management Plan	26	-	26	26	-	-	-	-	-	-	-	-	52	-	52
Dingwall Surface Water Management Plan	-	-	-	27	27	-	-	-	-	-	-	-	53	-	53
Fort William Surface Water Management Plan	-	-	-	27	27	-	-	-	-	-	-	-	53	-	53
Corpach Surface Water Management Plan	-	-	-	-	27	27	-	-	-	-	-	-	55	-	55
Smithton/ Culloden Surface Water Management Plan	-	-	-	-	27	27	-	-	-	-	-	-	55	-	55
Halkirk Surface Water Management Plan	-	-	-	-	-	28	28	-	-	-	-	-	56	-	56
River Peffery Flood Protection Scheme/ Natural Flood Management Scheme	185	-	185	-	-	-	-	-	-	-	-	-	185	-	185
Golspie Flood Protection Scheme/ Natural Flood Management Scheme	219	-	219	129	-	-	-	-	-	-	-	-	348	-	348
River Thurso Flood Protection Scheme	214	-	214	129	-	-	-	-	-	-	-	-	343	-	343
Inverness Intergrated Catchment Study	52	-	52	-	-	-	-	-	-	-	-	-	52	-	52
River Ness Flood Prevention	-	338	338	-	-	-	-	-	-	-	-	-	338	-	338
Flood Risk Management Plans	155	-	155	155	155	155	155	-	-	-	-	-	773	-	773
Stromeferry Rockface Stabilisation	1,288	-	1,288	-	515	-	515	-	-	-	-	-	2,318	-	2,318
Soldiers Rock Knoydart	62	-	62	-	-	-	-	-	-	-	-	-	62	-	62
D&I - No External Funding	14,098	1,675	15,773	8,882	10,985	9,333	8,974	5,468	3,130	116	-	-	62,661	-	62,661
D&I TOTAL	35,041	1,675	36,716	57,176	32,197	12,471	11,885	8,923	4,869	116	-	-	164,353	- 73,993	90,360
Inverness Castle	-	-	-	-	164	273	273	1,639	3,114	13,113	13,113	1,093	32,782	- 23,000	9,782
Capital Discretionary Fund	-	1,774	1,774	-	-	-	-	-	-	-	-	-	1,774	-	1,774
OTHER TOTAL	-	1,774	1,774	-	164	273	273	1,639	3,114	13,113	13,113	1,093	34,555	- 23,000	11,555
CAPITAL PROGRAMME TOTAL	78,599	33,598	112,197	137,583	96,094	68,836	67,182	14,109	11,514	20,393	16,015	4,070	547,992		
Less : Project Income	- 17,672	-	- 17,672	- 41,928	- 33,345	- 20,347	- 23,580	- 2,559	- 3,467	- 7,114	- 8,120	- 7,124	- 165,256		
Net Expenditure	60,927	33,598	94,525	95,655	62,749	48,489	43,602	11,550	8,047	13,279	7,895	- 3,054	382,736	- 165,256	382,736

APPENDIX 3 - SCHOOL ESTATE CORE FACTS SUMMARY

	School Name	Condition	Suitability	Sufficiency (5-Year Capacity Assessment)
Primary Schools				
1	Abernethy Primary School	C	B	
2	Acharacle Primary School	A	A	
3	Achiltibuie Primary School	B	C	
4	Aldourie Primary School	A	A	
5	Alvie Primary School	B	C	
6	Applecross Primary School	C	C	
7	Ardersier Primary School	B	B	
8	Ardgour Primary School	B	B	
9	Ardross Primary School	B	B	
10	Arisaig Primary School	B	C	
11	Auchtertyre Primary	B	B	
12	Auldearn Primary School	B	B	Will exceed 100% in next 5 years and remain over
13	Aviemore Primary School	A	A	Will exceed 100% in next 5 years and remain over
14	Avoch Primary School	C	C	Will exceed 100% in next 5 years and remain over
15	Badcaul Primary School	C	C	
16	Ballachulish Primary School	B	C	
17	Balloch Primary	B	B	Will come under pressure as other schools capped
18	Balnain Primary School	B	C	
19	Banavie Primary School	C	B	
20	Beauly Primary School	C	C	
21	Ben Wyvis Primary School	A	A	Will exceed 100% in next 5 years and remain over
22	Bishop Eden Primary School	C	C	
23	Bonar Bridge Primary School	C	C	
24	Bower Primary School	B	B	
25	Bridgend Primary School	C	B	Currently over 100% and will remain over
26	Broadford Primary School	C	C	
27	Brora Primary School	C	B	
28	Bualnaluib Primary School	B	C	
29	Bun-sgoil Ghaidhlig Inbhir Nis	A	A	Currently over 100% and will remain over
30	Bun-sgoil Ghàidhlig Loch Abar	A	A	Will exceed 100% in next 5 years and remain over
31	Bun-Sgoil Shlèite	C	B	
32	Canisbay Primary School	C	B	
33	Cannich Bridge Primary School	B	C	
34	Caol Primary School	A	A	
35	Carbost Primary School	C	B	
36	Carrbridge Primary School	B	B	Will exceed 100% in next 5 years and remain over
37	Castletown Primary School	B	B	
38	Cauldeen Primary School	B	B	Will exceed 100% in next 5 years and remain over
39	Cawdor Primary School	A	A	
40	Central Primary School	B	B	
41	Coulhill Primary School	C	C	Will exceed 100% in next 5 years and remain over
42	Cradlehall Primary School	B	C	Will come under pressure as other schools capped
43	Craighill Primary School	C	C	Currently has 4 temporary classrooms
44	Cromarty Primary School	A	A	
45	Crossroads Primary School	B	B	
46	Crown Primary School	C	B	
47	Croy Primary School	B	B	Will exceed 100% in next 5 years and remain over
48	Culbokie Primary School	A	A	
49	Dalneigh Primary School	B	B	
50	Daviot Primary School	C	C	
51	Deshar Primary School	C	C	
52	Dingwall Primary School	C	B	Will exceed 100% in next 5 years and remain over
53	Dochgarroch Primary School	C	C	
54	Dornoch Primary School	B	B	
55	Drakies Primary School	C	B	
56	Dunbeath Primary School	B	B	

APPENDIX 3 - SCHOOL ESTATE CORE FACTS SUMMARY

	School Name	Condition	Suitability	Sufficiency (5-Year Capacity Assessment)
57	Duncan Forbes Primary School	B	B	Currently over 100% and will remain over
58	Dunvegan Primary School	C	C	
59	Durness Primary School	B	C	
60	Duror Primary School	C	C	
61	Edderton Primary School	C	C	
62	Edinbane Primary School	C	C	
63	Eigg Primary School	B	C	
64	Elgol Primary School	B	C	
65	Farr Primary School (Bettyhill)	C	C	
66	Farr Primary School (Inverness)	A	B	
67	Ferintosh Primary School	C	C	
68	Foyers Primary School	C	C	
69	Gairloch Primary School	B	B	
70	Gergask Primary School	B	B	
71	Gledfield Primary School	B	B	
72	Glencoe Primary School	B	B	
73	Glenelg Primary School	C	C	
74	Glenurquhart Primary School	B	B	
75	Golspie Primary School	C	C	
76	Grantown Primary School	B	C	
77	Halkirk Primary School	B	B	
78	Helmsdale Primary School	C	B	
79	Hill of Fearn Primary School	C	C	
80	Hilton of Cadboll Primary School	C	B	
81	Hilton Primary School	C	C	Will exceed 100% in next 5 years and remain over
82	Holm Primary School	B	B	Will exceed 100% in next 5 years and remain over
83	Inshes Primary School	A	A	
84	Inver Primary School	B	B	
85	Invergarry Primary School	C	C	
86	Inverie Primary School	B	C	
87	Inverlochry Primary School	C	B	
88	Keiss Primary School	B	C	
89	Kilchoan Primary School	B	C	
90	Kilchuimen Primary School	C	B	
91	Kilmuir Primary School	C	C	
92	Kiltearn Primary School	C	C	
93	Kingussie Primary School	B	B	
94	Kinlochbervie Primary School	B	B	
95	Kinlochewe Primary School	C	C	
96	Kinlochleven Primary School	A	A	
97	Kinmylies Primary School	B	C	Currently over 100% and will remain over
98	Kirkhill Primary School	B	B	
99	Knockbreck Primary School (Dunvegan)	C	C	
100	Knockbreck Primary School (Tain)	C	C	Currently over 100% and will remain over
101	Kyle Primary School	B	C	
102	Kyleakin Primary School	B	B	
103	Lady Lovat Primary School	C	C	
104	Lairg Primary School	C	B	
105	Loch Duich Primary School	C	C	
106	Lochaline Primary School	A	A	
107	Lochardil Primary School	B	B	Currently over 100% and will remain over
108	Lochcarron Primary School	C	C	
109	Lochinver Primary School	B	C	
110	Lundavra Primarty School	A	A	
111	Lybster Primary School	C	B	
112	Macdiarmid Primary School	B	B	
113	Mallaig Primary School	C	B	

APPENDIX 3 - SCHOOL ESTATE CORE FACTS SUMMARY

	School Name	Condition	Suitability	Sufficiency (5-Year Capacity Assessment)
114	Marybank Primary School	C	C	
115	Melvich Primary School	C	C	
116	Merkinch Primary School	C	C	Currently has 6 temporary classrooms
117	Millbank Primary School	C	B	
118	Miller Academy Primary School	C	C	
119	Milton of Leys Primary School	A	A	Currently over 100% and will remain over
120	Milton Primary School	B	B	
121	Mount Pleasant Primary School	B	B	
122	Muck Primary School	B	B	
123	Muirtown Primary School	B	B	Will come under pressure as other schools capped
124	Mulbuie Primary School	B	C	
125	Munlochy Primary School	B	C	
127	Newmore Primary School	C	C	
126	Newton Park Primary	A	A	
128	Newtonmore Primary School	B	B	Currently over 100% and will remain over
129	North Kessock Primary School	B	B	Currently over 100% and will remain over
130	Noss Primary School	A	A	
131	Obsdale Primary School	C	B	Will exceed 100% in next 5 years and remain over
132	Park Primary School	C	C	
133	Pennyland Primary School	B	B	
134	Plockton Primary School	C	B	
135	Poolewe Primary School	B	C	
136	Portree Primary	B	B	
137	Raasay Primary School	B	C	
138	Raigmore Primary School	B	B	Will exceed 100% in next 5 years and remain over
139	Reay Primary School	B	B	
140	Resolis Primary School	A	A	
141	Rogart Primary School	B	B	
142	Rosebank Primary School	C	C	
143	Rosehall Primary School	C	B	
144	Rum Primary School	C	C	
145	Scoraig Primary School	C	C	
146	Scourie Primary School	C	C	
147	Shieldaig Primary School	C	C	
148	Smithton Primary School	B	C	Will exceed 100% in next 5 years and remain over
149	South Lodge Primary School	C	B	
150	Spean Bridge Primary School	A	A	Will exceed 100% in next 5 years and remain over
151	St Bride's Primary School	B	B	
153	St. Columba's Primary	A	A	
152	St Joseph's RC Primary School	B	C	
154	Staffin Primary School	B	B	
155	Strathconon Primary School	C	C	
156	Strathdearn Primary School	A	A	
157	Stratherrick Primary School	B	B	
158	Strathgarve Primary School	B	C	
159	Strathpeffer Primary School	B	B	
160	Strontian Primary School	C	C	
161	Struan Primary School	C	C	
162	Tarbat Old Primary School	C	C	
163	Tarradale Primary School	C	C	Will exceed 100% in next 5 years and remain over
164	Teanassie Primary School	B	B	
165	Thrumster Primary School	B	B	
166	Tomnacross Primary School	B	B	
167	Tongue Primary School	C	B	
168	Tore Primary School	C	B	
169	Ullapool Primary School	B	C	
170	Watten Primary School	B	B	

APPENDIX 3 - SCHOOL ESTATE CORE FACTS SUMMARY

School Name	Condition	Suitability	Sufficiency (5-Year Capacity Assessment)
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Secondary Schools				
1	Alness Academy	C	C	
2	Ardnamurchan High School	A	A	
3	Charleston Academy	C	C	Will exceed 100% in next 5 years and remain over
4	Culloden Academy	C	C	Currently over 100% and will remain over
5	Dingwall Academy	A	A	
6	Dornoch Academy	B	B	
7	Farr High School	C	C	
8	Fortrose Academy	C	C	
9	Gairloch High School	B	B	
10	Glenurquhart High School	A	A	
11	Golspie High School	C	C	
12	Grantown Grammar School	B	C	
13	Invergordon Academy	C	B	
14	Inverness High School	C	C	Will come under pressure as other schools capped
15	Inverness Royal Academy	A	A	Will exceed 100% in next 5 years and remain over
16	Kilchuimen Academy	C	C	
17	Kingussie High School	C	C	
18	Kinlochbervie High School	B	B	
19	Kinlochleven High School	A	A	
20	Lochaber High School	A	A	
21	Mallaig High School	C	B	
22	Millburn Academy	A	A	Will exceed 100% in next 5 years and remain over
23	Nairn Academy	C	C	
24	Plockton High School	B	C	
25	Portree High School	A	A	
26	Tain Royal Academy	C	C	
27	Thurso High School	C	C	
28	Ullapool High School	B	A	
29	Wick High School	A	A	Will exceed 100% in next 5 years and remain over

Special Schools				
1	The Bridge	B	B	Capacity is not currently reported to Scottish Government. However, there is increasing demand across Highland.
2	Drummond School	A	A	
3	St Clement's School	B	C	
4	St Duthus School	A	A	

Summary (Excludes Mothballed Schools)			
Category	Condition	Suitability	Sufficiency
A - Good	33	33	
B - Satisfactory	84	81	
C - Poor	86	89	21 schools will exceed 100% capacity in next 5 years, a further 4 likely to come under pressure
D - Bad	0	0	12 schools currently exceed 100% capacity or have temporary accommodation
Totals	203	203	

Schedule of principal repayments

Appendix 4

Financial year	Previous Capital Expenditure		NEW Capital Expenditure		New Borrowing	Opening Balance-Principal outstanding	Total annual instalment
	Opening Balance-Principal outstanding £000	Instalment £000	Opening Balance-Principal outstanding £000	Instalment £000			
2017-18	653,002	28,229			54,867	653,002	28,229
2018-19	624,773	28,913	54,867	648	65,723	679,640	29,561
2019-20	595,860	28,825	119,942	1,903	58,673	715,802	30,728
2020-21	567,035	28,696	176,713	2,652	33,267	743,748	31,348
2021-22	538,339	28,095	207,328	2,967	19,007	745,667	31,062
2022-23	510,244	27,590	223,369	3,457	14,121	733,613	31,047
2023-24	482,654	27,033	234,033	3,846	2,493	716,687	30,879
2024-25	455,620	26,113	232,680	4,006	-501	688,300	30,119
2025-26	429,508	25,253	228,173	4,125	-850	657,681	29,378
2026-27	404,255	24,491	223,198	4,239	-856	627,453	28,730
2027-28	379,764	23,854	218,102	4,359	-874	597,866	28,213
2028-29	355,910	23,119	212,870	4,483	0	568,780	27,602
2029-30	332,791	21,861	208,386	4,638	0	541,177	26,499
2030-31	310,930	21,293	203,748	4,800	0	514,678	26,093
2031-32	289,637	20,460	198,949	4,967	0	488,586	25,427
2032-33	269,177	19,207	193,981	5,142	0	463,158	24,349
2033-34	249,971	18,368	188,840	5,323	0	438,811	23,691
2034-35	231,603	16,765	183,517	5,512	0	415,120	22,277
2035-36	214,838	14,338	178,005	5,708	0	392,843	20,046
2036-37	200,500	11,204	172,297	5,912	0	372,797	17,116
2037-38	189,296	9,287	166,386	5,952	0	355,682	15,239
2038-39	180,009	8,720	160,434	4,477	0	340,443	13,197
2039-40	171,289	8,285	155,957	3,883	0	327,246	12,168
2040-41	163,004	7,863	152,074	3,833	0	315,078	11,696
2041-42	155,140	7,404	148,242	3,963	0	303,382	11,367
2042-43	147,736	7,158	144,279	4,016	0	292,015	11,174
2043-44	140,578	6,984	140,263	4,105	0	280,841	11,089
2044-45	133,594	6,607	136,158	4,262	0	269,752	10,869
2045-46	126,988	6,187	131,896	4,419	0	258,884	10,606
2046-47	120,800	5,622	127,477	4,584	0	248,277	10,206
2047-48	115,178	4,803	122,892	3,634	0	238,070	8,437
2048-49	110,375	4,785	119,258	2,895	0	229,633	7,680
2049-50	105,591	4,609	116,364	2,720	0	221,955	7,329
2050-51	100,981	4,577	113,644	2,723	0	214,625	7,300
2051-52	96,404	4,576	110,921	2,813	0	207,325	7,389
2052-53	91,828	4,644	108,108	2,908	0	199,936	7,552
2053-54	87,184	4,723	105,200	3,008	0	192,384	7,731
2054-55	82,460	4,379	102,192	3,111	0	184,652	7,490
2055-56	78,081	4,551	99,081	3,219	0	177,162	7,770
2056-57	73,531	4,355	95,862	3,337	0	169,393	7,692
2057-58	69,176	4,220	92,525	3,022	0	161,701	7,242
2058-59	64,956	4,326	89,502	3,043	0	154,458	7,369
2059-60	60,630	4,312	86,459	3,093	0	147,089	7,405
2060-61	56,318	4,310	83,367	3,187	0	139,685	7,497
2061-62	52,008	4,351	80,179	3,294	0	132,187	7,645
2062-63	47,656	4,327	76,885	3,399	0	124,541	7,726
2063-64	43,329	4,312	73,486	3,508	0	116,815	7,820
2064-65	39,017	4,396	69,977	3,629	0	108,994	8,025
2065-66	34,621	4,506	66,348	3,755	0	100,969	8,261
2066-67	30,115	4,367	62,593	3,886	0	92,708	8,253
2067-68	25,749	3,467	58,708	4,022	0	84,457	7,489
2068-69	22,282	3,583	54,686	4,164	0	76,968	7,747
2069-70	18,699	3,578	50,522	4,311	0	69,221	7,889
2070-71	15,121	3,569	46,211	4,464	0	61,332	8,033
2071-72	11,552	3,074	41,747	4,624	0	53,299	7,698
2072-73	8,479	2,488	37,123	4,790	0	45,602	7,278
2073-74	5,990	2,154	32,332	4,963	0	38,322	7,117
2074-75	3,836	1,701	27,369	5,143	0	31,205	6,844
2075-76	2,135	1,514	22,226	5,331	0	24,361	6,845
2076-77	621	621	16,895	5,526	0	17,516	6,147
2077-78	0	-	11,370	4,624	0	11,370	4,624
2078-79	0	-	6,746	3,611	0	6,746	3,611
2079-80	0	-	3,136	1,900	0	3,136	1,900
2080-81	0	-	1,236	524	0	1,236	524
2081-82	0	-	712	524	0	712	524
2082-83	0	-	189	189	0	189	189
	653,002		245,071			898,073	

Annual principal repayments and interest ceilings

Appendix 5

Financial year	Previous Capital Expenditure		NEW Capital Expenditure		
	Opening Balance-Principal outstanding	Instalment	Opening Balance	Instalment	New Borrowing
	£000	£000	£000	£000	£000
2017-18	653,002	28,229			54,867
2018-19	624,773	28,913	54,867	648	65,723
2019-20	595,860	28,825	119,942	1,903	58,673
2020-21	567,035	28,696	176,713	2,652	33,267
2021-22	538,339	28,095	207,328	2,967	19,007
2022-23	510,244	27,590	223,369	3,457	14,121
2023-24	482,654	27,033	234,033	3,846	2,493

Total outstanding principal	Total annual instalment	Interest cost ceiling	Maximum required average interest rate
£000	£000	£000	£000
653,002	28,229	27,134	4.16%
679,640	29,561	27,139	3.99%
715,802	30,728	25,972	3.63%
743,748	31,348	25,352	3.41%
745,667	31,062	25,638	3.44%
733,613	31,047	25,653	3.50%
716,687	30,879	25,821	3.60%