

Agenda Item	<b>9</b>
Report No	<b>HC/13/24</b>

# The Highland Council

**Committee:** Highland Council

**Date:** 9<sup>th</sup> May 2024

**Report Title:** Establishing the Highland Investment Plan and Mechanisms to Fund and Deliver It.

**Report By:** Chief Executive

## **1. Executive Summary / Purpose**

### **1.1 Executive Summary**

1.1.1 The Highland Investment Plan being proposed to members, incorporates existing capital programme elements, new commitments for roads and infrastructure, as well as future plans for the school, depot, and office estate and for co-location/co-delivery with key partners. The plan aims to transform the asset base of Highland Council, such as schools and other premises to centres of community service delivery. This could deliver an overall level of new and additional capital investment of £797m over 10 years and £2,077.5m over 20 years, representing substantial and transformational change on a scale not previously seen in the Highland area.

1.1.2 This investment will deliver improvements to around half of our ELC, primary and secondary school estate. Through it over 4,000 secondary pupils will see their school buildings improved from a C rating for Condition and/or Suitability to at least a B rating over the next 10 years, representing a third of the secondary school estate. There will be similar benefits to primary and early years children.

1.1.3 This paper describes how the Highland Investment Plan will be established and sets out processes for addressing funding of that Plan while ensuring the Plan remains affordable, prudent, and sustainable. It:

- States what the Plan will deliver for the people of the Highlands in scope for consideration, 41 schools that have a “C-Poor” or a “D-Bad” rating for both Condition and Suitability, and a further 51 that are rated as C for just one of these criteria.
- Is based upon capital strategy for redeveloping the estate as agreed by Council in December 2023 and March 2024.
- Clarifies the time frame and mechanisms by which these outcomes will be realised.
- Sets out funding principles and processes, linking levels of capital investment to growth/changes in the overall revenue budget, and through the principle of earmarking council tax income and revenue budget decision making.
- Sets out the 3-step process of (1) creating funding, (2) earmarking and allocated funding and (3) project development and delivery.

- 1.1.4 What is proposed is a highly significant, inclusive, long term infrastructure investment programme for the Highland area, which will create jobs and economic prosperity on a pan-Highland basis – and is one of the biggest investment programmes in the country. It is a radical solution to the significant challenges we face in reducing, maintaining, and renewing our asset base.
- 1.1.5 Through a new Learning Estates Strategy, we will bring all of these schools to, or sustain them at, B/B ratings or better. Works will range from relatively minor improvements to fabric and retrofitting, to major renovations and new build schools, linked to our Community Points of Service Delivery (POD) approach to future delivery of Council and partner services across all of our Highland Communities.
- 1.1.6 All of this creates significant educational and social benefits for Highland families, including those who work on their behalf, and crucially, this is a significant level of additional investment on top of those projects approved in the September 2023 capital programme.
- 1.1.7 The plan also has the potential to extend the Council's current commitment to investment in roads infrastructure, by extending the approved 3-year £40m enhancement to roads capital over the long-term as well as mitigating some of the inflationary impact on that budget.
- 1.1.8 This investment will also maximise opportunities to develop place-based approaches aligned with external sources of match funding and also help to reassure communities as to future sources of investment and areas of potential growth.
- 1.1.9 A multi-year capital investment approach will help with the programming of works, the establishment of sustainable partnership models for programme delivery and the commitment to major construction projects in areas which have not seen such investment at scale for a generation or longer.
- 1.1.10 Our Future Highland (council programme) commits to creating a 'Fair and Caring Highlands', targeting investment to ensure that we sustain communities and seek to reverse rural depopulation and help to mitigate the impact of socio-economic challenges. Job creation and economic growth provided by such a significant programme will bring major investment to communities across the Highland area.

## **1.2 Purpose / Context**

- 1.2.1 In September 2023, Highland Council reprofiled its capital investment programme. This was based on the high cost of borrowing and high inflation at the time, and the level of revenue budget gap forecast, meaning a number of capital projects were deferred beyond the 5-year term of the programme. This included deprioritising a number of school, property, and environmental programmes.
- 1.2.2 In November 2023, the Education Committee of Highland Council approved a Community, Sports, and Leisure Facility Strategy, which was designed to integrate provision of such facilities across a schools' Associated School Groups (ASG) basis.
- 1.2.3 In December 2023, Highland Council established as policy, a Highland Investment Plan to address future challenges in generating capital funding and enabling programmes of capital works across a range of thematic areas, such as Net Zero, energy and construction, with specific plans to come forward. A number of such schemes were incorporated into the budget setting process. A separate paper at the

same council established the principles for strategic prioritisation of future capital investment. This paper made the case that the current estate was unsustainable and that we needed to change our approach to delivering capital programmes, in relation to reducing the number of assets, shifting the balance of spend through that to increase maintenance, and how we would prioritise future investment.

- 1.2.4 In February 2024, up to £60m was allocated for investment in the three-year Highland Council revenue budget. In March, council set aside £40 million of that sum to roads and transportation, and an additional £10 million to the Corran Ferry development, allowing match funding with UK Government to enable a roll-on roll-off ferry. The remainder was earmarked for addressing residual capital programme funding requirements, including changes to capital grant funding in 2024/25.
- 1.2.5 In March, a commitment was made to bring forward a paper outlining details of a Highland Investment Plan, which would deal with existing commitments and also other aspects of the council estate, including schools, depots, and office locations. Importantly, this was related to an asset mapping exercise to be undertaken and also a strategic prioritisation exercise to ensure that investment was aligned to council priorities. This process has now been completed and is outlined in this paper.
- 1.2.6 Additionally, in March, Council also agreed three strategic priorities of the draft Highland Outcome Improvement Plan, which are to:
- Enable people to live independently, safe, and well within their community.
  - Work in partnership to develop sustainable and resilient local communities.
  - Create opportunities for all people and places to thrive economically.
- 1.2.7 Future estate developments should support further partnership integration, enabling the evolution of lifelong services for people in the Highland area. Such investment is a key economic driver, maximises community benefit and supports activity to sustain Highland communities.
- 1.2.8 There is a separate paper to this Council meeting on the Operational Delivery Plan which contains reference to the Highland Investment Plan.

## 2. Recommendations

- 2.1 Members are asked to:
- i. **APPROVE** the Highland Investment Plan as set out in the paper, including the list of schools in scope for development, and the categories in which they will be prioritised (as seen in Appendices 2 to 9);
  - ii. **APPROVE** the progression of work described in section 5.2 to prepare local masterplans and options appraisals;
  - iii. **APPROVE** the initial list of projects described in Section 5.3 to be progressed to design and tender stage;
  - iv. **APPROVE** the approach to place-based planning to deliver a sustainable estate, supported by integrated partnership working on behalf of communities;
  - v. **APPROVE** the strategic approach described to the furtherance of the programme of ASN base provision in section 4.15 to allow young people, where possible, to be educated in their local communities;
  - vi. **APPROVE** the utilisation of £2.8 million of revenue funding in 2024/25, carried over from the budget setting process, for investment to initiate the programme;

- vii. **APPROVE** the policy to ring fence council tax income in future budget setting processes to sufficiently enable the Highland Investment Plan, with the actual council tax and budget setting decisions to be made on an annual basis;
- viii. **APPROVE** as a policy that the Council's ratio (percentage) of General Fund capital financing costs relative to its General Fund revenue budget funding stream should not exceed 10%, thus ensuring capital investment can remain affordable, prudent, and sustainable, and this percentage cap being adopted as a new local prudential indicator;
- ix. **NOTE** that future Treasury Management Strategy Statements will be revised to reflect the approved recommendations arising from this report, and the incorporation of the new local Prudential Indicator;
- x. **NOTE** the financial modelling, assumptions, risks, and implications as described within this report;
- xi. **NOTE** that the Highland Investment Plan will be underpinned by the ongoing process of medium-term financial planning and annual budget setting, being the process through which phases of the Plan will be released and specific funding allocations agreed; and,
- xii. **NOTE** that a further report will be brought to council in June outlining place-based asset mapping to further refine the scope of projects, supported via an option appraisal process
- xiii. **NOTE** that there will be further engagement with communities and partners on this plan over the coming months.

### 3. Implications

#### 3.1 Resource

Resource implications are fully described in **Appendix 1** of this paper. Capital investment has both short and long-term implications, and risks to consider, which are set out for members' consideration. The seed funding for the Plan will be £2.8m of additional Scottish Government revenue funding, not yet committed, which would enable in the region of £50m of initial additional capital investment. Members will be aware that indicative revenue budgets were agreed for 2025/26 and 2026/27, with underlying council tax and other budget assumptions. Those indicative budgets do not provide for the enhanced funding to support the plan in those years, and therefore this matter will be part of budget considerations for those years, and formal budget setting which will take place.

#### 3.2 Legal

3.2.1 In terms of Section 93 of the Local Government Finance Act 1992 ('the 1992 Act') Members have a duty to set both Council Tax and therefore by implication the next year's budget before 11 March in any year. Section 93(4) of the 1992 Act states "in calculating such part of the total estimated expenses to be incurred by a local authority as falls to be met out of council tax, account shall be taken of any means by which those expenses may otherwise be met or provided for'.

3.2.2 Therefore, Council is required to estimate how much income it will receive from grant allocations, what its expenditure might be, what other budgetary actions can be taken, before then agreeing the Council Tax rate to fund the difference. This process is commonly referred to as setting a balanced budget.

3.2.3 Delivery of the proposed Highland Investment Plan would significantly assist the discharge of various statutory powers and duties of the Council, including those related to Roads, Education and Health and Safety.

### **3.3 Community (Equality, Poverty, Rural and Island)**

- 3.3.1 A screening for impact has been undertaken on the principles and approach outlined in the Investment Plan. As noted within the report, considering, and assessing for impact will be a core component of place-based masterplans and options appraisals for individual locations. Engagement with local communities as part of the place-based reviews will help inform the impact assessments undertaken.
- 3.3.2 The screening highlighted overall positive impacts from the direction proposed in the Investment Plan. It specifically notes the potential for positive impact on children and young people and children's rights, as a result of the approach to delivering a sustainable and fit for purpose school estate. There is a potential for positive impact on children and young people affected by disability, linked to the approach within the investment plan on addressing additional support needs; supporting the presumption of mainstreaming in education along with a range of options for bases and specialist settings alongside special schools and commitment to an Accessibility Design Brief to shape future school estate developments.
- 3.3.3 The screening also noted potential positive impacts on rural and island communities. A core principle is to support and build resilient and sustainable communities, recognising the importance this brings to ensuring economic viability and attracting investment. The creation of community PODs, includes a definition that recognises different needs in different communities, including rural communities. This proposed model is also anticipated to have a positive impact on older adults and the provision and alignment of service delivery locally.
- 3.3.4 Whilst overall, the impacts identified from the screening are positive, there is the potential for negative impacts as a result of the proposed funding model for the HIP. It is proposed to ringfence a proportion of council tax (equivalent to 2%) on an annual basis to fund future additional borrowing and this could have an impact on those on lower incomes. 2% in itself, equates to around 54p per week for an average band D property, therefore direct impact as a result of this policy is likely to be low, but there is a potential for impact which should be noted and given consideration as part of the proposed approach. Consideration of socio-economic impact would continue to be required on an annual basis as part of the budget setting process.
- 3.3.5 This paper also underpins the agreed partnership commitment in the draft Highland Outcome Improvement Plan to tackle inequalities in Highland.

### **3.4 Climate Change / Carbon Clever**

- 3.4.1 The capital investment raised will fund the retrofitting, modernisation and improvement of existing buildings and will enable the construction of future integrated facilities and support effective service delivery models across Highland. Targeted retrofit projects will improve energy performance of the estate as a whole and will in time enhance the overall environmental experience for users of our facilities.
- 3.4.2 The plan will support the council's commitment to meet both local and national net zero targets. This involves value engineering all investments to ensure we get best value and long-lasting solutions to reduce our carbon footprint.

### 3.5 Risk

A number of financial risks are covered in **Appendix 1**. The financial modelling, given its long-term nature, contains a range of underlying assumptions and risks that may impact those assumptions. The financial model is therefore illustrative, and as the appendix makes clear, individual phases of capital programme investment will need to be financially modelled and assessed for their affordability as part of the regular and rolling medium term financial planning cycle, and the annual setting of revenue budgets. Prevailing financial circumstances can change and may impact on the Council's financial outlook and investment plans. The financial principles as set out seek to mitigate risk, by aligning long-term investment planning to the Prudential Code and the principle of capital investment plans being linked to overall levels of revenue budget growth, and with a cap to ensure the percentage of the Council's revenue budget, which is allocated against repaying borrowing costs, remains within a capped level. The funding of the investment will require the Council to make the necessary decisions in future revenue budgets to accommodate the additional costs of borrowing repayment (loan charges). Another risk is the future approach that may be taken by Scottish Government to council tax.

### 3.6 Health and Safety (risks arising from changes to plant, equipment, process, or people)

The background of the adopted approach in respect of health and safety was included in the December report to Council. This set out a hierarchical approach to where we would invest capital resources, specifically: "For every Council, capital spend must be first prioritised towards that which it has a statutory duty in respect of and in particular where the health and safety of staff- and other service user/stakeholder/visitors are at actual or potential risk. Highland is no exception" (section 9.5). This report will create the conditions, if approved, to address such matters more effectively.

### 3.7 Gaelic

The plan will incorporate a number of specific developments which will have a positive impact in relation to maximising the objectives of the Gaelic Language Plan. A number of schools delivering Gaelic Medium Education currently will be in scope for investment through the plan, with others potentially having the capacity to grow their provision. Dialogue will take place with relevant stakeholders on this in relation to specific projects.

## 4. Developing the Highland Investment Plan

### 4.1 Plan Components

4.1.1 The Highland Investment Plan will be a long-term investment programme, which incorporates the commitments contained in the existing, approved, core five-year capital programme and adds to this new investment commitments in roads and transport, as well as a longer-term strategy for the school, depot and office estate as outlined in this report. The rationale for this is to find creative ways to ensure that an effective strategy is in place, is achievable and affordable.

4.1.2 The recommended approaches contained in this report will deliver substantial benefits to the school estate and to the learning and working environments within it on a pan Highland basis. It will have the benefit of being a fully data informed,

evidence-based approach, incorporating our prioritisation matrix and accounting for the whole life cycle costings of these buildings.

## 4.2 Existing Capital Programme (as agreed in September 2023)

4.2.1 The proposed capital programme makes provision for a core budget for each of the main asset investment needs. These budgets allow services and the relevant Committees to prioritise investment across their assets within these core budget allocations. For many of the council's assets, this budget represents not only the core element of capital investment, but in some instances the sole capital budget allocated for that asset group. These core budgets include investment in:

- Roads, Bridges, Street Lighting
- Schools Estate Improvement
- Property Estate Investment
- Health and Social Care Facilities
- Fleet, Plant, Equipment, and ICT
- Other infrastructure including Flood Prevention, Piers, and Harbours
- Waste Management and Recycling
- Bereavement Services
- Community and Leisure Services

4.2.2 These core capital budgets, sometimes referred to as generic budgets, provide for essential investment to maintain service delivery and invest in health and safety, risk and compliance needs within the available budget.

4.2.3 Despite the scale of the affordability challenge being faced over the next few years, the proposed programme in the main sustains these budget lines at current annual capital programme levels over the five-year period. And these budgets have also been used as the basis for modelling a future baseline level of capital for the purposes of the financial model within this report (**Appendix 1**).

4.2.4 There may be other investment priorities and needs that may arise in future years, which may be of a scale that could not be wholly accommodated within the baseline capital modelled. This is purely an illustrative list but could, for example, be large scale bridge, flood prevention, waste, or other infrastructure. Within the financial modelling, there could however be capacity in the region of £10m p.a., in year 6 and beyond, which subject to future prioritisation and decision making could allow other major schemes not otherwise provided for, to be considered. Any future major investment proposals would of course be subject to business case appraisal, prioritisation, and consideration by members.

4.2.5 As part of medium-term financial planning, the Council will consider what future investment needs in this range of asset categories may be required and are necessary and affordable. For the purposes of longer-term financial modelling, and to support the assumptions within this report, financial modelling has assumed a sustained level of capital to cover this range of investment requirements. This is shown in **Appendix 1**.

### 4.3 **Additional Investment in Roads and Transportation (February 2024)**

#### **Corran Ferry (£10m Council investment agreed)**

- 4.3.1 Highland Council has approval to reallocate £20m from the Inverness and Highland City Region Deal (IHCRD) to fund essential landside infrastructure improvements for the Corran Ferry, as part of the UK Government's Autumn statement. The design of the infrastructure is well underway and will be 'shovel ready' in the first half of 2024.
- 4.3.2 This will allow completion of the project by 2026, in line with the lifetime of the current IHCRD deal timescale (January 2027). The total funding commitment from UK Government was £20m, subject to match funding being made available by the Council. A sum of £10m was set aside in March 2024 to ensure that the project can be delivered. The final business case for the infrastructure project will be reported to a future Economy and Infrastructure Committee.

### 4.4 **Roads and Transport Infrastructure (£40m investment agreed)**

- 4.4.1 The previous three years have seen increased levels of funding towards the roads capital programme and there have been many examples of improvement arising from this investment. With a road network stretching some 6,600km, continued funding based on previous levels is required, with a strategy to increase over time.
- 4.4.2 The capital programme review of September 2023 provided a capital budget of £7.8m over the next five years, and proposals for spend of the 2024/25 allocation have been brought through the most recent round of Area Committees for Member approval.
- 4.4.3 There are a significant number of schemes that can be brought forward into an agreed programme for roads investment, which will be informed by the allocation formulas being considered through the Council's Redesign Board. Members therefore agreed in March 2024, that a further £40m be allocated towards roads capital investment over three financial years, with the distribution of this funding being reported through the relevant Committees at the first available opportunity.
- 4.4.4 Additionally, there are a number of potential commitments which are as yet undetermined in relation to sustainable bus transportation, which Highland Council may have to support. Work is being done to ascertain the scope of such activity.
- 4.4.5 Having a three-year programme of investment for roads and transportation will ensure a sustainable approach to investment, a strategic approach to contractor procurement, and opportunities to attract match funding from developer contributions or other external funding sources.

### 4.5 **Self-Financing Capital Investment Projects**

- 4.5.1 Highland Council has committed to a range of projects which will be developed with one-off capital investment provided for in the budget setting of February 2024. This will lead to the recovery of this investment over time through the creation of revenue income streams.
- 4.5.2 These projects are mainly in the fields of energy and tourism, information about which are provided in a parallel report to this Council meeting included within the Highland Council Delivery Plan.

- 4.5.3 It is recognised that the Council’s Investment Plan should be flexible to accommodate further opportunities that may arise, subject to a robust business case process which incorporates all revenue consequential and ensures this funding is baselined within relevant budgets in order to ensure such projects are fully sustainable.
- 4.5.4 The Investment Plan should ensure there is a delineation between those capital investments which are predicated on a self-funding/payback basis, distinct from those other elements of the Investment Plan. There will continue to be a recognition that despite their self-funding nature, these capital investments and the borrowing related to them, form part of the totality of the Council’s long-term financial commitments and part of ongoing assessment of affordability, prudence, and sustainability.
- 4.5.5 The business case process will include commitments to both identify and adequately fund essential life cycle costs.

#### 4.6 **Longer Term Investment Strategy for Community Points of Delivery (PODs)**

- 4.6.1 The March report to Council noted there was a requirement to map the assets of the council by area and to determine which of them are required within our future council operating model. Data modelling shows that there is a requirement to ensure a greater level of proportionality of staff based in areas, compared to population levels.
- 4.6.2 This involves determining areas for central operations (such as offices and depots) and community points of delivery, which involve services working in co-designed facilities providing services to communities.
- 4.6.3 A video outlining the area-based asset mapping approach, with a focus on Dingwall and Thurso as examples, is provided at the link below to illustrate the challenges we face in ensuring more effective provision of community facilities. These examples show how there are lots of public buildings in places operated by different services and agencies, without clear alignment of function.

#### [Asset Mapping Approach video](#)

- 4.6.4 Any mapping will take account of partner venues and facilities, given the opportunities for integrated work and service delivery spaces and the commitment from partners through the HOIP to better align local area provision.
- 4.6.5 While many other communities will benefit from the substantial investment set out in this report, Dingwall and Thurso are included as particular examples in order to demonstrate the transformational impact of an approach to capital investment that takes a “whole place” approach, rather than merely considering individual assets within a locality for investment in at the point of their end of life.
- 4.6.6 Adopting this approach in Dingwall will, for example, allow for the potential to replace an existing unsatisfactory depot as well as addressing significant challenges relating to both Dingwall Primary and St Clements, amongst other benefits. This amounts to a substantial investment potentially exceeding £50m. Thurso would benefit from the proposed creation of a new Community POD which, given the strategic location of Thurso in the north of Highland, benefits the wider community as well as Thurso itself. A Community POD will also address substantial disrepair issues in relation to Thurso High and other local schools impacted by HACC

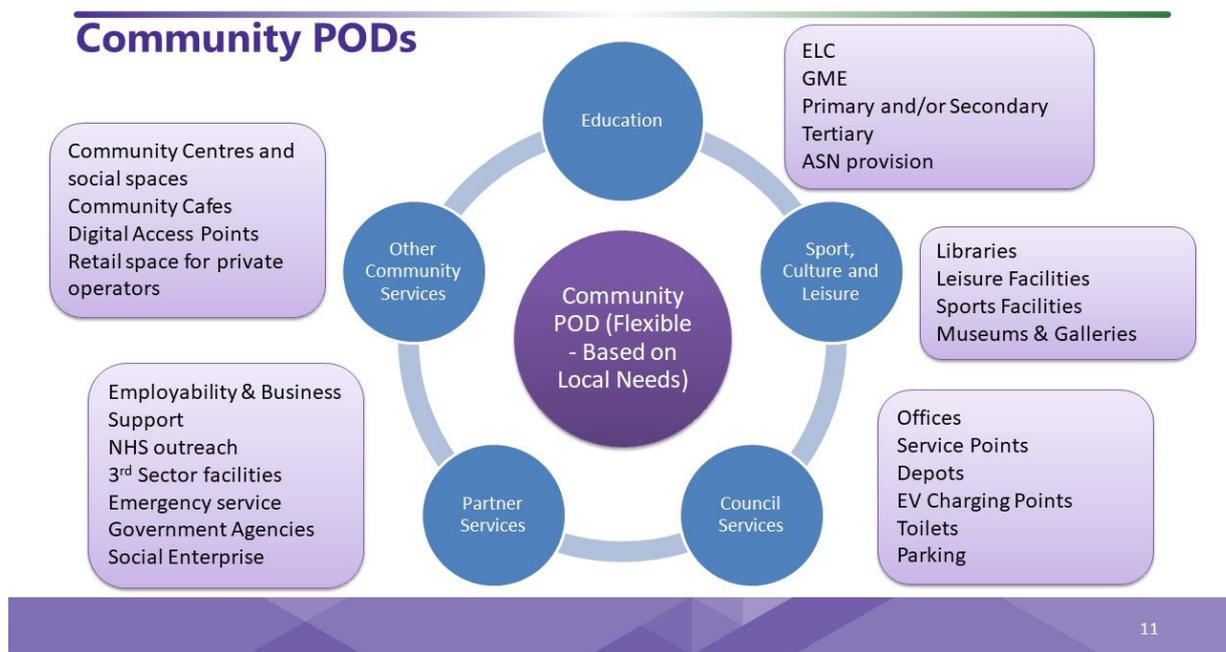
construction issues and enable rationalisation of a number of local public sector offices. Again, this is a very significant and substantial investment.

## 4.7 Developing a Vision for Community Points of Delivery (PODs)

4.7.1 Community PODs will be based on a framework of facilities and services that could be included. However, a degree of flexibility will be required to ensure that local needs are considered, and solutions may not be limited to just one building or location. The following are some of the different types of Community POD that may be considered:

- **Urban District:** e.g. parts of Inverness and Greater Fort William.
- **Towns:** e.g. Dingwall and Thurso.
- **Rural Settlements:** e.g. Dunvegan and Ullapool.
- **Rural Areas/Networks:** e.g. South-East Sutherland and Seaboard Villages.
- **Regional Facilities:** These are facilities that may serve a wider area than any of the Community POD categories listed above, e.g. Leisure provision.
- **Work PODs:** Mainly comprising Council depots, potentially with shared office accommodation and facilities for emergency services etc; will be considered as a parallel workstream.
- **Community Led PODs:** Delivery points overseen by social enterprises and/or the third sector.

4.7.2 Defining the specific nature of PODs will take a place-based approach to planned service provision that will put the customer / user at the heart of our planning, thus helping to build resilient and sustainable communities.



4.7.3 Engagement at local level is essential to the success of this approach and there are a number of mechanisms that will be deployed in line with current practice to ensure that appropriate discussions take place.

4.7.4 In each case, the potential to integrate a wider range of service activities within wider Community POD provision will be explored as the council seeks to invest significant resource and provide a wide range of individuals and groups in the area

with access to modern, high-quality services which embody the principles outlined here.

## 4.8 Strategic Prioritisation

4.8.1 The following principles have been agreed as policy by Highland Council for future strategic capital developments, additional to the health and safety overarching priority set out in section 3.6 of this report:

- Prioritising the improvement and increased utilisation of existing assets through **retrofitting buildings identified** as core assets to modern efficiency standards, including maximising opportunities for solar, wind and replacement heating systems for oil, gas, and wood as appropriate.
- Spend to accelerate **asset rationalisation and colocation** opportunities wherever appropriate.
- Urgent and/or emergency capital spend to **improve our educational and depot estate** in advance of our planned replacement programme;
- Emerging capacity issues, **either exceeding capacity or significant under-utilisation**.
- Anything else not covered above that can be shown to make a positive **contribution to key themes: addressing poverty, inequality and the challenges of our geography and rurality**.

4.8.2 These strategic principles are to be utilised in assessing the viability of any future capital project, to help with scoring and to enable programming.

## 4.9 Community PODs and Education Delivery

4.9.1 Community PODs will be places where a wide range of council services, which may include education, are delivered alongside other partner and community services. The principle being worked to is that we will have a future integrated operating model for partnership working.

4.9.2 Significant capital investment in school buildings will help drive the change strategy. The Scottish Government's Learning Estate Strategy states the following:

- a) The learning estate should be well-managed and maintained, making the best of existing resources, maximising occupancy, and representing and delivering best value.
- b) Learning environments should serve the wider community and where appropriate be integrated with the delivery of other public services in line with the place principle.

## 4.10 Learning Estate Strategy

4.10.1 Highland requires to develop a Learning Estate Strategy; therefore, previous projects, capital reviews and funding bids have not been supported by a long-term strategy setting out clear investment priorities, which has created the context in which a number of specific developments have been undertaken, unfortunately in isolation and have failed to take account of the overall condition of the school estate.

4.10.2 As the December report to committee made clear, the previous prioritisation approach was inconsistent, it was heavily based on the introduction of new assets at

the expense of the failing, existing asset base. The approach now being adopted seeks to redress some of the failings of previous investment decisions that will be mitigated through a revised business case process.

4.10.3 The Highland Learning Estate Strategy will be established on the following principles:

- a) Area based mapping will be used to identify gaps in service provision and assess future needs to underpin the overall Place Based approach.
- b) All new or refurbished school building projects will be part of programme to establish community PODs across Highland – to ensure integrated service provision.
- c) Education solutions will seek to integrate assets into more sustainable and efficient operational models, such as 3 – 18 campus type projects.
- d) Working towards all school buildings achieving, and maintaining, an “A” or “B” rating for condition and suitability, with an initial focus on all schools achieving and being maintained at condition B or better.
- e) Future capacity issues, either significant over or under will be considered, analysed, and resolved accordingly.

4.10.4 The plan will enable cradle to grave services across the partnership to be more effectively delivered to local communities in the spirit of the Highland Outcome Improvement Plan and Highland Council’s own My Future Highland Programme. The Highland Outcome Improvement Plan is a key mechanism within our delivery plan.



#### 4.11 Investment Categories

4.11.1 The assessment is based on known immediate priorities and those likely to emerge in the coming years. This may provide some opportunities for co-location of schools, which means that some “B” rated buildings (for Condition and/or Suitability) would be considered at an early stage in determining the project scope in particular locations.

4.11.2 Longer term investment priorities are subject to a range of factors, such as future building condition issues and demographics. The main categories are as follows:

- a) **Major Projects:** New build or substantial retrofit projects.
- b) **Medium Projects:** Schools likely to require significant investment; some schools currently rated as “A” or “B” will require life-cycle investment at some point in the future, on building elements such as roofs, windows, heating, or electrical installations.
- c) **Remaining “C” Rated Buildings:** Investment will be required to achieve at least a “B” rating.
- d) **Remaining “A” or “B” Rated Buildings:** Investment will be required to maintain at least a “B” rating.
- e) **Sufficiency Issues:** Schools with roll pressures forecast for the coming years.

## 4.12 The Current Challenge

4.12.1 The report to full council in December highlighted that around a third of our school estate was rated poor for either Condition or Suitability, with almost half of them being rated poor for at least one of these criteria as outlined in Section 1.12.

4.12.2 The following table summarises the Condition and Suitability ratings for our 198 operational schools.

	Condition				Suitability			
	A	B	C	D	A	B	C	D
Primary	28	85	52	0	26	83	56	0
Secondary	10	8	9	2	11	6	12	0
Special	2	1	1	0	1	2	1	0
Totals	40	94	62	2	38	91	69	0
Percentage of Schools Rated C or D	32%				35%			

4.12.3 A full list of all schools with their Condition and Suitability ratings, pupil roll numbers, an assessment of Sufficiency (capacity and occupancy), and an overall weighted score is included in **Appendix 2**. The Bridge facility in Inverness was not included in this assessment as it does not have a fixed pupil roll for each school session.

4.12.4 The weighted scores have been derived by assessing all schools and scoring them on a scale of 1 to 4 for each of the 3 key “Core Facts” criteria (Condition, Sufficiency and Suitability). An equal weighting has been applied to all 3 criteria, with a maximum possible score of 100 and a minimum of 25.

4.12.5 It should be noted that Charleston Academy and Nairn Academy are now both rated as D for Condition due to the presence of RAAC concrete. Remedial works have been carried out at each location and they will be subject to regular monitoring and review.

4.12.6 Importantly, we cannot afford to rebuild all of these establishments on a like for like basis.

## 4.13 Pan Highland Planning

4.13.1 The Highland Investment Plan potentially unlocks significant resource to tackle condition and compliance issues facing the school estate as well as wider built environment concerns emerging within our Highland wide asset base. The schools in scope for investment are shown in Appendices 2 – 9.

4.13.2 However, it is important to note that the approved capital programme includes provision for specified investment in named projects, as well as approving generic capital budgets for general activities such as but not limited to the School Estates Improvement Programme.

4.13.3 Much of the focus of this report concerns substantial investment in significant refurbishment, retrofit and condition and suitability works to these establishments (as well as new builds) in order to achieve as a minimum B/B score for condition and suitability. Works within generic capital budgets will be increasingly focussed on delivering a programme of works based around <£0.250m projects– essentially relatively small-scale works – that can bring other schools (such as those on the list provided in **Appendix 8**) to this level.

4.13.4 Decisions on investment and disinvestment in the estate will be, therefore, demonstrably transparent in approach and based on a sound evidence base.

4.13.5



The schools mapping video which can be viewed at the following [link](#) shows that the plan will generate solutions across the Highland area, in line with previously agreed policy regarding maximising best value for future spend. 92 schools are in scope.

#### 4.14 **Maximising Community Benefit from Economic Opportunity**

4.14.1 Alongside this integrated and place-based approach to managing our assets, the Council's investment strategy for the future aims to directly address the potential impacts of a declining and ageing population. This includes:

- the Inverness and Cromarty Firth Green Freeport;
- hydrogen production and market opportunities;
- investment in grid reinforcement and improvement;
- unlocking of linked offshore generation opportunities;
- innovative pumped storage hydro schemes such as Coire Glas and Red John;
- repowering of onshore wind farms.

4.14.2 The delivery of these projects will help to provide new and exciting opportunities for Highland communities. As the Council looks to optimise how communities access services through the Community POD approach, these developments hold great potential in sustaining our population, and improve the services that contribute to quality of life in Highland. Indeed, they could also play a critical role in unlocking potential funding opportunities including developer contributions and community benefit, linking to the Council's Community Wealth Building Strategy.

4.14.3 Studies have also been commissioned that will more clearly define the economic, employment and housing developments that will emerge as part of these ambitions and help to tailor additional investment in social infrastructure in Highland.

4.14.4 The Highland Place Standard Tool launched in March 2024 is also providing local feedback on people's lived experience in Highland including their access to services.

#### 4.15 **Evolving our Policy on Dealing with Additional Support Needs**

- 4.15.1 In February 2023, a report was brought forward to the Education Committee informing members of Scottish Government redrafted guidance on supporting learners, 'with a presumption of mainstreaming in an education setting'. The guidance sets out a range of information and advice that is required to support decision making around whether a child or young person should access a mainstream school, an enhanced provision, special school, or a combination of these.
- 4.15.2 Highland has now developed a joint admissions process for the placement of young people outside a mainstream setting. The provision of a range of bases and specialist settings and special schools across Highland will help ensure placements for our children and young people are in line with the guidance, where the expectation is that they attend their local mainstream school.
- 4.15.3 Aberdeenshire Council have drafted an Accessibility Design Brief on behalf of the Northern Alliance that (with some amendments and engagement with key stakeholders) could be adopted in Highland to clearly define the accommodation requirements for Enhanced Provision, Specialist Bases and Mainstream Provision in Primary and Secondary Schools. It is proposed the Design Brief would be presented to a future Committee for approval.
- 4.15.4 Additional Enhanced or Specialist bases in certain key locations will help to alleviate the increasing pressures facing all 3 Special Schools: These are listed below along with the Special Schools that would benefit from each base:
- Short Term: Alness Academy (St Clement's/St Duthus); Cauldeen Primary and Merkinch Primary (Drummond); review of existing bases at Inverness Royal Academy and Millburn Academy (Drummond).
  - Medium Term: Dornoch Academy and/or Golspie High (St Duthus); some capital investment may be required.
  - Longer Term: Potential major capital projects; Charleston Academy (Drummond); Dingwall Primary (St Clement's); Invergordon schools (St Duthus); Inverness High (Drummond).
  - Also, bases will be provided in the new buildings at Tain Campus (2025 opening) and Nairn Academy (2026 opening).

#### 4.16 **Sports Strategy**

- 4.16.1 In November 2023, the Education Committee of Highland Council approved a Community, Sports, and Leisure Facility Strategy, designed to enable more integrated use of such facilities in localities. The vision of this document was to:
- Deliver a vibrant community campus for learning and leisure that improves the lives of residents and visitors and supports multiple national and local priorities.
  - Help people to be more active with all of the physical and mental health, quality of life and community health benefits associated with being more active.
  - Support community health and wellbeing by creating vibrant community hubs. The more services that can be brought together under one roof, the more reasons people will have to visit and engage with facilities. Social

engagement is increasingly recognised as being important for community and individual health, delaying or lessening effects on some health conditions.

- Work with stakeholders to deliver a cohesive and dynamic programme of activities and effective models to maximise community use of facilities.

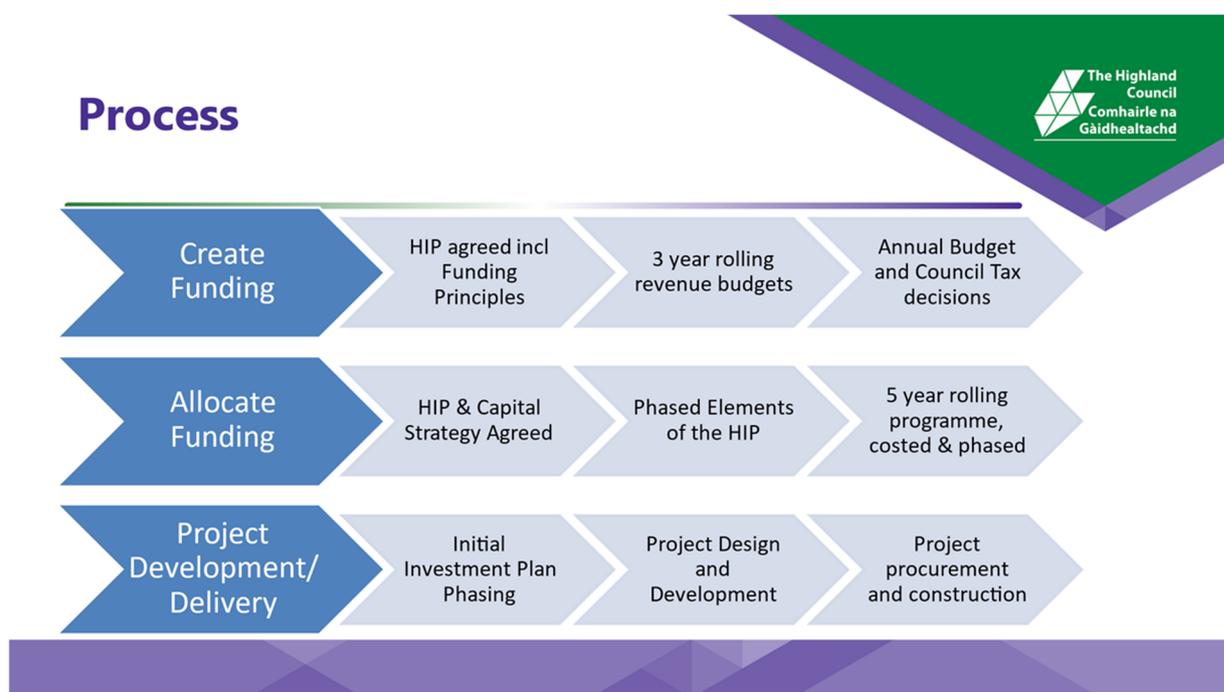
4.16.2 It advocated using associated school group (ASG) areas as a basis for planning community facilities, forming a reasonably equitable way of establishing future investment needs. Importantly, the Highland Investment Plan, and the proposed Community POD approach, supports this vision and provides a mechanism to deliver the vision to transform the health and wellbeing of communities. It will also help to clearly identify priorities that may meet the specific criteria for future external funding opportunities.

## 5. The Process of Development

### 5.1 An Overview

The following diagram describes the process underpinning the plan. With the need to firstly create the revenue budget capacity to support the plan (via annual revenue budget decisions) and then to earmark and allocate that funding to the investment plan (based on the principles in this report and past capital strategy decisions) and finally then to develop and take forward the capital investment in agreed projects.

**The fundamental principle embedded is that capital can only be allocated and committed when the necessary revenue funding to support it has been created and earmarked for that purpose.**



### 5.2 Phase One Project Locations: Years 1 – 10

The projects in the following locations require an immediate start on work to prepare local masterplans and options appraisals. Assessment for impacts will be a core component of local place-based plans. If any of the preferred options would result in schools being relocated, then a statutory consultation would be required.

Costs are shown in ranges at this stage as the outcomes of the above work will determine funding required, types of project (e.g. Retrofit or New Build) and timescales for delivery. Individual project scopes could flex to include other facilities:

- a) **Alness:** 3 Primary Schools (around 600 pupils plus nursery); cost range £40M to £50M
- b) **Brora:** 1 Primary School (under 100); cost range £20M to £25M
- c) **Dingwall:** 1 Primary (over 400) and 1 Special School (over 50); cost range £40M to £50M
- d) **Dornoch:** 1 Secondary (over 200) and 1 Primary School (over 150); cost range £40M to £50M
- e) **Golspie:** 1 Secondary (over 250) and 1 Primary School (around 100); cost range £40M to £50M
- f) **Invergordon:** 1 Secondary (around 350) and 2 Primary Schools (over 250); cost range £50M to £60M
- g) **Thurso:** 1 Secondary School (around 750) and 3 Primary Schools (over 600); cost range £80M to £100M

**Total cost range (17 schools) – £310M to £385M**

### 5.3 Phase One Projects: Years 1 – 10

The projects below have all had masterplans or concept designs prepared in recent years. All will be reviewed in terms of the revised strategic policy for new capital investment which has been approved by council – with updated place-based masterplans established. However, all could potentially be delivered within 3 to 5 years, subject to the availability and profiling of funding. Again, the costs are set out in ranges.

- a) **Beauly Primary:** Concept design prepared on existing site; cost range £20M to £25M. Other factors relating to the strategy can be incorporated (such as housing development and partnership options)
- b) **Charleston Academy:** Masterplan for development of campus including Community Complex and potential future relocation of Kinmylies Primary; cost range (excluding Kinmylies) £80M to £100M.
- c) **Dunvegan Primary:** Masterplan with adjacent housing development and community sports pitch; building design similar to Broadford Primary project; cost range £15M to £20M.
- d) **Fortrose Academy:** Feasibility study prepared for refurbishment of older part of campus and partial rebuild; cost range £20M to £25M.
- e) **Inverness High:** Final phase of refurbishment and partial rebuild to complete overall retrofit programme; cost range £20M to £25M.

**Total cost range – £155M to £195M.**

## 6. Future Financing Model

- 6.1 The intention of Highland Council is to ringfence a proportion of council tax (equivalent to 2%) on an annual basis to fund future additional borrowing. Importantly, this would need to be a new source of income and would have to meet conditions for affordable borrowing. On an annual basis, and as part of revenue budget decision making, the Council would be required to commit to budget decisions which would fund the loan charges associated with the Plan, which would include council tax, saving and other budget decisions. At present no earmarking assumptions were made regarding 2025/26 and 2026/27 and therefore budget

decisions in those years, where indicative budgets have already been agreed, would be required. As noted earlier, the Council already undertakes a form of earmarking with some council tax income annually earmarked for affordable housing purposes. To set the 2% principle in context, a 2% sum based on current Band D Council Tax would equate to £28 per Band D taxpayer, per year. This needs to be considered in the context of the overall level of council tax which may be agreed in any given year, which may be higher, and council tax would be considered as part of annual budget decision making. The 2% related to the Plan would be equivalent to 54p per week for a Band D taxpayer at current levels.

6.2 The financial modelling within **Appendix 1** provides further context to this funding principles and financial assumptions. The additional potential capital investment which results, is as described below.

6.3 Overall, the total quantum of the investment in the plan anticipated over a twenty-year period is shown below, based on the financial model assumptions. This will enable a programme to be developed which will ensure that all schools and other facilities in poor condition will be addressed. The table below sets out the quantum of potential new and additional capital investment, over and above the currently approved capital programme.

	Current Approved 5 Year Capital Programme	Highland Investment Plan Phase 1: 24/25 – 33/34	Highland Investment Plan Totals over 20 Years
Current Approved Programme	£435.0m	-	-
New/additional capital:			
Roads capital *	-	£106.5m	£286.9m
Schools and Property	-	£486.7m	£1,184.8m
Baseline Capital (other priorities) **	-	£204.0m	£605.9m
<b>TOTALS</b>	<b>£435.0m</b>	<b>£797.2m</b>	<b>£2,077.5m</b>

\*additional roads capital in Phase 1 covers 7 years, 2027/28 to 2033/34, given the Council has committed to £40m of additional roads investment over 2024/25 – 2026/27 in the currently approved capital programme.

\*\* the future baseline capital allocation, covers the years 2029/30 onwards i.e. following the conclusion of the current approved 5-year capital programme. This sum would provide for capacity to address a baseline level of capital across the range of capital priorities which are described at 4.2 of this report.

6.4 The first stage of financing for the Highland Investment Plan will be to allocate the £2.8million of additional funding which was provided in the Scottish Government budget, and which came after Highland Council's budget was set, for investment, which could realise an additional capital investment of around £50 million.

6.5 These moneys will be used to establish the initial programme of works and to progress- specific plans for the initial phase of the programme. Future phases would require the creation of funding through council tax and other revenue budget decisions, as part of the annual budget setting process.

## **7. Phasing, Programming, and Immediate Priorities**

### **7.1 Financial Modelling**

The assessment of potential projects over the first 10 years is based on an assumed annual base level of around £45M to £50M of additional capital. Further work will be done to develop planning for the future model as part of routine budget planning for future years to ensure that investment mechanisms are affordable, achievable, deliverable, and secure best value. Reports will come forward on this as part of the process, in the normal way, as per the conditions set in **Appendix 1** of this report.

### **7.2 Potential External Partners**

Work will be done to engage with local and national partners around the potential created by this report to engender change. Agencies involved include: NHS Highland, HIE, UHI, Third Sector, Government agencies such as the Scottish Futures Trust, Skills Development Scotland, Housing Associations, Emergency Services and Hub North. Preliminary conversations have begun with a number of such organisations. The Highland Investment Plan can become a key driver of the ambitions of the HOIP.

### **7.3 Council Depots/Emergency Services**

These could be co-located with Community PODs/ Schools (as Lochaline Primary School/Fire Station, but which has separate road accesses); this will be a distinct workstream (Work Hubs), but some early capital investment is required. Work will be done to scope options relation to this area of activity.

### **7.4 Procurement/Market Capacity**

We have engaged with some Local Authorities to share experiences and learn lessons. This work will continue.

### **7.5 Retrofit Solutions**

Such potential solutions will be assessed for all projects; scope can vary from a relatively simple refurbishment to a major refurbishment/remodelling of existing buildings or, in some cases, a partial demolition and rebuild. Place based planning, community engagement and consultation will inform and underpin proposals and help shape recommended solutions as appropriate.

### **7.6 Emerging Issues**

It should be recognised that deteriorating condition and revised guidance on RAAC / HACC or other structural concerns, including suitability and remaining economic life of some buildings may mean that retrofit is not always a viable or best-value solution, therefore in various locations new build may be the only economic option.

### **7.7 Roads Capital Investment**

As stated earlier in the report, the Plan could also provide for additional roads capital investment, allowing the Council to extend its current commitment of an additional £40m for roads over the current three-year period, into subsequent years

and on a sustained basis, including provision for annual inflationary uplift. The currently approved 5-year capital programme, consists of a baseline circa £7.8m p.a. for roads (September 2023), supplemented over three years by the £40m enhancement (March 2024). In year 3 (2026/27) the currently approved total roads capital investment will be £21.55m. The Plan and financial model as set out in this report, could provide for that total sum being sustained in 2027/28 and beyond, and financially modelled as increasing by 2% p.a. to address the effects of inflation.

## 7.8 Further Programming

Work will commence to look at how the base capital programme can support retrofit solutions to improve the condition and suitability of schools listed, but which are not requiring major projects. Work will also commence to look at the second phase of this programme, with further reports to come to committee in due course.

## 7.9 Communications and Engagement

7.9.1 Work will be done to ensure that communities fully understand the scope, purpose, and potential of the Highland Investment Plan. This work will begin, should plans be approved and updates will be brought to members as this process evolves. Initial steps will involve sharing the strategic vision with communities and partners to convey the pan-Highland scope and level of proposed developments.

7.9.2 Place based reviews are essential to achieving successful local service delivery models so appropriate planning and engagement will help to inform and shape what key facilities communities will need for the future. Engagement with local communities and partners will also assist in shaping the impact assessments that will accompany the place-based reviews and support the development of local service delivery models. As outlined at 4.18, if any of the preferred options would result in schools being relocated, then a statutory consultation would be undertaken.

Designation: Chief Executive, Derek Brown

Date: 26 April 2024

Authors: Mark Rodgers, ECO, Property & Housing  
Finlay MacDonald, Head of Property and Facilities Management  
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Background Papers:

Appendices:

Appendix 1 - Financing the Highland Investment Plan. Illustrative Financial Modelling over a 20-year period, 2024/25 to 2043/44.

Appendix 2 – Weighted Scores for all Schools

Appendix 3 – Major Projects in Current Capital Programme

Appendix 4 – Phase 1 Priority Locations for Major Investment (Years 1-10)

Appendix 5 – Phase 1 Major Projects Already at Masterplan or Design Stage

Appendix 6 – Medium Projects Years 1-10

Appendix 7 – Phase 2 Priority Locations for Major Investment (Year 11 Onwards)

Appendix 8 – Remaining C Rated Schools (Improve to B Ratings at Least)

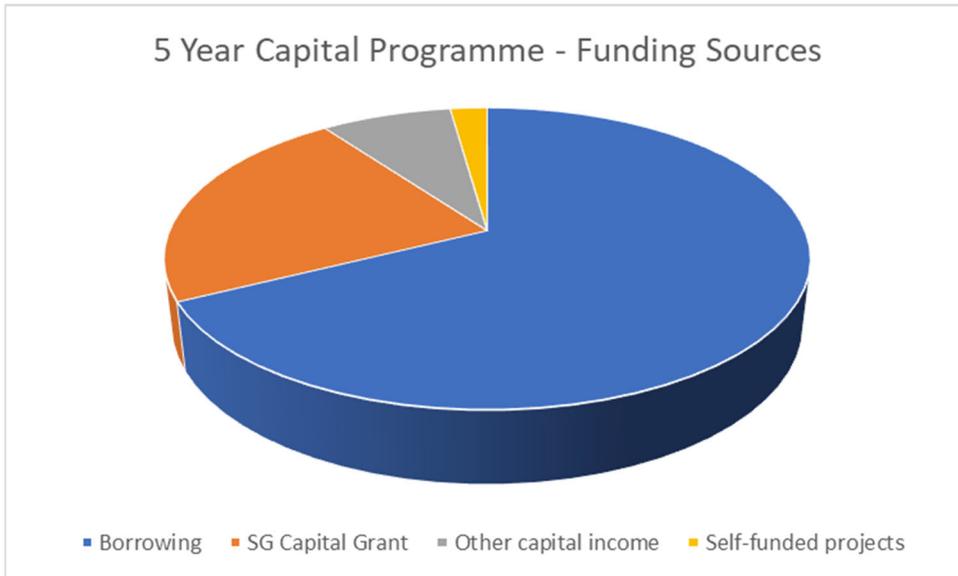
Appendix 9 – Remaining A and B Rated Schools (Maintain at This Level)

**Financing the Highland Investment Plan. Illustrative Financial Modelling over a 20-year period, 2024/25 to 2043/44.**

1.	<b>Funding and Financial Implications</b>
1.1	Capital investment decisions are decisions which have long-term consequences and may lead to financial implications far beyond the point in time or financial year in which the decision is made. The Prudential Code for Capital Finance requires the Council, and its Section 95 Officer, to ensure that capital investment plans are affordable, prudent, and sustainable and consider both short and long-term implications. These principles must sit at the heart of capital investment planning. The Code also provides for a range of indicators which can assist the Council in its investment planning, and these are described later in this report.
1.2	Decisions made by the Council over the past year, provide a solid foundation for the Council now taking a more innovative and long-term approach to capital investment. The recognition of affordability challenges, the re-setting of the capital programme, the agreement of capital strategy, and the agreement of a medium-term financial plan and three-year revenue budget, founded on £54m of savings and achieving a balanced and sustainable budget position by year 3, allows the Council to now take a longer-term look at capital.
1.3	The Highland Investment Plan presents a long-term vision for how the Council can tackle capital investment needs and challenges. Its long-term nature requires a phased and flexible approach, and in relation to financial implications, it will be the normal underlying 3–5-year medium term financial plans which translate high level outcomes captured in the Highland Investment Plan, into costed, phased, and funded affordable capital project commitments. At its heart the principles of capital investment needing to be affordable, prudent, and sustainable remain. With the Council needing to ensure through its revenue budget decision making, it can afford and fund the costs of repaying borrowing, and therefore releasing phases of capital investment. The Council’s existing revenue and capital budget planning approach, over a typical 3–5 year rolling period will be the mechanism through which the Council determines the affordability of phased capital programmes and ensures decisions are embedded in revenue budget and council tax decision making processes.
1.4	Financial circumstances can alter, and the level of capital investment the Council can afford may vary – being impacted by a range of local, national, or wider economic factors. There are also potential risks and uncertainties within assumptions made in financial plans, more so over long time periods. The long-term financial modelling in this report is illustrative and based on a number of assumptions. A long-term approach therefore needs to be flexible and gives scope to vary investment based on financial circumstances. This can mean either opportunity to accelerate or expand capital investment is possible in “good years” or to scale back or re-phase capital plans in more “challenging years”. Long-term planning as reflected within the Highland Investment Plan can support the Council in its ability to be flexible and responsive in capital project delivery by clearly aligning the level of capital with the level of growth or change in the revenue budget, and providing an absolute cap on the percentage of the Council’s budget which is committed to repaying borrowing costs.

1.5

For context, there are a range of funding sources that can support capital investment, and these are reflected below in analysis of the current approved 5-year capital programme. As shown below funding through borrowing is the primary funding source, the costs of which are charged against revenue budgets over the longer-term.



1.6

While the Council continues to explore opportunities for additional external funding, or other ways to enhance capital funding options, any significant enhancement to capital will require significant additional borrowing in the absence of any other material opportunities being available. Such borrowing will result in additional revenue costs, being loan charges met from the revenue budget. **Additional borrowing can only be founded on clear strategies as to how such borrowing can be funded and affordable short and long-term.** As described further in this report, **the Highland Investment Plan is founded on the principle of the Council aligning its aspiration for growth in its capital programme, with growth in its revenue budget and revenue income.** This approach, while looking to support growth in capital over the long-term, also provides an important safety net in that in years where budget/income growth may not meet anticipated levels, for whatever reasons, the level of capital can be similarly re-profiled. **It also puts in place an absolute cap on the ratio of the Council's revenue budget allocated to repaying borrowing costs.**

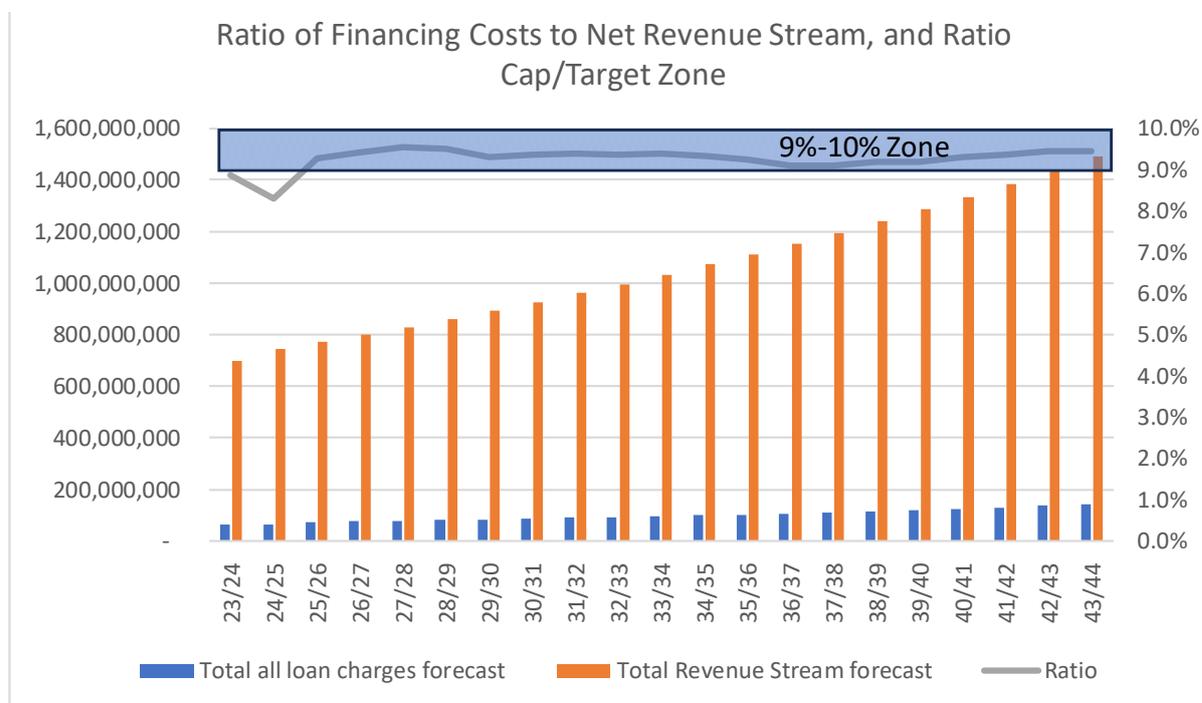
1.7

Linking the Highland Investment Plan to long-term assumptions on revenue budget and income growth aligns with underlying medium-term financial planning, recognising that the cost of borrowing is not the only cost the Council needs to accommodate. And plans for savings, income and council tax need recognise not only costs of the capital programme, but also the normal pay cost uplifts, inflation and other cost pressures that need met within the annual budget. This is crucial when the wider economic environment is still one in which inflation and interest rates remain relatively high, and there is no expectation of grant settlements from government improving over the short to medium term. The funding of capital investment requires the Council to make relevant revenue budget decisions on an annual basis to provide for the costs of repaying borrowing, and it is those commitments to increase income, make budget savings etc, which will facilitate and release phases of capital investment.

1.8

The Prudential Code sets out a range of indicators that are required as part of the Council's capital investment and treasury strategies. These are agreed by Council annually as part of the Treasury Management Strategy Statement. Within that suite of indicators is one particular indicator that could be considered as of particular

significance to this report and forms a core part of considering the Highland Investment Plan. The **“ratio of financing costs to net revenue stream”** is quite simply a percentage which reflects what proportion of the Council’s annual revenue budget, is committed to meeting the annual costs of repaying debt. The Council will need to ensure this indicator remains at a level that is affordable, prudent, and sustainable **and it is recommended that the Highland Investment Plan is founded on the principle that this indicator does not exceed more than 10% for the totality of all General Fund capital investment and associated loan charge costs, and based on financial modelling the indicator is likely to sit within a 9-10% range.** Growth in capital is therefore linked to growth in the Council’s budget, including council tax income, and there is a clear alignment between for example council tax decisions and the capital that can then sustain. The graph below illustrates financial modelling and how future growth in the revenue budget could support a similar increase in the loan charge budget to provide for increased capital and allow the ratio indicator to remain within the cap and 9-10% range.



1.9

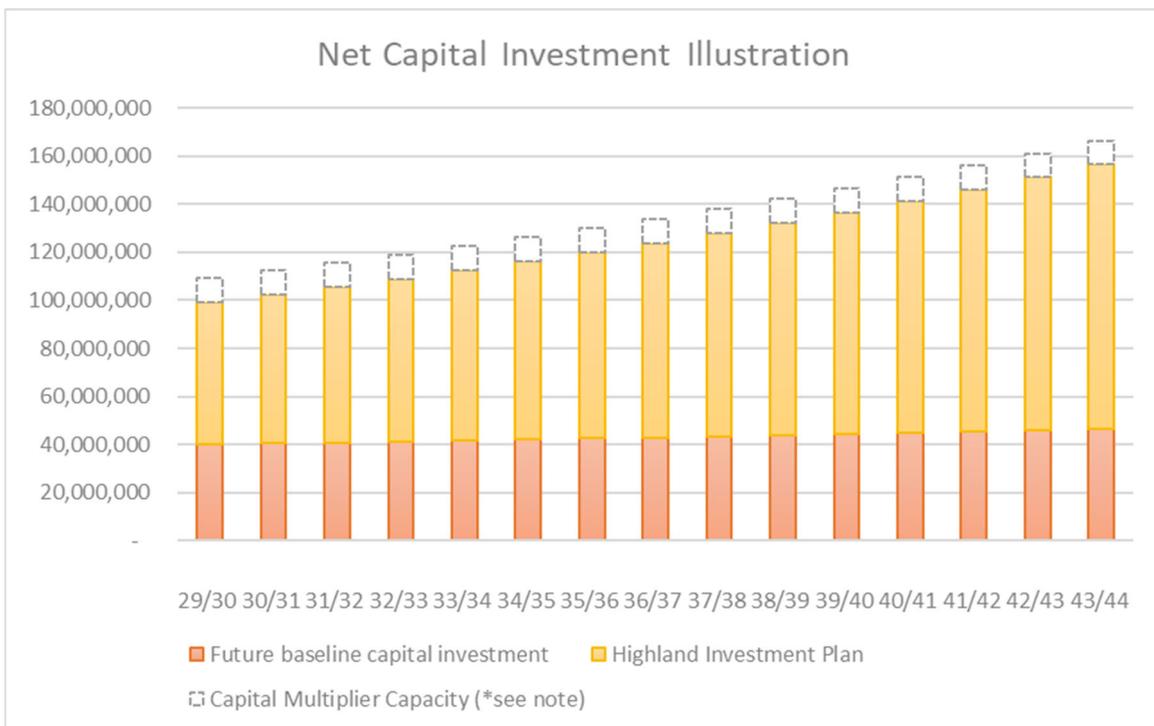
The long-term financial modelling above is founded on a number of financial assumptions as described below.

Assumption	Context
Overall revenue budget funding – can be expected to increase year on year over the long-term. 3.7% p.a. on average has been assumed for the financial model. This is based on assumed average year on year increase in SG grant funding and council tax income.	Long-term analysis shows since the Council’s inception, the revenue budget’s year on year increase or decrease has ranged from -6.7% to +10.1%. An average of +3.5% and median of +4.1%, which includes 8 years where a council tax freeze applied.
Council tax income – the financial modelling has been based upon a 0.5% p.a. increase in tax base (number of properties), a 2% p.a. core uplift in council tax charges and a 2% earmarked	This is an assumption for financial modelling purposes. Actual decisions on council tax charges would be part of the annual budget setting process – and proposals would be subject to Impact

	<p>increase in charges for capital investment purposes i.e. 4% total uplift in charges.</p>	<p>Assessment, as outlined at section 3.3. The Highland Investment plan as a policy, presumes 2% of council tax income earmarked to support capital.</p>
	<p>Interest rates – the model assumes an average interest rate across all borrowing held of 4% p.a. across the life of the financial model.</p>	<p>The totality of the Council’s borrowing is held in the loans fund, with the average loans fund interest rate being the weighted average of all borrowing. The 23/24 rate is forecast to end the year at just over 4%, and with a lowering of Bank of England interest rates in 2024, to sit at or below 4% in 24/25. Any material variance away from this would alter assumed borrowing and capital levels. A lower rate could support a higher level of capital, a higher rate would constrain capital capacity. Future interest rates will be a key determinant in cost, and capital affordability.</p>
	<p>Inflation – the financial model assumes a 2% p.a. inflation level, with that also being used to provide some inflationary uplift in core capital budget assumptions.</p>	<p>2% is the UK Government target level for inflation and the policy basis for Bank of England monetary and interest rate decisions. Where relevant, certain capital assumptions have been uplifted by 2% p.a. to recognise inflation impacts.</p>
	<p>Ratio of Financing Costs to Net Revenue Stream. The forecast position for 2023/24 is a baseline of 8.9%. That being loan charges of £60.2m divided by a core recurring revenue budget stream (council tax income plus general revenue grant, excluding ring-fenced grants and use of reserves) of £697.7m</p>	<p>This represents the percentage of core General Fund revenue budget funding allocated to repaying of capital borrowing costs. The long-term financial model has been based on holding that indicator in a 9%-10% range, and a cap of 10% in place. The indicator excludes PPP/PFI financing costs (which are captured in Prudential Indicators) to model only the capital financed costs relevant to this financial model.</p>
<p>Over a long-term period of modelling, it can be assumed that any forecasts and assumptions may need alter, and hence the financial modelling is illustrative. While a change in assumptions would in turn alter the outputs in terms of capital investment capacity, the model is flexible in that by linking capital investment to the revenue budget and maintaining the ratio indicator in a 9-10% range, and capped at 10%, it allows the level of capital investment to flex based on financial circumstance.</p>		
<p>1.10</p>	<p>The capital investment assumptions within the financial modelling, are as shown below. They take account of the existing level of council debt, and costs of repaying that, the financial implications of the current approved 5-year capital programme, and longer-term financial modelling of capital predicated on two core principles: -</p> <ul style="list-style-type: none"> <li>• A core level of capital programme of £40m p.a. from 2029/30 onwards when the current 5-year programme ends. This sum is inflated annually and is intended to provide for a base level of capital investment. This figure has been</li> </ul>	

derived from analysis of the level of average core capital within the current 5-year programme to provide a representative baseline position.

- This baseline is supplemented by additional capital linked to the earmarking of 2% of council tax income p.a. That earmarked income would grow over time, reflecting the compound effect of growth in council tax income over time. There is already an established precedent whereby an element of council tax income is earmarked for investment into Affordable Housing via the Landbanking Fund. Within the financial model £2.8m of additional Scottish Government funding in 2024/25 provides the seed funding given the budget for that year has already been set and no commitments made against that sum. It's assumed the 2% council tax earmarking applies in 2025/26 and beyond. As modelled, this approach provides for capital of £50m-£60m in 2024/25 and on a rising profile each year thereafter – ultimately dependent on the council tax and budget decisions made in future years.

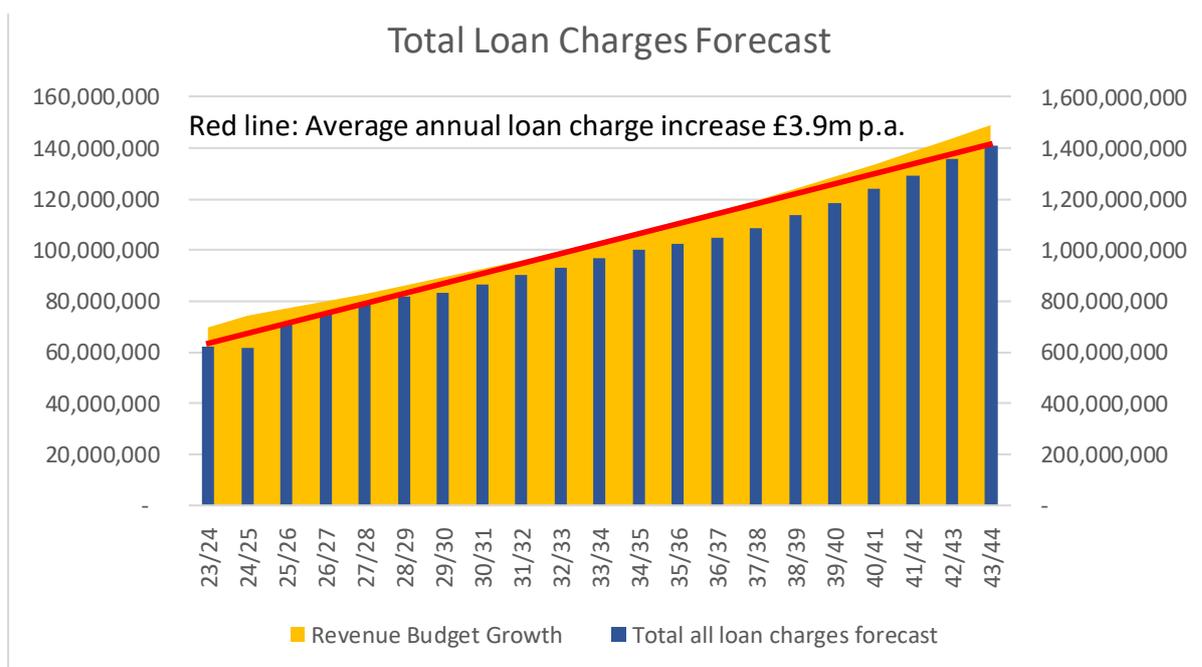


These figures reflect a programme net of any project specific income which may arise and add to these totals. An assumed level of General Capital Grant from Scottish Government has been reflected in and forms part of the future baseline.

1.11 \*Note: The graph above reflects decisions made by the Council on 29 February to address the capital multiplier through its budget pressure decisions, and over a three-year period, make revenue provision to adjust the mechanisms for staff time being charged to capital projects. One of the benefits of this change will be to increase the amount of capital that can be devoted to direct project outcomes, rather than internal staff project time recharge. By 2026/27 there is the potential of £10m per annum of additional capital capacity being released as a result. To support Highland Investment Plan outcomes. This will be represented by additional capacity within the capital programme, rather than an absolute cash increase in the level of capital budget.

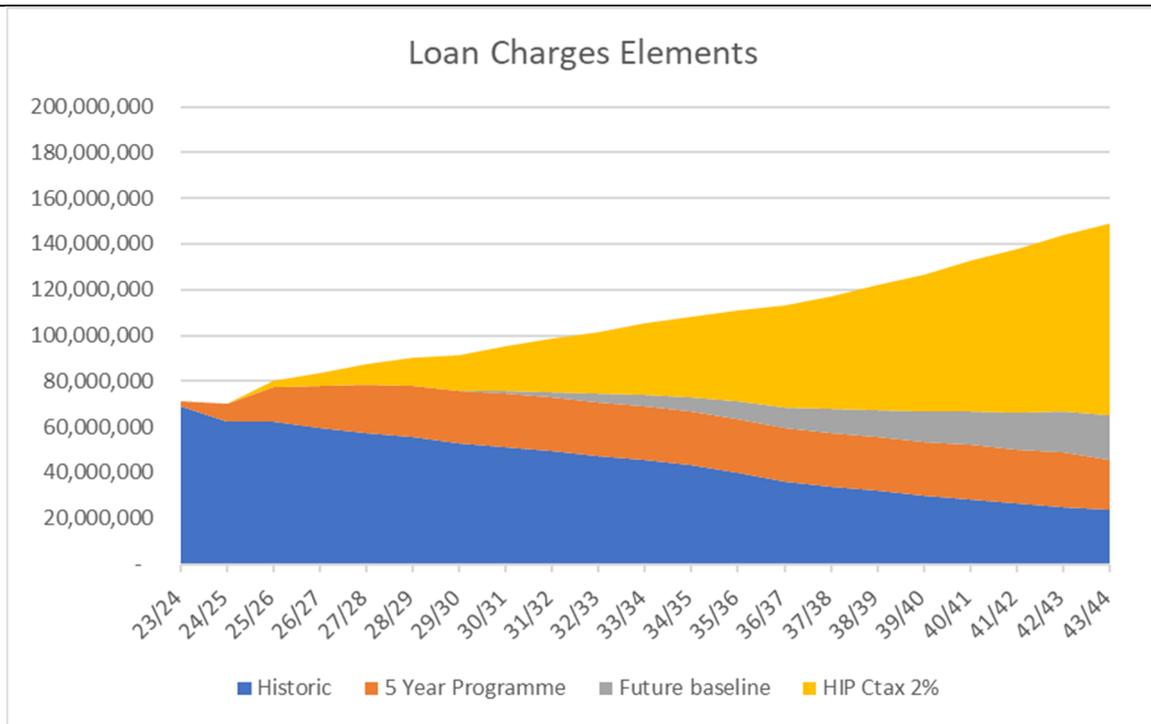
1.12 An increasing profile of capital investment, linked to an expected increase in revenue budget growth over the long-term, as described above, does result in an increasing level of borrowing and in the annual costs of repaying that borrowing. The actual levels and costs vary depending on prevailing financial circumstances, including

interest rates and the nature of capital projects agreed. The graph and table below provides context and illustrates the profile of increase in loan charge cost broadly tracking the forecast increase in overall revenue budget growth. Over the long-term, the modelling illustrates the potential for the 2% earmarking of council tax income to provide for the majority of the level of loan charges forecast. In practice, it will continue to be annual budget setting, prevailing financial circumstance, and 3–5-year medium term financial planning cycles, whereby funding decisions are made, and which would support the release of phases of capital investment. Future revenue budget decisions would need provide for the level of increased loan charge costs arising.



Time Period	Average Annual Loan Charge Increase	Average annual income from 2% council tax earmarking
First 10 years	£3.49m p.a.	£3.5m p.a.
Next 10 years	£4.38m p.a.	£5.5m p.a.

1.13 The following graphic illustrates the loan charge costs forecast for each component element of the financial model. This shows a reducing profile of loan charges on historic debt as that debt is reduced each year. Separately, loan charges associated with the current 5-year capital programme which also reduces over time as that debt is reduced and charged to the revenue budget. The ‘new’ elements of the capital investment plan, being the future baseline capital and investment plan linked to council tax income (see section 1.10 above), extending as new capital over the longer-term, show a rising profile of loan charge costs.



As set out earlier in this report, this profile of loan charges is predicated on a rising year on year profile of revenue budget growth, earmarking of council tax income, and the principle of this report and ensuring affordability by the level of loan charge cost remaining within a capped 9-10% of the General Fund revenue budget.

While the graphic above is illustrative of loan charge costs, it would be expected that the underlying borrowing and components thereof, would follow a similar profile.

**1.14 Risks and uncertainties.**

Long-term financial modelling is based on a range of assumptions and subject to risks and uncertainties. Key points for the purposes of this report are as set out below:

- Prevailing financial circumstances. The level of capital investment can and may need vary and will always be dependent on the prevailing financial circumstances being faced over the short to medium term. In more challenging financial environments, the level of capital investment may inevitably be a focus area for how the Council can reduce its costs.
- Future decision making. The plan has been modelled long-term, but it will be a decision for future Councils as to their approach to capital and level of investment. Future policy or strategy changes could impact the plan as set out.
- Funding and 3–5-year budget planning. Borrowing for capital can only be committed to where there are clear plans and strategies, reflected within 3–5-year plans, and annual budget setting, to ensure that the costs of borrowing can be provided for. In simple terms the Council will need to make decisions on budget savings, cost reduction and council tax to fund its revenue budget and the capital implications within that budget. There may be situations where the intended earmarked council tax income is not available, for example if council tax were to be frozen through Scottish Government policy or direction. In such circumstances either phases of capital investment plans would need revised, or alternative funding solutions agreed. This will be done through the medium-term financial planning and annual revenue budget setting processes.
- Economic factors. Levels of inflation and interest rates will have an impact on the affordability of capital. Lower inflation/interest rate scenarios may allow for

a higher level of capital than assumed, or conversely higher inflation/interest rates may need there to be a reduction in assumed capital investment.

- Major Structural changes to local government. Given the financial modelling is based on long-term assumptions and linking capital investment to future levels of revenue budget, there could be future structural changes impacting the Council that could have implications. Looking back, the removal of Police and Fire from Local Government would be an example of such a change, resulting in a significant reduction in the Council's core revenue budget and funding. Were there to be any future major changes, that in turn may have implications for the financial assumptions within this report.
- Accounting and regulatory change. Other factors may impact on affordability and capital investment plans. Scottish Government have already made some amendments to capital accounting regulations with effect from 1 April 2024, and in doing so have signalled their intent is for further and more significant changes to be consulted on for potential implementation by 2027 or 2028. These could fundamentally impact future capital investment and borrowing plans if, for example, as has been indicated, Scottish Government may propose to reduce the maximum time period over which capital costs can be accounted for, from the current 60 years. Existing accounting regulations for leasing (IFRS16) will bring all leases onto Council balance sheets during 2024/25 and will require Council Prudential Indicators to be amended.

Appendix 2 - Weighted Scores For All Schools		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5-Year Occupancy Assessment)
1	Beauly Primary School	42	127	C	C	Over 100%
2	Charleston Academy	42	747	D	C	90-100%
3	Craighill Primary School	42	213	C	C	Over 100%
4	Dingwall Primary School	42	423	C	C	Over 100%
5	Knockbreck Primary School (Tain)	42	155	C	C	Over 100%
6	St Clement's School	42	51	C	C	Over 100%
7	Broadford Primary School	50	71	C	C	90-100%
8	Dunvegan Primary School	50	45	C	C	90-100%
9	Carrbridge Primary	58	70	B	B	Over 100%
10	Croy Primary School	58	104	B	B	Over 100%
11	Glenurquhart Primary School	58	145	B	B	Over 100%
12	Kiltearn Primary School	58	113	C	C	80-90%
13	Kinmylies Primary School	58	304	B	C	90-100%
14	Kirkhill Primary School	58	144	B	B	Over 100%
15	Lochardil Primary School	58	331	B	B	Over 100%
16	Nairn Academy	58	679	D	C	60-80%
17	Newmore Primary School	58	36	C	C	80-90%
18	Applecross Primary School	67	10	C	C	Under 60%
19	Avoch Primary School	67	293	C	C	60-80%
20	Bishop Eden's Primary School	67	25	C	C	Under 60%
21	Bonar Bridge Primary School	67	48	C	C	Under 60%
22	Bridgend Primary School	67	278	C	B	80-90%
23	Cauldeen Primary School	67	252	B	B	90-100%
24	Coulhill Primary School	67	196	C	C	60-80%
25	Culloden Academy	67	1138	C	B	80-90%
26	Dochgarroch Primary School	67	16	C	C	Under 60%
27	Duror Primary School	67	7	C	C	Under 60%
28	Edderton Primary School	67	6	C	C	Under 60%
29	Edinbane Primary School	67	11	C	C	Under 60%
30	Ferintosh Primary School	67	13	C	C	Under 60%
31	Fortrose Academy	67	646	C	C	60-80%
32	Glenelg Primary School	67	9	C	C	Under 60%
33	Golspie High School	67	264	C	C	Under 60%
34	Golspie Primary School	67	98	C	C	Under 60%
35	Hill of Fearn Primary School	67	39	C	C	60-80%
36	Invergordon Academy	67	345	C	C	60-80%
37	Kilchuimen Academy	67	48	C	C	Under 60%
38	Kilmuir Primary School	67	17	C	C	Under 60%
39	Lady Lovat Primary School	67	11	C	C	Under 60%
40	Loch Duich Primary School	67	11	C	C	Under 60%
41	Marybank Primary School	67	19	C	C	Under 60%
42	Park Primary School	67	118	C	C	Under 60%
43	Rosebank Primary School	67	285	C	C	60-80%
44	Rum Primary School	67	5	C	C	Under 60%
45	Scoraig Primary School	67	6	C	C	Under 60%
46	Scourie Primary School	67	22	C	C	Under 60%
47	St Duthus School	67	29	A	B	Over 100%
48	Tain Royal Academy	67	516	C	C	60-80%
49	Tarbat Old Primary School	67	35	C	C	60-80%
50	Tarradale Primary School	67	261	C	C	60-80%
51	Thurso High School	67	753	C	C	60-80%

Appendix 2 - Weighted Scores For All Schools		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5-Year Occupancy Assessment)
52	Abernethy Primary School	75	89	B	B	80-90%
53	Achiltibuie Primary School	75	12	B	C	Under 60%
54	Alvie Primary School	75	46	B	C	Under 60%
55	Arisaig Primary School	75	29	B	C	60-80%
56	Auldearn Primary School	75	192	B	B	80-90%
57	Ballachulish Primary School	75	32	B	C	Under 60%
58	Balnain Primary School	75	14	B	C	Under 60%
59	Banavie Primary School	75	91	C	B	Under 60%
60	Brora Primary School	75	98	C	B	Under 60%
61	Bualnaluib Primary School	75	29	B	C	Under 60%
62	Bun-sgoil Ghàidhlig Loch Abar	75	147	A	A	Over 100%
63	Canisbay Primary School	75	40	C	B	Under 60%
64	Cannich Bridge Primary School	75	31	B	C	Under 60%
65	Carbost Primary School	75	19	C	B	Under 60%
66	Cradlehall Primary School	75	259	B	C	60-80%
67	Dalneigh Primary School	75	252	B	B	80-90%
68	Daviot Primary School	75	7	B	C	Under 60%
69	Deshar Primary School	75	39	C	B	60-80%
70	Dornoch Academy	75	217	B	C	Under 60%
71	Dornoch Primary	75	160	B	B	80-90%
72	Drakies Primary School	75	221	C	B	60-80%
73	Drummond School	75	105	A	A	Over 100%
74	Durness Primary School	75	2	B	C	Under 60%
75	Eigg Primary School	75	7	B	C	Under 60%
76	Gairloch High School	75	89	B	C	Under 60%
77	Grantown Grammar School	75	362	B	C	Under 60%
78	Helmsdale Primary School	75	46	C	B	Under 60%
79	Hilton of Cadboll Primary School	75	107	C	B	60-80%
80	Inverie Primary School	75	9	B	C	Under 60%
81	Inverlochry Primary School	75	126	C	B	60-80%
82	Keiss Primary School	75	38	B	C	Under 60%
83	Kilchoan Primary School	75	13	B	C	Under 60%
84	Kilchuimen Primary School	75	48	C	B	Under 60%
85	Kingussie High School	75	417	C	B	60-80%
86	Lairg Primary School	75	54	C	B	Under 60%
87	Lochcarron Primary School	75	54	B	C	Under 60%
88	Lochinver Primary School	75	29	B	C	Under 60%
89	Lybster Primary School	75	64	C	B	Under 60%
90	Mallaig High School	75	101	C	B	Under 60%
91	Mallaig Primary School	75	70	C	B	60-80%
92	Millbank Primary School	75	248	C	B	60-80%
93	Mulbuie Primary School	75	40	B	C	60-80%
94	Munlochry Primary School	75	68	B	C	60-80%
95	Newtonmore Primary School	75	115	B	B	80-90%
96	Obsdale Primary School	75	115	C	B	60-80%
97	Plockton High School	75	213	B	C	Under 60%
98	Plockton Primary School	75	48	C	B	60-80%
99	Poolewe Primary School	75	9	B	C	Under 60%
100	Raasay Primary School	75	4	B	C	Under 60%
101	Rosehall Primary School	75	11	C	B	Under 60%
102	South Lodge Primary School	75	149	C	B	60-80%

Appendix 2 - Weighted Scores For All Schools		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5-Year Occupancy Assessment)
103	St Joseph's RC Primary	75	138	B	C	60-80%
104	Staffin Primary School	75	37	B	C	60-80%
105	Stratherrick Primary School	75	15	B	B	80-90%
106	Strathgarve Primary School	75	8	B	C	Under 60%
107	Tore Primary School	75	17	C	B	Under 60%
108	Ardersier Primary School	83	112	B	B	60-80%
109	Ardgour Primary School	83	18	B	B	Under 60%
110	Ardross Primary School	83	27	B	B	Under 60%
111	Auchtertyre Primary	83	44	B	B	Under 60%
112	Balloch Primary	83	173	B	B	60-80%
113	Bower Primary School	83	22	B	B	Under 60%
114	Bun-Sgoil Ghàidhlig Phort Rìgh	83	163	A	A	90-100%
115	Bun-Sgoil Shleite	83	56	B	B	Under 60%
116	Castletown Primary School	83	82	B	B	Under 60%
117	Central Primary School	83	156	B	B	Under 60%
118	Crossroads Primary School	83	7	B	B	Under 60%
119	Crown Primary School	83	253	B	B	60-80%
120	Dunbeath Primary School	83	30	B	B	Under 60%
121	Duncan Forbes Primary School	83	246	B	B	60-80%
122	Farr High School	83	68	B	B	Under 60%
123	Farr Primary School (Bettyhill)	83	28	B	B	60-80%
124	Gairloch Primary School	83	56	B	B	Under 60%
125	Gledfield Primary School	83	25	B	B	Under 60%
126	Glencoe Primary School	83	22	B	B	Under 60%
127	Grantown Primary School	83	203	B	B	60-80%
128	Halkirk Primary School	83	83	B	B	Under 60%
129	Hilton Primary School	83	274	B	B	60-80%
130	Holm Primary School	83	228	B	B	60-80%
131	Inver Primary School	83	26	B	B	Under 60%
132	Inverness High School	83	492	B	B	60-80%
133	Inverness Royal Academy	83	1354	A	A	90-100%
134	Kingussie Primary School	83	67	B	B	Under 60%
135	Kinlochbervie High School	83	28	B	B	Under 60%
136	Kinlochbervie Primary School	83	19	B	B	Under 60%
137	Kyle Primary School	83	35	B	B	Under 60%
138	Kyleakin Primary School	83	32	B	B	Under 60%
139	Macdiarmid Primary School	83	22	B	B	Under 60%
140	Melvich Primary School	83	37	B	B	Under 60%
141	Millburn Academy	83	1240	A	A	90-100%
142	Miller Academy Primary School	83	267	B	B	60-80%
143	Milton Primary School	83	59	B	B	Under 60%
144	Mount Pleasant Primary School	83	186	B	B	60-80%
145	Muck Primary School	83	4	B	B	Under 60%
146	Muirtown Primary School	83	179	B	B	60-80%
147	North Kessock Primary School	83	138	B	B	60-80%
148	Pennyland Primary School	83	180	B	B	Under 60%
149	Portree Primary	83	132	B	B	Under 60%
150	Raigmore Primary School	83	158	B	B	60-80%
151	Reay Primary School	83	36	B	B	Under 60%
152	Rogart Primary School	83	21	B	B	Under 60%
153	Shieldaig Primary School	83	24	B	B	Under 60%

Appendix 2 - Weighted Scores For All Schools		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5-Year Occupancy Assessment)
154	Smithton Primary School	83	371	B	B	60-80%
155	St Bride's Primary School	83	29	B	B	60-80%
156	Strathpeffer Primary School	83	142	B	B	60-80%
157	Teanassie Primary School	83	43	B	B	Under 60%
158	Thrumster Primary School	83	30	B	B	Under 60%
159	Tomnacross Primary School	83	111	B	B	60-80%
160	Tongue Primary School	83	27	B	B	Under 60%
161	Ullapool Primary School	83	129	B	B	60-80%
162	Watten Primary School	83	37	B	B	Under 60%
163	Wick High School	83	736	A	A	90-100%
164	Dingwall Academy	92	1063	A	A	80-90%
165	Farr Primary School (Inverness)	92	63	A	B	Under 60%
166	Strathconon Primary School	92	6	A	B	Under 60%
167	Ullapool High School	92	173	B	A	Under 60%
168	Acharacle Primary School	100	48	A	A	60-80%
169	Aldourie Primary School	100	23	A	A	Under 60%
170	Alness Academy	100	505	A	A	60-80%
171	Ardnamurchan High School	100	126	A	A	Under 60%
172	Aviemore Primary School	100	237	A	A	60-80%
173	Ben Wyvis Primary School	100	265	A	A	60-80%
174	Bun-sgoil Ghaidhlig Inbhir Nis	100	209	A	A	60-80%
175	Caol Primary School	100	238	A	A	60-80%
176	Cawdor Primary School	100	133	A	A	60-80%
177	Cromarty Primary School	100	56	A	A	60-80%
178	Culbokie Primary School	100	96	A	A	60-80%
179	Glen Urquhart High School	100	209	A	A	Under 60%
180	Inshes Primary School	100	296	A	A	60-80%
181	Invergarry Primary School	100	22	A	A	Under 60%
182	Kinlochleven High School	100	135	A	A	Under 60%
183	Kinlochleven Primary School	100	50	A	A	Under 60%
184	Lochaber High School	100	839	A	A	60-80%
185	Lochaline Primary School	100	9	A	A	Under 60%
186	Lundavra Primary School	100	205	A	A	60-80%
187	Merkinch Primary School	100	234	A	A	Under 60%
188	Milton of Leys Primary School	100	303	A	A	60-80%
189	Ness Castle Primary School	100	158	A	A	60-80%
190	Newton Park Primary	100	299	A	A	60-80%
191	Noss Primary school	100	298	A	A	60-80%
192	Portree High School	100	499	A	A	Under 60%
193	Resolis Primary School	100	59	A	A	Under 60%
194	Spean Bridge Primary School	100	87	A	A	60-80%
195	St Columba's Primary School	100	15	A	A	Under 60%
196	Strathdearn Primary School	100	39	A	A	Under 60%
197	Strontian Primary School	100	23	A	A	Under 60%

Appendix 3 - Major Projects in Current Capital Programme		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5-Year Occupancy Assessment)
1	Craighill Primary School	42	213	C	C	Over 100%
2	Knockbreck Primary School (Tain)	42	155	C	C	Over 100%
3	Broadford Primary School	50	71	C	C	90-100%
4	Croy Primary School (New Primary School at Tornagrain)	58	104	B	B	Over 100%
5	Nairn Academy	58	679	D	C	60-80%
6	St Duthus School	67	29	A	B	Over 100%
7	Tain Royal Academy	67	516	C	C	60-80%

Appendix 4 - Phase 1 Priority Locations for Major Investment (Years 1-10)		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5-Year Occupancy Assessment)
1	Dingwall Primary School	42	423	C	C	Over 100%
2	St Clement's School	42	51	C	C	Over 100%
3	Bridgend Primary School	67	278	C	B	80-90%
4	Coulhill Primary School	67	196	C	C	60-80%
5	Golspie High School	67	264	C	C	Under 60%
6	Golspie Primary School	67	98	C	C	Under 60%
7	Invergordon Academy	67	345	C	C	60-80%
8	Park Primary School	67	118	C	C	Under 60%
9	Thurso High School	67	753	C	C	60-80%
10	Brora Primary School	75	98	C	B	Under 60%
11	Dornoch Academy	75	217	B	C	Under 60%
12	Dornoch Primary	75	160	B	B	80-90%
13	Obsdale Primary School	75	115	C	B	60-80%
14	South Lodge Primary School	75	149	C	B	60-80%
15	Miller Academy Primary School	83	267	B	B	60-80%
16	Mount Pleasant Primary School	83	186	B	B	60-80%
17	Pennyland Primary School	83	180	B	B	Under 60%

<b>Appendix 5 - Phase 1 Major Projects Already at Masterplan or Design Stage</b>		<b>Weighted Score (100 Maximum, 25 Minimum)</b>	<b>2023/24 Pupil Roll</b>	<b>Condition Rating</b>	<b>Suitability Rating</b>	<b>Sufficiency (5- Year Occupancy Assessment)</b>
<b>1</b>	<b>Beaully Primary School</b>	<b>42</b>	<b>127</b>	<b>C</b>	<b>C</b>	<b>Over 100%</b>
<b>2</b>	<b>Charleston Academy</b>	<b>42</b>	<b>747</b>	<b>D</b>	<b>C</b>	<b>90-100%</b>
<b>3</b>	<b>Dunvegan Primary School</b>	<b>50</b>	<b>45</b>	<b>C</b>	<b>C</b>	<b>90-100%</b>
<b>4</b>	<b>Fortrose Academy</b>	<b>67</b>	<b>646</b>	<b>C</b>	<b>C</b>	<b>60-80%</b>
<b>5</b>	<b>Inverness High School</b>	<b>83</b>	<b>492</b>	<b>B</b>	<b>B</b>	<b>60-80%</b>

Appendix 6 - Medium Projects Years 1-10		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5- Year Occupancy Assessment)
1	Glenurquhart Primary School	58	145	B	B	Over 100%
2	Kirkhill Primary School	58	144	B	B	Over 100%
3	Avoch Primary School	67	293	C	C	60-80%
4	Banavie Primary School	75	91	C	B	Under 60%
5	Cradlehall Primary School	75	259	B	C	60-80%
6	Drakies Primary School	75	221	C	B	60-80%
7	Gairloch High School	75	89	B	C	Under 60%
8	Hilton of Cadboll Primary School	75	107	C	B	60-80%
9	Inverloch Primary School	75	126	C	B	60-80%
10	Lairg Primary School	75	54	C	B	Under 60%
11	Lochcarron Primary School	75	54	B	C	Under 60%
12	Lybster Primary School	75	64	C	B	Under 60%
13	Munlochy Primary School	75	68	B	C	60-80%
14	St Joseph's RC Primary	75	138	B	C	60-80%

Appendix 7 - Phase 2 Priority Locations for Major Investment (Year 11 Onwards)		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5-Year Occupancy Assessment)
1	Kiltearn Primary School	58	113	C	C	80-90%
2	Kinmylies Primary School	58	304	B	C	90-100%
3	Culloden Academy	67	1138	C	B	80-90%
4	Rosebank Primary School	67	285	C	C	60-80%
5	Tarradale Primary School	67	261	C	C	60-80%
6	Grantown Grammar School	75	362	B	C	Under 60%
7	Kingussie High School	75	417	C	B	60-80%
8	Mallaig High School	75	101	C	B	Under 60%
9	Mallaig Primary School	75	70	C	B	60-80%
10	Millbank Primary School	75	248	C	B	60-80%
11	Plockton High School	75	213	B	C	Under 60%
12	Plockton Primary School	75	48	C	B	60-80%
13	Farr High School	83	68	B	B	Under 60%
14	Farr Primary School (Bettyhill)	83	28	B	B	60-80%

Appendix 8 - Remaining C Rated Schools (Improve To B Ratings At Least)		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5- Year Occupancy Assessment)
1	Newmore Primary School	58	36	C	C	80-90%
2	Applecross Primary School	67	10	C	C	Under 60%
3	Bishop Eden's Primary School	67	25	C	C	Under 60%
4	Bonar Bridge Primary School	67	48	C	C	Under 60%
5	Dochgarroch Primary School	67	16	C	C	Under 60%
6	Duror Primary School	67	7	C	C	Under 60%
7	Edderton Primary School	67	6	C	C	Under 60%
8	Edinbane Primary School	67	11	C	C	Under 60%
9	Ferintosh Primary School	67	13	C	C	Under 60%
10	Glenelg Primary School	67	9	C	C	Under 60%
11	Hill of Fearn Primary School	67	39	C	C	60-80%
12	Kilchuimen Academy	67	48	C	C	Under 60%
13	Kilmuir Primary School	67	17	C	C	Under 60%
14	Lady Lovat Primary School	67	11	C	C	Under 60%
15	Loch Duich Primary School	67	11	C	C	Under 60%
16	Marybank Primary School	67	19	C	C	Under 60%
17	Rum Primary School	67	5	C	C	Under 60%
18	Scoraig Primary School	67	6	C	C	Under 60%
19	Scourie Primary School	67	22	C	C	Under 60%
20	Tarbat Old Primary School	67	35	C	C	60-80%
21	Achiltibuie Primary School	75	12	B	C	Under 60%
22	Alvie Primary School	75	46	B	C	Under 60%
23	Arisaig Primary School	75	29	B	C	60-80%
24	Ballachulish Primary School	75	32	B	C	Under 60%
25	Balnain Primary School	75	14	B	C	Under 60%
26	Bualnaluib Primary School	75	29	B	C	Under 60%
27	Canisbay Primary School	75	40	C	B	Under 60%
28	Cannich Bridge Primary School	75	31	B	C	Under 60%
29	Carbost Primary School	75	19	C	B	Under 60%
30	Daviot Primary School	75	7	B	C	Under 60%
31	Deshar Primary School	75	39	C	B	60-80%
32	Durness Primary School	75	2	B	C	Under 60%
33	Eigg Primary School	75	7	B	C	Under 60%
34	Helmsdale Primary School	75	46	C	B	Under 60%
35	Inverie Primary School	75	9	B	C	Under 60%
36	Keiss Primary School	75	38	B	C	Under 60%
37	Kilchoan Primary School	75	13	B	C	Under 60%
38	Kilchuimen Primary School	75	48	C	B	Under 60%
39	Lochinver Primary School	75	29	B	C	Under 60%
40	Mulbuie Primary School	75	40	B	C	60-80%
41	Poolewe Primary School	75	9	B	C	Under 60%
42	Raasay Primary School	75	4	B	C	Under 60%
43	Rosehall Primary School	75	11	C	B	Under 60%
44	Staffin Primary School	75	37	B	C	60-80%
45	Strathgarve Primary School	75	8	B	C	Under 60%
46	Tore Primary School	75	17	C	B	Under 60%

Appendix 9 - Remaining A and B Rated Schools (Maintain At This Level)		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5-Year Occupancy Assessment)
1	Carrbridge Primary	58	70	B	B	Over 100%
2	Lochardil Primary School	58	331	B	B	Over 100%
3	Cauldeen Primary School	67	252	B	B	90-100%
4	Abernethy Primary School	75	89	B	B	80-90%
5	Auldearn Primary School	75	192	B	B	80-90%
6	Bun-sgoil Ghàidhlig Loch Abar	75	147	A	A	Over 100%
7	Croy Primary School (Existing)	75	104	B	B	80-90%
8	Dalneigh Primary School	75	252	B	B	80-90%
9	Drummond School	75	105	A	A	Over 100%
10	Newtonmore Primary School	75	115	B	B	80-90%
11	Stratherrick Primary School	75	15	B	B	80-90%
12	Ardersier Primary School	83	112	B	B	60-80%
13	Ardgour Primary School	83	18	B	B	Under 60%
14	Ardross Primary School	83	27	B	B	Under 60%
15	Auchtertyre Primary	83	44	B	B	Under 60%
16	Balloch Primary	83	173	B	B	60-80%
17	Bower Primary School	83	22	B	B	Under 60%
18	Bun-Sgoil Ghàidhlig Phort Rìgh	83	163	A	A	90-100%
19	Bun-Sgoil Shleite	83	56	B	B	Under 60%
20	Castletown Primary School	83	82	B	B	Under 60%
21	Central Primary School	83	156	B	B	Under 60%
22	Crossroads Primary School	83	7	B	B	Under 60%
23	Crown Primary School	83	253	B	B	60-80%
24	Dunbeath Primary School	83	30	B	B	Under 60%
25	Duncan Forbes Primary School	83	246	B	B	60-80%
26	Gairloch Primary School	83	56	B	B	Under 60%
27	Gledfield Primary School	83	25	B	B	Under 60%
28	Glencoe Primary School	83	22	B	B	Under 60%
29	Grantown Primary School	83	203	B	B	60-80%
30	Halkirk Primary School	83	83	B	B	Under 60%
31	Hilton Primary School	83	274	B	B	60-80%
32	Holm Primary School	83	228	B	B	60-80%
33	Inver Primary School	83	26	B	B	Under 60%
34	Inverness Royal Academy	83	1354	A	A	90-100%
35	Kingussie Primary School	83	67	B	B	Under 60%
36	Kinlochbervie High School	83	28	B	B	Under 60%
37	Kinlochbervie Primary School	83	19	B	B	Under 60%
38	Kyle Primary School	83	35	B	B	Under 60%
39	Kyleakin Primary School	83	32	B	B	Under 60%
40	Macdiarmid Primary School	83	22	B	B	Under 60%
41	Melvich Primary School	83	37	B	B	Under 60%
42	Millburn Academy	83	1240	A	A	90-100%
43	Milton Primary School	83	59	B	B	Under 60%
44	Muck Primary School	83	4	B	B	Under 60%
45	Muirtown Primary School	83	179	B	B	60-80%
46	North Kessock Primary School	83	138	B	B	60-80%
47	Portree Primary	83	132	B	B	Under 60%
48	Raigmore Primary School	83	158	B	B	60-80%
49	Reay Primary School	83	36	B	B	Under 60%
50	Rogart Primary School	83	21	B	B	Under 60%
51	Shieldaig Primary School	83	24	B	B	Under 60%

Appendix 9 - Remaining A and B Rated Schools (Maintain At This Level)		Weighted Score (100 Maximum, 25 Minimum)	2023/24 Pupil Roll	Condition Rating	Suitability Rating	Sufficiency (5-Year Occupancy Assessment)
52	Smithton Primary School	83	371	B	B	60-80%
53	St Bride's Primary School	83	29	B	B	60-80%
54	Strathpeffer Primary School	83	142	B	B	60-80%
55	Teanassie Primary School	83	43	B	B	Under 60%
56	Thrumster Primary School	83	30	B	B	Under 60%
57	Tomnacross Primary School	83	111	B	B	60-80%
58	Tongue Primary School	83	27	B	B	Under 60%
59	Ullapool Primary School	83	129	B	B	60-80%
60	Watten Primary School	83	37	B	B	Under 60%
61	Wick High School	83	736	A	A	90-100%
62	Dingwall Academy	92	1063	A	A	80-90%
63	Farr Primary School (Inverness)	92	63	A	B	Under 60%
64	Strathconon Primary School	92	6	A	B	Under 60%
65	Ullapool High School	92	173	B	A	Under 60%
66	Acharacle Primary School	100	48	A	A	60-80%
67	Aldourie Primary School	100	23	A	A	Under 60%
68	Alness Academy	100	505	A	A	60-80%
69	Ardnamurchan High School	100	126	A	A	Under 60%
70	Aviemore Primary School	100	237	A	A	60-80%
71	Ben Wyvis Primary School	100	265	A	A	60-80%
72	Bun-sgoil Ghaidhlig Inbhir Nis	100	209	A	A	60-80%
73	Caol Primary School	100	238	A	A	60-80%
74	Cawdor Primary School	100	133	A	A	60-80%
75	Cromarty Primary School	100	56	A	A	60-80%
76	Culbokie Primary School	100	96	A	A	60-80%
77	Glen Urquhart High School	100	209	A	A	Under 60%
78	Inshes Primary School	100	296	A	A	60-80%
79	Invergarry Primary School	100	22	A	A	Under 60%
80	Kinlochleven High School	100	135	A	A	Under 60%
81	Kinlochleven Primary School	100	50	A	A	Under 60%
82	Lochaber High School	100	839	A	A	60-80%
83	Lochaline Primary School	100	9	A	A	Under 60%
84	Lundavra Primary School	100	205	A	A	60-80%
85	Merkinch Primary School	100	234	A	A	Under 60%
86	Milton of Leys Primary School	100	303	A	A	60-80%
87	Ness Castle Primary School	100	158	A	A	60-80%
88	Newton Park Primary	100	299	A	A	60-80%
89	Noss Primary school	100	298	A	A	60-80%
90	Portree High School	100	499	A	A	Under 60%
91	Resolis Primary School	100	59	A	A	Under 60%
92	Spean Bridge Primary School	100	87	A	A	60-80%
93	St Columba's Primary School	100	15	A	A	Under 60%
94	Strathdearn Primary School	100	39	A	A	Under 60%
95	Strontian Primary School	100	23	A	A	Under 60%