



Levelling Up Fund Application Form

This form is for bidding entities, applying for funding from the Levelling Up Fund (LUF) across the UK. Prior to completing the application form, applicants should read the [LUF Technical Note](#).

The Levelling Up Fund Prospectus is available [here](#).

The level of detail you provide in the Application Form should be in proportion to the amount of funding that you are requesting. For example, bids for more than £10m should provide considerably more information than bids for less than £10m.

Specifically, for larger transport projects requesting between £20m and £50m, bidding entities may submit the Application Form or if available an Outline Business Case (OBC) or Full Business Case (FBC). Further detail on requirements for larger transport projects is provided in the [Technical Note](#).

One application form should be completed per bid.

Applicant & Bid Information

Local authority name / Applicant name(s)*: [The Highland Council](#)

**If the bid is a joint bid, please enter the names of all participating local authorities / organisations and specify the lead authority*

:

Country:

England

Scotland

Wales

Northern Ireland

For bids from **Northern Ireland applicants** please confirm type of organisation

Northern Ireland Executive

Third Sector

Public Sector Body

Private Sector

District Council

Other (please state) |

PART 1 GATEWAY CRITERIA

Failure to meet the criteria below will result in an application not being taken forward in this funding round

<p>1a Gateway Criteria for all bids</p> <p>Please tick the box to confirm that your bid includes plans for some LUF expenditure in 2021-22</p> <p><i>Please ensure that you evidenced this in the financial case / profile.</i></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
<p>1b Gateway Criteria for private and third sector organisations in Northern Ireland bids only</p> <p>(i) Please confirm that you have attached last two years of audited accounts.</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
<p>(ii) Northern Ireland bids only Please provide evidence of the delivery team having experience of delivering two capital projects of similar size and scale in the last five years. (Limit 250 words)</p>	

PART 2 EQUALITY AND DIVERSITY ANALYSIS

2a Please describe how equalities impacts of your proposal have been considered, the relevant affected groups based on protected characteristics, and any measures you propose to implement in response to these impacts. (500 words) 499

The Council aims to promote a fairer, inclusive Highland where everyone can feel part of the Highland community and plans to make improvements through developing key equality outcomes for staff and customers. It has developed a set of positive outcomes that impact on people on the basis of disability, race, gender reassignment, age, marriage and civil partnership, pregnancy and maternity, religion or belief, sex, and sexual orientation.

Equalities impacts of each of the proposals have been considered since project inception with the Council Policy being a key guide alongside consideration of any disproportionate impacts on equality based on the protected characteristics.

An Equalities Impact Assessment (EQIA) has been undertaken for each of the projects (see Appendix 2.a.i). Each project has the potential to significantly improve disabled access to key facilities, used by locals and visitors and to ensure they provide access to all. There are also opportunities to promote equality through delivering services in inclusive and welcoming environments.

To support the assessment, for each of the projects:

- All previous feasibility/project studies/ project workshop and consultation notes have been reviewed with a focus on any issues relating to the protected characteristics being raised as concerns.
- The EQIA has been discussed with the Council's Head of Policy and Reform and Principal Policy Officer (Equalities) and High Life Highland, who will be responsible for the management of the facilities and are committed to promoting equality of opportunity for all. Ref: HLH's Equal Opportunities Policy, Company Role Model Behaviours Framework and Staff Code of Conduct (see Appendix 2.a.ii).

The conclusion is that the projects have the potential to significantly improve disabled access and deliver culture and sporting facilities in an inclusive and welcoming environment. There is no disproportionately negative impact anticipated on any of the protected characteristic groups.

Key points to note from the EQIA assessments:

- The Castle is the most advanced project with a detailed EQIA undertaken, focusing on a) the design and b) the operation of the facilities. The Design and Access Statement (available on request) highlights a comprehensive strategy to substantially improve universal access within and around the buildings. It considers 'access' in the global sense, taking cognisance of all impairments and disabilities which can affect mobility, sight, sound, touch and cognitive function. This extends to inclusivity of all age, ethnicity and gender groups. The aim is to make as much of the existing buildings and external landscape universally accessible as possible. Nairn Access Panel were invited to review plans and visit the site to provide input into the design development; their feedback report was a) very positive and b) has had a key influence on the design development.

- For Northern Meeting Park and Bught Park, the key focus will be ensuring that these facilities provide safe community spaces, ensuring the infrastructure and operation maximises attendance and participation from all groups. The design and operational phases will be focused on actively reducing inequality and there will be continued engagement and consultation to ensure an inclusive approach, engaging with equality groups.



When authorities submit a bid for funding to the UKG, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within five working days of the announcement of successful bids by UKG. UKG reserves the right to deem the bid as non-compliant if this is not adhered to.

Please specify the weblink where this bid will be published:

<https://www.highland.gov.uk/>

PART 3 BID SUMMARY

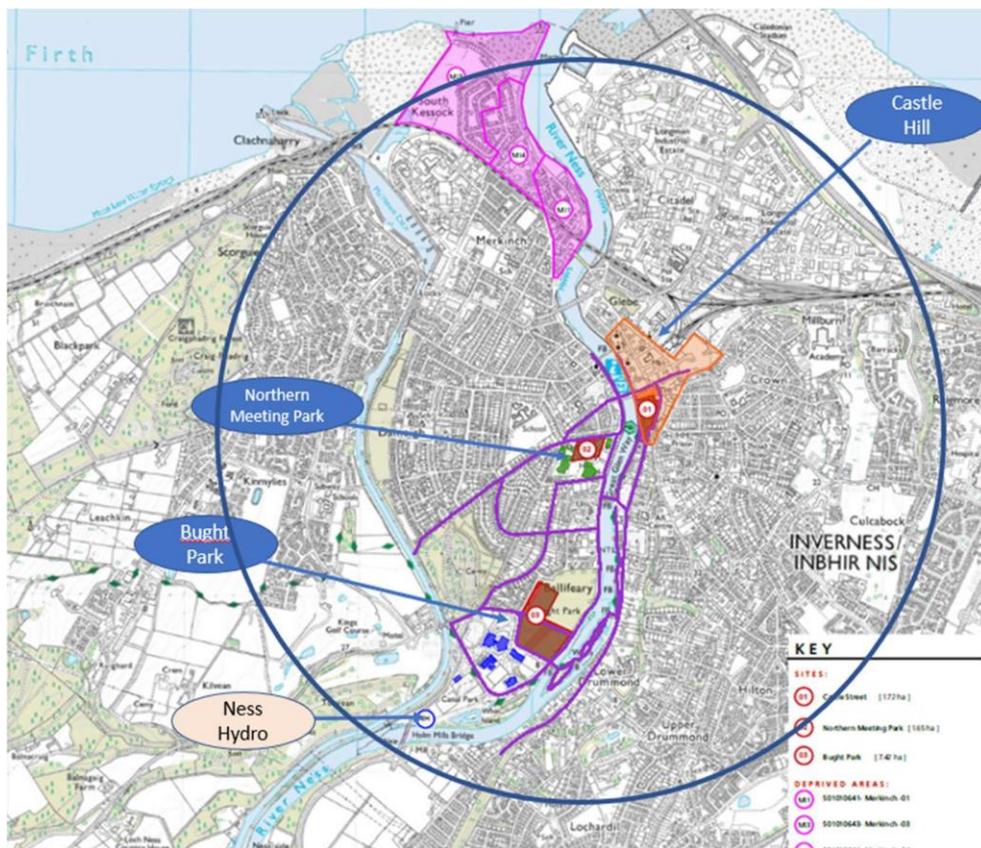
3a Please specify the type of bid you are submitting

Single Bid (one project)

Package Bid (up to 3 multiple complimentary projects)

3b Please provide an overview of the bid proposal. Where bids have multiple components (package bids) you should clearly explain how the component elements are aligned with each other and represent a coherent set of interventions (Limit 500 words). 498

Inverness Zero Carbon Cultural Regeneration combines three independent, complementary projects that will drive the environmental, cultural and economic regeneration of Inverness. The projects, located along the river in the heart of the city, in areas of deprivation, will provide transformational opportunities for both residents and visitors at a local, regional and national level.



Three related culture-led initiatives with integrated renewable energy sources will deliver economic benefits to local businesses and help meet the Governments' zero-carbon targets ahead of schedule.

Project 1: Inverness Castle Hill – in the city centre, creating a must-visit area for both residents and visitors. Key interventions:

- **Culture:** Redevelopment of Inverness Castle as a major visitor attraction. The introduction of an innovative waste water heat recovery energy centre, also a visitor facility in its own right.
- **Economy:** Bringing overnight and day visitors into the heart of the city, over 500,000 visitors annually. Increased business activity and jobs, and private sector investment into the city.
- **Net Zero:** Inverness Energy Centre 1: Waste-Water Heat Recovery providing heat energy for the Castle and scalable to supply other adjacent properties.



Project 2: Northern Meeting Park – historic location and largest green space in the heart of Inverness, home to the city’s Highland Games since 1864. The facilities require significant intervention to ensure continuity of provision to local communities:

- **Culture:** Redevelopment of the historic home of the Highland Games to allow celebration of the Games regionally and nationally. Development of new pavilion and event infrastructure (complementing Scotland’s largest Arts Centre, Eden Court directly adjacent to the site) up to 10,000 capacity.
- **Economy:** Maximising resident/community footfall to new cultural opportunities in the city centre; resulting in over 70,000 visitors annually.
- **Net Zero:** Inverness Energy Centre 2: Ground Source Heat Ambient Loop providing heat energy for Northern Park Grandstand and Pavilion and scalable to supply other adjacent properties.



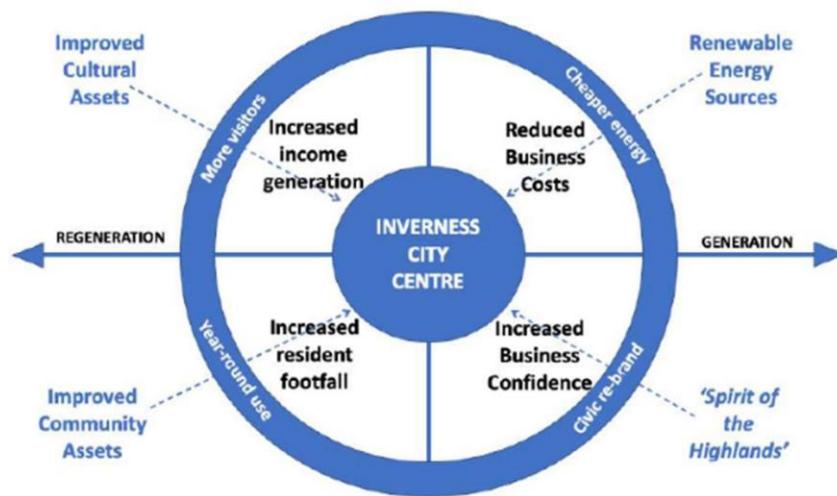
Image: Northern Meeting Park

Project 3: Bught Park Stadium Complex – centre of a suite of sports and leisure facilities and home to the Highland’s indigenous sport – shinty. Currently the principal venue for commercially driven outdoor concerts and major events in the city. The facilities lack the infrastructure required to drive footfall and revenue and are in danger of becoming unavailable for use.



- **Culture:** Redevelop historic home of shinty with refurbished grandstand (incl. improved changing, spectator facilities), an interactive museum of shinty and event infrastructure to facilitate more large-scale outdoor events (up to 20,000 capacity).
- **Economy:** Increasing range and number of annual major events in the city, resulting in over 180,000 visitors annually.
- **Net Zero:** Inverness Energy Centre 3: Ground Source Ambient Loop providing heat energy to the Grandstand, Museum of Shinty, welfare facilities & scalable to supply other adjacent properties.

The proposal presents three strategically aligned, complementary projects that significantly impact the regeneration and cultural offer in the city.



Additional documents included in appendix 3.b.i and 3.b.ii provide further narrative on the combined proposition, from the initial concept stages (The Green River). All projects are ready to start in 21/22.

3c Please set out the value of capital grant being requested from UK Government (UKG) (£). This should align with the financial case:		£19,856,253
3d Please specify the proportion of funding requested for each of the Fund's three investment themes	Regeneration and town centre	60%
	Cultural	40%
	Transport	0%
PART 4 STRATEGIC FIT		
4.1 Member of Parliament Endorsement (GB Only)		
See technical note section 5 for Role of MP in bidding and Table 1 for further guidance.		
4.1a Have any MPs formally endorsed this bid? If so, confirm name and constituency. Please ensure you have attached the MP's endorsement letter.		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Drew Hendry, Member of Parliament for Inverness, Nairn, Badenoch and Strathspey has confirmed his priority support for the Inverness Zero Carbon Cultural Regeneration proposal. Drew's endorsement letter is included in Appendix 4.1.a.i.		
4.2 Stakeholder Engagement and Support		
See technical note Table 1 for further guidance.		
4.2a Describe what engagement you have undertaken with local stakeholders and the community (communities, civic society, private sector and local businesses) to inform your bid and what support you have from them. (Limit 500 words) 500		
<p>There has been significant engagement over the last 7 years related to the cultural needs of the city. In addition, bespoke consultation has been undertaken for the three individual projects.</p> <p>A stakeholder engagement plan details the aims, methods and logistics for communication with each group. A detailed calendar of engagement is prepared on a regular basis, currently each quarter.</p> <p>Consultees have included:</p> <ul style="list-style-type: none"> Local resident and stakeholder public consultation through an exhibition, associated web consultation and e-flyer to existing mailing lists to ascertain the views of the public on proposals for the future use of Castle Hill area. A questionnaire was also distributed, 302 responses were received. Local stakeholders for Northern Meeting Park e.g. Ballifeary Community Council, Inverness Cricket Club, Eden Court theatre, Inverness Heritage Trust Local stakeholders for Bught Park via telephone, video conference consultations and workshop with 12 organisations. This included Ballifeary Community Council, Camanachd Association, High Life Highland, Highland Hockey, Highland Wildcats, Inverness 		
<div style="border: 1px solid black; padding: 5px;">  <p>Malcolm Macleod Executive Chief Officer – Infrastructure and Environment Highland Council HQ Glenurquhart Road Inverness IV3 5NX</p> <p style="text-align: center;">Bught Park - Levelling Up Shinty Support</p> <p>Dear Malcolm</p> <p>The Camanachd Association, as the World Governing Body for Shinty, would like to confirm its full support for the Highland Council 'Levelling Up' funding application which includes the Bught Park facilities.</p> <p>The sport of Shinty is Scotland's most iconic and historic team sport. The Bught Park is seen by people around the world as the home of Shinty and represents a significant connection to our culture and our heritage.</p> <p>The Bught Park is the home of shinty year-round. The bulk of shinty use of the Bught Park comes from Inverness Shinty Club who are a member club of the Association and a registered charity. The club has a very strong base of participation across Inverness (from primary age school children to senior players). The Club deliver sessions across Inverness on a daily basis and use the site regularly throughout the week. While not all of these sessions take place at Bught Park more would take place if the facility was fit for purpose.</p> </div>		

District FA, Inverness Shinty Club, LCC Live Events Services Ltd, and The Highland Council. Additional targeted consultations were undertaken with the Scottish Football Association, sportscotland, and Tennis Scotland.

- Key stakeholders – [Carbon Clever Pledge](#) illustrates local businesses are behind the Council taking action regarding net zero objectives
- Key stakeholders - from across a mix of arts, cultural production, artist and craft networks, university, sustainability, architecture, regeneration and town centre management.
- Key stakeholders – national agencies, agencies and organisations e.g. High Life Highland, Sports Scotland, Historic Environment Scotland
- Key stakeholders - business e.g. Inverness Hotels Association, Highland Clan Partnership Group, Inverness Civic Trust, Association of Scottish Visitor Attractions, Inverness Community Councils Forum, Federation of Small Businesses, Inverness Business Improvement District

Consultation has been wide ranging, utilising a range of methods including workshops, conferences, exhibitions, questionnaires and web consultations.

Consultees were identified by the Council and High Life Highland (across all departments) as those that may be impacted the most by any redevelopment and therefore were a focus to ensure they had a voice and a platform to be heard as otherwise some of these stakeholders may not normally be engaged in such matters.

Key messages emerging from the consultation are set out below:

- the desire to encourage more people to stay in Inverness, rather than use it merely as a springboard to explore the Highlands
- needs to be affordable for users and tenants, with a bias towards free or low cost entry
- focus on encouraging communities/young people to make better use of spaces/assets
- make more and better use of culture as a tool for change in deprived communities, helping to improve people's sense of self-worth
- destination factor - needs to be attractive to tourists and residents alike, be multigenerational and be a part of the holistic regeneration in Inverness
- make better use of schools, halls and other public/community assets for cultural purposes
- need to raise the number and quality of music / entertainment touring productions.

The stakeholder engagement has been overwhelmingly positive, and the key messages have informed the proposals to date and will continue to do so.

4.2b Are any aspects of your proposal controversial or not supported by the whole community? Please provide a brief summary, including any campaigns or particular groups in support or opposition? (Limit 250 words) 127

There has been significant consultation as outlined above, which has been overwhelmingly positive, recognising the need for investment and the anticipated benefits.

There are no aspects of the proposal considered controversial, that have been raised by, or have emerged from, consultation with key strategic and community stakeholders, nor the general public. The project team are not aware of any specific groups in opposition to either the Inverness Zero Carbon Cultural Regeneration proposal or any of the individual projects.

There is significant support for the projects at a local level; evidenced by a number of letters of support received as included in Appendix 4.2.b.i – iv:

- Northern Meeting Park User Group
- Camanachd Association
- Inverness Shinty Club
- Northern Counties Cricket Club
- Drew Hendry, MP for Inverness, Nairn, Badenoch and Strathspey (Priority Support)

4.2c Where the bidding local authority does not have the statutory responsibility for the delivery of projects, have you appended a letter from the responsible authority or body confirming their support?

- Yes
 No
 N/A

For Northern Ireland transport bids, have you appended a letter of support from the relevant district council

- Yes
 No
 N/A

4.3 The Case for Investment

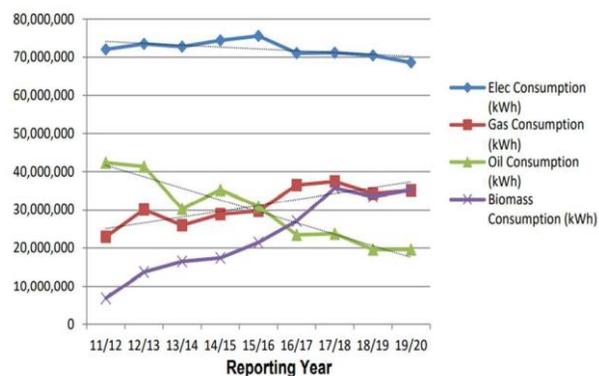
See technical note Table 1 for further guidance.

4.3a Please provide evidence of the local challenges/barriers to growth and context that the bid is seeking to respond to. (Limit 500 words) 499

Key challenges/barriers to growth in Inverness include:

- Ability to provide sustainable/renewable energy for city centre sites, in line with The Council’s Carbon Clever commitment to carbon neutral by 2025; evidenced through the Council’s:
 - Carbon management plan target of reducing corporate emissions by 3% per annum
 - Top priority (2019-20) to develop an energy strategy and

Energy Consumption 2011/12 - 2019/20

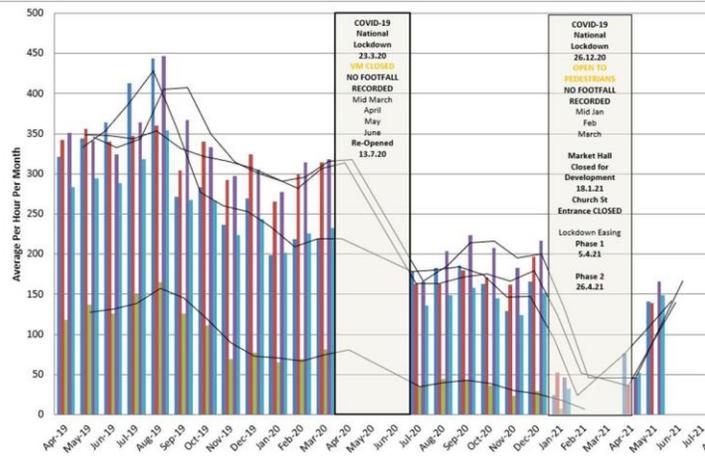


action plan. Energy consumption remains the Council's biggest single source of carbon emissions (75% of the total carbon footprint), costing the organisation £11.5m annually.

- Limited renewable energy grid capacity across the region.

- Declining city centre - reduced footfall, activity and vibrancy within the town centre and the impact this has had on the local economy; evidenced through:

- 'Inverness City Centre synopsis' (Graham + Sibbald)
- 335,000+ sqft retail currently empty
- Average hourly footfall decline (ref chart)



- Key cultural and heritage sites, vacant or in extremely poor condition, potential to become unused and dilapidated. The facilities are no longer fit-for-purpose, accessible, inclusive and limit usage; evidenced through:

- Castle – vacated by the SCTS in July 2020, requires an alternative use
- Property Inspection Report on Bught Park (1950's build), considered areas of the facility fall short of current standards. Bught Park maintenance costs increased by 68% in 10 years
- 2021 condition survey found the facilities at NMP are in very poor condition requiring significant investment. NMP maintenance costs increased by 47% in 10 years.

- Lack of outdoor event delivery infrastructure to support a vibrant cultural offer in the city; evidenced through consultation with HLH (responsible for event delivery in the city), who identified the following barriers:

- high costs of temporary infrastructure means events are uneconomic
- increased set up time is costly, unattractive to artists and disruptive to other park users
- seasonal challenges for outdoor events due to lack of hardstanding areas.

- Loss of facilities that are key to physical activity, health and well-being; providing green space and inclusive leisure opportunities for all, particularly important for areas of deprivation.

- Within a mile of the project locations, are eight datazones in the 15% most deprived, of which three¹ are among the 5% most deprived, one² ranked 8th (out of 6976) most deprived. The parks are the closest significant areas of green space to these zones and will encourage more local usage, supporting the aims of green health³.
- National/regional strategies promote high-quality and fit-for-purpose community facilities, to enable improvements to economic, social, health and educational outcomes
- Accessible sports facilities in the right places are key to encouraging more people to have an active life.

¹ (S01010641, S01010643, S01010644)

² (S01010644)

³ Highland is one of four areas in Scotland where Green Health Partnerships are being piloted to demonstrate how better cross-sectoral co-ordination can increase physical activity and improve mental health through engagement with the natural environment. These partnerships bring together the health, social care, environment, leisure, sport and active travel sectors in order to make more use of local green space as a health-promoting resource and tackle health inequalities.

4.3b Explain why Government investment is needed (what is the market failure)? (Limit 250 words) 250

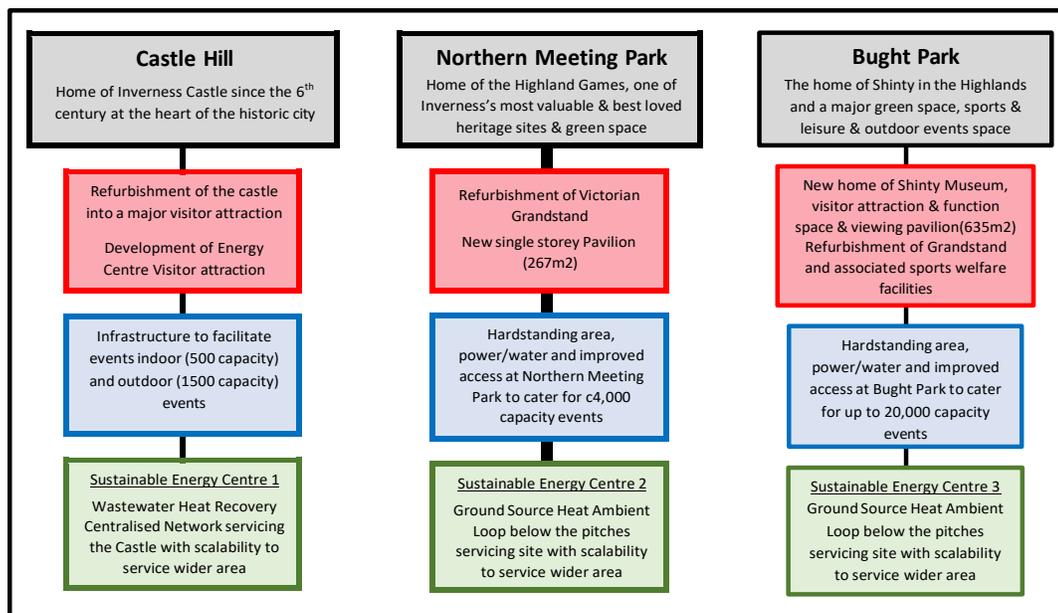
There are a number of potential market failures that provide a strong rationale for the proposed investment to support Inverness Castle Hill, the NMP and Bught Park:

- Positive externalities– given the abnormal costs associated with developing the Castle (thus protecting a heritage asset) and public parks the private sector alone may not be fully able to internalise the benefits from repurposing the facility. Further in the case of cultural projects and visitor attractions, investment provides employment opportunities for local residents.
- Imperfect information– by promoting the City Region’s cultural offer the Castle and parks will bring visitors to the city who may otherwise not visit due to a lack of awareness of the area’s culture and heritage.
- Merit goods– Certain cultural projects and leisure attractions can be considered to be a merit good, as they bring social and economic benefits to an area and individuals but would not be provided by the private sector in the absence of support.
- Equity/distributional failure- this can occur when the market has failed to provide opportunities equitably across all social groups and geographical areas. Cultural services provided in disadvantaged locations could be justified on the grounds of equity. This is of particular importance for investments in Northern Meeting Park and Bught Park.

The proposals for the redevelopment of the three cultural assets with an integrated renewable energy system and public realm investment will act as a catalyst for further development, lifting of low market values that act as a key barrier to private sector investment.

4.3c Please set out a clear explanation on what you are proposing to invest in and why the proposed interventions in the bid will address those challenges and barriers with evidence to support that explanation. As part of this, we would expect to understand the rationale for the location. (Limit 500 words) 465 words

Proposed investments are clearly illustrated and explained further below.



1. **Addressing the Council’s high energy consumption by generating more of its own renewable electricity** to supply Council buildings, with the potential to scale this to other commercial buildings in close proximity. The figure below evidences the outcomes and carbon savings.

	Castle Hill	Northern Park	Bught Park
Energy Strategy	Wastewater Heat Recovery	Ground Source Ambient Loop	Ground Source Ambient Loop
Energy Source Location	Wastewater/ sewer in Inverness City Centre (Castle Street)	Boreholes below Northern Park	Boreholes below southern section of Bught Park Pitches
Heat Transfer Plant Type	Centralised Heat Pump and District Heat Network	De-centralised heat pumps (in each building) and Ambient Loop Network	De-centralised heat pumps (in each building) and Ambient Loop Network
Energy Centre Location	Castle Street	Within Each Building	Within Each Building
Buildings Served	Inverness Castle	Northern Park Grandstand Proposed new pavilion	Bught Park Grandstand Home of Shinty
Approximate Peak Load	350 kW	85kW	110kW
Carbon Savings	120 Tonnes CO2/year	6.5 Tonnes CO2/year	19.35 Tonnes CO2/year
Baseline Annual Gas Energy Consumption (kWh)*	872,000kWh	50,000kWh	140,750kWh
Annual Electrical Energy Consumption (kWh)	249,000kWh	15,750kWh	44,500kWh
% Carbon Savings	67%	64%	65%
Approximate MEP Capital Cost	£1.8m (Phase 1 Inverness Castle Load only) £3.2 (Phase 2 Wider Heat Network)	£700k	£800k

*Gas boiler system used as base case to demonstrate energy and CO2 savings

2. **Capital investment in key heritage, cultural and leisure assets (two of which are listed)⁴:**

- Refurbishment of Inverness Castle (1,924m²) and enhanced external public realm
- NMP: Refurbishment of Victorian Grandstand (628m²), development of new Pavilion including multi-use function room (267m²)
- BP: Refurbishment of Grandstand and changing facilities (707m²), development of a heritage museum celebrating the Home of Shinty providing contemporary interpretation, event and function spaces (635m²).



Heritage Museum of Shinty, Bught Park



New Pavilion & function room, NMP



Inverness Castle redevelopment into a major visitor attraction for the Highlands

⁴ Floor Plans and architectural images are included in Appendix 4.3.c.

These interventions will address:

- retention of strategic assets either out of use or will be without investment; improving quality, increasing revenue/ decreasing expenditure providing long-term financial sustainability.
- delivery of improved green spaces; accessible, safe, fit-for-purpose spaces that will impact on local people and their communities.
- increasing activities and opportunities in areas of deprivation. All projects are in close proximity to areas of deprivation as set out in 4.3a. Both Parks are the closest significant areas of green space to the datazones highlighted. People in these areas have significantly fewer opportunities, resources and poorer life chances than most other people across Scotland.
- City centre regeneration through increased activity close to the city centre.

All buildings will be designed to the highest sustainability standards, with an empirical whole life cycle analysis to ensure the long-term environmental impact is minimised.

3. Capital investment to provide infrastructure for 3 complementary outdoor event spaces:

- Infrastructure for indoor (500 capacity) and outdoor (1500 capacity) at Castle Hill
- Hardstanding area, power/water and improved access at:
 - NMP to cater for c4,000 capacity events
 - BP to cater for up to 20,000 capacity events.

The economic benefit of hosting events is well recognised, through attendees making use of restaurants, bars, retail and hospitality close to venues; or turning their visit into a short City-break, staying in a local hotel; helping to address declining city centre footfall and vibrancy.

- Red Hot Highland Fling - expected to generate c£350k for the city economy⁵
- The Royal National Mod due to be held in Oct 2020 (previously held in 2014) estimated £3.5m for the city economy.

This illustrates the importance of events as an attraction and income generator for local businesses and the city. Events and festivals can be a powerful means of promoting community development and wellbeing, there is some evidence to suggest that participants who have positive experiences at festivals and events are likely to increase their overall sense of happiness and consequently their subjective wellbeing.

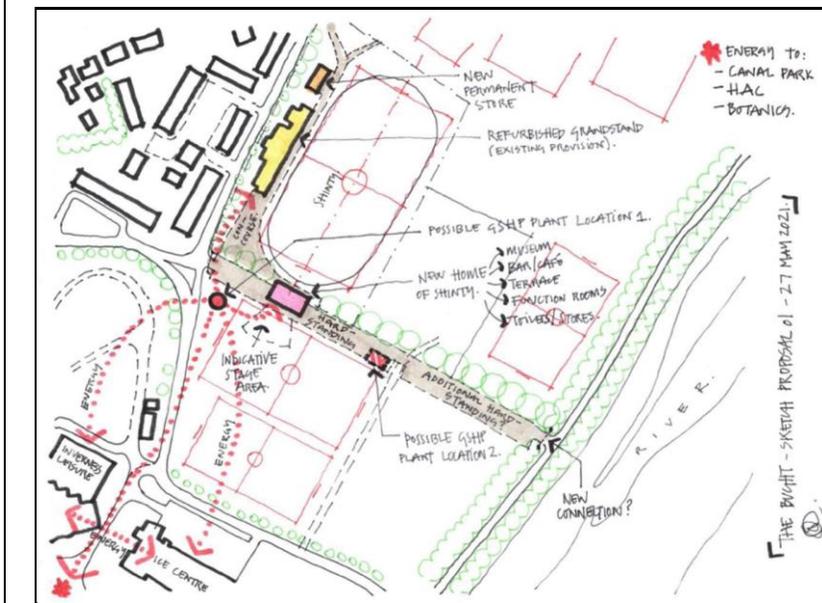


Image: Bught Park Sketch Proposal as an illustration of the events infrastructure

⁵ Economic analysis using Event Scotland approved methodologies reported August 2019.

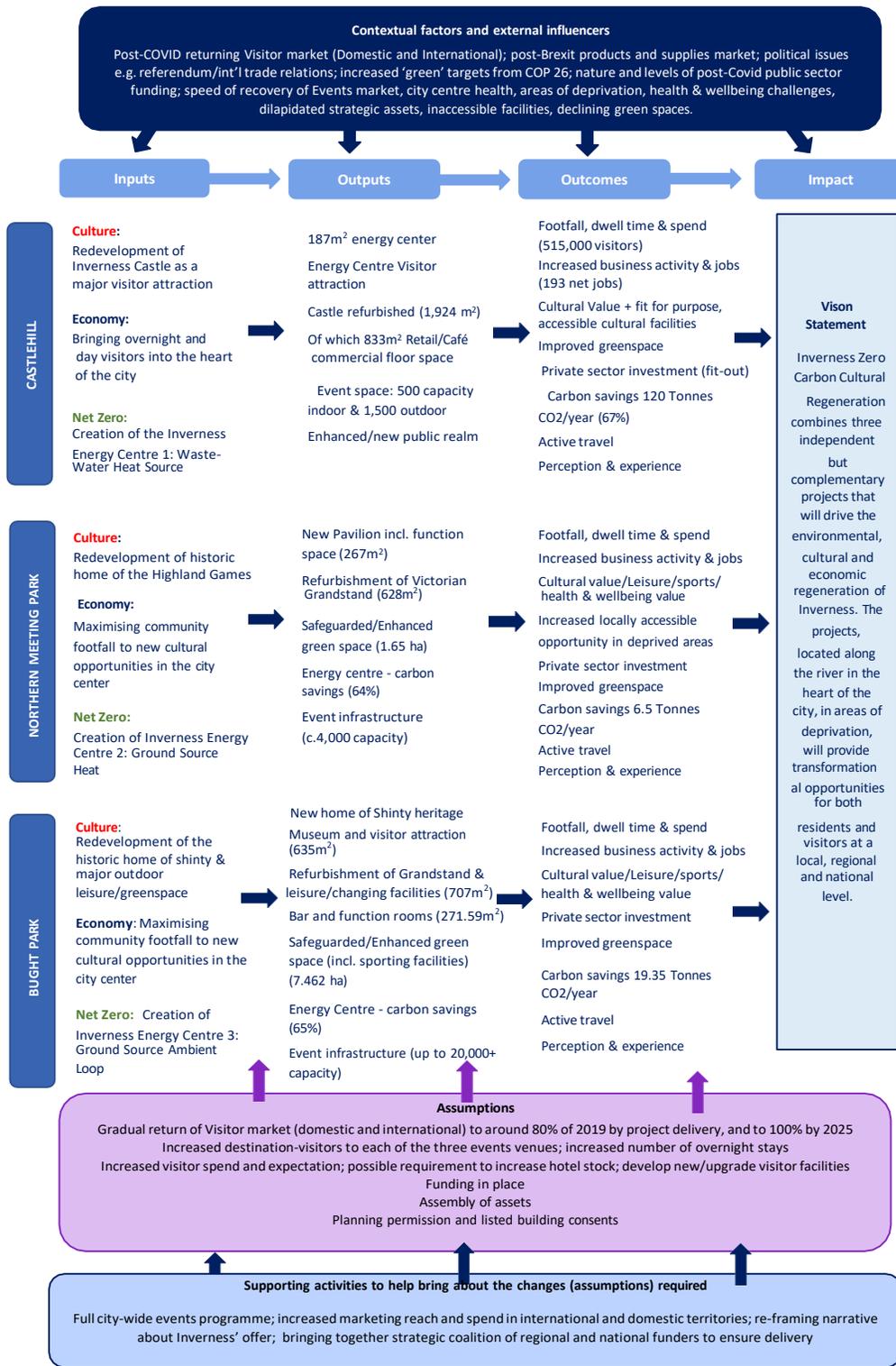
4.3d For Transport Bids: Have you provided an Option Assessment Report (OAR)

Yes

No

4.3e Please explain how you will deliver the outputs and confirm how results are likely to flow from the interventions. This should be demonstrated through a well-evidenced *Theory of Change*. Further guidance on producing a Theory of Change can be found within HM Treasury’s Magenta Book (page 24, section 2.2.1) & MHCLG’s appraisal guidance. (500 words)

Theory of Change:



4.4 Alignment with the local and national context

See technical note Table 1 for further guidance.

4.4a Explain how your bid aligns to and supports relevant local strategies (such as Local Plans, local economic strategies or Local Transport Plans) and local objectives for investment, improving infrastructure and levelling up. (Limit 500 words) 500

Inverness and its immediate catchment (the inner Moray Firth area) is the most densely populated part of a sparsely populated region. As such it combines the challenges both of geographical remoteness with the responsibility of being the key driver for the region's economy. While this remains a challenging political tension to balance, the economic reality is that Inverness city needs to perform well for the rest of the region to benefit from direct (and indirect) spin-off.

Local development strategies for both the city and the region recognise this, which is why in the City Region Deal (agreed with UK/Scottish governments) for the Inverness Castle regeneration project is the principal project and, so far, the most developed. It has been considered at length by the main public bodies in the area to ensure it fully complies with the broader strategic direction in the area, building sustainable and inclusive economic growth.

The Inner Moray Firth Development Strategy, the Inverness City Vision (and associated city centre masterplan) and Highland Council's Carbon Management Plan (that aims for a zero-carbon city centre) are all central context to the direction of this project; as are the Scottish Government policies focussing on commitment to sustainable tourism, green sustainability in city centres, and culture-led regeneration.

In addition, all 3 interlinked elements align and support a range of tourism strategies including the National Tourism strategy (Tourism Scotland 2020) and Scotland Outlook 2030 – Responsible Tourism for a Sustainable Future.

The Bught Park is a priority in the Camanachd Association Facilities Strategy (shinty's governing body), to address poor quality existing pitch and changing facilities, to enable the sport to grow at all levels.

The events infrastructure supports the emerging HLH events strategy included in appendix

It is important to highlight that, according to the Scottish Index of Multiple Deprivation (SIMD) that considers the extent to which an area is deprived across seven domains (income, employment, education, health, access to services, crime and housing), in Inverness as whole, there are 10 datazones ranked as being in the 20% most deprived in Scotland.

Similarly, the incidence of the region's rural poverty is well documented and becomes more extreme as you travel both north and west. The visitor service economy has developed exponentially in the area in recent years, aided by the visibility of the NC500 tourist route, and the pandemic has demonstrated the fragility of the local economy when this lifeline of visitor spend is removed. This project seeks to stabilise and strengthen this vital element of the local economy which, unlike other areas in the UK, is not a convenient added value extra, but a genuinely essential part of the city-region's functioning economy.

In terms of strategic levelling up, the region was described in the UK Parliament in the 1960s as being on 'the conscience of the nation', such was the parlous nature of its economy and depopulation. The economic regeneration since then continues through the strategic work of the public and private sectors, of which this project is a key part.

4.4b Explain how the bid aligns to and supports the UK Government policy objectives, legal and statutory commitments, such as delivering Net Zero carbon emissions and improving air quality. Bids for transport projects in particular should clearly explain their carbon benefits. (Limit 250 words) 250

The proposal has been developed based on the following key needs for the city:

- City centre economic regeneration
- Drive to deliver carbon net zero by 2025
- Improving the cultural offer and retaining key heritage assets
- Providing increased opportunities for residents in some of the most deprived areas

These fully align with the LUF objectives, as set out by UK Government:

"The Fund will invest in local infrastructure that has a visible impact on people and their communities - including regenerating town centres and high streets, investing in local transport schemes, and creating, renewing and upgrading local cultural and heritage assets."

The bid aligns with and supports UK governments 2050 Net Zero greenhouse gas emissions target. The Council has declared a climate and ecological emergency in 2019 and made a Carbon Clever commitment to delivering carbon neutral Inverness and Highlands by 2025.

The proposal is heavily focused on the delivery of three energy centres, providing renewable energy to the existing and new buildings and being scalable to supply adjacent properties in the future. All buildings will be designed to the highest sustainability standards and will have an empirical whole life cycle analysis to ensure its long-term environmental impact is minimised.

Other relevant points:

- There will be clauses with the building contractors and subcontractors regarding local supply chain to reduce emissions, as well as corporate policies relating to reducing energy use on site.
- Committed operational targets such as ISO 20121: Sustainable Events to manage events and control social, economic and environmental impact.

4.4c Where applicable explain how the bid complements / or aligns to and supports other investments from different funding streams. (Limit 250 words) 250

The Council is funding city centre regeneration projects to meet the aspirations of the Inverness City Centre Plan and Inner Moray Firth development plan and to showcase and expand the range of visitor, leisure, and cultural attractions; maximising the role of the River Ness as an important open space corridor, bringing vacant or underutilised space back to active use.

The proposal will be completely aligned with monies received from the Salix Recycling Fund (£7m), partially funding the Ness Hydro scheme which is the 4th limb of the Inverness Zero Carbon Cultural Regeneration project – reducing the organisation's carbon footprint, and further generation and use of renewable energy. A 93kW hydroelectric twin turbine will supply the nearby Inverness Leisure Centre with approximately 50% of their electricity use; very complementary to the bid proposal.

The proposal will complement and further enhance existing Council, Scottish & UK Government funding towards the refurbishment of the Castle and Spirit of the Highlands project.

Other funding being invested in the city, the outcomes of the proposal will complement include:

- Council investment of £25 million funding for affordable housing projects in the city centre
- Inverness Common Good funding for refurbishment of the Inverness Town house and Victorian market to make the city centre an attractive place to visit
- SportsScotland funding for a new all-weather sports pitch at Inverness College in the East of the city
- Funding through Sustrans for active travel routes and public realm works, including activating the river
- Private sector funding for 4 new major hotels.

4.4d Please explain how the bid aligns to and supports the Government's expectation that all local road projects will deliver or improve cycling and walking infrastructure and include bus priority measures (unless it can be shown that there is little or no need to do so). Cycling elements of proposals should follow the Government's cycling design guidance which sets out the standards required. (Limit 250 words)

Not applicable

PART 5 VALUE FOR MONEY

5.1 Appropriateness of data sources and evidence

See technical note Annex B and Table 1 for further guidance.

All costs and benefits must be compliant or in line with [HMT's Green Book](#), [DfT Transport Analysis Guidance](#) and [MHCLG Appraisal Guidance](#).

5.1a Please use up to date evidence to demonstrate the scale and significance of local problems and issues. (Limit 250 words) 244

Inverness is the largest population centre in the Highlands and serves as the main retail, commercial, industrial and social hub for the largest local authority area in the country. It is therefore crucial that the city centre is accessible, attractive and bustling.

Whilst the city centre is a key driver for the PCA economy it faces its own challenges, including poor quality public realm, car dominated streets, lack of a focal point and a Castle where current activity revolves around its function as a magistrates court. The area suffers from poor signage, a lack of city green space and connectivity adding to the poor overall perception of the city. Covid-19 lockdowns will only have exacerbated vitality challenges.

Despite high jobs densities reflecting high levels of in commuting to the Highlands capital, average wages are lower than for Scotland and GB (NOMIS May 2021 for the Highlands LA area) and this is more pronounced for male workers. Moreover, parts of Inverness are among the most deprived communities in Scotland. Merkinch is one such area and is ranked eighth out of almost 7,000 locations in the latest Scottish Index of Multiple Deprivation (SIMD) statistics.

Clearly efforts to redress deficits locally, including via targeted culturally led regeneration, will only serve to 'level up' the city and enhance the capital of the Highlands. The three projects that form this LUF bid will bring back into use three cultural assets and underpin the regeneration of the city centre.

5.1b Bids should demonstrate the quality assurance of data analysis and evidence for explaining the scale and significance of local problems and issues. Please demonstrate how any data, surveys and evidence is robust, up to date and unbiased. (Limit 500 words) 339

A robust evidence base is required to provide a comprehensive understanding of local context and to articulate local strengths, challenges, and opportunities in order that interventions are targeted appropriately to meet need and gaps in existing provision. The evidence base has been gathered through desktop research, supported by case studies and consultation documents.

A range of publicly available sources, documents and web-based applications inform this bid. All comparator evidence used to demonstrate the scale and significance of local challenges and issues has been sourced as the latest available ONS evidence, accessed via NOMIS in May 2021. This evidence demonstrates the long-standing challenges within the PCA labour market and economy, which in turn only fuels high levels of deprivation.

In terms of the professional reports utilised, multiple methods were used to ensure their robustness and unbiasedness:

- Inverness Castle: the scheme concept for the regeneration of Inverness Castle has been in development since 2018 having examined the market opportunity, options and developed 10 year operating projections providing a robust evidence base for the venue.
- Bught Park: similarly has been the subject of a feasibility and options study.
- NMP: the subject to a condition review to inform the development proposals.
- Energy solutions: A feasibility assessments and recommended system design solutions for the facilities (June 2021).

These are the best-available national evidence for informed decision-making locally, consistent with other evidence held locally. As such, all evidence is considered robust and unbiased. Whilst some evidence is yet to be fully understood, including the effects of Covid-19 induced lockdown and social distancing measures, the overriding view is that city centre and its cultural assets have a key role to play in supporting economic recovery. Moreover, the city has significant pockets of deprivation with very poor employment and health outcomes evident.

Lastly, a thorough and extensive project engagement process between Highlands Council and key stakeholders has been undertaken to assure the findings from different surveys and resources are unbiased and mirror specialist local knowledge.

5.1c Please demonstrate that data and evidence chosen is appropriate to the area of influence of the interventions. (Limit 250 words) 241

The technical analysis underpinning the project design and rationale recognising the importance of the facilities, the Castle Hill project being a critical City-Region asset and one that acts as a beacon for the Highlands.

Of key importance in assessing the employment and economic impact of the proposals on the local economy is the extent to which new activity is truly additional, in other words it does not simply displace existing activity. It is important to understand who is likely to benefit from the impacts generated and the degree to which further demand and investment is stimulated. One of these key elements to understand is leakage: the proportion of outputs that benefits those outside the project's target area or group.

Castle Hill is at the heart of city centre, with the iconic building being a longstanding but poorly used centrepiece for the city. Without investment to bring the castle back into use and improve the surrounding amenity, a key opportunity to increase footfall to the city will be lost along with the 'spillover' of commercial Land Value Uplift (LVU). The selected extent of spillover LVU impacts on city centre properties is broadly within a 5-6 minute walk of Castle Hill. Consequently, the defined city core area of influence and all supporting evidence is considered appropriate and relevant. Similar zones of influence of investment in NMP and Bught Park have been adopted in assessing their potential place making impact on adjacent residential activity.

5.2 Effectiveness of proposal in addressing problems

5.2a Please provide analysis and evidence to demonstrate how the proposal will address existing or anticipated future problems. Quantifiable impacts should usually be forecasted using a suitable model. (Limit 500 words) 346

The project will deliver three inter-linked projects focused on protecting the City's cultural assets for local residents and visitors alike and underpinning the regeneration of the city centre.

The logic model and theory of change informs the economic impact modelling. This demonstrates how investment in the LUF works will showcase the city's heritage, drive new visitors, footfall and spending locally, thus improving the attractiveness and competitiveness of the city centre as a place to visit, spend and invest. The evidence base on the town centre performance identifies the need to address a number of weaknesses as demonstrated by vacancy rates.

The proposed package is expected to contribute significantly to addressing existing/anticipated problems. The delivery of the works will not only support improved city centre vitality and amenity, but the role of the LUF to induced employment opportunities locally will also support improved outcomes within the labour market. In turn, this will help address wider socio-economic challenges facing Central and West PCAs.

- The investment provides for comprehensive approach to sustainable energy supplies for the three cultural facilities
- The Castle and the Parks investment safeguards and brings back into use three cultural facilities that are currently at risk or not fully accessible to the public (residents and public alike)
- The two Parks are important local leisure as well as cultural facilities and the investment will positively impact on adjacent residential areas in need as demonstrated by the SIMD data
- The Castle investment will draw in an additional 515,000 visitors including an expected 126,500 overseas visitors, providing additional expenditure and footfall to the city centre - providing a much-needed boost
- The proposed Castlehill investment is the first phase of a three-phase investment plan and is expected to leverage further investment in the city centre and public facilities.

An economic assessment examined the potential of the Castle scheme to increase visitors and employment opportunities across the City-Region.

5.2b Please describe the robustness of the forecast assumptions, methodology and model outputs. Key factors to be covered include the quality of the analysis or model (in terms of its accuracy and functionality) (Limit 500 words) 444

The assumptions are based on a range of forecasts, baseline evidence, expert advice and consultations, which have informed the modelling by independent specialists.

The primary analysis and models underpinning the development of the scheme include:

- **Business model and demand forecasts:** The forecast assumptions regarding the visitor profile and sustainability of the Castle venue are based on the operational business plan developed by leisure consultants IPW... The Highland Council project team have prepared projections of future use of NMP and Bught Park.
- **Scheme costs:** Independent quantity surveyors prepared cost estimates for the Castle project. The scheme costs for the Castle have been prepared to RIBA Stage 3. The Highland Council have commissioned cost plans for the NMP and Bught Park and Castle Energy Centre, through the Council's internal quantity surveyors team. Key assumptions were identified, and costs benchmarked against other schemes.
architects have undertaken a building survey for the castle project and a separate building survey was carried out for the Northern Meeting Park, and The Highland Councils internal architect's department for Bught Park.
- **Energy systems:** feasibility studies have been prepared for the proposed energy system. The firm in response to Scottish Government's mandate have been working with Highland Council and High Life Highland on a Carbon reduction strategy, with the Castle at the heart of the proposal.
- **Economic impact model and demand assessment:** The economic impact of the proposed scheme has been prepared in line with HMG Green Book guidance. This has taken into account the potential deadweight and displacement effects of the scheme (in particular in relation to the impact of new events activity on other venues). The impact assessment was subject to review by the Scottish Office and DCMS as part of the review of the Castle OBC.
- **Assessment of place-making effects:** The council property service has provided a summary assessment of property market. In their view has the potential to influence by the proposed development with impacts on existing commercial and residential development in the immediate vicinity of the developments.
- **CBA model:** IPW have also developed a CBA model for the projects based on assumptions and best practice outlined in the HM Treasury Green Book – for example, there is a consideration of optimism bias and a discount factor of 3.5% is applied. Costs and benefits have been profiled over a 25-year period. A detailed explanation of the benefits assessed is contained within 5.4a.

The business case rationale and cost and impact models have been subject to review by the Council finance department and the Scottish Office and DCMS (in relation to the Castle redevelopment OBC and funding approval).

5.3 Economic costs of proposal

5.3a Please explain the economic costs of the bid. Costs should be consistent with the costs in the financial case but adjusted for the economic case. This should include but not be limited to providing evidence of costs having been adjusted to an appropriate base year and that inflation has been included or taken into account. In addition, please provide detail that cost risks and uncertainty have been considered and adequately quantified. Optimism bias must also be included in the cost estimates in the economic case. (Limit 500 words) 191

An annual profile of likely cost demands has been discounted at 3.5% per year using the HM Treasury Discount Rate to ensure economic case costs are presented in Net Present Value (NPV) terms. Finally, an allowance for Optimism Bias (OB) at has been included and applied to public costs.

Whilst the upper-end allowance for OB included for non-standard buildings and standard civil engineering projects in the HMT Green Book Supplementary Guidance range from 44% to 51%, in practice much of the OB can be mitigated away with the City Council's understanding of the assets and cost certainties for the advanced planning stage of the Inverness Castle redevelopment. For this assessment the programme-level OB is estimated at 20%.

5.4 Analysis of monetised costs and benefits

5.4a Please describe how the economic benefits have been estimated. These must be categorised according to different impact. Depending on the nature of intervention, there could be land value uplift, air quality benefits, reduce journey times, support economic growth, support employment, or reduce carbon emissions. (Limit 750 words) 710

The assessment of benefit has been undertaken in accordance with the HM Treasury Green Book (2020), MHCLG Appraisal Guidance and other departmental guidance. Key assumptions adopted in the assessment of benefits are outlined below. A 25 year appraisal period has been adopted with all costs and benefits discounted at 3.5%.

National scale economic benefits

A. Land Value Uplift

Modelling Engineering has identified that 146MT of energy capacity 'With' the LUF supported investment this represents a long-term saving to organisations and businesses. The improved operating profitability of the businesses using the new energy source reflects an improved productive use of the land, which in economic terms will translate into safeguarded LVU. As these costs to public bodies and businesses will be wholly negated, no deduction for displacement has been made. These benefits persist over the appraisal period.

B. Wider Land Value Uplift

The scheme will deliver a comprehensive redevelopment of the Castle of the highest quality, alongside providing for the long-term sustainability of two strategic City parks. Based on the

principle that these transformational investments will result in wider market effects across parts of the city an estimate has been made of the land value uplift (or place-making effects) in defined impact areas. The assessment of commercial land value uplift (LVU) has been completed on commercial and residential property in the centre of Inverness and in close proximity to NMP and Bught Parks.

The City Council property market team examined the potential uplift on property values on commercial activity in defined impact areas (based on an area of influence within a 500 metre radius). Baseline asset values for commercial and residential property within the impact area have been calculated based on Valuation Office Agency (VOA) properties with an average uplift of 1.5% over 5 years. The average uplift to residential properties around the Parks is based on Council Tax data within the defined impact area with a one off value of 2.5% per cent uplift applied.

B. Amenity Benefits from Public Realm

Public open space gives rise to external amenity benefit that is not captured in the land value. Just over 9 hectares of public space will be safeguarded and enhanced as part of the project redevelopments. A benchmark amenity value of £109,138 per hectare 2016 prices (MCHLG AG uprated to 2021) is applied to the area of public realm to be created to estimate the wellbeing benefits which will arise over a 21 year period. Accepting that the current public space will carry some amenity value, a 25% deduction has been made.

C. Labour Supply

Whilst the creation of jobs and GVA are not included in the monetised benefits or BCR estimate, economic wellbeing benefits do arise when individuals who are not currently in employment move into jobs created as a result of the scheme. Consistent with the MHCLG framework, this is estimated based on the expected level of on-site employment, allowing for 10% of the 204 direct on-site jobs (additional over arena base employment) to be taken-up by residents outside of the labour market. It allows for the welfare impact of labour market entrants at 40% of the overall GVA impact over 10 years (based on average GVA per employee of £52,340 2015 prices ONS GVA per job NUTS3 uprated to 21 prices).

D. Events and Cultural Wellbeing

The development incorporates a new events and performances. It is estimated that 314,600 additional people will make use of the Castle and the parks each year (i.e. would not otherwise have been in the area) excluding international visitors. A wellbeing value of £46.75 for events and £11.48 for sporting activity (2014 prices uprated to 2021 prices) has been estimated having regard to DCMS research in relation to the wellbeing benefits associated with attending an event (DCMS, Quantifying and Valuing the Wellbeing Impacts of Culture and Sport, 2014 referenced as part of LUF guidance on cultural projects). This has been applied over a 10-year period after opening of the facilities in 2024.

E Carbon value

The three energy centres will provide sufficient power to deliver reductions of the 146MT of carbon annually. This carbon saving has been incorporated in the benefit assessment based on the HMT carbon values (at £65 per tonne in 2021 prices over the appraisal period).

5.4b Please complete Tab A and B on the appended excel spreadsheet to demonstrate your:

Tab A - Discounted total costs by funding source (£m)

Tab B – Discounted benefits by category (£m)

5.5 Value for money of proposal

5.5a Please provide a summary of the overall Value for Money of the proposal. This should include reporting of Benefit Cost Ratios. If a Benefit Cost Ratio (BCR) has been estimated there should be a clear explanation of how this is estimated i.e. a methodology note. Benefit Cost Ratios should be calculated in a way that is consistent with [HMT's Green Book](#). For non-transport bids it should be consistent with [MHCLG's appraisal guidance](#). For bids requesting funding for transport projects this should be consistent with [DfT Transport Analysis Guidance](#). (Limit 500 words) 355

The value for money assessment reviews the expected economic benefits of the Castle redevelopment scheme, as outlined above, alongside the economic costs in order to estimate a Benefit Cost Ratio (BCR) and provide an indication of the value for money of the proposed scheme.

The estimated BCR ratio is underpinned by a number of core documents that provide the evidence base for the analysis. These include the Castle project OBC which has been subject to review by the Scottish and UK Government as part of its funding approval, five year Business Plan prepared by IPW, an economic impact assessment prepared as part of the business case and planning application process. This has been supplemented with property market analysis to inform the assessment of potential land and property impacts. The scheme cost estimate is based on being at pre-tender stage with delivery subject to LUF funding able to commence in 2021. The Castle is scheduled to open in January 2025 (but all LUF monies spent by end of 2024) whilst Castle Hill Energy Centre, NMP and Bught Park opening dates are scheduled for February/March 2024.

The approach to the BCR is based on the economic cost principles and benefit streams set out above. Based on the estimate of wider benefits associated the proposed package of projects achieve a BCR of 3.3.1.

5.5b Please describe what other non-monetised impacts the bid will have and provide a summary of how these have been assessed. (Limit 250 words) 186

An economic assessment examined the potential of the scheme to increase visitors and employment opportunities across the City-Region. The net impact analysis for the redevelopment of Inverness Castle is estimated to generate gross expenditure of £10.266m per annum £4.254m net additional GVA (including multiplier effects), and 204 net additional jobs.

In addition the three projects will provide a major Covid-19 recovery stimulus in the form of injecting £31m into the construction sector supporting 315 jobs. The Castle Energy Centre will also provide the capacity to sell surplus power to the grid system to the benefit of city centre business.

The repurposing of Inverness Castle is the first phase of the wider redevelopment of the Castlehill site as a world-leading visitor destination. The Castle is adjacent to the refurbished Inverness Town House, and will be a catalyst for subsequent development phases of the Castlehill Masterplan that will introduce a major new gallery and museum complex, and a revitalised accommodation and retail offer at the riverside in the heart of the city. This public led investment that will underpin subsequent public and private sector investment across the City.

5.5c Please provide a summary assessment of risks and uncertainties that could affect the overall Value for Money of the bid. (Limit 250 words) 186

The key delivery and economic risks include the potential for (a) reduced project economic outcomes, (b) higher than anticipated levels of displacement (c) delay in build-up of Castle visitors.

Whilst there are also financial risks associated with the projects, the inclusion of contingencies and an allowance for Optimism Bias has already considered the implications of cost overruns. Given these risks, three sensitivity tests have been carried out as follows:

- Sensitivity 1: -40% of additional visitors
- Sensitivity 2: -50% reduction in wider LVU
- Sensitivity 3: a slower build-up of Castle visitors (40%, 60%, 80%)

The effects of these tests on the headline BCR are provided below. Through this stress testing, the LUF programme still offers very good Value for Money.

LUF – Sensitivity Tests and BCR results		
	Overall Impact (NPV)	BCR
Sensitivity 1: -40% of additional visitors	£125.4m	2.4: 1
Sensitivity 2: - 50% wider LVU	£154.6m	3.1: 1
Sensitivity 3: delay in build-up of outcomes	£138.3m	2.8: 1

The switching value for cost and benefits such that the BCR falls below a ratio of 1.5:1 are: + 220% for scheme costs and –55% for scheme benefits.

5.5d For transport bids, we would expect the [Appraisal Summary Table](#), to be completed to enable a full range of transport impacts to be considered. Other material supporting the assessment of the scheme described in this section should be appended to your bid.

PART 6 DELIVERABILITY

6.1 Financial

See technical note Table 1 for further guidance.

6.1a Please summarise below your financial ask of the LUF, and what if any local and third party contributions have been secured (please note that a minimum local (public or private sector) contribution of 10% of the bid costs is encouraged). Please also note that a contribution will be expected from private sector stakeholders, such as developers, if they stand to benefit from a specific bid (Limit 250 words) 204

On behalf of the Inverness Zero Carbon Cultural Regeneration project, The Highland Council is seeking £19,856,253 funding from the LUF to deliver three complementary projects that will have a transformational impact on both Inverness and the Highlands.

The total project cost of the Inverness Zero Carbon Cultural Regeneration Project is £43,673,984. To date, **£23.82m of funding has already been secured** from local and third party contributions, including £9.78m contribution from The Highland Council. The local contribution significantly exceeds the minimum 10% required (22% of total cost being funded from the Council).

Further funding sources will be explored to further enhance the scheme, should LUF funding be achieved. Private sponsorship is also being sought in support of individual elements or project within Spirit of the Highlands.

6.1b Please also complete Tabs C and D in the appended excel spreadsheet, setting out details of the costs and spend profile at the project and bid level in the format requested within the excel sheet. The funding detail should be as accurate as possible as it will form the basis for funding agreements. Please note that we would expect all funding provided from the Fund to be spent by 31 March 2024, and, exceptionally, into 2024-25 for larger schemes.

- **We can confirm the project delivery plan facilitates all funding being spent prior to the end of March 2024, with construction complete by this date (including a buffer for unforeseen circumstances). Please note that any funding shown in 2024-25 / 25-26 is retention amounts only.**
- **We can confirm that c£1m funding can be spent by the end of 2021/22.**

6.1c Please confirm if the bid will be part funded through other third-party funding (public or private sector). If so, please include evidence (i.e. letters, contractual commitments) to show how any third-party contributions are being secured, the level of commitment and when they will become available. The UKG may accept the provision of land from third parties as part of the local contribution towards scheme costs. Where relevant, bidders should provide evidence in the form of an attached letter from an independent valuer to verify the true market value of the land.

Yes

No

Appendix 6.1.c.i includes a summary of the evidence of third party funding.

Appendix 6.1.c.ii – viii provide further details and evidence of the third party funding confirmed including letters and email correspondence.

6.1d Please explain what if any funding gaps there are, or what further work needs to be done to secure third party funding contributions. (Limit 250 words) 85

There is no project funding gap for the delivery of the proposal:

6.1e Please list any other funding applications you have made for this scheme or variants thereof and the outcome of these applications, including any reasons for rejection. (Limit 250 words) 47

Funding applications have been submitted for the refurbishment of Inverness Castle, an element of the Castle Hill project.

There have **not** been any previous funding applications for any of the following elements of this LUF application:

- Castle Hill Energy Centre
- Northern Meeting Park
- Bught Park

6.1f Please provide information on margins and contingencies that have been allowed for and the rationale behind them. (Limit 250 words) 124

The capital cost assessment has been undertaken by professional Quantity Surveyors, with experience of delivering projects in Inverness and full awareness of the sites. The costs have been based upon RIBA Stage 2 design.

There is no developer margin, as the Council is the developer.

Construction and tender inflation costs have been allowed for tender costs in 2022.

- 20% contingency for the Castle refurbishment, as the project is a grade A listed
- 10% contingency for Northern Meeting Park and Bught Park, which based on the simplicity of delivery is considered acceptable at this stage of the project.

6.1g Please set out below, what the main financial risks are and how they will be mitigated, including how cost overruns will be dealt with and shared between non-UKG funding partners. (you should cross refer to the Risk Register). (Limit 500 words) 265 words

The main financial risk is agreeing sums with building contractors, in line with the project cost estimates (Risk Register: IC002, NMP001, NMP002, BP001, BP002). This will also link to risks associated with BREXIT (Risk Register: IC025, NMP016, BP016). These risks are being, will continue to be managed by the project team through:

- Engagement with local, experienced design team
- Experienced project team managing the tender process
- Expertise of QS engaged at early stages
- Appropriate inflation and contingencies included within the project costs.

Other key financial risks include:

- Cost increases due to site abnormalities (Risk Register: IC004, NMP003, BP003)– mitigated through instruction of relevant tests at an early stage, already done for the Castle Hill site.
- Contractor runs over budget (Risk Register: IC005, NMP004, BP004)– mitigated through monitoring work of contractors against specification and tender
- Revenue budget requires additional Council subsidy (IC009, IC017, NMP005, NMP012, BP005, BP012) – mitigated through realistic projections, benchmarking, maximising income generating potential of all project elements
- Confirmed funding does not materialise (Risk Register: IC006, IC007, IC008, NMP019) – mitigated by ensuring project objectives aligned with funding, relationships are developed. Letters of confirmation available.

Should extraordinary circumstances lead to cost overruns, other potential sources of funding will be reviewed and followed up to mitigate any potential rise in the estimate. This will include:

- Clean Growth Fund
- District Heating Loan Fund
- Joseph Rowntree Charitable Trust
- MCS Charitable Foundation
- Salix Energy Efficiency Loans
- Sportscotland
- National Lottery Heritage Fund
- Bord na Gaidhlig
- Highlands and Islands Enterprise

Proposals will also be prepared to seek to secure private sector sponsorship.

6.2 Commercial

See technical note Section 4 and Table 1 for further guidance.

6.2a Please summarise your commercial structure, risk allocation and procurement strategy which sets out the rationale for the strategy selected and other options considered and discounted. The procurement route should also be set out with an explanation as to why it is appropriate for a bid of the scale and nature submitted.

Please note - all procurements must be made in accordance with all relevant legal requirements. Applicants must describe their approach to ensuring full compliance in order to discharge their legal duties. (Limit 500 words) 470 WORDS

Commercial Structure: The Highland Council (THC) will take the lead and act as developer for the proposal and for each individual project.

Risk Allocation: The Council will be responsible for the management, design, construction, cost and risk of all three projects from conception through to completion. Please note all sites are public owned assets allowing the project to move at pace.

The procurement strategy for the proposal has been considered by the project team, exploring a range of options including:

1. Design & Build
2. Negotiated Contracts
3. Local Authority Frameworks

Aligning the Council's key objectives for the delivery:

- Timescales for delivery – the need to optimise procurement timescales
- Maximising contractor appetite – medium size contract (£5m-£8m value) will maximise appetite from local contractors to tender for the works. Based on previous experience this will also lead to better value and it is known that there would be considerable interest from the local market at the medium size contract.
- Ensuring appropriate expertise - Also, each contract has different features, in particular the energy centre solution and the listed building classification. Dealing with each project separately during the design phase will be beneficial to tailor the requirements and expertise appropriately and also to allow each programme to run independently when dealing with the Listed Building and Planning Applications.
- Optimising risk management – managing individual contractors on medium size contracts, providing more control but also ensuring that at all RIBA stages, should a problem occur on one of the contracts, the others can continue to progress as per programme (if one large contract across the projects, this would not be the case)
- Retaining works within the region wherever possible, maximising the local economic impact of the proposal, critical in the aftermath of the pandemic.

Based on the key objectives/considerations above, the decision has been taken to procure each of the individual projects as separate contracts.

- The Castle Hill Energy Centre will be a variation to the main Inverness Castle refurbishment contract, (consistency of Redevelopment – Standard Building Contract with Quantities (SBC/Q) 2016)

- Northern Meeting Park Redevelopment works will be procured on an Open Tender basis, through PCS (Public Contract Scotland) – Standard Building Contract with Quantities (SBC/Q) 2016
- Bught Park Redevelopment works will be procured on an Open Tender basis, through PCS (Public Contracts Scotland) - Standard Building Contract with Quantities (SBC/Q) 2016

The Council has considerable experience in procuring and managing traditional contracts, this gives the authority greater control throughout the life of the project and will ensure best value. Note that the approach adopted for NMP / BP is the same as the Ness Hydro project which is due to complete in December 2021 and is on time and on-budget.

In order to ensure full compliance and discharging legal duties, the three projects will follow and comply with The Highland Council Procurement Standing Orders.

6.3 Management

See technical note Section 4 and Table 1 for further guidance

Delivery Plan: Places are asked to submit a delivery plan which demonstrates:

- **Clear milestones, key dependencies and interfaces, resource requirements, task durations and contingency.**
- **An understanding of the roles and responsibilities, skills, capability, or capacity needed.**
- **Arrangements for managing any delivery partners and the plan for benefits realisation.**
- **Engagement of developers/ occupiers (where needed)**
- **The strategy for managing stakeholders and considering their interests and influences.**
- **Confirmation of any powers or consents needed, and statutory approvals e.g. Planning permission and details of information of ownership or agreements of land/ assets needed to deliver the bid with evidence**
- **Please also list any powers / consents etc needed/ obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers and conditions attached to them.**

6.3a Please summarise the delivery plan, with reference to the above (Limit 500 words) 497

The Delivery Programme and narrative of the Delivery Plan across the three projects is included in Appendix 6.3.a.i – ii. The Delivery Plan addresses each of the items identified above.

- All three sites are owned by the Highland Council.
- Planning permission will be required for all 3 projects.
- Listed Building Consent (LBC) will be required for Castlehill Energy Centre and the Northern Meeting Park refurbishment.
- C£1m of funding can be spent in financial year 2021/22 on site investigations and design development across the projects

All projects have been developed to RIBA Stage 2, managed by The Council and HLH with existing design teams. The Planning Authority has been appraised of the proposals as part of the early consultation process.

The priority milestone is to achieve Planning Permission and LBC across the projects. The key tasks to achieve this are:

1. Appoint the existing design teams to undertake the remaining design stages.
2. Develop spatially coordinated design proposals to meet set delivery requirements for each site to RIBA Stage 3, including detailed structural and civil and MEP design proposals and cost check.
3. Progress enquiries with statutory undertakers to secure infrastructure provision across the projects.
4. Undertake enhanced Site Investigations to confirm ground conditions and locate underground services.
5. Undertake specialist surveys required for applications for Planning Permission and LBC such as topographical surveys, tree surveys, ecological surveys, etc.
6. Commission other supporting documentation such as traffic statements and construction and waste management plans etc.
7. Engage with the Planning Authority and statutory stakeholders through pre-application consultations and amend the design prior to the submission of formal applications
8. Undertake wider stakeholder consultation including Historic Environment Scotland, local access panel, Inverness Design Review Panel, Police Scotland, Scottish Fire and Rescue Service, End Users, the general public etc to inform the developed design
9. Submit applications for Planning Permission for all three sites and LBC for the Castlehill Energy Centre and Northern Meeting Park (note conservation accredited architects have been employed on both projects)
10. Monitor the application process and react to any Planning concerns as a matter of urgency
11. **MILESTONE 1:** To achieve Planning Permission and LBC across the three projects

Subsequently, key actions will be:

12. Act quickly to submit information to discharge any pre-development conditions.
13. Progress technical design proposals to RIBA Stage 4, involving engagement with end-user teams, management and operational staff.
14. Make applications for Scottish Water Technical Approval for drainage or connection applications
15. Commence engagement with Building Control Officers in anticipation of applications for Building Warrant and agree any staged applications as necessary
16. Submit applications for Building Warrant and liaising with Building Control to address any areas of non-compliance/objections that may be identified.
17. **MILESTONE 2:** To achieve Building Warrant for all three projects.

Thereafter, the RIBA Plan of Work will be followed to progress the projects through Stage 4 - Technical Design and Tender, Stage 5 - Manufacturing and Construction, Stage 6 - Handover and Stage 7 - In Use.

6.3b Has a delivery plan been appended to your bid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.3c Can you demonstrate ability to begin delivery on the ground in 2021-22?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

6.3e Risk Management: Places are asked to set out a detailed risk assessment which sets out (word limit 500 words not including the risk register): 498 words

- **the barriers and level of risk to the delivery of your bid**
- **appropriate and effective arrangements for managing and mitigating these risk**
- **a clear understanding on roles / responsibilities for risk**

A detailed Risk Register has been developed for the proposal (Appendix 6.3.e.i).

The Risk Register highlights project critical risks, key triggers and assesses the likelihood/impact of the risk materialising; this results in a profile score against which an owner is allocated, and key mitigation plans identified.

The Risk Register identifies a number of higher profile risks (red rating) that require ongoing management and mitigation including:

- Design exceeding initial cost estimates – mitigated by developing internal cost estimates prior to going out to tender and close management of the design team to ensure designs align with project budget.
- Partnership funding not secured – mitigated by exploring a wide range of public/private sector opportunities, by ensuring project objectives are aligned with funding opportunities, relationships with key funders are developed and benefits/impact of the projects are clear/demonstrable.
- The Castle Hill Waste-Water Energy Centre is an innovative approach to sustainable energy. It is already being mitigated through a detailed feasibility study undertaken by the Mechanical & Electrical Engineer and contact is ongoing with Scottish Water to discuss the use of the main sewer in the area for waste recovery.
- Visitor numbers are not achieved due to the current uncertainty in the delivery of visitor, leisure and cultural services for a post pandemic market– mitigated by ensuring estimates are realistic from the outset, stakeholder engagement to ensure the projects meet the needs of the users and appropriate marketing/operational strategies in place.
- Revenue performance is poorer than expected due to the uncertainty in visitor, leisure and cultural services for a post pandemic market – mitigated by ensuring estimates are realistic from the outset (income and expenditure); appropriate expertise and benchmarks are utilised. Appropriate marketing and promotion strategy in place.
- Impact of Brexit – mitigated by ensuring Scottish/UK Government guidance is central to planning processes. Ensure appropriate contingencies in place within the project budgets.

For each of these risks, a Risk Management Plan (Appendix 6.3.e.ii – iv) has been developed to identify mitigation actions, allocate owners and monitor progress; ensuring risks are managed day to day and ultimately mitigated as much as possible.

Governance is an important component of risk management. The governance structure has been agreed and is already successfully in effect for the Castle Hill project.

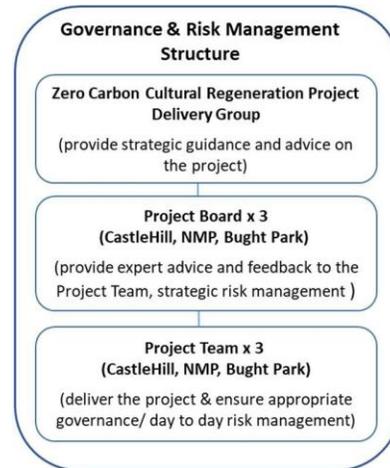
The Project Delivery Group will have ultimate oversight for the proposal.

Each individual project will have its' own Project Board (chaired by the Highland Council Senior Responsible Officer) and Project Team.

The Project Team meet weekly and report to both the Project Board and the Delivery Group on a quarterly basis.

The Risk Register is a permanent item on the agenda for all, informing day to day and strategic decision making. The Senior Responsible Officer will sit on all 3 project boards is responsible for the ongoing management of the Risk Register.

The directly relevant experience (set out in track record below) of the delivery partners will be critical for recognising and managing project risks and ensuring the successful delivery of the project.



6.3f Has a risk register been appended to your bid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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6.3g Please evidence your track record and past experience of delivering schemes of a similar scale and type (Limit 250 words) 249

The two leading partners for the proposal, the Council and HLH have a strong and proven track record of working together over the last 20 years delivering complex projects - on time and on budget, through periods of recession/recovery, for refurbished and new build facilities.

Policies and procedures are in place to ensure delivery of these projects with experienced project managers and expert consultants resulting in award winning projects. The team, collectively and individually, has extensive experience of designing and delivering significant infrastructure projects. This is directly relevant experience for the delivery of the proposals and will be critical for successful delivery of the project.

Examples of projects, many with similar features and scale, delivered by the project team include:

- Inverness Town House Refurbishment, Grade A Listed.
- Ness Hydro Scheme.
- Inverness Victorian Mark, Grade B Listed.
- Inverness Castle Viewing Platform, Grade A Listed.
- Inverness Waste Transfer Station.
- Fort William Office Rationalisation Project.
- Thurso Leisure Centre.
- Torvean Golf Course Club House.
- Inverness High School, Grade B Listed.
- West Link Project.

Canal Park is very similar to Bught Park and the existing sports clubs who utilise the facility. The figure to the right highlights the significant uptake in participation levels and success for the Highland Rugby Club once their new facilities were built. The Council has a track record in investing to deliver social and cultural uplift.

	Before Canal Park	Current position
Number of HRFC teams	Senior Teams - 2 Over 35's - 1 Junior Boys Teams - 5 Junior Girls Teams - 0 Mini/Micro Players - 50	Senior Teams - 3 Over 35's - 1 Junior Boys Teams - 6 Junior Girls Teams - 3 Mini/Micro Players - 200
Number of HRFC members	Database - 856 Paid - 164	Database - 2,165 Paid - 308
Participation numbers (annual if possible)	210	460
Details of how their teams have progressed through their respective leagues, namely any promotions achieved:	2017 - 1 st XV Promoted to National League 3 2018 - 1 st XV Promoted to National League 2 2020 - 1 st XV Promoted to National League 1 In addition, they played in 2 national cup finals in the above period. 2 nd XV won their league on 2 occasions. League rules prevent promotion. In addition, they won a regional cup on 2 occasions. Youth sides compete on a national league basis.	

6.3h Assurance: We will require Chief Financial Officer confirmation that adequate assurance systems are in place.

For larger transport projects (between £20m - £50m) please provide evidence of an integrated assurance and approval plan. This should include details around planned health checks or gateway reviews. (Limit 250 words) 191

The Council has robust governance arrangements in place for the delivery of its major projects. There is a specific governance structure in place for the proposal (and is already proven for the early stages of the Castle refurbishment), there is a Project Delivery Group (jointly chaired by Fergus Ewing MSP,) who provide strategic guidance and advice to the project.

Each individual project will have its' own Project Board (chaired by the Highland Council Senior Responsible Officer, Allan Maguire) who will provide expert advice and feedback to the project team. The Project Team are responsible for delivering the project, they meet weekly and report to both the Project Board and the Delivery Group on a quarterly basis.

The project team and board are supported by specialist consultants, to provide additional expertise, ensuring robustness and due diligence.

Progress on all projects will be monitored and reported on through the Council's governance channels, including:

- An annual review of the Capital Programme by full Council;
- A quarterly update to the Economy and Infrastructure Committee;
- A quarterly update to the City Regions Deal Programme Board (Castlehill only);
- Annual internal and external audit of all project expenditure

6.4 Monitoring and Evaluation

See technical note Section 4 and Table 1 for further guidance.

6.4a Monitoring and Evaluation Plan: Please set out proportionate plans for M&E which should include (1000 word limit): 933

- Bid level M&E objectives and research questions
- Outline of bid level M&E approach

- Overview of key metrics for M&E (covering inputs, outputs, outcomes and impacts), informed by bid objectives and Theory of Change. Please complete Tabs E and F on the **appended excel spreadsheet**
- Resourcing and governance arrangements for bid level M&E

Monitoring and evaluation of our projects is a key part of the Council and High life Highland's strategic approach to project delivery. It is important to us, that our investment and that of other public sector partners is targeted and effective. Therefore, our monitoring and evaluation approach includes both reporting on and acting on the information collected, and analysis undertaken. This means that if at any stage, any of the expected outcomes and impacts are not hitting the targets set, we will seek to initiate further actions and support to ensure that they are achieved.

Our plan will ensure that all project stakeholders (including funding partners, local and regional organisations and the public) will benefit from understanding the values and outcomes of this investment.

The purpose of our monitoring and evaluation will be to:

- assess the performance of the interventions with respect to achieving the targeted outcomes
- adapt the project inputs and activities (where necessary/possible) to maximise the outcomes and impact on a long-term basis
- communicate the performance/benefits of the project to the public and wider stakeholders
 - learn lessons for future projects/ investments.

The key research questions will include:

- Were the projects delivered as intended and what can be learned from the overall project delivery approach and execution (short-term process evaluation)
- To what extent have the projects delivered the short-term outcomes expected, and if not, what can be done to achieve this, or learn lessons for future projects (short-term impact evaluation)
- To what extent have the projects delivered the medium and long-term outcomes expected (medium-long term impact evaluation)
- Have the projects delivered/ do they continue to deliver value for money (medium – long term VFM evaluation)

We have developed a proportionate plan for bid-level monitoring and evaluation that is built upon our objectives and Theory of Change. Our M&E plan considers each project individually with respect to their short, medium and long-term outcomes and impacts, however the information and data collected will be capable of collation to form an overall project-level analysis (on a periodic basis).

The short-term outcomes will effectively be achieved and evaluated through the construction and opening phase of each project. The medium and long-term outcomes and impacts will be achieved from opening and throughout the life of the projects.

Short-term (process and impact evaluation)

The Council and HLH will undertake a process and impact review at the end of each of the projects. The process review will consider how well the project was delivered compared to the project plan, with regards to cost, programme, resources, outputs etc. This review will identify any lessons learned to inform future decision making.

The short-term impact review for each project will effectively evaluate the outcomes from the construction phase, compared with the expected outcomes. Some examples are provided in the table below, with a full list for each project in Table F.

Type of outcome	Castle Hill	Northern Meeting Park	Bught Park
Completed development	Refurbished castle open as international visitor attraction and energy centre	Refurbished main building for community use & visitor attraction and creation of a pavilion and energy centre	Refurbished stand and changing facilities completed and energy centre
Floor space created	1,924 sqm of internal space 1,640 sqm of external space	995 sqm of internal space 1.65ha safeguarded/enhanced green space	1,614 sqm of internal space 7.462ha safeguarded/enhanced green space
Leverage	Private sector investment in fit out	Private sector investment in fit out	
Construction jobs	160 construction jobs	75 construction jobs	80 construction jobs

Medium and long-term (impact and value for money evaluation)

The medium and long-term outcomes and impacts will be subject to both regular monitoring and periodic evaluation. The regular monitoring will be undertaken by a range of stakeholders, with the benefit owners identified in Table F responsible for the data collection and reporting. Some examples are provided in the table below, with a full list for each project in Table F.

Regularity of monitoring/data	Inverness Castle	Northern Meeting Park	Bught Park
Monthly	<ul style="list-style-type: none"> Improved air quality 	<ul style="list-style-type: none"> Improved air quality 	<ul style="list-style-type: none"> Improved air quality
Annual	<ul style="list-style-type: none"> Visitor numbers Overnight stays Increased visitor spend in the city Increased dwell time in the city 	<ul style="list-style-type: none"> Job creation Increased footfall to the site Enhanced wellbeing Carbon reduction 	<ul style="list-style-type: none"> Increased footfall in area Increased overnight visitors to Inverness Reduced deprivation
Irregular / periodic	<ul style="list-style-type: none"> Increased land values Cultural assets protected 	<ul style="list-style-type: none"> Enhanced sustainability Perceptions of the city 	<ul style="list-style-type: none"> Reduced heating costs in area

In addition, a periodic evaluation will be undertaken at the end of Years 1, 3, 5 and 10 of operation. This evaluation will be undertaken by an external, independent consultant, commissioned by the Council/ HLH. The consultant will be supplied with all of the regular monitoring data collected and will supplement this with additional research and analysis specifically designed for the periodic evaluation questions. This periodic review will also include a standard economic impact assessment and value for money assessment. The Council will request that the consultant also makes recommendations as to how to improve/ maximise the outcomes as a result of the studies. The Council will consider engaging the consultant prior to the scheme becoming operational to ensure an appropriate and robust methodology is in place, and that all relevant data required to undertake the studies will be capable of being provided.

The resourcing to be applied to the M&E plan will be a combination of Council Officers/HLH (undertaking the short-term evaluation and collecting data on a regular basis) and external consultants, appointed to undertake the periodic studies. The Council will also engage with other key stakeholders/ benefit owners such as Visit Scotland and Highlands and Islands Enterprise to commission relevant research to feed into the overall M&E plan.

PART 7 DECLARATIONS

7.1 Senior Responsible Owner Declaration

As Senior Responsible Owner for The Highland Council I hereby submit this request for approval to UKG on behalf of The Highland Council and confirm that I have the necessary authority to do so.

I confirm that The Highland Council will have all the necessary statutory powers and other relevant consents in place to ensure the planned timescales in the application can be realised.

Name:

Signed:

7.2 Chief Finance Officer Declaration

As Chief Finance Officer for The Highland Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that The Highland Council

- has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution
- accepts responsibility for meeting any costs over and above the UKG contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties
- accepts responsibility for meeting any ongoing revenue requirements in relation to the scheme
- accepts that no further increase in UKG funding will be considered beyond the maximum contribution requested and that no UKG funding will be provided after 2024-25
- confirm that the authority commits to ensure successful bids will deliver value for money or best value.
- confirms that the authority has the necessary governance / assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to.

Name:

Signed:

7.3 Data Protection

Please note The Ministry of Housing, Communities and Local Government (MHCLG) is a data controller for all Levelling Up Fund related personal data collected with the relevant forms submitted to MHCLG, and the control and processing of Personal Data.

The Department, and its contractors where relevant, may process the Personal Data that it collects from you, and use the information provided as part of the application to the Department for funding from the Levelling Up Fund, as well as in

accordance with its privacy policies. For the purposes of assessing your bid the Department may need to share your Personal Data with other Government departments and departments in the Devolved Administrations and by submitting this form you are agreeing to your Personal Data being used in this way.

Any information you provide will be kept securely and destroyed within 7 years of the application process completing.

You can find more information about how the Department deals with your data [here](#).