



CAPITAL INVESTMENT STRATEGY

2026/27





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FOREWORD

The Scottish Borders cover more than 1,800 square miles and are widely recognised for the quality of their natural environment, rich heritage and distinct rural character. With a dispersed settlement pattern, it is the fourth most sparsely populated region in mainland Scotland. Almost half of our 116,980 residents live in rural areas, and a further 30% live in communities with fewer than 500 people.

The geography of the Scottish Borders presents significant challenges for the delivery of public services. These include supporting a growing older population, ensuring reliable, high quality broadband across remote areas, maintaining strong transport links between our towns and the rest of Scotland, and providing every child and young person with the best possible start in life.

Our economy has been shaped by long established sectors such as textiles, farming, forestry and coastal fishing. While these industries remain vital to our regional identity, they are often associated with lower wages, and the Scottish Borders continues to experience some of the lowest average earnings in Scotland. Many communities face persistent inequality, including pockets of deprivation, low income and fuel poverty. As a living wage employer, Scottish Borders Council pays the Scottish Living Wage to all employees—including modern apprentices—and encourages all contractors and suppliers to do the same. Despite this, a greater proportion of local people earn below the living wage compared with Scotland as a whole, and the Council is committed to helping address this. The region is also benefiting from new economic opportunities, with investment in transport connectivity and business infrastructure, and place based investment across our communities.

Our £424 million ten-year capital programme, supported by many contracts and partnerships, is designed to make a meaningful difference to the lives of individuals, families, and communities across the region. Aligned to the priorities set out in the Council Plan, a central focus of this programme is taking proactive steps to tackle climate change and deliver a clean, green future. We are investing to improve health and wellbeing, support a vibrant and sustainable economy, create modern learning environments, empower communities, and ensure young people can fulfil their potential. We are also committed to investing in the operational estate that enables all Council services to function effectively.

Working with our community planning partners—including local housing associations, South of Scotland Enterprise (SOSE), NHS Borders and the third sector—will be essential as we address the region's challenges. Through strong collaboration, we can modernise the Council, harness the benefits of new technology through our partnership with IT provider CGI, and maximise the opportunities presented by both the City Region and Borderlands Inclusive Growth Deals and through the South of Scotland Regional Economic Strategy to bring new jobs and investment to our communities.

We want the Scottish Borders to remain a place where people choose to live, work, invest, study and play. Our ambition is to make Scottish Borders Council a fantastic place to work, an employer of choice, and an organisation that is effective, efficient, trusted and valued by the people we serve. We aspire to lead a digitally-enabled, smart rural region with the best quality of life in Scotland. This Capital Investment Strategy will play a key role in helping us realise that vision and ensuring we continue to play #Yourpart.

Euan Jardine
Leader
Scottish Borders Council

David Robertson
Chief Executive
Scottish Borders Council



INTRODUCTION

The Capital Investment Strategy sets out the long-term framework for planning and delivering capital investment, ensuring decisions are aligned with operational objectives and made with clear regard for stewardship, value for money, prudence, sustainability and affordability. The Strategy is structured around the six themes of the Council Plan, which shape our long-term capital priorities.

It provides a high-level view of how capital expenditure will support service priorities, how associated risks will be managed, and how investment will be governed and funded over time, forming the foundation of robust long-term capital planning.



IMPORTANCE OF THE CAPITAL INVESTMENT STRATEGY

The Capital Investment Strategy ensures our resources are directed towards projects that support the priorities within the Council Plan. Through capital investment, we aim to enhance quality of life across the Scottish Borders—tackling climate change, promoting good health and wellbeing, and fostering a vibrant, sustainable local economy.

We invest in assets that empower young people, strengthen communities, and enable effective partnership working. This includes investment in roads and bridges, digital technology for school children, new schools and early years facilities, dementia friendly care villages, and the wider operational estate that underpins all Council services.

We are working with communities to shape a place-based strategy that will support more effective decision making and ensure resources are used to best effect.

The importance of a comprehensive Capital Investment Strategy was underscored by CIPFA's revised Prudential Code (2017), which from 2019/20 requires all local authorities to produce such a strategy. It ensures that capital investment is aligned to organisational objectives, supported by sound borrowing, and grounded in robust financial management.

The Council recognises that capital investment proposals flow from local, regional, and national priorities, supporting the translation of corporate ambitions into deliverable projects. The Strategy and its revenue implications are central to medium and long-term financial planning. As highlighted in CIPFA's Capital Strategy Guidance (2021), capital strategy development represents best practice in long-term planning and should reflect a whole organisation approach to effective, long-term planning and investment.

Corporate Strategy Framework

The Capital Investment Strategy is an integral part of the Council's Strategic & Financial Planning Framework



PURPOSE OF THE CAPITAL INVESTMENT STRATEGY

A whole-organisation approach to long-term planning and investment is essential to delivering healthy, vibrant, green, and resilient communities and businesses across the region.

The Strategy considers the region's demographic outlook, including modest population growth and a significant increase in the proportion of residents aged 65 and over.

Key capital milestones in 2025/26 included:

- Practical completion of the Hawick Flood Protection Scheme, now progressing toward closure in 2026/27.
- Completion of Peebles High School (October 2025) with pupils attending from November 2025.
- Completion of Galashiels Academy (December 2025) with pupils attending from January 2026, and demolition/external works continuing until Autumn 2026.
- Progression of Hawick High School, with planning consent secured, enabling works complete, and demolition due to complete in 2025/26 ahead of construction through to 2027/28.

These milestones sit within a continuous programme of long-term investment; there is no single starting point. Decisions made in the past, present, and future must be shaped by a clear understanding of both the challenges we face and the opportunities ahead. This ensures our investment choices remain responsible, forward-looking, and aligned with the long-term needs of our communities. Long-term investment decisions must include:


- A long-term view of capital expenditure and financial risks
- Consideration of financing, affordability, and risk implications
- A clear overview of asset management and maintenance requirements
- Assessment of proposals against Net-Zero commitments and Scottish Government carbon management guidance

The Strategy supports informed decision making in delivering Capital Ambition, Best Value duties, and compliance with the Climate Change (Scotland) Act 2009.

MEDIUM TO LONG TERM FINANCIAL PLANNING

The Capital Strategy is supported by the Long-Term Financial Strategy (Revenue), which recognises the Council's significant financial challenges: national economic pressures, increased service demand, and the need to operate within tight fiscal limits. Ensuring a prudent, sustainable budget is essential to delivering value for money.

Demand for investment across the estate continues to exceed available resources. This makes careful prioritisation essential to ensure that capital funding is targeted toward projects that deliver the greatest value, address statutory or operational requirements, support climate and net zero



commitments, and align with the six themes of the Council Plan. Long-term financial planning ensures the Council can balance investment ambitions with affordability, sustainability and risk.

Funding for the Capital Investment Plan comes from various sources, including the Scottish Government (General Capital Grant and Specific Ring-Fenced Capital Grants), other external grants and contributions, development contributions, capital receipts from asset disposals, revenue contributions to capital, earmarked reserves, and borrowing. Where borrowing is required, the costs of that borrowing—loan charges—are met from the revenue budget. This means that every capital investment decision has a direct and long-term impact on the revenue position, and the affordability of future loan charges must be considered alongside all other revenue pressures.

Annual Scottish Government settlements limit certainty for medium and long-term planning; multi-year settlements would enhance stability.

Borrowing remains an important funding mechanism for major infrastructure, but affordability is influenced by interest rate movements and revenue capacity to fund loan charges. The Council continues to adopt a cautious approach to long-term borrowing, recognising the impact of economic volatility on long-term cost assumptions. The interaction between the Capital Investment Plan and the Treasury Management Strategy ensures that capital expenditure is planned alongside prudent borrowing, cash flow management and investment decisions.

ECONOMY

The UK economic environment continues to place pressure on the Council's capital programme. Though inflation is easing, construction costs remain high due to wage and material pressures. Borrowing costs, while reducing, remain above recent norms.

To mitigate these risks, the Council will:

- Prioritise essential and statutory projects to safeguard critical services.
- Seek external funding sources, including grants, partnerships, and development contributions
- Utilise government procurement frameworks to secure competitive pricing and manage cost volatility
- Enhance asset management to identify opportunities for disposal or re-purposing, reducing pressure on capital funding

ESTATE RATIONALISATION, OPTIMISATION AND DECARBONISATION

The Council's estate is a major asset supporting services across the region. Its size and dispersed nature create financial pressures and stretch maintenance resources. Challenges include condition, functionality, and backlog maintenance.

Direct carbon emissions are primarily linked to building energy use and transport. Estate rationalisation and optimisation will reduce emissions while enabling better targeting of operational and decarbonisation investment.

Our vision is a sustainable, efficient, right-sized, digitally enabled estate that meets community needs and supports joined up services.

A rolling programme of Condition and Suitability Surveys—covering operational properties, the Learning Estate, and Live Borders—provides contemporary data on building performance, condition, usability, energy consumption and CO₂e, safety, and accessibility. This informs decisions to retain, invest, divest, or dispose of our assets.

The Council is progressing a focused rationalisation strategy centred on:

- **Affordability:** right-sizing the estate
- **Rationalisation:** reducing underused and poor-condition assets
- **Optimisation:** making best use of retained buildings
- **Decarbonisation:** lowering emissions
- **Intervention:** addressing urgent issues



COUNCIL PLAN

The Council Plan from April 2026 sets out how we will seize opportunities and address challenges across the Scottish Borders, translating elected members' policies into actions that improve quality of life.

The Council's aims are set out in the Council Plan, and its six underpinning themes have shaped the structure of this Capital Investment Strategy. These themes provide a clear framework for demonstrating how our investment priorities align with, and directly support, their delivery:

- Clean, green future
- Fulfilling our potential
- Strong inclusive economy, transport and infrastructure
- Empowered, vibrant communities
- Good health and wellbeing
- Working together improving lives

The Plan acknowledges the need for collaboration given the impacts of the cost of living crisis, climate change, resource constraints, and rising expectations. Strong partnerships—with communities, families, public bodies, businesses, and third-sector groups—are essential.

Four working principles underpin its delivery:

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

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

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

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

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

CLIMATE CHANGE

The Council has declared a Climate Emergency, emphasising the need for action across individuals, communities, businesses, and public bodies. The Climate Change Route Map (CCRM) sets a pathway to Net Zero by 2045.

We measure and monitor organisational emissions within our carbon boundary. Key areas for reduction include building heat and fleet operations. Opportunities such as district heating and a potential heat network at Tweedbank are under active assessment.

Capital projects can have significant embodied and operational carbon impacts. Climate considerations are embedded at every stage—from pre-planning and options appraisal (including retrofit vs. new build) to end of life.

Recent school developments reflect this commitment, meeting Learning Estate Investment Programme (LEIP) standards for energy efficiency, embodied carbon, and zero-emissions heating. PV panels salvaged from Hawick High School will also be reused. Ongoing benchmarking and monitoring will be critical.





Clean Green Future Investment





GREEN ENERGY AND CLIMATE CHANGE

The Council continues to deliver significant carbon, cost and energy reductions through its long-standing Energy Efficiency Programme. Over several years, this programme has supported a wide range of projects, including solar PV installations, boiler replacements, LED lighting and insulation upgrades, heating control enhancements, and the expansion of electric vehicle charging infrastructure for both fleet and pool vehicles.

Working in partnership with Live Borders, the Council has also replaced inefficient end-of-life plant, delivering notable energy savings and improved environments for facility users. A range of funding sources support this work, including borrowing and SALIX funding.

In addition, the Council is leading a major initiative—facilitated by Changeworks—to reduce domestic energy consumption and tackle fuel poverty across the region.

Future projects will prioritise a hierarchy of measures that reduce energy demand and support decarbonisation, reflecting the approach approved by Council on 28 March 2024. Planned activity includes building and systems upgrades, adoption of renewable energy technologies and storage solutions, and continued transition away from carbon-intensive fuels such as heating oil. Work is also underway to strengthen benchmarking and monitoring of carbon reduction interventions.

PLANT & VEHICLE

The Capital Investment Plan provides an annual budget for the replacement of plant and vehicles reaching the end of their useful life, funded through depreciation charges applied to service revenue budgets.

The Council operates a fleet of around 450 vehicles, 60 hired vehicles, and approximately 750 pieces of plant. Key priorities are to reduce fleet size, improve operational efficiency, and lower environmental impact.

A new 10-year replacement model - aligned with the Capital Investment Plan—is being finalised to ensure future requirements reflect evolving service needs. The model will also outline the revenue implications of replacements, giving a clearer view of future funding needs.

Despite significant investment over the last three years, a proportion of the fleet remains beyond its expected replacement life, creating risks for frontline service delivery. Older vehicles reduce reliability, increase service disruption and customer complaints, place pressure on maintenance teams, raise hire and repair costs, and negatively affect staff morale. The replacement model is therefore critical to ensuring long-term service resilience and financial sustainability.

New fleet management software introduced in 2024/25 is supporting data driven decision making by providing real-time information on total cost of ownership, optimal replacement points, and

utilisation trends. This enables proactive fleet rationalisation and cost control.

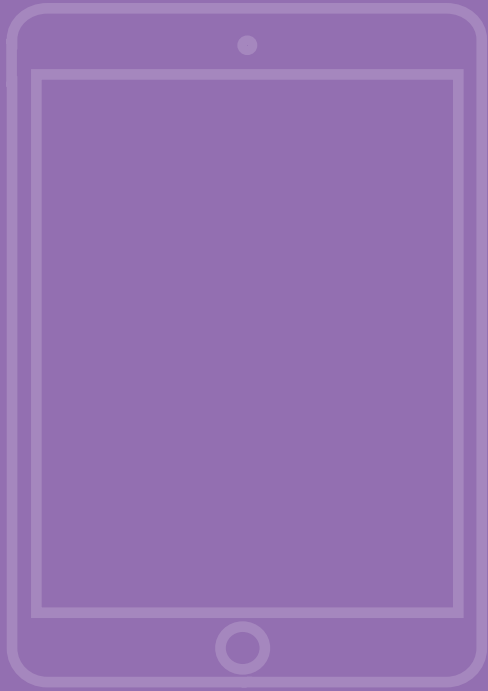
The Council continues to work towards Scottish Government commitments to:

- phase out petrol and diesel cars from the public sector fleet, and end the purchase of new petrol and diesel light commercial vehicles (under 3.5-tonnes) by 2025
- phase out the purchase of new petrol and diesel vehicles over 3.5-tonnes by 2030

To date, progress has focused on vehicles under 3.5-tonnes, in line with other local authorities. Transitioning heavier vehicles remains challenging due to technology maturity, infrastructure requirements and cost pressures, particularly in rural areas. These shared constraints mean most Scottish councils are unlikely to meet the 2025 or 2030 deadlines. Audit Scotland also recently reported that the national target to reduce car kilometres by 20% by 2030 is unlikely to be achieved, citing lack of leadership and a clear implementation plan.

Currently, 33% of the Council's sub 3.5-tonne fleet is electric or hybrid (62 EVs and 35 hybrids), supported by 126 charging points. As traditional vehicles are phased out, the Council will continue to expand charging infrastructure to meet demand.





Fulfilling our Potential





LEARNING ESTATE

Investment in the Learning Estate represents one of the most significant components of the Council's Capital Investment Plan, reflecting both the scale of the asset base and the long-term educational, economic and community benefits delivered through modern, sustainable facilities. The Council's ambition is to deliver a learning estate that supports long-term educational, social, environmental and economic outcomes, ensuring that every learning environment enables children and young people to thrive through high-quality, inclusive and future-focused spaces.

A comprehensive Learning Estate Strategy will continue to assess each asset's long-term purpose and value, including suitability, occupancy, condition, digital-readiness and carbon performance. This ensures that investment decisions reflect national policy, lifecycle considerations and the Council's ambition for a flexible, digitally enabled, low-carbon estate. Future prioritisation will be driven by evidence-based assessment, including condition and suitability data, lifecycle costs, statutory requirements, and alignment with the Council Plan themes.

Given finite capital and revenue resources, investment will focus on maximising educational benefit, addressing the poorest-performing buildings, and consolidating provision to deliver a coherent, right-sized and financially sustainable estate. Whole-life cost analysis will continue to inform project development to ensure that capital spending supports long-term operational efficiency, revenue affordability and carbon reduction commitments.

Significant progress has already been made in replacing life-expired schools, delivered in partnership with the Scottish Government and the Scottish Futures Trust. Building on this foundation, a clear strategic roadmap—covering planned investment, rationalisation, disinvestment and early learning and childcare expansion—will guide future decisions and ensure the estate continues to evolve with the needs of learners, families and communities.

A number of major projects are complete or nearing completion, including Earlston Primary School, Peebles High School and Galashiels High School, with external works continuing into 2026. Early learning and childcare expansion continues to support approximately 1,700 children through newly delivered and improved nursery spaces, with further opportunities under review.

Future projects in the Capital Investment Plan include the replacement of Eyemouth Primary School and the development of a new Early Years and Family Centre in Eyemouth, which remains a key priority, with allocated funding due to be expended by March 2027. The Council will work closely with the Eyemouth community to refine and assess options before returning updated proposals. The redevelopment of Hawick High School—supported by an approved budget of £55.9m—is progressing, with completion anticipated in 2027 and landscaping works in 2028.

Together, these completed and planned investments form a long-term programme of continuous improvement, ensuring children and young people across the Scottish Borders benefit from learning environments that are modern, resilient, and fit for the future.



Strong Inclusive Economy, Transport and Infrastructure



BUSINESS ENVIRONMENT

Large parts of the Scottish Borders economy remain underdeveloped compared to Scotland as a whole. Major employers continue to include the public sector and traditional industries such as forestry, farming and fishing, particularly in Berwickshire.

Although unemployment is low, the region still experiences some of the lowest wages in Scotland, alongside persistent fuel poverty and deprivation in several communities. The Council is committed to unlocking the area's latent economic potential and will use its capital programme to stimulate growth through coordinated intervention, development and collaboration across agencies.

As one of five partner authorities in the Borderlands Inclusive Growth Deal, the Council is delivering a programme of investment aligned to four strategic themes: Enabling Infrastructure, Improving Place, Supporting Business, Innovation & Skills, and Encouraging Green Growth. Project business cases will draw Scottish and UK Government investment into the region through to 2032.

Key initiatives include:

Mountain Bike Innovation Centre and Adventure Bike Park – £19m

A world-class research, innovation and testing facility at Innerleithen, supported by SOSE, complemented by a purpose-built bike park for real-world product testing and tourism growth. An additional £1m will enhance the 7 Stanes network at Newcastleton.

Tweed Trail (Destination Tweed Programme) – £14.5m

Including £10m Borderlands funding, this programme will enhance the area's outdoor assets and create a 113 mile walking and cycling trail from Moffat to Berwick-upon-Tweed. Work began in 2023 and will continue to 2028.

Place Programme – £7.2m

Investment in Eyemouth, Galashiels, Jedburgh and Hawick between 2027–2032. Each town will receive up to £1.8m to support long-term sustainability through coordinated, community led Place Plans and Borderlands Town Investment Plans.

Business Infrastructure Programme – £3m

Delivery of new industrial units, with the Coldstream site nearing completion and tenant marketing underway. A second site in Hawick will progress to Full Business Case in 2026.

Natural Capital – £2m

Including £1m capital investment to support clean growth, rural economy development and sector strategies through six pilot projects across the South of Scotland.

Skills and Learning Network – £7m

Supporting emerging sectors such as transport and energy storage, sustainable construction, advanced manufacturing, renewable technologies, agri-tech and data science.

Digital and Energy Projects – £9.45m and £3.6m

Supporting economic growth, improved connectivity and Net Zero ambitions.

TWEEDBANK EXPANSION

In 2018, the Council purchased the Lowood Estate adjacent to Tweedbank and the Borders Railway terminus. Masterplanning is now complete and the 120 acre site provides significant potential for mixed-use development, including new housing, care facilities, offices and light manufacturing.


A key component will be a new Care Village comprising ten self contained houses for up to six residents each, providing 24 hour care. The village will incorporate treatment spaces, retail/café facilities and recreational areas to serve residents, families and the wider community. The ethos is a “village within a village”, offering integrated, community focused support rather than institutional care.

The site also has potential to provide specialist accommodation for care experienced children and young people, supporting the Council’s 2024 commitment to a system level transformation of services for children with complex needs. This work will inform proposals for dedicated facilities at Tweedbank.

The Care Village project is progressing towards financial close, with construction scheduled to begin in February 2026 and completion by June 2027. The Council is also working with investors and developers to explore partnership delivery of the first and later phases of housing, with a proposal due for consideration by Members during 2026.

Tweedbank is one of seven strategic sites identified for delivery through the Edinburgh and South East Scotland City Region Deal. A Business Case will be developed during 2026 to facilitate an initial phasing of housing and will be presented to Council and the Scottish Government.

The Council is a partner in the Edinburgh and South East Scotland City Region Deal—a collaboration between the Scottish and UK Governments, five local authorities and the university sector.



As part of the Deal, the Borders Innovation Park, situated next to the Borders Railway terminus at Tweedbank, will deliver much-needed high quality business space to the Scottish Borders. Costing £29 million, the project will be completed in three phases. It will stimulate business growth and associated job creation, enhancing the area's inward investment offer, particularly to high-value sectors, as well as assisting existing businesses to improve their competitiveness. It will also help to address inequalities in the area through providing access to better quality, higher paid jobs.

The first building in Phase 1 opened in July 2022 and is now fully occupied. Phase 2 will consist of an extension to the Phase 1 building that is due to be completed by July 2026 and will be able to accommodate up to four businesses. Phase 3, for which road and service infrastructure have already been approved, will be the subject of a revised Full Business Case later in 2026.

COMMUNITY REGENERATION PROGRAMME

Launched in April 2025, the Community Regeneration Programme is delivering £20m capital and £250k revenue investment across 24 projects and programmes. The programme focuses on removing structural barriers to labour market participation, reducing inequalities and strengthening physical connectivity across the region.

The Programme has already delivered significant upgrades including additional services and hiring more drivers to support the rural network. Various infrastructure projects including new business units in Eyemouth, safeguarding an important high street asset in Jedburgh, significant brownfield site developments in Hawick and cultural facilities in Galashiels supporting town centre regeneration and community partnership delivery.

DIGITAL TRANSFORMATION

Digital transformation is a critical enabler of the Council's ambition to become the UK's first Smart Rural Region, supporting modern, efficient and resilient services across the Scottish Borders. Through our long-term partnership with CGI, the Council has strengthened its digital estate, investing in enhanced connectivity, cloud-based platforms, modern devices and data-driven tools that improve service quality and operational performance.

Major improvements—including upgraded school connectivity to support Inspire Learning, refreshed corporate and curricular hardware, cloud migration of core business systems, and enhanced digital tools for Social Care—have modernised the organisation and enabled more responsive, flexible and mobile service delivery.

Future investment will focus on strategic enablers that maximise long-term value and support Council Plan priorities. Key areas include strengthening regional connectivity to enable Internet of Things applications, embedding digital innovation in new and existing school estates, expanding mobile and enterprise tools across frontline services, and continuing the transition to cloud-based systems. These developments will enhance service resilience, improve data insights, and ensure the Council remains digitally capable and future ready.

CONNECTIVITY PHYSICAL INFRASTRUCTURE – ROAD AND RAIL

The Council is responsible for the maintenance and management of around 3,000km of carriageway and associated infrastructure, which is critical to keeping the region connected and supporting the local economy.

The ten-year Capital Investment Plan recognises the need for continued investment in roads, pavements and bridges. Digital tools and Scottish road condition survey data now support improved decision making and prioritisation. Recent investment in the JCB Pothole Pro enables first-time-fix repairs on strategic routes, improving durability and efficiency of reinstatements.

The Council also supports wider transport investment, including multi-use paths and active travel connections. Officers regularly work with Transport Scotland, Sustrans and SOSE to secure grant funding for walking, cycling and horse-riding routes, providing valuable traffic free links for communities and visitors.

Rail connectivity remains an important driver of economic growth. The Borders Railway, opened in 2015, providing a 55 minute link to Edinburgh. Reston Station, opened in 2022, supporting longer term development across Berwickshire. The Council remains committed to the extension of the Borders Railway from Tweedbank to Carlisle via Hawick and continues to work with partners to progress this project.





Empowered, Vibrant Communities





TOWN CENTRES AND TOURISM

The Council has a strong and sustained record of investing in the regeneration of town centres, recognising their critical role in supporting economic vitality, local identity and community well-being. Improvements delivered in Melrose, Kelso, Selkirk and Jedburgh—and planned investment in Hawick, Galashiels and Eyemouth—demonstrate a long-term commitment to creating attractive, accessible and economically active places.

This programme of sustained regeneration has been recognised nationally, contributing to the Scottish Government's decision to establish a £50m fund for further urban improvement, which the Council will seek to access as opportunities arise. Continued investment will support stronger, more resilient town centres and help address the structural challenges faced by many communities.

In Galashiels, the major investment in the Great Tapestry of Scotland project—repurposing a long-vacant historic building—exemplifies the Council's approach to leveraging cultural assets to stimulate economic activity, complementing earlier transport and gateway improvements delivered through the Borders Railway. Opportunities to strengthen the town's visitor economy further, including the exploration of a hotel operator partnership, remain under active consideration.

Several towns, particularly Hawick, continue to face persistent challenges associated with declining industrial buildings, including former textile mills. The scale, cost and complexity of repurposing these structures present significant long-term financial and feasibility considerations. Addressing these issues will require a coordinated and evidence-based approach within the wider capital programme to ensure sustainable regeneration and the best long-term outcomes for communities.

WASTE MANAGEMENT

The Council remains a leading rural authority in Scotland for recycling and landfill diversion, reflecting a long-standing commitment to sustainable waste management. Recent operational pressures, including reduced pre-treatment capacity from the contracted residual waste treatment provider, have temporarily increased direct-to-landfill tonnage and impacted performance. Interim arrangements with an alternative provider are now in place, but pre-treatment limitations continue to present challenges.

The Waste Management service operates within a rapidly evolving legislative and policy landscape, with significant regulatory change anticipated between 2024 and 2030. Requirements arising from SEPA guidance on Persistent Organic Pollutants, forthcoming UK-wide measures such as Extended Producer Responsibility and the Deposit Return Scheme, and the Scottish Government's Circular Economy Act and Route Map will all drive changes to service design, operational processes and infrastructure. The forthcoming ban on biodegradable municipal waste to landfill and the introduction of digital waste tracking further underline the need for modern, adaptable systems.

Local demographic and operational pressures—including rising household numbers, increased assisted collection demand, HGV driver shortages and escalating vehicle costs—continue to place strain on service sustainability. With a new refuse collection vehicle now exceeding £250k, there is an increasing need for long-term fleet renewal planning aligned to capital affordability.

Meeting these challenges will require ongoing investment in resilient, low-carbon waste systems, modernised infrastructure and data-driven operational models. The Capital Investment Strategy therefore places a strong emphasis on ensuring that waste services remain compliant, efficient and environmentally responsible, supporting national policy objectives, carbon reduction commitments and the needs of a growing and ageing population.

HOUSING SUPPLY

Although the Council does not directly own housing stock, it retains statutory responsibility for strategic housing supply. Working closely with the Scottish Government and Registered Social Landlords (RSLs), the Council delivers the annual Strategic Housing Investment Plan (SHIP).

Since 2007, the Council and its partners have delivered 1,996 new affordable homes, including both social rent and mid-market rent properties. The SHIP 2026–2031 outlines how a range of funding streams can be combined to meet Scottish Borders' affordable housing needs and contribute to the outcomes of the Local Housing Strategy 2023–2028.


The current Housing Supply Target is 353 homes per year, including 141 affordable homes. Across 2026–2031, the SHIP identifies potential for up to 1,061 affordable homes.

To support delivery, the Council allocates a portion of Second Homes Council Tax for affordable housing, including extra care housing, and also utilises Affordable Housing Policy development contributions.

PARKS AND OPEN SPACES

Parks and open spaces play a vital role in supporting biodiversity, improving health and wellbeing, and strengthening community cohesion across the Scottish Borders. The Council continues to prioritise long-term investment in these assets to ensure they remain high-quality, accessible and resilient spaces that meet the needs of residents and visitors.

The Play Areas and Outdoor Community Spaces programme has delivered significant improvements across a wide range of sites, enabling local groups to secure additional external funding and deliver community-led enhancements. Flagship projects—such as the award-winning restoration of Wilton Lodge Park—demonstrate the value of sustained partnership working and targeted capital investment.



Recent and planned improvements, including new playparks, skateparks and multi-use games areas across multiple towns and villages, reflect the Council's commitment to inclusive play, outdoor learning and accessible recreation.

Continued investment through the Nature Restoration Fund is expanding biodiversity initiatives, including the Pollinators along the Tweed programme, which is strengthening pollinator networks, supporting education and volunteering, and promoting long-term environmental resilience.

The Capital Investment Strategy will continue to support a coordinated, place-based approach to parks and open spaces, ensuring investment delivers community benefit, enhances environmental quality and aligns with the Council Plan themes of wellbeing, sustainability and vibrant, empowered communities.

SPORT, LEISURE & CULTURAL SERVICES

The Council continues to invest in the sustainability and modernisation of sport, leisure and cultural services to ensure they remain accessible, high-quality and financially resilient. Since 2023, the Joint Transformational Change Programme has driven organisational redesign, service improvement and targeted capital investment to strengthen the long-term viability of facilities operated by Live Borders.

Council approval in November 2025 has enabled a programme of change focused on improved operational performance, enhanced customer experience and more efficient use of the estate. Up to £5.2m of capital investment is planned across 2026/27 and 2027/28 to support these ambitions, including upgrades to key Council-owned facilities to improve participation, service quality and income generation.


The Council also provides funding for Live Borders properties and an annual capital grant to Berwickshire Recreation Education Sports Trust supporting compliance and incremental enhancement of their facilities. This ongoing investment contributes to wider wellbeing, inclusion and economic vibrancy, aligning with Council Plan priorities and supporting a healthier, more active population.

The Capital Investment Strategy will continue to prioritise a coordinated and sustainable approach to sport, leisure and cultural assets, ensuring investment decisions maximise community benefit, strengthen service resilience and deliver long-term value.



Good Health and Wellbeing





The Council continues to invest in modern, sustainable care infrastructure to meet the needs of an ageing population and support improved health and wellbeing outcomes across the Scottish Borders. The Integrated Strategic Plan for Older People's Housing, Care and Support (2018–2028) provides the long-term framework for this investment, delivered through the Integrated Health and Social Care Partnership and overseen by the Integration Joint Board (IJB).

Major capital projects—including new care villages at Stirches, Hawick and within the Lowood Estate at Tweedbank—will provide high-quality, modern accommodation designed to enhance dignity, independence and quality of life. Subject to planning approval, construction of the Tweedbank facility is expected to begin in 2025, providing accommodation for up to 60 residents alongside social enterprise-led services. The Hawick Care Village remains a key future investment within the Capital Plan for 2027/28.

Digital transformation continues to play a critical role in strengthening service delivery. Since 2023, investment in mobile technology, dynamic scheduling and real-time recording has improved safety, efficiency and responsiveness across Social Care. Further digital enhancements in care homes—including personalised devices for residents and modernised care planning and medication systems—are supporting better communication, improved user experience and more efficient operations.

Supporting people to live independently remains central to the IJB strategy. The Council continues to invest in aids and adaptations across public and private housing, ensuring residents can remain safely in their homes for as long as appropriate, reducing pressure on acute services and contributing to long-term financial sustainability.

Together, these investments strengthen the region's care infrastructure, enhance service resilience and support the Council Plan's commitment to improving health, wellbeing and quality of life for all residents.



Working Together to Improve Lives





STRATEGIC ASSET MANAGEMENT

The Council manages a significant and diverse operational estate, and effective asset management remains essential to ensuring long-term financial sustainability, service resilience and alignment with strategic priorities. The Estates Strategy provides a clear framework for investment, maintenance and rationalisation, enabling a consistent, evidence-based approach to managing the property portfolio.

Regular condition and suitability assessments, supported by engagement with service users, ensure that buildings remain safe, functional and aligned to community needs. Work continues to strengthen energy performance across the estate, including development of a Building Energy Management System to support carbon reduction commitments.

The creation of an integrated asset management dashboard—aligned with the PMO-led capital planning dashboard—enhances transparency and supports more robust decision-making by bringing together key data on condition, utilisation, lifecycle requirements and investment needs. This integration ensures strong alignment between operational asset management and delivery of the Capital Investment Plan.

OFFICE ACCOMMODATION

The Council is progressing a long-term programme of office consolidation and modernisation to support agile working, enhance service efficiency and reduce operational costs. Targeted refurbishment at key locations—including Council Headquarters, Hawick High Street and Galashiels Paton Street—has enabled the closure and disposal of several underutilised buildings, releasing capital value and reducing the estate footprint.

Future work across the remaining office estate will focus on data-driven rationalisation, improved space utilisation and energy efficiency. Opportunities for co-location with public sector partners will continue to be pursued in line with Scottish Futures Trust guidance, ensuring more effective use of shared public assets and improved access to services for communities.

DEPOT RATIONALISATION

The Council operates a network of depots that are essential to frontline service delivery. However, several facilities are now underutilised or no longer fit for purpose. A comprehensive assessment of the depot estate will be undertaken to prioritise essential investment in facilities critical to health, safety and operational continuity, while identifying opportunities for disinvestment that deliver long-term financial and operational efficiencies.

Depot rationalisation will remain a key consideration within the Capital Investment Plan during 2026, ensuring that future investment supports a resilient, modern and efficient operational estate capable of meeting service demands.

TREASURY MANAGEMENT STRATEGY

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

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

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

The Council is currently borrowing less than it needs to. Instead of taking out loans to cover all its capital spending, it is temporarily using available cash from its reserves, balances, and day-to-day cash flow. This approach is considered sensible because interest rates for longer-term borrowing are expected to fall once inflation comes down and short-term monetary policies tighten. Borrowing later, when rates are lower, should save the Council money.

The Treasury Management strategy can be found on our website.



GOVERNANCE

The Capital Investment Strategy underpins the Council's ten-year Capital Investment Plan and Treasury Management Strategy. It is reviewed annually and presented as part of a suite of budget papers for Council approval. In approving the Capital Investment Plan, the Council applies the principles of CIPFA's Prudential Code and Code of Practice for Treasury Management through the Treasury Strategy. This ensures a long-term approach to financial planning that considers affordability, prudence, sustainability and the impact of capital decisions on revenue budgets.

Directorates are responsible for monitoring capital projects and delivery against the Capital Investment Plan. Progress updates and requests for budget changes are reported quarterly to the Executive Committee for approval. Full details of the Governance and approval process for Capital can be found in the Financial Regulations.

Looking ahead, governance will continue to evolve through enhanced risk management, improved transparency, and stronger integration with strategic priorities to ensure capital investment delivers maximum value.

PROJECT GOVERNANCE

Strong governance and control measures remain central to delivering best value from the Council's capital budgets. The Capital Projects Programme Management Office (PMO), established in 2023, provides strategic oversight, ensuring capital projects align with Council Plan outcomes and service risk priorities.

The PMO will continue to strengthen its role by driving a value-based approach to capital investment, focusing on:

- **Embedding robust, evidence-based business cases** for all projects, ensuring decisions are supported by clear financial, operational, and community benefit analysis.
- **Maintaining a prioritised project pipeline** linked to strategic objectives and risk profiling, enabling agile responses to emerging priorities.
- **Improving decision-making through real-time data**, including cost tracking, interdependencies, and resource deployment, to optimise delivery and reduce risk.
- **Enhancing transparency and reporting** via Key Project Dashboards, providing clear visibility of progress, risks, and performance to stakeholders.

The Council is transitioning from traditional block allocations to a value-driven prioritisation framework, ensuring capital is deployed based on strategic, operational, and community benefit through phased funding releases. This approach will allow greater flexibility in responding to economic pressures and service demands.

This Capital Investment Strategy embeds the Place Principle at its core, ensuring investment decisions not only address asset condition and capacity but also deliver high-quality, people-centred places. Each infrastructure theme is assessed for its contribution to town centre renewal, climate resilience, local identity, economic vitality, and community wellbeing.

Governance oversight is provided by the Capital Investment Programme Board, which acts as a gatekeeper for major projects and scrutinises their contribution to a clean, green future. This integrated governance model ensures that every investment decision supports long-term sustainability, financial resilience, and alignment with Council priorities.

SKILLS AND TRAINING

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. These officers maintain up to date knowledge of capital and treasury issues through attendance at technical seminars, such as CIPFA Training, and by engaging external advisers and consultants when specialist technical advice is required.

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

To strengthen governance and decision-making, all Elected Members receive training in capital, revenue, and treasury management as part of their induction, supporting informed scrutiny and accountability.

You can get this document on audio CD, in large print, and various other formats by contacting us at the address below. In addition, contact the address below for information on language translations, additional copies, or to arrange for an officer to meet with you to explain any areas of the publication that you would like clarified.

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