



CAPITAL INVESTMENT STRATEGY

2025/26





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FOREWORD

The Scottish Borders covers over 1,800 square miles. The region, which is noted for the quality of its natural environment, is largely rural in nature and possesses a unique history. The area, which has a widely dispersed settlement pattern, is the fourth most sparsely populated region in mainland Scotland. Almost half of our 116,820 strong population live in rural locations and a further 30% live in settlements of less than 500 people.

The geography of the Scottish Borders presents significant challenges in delivering public services, not least providing care services to our growing older population, the challenge of ensuring high quality reliable broadband connectivity in rural areas, transport connectivity between our towns and between the Scottish Borders and other areas of Scotland, and the need to give our children and young people the best possible start in life.

The economy of the Scottish Borders remains heavily dominated by the traditional industries of textiles, farming, forestry and fishing in our coastal communities. These traditional sectors are often associated with low wages and the Scottish Borders economy is characterised by some of the lowest wages in Scotland.

The Scottish Borders is also an area which faces significant inequality. Many of our communities contain significant pockets of deprivation where low incomes and fuel poverty persist. Scottish Borders Council (the Council) is a living wage employer. We pay the living wage to all our employees, including over 50 modern apprentices, and encourage all our contractors and suppliers to also pay the Scottish living wage to all their staff. Unfortunately, the Scottish Borders has proportionally more people earning less than the living wage (22%) compared to Scotland (14%), the Council is working to improve this.

Our £394m ten-year capital programme, and the many contracts we will procure to deliver this strategy, are intended to make a significant difference to the quality of life and living standards of individuals, families and communities across the region. Integral to our capital programme will be taking proactive measures to tackle climate change to provide a clean green future for the region, encourage good health and wellbeing for our whole population, ensure a vibrant sustainable local economy, ensure we invest in assets to allow young people to realise their potential, empower our local communities, and work effectively with our partners to improve the lives of local people.

This Capital Investment Strategy sets out how we plan to deal with the most pressing of these challenges. At a practical level this means: investing in our roads and bridges network, ensuring our school children are equipped with the most modern technology possible, and investing in new schools, new early years facilities, and new care facilities such as extra care housing and dementia friendly care villages.

As we tackle the challenges that face the Scottish Borders we will ensure we work effectively with all our community planning partners including local housing associations, South of Scotland Enterprise (SOSE), the NHS and the third sector. In doing so we have huge opportunities to modernise the Council, realise the benefits of new technology through our strategic partnership with CGI and deliver the benefits of our two City Region Deals in the form of jobs and new infrastructure for our communities.

We want the Scottish Borders to remain a place where people choose to live, work, and play. Our ambition is to make the Council a fantastic place to work, an employer of choice, effective, efficient, trusted and valued by our communities, and leading a digital smart rural region with the best quality of life in Scotland. This strategy will play a key role in ensuring we play #ourpart in realising that vision.

Euan Jardine
Leader
Scottish Borders Council

David Robertson
Chief Executive
Scottish Borders Council






INTRODUCTION

This is the seventh Capital Investment Strategy prepared by the Council as required by the CIPFA Prudential Code. The strategy applies to financial year 2025/26 and subsequent financial years. It pulls together the investment implications of other more detailed policies, including the Council Plan, and provides the reader with a single point of reference with which to understand the Council's Capital Investment Plan, its funding arrangements and how individual projects will help with the delivery of the Council's strategic ambitions.

The Capital Investment Strategy has evolved since its first iteration in 2019/20 to reflect user feedback, changing local circumstances, changes to funding arrangements for capital projects and local political priorities.



IMPORTANCE OF THE CAPITAL INVESTMENT STRATEGY

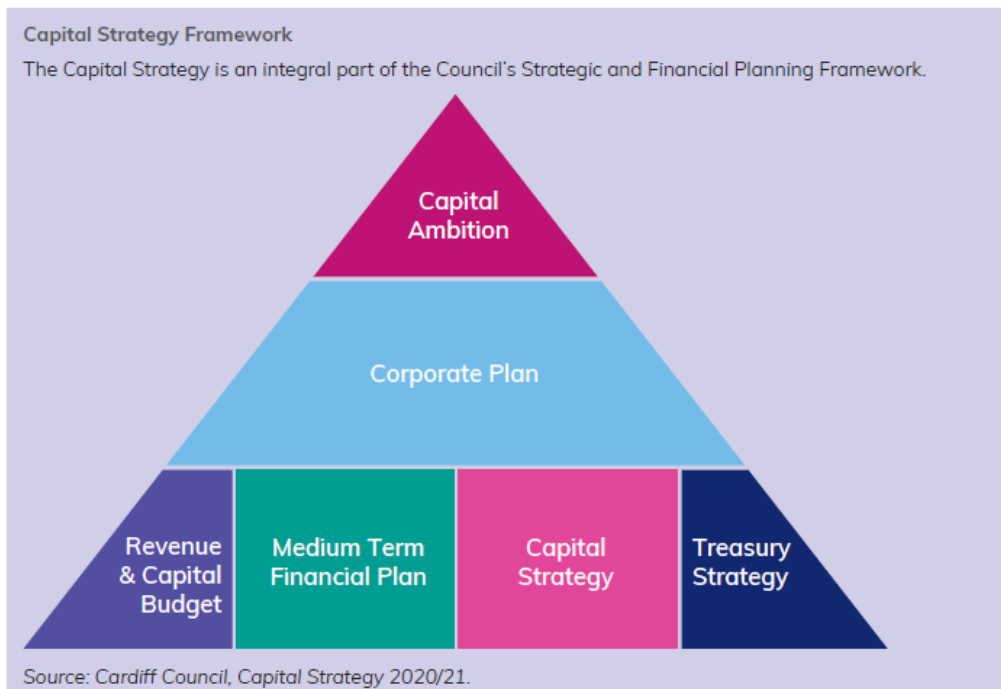
The Capital Investment Strategy ensures that our financial resources are directed towards projects that support the priorities set out in the Council Plan. Our capital investment plan aims to significantly enhance the quality of life for people across the Scottish Borders. We are proactively addressing climate change to ensure a clean, green future for the region, promoting good health and well-being for our entire population, and fostering a vibrant, sustainable local economy. We invest in assets that empower young people to realise their potential, strengthen our local communities, and collaborate effectively with partners to improve the lives of local residents. Practically, this involves investing in our roads and bridges network, equipping our school children with the latest technology, and developing new schools, early years facilities, and dementia-friendly care villages.

We are engaging with communities to develop a place based strategy that considers ways to make things easier and more effective for citizens and realise best use of our resources. This strategy will provide a framework to underpin place based decision making around services and priorities for investment.

The significance of a comprehensive Capital Investment Strategy was highlighted in the Chartered Institute of Public Finance and Accountancy's (CIPFA) revised Prudential Code (December 2017). Since 2019/20, all local authorities have been required to produce a Capital Investment Strategy to ensure capital investment is directed towards programmes and projects that maximise the achievement of organisational objectives, support sound borrowing, and promote effective financial management.

The Council acknowledges that the Capital Investment Strategy and its associated programmes are crucial for achieving the organisation's strategic objectives and desired outcomes. Additionally, the Council understands that capital investment proposals arise from local, regional, and national priorities, enabling Service Directorate policies and plans to translate corporate priorities into tangible investment schemes. Critically, the Capital Investment Strategy and its revenue impact are integral to the Council's medium and long-term financial planning.

The Council recognises that the development and refinement of the Capital Investment Strategy is an ongoing process. Above all, as highlighted in the CIPFA Capital Strategy Guidance 2021, 'the development of a capital strategy is a best practice approach to longer-term strategic planning', which should embody 'a whole organisation approach to effective, long-term planning and investment.'




PURPOSE OF THE CAPITAL INVESTMENT STRATEGY

Taking a whole organisation approach to longer-term planning and investment is essential for generating the outputs and outcomes that lead to healthy, vibrant, green, and resilient communities, businesses, organisations, and geographic areas.

The Capital Investment Strategy should consider the demographic outlook of the Region. The population of the Scottish Borders is expected to continue to grow modestly into the future. One of the most significant expected trends is the proportion of residents aged 65 and over which is expected to increase substantially.

The years 2023 and 2024 have been pivotal for capital investment. Earlston Primary School was completed and opened in February 2025. Construction is underway at Galashiels Academy and Peebles High School with completion expected in Autumn 2025/26. Planning for Hawick High School is well advanced, with planning permissions submitted in 2024/25 and construction anticipated to begin in 2026/27 and the development of Eyemouth Primary School will progress through design stages during 2025/26 with construction beginning in 2026/27.

These milestones are, however, elements within a continuum of investment. There is no year Zero. Our investments have been made over many years and will continue to be made in future. What we deliver in the present must be correlated with a clear understanding of the future's challenges and opportunities. It is therefore crucial that, when long term investment decisions are undertaken, decision makers can rely on clear and informed information. This should include:

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- A long-term view of capital expenditure plans and any financial risks to which the Council is exposed.
 - Ensuring due regard to the long-term financing, affordability implications and potential risks.
 - A clear overview of the Council's asset management planning arrangements and any maintenance requirements that have resource and business planning implications.
 - An unflinching assessment of proposals against the imperative of Net Zero and, specifically, the <https://www.gov.scot/publications/scottish-city-region-growth-deals-carbon-management-guidance-projects-programmes/>

The Capital Strategy is designed to support informed decision making in the delivery of our Capital Ambition while meeting our duties of Best Value and pursuant to the Climate Change (Scotland) Act 2009.

MEDIUM TO LONG TERM FINANCIAL PLANNING

This Capital Strategy is supported by the Council's Long Term Financial Strategy (revenue). This document acknowledges that our Council, like all councils, faces significant financial challenges and must operate within tight fiscal constraints due to the ongoing difficult national economic outlook and increased demand for services. It also recognises the Council's duty to set a prudent, sustainable budget and aims to provide a practical foundation for delivering the best possible value for money in Council services over the long term. The Council understands that the demand for capital asset management funding exceeds supply, and balancing this issue and associated priorities is a fundamental aspect of our asset management planning and capital strategy.

Funding for the capital plan comes from various sources, including the Scottish Government (General Capital Grant and Specific Ring-Fenced Capital Grants), other external grants and contributions, development contributions, capital receipts from asset disposals, revenue contributions to capital, earmarked reserves, and borrowing funded by the loan charges provision in the revenue budget, the affordability of which is based on assumed interest rates and therefore any rate changes from those assumed may impact on the affordability of the capital investment plan.

The Council receives Scottish Government Grant funding annually, which makes medium and long-term capital planning less certain as actual funding settlements may differ from assumptions made during financial planning. It is hoped that multi-year funding settlements will be available in the future to aid planning.

ECONOMY

The UK economy presents challenges which impact the wider economy and consequently the Council's capital projects. High levels of inflation remain a concern, rising gas prices and strong wage growth are contributing factors to increased construction costs. Higher interest rates are increasing the financing costs of the capital programme.

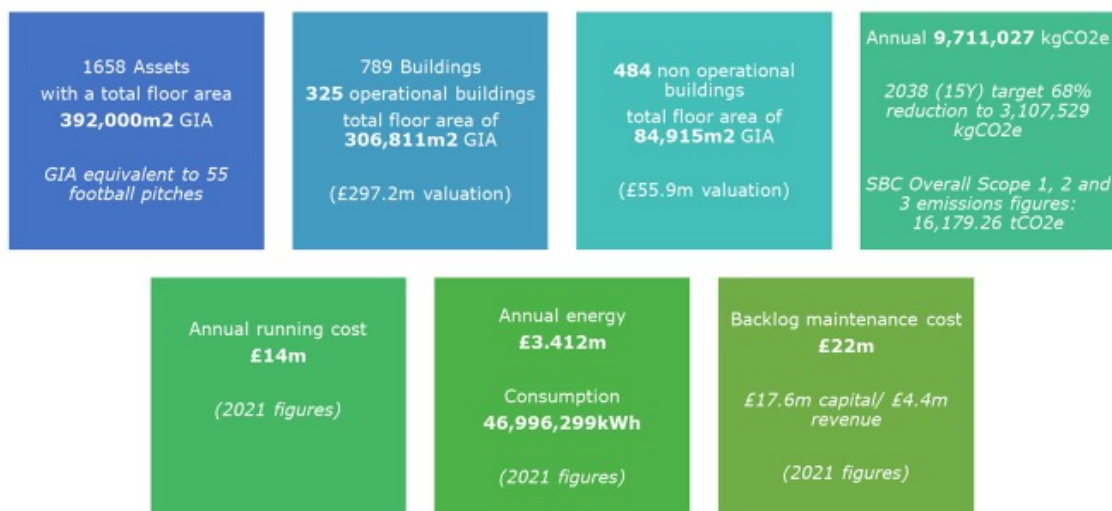
To mitigate this, the Council's Finance and Procurement team ensure that the Council have access to all the relevant government frameworks to help acquire the most competitive project pricing that is in the marketplace at any given time.

ESTATE RATIONALISATION, OPTIMISATION AND DECARBONISATION

The Council's estate is a significant asset, supporting the wide ranging services that are delivered across the region. The large and dispersed nature of our estate places pressure on services as it limits opportunities for focusing budgets and it stretches the Estates & Property teams. The estate has issues of functionality, condition and backlog maintenance that need to be tackled. The Council's direct carbon emissions are largely connected to two things: utility usage in running our buildings; and in transport around the region. Rationalisation and optimisation of the Council's estate will positively contribute to reducing direct emissions, whilst also tightening the focus for where revenue and capital budgets are targeted operationally and in decarbonisation measures.

Our vision is to operate an efficient, fit-for-purpose, sustainable estate, that is appropriately sized and located to meet the needs of our communities and their strong identities, with digitally enabled working environments that can be effectively managed, and which supports the Council Plan through the delivery of truly joined up services. Key data relating to the SBC estate is included in the diagram below.

A Programme of Condition and Suitability Surveys of the Council's operational estate, including the Learning Estate and Live Borders have been undertaken. Condition surveys assess building performance data, including energy and operational costs; spatial provision; general condition of building elements; energy consumption and CO2e; maintenance and operational performance. Suitability surveys are informed through engagement with key building users and assess building performance data relating to functionality of each of the different types of spaces and facilities within the building; accessibility; environmental conditions; and safety and security. The data will allow decisions to be made around each of the Councils assets which will determine, for each asset, whether to retain and maintain, retain and invest or divest or dispose.

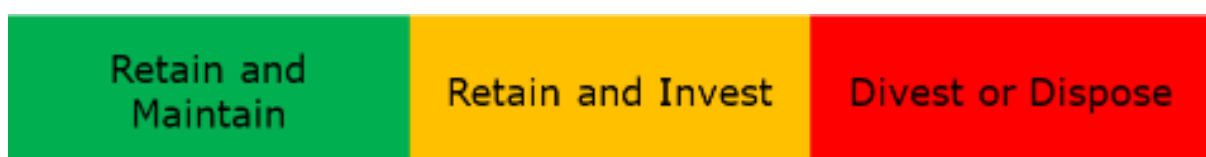


* Valuation figures relate to asset valuation not market valuation.

The Council are progressing with a focussed optimisation and rationalisation strategy, which will focus on:

- Affordability, right sizing the estate to be financially sustainable;
- Rationalisation, reducing the amount of underutilised and poor condition estate;
- Optimisation, maximising use and occupation of the estate; and
- Decarbonisation, introducing measures to reduce CO₂e.

The primary aim behind this approach is to ensure that the Council is financially and environmentally sustainable, supporting the delivery of key Council services. To support this work we are investing an additional £5m per annum into the capital investment programme from 2028/29 to 2034/35



COUNCIL PLAN

On 20 February 2025 the Council Plan from April 2025 will be presented to Council. This plan seeks to make the most of the opportunities we have and tackle the challenges faced by this unique area of Scotland. Founded on a strong relationship with local communities, it aims to translate the policies of the elected members of the Council into tangible actions that will improve the quality of life of our 116,820 citizens and ensure the Council is in the best position possible to respond to national policies and other statutory requirements.

The Council's aims are set out in the Council Plan. The following six themes, which underpin the new Council Plan, have been used to structure the Capital Investment Strategy demonstrating how our investment priorities will align with their delivery.

Clean, green future – we tackle climate change and we value, protect and enhance our local environment and nature, so that the Scottish Borders can be enjoyed by future generations.

Fulfilling our potential – from child to adult, everyone in the Scottish Borders has access to high quality education and the opportunities they need to fulfil their potential.

Strong inclusive economy, transport and infrastructure – built upon strong and effective physical and digital connections and infrastructure, the benefits of a productive and sustainable economy are widely shared, enabling us to fulfil our potential in the Scottish Borders and attract others to live, work and visit.

Empowered, vibrant communities – the Scottish Borders has thriving, inclusive communities where people support each other and take responsibility for their local area.

Good health and wellbeing – the people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life.

Working together improving lives – working together, an effective and efficient Council delivers for its communities and the Scottish Borders.

The Council Plan also recognises that the Council cannot achieve everything it wants to alone, particularly not set against a background of the ongoing cost-of-living crisis, the impacts of climate change and moving towards net zero, resource constraints and rising public expectations. The Council has recognised that its ambitions can only be delivered effectively through collaboration and this requires a range of effective partnership arrangements to be maintained with our community planning partners, families, individuals, business and community groups and where these relationships do not currently exist they need to be developed.



We have therefore agreed to adopt four working principles which will guide everything we do.

People Focused – working collaboratively with colleagues and partners, everything we do is for the benefit of our communities.

Agile – we take advantage of new opportunities to deliver good value for money and we maximise the use of all digital opportunities.

Inclusive & Fair – we ensure everyone has the best opportunities and always seek to act fairly.

Sustainable – we are passionate about the prospects of future generations, we demonstrate this in our decisions and delivery and ensure we live within our means.

The Council Plan recognises that everyone has a role to play in improving the quality of life, prosperity and sustainability of the Scottish Borders. The plan takes an approach to partnership

CLIMATE CHANGE

The Council has declared a Climate Emergency, this declaration aims to raise awareness about the climate emergency emphasising the need for action from individuals, communities and businesses, as well as public bodies such as SBC. SBC's Climate Change Route Map (CCRM) outlines the Council's commitment to reducing greenhouse gas emissions to net zero by 2045 and sets out how we will actively work towards limiting and reducing greenhouse gas emissions in a way that is positive for the people and the economy of the Scottish Borders and builds on the strengths and assets of the region.

To support our commitments, we measure the carbon emissions of the Council as an organisation within our agreed carbon boundary. Key areas identified for carbon emissions reduction are how we heat our buildings and how we travel. New technologies and approaches are being considered to reduce the Council's carbon footprint when it comes to 'heat-and-fleet', including district heat networks, ongoing feasibility, suitability and funding options continue to be looked at for Tweedbank to support delivery of a Heat Network.

Capital projects, in particular, are inherently high carbon emissions generators, with limited carbon neutral materials available for their construction. The carbon emissions impact of every project must therefore be a central consideration. In practice, we consider the impact on the environment of all our capital investments, and we are embedding climate considerations at all stages of our capital projects, from the pre-planning stage (including measuring the impact of investing in new assets rather than reusing or retrofitting), through to the disassembly and end-of-life of our assets. We also consider the impact of their continuous use.

A link to the Climate Change Route Map can be found [here](#)



Clean Green Future Investment





GREEN ENERGY AND CLIMATE CHANGE

The Council has an ongoing Energy Efficiency Programme which has delivered carbon, cost and energy savings through a number of projects over a number of years including solar PV installations, boiler replacement, LED lighting upgrades, insulation upgrades, heating control enhancements and the provision of electric vehicle charging points for our own fleet and pool vehicles. The programme has also partnered with Live Borders to replace inefficient end of life plant delivering significant energy savings and improving the building environment for their customers. The Council accesses a variety of funding to deliver this investment including borrowing and SALIX funding. The Council is also leading a major scheme to reduce domestic consumption of energy and reduce fuel poverty in homes across the region facilitated by Changeworks.

Future project plans will focus on a hierarchy of measures that contribute to decarbonisation and reducing demand for energy (in line with the decarbonisation hierarchy approved at Council on 28 March 2024). This will include building and systems improvement measures and the adoption of effective renewable energy sources and storage systems as well as more conventional measures that reduce the Council's reliance on carbon intensive fuels such as heating oil.

PLANT & VEHICLE

The capital investment plan includes an annual budget for the replacement of plant and vehicles at the end of their expected useful life. This budget is funded through annual depreciation charges to the service revenue budgets.

The operational plan includes an additional £1.5m per annum to accelerate the replacement process, funded through the P&V reserve.

Our fleet consists of approximately 450 owned vehicles and 60 external hire vehicles. We also operate around 750 pieces of plant and equipment.

We continue to focus on reducing the fleet size and to achieve operational and financial efficiencies while supporting service continuity and reducing our environmental impact. Work is underway to develop a 10 year model for plant and vehicle replacement to align with the Capital Investment Plan. Through this development we are looking to understand vehicle requirements based on future service needs. New fleet management software was introduced during 2024/25 this will enable us to improve the vehicle replacement process by using real-time data on total cost of ownership, based on actual and up-to-date running costs, and determine the optimal vehicle life on fleet. We will also monitor vehicle utilisation and reduce the number of vehicles held on fleet wherever possible. The procurement strategy over the coming years will be to replace vehicles earlier where possible, ideally at the end of their expected life, to significantly reduce the operating costs and maximise the residual value. We will evaluate procurement options such as purchase, lease, contract hire or hire to provide the best value and flexibility to the Council.



The Council continues to work towards the Scottish Governments commitment to:

- Phase out petrol and diesel cars from the public sector fleet and phase out the need for any new petrol and diesel light commercial vehicles by 2025 i.e. under 3.5 tonnes
- Phase out the need for new petrol and diesel vehicles over 3.5 tonnes in Scotland's public sector by 2030

Our focus to date has been on vehicles below 3.5 tonnes as has been the case for most Local Authorities. Transitioning to alternative fuel vehicles in the over 3.5 tonne category is far more challenging due to technology limitations, for example range, infrastructure and financial viability, which is particularly important in rural areas like the Borders. At the current time the Council has 62 electric vehicles and 35 hybrid vehicles under 3.5 tonnes, which represents 33% of the fleet in the sub 3.5t category.

The Council currently has 126 charging points for use by its internal fleet. As we continue to phase out petrol and diesel vehicles it is expected this requirement will increase.





Fulfilling our Potential





LEARNING ESTATE

Our ambition is to better support delivery of the curriculum, maximise the quality and breadth of education on offer and contribute towards providing a supportive environment which can contribute to raising attainment levels and improving outcomes for our school children.

We recognise the importance of maintaining a fit-for-purpose primary school estate and with limited revenue and capital resources, in order to ensure maximum educational benefits are realised we will progress the Learning Estate Strategy, taking account of suitability, occupancy and condition of our school buildings to create a more future-proofed estate.

In recent years, the Council has invested heavily, in partnership with Scottish Government and Scottish Futures Trust, in the replacement of several life expired schools, prioritising those schools which have the most pressing need for investment assessed by their condition, capacity and suitability – this information is captured as part of the annual Core Facts Summary which is updated and submitted to Scottish Government.

The Council continues its delivery of 1140 hours within early learning and childcare to almost 1,700 children in the Borders using capital funding received from Scottish Government. This work is expected to complete during 2025/26. New, fit for purpose spaces have been delivered in 2 nurseries; a further 5 are benefitting from improved facilities. Places for 20 two year olds have been created across 4 nurseries with a further 5 places planned for one nursery; opportunities for 2 year olds in a further 3 provisions are being investigated.

The development of new facilities to replace Eyemouth Primary School is identified as a priority in the Capital Investment Plan. This project will progress through design stages in 2025/26 with construction beginning in 2026/27. As part of this project, it is anticipated that a separate early years and family centre will also be delivered in Eyemouth.

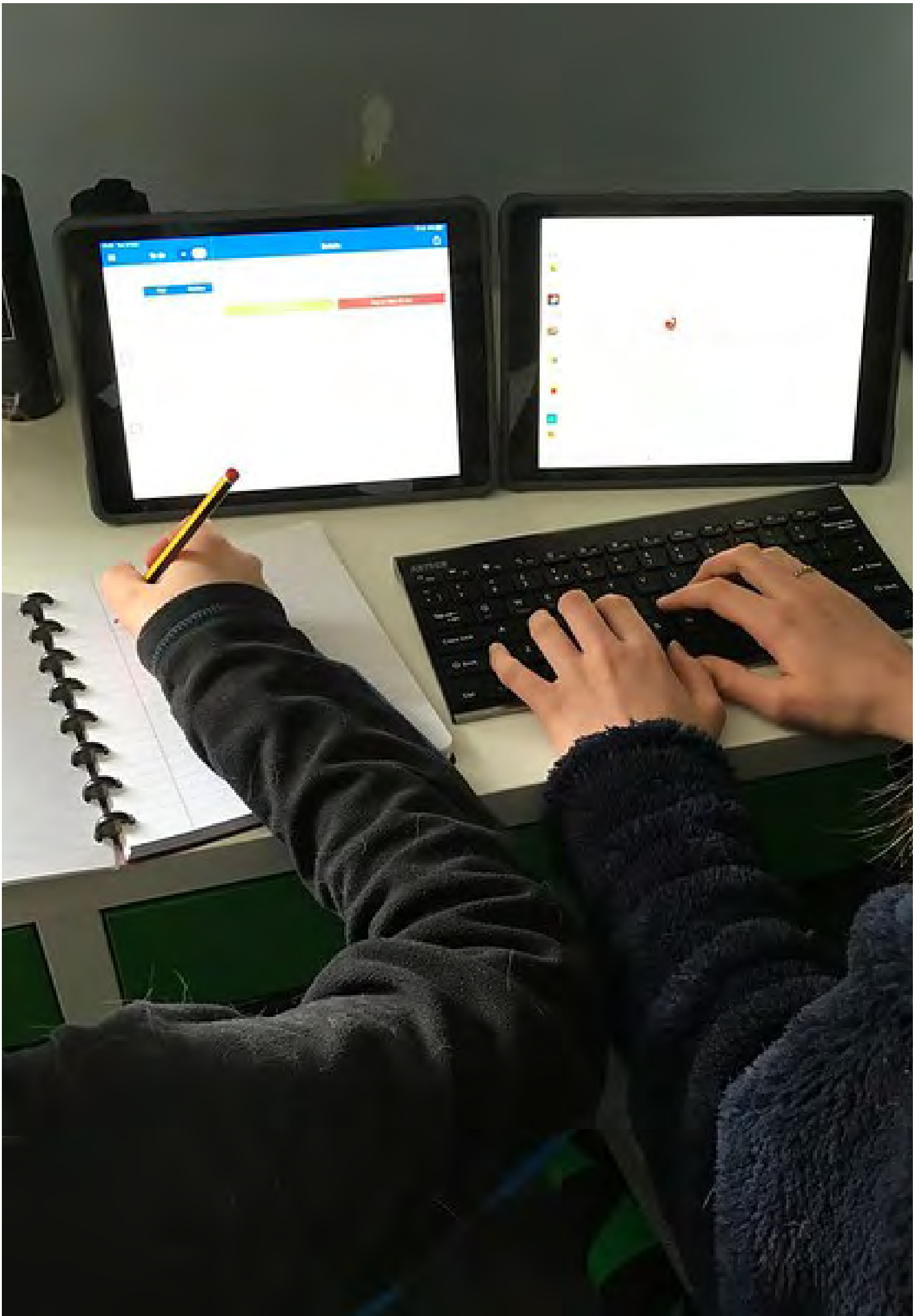
The new Earlston Primary School opened for teaching at the beginning of February 2025 providing a new modern learning environment for primary and early years pupils and regenerating a key part of the town alongside recently completed homes delivered by Eildon Housing Association during 2024. The second phase of this project involving demolition and landscaping are expected to be completed by July 2025.

Our £61m commitment to deliver a new high school in Peebles with modern learning spaces, attractive spaces for collaboration and interaction and breakout spaces for flexible teaching is due for completion in 2025. An active landscape will provide opportunities for team sports, exercise classes and routes for walking and running as well as a growing area with shared allotment planters. The construction of the new school began in October 2023 the old school is expected to be demolished and the external landscaping completed by June 2026.



£64.5m has been committed to deliver a new high school in Gala ensuring access to a high quality inclusive campus with pupil focused learning spaces allowing for collaboration across subjects. Facilities include a new energy efficient swimming pool, along with hockey, rugby and football pitches and, a running track as well as areas for community use. The construction of the new building began in July 2023 with an estimated school handover date of October 2025. The old school is expected to be demolished and the external landscaping completed by May 2026.

Design work is underway for Hawick High School with the planning application submitted in 2024. Construction is expected to start in 2025/26 with completion anticipated in 2027.





Strong Inclusive Economy, Transport and Infrastructure





BUSINESS ENVIRONMENT

There are huge areas of the Scottish Borders economy that remain largely under developed compared to Scotland as a whole. The public sector, industries such as forestry and farming, and fishing in Berwickshire, are all major employers.

While unemployment is low, the region still suffers from some of the lowest wages in Scotland, with high levels of fuel poverty and deprivation in some of our communities. The Council is keen to unlock latent growth potential in the Scottish Borders economy and is seeking to use its capital programme to unlock this potential through a range of inter-agency intervention, developments and collaborations.

TWEEDBANK EXPANSION

In 2018, the Council purchased the Lowood Estate located adjacent to the existing village of Tweedbank at the terminus of the Borders Railway. The master planning for this site is complete and 120 acres of developable land now provides the ability to plan and develop a mixed use development including new housing, care, offices and light manufacturing uses.

The Care aspect of the development will be a Care Village which will comprise ten self-contained houses each able to house six residents to provide 24 hour care needs. The village will have on-site adjacent treatment space, retail/café and recreational facilities available for use by residents' families and the wider community. The vision incorporates community at the heart of the village, the ethos being a village within a village and not seen as a separate institution.

In addition, the site has capability to accommodate facilities to support care experienced children and young people. At the end of 2024, the Council agreed to undertake a system level change approach to ensuring children and young people who are care-experienced and those with complex additional support needs in the Scottish Borders can live, learn, and be looked after at home or within their local community. It is anticipated that this work will lead to the delivery of specialist accommodation at Tweedbank.

The Tweedbank Expansion is one of seven strategic sites prioritised for delivery as part of the Edinburgh and South-East Scotland City Region. A Full Business Case for the Tweedbank Expansion will be developed during 2025 and presented to Council and the Scottish Government for approval.



CITY DEAL

The Council is a partner in the Edinburgh and South East of Scotland City Region Deal, a multi-agency investment and development collaboration between Scottish and UK Governments, the University Sector and the 5 local authorities in the region. Through the City Deal the Council anticipates £15m in grant funding will be provided to help develop employment land for the Borders Innovation Park at Tweedbank. The business case for this development, which will lever £29m of investment from Scottish Government, SOSE, the Council and the private sector, was approved by Council on the 31 January 2019. The project aims to provide a range of high-quality office, and modern manufacturing space. The first contracts for the construction of the first phase of office development completed in December 2021 and is now fully occupied. The plan for the next phase of infrastructure and business space development of the Borders Innovation Park is currently being considered by the Scottish Government. If approved, an extension to the Phase 1 office development will be constructed by June 2026. Both follow on from an investment on road infrastructure to unlock sites for development.


BORDERLANDS

The Council is one of five local authorities delivering the Borderlands Inclusive Growth Deal. The deal consists of four strategic themes – Enabling Infrastructure, Improving Place, Supporting Business, Innovation & Skills and Encouraging Green Growth. The individual project business cases will lever investment from Scottish and UK Governments into the Scottish Borders in a number of priority areas until 2030.

£19m investment to help create the world's first Mountain Bike Innovation Centre and Adventure Bike Park - Based at Innerleithen a world-class research facility and workspace will be created to support business innovation, production, and controlled testing with the mountain bike sector. The Innovation Centre is to be complemented by the development of a world-class bike park that will permit the real-world testing of products as well as attracting additional mountain bikers and visitors to the area. This project is being delivered by SOSE. In addition, £1m will be spent upgrading the 7Stanes mountain biking network at Newcastleton, which will be delivered by Forestry and Land Scotland.

£14.5m investment, including £10m from Borderlands in the Tweed Trail project, which is part of the Destination Tweed Programme. This programme of investment seeks to capitalise on the area's outdoor assets, raise the profile and appeal of the River Tweed and its environs as a place to visit, and in turn improve the quality of life for communities. The core project within the programme will be the creation of a 113-mile walking and cycling trail along the river from Moffat to Berwick-upon-Tweed. This is a multi-year project and works began in 2023 and will continue through 2028

£7.25m of investment in a place making programme of investment to stimulate the repurposing and reinvention of four towns, Hawick, Galashiels, Jedburgh and Eyemouth, to create places that are economically vibrant, resilient to change and that attract a working age population.



£3m programme of investment in Business Infrastructure to increase the supply of modern industrial premises in the South of Scotland and to facilitate private sector investment. Sites include Coldstream where business units have been constructed and will open in 2025, and Hawick where land will be serviced for business.

£2m for Natural Capital, which includes £1m capital investment. This project underpins the development of the rural economy and supports clean growth. It will develop trials and sector strategies to capture the benefits of the region's natural capital. There are six pilot projects proposed in the South of Scotland to be funded by a combination of capital and revenue allocations.

£7m for developing a South of Scotland Skills and Learning Network focused on emerging growth sectors such as transport and energy storage, sustainable construction, advanced manufacturing, renewable technologies, agri-tech and data science.

There are also Digital and Energy projects that will see the Scottish Borders benefit from investment of £9.45m and £3.6m, respectively. The Energy Programme will support both economic growth objectives and contribute to net zero aspirations across the Borderlands.

UK GOVERNMENT LEVELLING UP PARTNERSHIP (LUP) INVESTMENT

The Council has been selected as a Scottish Local Authority for a LUP investment with the UK Government. The financial package includes up to £20m capital funding and £250k revenue (2025/26). The priority areas for investment are; Tackling the underlying causes of poor labour market supply, Improving physical connectivity and Addressing inequalities across the region. The Council are working closely with the UK Government and more information on the projects and timeframes will be available during 2025.

DIGITAL TRANSFORMATION

Scottish Borders Council aspires to become a successful smart rural region, enhancing the lives of its residents and transforming service delivery models through utilisation of advanced digital tools and modern IT digital platforms. Enhanced connectivity is a pre-requisite for this transformation.

In 2016/17, the Council entered into a significant strategic partnership with CGI for the provision of IT services. This contract was subsequently extended in 2020 and will remain in effect until 2040.

The Council has made a substantial investment of £34m in digital transformation, in collaboration with CGI, enabling the following initiatives:



- Significant improvement in network bandwidth and Wi-Fi infrastructure in schools, laying the foundation for the 'Inspire Learning' transformation project;
- Provision of iPads for every child in the Borders from P4 to S6, aiming to revolutionise education delivery both at home and in the class room, enabling remote learning, fostering collaboration between schools, and equipping pupils with the IT skills required for the 21st Century workplace;
- Comprehensive refresh of the Council's IT hardware, encompassing both corporate and curricular networks;
- Migration of the Enterprise Resource Planning system to the Cloud, replacing outdated and disparate finance, payroll, HR and procurement systems with an integrated IT solution;
- Investment in handheld digital devices and enterprise mobility software tools for Social Care and Social Work. providing access to real-time information and recording for workers. This has streamlined operations, improved response times and enhanced worker safety through use of protective digital tools. Benefits include reduced paperwork, travel and administrative tasks, ultimately improving customer outcomes;
- Investment in Digital Customer Access solutions to transform the Council's interactions with stakeholders, simplifying integration with back-office systems, improving online information and forms, and enhancing self-service capabilities.

In March 2023, Total Mobile was implemented across Adult Social Care (Homecare), providing staff with access to up-to-date client information and the ability to update the system during client visits. Travel time and mileage can be easily recorded and a lone worker solution enhances safety while working in the community.

Future capital investment aims to deliver the digital strategy by digitally enabling the frontline workforce, facilitating data-driven decision-making and process automation, and positioning the Scottish Borders as the first Smart Rural Region in the UK. It will focus on:

- Enhancing connectivity across the region to support Internet of Things;
- Implementing digital innovation in new school developments as well as continuing to invest in the digital infrastructure of existing schools;
- Further investment in enterprise mobility tools and handheld devices across all frontline services to drive service change and improve staff and customer outcomes; and
- Continued investment in cloud based software solutions.



CONNECTIVITY PHYSICAL INFRASTRUCTURE – ROAD AND RAIL

Scottish Borders Council are responsible for the ongoing maintenance and management of around 3,000 kilometres of carriageway and associated infrastructure. The condition of this infrastructure is essential to keep the region moving, connected to the rest of Scotland and the UK, and provides a major support to the local economy. The ten-year Capital Investment Plan recognises the need to continue to invest in the road, pavements and bridges infrastructure of the region. Here, digital solutions are being developed and implemented by roads officers to support decision making and prioritisation along with the latest Scottish road maintenance condition survey data accessible on a web-based platform. In recent years the roads service have purchased a JCB Pothole Pro vehicle to allow first-time fix repairs to be programmed on strategic routes as part of their maintenance strategy, thereby incorporating more permanent repairs to improve the durability and efficiency of selected reinstatements.

In addition, the Council recognises the need to promote investment in other forms of transport and the ten-year Capital Investment Plan provides significant funding in multi-use paths to link our communities including the expansion of safer walking, cycling and horse riding infrastructure. Officers regularly engage with Transport Scotland, Sustrans and SOSE to explore grant funding opportunities which will help deliver active travel schemes throughout the Scottish Borders. Investments, which along with other similar initiatives, provide vital and welcomed, traffic free links for our communities and visitors alike.

Turning to rail, the opening of the Borders Railway in 2015 provided a major investment in the infrastructure of the region, opening up the central Scottish Borders with a journey time to Edinburgh of only 55 minutes. The Council also invested in a new station at Reston which opened in 2022, helping improve connectivity across the rural areas of Berwickshire and supporting the longer-term development of Reston and the surrounding area. The Council remains fully committed to the extension of the Borders Railway from Tweedbank to Carlisle via Hawick and officers are currently working with key partners to help progress this project.



Empowered, Vibrant Communities





TOWN CENTRES AND TOURISM

The Council has an excellent track record of investing in the physical fabric of its town centres and has previously made significant improvements to the town centres and streetscape of Melrose, Kelso, Selkirk and Jedburgh and is now planning similar developments in Hawick and Eyemouth. These works help enhance the physical fabric of our towns making them more attractive places to shop and visit. The benefit of this approach, which has been adopted for many years has now been recognised by Scottish Government who have made available a £50m fund to allow further enhancements to urban areas in town centres and the Council will apply to access this funding as it becomes available.

The Council has made a major investment in the centre of Galashiels with the opening of the Great Tapestry of Scotland in August 2021. This project removed a vacant shop unit and reused the handsome Victorian post office in the centre of the town which has lain vacant for many years. This visitor attraction complements the works already delivered in the form of the Transport Interchange and Channel Street which forms a new gateway to the town via the Borders Railway. The Council also hopes to attract a new hotel chain to the town to encourage further visitors.

Several towns in the Scottish Borders, particularly Hawick, are suffering from declining industrial buildings in the form of old textile mills. The costs of re-purposing or renovating these buildings can be very significant which poses financial challenges.

WASTE MANAGEMENT

The evolving Waste Management strategy required the closure of the Easter Langlee landfill site by 2021. This required a solution by which residual waste is transported out with the Scottish Borders to be dealt with by other facilities. The Council has procured contracts to deal with residual waste and has also constructed a Waste Transfer Station at Easter Langlee which became operational in July 2019, negating the need to maintain disposal to our landfill site which has since been capped and restored. As a result of this work, the Council has sent less than 1% (1177 tonnes) of household residual waste produced in the Scottish Borders (51,930 tonnes) to landfill, which is the lowest in Scotland. It also ensured the Council met the requirements of Scottish Government's landfill ban ahead of its original 2021 deadline.

The residual waste management contract with Levensheat and other waste management arrangements saw Scottish Borders secure the biggest increase in recycling rates of any area of Scotland in 2019. In 2023, the Scottish Borders recycling rate increased to 57.9%, the second highest in Scotland. In addition, the Council's waste services saw their carbon impact decrease from 134,118 metric tonnes of Carbon Dioxide equivalent (TCO₂e) in 2018 to 116,984 TCO₂e in 2023.



More recently the Council has made changes to the way it collects, accepts, and stores and treats Waste Upholstered Domestic Seating (WUDS) in line with new legislative guidance from SEPA. We have also introduced a new digital recycling portal and accompanying app to help residents identify which bin to place different waste types in and to receive kerbside collection reminders.

HOUSING SUPPLY

The Council as a stock transfer authority does not hold any housing stock but retains responsibility for strategic housing supply in the Scottish Borders. The Council actively works with Scottish Government and Registered Social Landlords to deliver the objectives set out in the annual Strategic Housing Investment Plan (SHIP). The Council and its partners have an excellent track record of attracting affordable housing grants and meeting the targets set out in the SHIP. The SHIP is now in its 16th iteration and since it was introduced in 2007 the Council and its partners have delivered 1,924 new affordable homes including social housing and homes for mid-market rent.

The SHIP 2025-30 illustrates how a variety of funding mechanisms can be drawn upon to ensure and maximise project delivery to meet the affordable housing targets and contribute to the outcomes set out in the Council's Local Housing Strategy 2023-2028 (LHS), as well as meeting the current Housing Supply Target of 353 homes per annum of which 141 should be additional affordable homes. In total this SHIP sets out potential opportunities for up to 1,050 new affordable Borders homes during 2025-2030.

The Council will continue to contribute part of its Second Homes Council Tax for the provision of affordable housing including the provision of extra care housing, and also uses the Affordable Housing Policy Development Contributions to assist delivery of affordable housing.



PARKS AND OPEN SPACES

Parks and open spaces make a major contribution to biodiversity, public health and wellbeing including food growing and volunteering opportunities as well as providing safe high-quality spaces for active communities. The pandemic demonstrated the vital importance of access to the outdoors, especially local parks and open spaces, to community health and wellbeing. The Council is in its eighth year of significant capital investment into these critical services, following on from the huge success of the Heritage Lottery Funded restoration of Wilton Lodge Park in Hawick, which maintains its status as our only Green Flag park in the Scottish Borders.

Further to this, the Council through its funding has helped unlock community ambitions in these areas by supporting our communities with their own funding bids to secure inward capital investment into even more facilities. There are great examples of this joined up approach at Kelso Shedden Park, Coldstream Home Park, Peebles Victoria Park and once again Wilton Lodge Park through the creation of a community pump track on the site of the former tennis courts, all of which were either funded and delivered by the Council or part funded and delivered by the community themselves, with Council assistance.

Inclusive access for play and learning is at the core of this investment. The best example of this is at Harestanes Visitor centre, where children can access high quality and unique, inclusive play opportunities in a beautiful surrounding supported by access to other facilities such as the visitors centre and all of its amenities.

The programme for Play Parks and Open Spaces for 2024/25 included a new skate park in Jedburgh, multi use games area in Walkerburn, larger playparks in Sleepy Valley Hawick and Newcastleton and upgrades to play parks across the region including Galashiels, Heiton, Roxburgh, Broughton, Chirnside, St Abbs and Paxton. We are engaging with communities in the prioritisation and design of facilities.

Our programme for 2025/26 includes a new play parks and skate park in Eyemouth and new play parks in Earlston, Denholm and Hobkirk.

The Council continues to further our efforts to respond to the climate emergency and biodiversity crisis. Nature Restoration funding has been used to expand our capacity and management practices in support of nature. This is an approach we will continue to build on subject to funding announcements.

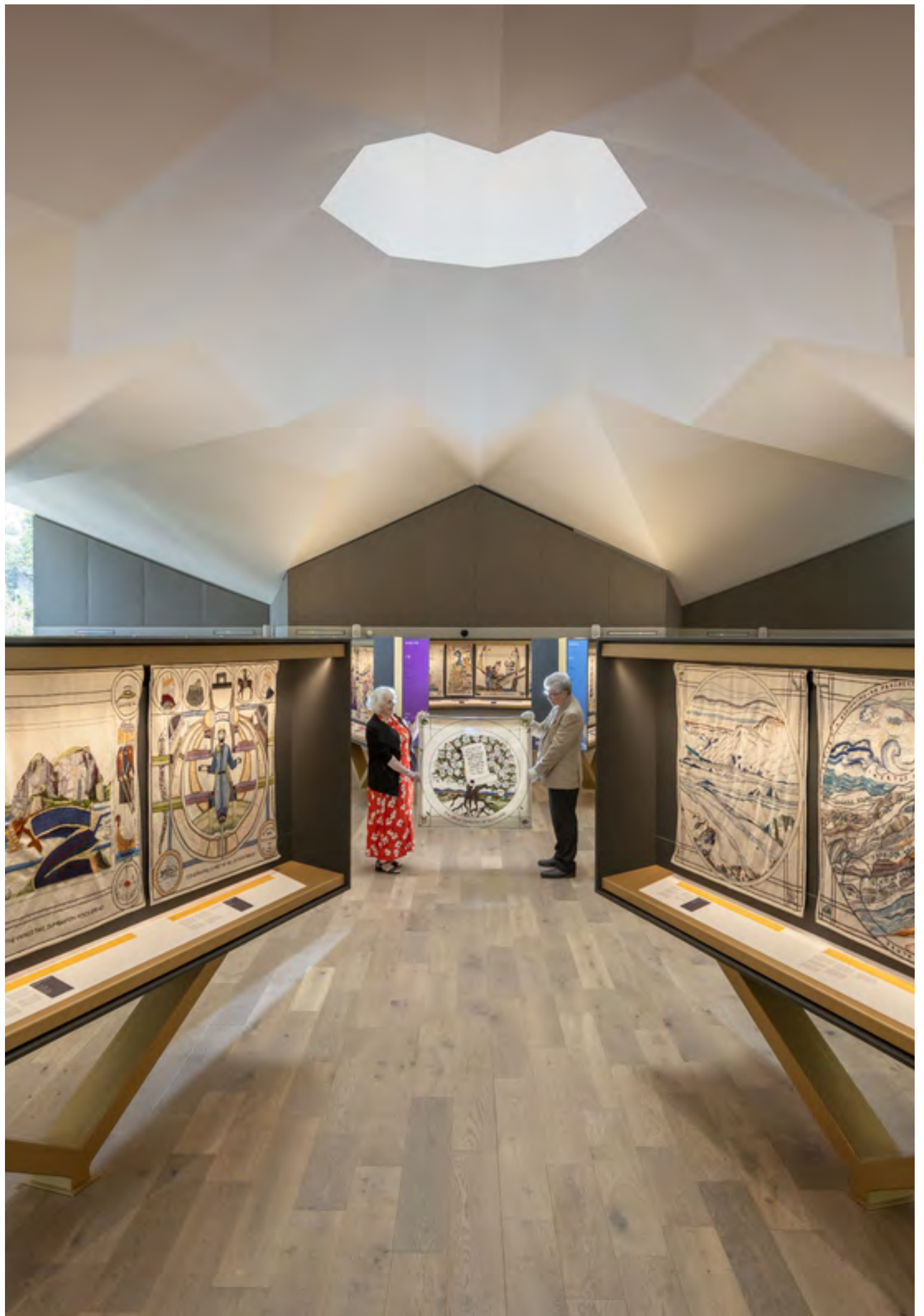
We are partners in Pollinators along the Tweed, a project being delivered by Tweed Forum and Buglife. The project aims to identify and modify our maintenance approach to better support local pollinator networks, supported by capital funding to enable this transformation. This provides opportunities for volunteering, education and health and wellbeing to be promoted and enhanced in our communities.



LIVE BORDERS

The Council provides an annual capital grant to each of the Leisure Trusts in the Scottish Borders to ensure they can enhance and maintain the facilities they operate. The Council also transferred its cultural facilities to Live Borders in 2016 and continues to provide support to allow investment in libraries, museums and community halls across the region.


The new Jim Clark Motorsport Museum in Duns has proved to be a huge success with visitors and the Council aims to build on this success by working with our partner, Live Borders, in developing other tourist attractions in the area.





Good Health and Wellbeing





The Council approved a major strategy for the housing and care of older people in June 2018 entitled “Integrated Strategic Plan for Older People’s Housing Care and Support.” This strategy, covering a ten-year period to 2028, recognises the need to invest significant resources through the Integrated Health and Social Care Partnership, which is overseen by the Health and Social Care Integration Joint Board (IJB), in order to cater for the needs of an increasingly older population.

The Council is in planning to develop new care facilities in Hawick on the Stirches site and as part of the Lowood estate in Tweedbank. A planning application has been submitted for the Tweedbank facility with construction planned to start during 2025. The facility will provide modern living facilities and onsite care for up to 60 residents with facilities including a shop and hairdressers delivered through Social Enterprise. The village is aimed at those with frailty, complex needs and dementia supporting unique needs, lifestyles and personal preferences with a focus on possibility rather than disability. The Hawick Village construction is anticipated to start in 2027/28.

Investment has also been made in digital tools to empower our teams to access, use and update information and data while working anywhere in the Scottish Borders and to help keep them safe when they are working alone across the region. The rollout of the technology was completed within Social Care in March 2023. Dynamic routing and scheduling tools and mobile handsets to securely deliver and record information on our service users’ needs and wellbeing, our home care service are able to deliver more care visits, improve the quality of care recording and use the data required in real time to ultimately improve the outcomes for the people we provide care for across the Scottish Borders. We continue to identify and develop opportunities to further improve service delivery and process efficiency through the use of this technology.

Further investment is being made to introduce digital devices for residents in our care homes which will provide a personalised device and apps to enhance access to information and entertainment services for example, to support dementia care, aid the capture and recall of memories or encourage physical activity. We will also be introducing new digital systems across our care homes to transform the way we plan and monitor the delivery of care and medication for our residents. The provision of additional care facilities is a major element of the IJB strategy which is to keep people living safely in their own homes and out of institutional care for as long as this remains in their best interests. The Council invests in a range of aids and adaptation to both public and private housing stock to assist with this objective.



Working Together to Improve Lives





STRATEGIC ASSET MANAGEMENT

The Council operates and maintains a significant and diverse property portfolio. The Council has developed an Estates Strategy to provide a consistent framework for how we manage and maintain our estates and how we focus capital investment priorities. The strategy will also deliver better use of our estate and rationalise our property footprint in order to deliver operational efficiencies while investing capital in those buildings that remain.

In practice, officers not only survey the Council's assets for material condition, but also engage with users to ensure that community needs are met. To drive efficiencies in energy consumption across our estate, a Building Management System strategy is presently being developed.

OFFICE ACCOMMODATION

The Council has started to deliver on its previous commitment to move to agile working and to consolidate offices with a refurbishment programme that has focused on Council Headquarters, Hawick High Street and Galashiels Paton Street offices as these were the largest. Office accommodation in Hawick and Galashiels has been closed as a result of this transformation, with some of these already sold and others planned for disposal in the coming year. Further work is planned for the remaining office estate, but as part of a wider data-driven asset and energy reduction approach.

DEPOT RATIONALISATION

The Council currently operates from six depots located across the region as well as a number of stone depots and a quarry, some of which are no longer fully utilised. The depot estate will be assessed to prioritise much needed investment in essential facilities to support staff and service delivery but also to disinvest and deliver financial efficiencies.

TREASURY MANAGEMENT STRATEGY

The Treasury Management Strategy is a framework, which ensures the Council operates within prudent, affordable limits of compliance with the CIPFA Treasury Management and Prudential Code revised in 2021. The Strategy aims to:

- Ensure the Council has sufficient and appropriate facilities available to meet its short and long term borrowing requirement and funding needs;
- Secure new funding at the lowest cost; and
- Ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on funds consistent with those risks.



The strategy includes prudential indicators required by the CIPFA Prudential Code and CIPFA Code of Practice for Treasury Management in the Public Sector. The Capital Investment Plan and Treasury Management Strategy are aligned to ensure an integrated approach between capital expenditure plans and treasury management strategy.

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy.

The Treasury Management strategy can be found on our website.

GOVERNANCE

The Capital Investment Strategy informs the Council's ten-year Capital Investment Plan and Treasury Management Strategy and is updated on an annual basis and presented as part of a suite of budget papers for approval by Council. Council approves the Capital Investment Plan having consideration of CIPFA's Prudential Code and Code of Practice for Treasury Management through the Treasury Strategy. This ensures a long term approach to financial planning with consideration of the impact of capital decisions on the revenue budget as well as on affordability, prudence and sustainability.

Directorates are responsible for monitoring capital projects, progress on the delivery of the Capital Financial Plan, alongside requests for budget changes are presented to the Executive Committee on a quarterly basis for approval. Full details of the Governance and approval process for Capital can be found in the Financial Regulations.



PROJECT GOVERNANCE

The implementation of stringent governance and control measures on capital projects, allows the Council to deliver best value from its budgets. In practice, this means officers prioritising the execution of initiatives which best meet the outcomes of the Council Plan and mitigate service delivery risk.

Capital Projects Programme Management Office (PMO) was established in January 2023 with the mandate to govern and control capital spend and to plan best value from council budgets. The principal purpose and benefits of the PMO function are:

- Develop a suite of data to better inform decision making for capital and revenue spend and the deployment of our limited resources;
- Develop and promote a project pipeline;
- Tighten up the briefing process and provide clear decision making criteria;
- Provide a strategic overview of interdependencies;
- Establish clear and consistent governance and controls that maintains a project brief for both revenue, capital blocks and major project spend;
- Support and upskill our team members across all services, enabling improved cross service working, collaboration and support transformation;
- Help retain intellectual property with information centrally held, shared and accessible;
- Significantly improve communications, aide transparency and ease of real time reporting.

The PMO has also promoted a focus on project alignment to Council Plan outcomes and risk profiling, all with the intent of having a prioritised and coordinated Plan orientated on need, risk and linked to strategic objectives.

A new decision making forum has been established in the form of the Strategic Estate Management Group (SEMG), a gate keeping body, which monitors and reports on the progress of all key capital projects. Chaired by the Director of Infrastructure & Environment, the SEMG has senior representation from Estates, HR, Legal, Procurement, Finance and Planning. In the context of this report, it is important to note that the SEMG scrutinises projects on their ability to contribute to a clean green future. This is facilitated by new impactful Project Business Case writing and Key Project Dashboard reporting authored by the PMO.



SKILLS AND TRAINING

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. They maintain up to date knowledge of capital and treasury issues by attendance at appropriate technical seminars (i.e. CIPFA Training). In addition, use is made of external advisers and consultants that are specialists in their field, when specialist technical advice is required.

The Council's corporate procurement strategy sets out the process for all levels of projects and all projects over £50k are progressed in conjunction with procurement specialists through a full tender process.

All elected members are offered capital, revenue and treasury management training as part of their induction.

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