

Agenda Item	3
Report No	HC/35/19

THE HIGHLAND COUNCIL

Committee: Highland Council

Date: 22nd August 2019

Report Title: Scottish Government New Schools Investment Programme

Report By: Chief Executive

1. Purpose/Executive Summary

- 1.1 The following report seeks Members' approval to make a bid to the Scottish Government's New Schools Investment Programme.
- 1.2 Following discussions with Scottish Government Officials it has become clear that there is a requirement to identify one specific project for inclusion in the initial phase of projects to be supported by the new programme, and that this needs to be submitted to the Deputy First Minister by 23 August 2019. Based upon the criteria and guidance set out in the Scottish Government's Learning Estate Strategy, the project identified as having the greatest chance of success is the Tain 3-18 Campus and Members are asked to approve that this is put forward for consideration in the first phase of funding.
- 1.3 The report also sets out the steps that will be taken to address the remaining school estate priority projects; manage capacity pressures in Inverness; refresh the overall capital programme; and to review governance arrangements to enhance Member scrutiny and decision making.

2. Recommendations

- 2.1 Members are asked to:
 - i. Agree that the proposed Tain 3-18 Campus project is nominated as The Highland Council's priority for consideration by the Scottish Government for inclusion in the initial phase of the New Schools Investment Programme and adheres to all criteria and guidance as set out in the Scottish Government's Learning Estate Strategy.

- ii. The Council agrees that its second priority is to secure funding to provide a new campus at Broadford as the Highland Council recognises Broadford as a high priority in the next phase of school infrastructure investment and this is reported to Council as part of the Council Capital Programme Refresh in October 2019.
- iii. Agree that the Council will seek to secure funding to provide a replacement school for Nairn Academy through a bid to the further, larger, phase of investment from the Schools Investment Programme in conjunction with the planned refresh of the Council's Capital Programme.
- iv. Agree that the engagement with the Parent Council of St. Clement's School will include a review of the potential locations for a new school prior to initiating a formal Statutory Consultation process later this year on the location and nature of a replacement facility for St Clement's; and that the formal consultation will begin in 2019.
- v. Agree that capacity issues in Inverness are assessed as part of a review of provision across the City and that a report is brought to a future meeting, prior to being considered as part of the refresh of the capital programme.
- vi. Agree that further engagement is carried out with Parent Councils in relation to the remaining agreed school investment priorities.
- vii. Agree the approach to capital governance and refreshing capital programme which will assist in the prioritisation of the remaining school sites, as set out in section 8.

3. Implications

3.1 Resource

The Scottish Government have indicated that funding will be announced for Phase 1 schools in September. Highland Council, although not clear on the funding methodology being proposed, commits to working with the Scottish Government to fulfil its responsibilities and jointly fund a new Tain 3-18 years learning campus.

3.2 Legal

The recommendations relating to the Tain Campus statutory consultation are being considered by the CLH Committee on 21 August.

3.3 Community (Equality, Poverty, Rural and Island)

The recommendations in this report are consistent with the commitments made in the Council Programme to foster sustainable local communities and maximise the economic potential of the Highlands by linking our school estate, housing and economic strategies to address issues associated with fragile rural economies. This is explored further in **Appendix 3**.

3.4 Climate Change / Carbon Clever

The Highland Council has declared a 'climate change emergency' – every opportunity to reduce the Council's carbon footprint must be taken. A new Tain 3-18 years learning campus will significantly reduce the carbon footprint of the school estate as a learning HUB for the town is created and the number of education buildings within the town are reduced.

3.5 Risk

The Highland Council in a paper to Council in June 2019 and a letter to Scottish Government in August 2019 highlighted a school estate legacy investment challenge in the region of £180–£200M. The Scottish Government has indicated a New Schools Investment phase 1 programme; it is imperative (considering the size of the investment challenge facing the Council) that this opportunity is grasped, and a successful bid outcome attained to reduce the school estate funding gap and deliver improved learning environments for Highland’s children and young people.

This still leaves over £100M funding to be identified in order to progress the wider programme of priority areas, including working with the Scottish Government to develop innovative new funding models.

3.6 Gaelic

The Tain campus will have a Gaelic medium department. The opportunity for Gaelic medium to be delivered within a 3-18 years setting will fully support the ambitions as set out in Highland Council’s Gaelic Language Plan.

4. Background

4.1 The Council’s revised 5–year capital programme was approved in March 2018. It assumed “a successful £50M bid made to the Scottish Government for the next tranche of the Schools for the Future fund”, with a further £25M of funding being available from the Council’s capital programme. It was also assumed that a subsequent bid would be made for years 6 to 10. The 11 priority schools/locations included in the report are listed below.

- **Years 1 to 5:** Tain 3-18 Campus, Nairn Academy, Fortrose Academy, Invergordon Schools, Beaully Primary, Broadford Primary, Dunvegan Primary, Tarradale Primary and St. Clement’s School.
- **Years 6 to 10:** Alness Primary Schools and Kiltearn Primary.

4.2 In November 2018, the Deputy First Minister and Cabinet Secretary for Education and Skills, John Swinney, announced the launch of the Learning Estate Strategy to be jointly developed with COSLA. This is due to be published in September 2019 and builds upon the previous Schools Estate Strategy: Building Better Schools. The Learning Estate Strategy aims to achieve a more holistic approach across all stages of learning and build upon collaborations with the wider public sector estate where possible. The Deputy First Minister also announced £1bn of funding to deliver new schools through a shared investment programme with Local Authorities.

4.3 The Council approved two reports in June 2019. The first identified the challenges around the funding of capital investment and proposed a timescale for a refresh of the capital programme. The second set out a combined multi-year investment programme for Early Learning and Childcare (ELC) expansion and School Estate Improvement, including an allocation of £250,000 to take the prioritised school locations listed in 4.1 to “Bid-Ready” status. This also included the allocation of funding to allow improvements to be carried out at 3 of the prioritised schools; initial phases of new build at both Beaully and Dunvegan Primary Schools; and the extension and partial refurbishment of Kiltearn Primary School.

5. New Schools Investment Programme

5.1 The Scottish Government wrote to all Local Authority Chief Executives on 4th July 2019 to update on the new programme. A copy of the letter is included in **Appendix 1** and the key points are summarised as follows:

- The intention to announce an initial phase of projects to be supported by the new investment programme around the time of the publication of the Learning Estate Strategy in September.
- The Scottish Government is seeking to announce a further larger phase of investment within 12 months of the first announcement to allow sufficient time for local development activities and decision making.
- The letter set out the strategic outcomes of the new investment programme as agreed with COSLA Leaders and outlined the shared investment approach.
- It requested that each local authority provide a brief update to the Scottish Government on the status of its current learning estate strategy and associated investment plans.

5.2 Following discussions with Scottish Government officials, the Chief Executive representing the Council responded on 13th August. A copy of the letter and supporting information is included at **Appendix 2**.

5.3 Subsequently, there was further dialogue with senior Scottish Government officers regarding the content of the letter, in particular the requirement to identify one specific project to be considered for inclusion in the initial phase of projects to be supported by the new programme, and also that a successful bid would not prevent the Council from submitting bids for subsequent phases. These discussions established that the timescale associated with the initial phase would require the new schools to be completed in 2021. It was also made clear that likely successful projects in phase 1 must meet all the principles of the Scottish Government's Learning Estate Strategy (refer to **Appendix 2 b**).

6. Consideration of the Council's Priorities

6.1 The timescale for the initial phase outlined in 5.3, and the requirement to submit a relatively "clean" project for consideration, effectively preclude any project where a Statutory Consultation would be required (i.e. where a school would be relocated or closed as part of an amalgamation) but has not yet been initiated.

6.2 As can be seen from the "Summary of Schools Prioritised for Future Funding Bid" appended to the letter submitted by the Chief Executive (as **Appendix 2**), 4 of the 11 priorities would require a Statutory Consultation to be carried out before final proposals could be taken forward. When the 3 priorities that have already had funding approved, (as outlined in 4.3) are also excluded, this leaves 4 potential priorities remaining.

6.3 The proposed investment plan for Fortrose Academy is a combination of refurbishment and rebuilding of approximately half of the accommodation, the other half being located in a relatively new build extension. Also, the work would have to be carried out in a phased manner on the existing campus. The nature of this project would therefore not meet the criteria for the initial phase of the Scottish Government's Investment Programme.

6.4 The remaining 3 priorities are therefore the Tain 3-18 Campus, Nairn Academy and Broadford Primary School. These have all been assessed regarding a number of key criteria explicitly stated as essential by the Scottish Government in recent discussions including the following.

- Assessment must evidence that the project can be delivered by 2021. The requirement to achieve a more holistic approach across all stages of learning and build upon collaborations with the wider public sector estate where possible.
- Innovative approaches to project delivery and achievement of outcomes.
- Fulfilment of the criteria set out in the Scottish Government's 'Learning Estate Strategy Key Principles'

Appendix 3 applies the above key criteria to the remaining 3 priorities.

6.5 Tain Learning Campus

Following this assessment, the Tain 3-18 Campus fulfils all the criteria set out in 6.4 above and provides the best opportunity for the Council to compete with other Councils in being allocated a project within phase 1 of the Scottish Government's Learning Estate initial phase of investment (as detailed in **appendix 1**):

- The recent Statutory Consultation outlines significant educational benefits in bringing the Tain Schools together into a single learning campus.
- The housing development opportunities (Academy site and frontage of the current Craighill Primary site) are significant and will bring extensive economic development to both Tain and the wider Highland Council area, which is a key part of the Council's housing strategy.
- Disposal of surplus sites (Knockbreck Primary and St Duthus/Duthac House) will bring economic benefit to the Council.
- The very poor condition of main building at Craighill Primary.
- The need to carry out interim capital investment avoided at existing schools will release funding for other school estate priorities.
- There will be long term increased reductions in ongoing revenue costs by bringing all the education provision in Tain into one single site.
- The relocation of the modular unit at St Duthus and inclusion of St Duthus within the Tain 3-18 years Learning Campus will provide our most vulnerable children with more opportunities for additional and inclusive learning experiences.
- Whilst this is a challenging timescale, Highland Council officers are confident the learning campus can be delivered by 2021.
- Significant holistic innovative developments will be delivered within the project: housing for public sector staff linked to modern apprenticeships focused on developing the potential of the young workforce within their local communities (specific project linked to Alness Academy).
- Development of the Tain area footprint that will address rural de-population and develop settlement commuter HUBs linked to the City Region Deal.
- Development of the campus with High Life Highland – possible inclusion of the Public Library.

6.6 Broadford Community Campus

Appendix 3 outlines that Broadford Community Campus fulfils many criteria as detailed in the Learning Estate Strategy albeit not to the same extent as the Tain Learning Campus. The parents and community of Broadford have raised extensive concerns relating to the building which the Council has been responsive to through a

programme of corrective action in the last 18 months. The community has also been active in pulling together funding that will contribute to the development of community facilities as part of the development of the Broadford Community Campus. There are also clear economic, housing and population demography benefits linked to the development of the campus. The Scottish Government stated a clear expectation of Highland Council to be contributing through its capital programme to school estate infrastructure. The Council recognises the need for a replacement Broadford Primary, Nursery, and community facilities, along with the relocation of the Service Point and Library, and will prioritise the delivery of the campus within the Capital Plan Refresh and bring forward a timeline for delivery that meets the timescales that will benefit the Broadford campus.

The Council recognises Broadford as a high priority in the next phase of school infrastructure investment and will seek to deliver a new campus by 2021 within the refreshed Capital Programme and other developing funding opportunities.

6.7 Nairn Academy

Appendix 3 highlights that Nairn Academy would not fulfil the criteria that the Scottish Government have detailed with regards to phase 1 of the Learning Estate Investment Strategy to the same extent, particularly with regard to the expectations linked to achieving a more holistic, wider benefits learning footprint. However, the Scottish Government is clear that phase 2 of the New Schools Infrastructure Programme will be forthcoming within the next 12 months which may have a different set of criteria, so this provides an opportunity to put in a further bid at this point.

6.8 Other Pressures and Priorities: As well as the priorities referred to in this report, there will be a need for additional capacity in schools across the Inverness area in the coming years to deal with the population growth arising from housing development. Sites for new primary schools have been reserved at Stratton and Tornagrain, along with a site for a new secondary school at East Inverness. Also, the Gaelic Medium pressures due to potential future demand at Bun-sgoil Ghàidhlig Inbhir Nis along with the growth in the wider Slackbuie Area cannot be looked at in isolation. It is therefore recommended that all of these issues are assessed as part of a review of provision across the City and that a report is brought to a future meeting, prior to being considered as part of the refresh of the capital programme.

7. Engagement Process for the Remaining Priorities

7.1 Further engagement with parents and other stakeholders in relation to the remaining priorities is essential as these are progressed to “Bid-Ready” status in preparation for potential bids to future phases of the Schools Investment Programme, and also in advance of the proposed refresh of the Council’s capital programme. The table below sets out progress to date and the planned approach to the further engagement process.

7.2	June 2019 (complete)	Update report to Highland Council including decision to allocate ELC/capital funding to 3 of the prioritised schools.
	June 2019 (complete)	Letter sent to Parent Councils connected to all of the priorities (18 Parent Councils) updating them on progress, decisions made at the June Council meeting, and the next steps.
	July to October 2019	Further progress on taking the remaining priorities from the previously identified 11 sites, to ‘Bid Ready’ status.
	September to	Meeting with each of the relevant Parent Councils throughout

October 2019	<p>September. Standard attendee list, agenda and ‘script’ for these necessary to ensure consistent approach.</p> <ul style="list-style-type: none"> • Context – affordability overview • Context – the Highland school estate • Context – overview of all priorities • Current position – actions taken to date for the specific priority • Current position – option(s) relating to the priority • Current position – SG Learning Estate Strategy/Funding and response to phase 1 bids as set out in Special Council meeting on 22nd August • Next steps – outline of October Council report
October 2019	<p>Report to Highland Council providing update on the engagement and bid ready activity summarised above, and seeking agreement on the governance arrangements for the further consideration of the remaining priorities and the refresh of the capital programme.</p>

7.3 **St. Clement’s School:** An initial assessment of potential sites for a new school in the Dingwall area has been carried out. It is now proposed that there is further engagement on this with Ward Members, parents and other stakeholders prior to initiating a formal Statutory Consultation process later this year on the location and nature of a replacement facility for St Clement’s. This engagement will have to be undertaken concurrently with a review of Additional Support Needs provision across all schools in the Mid area to determine the future strategic approach at both Primary and Secondary levels to ensure consistency and equity of provision. A timeline of implementing the Statutory Consultation in 2019 has been set out within the recommendations of this paper to reassure parents and stakeholders that a resolution for St Clements is being sought as an urgent priority for resolution.

8. Capital Programme Refresh and improving Governance arrangements

8.1 At Council in June this year Members approved a timescale for the refresh of the capital programme, with final consideration taking place within the context of the budget setting process in February 2020, to ensure affordability and a fit with the organisation’s strategic resourcing priorities. As part of the refresh proposals opportunities for delivering savings to the loans fund budget will be explored as will extending the programme to become a firm 5 year programme with indicative allocations for the 5 or even 10 years after that. This will provide a further opportunity to consider the wider school estate, including potential funding models for the priorities already identified. Improved governance arrangements, aimed at supporting greater scrutiny and transparency, will also be considered with initial proposals to come to Council in October.

Designation: Chief Executive

Date: 20 August 2019

Author: Robert Campbell, Estate Strategy Manager

Background

Papers:

Appendix 1: Letter from Scottish Government dated 4th July 2019

Appendix 2: Council response dated 13th August 2019

Reports to Highland Council meeting on 27th June 2019:

Corporate Capital Programme and the Current Financial Context

https://www.highland.gov.uk/download/meetings/id/75478/item_14a_corporate_capital_programme_and_the_current_financial_context

Care and Learning Capital Programme

https://www.highland.gov.uk/download/meetings/id/75479/item_14b_care_and_learning_capital_programme

Learning Directorate
Workforce, Infrastructure and Reform Division



Scottish Government
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T: 0131-244 0950
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Local Authority Chief Executives
CC: LA Directors of Finance / Directors of Education / COSLA officers

Sent by email on Thursday 4 July

Dear Chief Executive

New Schools Investment Programme

In November 2018, the Deputy First Minister announced his intention to publish a new Learning Estate Strategy which would be co-produced with local government and other strategic partners. Working collaboratively, the Scottish Government and local government partners have agreed a principles-based strategy which we anticipate publishing in September 2019. The Learning Estate Strategy was agreed by COSLA Leaders at their meeting in April 2019. Our collective vision is “a Learning Estate which supports Excellence and Equity for all”.

At the same time, the Deputy First Minister also set out his plans for a new shared investment programme, to be supported by a £1bn Scottish Government investment package, which builds on the successes of the Scotland’s Schools for the Future programme. Over recent months significant work has been undertaken with COSLA and local government representative bodies to support the development of this new programme.

It is our intention to announce an initial phase of projects to be supported by the new investment programme around the time of the publication of the Learning Estate Strategy and to seek COSLA Leaders further agreement to this at their August meeting. This small initial phase of projects will seek to demonstrate the principles of the strategy. Working with the Scottish Government and the Scottish Futures Trust, the projects will also take forward the next stage of development activity to inform future phases of the investment programme.

Through engagement with COSLA, it is recognised that local authorities are at different stages of developing their own learning estate strategies and associated investment plans. With that in mind, the Scottish Government is seeking to announce a further larger phase of investment within 12 months of the first announcement to allow sufficient time for local development activities and decision making.

This letter sets out the strategic outcomes of the new investment programme as agreed with COSLA Leaders, outlines the shared investment approach, and requests that each local authority provide a brief update to the Scottish Government on the status of its current learning estate strategy and associated investment plans.

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In line with all previous phases of the Schools for the Future programme, project selection will rest with Scottish Ministers. We anticipate this will apply to the small initial phase and the wider programme, however we are in discussion with COSLA officers regarding the governance and decision making for both this phase and the wider programme. The Scottish Futures Trust will continue to coordinate, facilitate and manage the delivery of the investment programme.

Strategic Outcomes

Consistent with the principles of the forthcoming Learning Estate Strategy, Scottish Ministers are seeking to invest in projects which connect people, places and learning, deliver improved outcomes for all, and enable sustainable and inclusive economic growth.

In particular, investment will be focused on sustaining and improving the condition and suitability of the learning estate, establishing links across the learner journey where appropriate, and supporting sustainable estate planning and improved stewardship.

The investment programme is being designed to deliver high quality, suitable, sustainable, low carbon, digitally enabled learning environments. By working collaboratively, together we will achieve our common goals.

The national investment programme is intended to augment, not replace, local authorities' own investment plans. Scottish Ministers would anticipate that every local authority will continue to invest in its wider learning estate, in line with the significant local investment which has been undertaken in recent years.

It is recognised that demographic changes can impact upon need across the learning estate. With that in mind, Scottish Ministers are open to considering projects which are responding to these demographic changes particularly where there is a clear linkage to sustainable and inclusive economic growth and / or there is an associated link to sustaining and improving the condition of the local authorities wider learning estate.

Shared Investment Approach

All local authorities will be eligible to benefit from the new investment programme to sustain or improve the condition of their learning estate.

Each local authority must provide a commitment to deliver a new / refurbished school that will achieve and maintain 'A' good or 'B' satisfactory category condition throughout a minimum of a 25-year period.

To support this investment the Scottish Government has set out a funding package which seeks to align the funding commitment across primary, secondary and additional support needs (ASN) sectors. Previously there was a difference between the secondary sector and the primary / ASN sector. The alignment of the funding commitment recognises that many local authorities are investing in multi-sectoral projects:

Previous Programme			New Programme		
Primary	Secondary	ASN	Primary	Secondary	ASN
50%	66.6%	50%	50%	50%	50%

Funding made available through the previous programme supported the like for like replacement of existing capacity where required. While capacity growth has been supported locally through other mechanisms such as developers (or Section 75) contributions it is recognised that some local authorities have been unable to secure sufficient funding to progress and / or fully fund development. On a project by project basis where a local authority can evidence that it has maximised other sources of funding prior to seeking investment through the programme, proposals that respond to population growth or tackle capacity issues in an efficient and effective way may be considered for inclusion in the new programme.

An outcomes based funding model has been developed to take forward this programme of investment. You will have received details of the model from your finance colleagues, who have been engaged through workshops facilitated by COSLA. It is recognised that the model has been developed in a theoretical space and is yet to be tested on specific projects. Part of the intention to launch a small first phase is to facilitate further development of this funding model in a practical manageable way. As part of the initial phase, local authorities will be required to actively work with Scottish Government and the Scottish Futures Trust to take forward this development work. There will be a particular focus on developing the scope, delivery and monitoring arrangements associated with the outcomes approach including the approach to FM and lifecycle. The Scottish Government remains in active dialogue with COSLA concerning all these matters.

Request for Status Update

As noted earlier, the Scottish Government is seeking to announce an initial phase of projects to be supported by the new investment programme around the time of the publication of the Learning Estate Strategy.

Whilst recognising that this initial phase of projects is intended to be small, and will be followed by a larger phase of investment within 12 months, it is important that there is a comprehensive current understanding of local authorities' own plans to support decision making.

It would be appreciated if you could provide a short status update setting out how your authority is developing its local learning estate strategy and associated investment plans. If the local authority has identified a priority project(s) for investment, that is supported with an approved financial commitment, please identify the project(s) in your update and outline how the proposal is responding to the strategic outcomes outlined above.

Responses should be submitted by email or letter to myself at the Scottish Government by **5 August 2019** if this deadline causes significant issues then please get in touch. We anticipate, on this basis that COSLA will be in a position to provide an update to COSLA Leaders in late August ahead of the formal launch of the Learning Estate Strategy and an announcement of an initial phase of investment. Further contact will be made seeking further submissions prior to any subsequent phase of investment. If you have any queries please

contact me on 0131 244 0950, or Andy Dailly, Head of School Building, on 0131 244 7866 or Andrew.Dailly@gov.scot or Sarah Watters, COSLA on 0131 474 9329 or sarah@cosla.gov.uk

Yours faithfully

Clare Hicks
Deputy Director
Learning Directorate

Clare Hicks
School Infrastructure Unit
Scottish Government

Your Ref:
Our Ref: DM/KL/1
Date: 13 August 2019

Dear Clare,

Thank you for your letter dated 4th July in relation to the new schools investment programme.

I have set out below the background to the Council arriving at its current position in relation to its Learning Estate Strategy, and the priorities that have been agreed for consideration as part of any future funding bids. The Council is well placed to participate in an initial phase of investment with this clearly defined list of priorities for Learning Estate Strategy investment, and with some funding already in place to support this approach.

We are of the view that Highland is in a unique position to the rest of the country and requires to be dealt with different criteria in order to achieve the outcomes we all share. Highlands has the greatest number of schools in Scotland, across the largest land mass area and in some of the most challenging environmental conditions. Furthermore, the presumption against rural schools closure in the Schools (Consultation) (Scotland) Act (2010), due to the potential impact upon the sustainability of remote, rural and fragile communities, means the Highland Council will continue to have the most challenging school estate infrastructure for the foreseeable future.

Background

The Council approved a new 5-year capital programme at a meeting in March 2018 and also agreed that the following would be the priorities for any funding bids for the successor to the Schools for the Future programme (the schools are as listed in the report and are not in a prioritised order):

- Tain 3-18 Campus (comprising 1 Secondary, 2 Primary and 1 Special School);
- Nairn Academy and Fortrose Academy;
- Invergordon Schools (2 Primary and 1 Secondary);
- Beauly, Broadford, Dunvegan and Tarradale Primary Schools;
- St. Clements Special School;
- Alness Primary Schools (3 No.)

- Kiltearn Primary School

These have previously been advised to the Deputy First Minister and in turn discussed between Council Officials and Officers from the Scottish Government and Scottish Futures Trust over the past 12 months and we are now keen to bring these discussions to a conclusion.

Current Position

The estimated total capital cost of the approved priorities would be in the region of £180M to £200M. This would enable the Council to address the most pressing needs that we, our communities and our children face. The Council recognises that this degree of investment is necessary and has publicly stated a commitment to taking forward all projects as a matter of urgency and in a jointly funded approach with the Scottish Government.

The programme for investment for these schools will be subject to a review and consultative process over the coming month.

Appendix 1 provides a summarised analysis of the 11 priorities, with a comment on the current status and relevant factors in each of the locations. At this stage the response has been kept relatively brief, but further information can be provided if requested.

Learning Estate Strategy

Appendix 2 summarises the Council's approach and current position relative to the 10 key principles of the new Learning Estate Strategy. As can be seen, there is very strong alignment between these principles and the Council's current work and strategic planning for the learning estate.

Building on Achievements to Date

The Council has to date benefitted from Scottish Government support through the Schools for the Future programme in 5 locations. Three of those (Alness Academy, Merkinch Primary and Inverness High School), are still live construction projects with the buildings due to be handed over in 2020. The Council is looking forward to the Deputy First Minister visiting these schools this September.

Appendix 3 sets out the range of improvement measures that the Council has introduced in response to concerns raised by Council Members and the Scottish Futures Trust with regard to the briefing, specification and delivery of projects, and the requirement to consider innovative and flexible approaches to make best use of the available budget.

Summary

The Council has a clearly defined list of future investment priorities with approved funding included in its capital programme.

As can be seen from the Appendices, the Council's current strategic investment approach and planning both align well with the 10 key principles of the Learning Estate Strategy, and is already well advanced in relation to consultation and the development of proposals and options in these locations. It should be noted that

some of these are relatively 'clean' proposals where statutory consultation or land acquisition is not necessary.

I am aware that in a recent letter to Kate Forbes MSP the Depute First Minister indicated that the initial round of projects to be announced in September will be small scale with more significant investment available at a later date. The Highland Council is clear in seeking to find a resolution to funding all eleven priorities as a matter of urgency and would welcome the opportunity to explore innovative joint funding models that could be developed in response to such a high and pressing need. However, recent discussions with yourself and Andy Dailly established that there is an expectation for the Highland Council to actually name a single priority project in seeking funding in the initial phase. The deadline for such information compromises the position of integrity with regards to commitments made to consultation set out in a report to June Council (Appendix 4). However, in light of this recent discussion it is now proposed that the Council would bring forward a priority list and name a project at full Council meeting on 5 September.

The Council is looking for reassurance that a notification of a project on 5 September (which will maintain the integrity of consultation already intimated in the June Council paper, albeit in much quicker time) will not exclude the Council from consideration for funding in the initial phase. Should this not be acceptable then the Council would like an immediate response. Please note that the Council Leader intends to take up the contents of this letter with the Deputy First Minister within the next 24 hours such is the level of concern regarding this matter.

I look forward to hearing from you.

Yours sincerely,

Donna Manson
Chief Executive

APPENDIX 2b - SUMMARY OF SCHOOLS PRIORITISED FOR FUTURE FUNDING BID

Schools	Pupil Rolls	Statutory Consultation Required Y/N?	Refurbishment/ Extension Option?	Option to Phase Project(s)?	Site	Comments	Recommendation
Years 1-5 Priorities (as listed in March 2018 report)							
Tain Schools (4 No.)	Academy – 500 Primary (2) – 375 St Duthus – 20	Yes – in progress	No – Statutory Consultation report published for a new 3-18 Campus	Yes	Recommended site at Craighill is in HC ownership	Initial phase could be new combined Primary School (possibly including St Duthus) if necessary	Continue as priority for SFTF funding bid for 3-18 Campus on Craighill site (subject to outcome of Statutory Consultation process)
Broadford Primary	100 (EM/GM)	No – part of existing site and adjacent land	No	No – restricted site	New build would require additional land not in HC ownership	Land-bank adjacent site for housing then swap with existing school site; Community Hub Working Group established; Major Pre-Application Advice received from Planning	Continue as priority for SFTF funding bid for new school on existing/adjacent site; potential bid for Gaelic funding
Dunvegan Primary	50 (EM/GM)	No – existing site	No	Yes	Existing site suitable and preferred by parents/ community	Open day had widespread support for phased build approach; ELC investment required prior to 2020; Major Pre-Application Advice received from Planning	Phased new build approach; funding approved for an initial phase combined with ELC funding; potential bid for Gaelic funding
Nairn Academy	700	No – existing site	No	No	Build on school playing fields	Refurbishment not viable; ongoing condition issues requiring attention	Continue as priority for SFTF funding bid for like-for-like replacement on existing site

Fortrose Academy	625	No – existing site	Yes	Yes	Existing site	Older buildings poor; extension relatively new	Consider phased refurbishment/rebuild (no funding currently allocated in capital programme)
Invergordon Schools (3 No.)	Academy – 450 Primary (2) – 350	Yes – combine and relocate Primary Schools	Primary – No Secondary – Yes	Yes – new build Primary and refurbish Academy	In HC ownership; playing fields leased to clubs	Possible 3-18 campus with new combined primary school adjacent to existing Academy	Continue as priority for SFTF funding bid for new combined primary school adjacent to Academy
Beauly Primary	150	No – part of existing site and adjacent land	No	Yes	New build partly on existing, and on adjacent HC land	Buildings poor and concerns raised about condition and life remaining; ELC investment required prior to 2020	Phased new build approach; funding approved for an initial phase combined with ELC funding
Tarradale Primary	325	Yes – if new site	No	No	New site not yet identified	Roll increasing; traffic issues; buildings poor; second modular unit to be installed and additional ELC room from converted classroom	Continue as priority for SFTF funding bid for new school (site to be identified)
St. Clement's School	40	Yes – if new site	No	No	New site not yet identified	Main building poor; new annexe can be relocated	Statutory Consultation to begin to identify potential sites and the nature and type of future provision

Years 6-10 Priorities							
Alness Primary Schools (3 No.)	650	Yes – if fewer than 3 schools or new site(s)	No	Yes	Decision required on number and location of schools	Rolls increasing; Coulhill particularly poor; several potential options; ELC investment at all 3 to be modular units that could be relocated in future if required	Continue as priority for SFTF funding bid for combined school(s)
Kiltearn Primary	150	No – existing site	Yes	No	Existing site	Roll increasing; ELC investment required prior to 2020	Funding approved for an extension/ refurbishment project combined with ELC funding

Appendix 2.c - Learning Estate Strategy Key Principles

2019 – Learning Estate Strategy (draft)	Current Council Position
<p>1. Learning environments should support and facilitate excellent joined up learning and teaching to meet the needs of all learners;</p>	<p>The Council’s current capital programme and ELC expansion plans align with this principle. In Highland 69% of ELC is delivered through local authority provision, and there are 83 Council settings where SG ELC capital support and Council capital is providing investment within the learning estate to co-locate ELC and Primary provision.</p> <p>Managerially the Council has also recognised the importance of joined up learning, with local authority ELC provision falling under the remit of Primary Head Teachers, and in turn in many of our more rural locations across the Highlands, Head Teachers are managing a cluster of primary Schools, and in some cases a virtual Campus, further enhancing the joined up nature of learning and teaching.</p> <p>Across Highland, schools have effective links with partners such as DYW, SDS, UHI, with a number of pupils accessing a wider curriculum through links to University of the Highlands and Islands. Further investment in our learning estate would provide opportunities for those strong links to remain, but with greater scope for curriculum being accessed within their home or school or ASG setting.</p>
<p>2. Learning environments should support the wellbeing of all learners, meet varying needs to support inclusion and support transitions for all learners;</p>	<p>In Highland we work within an integrated model to provide direct support to children, families and other practitioners, largely based at an Area level, around associated school groups.</p> <p>Teams work together to support at the preschool (Early Learning and Child Care) stage and also at primary and secondary stages, to provide support to differentiate the curriculum and to meet assessed need. Partner organisations also work closely with school staff to provide opportunities for elaborating curricular experiences both within schools and outside of the classroom and to enhance opportunities for developing greater levels of resilience and emotional wellbeing for all children and young people.</p> <p>Further investment in our school estate to add or enhance our learning environment would provide opportunities for improving and supporting approaches to nurture and wellbeing for all children and young people.</p> <p>A training strategy is in place in Highland to support greater inclusive practice in schools and to enhance the skills of classroom teachers and support staff. There are very few freestanding specialist provisions/special schools in Highland and so the vast majority of children and young people attend nurseries and schools in their local communities. As far as possible, the aim is to meet the needs of all pupils in their local communities and to ensure new provision, replacement schools or adaptations to existing buildings, take account of the knowledge that schools in Highland should ideally be able to</p>

	<p>provide for the full range of additional needs, including those children with significant health needs, severe and complex learning disabilities, neurodevelopmental differences, physical disabilities, sensory impairments and social, emotional and behavioural needs. Maintaining our young people in their local communities as they grow and develop, ensures that they have a sense of belonging within their peer group and are accepted as part of the diverse population across Highland.</p>
<p>3. The learning estate should be well-managed and maintained, making the best of existing resources, maximising occupancy and representing and delivering best value;</p>	<p>Highland considers construction quality and ongoing maintenance as being fundamental aspects of design and construction of new schools. This is evidenced by the Council taking a strong position on expectations from contractors in relation to quality, and through Alness Academy as a pilot, working with Scottish Futures Trust on a new quality initiative in relation to that project.</p> <p>In relation to specification, the Council takes a whole life cost approach to its design solutions, recognising that upfront capital investment may well represent the longer-term Best Value solution to minimise future lifecycle and maintenance costs. Again, with Alness Academy as an example, and learning from past projects, a low pitched roof and external guttering and downpipes were key requirements from the Council to minimise future maintenance requirements.</p> <p>In relation to capacity, Highland is in some ways unique in being challenged by two different capacity issues in relation to its school estate. (1) a fast expanding Inverness City and wider Inner Moray Forth area, creating significant capacity pressures on existing schools and (2) a significant number of schools with available capacity, however, often rural, many of which are relatively small in size, and in location's where place and geography limit scope to achieve further utilisation of that spare capacity. In essence we need more capacity within the Inner Moray Firth area but have limited ability to utilise capacity elsewhere, or to rationalise those smaller rural schools.</p> <p>The Council is responding to these twin challenges by:-</p> <ul style="list-style-type: none"> - New Planning Supplementary Guidance which increased the financial contribution sought from new developments across the City. - Maximising use of existing available capacity for ELC expansion, and utilising SG ELC investment to support works to amend or improve existing space to provide for ELC 1140 hours. - Considering new ways of financing capital investment, and opportunities to access lower costs of Finance, and a fundamental review of our capital governance to ensure Best Value solutions. - Recognising the constraints in some locations which preclude school rationalisations or scope to increase school utilisation for educational purposes, considering what alternative Council or Public Sector functions could be co-located to make best use of that space and also help in sustain those smaller rural schools (being taken forward as part of the Council's Strategic Property Management Review).
<p>4. The condition and suitability of learning</p>	<p>Despite having the largest number of schools in Scotland, the Council has seen significant improvements in its schools condition, through</p>

<p>environments should support and enhance their function;</p>	<p>Council and Scottish Government investment over recent years. Overall, the number of condition C/D schools has reduced from 135 in 2008 to 81 in 2019.</p> <p>That side, 81 is still a very significant number, and further investment is necessary to make further improvements. The Council has an ambitious 5 year capital programme that includes significant investment in the school estate including; a new Alness Academy, Charleston and Culloden Academies – extensions/refurbishments, Ness Castle new primary school, Smithton Primary school extension/refurbishment, Inverness High School refurbishment, Merkinch Primary school new build/refurbishment, and a further £55m to deliver a range of improvements across the school estate.</p> <p>We know from many of our pupils, parents and teachers how important the school buildings and environment are to support the delivery of learning and teaching.</p> <p>We look to engage the users of our schools in the decision making around new schools or major improvements, to ensure as well as improving the fabric of the building, any investment also meets user needs and contributes to an improved learning environment.</p> <p>School Quality Improvement visits and school Standards and Quality Reports have been utilised as part of project planning in order to identify improvements to the school environment that would allow the school to deliver higher quality learning and teaching.</p>
<p>5. 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;</p>	<p>The Council has operated on the basis of ‘community schools’ for many years, with numerous examples of our schools acting as hubs within the community, and offering a range of leisure and other public sector services from a single location. This approach, over many years, has allowed new schools, particularly those in more rural locations, to provide consolidated education, sports, leisure and community services in a single hub. In many locations also providing the opportunity to introduce new or expanded services to the public. In relation to the 11 priorities identified for investment, there are a number where specific proposals or opportunities exist to maximise the scope for these schools acting as community hubs in the future.</p> <p>In relation to the place principle, the Council’s Local Development Plans are used to make decisions on future growth and development. They provide explicit support for communities to prepare Place Plans, and allow such plans to have a strong relationship to the Development Plan. The Council is developing further guidance for communities who wish to develop their own local plan, and the support available from the Council.</p>
<p>6. Learning environments should be greener, more sustainable, allow safe</p>	<p>Equalities – our new school builds allow us to further enhance our approach to equalities, through improved facilities and developments such as unisex/non gender biased toilet facilities.</p>

<p>and accessible routes and be digitally enabled;</p>	<p>Digital – the Council is at the forefront of digital within the classroom, having been one of the first Local Authorities in Scotland to deploy devices (in this case Chromebooks) to Highland pupils on a 1:1 basis from Primary 5 through to Secondary 6. As at June 2019 the Council has successfully deployed 22,000 Chromebooks to schools and pupils, supporting anywhere any time learning. The Council has an ICT in Learning Strategy, which has underpinned its investment in digital learning. The Council is also using Digital to deliver many subject choices virtually, to expand subject choice and address the challenges of recruiting to specialist subjects in more rural locations. The Highland Virtual Academy has 20 schools and 94 pupils enrolled, and the Council is also working in partnership with Western Isles Council and their É-Sgoil, with 141 pupils enrolled.</p> <p>While the Council has a clear and innovative strategy for digital learning, and has invested in the staffing, training, software and hardware to deliver this, the challenge of aged, unsuitable and poor condition buildings remains a major barrier to maximising the potential of digital learning within our schools.</p>
<p>7. Outdoor learning and the use of outdoor learning environments should be maximised;</p>	<p>Highland schools already look to utilise outdoor learning as much as possible, within constraints of the available space and building suitability.</p> <p>The Council fully supports the benefits of outdoor learning in terms of pupils' ability to reflect and learn about themselves, each other and the environment. Outdoor learning should be part of a whole school approach to learning and teaching within Curriculum for Excellence.</p> <p>Specific examples already used include:- Outdoor growing spaces, gardens, including polytunnels. Outdoor classrooms including dedicated space for practical learning e.g. brick laying and other practical skills. Daily mile is in place in many of our schools.</p> <p>Investment in the learning state would give scope to further enhance the outdoor environment, and ensure outdoor learning is an intrinsic part of the new school specification and design.</p>
<p>8. Good consultation about learning environments, direct engagement with learners and communities about their needs and experiences, and an involvement in decision making processes should lead to better outcomes for all;</p>	<p>The Council has for many years taken a very inclusive approach to stakeholder engagement. For any major capital project taken forward by the Council, a local stakeholder group is formed at an early stage. Typically comprising Pupil and Staff representatives, the Parent Council, Community Council, Local Elected Members, and other local community reps as identified by the group. The group then being supplemented by Design and Construction team reps as projects progress. That Group then has the opportunity to comment on and influence the project development, act as a sounding board on key issues, and also be the key source for updates and discussion from informal consultation through to design/development and then on through construction to completion. The Council recognises the importance of consultation in delivering better outcomes.</p>

<p>9. Collaboration across the learning estate, and collaboration with partners in localities, should support maximising its full potential;</p>	<p>The Council uses a number of forums to collaborate with local partners, firstly the Highland Community Planning Partnership has a property Group of senior property professionals, and secondly at a wider geographic level through the North Hub Territory Partnering Board there has been a specific focus over the past 12 months on collaboration opportunities across partners.</p> <p>Internally, the Council has a strategic Property review currently taking place, a key objective of which is to ensure collaboration and co-location, and exploit opportunities. Specifically in relation to the school estate, and recognising the capacity in some of our more rural schools, a stated objective is to locate more Council services within our schools to help sustain the school, and make best use of that capacity.</p>
<p>10. Investment in Scotland's learning estate should contribute towards improving learning outcomes and support sustainable and inclusive economic growth.</p>	<p>The Council is currently implementing a 12 month Education Transformation change project, to look at improvements that will lead to improved learning outcomes.</p> <p>Research and evidence clearly points to the scope for improved learning environments to result in improved achievement of learners. The Council's own feedback from users of our schools, and those who have benefitted from past investment, also supports this.</p> <p>The Council recognises the vital role that investment in the learning estate can play in relation to economic growth.</p> <ul style="list-style-type: none"> • Construction – the construction of major projects can be a major economic boost for the local economy, whether that be creating local employment opportunities, or creating spin off benefit in terms of local accommodation and hospitality for an incoming construction workforce. The Council looks to maximise the community benefit from major projects, and work with contracts on their community benefit proposals, including apprenticeships and opportunities for young people. • Housing and Infrastructure – the Council considers new school developments as being potential catalysts to support wider housing and infrastructure development. New school builds can create opportunities to free up land for new housing, and/or be the key to enabling infrastructure. There is close alignment between the Council's school investment planning, Planning and Housing development functions. • Learning Outcomes – new school buildings provide improved environments which can support improved learning outcomes amongst our pupils. New schools also provide opportunities to review what and how we deliver education and learning. Examples include opportunities for a greater focus on practical subject choices through investment in appropriate space and environment which may not be possible within existing buildings. Outdoor classroom space is a further consideration, again often linked to practical subjects and construction and related skills. Digital learning is vital, with further narrative under principle 6 above.

Agenda Item	14a
Report No	HC/24/19

HIGHLAND COUNCIL

Committee: Highland Council

Date: 27th June 2019

Report Title: Capital Programme Refresh- the Corporate Capital Programme and the Current Financial Context

Report By: Head of Corporate Finance and Commercialism

1. Purpose/Executive Summary

- 1.1 Highland Council approved a 5 year capital programme covering the period 2018/19 to 2022/23 on the 7th March 2018. The approved programme encompassed gross project expenditure of over £480m over the initial 5 year period, representing a significant investment across the Council's asset base.
- 1.2 As part of the approved programme was the commitment to certain projects that began in the initial 5 year period but stretched out into years 6-10, 2023/24 to 2027/28. A further £66m of expenditure in these years was approved.
- 1.3 Funding of the approved programme comes from three main sources, the general capital grant received from government, funding from government and other sources for investment in specific projects, and Council borrowing repaid through the Council's revenue budget.
- 1.4 This paper aims to remind Members of the assumptions made around the funding of the programme and looks to review the validity of the assumptions made. In addition it looks at some of the emerging pressure areas in relation to capital expenditure- particularly new and immediate spending requirements that have emerged and requirements for spend beyond the period of the approved 5 year programme.

2. Recommendations

- 2.1 Members are asked to:
 - i. Note the challenges around the funding of capital investment;
 - ii. Approve the proposed timescale for refresh of the capital programme

3. The 2018/19 to 2022/23 capital programme- expenditure

- 3.1 Council approved the current capital programme on the 7th March 2018. The programme approved covered the 5 year period from 2018/19 to 2022/23 with expenditure on some projects stretching into 2023/24 and beyond. A link to the minutes of the Council meeting, and the report and programme agreed by Members can be seen in the background papers section of this report.
- 3.2 The approved programme comprised over £480m of expenditure on projects- but once the 2017-18 capital outturn position had been finalised and project slippage confirmed, the programme now comprises over £490m of capital expenditure from 2018/19 to 2022/23.
- 3.3 Projects starting in years 1-5 of the programme but with expenditure commitments continuing into years 6-10 were also approved. Those projects require total expenditure of over £66m in years 6-10 to reach completion.
- 3.4 The approved programme see significant investment in the schools estate with specific projects planned or underway in Alness, Charleston, Culloden, Ness Castle, Inverness High and Merkinch. In additional to those specific projects a further £55m of investment in schools was budgeted, £25m of which was to match fund an assumed £50m of new Government funding for schools investment. No specific projects commitments were made against that combined £75m of assumed funding but a list of 11 priority schools for investment was agreed.
- 3.5 Other approved projects included an average £7.2m annual investment in existing roads structural improvement as well as stage 2 of the West Link project and the further development of the Inshes roundabout. A number of bridge schemes were also approved including those at Invercoe, Glenmore and the White Bridge.
- 3.6 A total £12.8m investment in the Council's vehicle fleet was approved along with £29m made available for investment in the Council's core properties. Over £10m was budgeted for waste facilities.
- 3.7 Projects approved that are predominately funded by specific government grants include flood schemes in Smithton/Culloden, Caol, Drumnadrochit and Conon Bridge as well as a significant upgrade of the harbour at Uig.
- 3.8 The delivery of many of these projects began in 2018/19 and that financial year saw over £96m of investment made as reported to the Environment, Development and Infrastructure Committee last month. A link to that report is provided in the background papers section of this report.
- 3.9 Subsequent to the approval of the March 2018 programme the Council was successful in its funding bid for £32.6m of capital funding for Early Years investment. Work to deliver those projects is underway and is subject to a separate report on this agenda.

4. Emerging expenditure pressures

- 4.1 Since the programme was approved in March 2018 a number of pressures have

emerged for which budget provision had not been included in the programme. Certain of those pressures required immediate spend to address them whereas other pressures demonstrate a need for capital investment to meet future demand. Where possible the existing programme will be reprioritised to meet the immediate spending pressures whilst formal planning for the extension of the existing programme needs to commence now to ensure plans are in place to meet future demand.

- 4.2 Cost pressures have come about as a result of a variety of factors, including the requirement for the ongoing stabilisation of the Stromeferry Rock Face (as confirmed by EDI committee in January 2019), the landslip at Kinloch Hourn, the requirement to accommodate investment in affordable housing due to the Council deciding to balance the revenue budget by using the income from second homes Council tax, the potential for pressures emerging around the implementation of the waste strategy and the financial settlement reached on the Wick Community Campus project.
- 4.3 Certain spending demands are emerging as a result of the requirement for infrastructure investment to keep pace with the development of new housing across the region. Particular demands for new primary schools are arising from housing developments at Stratton and Tornagrain and the knock on impact this will have on secondary school capacity in East Inverness.
- 4.4 Further school capacity issues are emerging in Inverness, with demand pressures on the current Gaelic Medium provision needing to be considered as part of a wider view on primary school capacity.
- 4.5 The condition and suitability of the Council's assets continues to be a concern, as it was when the March 2018 capital programme was set. Highland has the largest number of 'C' rated schools in Scotland and is dealing with legacy issues resulting from the quality of schools built in the 1960s and 70s. The requirement to make all our buildings compliant places a requirement for investment to upgrade engineering, energy, fire, security and water safety installations.
- 4.6 The requirement for capital investment extends beyond our buildings with the road and bridge network needing investment far beyond that which is deemed affordable. The backlog of roads investment is estimated to be £178m and the annual expenditure requirement to maintain the condition of roads in a steady state is expected to cost around three times the current annual budget of £7.2m. Underinvestment will see a continued decline in our asset condition- already there are 40 bridges in the Council area that have weight or other restrictions.

5. The 2018/19 to 2022/23 capital programme- funding

- 5.1 The size of the capital programme approved in March 2018 was based on what was deemed affordable. That affordability comprised expected funding from government for both the general capital grant and funding specific projects, and the total amount that could be borrowed within the current loans charges budget. Further information on all those items is included in the sections below.

General capital grant funding

- 5.2 The approved programme was predicated on the level of general capital grant received from government remaining constant over the 5 year period at £31.4m annually. In addition a supplementary £7.5m was assumed to be receivable in 2019/20 to reflect the repayment of funding deducted from the 2016/17 capital settlement.

- 5.3 The Scottish Government continues to give single year settlements for both revenue and capital although a commitment has been made to give a slightly longer term settlement for 2020/21 and beyond. Based on the Scottish Government's recently announced medium term financial strategy, which is at a very high level only, the outlook for local government may see reducing settlements over the medium term.
- 5.4 The actual core capital funding settlement received for 2019/20 was £37.743m, around £1m lower than had been forecast when the capital programme was agreed. Whilst the impact of this reduced funding can be mitigated by borrowing efficiencies any sustained reductions in core funding would need to be built into a revised capital programme.

Project specific funding

- 5.5 Funding of £86.9m for specific projects was assumed in the approved capital plan. This is primarily funding expected to be received from the Scottish Government- specifically for flood projects across the region, harbour improvements at Uig and the new secondary school at AIness.
- 5.6 Around £5m of funding from developer contributions was assumed in the plan. Whilst changes to the rate at which developer contributions are made came into effect after the plan was set those changes are not expected to have a material impact on the plan. In most cases the developer contributions assumed for the first five years of the plan will relate to development approved under the previous contributions guidance.

Scottish Schools for the Future funding

- 5.7 The approved programme contained an assumed £50m successful bid to the successor programme to the next round of Scottish Schools for the Future funding. The assumption was made that that funding would be matched by £25m of Council funding to give a total £75m investment in dealing with school condition issues. 11 priority schools were identified that could potentially benefit from such funding- albeit £75m would not be anywhere near enough to fully rebuild each of those 11 schools.
- 5.8 Since the programme was approved some degree of greater clarity on how the mechanics of the new wave of Scottish Government funding will operate has been emerging. Whilst the exact detail is still to be finalised it is officers' expectation that the Scottish Government will only match fund the same amount as Councils put forward. A consequence of that likely change is that the total £75m (£50m from SG and £25m from Highland Council) that the approved plan had assumed would be available for investment in schools will now only be £50m (£25m each from SG and HC).

Borrowing

- 5.9 The final key source of funding for the approved capital programme is borrowing. In total over £195m of borrowing is needed over the 5 year period to support the approved capital investment. Borrowing must be done in line with CIPFA's Prudential Code for Capital Finance with the key considerations that any borrowing must be affordable, sustainable and prudent.
- 5.10 Any borrowing that the Council undertakes for capital investment must be repaid through the Council's revenue budget. The revenue impact of the borrowing is shown in the Council's loans charges budget. In 2018/19 the total cost of loans charges was £57.1m.
- 5.11 The loans charge budget has two main elements. The first element, 'principal', reflects the repayment of the initial capital sum expended on any particular asset, repaid over the life of that asset. The second element, 'interest', reflects the interest payable on the

Council's external borrowing. In 2018/19 those elements were worth £29.7m and £27.4m respectively.

- 5.12 A key indicator used by councils to assess their borrowing position is to express their annual borrowing costs (loans charges) as a proportion of income from general revenue grants and taxation. For Highland this figure (including borrowing costs associated with PPP schools) stands at over 13%, the fifth highest in Scotland. At a time when the revenue budget is being reduced in real terms, and the Council faces a number of contractual and policy objectives that effectively ring fence a significant proportion of its budget, this situation is not sustainable in the long term.
- 5.13 The regulations surrounding the accounting for loans charges changed in 2016. These regulations govern how the 'principal' element of the loans charges budget must be accounted for. Since the new regulations were put in place discussions on their interpretation has been ongoing between Audit Scotland and local authority Directors of Finance.
- 5.14 A clear view on the interpretation of the regulations has now been reached which would afford this Council some flexibility over the assumed asset life over which the principal element of the loans charge for certain asset types is written off. This would allow the Council to spread the profile of principal repayments over a longer period, thereby reducing the principal payment in the near future. One consequence of doing this would be that the Council is indebted for longer- thereby increasing its total interest cost as debt is paid back over a longer period. **Appendix 1** details the current profile of the Council's loans fund principal repayments.

6. The impact of capital investment on the revenue budget

- 6.1 Capital investment can impact both positively and negatively on the Council's revenue budget. Certain capital projects may be seen as 'spend to save', whereby the capital investment delivers a recurring budget saving that more than outweighs the cost of borrowing and repaying the debt required to finance it.
- 6.2 Other projects may have a less tangible beneficial impact on our revenue budget but may help us avoid revenue costs in the future. An example of such an investment would be the improvement and refurbishment of an ageing property or road which, if the capital work was not done, would continue to degrade and require increasing maintenance spend into the future. Given the demands on our corporate revenue maintenance budget for both roads and properties and the declining condition of our assets it would not appear to be economic to reduce our revenue repairs budgets to allow us to invest more in capital expenditure.
- 6.3 Many of our capital projects, particularly large school or other property construction projects, can impact adversely on our revenue budget in two ways. Firstly the cost of financing the capital investment will impact on our loans charges budget as outlined in the 'borrowing' part of section 5 of this report. Secondly the net running costs of facilities may increase as a result of the investment- principally due to the rateable value of a property increasing significantly after investment.
- 6.4 Our experience from recent school construction projects is that net property costs increase after the capital investment as any savings from having newer, more energy efficient buildings, are outweighed by increased rates costs. In certain circumstances additional staffing costs may be required from staffing a new facility- such as when a

new school is opened to address school capacity issues.

- 6.5 In all cases of capital investment that are funded by borrowing there will be a consequential increase in our loans charges budget. These can be partially mitigated by trying to reduce our overall cost of borrowing (i.e. reducing the ‘interest’ element of our loans charge) and the benefit from historic capital investment being fully paid off. Over recent years however the Council’s total indebtedness has increased markedly as illustrated by the table below:

	General Fund Outstanding debt	Loan charges
	£m	£m
2018/19	695.23	57.12
2017/18	672.95	54.95
2016/17	653.00	55.89
2015/16	608.81	55.30
2014/15	557.64	55.23
2013/14	536.99	53.12
2012/13	513.74	52.16
2011/12	507.41	52.16
2010/11	490.96	50.95

- 6.6 A particular Council focus to invest in our assets over recent years has seen the Council’s overall indebtedness increase significantly. Increases to the loans charges budget have been required over the same period in order to finance that expenditure- albeit the rate of increase in those charges has been less pronounced than the rate of increase in indebtedness. In 2018/19 the actual loans charges cost came in almost exactly on budget.
- 6.7 **Appendix 1** shows that based on the current capital plan the ‘principal’ amount of loans charges that will be met by the revenue budget will remain broadly at the same level over the next 5 years. Total indebtedness is expected to rise until it peaks in 2021-22 meaning the Council will need to continue to reduce its cost of borrowing over the coming years to ensure that the combined value of principal and interest payments does not exceed the available loans charges budget.
- 6.8 Given the huge challenges expected to be faced by the Council’s revenue budget over the next few years having the capital programme at its current level should be seen to be at the maximum limit of affordability. Council will need to keenly balance competing demands for revenue and capital spend over the coming years to ensure its long term financial sustainability.
- 6.9 Whilst the Council remains keen to identify new and innovative ways to fund capital investment it is important to state that unless the Council manages to secure external funding for projects the cost burden of capital investment will fall on the Council. How the Council chooses to fund its borrowing will have no impact on the ‘principal’ element of the loans charges budget- this is solely determined by the cost and lifespan of the assets constructed.
- 6.10 Much of the Council’s borrowing is fixed into long term loans which cannot be repaid without substantial penalty. Officers do monitor the potential for the early repayment

and refinancing of those loans but the opportunities to do so remain uneconomic.

- 6.11 The Council continues to undertake a mixture of short and long term borrowing to capture an optimal mix of low interest rates, refinancing risk and maturity profile. All long term borrowing currently undertaken is taken from the Public Works Loans Board which provides a more accessible and responsive source of finance and with interest rates available that offer the best value for the Council.

7. Next steps

Schools programme

- 7.1 The timescale for the formal launch of the next phase of Scottish Government Schools for the Future funding is unclear, but it is assumed that it will be in this calendar year. As Members will be aware, it will be important that the Council is ready when the opportunity arises. In that regard various actions have been progressed in relation to assessment and development of the priorities.
- 7.2 At this stage, there is no requirement to achieve “Shovel Ready” status for these priorities. In fact the timescale and costs of achieving this for all would be excessive and potentially abortive given the uncertainty around funding. To reach that status would involve considerable further work, ultimately taking proposals to fully developed design and tender stages, which is likely to cost several million pounds for all of the potential projects.
- 7.3 The intention therefore is to move forward on a “**Bid Ready**” basis, which involves having clarity around the priorities, potential scope of solutions and, where considered appropriate, some further investigations and development of concept or outline proposals. This approach would require £250,000 of funding, Member approval for this is requested in the subsequent item on this agenda. Consideration may also have to be given to carrying out new condition surveys of all schools which also has a cost implication.
- 7.4 The following report on this agenda outlines the approach to prioritising school investment projects and the work that has been undertaken on validating the condition and suitability survey process. However, affordability is likely to be the key consideration when assessing which of the 11 prioritised locations would be included in a funding bid to the Scottish Government, particularly if this bid is to be limited to a total value of £50M as explained in 5.8. Scottish Government criteria, and funding timescales, which are not known at this time, will also have a bearing on prioritisation.

Capital programme refresh

- 7.5 As part of the Council governance review that is currently ongoing it is also proposed that the governance arrangements for the capital programme, at both an officer and Member level, are reviewed to ensure they are fit for purpose. A key part of that review will include a clear understanding of where decisions on capital spend may be taken as well as ensuring clarity of reporting on capital spend. Given the strategic importance of the capital programme to the whole Council the review will consider whether capital programme reporting should be provided to meetings of the full Council instead of to the EDI committee as currently happens.
- 7.6 Given the recent clarification on the interpretation of the new loans fund regulations (as outlined in section 5.14) a review of the Council’s current arrangements will be concluded. The likely outcome of that review will be to bring a proposal to Members that could suggest lengthening the asset lives for certain types of asset to deliver an immediate saving to the loans fund budget. Such a change would however increase

indebtedness for future years. Council will be asked if they consider such a change to be prudent and whether they would like to use any immediate revenue saving to mitigate against revenue budget pressures, use for future years' revenue budget savings or use to finance increased capital investment.

- 7.7 As a capital plan should be a long term strategic document work will commence to refresh the current programme with a view to extending it to become a firm five year programme with indicative allocations for the five, or even ten years beyond that. This work will endeavour to link the capital programme with the Council's development plans, asset management and rationalisation plans, strategic and service plans, and of course revenue budget planning.
- 7.8 Given the most important element of the capital plan will be around affordability it is intended that any decision on the capital plan is done in recognition of the revenue budget to be set in February 2020. Any capital plan agreed will need to be kept under review to ensure assumptions around capital grant or borrowing costs remain accurate and no new spending demands or other cost pressures emerge.
- 7.9 At the same time as the work detailed in sections 7.1 to 7.8 is ongoing, Members are also reminded that year 2 of the 5 year capital programme approved in March 2018 will continue unaffected. Over £100m of capital projects are planned for delivery in 2019/20 and will continue to be reported through the EDI committee.

8. Implications

- 8.1 Resource- As outlined in section 6 of this report any capital investment will impact on the Council's revenue budget. Given the pressures on the Council's revenue budget Council will need to ensure that any amendments or extensions to the existing capital programme are affordable in the wider revenue budget context.
- 8.2 Risk- As outlined when the capital programme was agreed in March 2018 there are a number of risks associated with the programme. Inflation in project costs or other reasons for project cost increases would need to be managed within the wider programme. On the funding side increases in our borrowing costs or reduced capital settlements from Government would further curtail our ability to invest in capital. As the affordability of the capital programme is intrinsically linked to the Council's revenue budget any matters impacting on that budget could have a consequential impact on the capital programme.
- 8.3 The capital programme entails a significant amount of construction activity which may have Climate Change or Carbon Clever implications. Specific projects will also have their own implications with new buildings anticipated to be more environmentally friendly than those being replaced. All such implications will be assessed as part of the project management process for individual projects.
- 8.4 There are no specific Legal, Gaelic or Community implications as a result of this report.

Designation: Head of Corporate Finance

Date: 12th June 2019

Author: Edward Foster, Head of Corporate Finance

Background Papers:

https://www.highland.gov.uk/meetings/meeting/3943/highland_council/attachment/73527

https://www.highland.gov.uk/download/meetings/id/73257/item_3_capital_programme_201819_to_202223

https://www.highland.gov.uk/download/meetings/id/75261/item_6_-_capital_expenditure_monitoring

Detail of outstanding principal, new capital expenditure and annual principal repayment profile

Appendix 1

Financial year	Opening balance- Debt outstanding	New capital expenditure to be financed by borrowing	Loans charge 'principal' instalment paid through revenue budget	Closing balance- Debt outstanding
2018-19	672,947	50,355	29,778	696,958
2019-20	696,958	66,627	30,582	729,569
2020-21	729,569	33,267	31,212	731,624
2021-22	731,624	19,007	30,934	719,697
2022-23	719,697	14,121	30,929	702,889
2023-24	702,889	2,493	30,770	674,612
2024-25	674,612		30,521	644,091
2025-26	644,091		30,128	613,963
2026-27	613,963		29,497	584,466
2027-28	584,466		29,009	555,457
2028-29	555,457		27,549	527,908
2029-30	527,908		26,460	501,448
2030-31	501,448		26,064	475,384
2031-32	475,384		25,414	449,970
2032-33	449,970		24,348	425,622
2033-34	425,622		23,705	401,917
2034-35	401,917		22,307	379,610
2035-36	379,610		20,093	359,517
2036-37	359,517		17,177	342,340
2037-38	342,340		15,489	326,851
2038-39	326,851		12,366	314,485
2039-40	314,485		11,690	302,795
2040-41	302,795		11,198	291,597
2041-42	291,597		10,849	280,748
2042-43	280,748		10,637	270,111
2043-44	270,111		10,529	259,582
2044-45	259,582		10,286	249,296
2045-46	249,296		10,000	239,296
2046-47	239,296		9,577	229,719
2047-48	229,719		8,904	220,815
2048-49	220,815		7,387	213,428
2049-50	213,428		7,026	206,402
2050-51	206,402		6,985	199,417
2051-52	199,417		7,061	192,356
2052-53	192,356		7,211	185,145
2053-54	185,145		7,376	177,769
2054-55	177,769		7,122	170,647
2055-56	170,647		7,386	163,261
2056-57	163,261		7,293	155,968
2057-58	155,968		7,265	148,703
2058-59	148,703		7,238	141,465
2059-60	141,465		7,270	134,195
2060-61	134,195		7,356	126,839
2061-62	126,839		7,500	119,339
2062-63	119,339		7,574	111,765
2063-64	111,765		7,662	104,103
2064-65	104,103		7,860	96,243
2065-66	96,243		8,089	88,154
2066-67	88,154		8,074	80,080
2067-68	80,080		7,303	72,777
2068-69	72,777		7,305	65,472
2069-70	65,472		7,430	58,042
2070-71	58,042		7,556	50,486
2071-72	50,486		7,201	43,285
2072-73	43,285		6,763	36,522
2073-74	36,522		6,581	29,941
2074-75	29,941		6,286	23,655
2075-76	23,655		6,264	17,391
2076-77	17,391		5,543	11,848
2077-78	11,848		5,101	6,747
2078-79	6,747		3,611	3,136
2079-80	3,136		1,900	1,236
2080-81	1,236		524	712
2081-82	712		524	188
2082-83	188		188	0
			858,817	

2019 – Learning Estate Strategy (draft)	Tain Learning Campus	Broadford Community Campus	Nairn Academy	Summative Statement linked to Learning Estate Principles
<p>1. Learning environments should support and facilitate excellent joined up learning and teaching to meet the needs of all learners;</p>	<p>The move to a learning campus from 4 education provisions within the town will create fantastic learning pathways and reduce any gaps created by learning transitions. Enhanced capacity will be created for teacher collaboration and professional learning – critical in a rural setting where it can be challenging to meet other teachers for learning within a busy working week. The campus will reduce pupil and staff travelling – reducing the carbon footprint and supporting climate ambitions. The children and young people will be able to access much more specialised resources and learning environments eg primary pupils accessing science labs ; Home Economics labs. This will enhance learning through the Broad General Education.</p>	<p>The Broadford Community campus will support the development of community based learning and adult lifelong learning. It will also enable the innovative development of Gaelic immersion within a community and school setting ; creating the opportunity about how learning environments can support the concept of both Gaelic and English medium in an approach that is collaborative and mutually beneficial. This is an important policy area that requires development for teachers and learners to ensure they can achieve the ambitious plans expected both locally and nationally.</p>	<p>The learning environment will be replicated –the school will be replaced on the playing fields of the existing site – so does not meet the innovative expectations set out within the Learning Estate Strategy.</p>	<p>Tain Learning campus – fully meets the principle.</p> <p>Broadford Community Campus -fully meets the principle when the Gaelic and community learning contexts are considered.</p> <p>Nairn Secondary School- does not fully meet the principle at this moment in time– and must expand its brief in preparation for applications in stage 2.</p>

	<p>It will also enable the innovative development of Gaelic immersion within a community and school setting ; creating the opportunity to assess and develop how learning environments can support the concept of both Gaelic and English medium in an approach that is collaborative and mutually beneficial. This is an important policy area that requires development for teachers and learners to ensure they can achieve the ambitious plans expected both locally and nationally.</p>			
<p>2. Learning environments should support the wellbeing of all learners, meet varying needs to support inclusion and support transitions for all learners;</p>	<p>Educating all children and young people in one campus will create an inclusive ethos where values will be shared and staff will be able to make the most of their skills through collaborative learning; transitions for ASN children and families will be reduced enhancing their learning experience. The integration of St Duthus ASN School with other learners, creates a more inclusive, compassionate</p>	<p>The Broadford Community campus will enable greater inclusion and community cohesion .The Gaelic immersion policy has created a range of issues on the island of Skye ; the impact of these are considerable .This campus development will enable the community of Broadford to maintain community cohesion – very important in such challenging times for the Island where</p>	<p>The Nairn building requires modernisation; within a new design the inclusion of all learners would be a priority. The school has very good practice in a range of support approaches; a new school would look at how best to create a nurturing school environment that addresses the needs of all learners .The new environment would be much more nurturing.</p>	<p>Tain Learning Campus- fully meets the principle Broadford Community Council- fully meets the principle Nairn Secondary School- meets the principle in part</p>

	<p>and accepting environment in which to grow and learn for all pupils, staff and families. The new campus will allow St Duthus pupils to access more facilities for learning and development (currently they do visit Academy often, but has to be booked and limited availability, and no ownership opportunities). Some primary classes and the Gaelic Medium nursery are currently housed in modular units and have limited access to shared facilities. The new campus will enable more positive transitions to school for pre-school children and will be able to create more capacity for early years.</p> <p>All learners will benefit from the social relationships that will be nurtured in a single site for learning within the town. They will have greater opportunities for friendships and socialisation.</p> <p>The inclusion of the public library in the new campus will support more vulnerable adults with lifelong learning opportunities and provide</p>	<p>centralisation of resource and population is de-populating parts of Skye .This project will support a substantial housing development which will alleviate housing pressures ; this is significant as the lack of housing is seriously affecting the public sector workforce and the local workforce as housing is becoming unaffordable. The links to housing are significant for social cohesion and inclusion. Further detail below</p>		
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	access to extended learning opportunities for adults in the community.			
3. The learning estate should be well-managed and maintained, making the best of existing resources, maximising occupancy and representing and delivering best value;	<p>The combined learning campus will bring efficiencies in staffing, amenity service costs, reduced energy costs; save money for families eg costs of uniform, sharing of materials.</p> <p>It will maximise the use of specialist facilities eg enable primary schools' access to better facilities (science labs etc) which currently only get limited use in the secondary timetabling.</p> <p>There will be an opportunity to bring in the library – extending opening hours (drastically), creating modern, spacious facility with superfast IT access (currently limited due to size of public library).</p>	<p>The existing building does not deliver best value. Maintenance costs are high; energy costs are not efficient. The building does not deliver a best value outcome as the materials used to construct the school are of such poor quality. A new building would be efficient in all aspects.</p> <p>The Broadford campus in a greater holistic context of public sector and Highland Council resource delivers best value in that the Community wish to work with the Council and partners to provide the best facilities. Currently in Skye housing is a major infrastructure issue which means that public services and local businesses are unable to deliver best value as they can't provide suitable and affordable housing. This project will release land for housing and support the housing infrastructure developments</p>	<p>The existing building does not deliver best value. Maintenance costs are high; energy costs are not efficient. The building does not deliver a best value outcome as the materials used to construct the school are of such poor quality. A new building would be efficient in all aspects.</p>	<p>Tain Learning campus – fully meets the principle Broadford Community Campus – fully meets the principle Nairn Secondary School – partly meets the principle</p>

		– see further detail below. Demand for housing will increase with the new £150 M feed plant development in Kyleakin and the new hospital. This project is critical to supporting the wider infrastructure developments in Skye.		
4. The condition and suitability of learning environments should support and enhance their function;	<p>The condition of the current provision is poor – insert gradings. All the children and young people in the two are being taught in poor learning environments – for all of their learner journey-making it a real priority for investment. Learners being affected at all stages owing to poor condition buildings throughout the learner journey is unique to the Tain context -thus the reason for priority action.</p> <p>There is also a significant capacity issue within the Tain Community which is quite rare for a rural context and must be addressed: Knockbreck Primary – over capacity, has been capped. Hugely popular school and has to turn down placing requests. Craighill Primary – nearing full capacity. Dilapidated</p>	<p>The parents and staff of Broadford have raised concerns about the conditions of the school building and environment having a significant impact upon the physical health of pupils and staff over a period of time .The Council has responded with a plan of action which makes the buildings safe and manageable but these are just temporary solutions; condition must be addressed as a priority.</p>	<p>The parents, staff and pupils of Nairn Secondary School have raised concerns about the conditions of the school building and environment having a significant impact upon the ambition and aspiration of pupils and staff over a period of time. The Council has responded with a plan of action which makes the buildings safe and manageable but these are just temporary solutions; condition must be addressed as a priority. The pupils of the school have clearly articulated how the learning environments are no longer fit for purpose.</p>	<p>Tain Learning campus – fully meets the principle Broadford Community Campus – fully meets the principle Nairn Secondary School- fully meets the principle</p>

	<p>school building with 4 temporary portacabins. Tain Royal Academy – no disabled access. Throughout the school there are steps, and no lift. Even if a lift added for the 3 floors, there is still a series of steps, throughout the ground floor levels. Impossible to create full disabled access in current building. Building impossible to heat, due to windows (huge gaps between frames and walls). Has an enormous heating bill each year but learning environment is still very poor and cold in winter. A new learning campus will address all existing learning environment issues at once benefiting a whole community of learners. The pupils of the school have clearly articulated how the learning environments are no longer fit for purpose.</p>			
5. Learning environments should serve the wider community and where appropriate be integrated with the delivery of other	The Learning campus offers opportunities to bring all the families and community together into a single site. There are possibilities to	The Community have been working collaboratively to include a community learning HUB as part of the new school development .In	This is a like for like secondary school replacement .Wider community inclusion and integration of public sector	Tain Learning campus – fully meets the principle Broadford Community campus – fully meets the principle

<p>public services in line with the place principle;</p>	<p>bring the public library into the site; support for the elderly community and housing will border the site .It is expected to develop housing for Modern Apprenticeships linked to public sector key posts eg teaching , social work, adult social care ; as part of the site development.</p>	<p>island communities school facilities can be key to the wellbeing, social and learning capacities of communities .This project would significantly enhance the opportunities for community learning, social and health activities especially in such a wet and damp climate. The existing community facility would be replaced – offering up a site for housing.</p> <p>There would be an opportunity to include the Service Point and Library in the new campus. These are currently located in a leased building so there would be a potential reduction in revenue costs as well as an improvement in service delivery.</p> <p>The new facilities will bring all ages from the community together which will be important as housing expands in creating social cohesion and harmony. The Gaelic context and opportunity for development will be significantly enhanced with the new school and community HUB facilities.</p>	<p>services must be considered further before a project brief is finalised.</p>	<p>Nairn – does not fully meet the principle at this moment in time.</p>
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<p>6. Learning environments should be greener, more sustainable, allow safe and accessible routes and be digitally enabled;</p>	<p>The provision will bring 4 existing education sites and possibly some leisure facilities within one campus reducing the carbon footprint significantly. It is a beautiful site, with plenty of green space around it and sea views; perfect for developing outdoor learning opportunities for all ages of learners. There will also be an opportunity to work with the care home (on the edge of the site) on shared outdoor projects</p>	<p>The current school must be accessed through an inappropriate route through a housing estate. The new campus will have safe accessible routes. The new campus makes much better use of the whole area; it is a more strategic land use plan that enables a number of developments whilst reducing the carbon footprint.</p>	<p>No change to the learning environments relating to this principle. However, the current maintenance levels are not sustainable.</p>	<p>Tain Learning campus – fully meets the principle Broadford Community Campus -fully meets the principle Nairn – partially meets the principle</p>
<p>7. Outdoor learning and the use of outdoor learning environments should be maximised;</p>	<p>Will allow St Duthus pupils to access more facilities for outdoor learning and development. There will be significant space available for the Nursery to develop outdoor learning experiences. The site has extensive access to the outdoors and remains close to a range of outdoor learning environments within the vicinity.</p>	<p>Will allow pupils to access more facilities for outdoor learning and development. There will be significant space available for the Nursery to develop outdoor learning experiences. The site has extensive access to the outdoors and remains close to a range of outdoor learning environments within the vicinity. The community groups will also benefit from the improved outdoor facilities.</p>	<p>Redesign of the new school would enhance outdoor learning opportunities.</p>	<p>Tain Learning campus – fully meets the principle Broadford Community Campus – fully meets the criteria Nairn Secondary School – partially meets the criteria</p>

<p>8. Good consultation about learning environments, direct engagement with learners and communities about their needs and experiences, and an involvement in decision making processes should lead to better outcomes for all;</p>	<p>The community are very active and having 'lost out' in a previous investment round demonstrated during a recent community consultation event that there is now a unity within the community ie xx % are in favour of the learning campus on the Craighill site. Parent councils of all primaries in the ASG and the academy joined together and have run their own large scale consultation events: social media, public meetings, digital email. All fully supportive of the new campus on this site. Positive engagement with the stakeholder group. Community Councils – also contributed to the consultation by running social media campaigns, public consultation events and meetings. All fully supportive of a new campus on this site. Tain ASG recognised as one of the most cohesive, organised and proactive ASGs in Highland. All the staff involved are in support of the campus on this site and coming together as a</p>	<p>The Community have set up a steering group representing P.C., Community Council, Community Company, Community Hall, LSHA, NHS, Early Years and other community groups. A submission to HC of the benefits of partnership working is in development. They meet regularly and also with HC officers and have carried out their own work on how a school/ community can work in partnership and joint fund a school/ community hub. They are well ahead with plans, planning etc. There have already been pre-app discussions with the Council.</p>	<p>The pupils and parent Council have lobbied for a new school.</p>	<p>Tain Learning campus – fully meets the principle Broadford Community Campus -fully meets the principle Nairn – partially meets the principle</p>
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	<p>single learning community. Pupils in primaries and secondary – actively involved in consultation. Have invited MSPs in to view the schools, made videos (including one with Gail Ross MSP) about their schools and their need for the new campus, attended public meetings, completed surveys and put out press releases. Pupils are also members, and actively contribute to, the stakeholder group. There has been excellent partnership working between local members, Highland Council officers, school staff and the parent councils of the primaries, secondary and special school to consult, develop and progress the campus project.</p>			
<p>9. Collaboration across the learning estate, and collaboration with partners in localities, should support maximising its full potential;</p>	<p>Opportunity for collaboration with NHS and care sector, as new campus built in what is becoming our community hub (health centre, care home).</p>	<p>Opportunity for collaboration with NHS and the business sector re links with housing developments. Will improve relationships, connections and collaboration with the Gaelic language speaking community.</p>	<p>Further collaboration and exploration of this principle is required.</p>	<p>Tain Learning campus – fully meets the principle Broadford Community Campus -fully meets the principle Nairn – does not meet the principle</p>

<p>10. Investment in Scotland's learning estate should contribute towards improving learning outcomes and support sustainable and inclusive economic growth.</p>	<p>Investing in this learning campus will enable significant housing development to take place in a rural area and within commuting distance to Inverness; the project will bring contribute to the vision contained within the City Region deal ie for both the city and rural areas to benefit from economic development and growth.</p> <p>The campus will also support the de-population challenges facing Highland Region outwith the city of Inverness.</p> <p>The St Duthus site is a town centre site and will bring economic development opportunities too once the school vacates the site.</p>	<p>Investing in this learning campus will enable significant housing development to take place in a rural area where there are extremely challenging housing supply options .These houses will support the feed plant investment and the new hospital in Skye -both critical to the sustainability of the island .The project will contribute to the vision contained within the City Region deal ie for both the city and rural areas to benefit from economic development and growth.</p> <p>The campus will also support the de-population challenges facing Skye ie will balance affordability housing options for locals and young people.</p> <p>Learning outcomes will improve with the added benefits of improved outwith school learning facilities ie the community campus element.</p>	<p>This is a like for like secondary school replacement. It will improve learning outcomes.</p>	<p>Tain Learning campus – fully meets the principle Broadford Community Campus -fully meets the principle Nairn – partially meets the principle</p>
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Additional Information

TAIN LEARNING CAMPUS

Principle 10

The Craighill terrace site in Tain is one of the main strategic sites in northeast area of the highlands. Historically The Highland Council owned part of the site as part of the school portfolio, however purchased the remainder of site in 2016 as a strategic purchase to enable delivery of wide variety of uses. Through partnership working and opening up the site the Council enabled the replacement of an outdated Council care home with new private sector care home and a new NHS health centre built to service Tain and the wider rural area.

The site (including the existing Craighill primary school) is 10.6 hectares and the opportunity to deliver a new 3-18 educational campus would also open up part of the strategic site to deliver housing for the elderly close to the new health centre and deliver new housing at the existing Craighill primary site and Tain royal academy site. This would deliver a wide variety of housing, including affordable homes for rent and sale, key worker housing, housing for looked after children, self - build plots and opportunities for local developers and contractors.

This would be the largest capital investment in the area and the new £40 million school complex would act as a catalyst for a further £30 million investment in new housing projects delivering over 200 new homes, stimulating the local economy by creating over 150 new construction jobs over a 4 year period and by co-ordinating the construction activities we can deliver up to 25 new apprenticeship opportunities and create a framework to maximise use of local companies and local labour force.

BROADFORD COMMUNITY CAMPUS

Principle 2 Social Inclusion

The proposed new school and community Hub site for Broadford is adjacent to the existing school site and terms have been agreed for the purchase and lawyers instructed. The redundant school site will be redeveloped for affordable housing.

The new school investment will complement and enhance the wider social and economic investment in the area through the £93 million investment by Marine Harvest in their new facility at Kyleakin and the new £15 million rural hospital being built in Broadford to serve the Skye area.

The new housing will help alleviate the current housing pressures in the area caused by the huge increase in Air BnBs and holiday homes in Skye. The new housing on the redundant school site will deliver 20 new affordable homes to complement the 24 new homes already proposed on the adjacent Lochalsh & Skye housing association site. The housing will deliver a variety of new affordable homes for rent and sale, including housing to be leased to the NHS for key NHS staff, housing for other key workers including teachers and potentially student accommodation for the local west highland college.

The investment in the area will sustain and expand the wider rural economy of the area, with over £20 million capital investment over a three year period