

Agenda Item	9i
Report No	HC/14/21

HIGHLAND COUNCIL

Committee: Highland Council

Date: 24 June 2021

Report Title: Medium Term Financial Planning and Health and Prosperity Strategy Investment

Report By: The Chief Executive

1. Purpose/Executive Summary

- 1.1 This report sets out an approach to medium term financial planning for the Council, a key element of good financial management as required by the CIPFA Financial Management Code. The report looks at various scenarios for the medium-term budget with the central scenario identifying an anticipated annual requirement to deliver £15m of annual revenue budget savings over the medium term. The funding of capital and other investment needs to form a key part of that medium-term approach and will be incorporated into future iterations of the medium term financial plan.
- 1.2 The report also provides information on the progress made to date on the investment made in Phase 1 of the Health and Prosperity Strategy and sets out a series of bids for further investment the next phase - Phase 2 - and potential bids for Phase 3 in September 2021.
- 1.3 The report further commits in principle to finalising the funding of a number of priority projects for schools capital investment (as previously agreed by Council) to ensure progress is made towards full delivery, and highlights opportunities for Member engagement sessions in September before further details being brought to Council in the Autumn.
- 1.4 The complexity of the Council's overall financial position reveals a number of competing and apparently contradictory factors. Whilst the 2020/21 outturn position is positive with reserves much increased from 2019/20 levels, many of these reserves are already committed to specific projects and investments. The medium to long term outlook for the Council shows substantial requirements for capital investment along with concerns over medium term financial sustainability unless significant levels of budget savings are delivered. As part of its decision-making over the coming year the Council faces a challenge in balancing opportunities in the short term with the medium term outlook. Any investment decisions taken now need to be mindful of, or assist in offsetting, the medium term financial challenge.

2. Implications

- 2.1 Resource (Budget and Staffing) – the resource implications are as set out in this report. The Phase 2 investment proposals will be funded from the Council’s general fund non-earmarked reserve which, as detailed elsewhere on this agenda, stands at £43.4m at 31st March 2021. Both the medium term financial planning scenarios and the funding of capital investment priorities demonstrate significant demands on the Council’s revenue budget and reserves over the short, medium and long term.
- 2.2 Legal – The Council's Financial Regulations require compliance with the CIPFA Financial Management Code which in turn sets the standards of financial management for local authorities. This is explained in greater detail in section 4.
- 2.3 Community (Equality, Poverty and Rural) – The Health and Prosperity Strategy has a positive impact by supporting people and communities across the Highlands in terms of health, wealth, and wellbeing.;
- 2.4 Climate Change / Carbon Clever – there is already investment of £480,000 over 2 years to deliver 4 Climate Change workstreams, agreed as part of the Health and Prosperity Strategy in March 2021 as part of the Recovery, Improvement and Transformation Programme. In addition, there are bids in the Phase 2 and 3 amounting to £2.6M to develop further carbon reduction initiatives.
- 2.5 Risk – The biggest risk in relation to the proposals set out in this report relate to affordability and uncertainty. Whilst there is an opportunity to invest one-off resources to support a number of key Council priorities, the report sets out the significant pressures that are on the capital programme and the revenue requirements of supporting increased expenditure for major projects, such as the schools priorities set out in section 9. There are also a range of unknowns that have the potential to impact negatively on the Council’s resources including Brexit, ongoing pressures from COVID -19, the 2022/23 grant settlement – revenue and capital - and winter weather.
- 2.6 Gaelic – A total of £4m has been received from the Scottish Government by way of grant funding towards the expansion of Gaelic Medium Education (GME) in Inverness. A feasibility study will be initiated with further proposals to come forward in the Autumn. There is also potential to bid for additional capital funding for Gaelic expansion elsewhere in Highland and these opportunities are also being explored.

3. Recommendations

3.1 Members are asked to:

- i. Agree the approach to medium term financial planning outlined at section 5, noting an anticipated £15m annual budget savings requirement over the medium term;
- ii. Note the progress made with the projects funded through Phase 1 investment set out at section 6 and Appendix 1 & 2;
- iii. Agree the recommendations for Phase 2 investment set out at section 7 and Appendix 3 and 4;
- iv. Consider the proposals for Phase 3 investment set out at section 7 and summarised in Appendix 3;
- v. Confirm the priorities for schools capital investment set out at section 9.3 as follows:
 - Beaully Primary

- Culloden Academy
- Dunvegan Primary
- Park Primary
- St Clement's School

Note a full scope, timescale, associated cost and funding options are brought back to the September Council meeting;

- vi. Note that there will be opportunities for member engagement to look at affordability of the overall capital programme, including a review of the loans fund accounting review and any other flexibilities available, to inform the recommendations that will come forward in October as set out in (vii) below;
- vii. Note the development of the capital strategy, new 5 year fixed plus 5 year indicative capital programme and associated affordability considerations will be brought back to Council in October and factored into future iterations of the medium term financial plan.

4. Background

4.1 As has been reported previously to Members, the Chartered Institute of Public Finance and Accountancy (CIPFA) have developed a Financial Management (FM) Code which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code therefore sets the standards of financial management for local authorities and each local authority must demonstrate that the requirements of the code are being satisfied.

4.2 The Code is structured around six underlying principles all of which contribute to demonstrating long term sustainability- which is the key outcome of the Code:

'While the statutory local authority budget setting process continues to be on an annual basis, a longer-term perspective is essential if local authorities are to demonstrate their financial sustainability. Short-termism runs counter to both sound financial management and sound governance.'

The Code exemplifies what it considers to be financial sustainability as follows:

'The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:

- *financially manage the short, medium and long-term finances of a local authority*
- *manage financial resilience to meet unforeseen demands on services*
- *manage unexpected shocks in their financial circumstances.'*

4.3 The six principles put forward by the Code are Leadership, Accountability, Transparency, Standards, Assurance and Sustainability. The principles manifest themselves across 7 key areas:

1. The responsibilities of the chief finance officer and leadership team
2. Governance and financial management style
3. Long to medium-term financial management
4. The annual budget

5. Stakeholder engagement and business cases
6. Monitoring financial performance
7. External financial reporting

4.4 Whilst this report has a primary focus on item 3 from the above list 'Long to medium-term financial management' there is also relevance to a number of the other sections. Four key standards sit beneath section 3 of the code and therefore need consideration in this context:

- The authority has carried out a credible and transparent financial resilience assessment
- The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
- The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities
- The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

4.5 With regard all of the above elements the Code is clear that the time horizon for longer term planning must exceed that of any planned government funding settlements and should go as far as the duration of any long term contractual commitments (in particular those relating to capital funding and borrowing). The medium to long term financial plan should encompass scenario planning around key assumptions, potential changes in demand for services (in particular demographic changes), show clear linkages with the corporate and service plans, build in the financial impacts of any approved capital programme and demonstrate links to the capital strategy. The Medium Term Financial Plan (MTFP) should also be dynamic in order that it reflects changing circumstances.

4.6 In late May 2021 the Accounts Commission published its annual report 'Local government in Scotland Overview 2021', a link to which can be found below:
https://www.audit-scotland.gov.uk/uploads/docs/report/2021/nr_210527_local_government_overview.pdf

The report is inevitably focused on the impact of Covid and looks at the key areas of communities and people, service delivery and partnership working, and resources and governance.

Despite the Covid focus of the report a number of relevant thematic points previously highlighted by Audit Scotland are again included this report including:

- The benefits that would come from having a multi-year funding settlement from Government
- The challenges provided by increasing proportion of funding being ring-fenced (whilst noting substantial increases in the overall funding made available)
- The unsustainability of using reserves to fund recurring services and cost commitments
- The importance of scenario-based medium-term financial planning (and the need to regularly revisit this to ensure it fully reflects the current Covid context)

4.7 In March 2021 the Council approved a balanced revenue budget for 2021/22 with agreement on a number of items for the period extending to 2023/24. That medium term financial planning work, which included an estimated residual budget gap of

£20.3m over 2022/23 and 2023/24 is updated and extended in section 5 of this report.

- 4.8 As part of the agreed budget approach, and in the follow-up report to Council on March 25th it was determined that proposals for 'Phase 2' investment would be brought to this meeting. The capacity for Phase 2 investment has been enabled by the positive 2020/21 revenue budget outturn position which has resulted in a non-earmarked general fund reserve some £18.7m in excess of the agreed target level of £24.7m.
- 4.9 Any investment decisions that Members may decide to make should be made with regard to the medium term financial outlook that the Council is facing- with a particular focus on projects that contribute to the longer term financial sustainability of the Council either by supporting the delivery of future revenue savings or by addressing a key strategic priority of the Council. Any investment proposals that create potential ongoing funding requirements for future years would increase the budget gap.

5. Medium Term Financial Planning

- 5.1 This report builds on the medium-term financial planning work provided to the March Council meeting and will contribute to meeting the requirements of the CIPFA FM Code on long to medium-term financial planning. A key element of that work is future scenario planning as detailed in the section below. This work looks at some of the key variables and uncertainties for the future and models different scenarios, with section 8 of this report highlighting how capital investment decisions will impact on the MTFP.
- 5.2 A five-year forward view has been taken with a variety of different scenarios made for each of the key assumptions. A brief explanation for each of the key assumptions and range of scenarios modelled is provided below:
- Change in core revenue funding settlement from Government- In 2021/22 the council anticipates receiving over £500m in revenue budget funding from the Scottish Government (around 80% of total external funding). Any changes to this funding will therefore have a significant impact on the Council's financial situation. Given wider economic uncertainties and the government's stated priority areas, different scenarios used for this funding stream range from 'flat cash' to a 3% annual reduction.
 - Council tax increases- In 2021/22 the Council expects to generate net Council Tax income of £131m. Council tax rates are determined locally but any future increases may be constrained by Government policy. A range of annual increases from 3 to 6% have been modelled in the expectation that in scenarios with greater reductions in core government funding a higher rate of Council Tax increase may be allowable.
 - Staff pay increases- Pay costs reflect the biggest single expense that the Council incurs with salary costs in excess of £300m incurred annually. Annual pay awards of 1, 2 and 3% have been included in different scenarios- these are intended to reflect the potential balance that may need to be struck between demand and affordability.
 - General pressures- In all scenarios modelled a sum of £5m has been included for 'general pressures'. This sum is intended to capture other variable such as changing demand for services, the impact of demographic change, inflationary pressures (especially on contracts), legislative change or locally decided new expenditure commitments. If more detail emerges on any particular item in this category it will be factored into the budget gap calculations in its own right.

- Loans charges- None of the scenarios included in the current modelling assume any change in the value of the budget currently allocated to loans charges. Capital investment is covered in more detail in section 8 of this report and any revenue implications of a new capital programme will need to be factored into future iterations of the MTFP.

5.3 For all of the key variables highlighted above there is a huge amount of uncertainty about future direction. In terms of funding the Council has only received a settlement for 2021/22 with no visibility on settlements beyond that. With regard to pay no agreement has been reached on a pay award for 2021/22 and a long term settlement looks unlikely. The general pressure figure may be dependent on key external factors such as inflation as well as wider macroeconomic considerations.

5.4 Given the uncertainty referenced above the range of different scenarios modelled over the next 5 year term leads to a total budget gap (and therefore savings requirement) anywhere between £13.9m and £120.4m after already agreed savings of £6.6m are deducted. The table below summarises the different variables and their impact on the budget gap.

Scenario- annual change				Budget gap					
Pay increase	General pressures	Core funding change	Council Tax increase	2022/23 £m*	2023/24 £m**	2024/25 £m	2025/26 £m	2026/27 £m	5 year total £m
3%	£5m	-3%	3%	20.1	22.4	26.1	25.9	25.8	120.4
2%	£5m	-3%	3%	16.6	18.8	22.3	22.1	21.9	101.7
3%	£5m	-3%	6%	16.2	18.3	21.8	21.6	21.3	99.2
3%	£5m	-1%	3%	10.0	12.5	16.2	16.3	16.3	71.2
2%	£5m	-1.50%	3%	9.0	11.3	15.0	14.9	14.8	64.9
2%	£5m	-1%	5%	3.8	6.1	9.7	9.5	9.4	38.5
1%	£5m	-1%	3%	2.9	5.2	8.8	8.7	8.5	34.0
2%	£5m	0%	3%	1.4	3.8	7.6	7.6	7.6	28.1
3%	£5m	0%	6%	1.0	3.4	7.1	7.1	7.0	25.5
2%	£5m	0%	5%	-1.3	1.1	4.8	4.7	4.6	13.9

* 2022/23 budget gap figures reflect the position after savings of £5.3m approved in March 2021 are deducted

** 2023/24 budget gap figures reflect the position after savings of £1.3m approved in March 2021 are deducted

5.5 The broad range of outcomes identified from the modelling does make it difficult to come up with a meaningful financial plan. Whilst the scenarios identified are all possible knowing which is probable would better help inform detailed planning. The scenario highlighted in yellow in the table above was the 'central' scenario used in the March 2021 MTFP and at present it is felt that this scenario- which has a requirement for an average £14.3m in annual savings- is the central one we should continue to use.

5.6 Further support for the use of the central scenario is provided by the table below which provides details of the savings approved by Council as part of the annual budget processes over the last seven years.

Annual savings requirement- last 7 years (total value of savings approved as part of annual revenue budget process)	
21/22	£10.5m
20/21	£16.2m
19/20	£21.4m
18/19	£13.7m
17/18	£16.8m
16/17	£39.9m

15/16	£17.9m
	£136.4m
Average annual saving requirement 2015/16 to 2021/22:	£19.5m
Average annual saving requirement 2017/18 to 2021/22:	£15.7m
N.B the above figures reflect the amounts of saving required, not the budget gap (i.e. they reflect the position after any Council Tax increases)	

- 5.7 Based on the figures provided in sections 5.5 and 5.6 above it is suggested that Members recognise that the Council will likely have an ongoing average annual savings requirement of around £15m. It should also be noted, as history demonstrates, that any saving requirement in a single year may vary significantly from that long-term average.
- 5.8 Any medium-term financial planning must also be mindful of the potential impact of significant risk items. Known risks from the Council's risk register include the Covid pandemic and associated recovery, Brexit, financial sustainability and climate change. Allowances for addressing these and other risks may need to be built into future iterations of the medium term financial plan.
- 5.9 As outlined in the 2020/21 year end outturn report on today's meeting agenda the Council does hold a general, non-earmarked reserve, held to allow one-off mitigation of risks as well as being able to fund investment. In March the Council agreed to maintain this reserve at a minimum level of £24.7m with any excess funds above that level available for investment. The use of reserves can only be a one off spend and any such spend that has ongoing spending requirements in future years will need to have those funding requirements built into the MTFP which will widen the budget gap.
- 5.10 Subsequent sections of this report look at areas in which the Council can invest monies held in its reserves. Any investment plans that are decided should be mindful of the medium term outlook with priority given to investment proposals which deliver revenue budget savings over the medium and longer term. Reserves could also offer the opportunity as a one-off means of closing the 2022/23 residual budget gap pending the delivery of long-term transformational savings.
- 6. Update on Health and Prosperity Strategy, Phase 1**
- 6.1 Visitor Management Strategy
- 6.1.1 Members agreed £1.5m to phase 1 investment of the Visitor Management Plan at the Council meeting on 4th March 2021. A Visitor Management Plan was approved at the Tourism Committee on 21 April to recognise and start to address the issues that were anticipated to occur due to the increased numbers of visitors to the Highlands and their activities. The relaxation of many Covid restrictions from 26 April has seen visitors begin returning to the Highlands and monitoring has already begun which should help adapt planned activities if required.
- 6.1.2 The activities detailed in the plan are delivered by teams from across the Council most notably those dealing with roads, parking, public transport, countryside, waste, public conveniences and tourism. To help plan and co-ordinate delivery the cross-service officer group has continued to meet and individual members of this group have also engaged with other groups and public sector partners to assist in the delivery of planned activities.
- 6.1.3 While some activities are already under way, others will be delivered either continually or at different times across the summer season. In order to keep Members informed of progress, a reporting system has been established which allows each Service to

contribute updates on their particular activities as and when they take place, and these are then reported to the Tourism Committee. This allows up to date reporting to Members of the Committee and other Council committees and to external groups without the need for frequent individual requests.

6.1.4 The Recovery Improvement and Transformation Board provides overall governance including considering regular progress reports. Updates are also provided to the appropriate Strategic Committee.

6.1.5 Appendix 1 sets out updates on the key areas of activity.

6.2 Economic Prosperity Fund

6.2.1 Also in March 2021, Members agreed £6m funding for the Economic Prosperity Fund as part of a targeted response to the needs arising during the pandemic impacting upon individuals, families, communities and business wealth and prosperity: recognising that job opportunity, sustainability and creation are essential across the Highlands.

6.2.2 Good progress is being made on the delivery of the Economic Prosperity Fund Programme set out in the Council report of 4th March 2021, with governance established and the investment being used to work with partners to ensure the highest level of impact.

6.2.3 It is worth noting the success of the Highland Employment Recruitment Offer (HERO) work - the grant scheme offering financial support to businesses who are taking on additional staff. 210 grants have now been approved and 111 recruits are now in post. The development and acceleration of the Council's Modern Apprenticeship programme is a further key focus of current work. Other projects, including the schools mentoring programme and the regional economic development workstreams are also making good progress. Other elements of the programme will be further developed and implemented as the economic recovery continues and restrictions are lifted.

6.2.4 The Recovery Improvement and Transformation Board provides overall governance including considering regular progress reports. Updates are also provided to the appropriate Strategic Committee.

6.2.5 Full details of the progress being made in the individual work programmes is indicated in Appendix 2.

6.3 Place Based Investment and Ward Discretionary Budgets

6.3.1 The new place-based investment of £2.310m is allocated locally. It comprises an additional £10k per Ward which is administered as part of the Ward Discretionary Grants Budget and an additional £100,000 per ward. The further £100k per Ward is discretionary funding to reduce the four harms of Covid. The fund is flexible to reflect local issues and priorities. Ward Members agree how to direct these funds and the apportionment of funds is agreed at Area Committees. Funds are administered by the Ward Management Team within the normal scheme of delegation rules.

6.3.2 A summary of the types of awards made will be reported for noting as part of the quarterly financial monitoring at the Communities and Place Committee.

6.3.3 As part of the internal audit plan for 2021/22 reported to the Audit and Scrutiny Committee on 17 June 2021, an internal review of the award of Ward Fund Schemes is proposed including ward discretionary funds, place-based funds and Covid-19 funds. The scope would cover the application process, approval of funds, payments

and monitoring arrangements to ensure that these accord with relevant Council and Area policies and priorities.

7. Bids for Health and Prosperity Strategy, Phases 2 & 3

7.1 Bids totalling an additional £10m are being presented for Member consideration for Phase 2 of the Investment Strategy for Health and Prosperity with a further set of indicative proposals for Phase 3 being presented for consideration, but with decisions to come to Council in September when opportunities to look at Phase 3 investment will be presented alongside the capital programme so that overall affordability can be assessed. All the bids fall under 5 broad headings:

- Roads and Infrastructure Investment;
- Environment and Climate Change;
- Communities;
- Amenities; and
- Investing in our people and assets

A summary of all the bids for new investment is included at Appendix 3 and detailed explanations for each of the Phase 2 bids are included at Appendix 4. These are also summarised below.

7.2 Roads and Infrastructure Investment

This theme comprises 2 separate bids for additional Roads investment and for Corran Ferry design work. These total £10.6m across Phase 2 and 3 with roads accounting for over half of the total additional investment proposed for Phase 2.

7.2.1 New Funding for Roads – current funding arrangements: in 2016 the existing budget of £4.5m was increased by 2.7m to £7.2m per annum. In 2020 an additional £20m was provided, equating to £17.2m per annum for next 2 years. In 2021 for phase 2 an additional £5.5m and phase 3 £3.5m is proposed. If agreed, this will mean in 2021 total investment is over £20m per annum for the next 2 years.

7.2.2 Phase 2 and Phase 3 Bids:

The significant additional funding of £9m over the next two phases (£5.5m Phase 2; £3.5m Phase 3) will further support the key priority of the Council to maintain the current funding for our local road network and continue to make the case for additional resources in recognition of the unique challenges and costs of maintaining the largest road network in the UK. The additional funding will be used to supplement the activities outlined above, as well as addressing some of the issues around modernising the Council's plant and equipment and ensuring staffing resource to support the spend. It is proposed to allocate the £9m as follows:

- £6.5m (£4m & £2.5m) to add to the rolling programme of road improvements and repairs – new schemes to be identified at Area Committee level and discussed with local Members; to increase the maintenance works required to the Council's structures such as bridges, culverts, retaining walls and including cattle grids; strip widening to address verge damage caused vehicle over-run; and investment in additional passing places and lengthening of existing passing places, in order to ease congestion and improve road safety.
- £2.5m (1.5m & £1m) for Roads Plant and Machinery to improve the delivery of road pot hole repairs by increasing the number of first time permanent repairs; investment in plant/machinery to undertake verge side maintenance of grass/vegetation in the spring/summer and removal of vegetation from gullies, verges and drainage ditches/channels in the autumn/winter; and upgrading and replacement of plant and equipment to reflect local area needs, based on discussions with Roads Operations Managers and local Members.

7.2.3 Corran Ferry: Investing £1.6m in Phase 2 in the Corran Ferry design work is essential in order to make the case for investment in replacement vessels, slipways and supporting infrastructure to ensure service sustainability until such time that a longer-term fixed link solution is built. There is a time critical requirement for The Highland Council to have Naval Architects and Marine Consultants in place to commence work on the design of the 2 new Vessels and the supporting Slipways and Infrastructure. In terms of how this will be delivered, £0.8m will be directed towards working with Transport Scotland and their naval architect consultants on the design of the new ferry vessels as part of the wider ferry replacement programme, aiming as far as is technically possible to ensure that complementary designs can be agreed. The second stage, which is the design of new slipway, infrastructure and parking provision, will be managed by the Council's Project Design Unit, using external expertise where required, and will be procured through the normal framework arrangements in place.

7.3 Investing in Environment and Tackling Climate Change

This theme comprises 3 separate bids: £2.5m Salix; £0.1m income from renewables; and £0.3m biomass condition surveys, amounting to £2.9m in total.

7.3.1 £2.5m Salix Fund: Salix now operate on a 75/25 funding basis, therefore this £2.5M contribution would activate an investment of £7.5m from Salix, taking the total value of the Fund to £17m. The detailed bid document at Appendix 4 provides information on the range of initiatives that the existing £7m funding has delivered and the associated financial and environmental benefits that have accrued from this. This new allocation would be split 50/50 between Phase 2 and Phase 3.

7.3.2 The £0.1m Renewables: This bid in Phase 2 will support the implementation of the Motion agreed at Council to work to secure a fairer share of the income derived for the development of the Highlands natural resources. The funding will enable specialist work to be commissioned to explore what opportunities exist for Highland whether that be on a planning, construction, legislative or political level.

7.3.3 £0.3m Biomass boilers surveys: This is proposed for Phase 3 to undertake surveys of biomass boilers to evidence to Ofgem that all installations continue to fully meet the conditions and performance as set out in the Non-Domestic Renewable Heat Incentive (RHI) Scheme and secure annual RHI payments of c£1.5m.

7.4 Investing in Communities

7.4.1 This theme comprises 7 separate bids amounting to a total allocation of £3.135m: Poverty Strategy £0.750m; Street cleaning £0.350m; visitor management enhancements £0.235m; Community Loans Fund £1m; CCTV £0.2m; Demolition of Vacant and Derelict Land £0.5m; and Long Distance Routes £0.1m.

7.4.2 It is proposed to commence the Poverty Strategy in Phase 2, with further funding proposed for Phase 3 with the total bid of £0.750m split 40/60. All of the other proposals are being presented for potential consideration in Phase 3 in September.

7.4.3 £0.750m Poverty Strategy: This proposal focuses on a two-strand approach: Direct support to individuals and supporting our approach to poverty. The former will provide for a fuel poverty scheme which will be the priority for phase 2; support for digital access and skills and support to vulnerable groups. The latter will consider development funding for local groups to fund resources required for food fridges/tables including buildings and link to the Council's food growing strategy.

7.5 Investing in our people and assets

This theme comprises 4 separate bids, amounting to £3.050m in total. Eden Court £50k; Burial and Cremation £1m; Supporting Safe and Effective Working £1m; and Upgrade of School Security Systems £1m. The funding for Eden Court is to be provided in Phase 2 to match fund with HIE. Burial & Cremation and Supporting Safe and Effective Working would be split across the next 2 phases; and upgrade of School Security Systems is being proposed for Phase 3.

- 7.5.1 £0.050m Eden Court: Taking Eden Court redevelopment proposals forward with match funding from Eden Court and HIE to support a £150,000 budget for key feasibility and related work to prepare for concept design stage (Royal Institute of British Architects RIBA Stage 2). At this stage the funding requested will relate only to support feasibility work. The outcome of that work will determine next steps and scope and feasibility of the redevelopment.
- 7.5.2 £1m Supporting Safe and Effective Working (£800k & £200k): ICT and related equipment requirements (laptops, docking stations, monitors, and head sets) to support staff working at home plus investment in new systems to deliver blended Council and Committee meetings from HQ and 9 Council office hubs.
- 7.5.3 £1m Burial and Cremation (£400k & £600k): This funding will enable work to progress priority burial ground extension projects including extensions at Portree, Alness, Dornoch, Fort William, Dores and Kilmorack. The additional funding will also help to deliver improvements to the Crematorium to allow a greater range of memorial options for bereaved families. The full extent of the burial extension works required is set out in detail in the appendix as is more information on the Crematorium improvements.

7.6 Summary

Each of the proposals for Phase 2 and Phase 3 would enable the Council to invest in areas that will have a direct and positive impact on Highland communities and people and also for Council staff. In part, this investment will address some of the impacts arising from Covid relating to poverty, welfare and ways of working. However, the expenditure also represents an investment in the future, in some cases offsetting pressures on resources to assist with longer term sustainability and reducing the requirement to make future cuts; in others, enabling the Council to deliver commitments made to tackling major issues such as climate change, visitor pressures and the condition of Highland roads. Because the proposals offer a variety of benefits, detailed explanations for each have been provided at Appendix 4 so that the specific objectives, benefits, timescales and resource implications for each bid can be explained in greater detail.

8. Capital Investment and the Medium Term Financial Plan

- 8.1 Members approved a reprofiled capital programme at the January 2021 Council meeting (delayed from December 2020). This reprofiled programme reflected the programme agreed in March 2018, updated to reflect revised project costs, revised spending profiles and the addition of any subsequently agreed projects. Further reports on schools capital investment have come to Council in June and August 2019
- 8.2 Funding for the capital programme comes from a variety of sources:
- Core government capital grant funding
 - Specific project capital funding which mainly comprises Scottish Government funding for floods and harbours. Developer contributions also provide funding for capital projects.
 - Capital receipts arising from the disposal of assets; and

- Borrowing, which requires annual repayment through the Council's revenue budget loans fund.

- 8.3 As part of their capital spending review the Scottish Government have given indicative figures that the local authority capital settlement will be maintained at its 2021/22 level over the period to 2025/26. On that basis Highland can assume receipt of an annual capital grant in the order of £24m over the period. This funding will be supplemented by confirmed additional capital funding for certain flood schemes, the developments at Uig harbour and a number of other smaller projects. Additionally, three school construction projects (Tain 3-18 campus, Nairn Academy and Broadford Primary) will receive revenue funding through the Scottish Government's Learning Estate Improvement Programme.
- 8.4 Borrowing comprises the largest funding component of the capital programme and this is funded through the loans charges element of the Council's revenue budget. The annual loans charges the Council incurs is made up of two parts, the 'principal' which relates to the repayment of the cost of historic capital investment, and 'interest' which reflects the Council's cost of financing its borrowing.
- 8.5 Given the need for investment across the Council's asset base it is inevitable that borrowing will need to continue to be a significant part of the funding of capital investment. As such the impact of repaying that borrowing (the 'principal') and associated interest of any planned or intended capital investment will need to be properly considered as part of the MTFP.
- 8.6 A strategy is in place to ensure the revenue budget implications of the current capital programme can be managed within the existing loans charges revenue budget. Based on the current accounting treatment of loans charges there is however very little capacity for additional projects to be added to the next four to five years of the programme without impacting on the revenue budget.
- 8.7 Should the Council wish to add more projects to the programme this could be managed either by increasing the loans charges budget (as part of the MTFP), by reviewing the loans fund accounting treatment, or by accessing more external funding for projects.
- 8.8 A review of the loans fund accounting treatment would not reduce the total principal the Council needs to repay, but instead change the profile of the repayments. A key consideration of that review would have to be long term affordability, as the new profile would need to include ongoing annual capital investment across the Council's asset base.

9. Capital Priorities and Planning the New Programme

- 9.1 As part of the approved March 2018 capital programme a number of unfunded priority education projects were identified. These projects were to be considered as part of any bids to the Scottish Government for additional funding.
- 9.2 Since that time a number of those projects have now been incorporated into the reprofiled January 2021 capital programme with updates as follows:
- **Tain 3-18 Campus:** Included in Learning Estate Investment Programme (LEIP) Phase 1.
 - **Broadford Primary School:** Included in LEIP Phase 2.
 - **Nairn Academy:** Included in LEIP Phase 2.
 - **Beauly Primary School:** Funding approved in 2019 for Phase 1 of a new build.

- **Dunvegan Primary School:** Funding approved in 2019 for Phase 1 of a new build.
- **Kiltearn Primary School:** Funding approved in 2019 for an extension/refurbishment project.

9.3 A number of other unfunded short-term education priorities remain and those are outlined below: Further information can be found in Appendix 5.

- **Culloden Academy:** Funding for investment agreed as part of current capital programme will not be sufficient to meet school capacity requirement in August 2023. Requirement for project scope and budget to be increased will be an estimated additional cost of (£8- £9M) in phase 2 which will create capacity to circa 2028/2029.
- **Beaully and Dunvegan Primaries:** Approved Phase 1 development will only partially address significant suitability and condition issues. As set out in the report to Council in June 2019, whole campus redevelopment is required with benefits accruing if the entire project is done as a single phase. Whilst there is an estimated additional cost of circa (£12.5 -15M), this could reduce by as much as £2.5m if Scottish Government Gaelic funding can be secured for Dunvegan.
- **Park Primary:** Replacement school required with long term strategic approach to education provision for all early years and primary in Invergordon to be determined. Estimated circa (£14-£17m) with partial mitigation from insurance.
- **St Clement's School:** The school facilities do not adequately support the delivery of education and overall the accommodation is currently rated "C – (Poor)" for both condition and suitability. Project progression is dependent on the outcome of site assessments, a resulting statutory consultation. The estimated cost of the new school would be expected to be in excess of (£13m), depending on the cost of site acquisition and to address potential site constraints.

The indicative best value assessment of costs in relation to these projects include inflation, not just RPI/CPI but building sector specifically; and take into account that SFT has increased the new LEIP cost metrics by 12% to meet the requirements of the funding based outcomes, mainly in relation to the energy targets. These are outline estimates at this stage and will almost certainly change once more detailed work is undertaken over the summer and the detailed designs becomes clearer, eg RIBA stage 2 onwards.

9.4 In addition to the educational priorities above there are other significant investments required within the education estate. Examples include:

- **Fortrose, Tarradale, and Alness Primary Schools** - further priority schools capital investment agreed previously in March 2018 and June and August 2019;
- **New Primary Schools at Stratton and Tornagrain:** Required by either 2026/27 or 2027/28.
- **New Secondary School at East Inverness:** Required by either 2027/28 or 2028/29 (and/or significant further investment in existing schools).
- **Gaelic Provision in Inverness:** A feasibility study will be undertaken to consider opportunities to expand 3-18 GME provision in Inverness. Initial funding of £4m has been provided by the Scottish Government, with the potential to bid for additional funding in the future, subject the outcome of the study.

- A review of the roll pressures and funding streams across all schools in Inverness will be expediated to help to inform the strategic approach, potential options and timescales for the priorities. As part of this work a review of school catchment areas will also be undertaken

Further work will be undertaken over the coming months to bring detailed proposals back to Council in October as part of the wider work looking at the capital plan.

9.5 Beyond the education projects there are a number of other key medium term priorities which require to be incorporated into any future capital spending plans. Some examples of these include:

- **Roads infrastructure investment:** requirement for ongoing annual investment in roads, bridges and other associated infrastructure
- **Waste strategy:** outcome of waste review may require significant levels of capital investment, potentially including an energy from waste plant
- **ICT refresh:** ongoing requirement for investment in our ICT estate including Chromebook refresh
- **Digital transformation:** Likely need for capital investment in software/infrastructure as part of the Council's transformation
- **Fleet:** Ongoing requirement for fleet replacement with wider considerations around decarbonisation
- **Corran Ferry replacement:** Existing vessel reaching the end of its useful life
- **Investment in core buildings:** Lifecycle investment required in core estate to maintain functionality and compliance

9.6 The scope of the investment challenge facing the Council is evident from the factors outlined above and the development of the Council's capital strategy will help ensure an appropriate prioritisation of projects. What is clear is that the level of required investment will be significant and will need to be appropriately factored into the medium-term financial plan.

9.7 Given the importance to the Council of the short term projects as outlined in section 9.3 it is intended that a full scope, timescale and associated cost for each project is brought back to the September Council meeting. All avenues for external project funding will be explored with a particular focus on which bids should be submitted to the Scottish Government for consideration as part of the next phase of the LEIP with the current thinking that bids for both Park and St Clement's will be submitted.

9.8 If no external funding sources for the projects at 9.3 are identified then the loans charge implications will be incorporated into future iterations of the MTFP. Indicative figures would suggest the total value of these projects could be in the region of £47.5m to £54m. A capital investment of this level would require around £2.25m of additional annual cost to be met by the loans fund budget.

9.9 Work to develop a new 5+5 (i.e. five year firm, 5 year indicative) capital programme covering all areas of activity will also take place which will incorporate the medium term capital investment requirements as outlined in sections 9.3 - 9.5 as well as any other priority issues. Presentation of that new capital programme will follow the approval of the capital strategy, both of which will be brought forward as quickly as possible. Again, this new capital programme will need to tie in to the MTFP.










9.10 The affordability of the required capital investment will be considered in line with the need to deliver annually balanced revenue budgets as part of the medium term financial plan. As such all funding options for the capital investment will be considered, including making revenue savings or using potential fiscal flexibilities equivalent to the capital financing costs, or accessing external capital funding. A review of the loans fund accounting treatment will be completed in parallel with the new capital programme development to ensure the best balance between the short, medium and long term affordability is struck. Outline options for the revised loans fund accounting approach will be brought back to Council in September.

Designation: Chief Executive

Date: June 2021

Authors: Kate Lackie, Ed Foster, Liz Denovan, Mark Rodgers, Nicky Grant, Malcolm MacLeod, Carron McDiarmid

Visitor Management Plan Progress report

Visitor Management Plan Activity	Progress	RAG Status	Budget
Road management and improvements			£280,000
General	New roads Technician (Visitor Infrastructure) started 31/05/2021, and will help deliver a programme of improvements, informed by Member input through Ward Business Meetings.		
Passing places and lay-bys - replacement of damaged or missing Passing place signs and some road strengthening	Glen Nevis – liaising with partners to rationalise road signage. Renewal of passing place signs & road surfacing in Glen Etive. B8008 Traigh/Tougal/Curtaig area – liaising with partners & small scale works under way. Planning for some W Ross roads under way.		
Road signs - additional advance warning signs where required	New VMS sign at entrance to Glen Etive planned with NTS.		
Road verge protection - strengthening and marker posts	B8008 Traigh/Tougal/Curtaig area – removing boulders from verge and replacing with verge markers).		
Traffic orders - additional restrictions such as clearways and waiting prohibitions to address safety concerns	B8008 Seasonal Parking Restriction Order created.		
Liaising with stakeholders about additional parking	Ongoing process, and is being informed by Visitor Management resilience arrangements.		
Parking management			£250,000
Install charging at tourist dominated car parks. Improved signs & regulation.	Ongoing refresh work at tourist car parks - Kyleakin & Drumnadrochit complete.		
Parking charge schemes - 21 sites to be considered by E&I committee for early intervention with further sites in longer term rollout	Ongoing local Ward discussions on 21 “Invitation to Pay” car parks. Car parks in Nairn and Inverness have been approved by the relevant Area Committees and work will continue in other areas.		£4,000

Parking Enforcement Officers - employment of 4 additional temporary Parking Enforcement Officers for 12 months	Recruitment of new Parking staff under way.		£133,000
Parking enforcement - review of regulations & improved enforcement / liaison with enforcement agencies	Ongoing through weekly Visitor Management Multi Agency Meetings		
Signs - upgrade of Car Park signage and information for users	Ongoing rollout of refreshed signing and working with community groups when requested.		
Seasonal access rangers			£300,000
Employment of 10 seasonal rangers to promote responsible behaviour (litter, parking, fires, dogs) with possible enforcement. To include weekend and evening work to address informal camping issues.	154 applicants, 40 interviewed, 17 being recruited as NatureScot confirmed Better Places 2 funding for 7 additional posts in collaboration with community groups. Team now at full strength. 13 Rangers started Induction week on 10th May. 4 rangers started on 31 st May. Introductory site visits with Access & LDR Officers. Supplied with temporary vehicles and toolkit. Feedback has been positive.		
Ranger team to work in co-operation & co-ordinate with communities, land managers and other organisations, such as Highlife Highland, NatureScot, Forestry & Land Scotland, National Trust for Scotland, Nevis Landscape Partnership, Police & Fire services.	Ranger team manager takes part in Public sector resilience plan group meetings. Rangers are making many community and land manager contacts, and building local networks.		
Monitoring the use of countryside car parks, roadside parking and informal camping. Minor improvements to, and maintenance of, countryside sites & paths.	First patrols on weekend of 15th/16 th May Noted small numbers of campers, many fires sites, some smouldering and doused by Rangers litter (removed). Large numbers of motorhomes in north & west with. Weekend of 29-31 st May- notable increase in campers and motorhomes particular hotspots of Glen Etive, Arisaig, Durness. Parking issues in other places e.g Dores		

Work with local communities to establish and train a local volunteer warden scheme to assist with monitoring and liaison with visitors.	Started to make the contacts, and discussions are underway but not yet in operation.		
Installing and maintaining temporary signage and other communications on safe and considerate visits to the countryside.	Signs received covering subjects such as fires & camping. To be installed by Rangers as required, informed by intelligence gathered through resilience arrangements.		
Public Toilets			£60,000
Provide additional comfort scheme provision at key locations, including seasonal scheme if required.	<p>Members at the C&P Committee noted the planned operational deployment of the £60k additional resource for public convenience provision.</p> <p>Increasing the number of seasonal or one-year comfort schemes from 37 already in place. This now includes composting toilets as part of the scheme.</p> <p>As at 2.6.21, eight further comfort schemes have been agreed for Rhum, John O’Groats, Drumnadrochit, Dornoch (x2), Acharacle, Traigh Beach and Ardnamurchan. Offers are made to three further schemes in Helmsdale, Glendale and Kinlochleven and several others are being explored.</p> <p>Funding of £11k is awarded by NatureScot for additional comfort schemes.</p>		
Improvements to interior facilities and installation of motion sensor lighting at Council operated facilities.	Investing around £46k in some of the Council’s 76 buildings for additional charging for showers and loos, people counter infrastructure and undertaking some vandalism repairs. This affects our facilities in Ullapool, Aviemore, Kingussie, Grantown, Muir of Ord and Dornie. Improvements in other facilities are also being considered with e.g. condition surveys underway.		




	<p>As at 2.6.21, £55.9k is committed but an overspend of around £5k is anticipated as new comfort schemes are added and from additional repairs expected.</p> <p>The applications for Better Places Funding were not approved for new counters or charging barriers or for the composting toilet in Cromarty. Negotiations are underway on funding for a new modular unit in Aviemore.</p> <p>In addition, a review of public conveniences previously identified as surplus to requirements or unaffordable to improve/repair is being undertaken with property surveys requested. This will support any engagement with community groups on further community asset transfers. Bringing any back into use would likely require significant capital resources and consideration of sustainability, value for money as well as any community interest issues.</p>		
Promotion of the current network of public toilets and comfort scheme locations through tourism groups, visitor websites etc.	Council website updated with new locations. Wider activity to follow.		
Installation of additional footfall counters.	New counter at Dornie comfort scheme		
Increase provision of charging at some locations.	See above.		
Waste Management			£180,000
Increased bin capacity through a combination of larger 1100 litre bins with lid design to reduce the risk of fly-tipping and a larger number of 240/360 litre bins. Bins will be	Procuring and siting of additional waste bins, including larger 1100 litre bins with lid design to reduce the risk of fly-tipping and a larger number of smaller 240/360 litre litter bins has been rolled out. The bins are for		

<p>a combination of both general waste and where possible recycling bins.</p>	<p>general waste and recycling. The bins are clearly marked with information on responsible waste disposal;</p>		
<p>Increase collection frequency of litter bins by a combination of swapping bins over using additional seasonal staff and pick-up vehicles and existing refuse collection vehicles and staff.</p>	<p>Increasing the frequency of collections in locations with expected high visitor numbers. This is being done by the recruitment of 8 seasonal staff and additional fleet operating from May to September. The staff are using pick-up vehicles to exchange full litter bins and through an increased frequency of service, keep the hotspot areas clear of litter and refuse. The staff are mobile and cover areas where they are most needed. They are based in the following locations and augment local teams also supporting the visitor management plan:</p> <ul style="list-style-type: none"> • North West Coast – base in Lochinver; • West - base in Ullapool; • Lochcarron; • Portree; • Brora/Golspie; • Fort William; • Aviemore; and • Inverness – Loch Ness areas. 		
<p>Additional seasonal staff and pick-up vehicles used in the North West, North Coast, East and Central Sutherland, West Coast, Dornoch/Tain areas, Skye, Lochaber, B&S and Loch Ness areas; to swap over full bins, increasing litter picking and fast response to reported incidents of fly-tipping.</p>	<p>See above.</p>		
<p>Supporting community litter picks.</p>	<p>The waste team is supporting groups wishing to carry out a clean-up of accessible public areas and open spaces. Groups can request litter-picking sticks, bags and arrange for the waste to be collected by the Council after the event. Area Waste Management Officers are the point of contact for Community Groups.</p>		

Roadside litter clearing	The first coordinated road verge litter pick took place over the weekend of the 24th and 25th of April in all areas of Highland. This cost £2.5k and was not budgeted. Further litter picks are planned but may create budget pressures. An application for £20k Better Places Funding was not successful.		
Motorhomes			£200,000
Investigate options for installation of a new facility in Ullapool alongside planned car park improvement work	A project is being developed to install a new facility at Latheron Car Park. Support is in place from the Community Council and this will progress at pace.		
Creation of template design for future motorhome waste disposal points based on current Portree project.	Ongoing.		
Bid in grant scheme for commercial caravan & campsites	Scheme launched early May. 15 sites participating to date		£7,500
Promotion - production and distribution of a guide to motorhome waste disposal sites. To be circulated through business groups etc.	Partnership with CAMPA – participating sites have been added to CAMPA website. Destination Organisations and business groups contacted to assist with promotion of sites.		£0 to date
Supporting commercial provision through production of a guide to planning and licencing requirements for small scale overnight facilities.	Guide now complete. Available on Council website at https://www.highland.gov.uk/downloads/file/23616/guidance f or temporary motorhome stopover sites and has been circulated to all those who had previously showed an interest.		£0 (covered by existing budgets)
Public Transport			£60,000
Enhanced bus service in North Skye for three peak months. To include a park & ride provision to reduce car traffic to congested locations.	Currently out to tender with deadline of 28 May		
Promotion of bus services through development of tourist-oriented transport publicity and a multi-journey or multi-operator ticketing scheme.	Ongoing work.		

Bus Partnership Fund bids to Transport Scotland for infrastructure provision which will enable improved bus services,	Bids have been submitted and an announcement on the outcome is expected soon.		
Cairngorms Initiative			£125,000
Joint initiative with Cairngorms National Park Authority to improve visitor management in Glenmore corridor.	Project under way – contracts returned and site meeting on 19 May. Involves improved parallel parking at Loch Morlich (Glenmore end) and changes to speed limits.		
Partner Engagement			£0
National Visitor Management Strategy - continued engagement with national visitor management strategy group.	ECO, Infrastructure, Environment and Economy attends to represent Local Authorities. Head of Roads & Transport attends sub-group on infrastructure issues.		No additional budget committed
Establishment of a Visitor Management Partners group for the wider Highlands & Islands area - evolving from the existing Highlands and Islands Local Resilience Partnership	Council attends and contributes to meetings; chaired by Police Scotland.		- all costs covered through existing service budgets
Local Delivery Groups - formation of sub-regional groups in Highland to act as a delivery arm of the Local Resilience Partnership Visitor Management Group – anticipated to be one for each Police Scotland Area Command.	2 Visitor Management operations groups involving Council & emergency services in place:- South – Lochaber, Skye, SW Ross North – Caithness, Sutherland, rest of Ross-shire Council staff involved in each, chaired by senior ward manager. Highland Ranger managers group established with other employing Rangers.		

Economic Prosperity Fund Progress report

Economic Prosperity Fund Activity	Progress	RAG Status	Budget £6,000,000
Highland Employment Recruitment Offer (HERO)			£1,000,000
	<p>The grant scheme offers financial support to businesses who are taking on additional staff. There has been a very positive demand for the scheme with (as per 3 June 2021) 210 grants approved and 111 recruits in post. The EPF is providing the grant funding for 64 recruits aged 25 and over, with the Scottish Government Young Person's Guarantee providing grant support for 47 recruits aged under 25. Economy and Infrastructure Committee on 5 May approved the use of £1m of EPF for this grant scheme. Target: to support at least 300 unemployed people into work (final number determined by job type, i.e. pt or ft) over 21/22 and 22/23.</p>		
Business Start-Up and Growth Package			£1,500,000 (tbc)
	<p>The aim with this package of support is to add value to the existing suite of business support already available and to up-scale it to reach out and support more businesses. Work is ongoing to finalise the 3 associated programmes and resource their delivery, in order that it is ready and able to respond to business demand as economy recovers.</p> <ul style="list-style-type: none"> • <u>Business Start-up Programme</u>: access to the current suite of Business Gateway advisory support, complemented with 1:1 specialist advice and start-up and early growth grants. Target: to support 504 business start-up's over 21/22 and 22/23 		

	<ul style="list-style-type: none"> • <u>Business Growth Programme</u>: access to current suite of Business Gateway advisory support complemented with 1:1 specialist advise and growth grants and loan investment. Target: 300 growing businesses over 21/22 and 22/23 • <u>Business Adaption Programme</u>: 1.1 Digital advisory support and technology investment grant (target tbc); 2. Town Centre business workshops/webinars, including digital (target tbc); Ready to Procure workshops/webinars etc to assist businesses become more competitive when submitting tenders. Targets: to be set as programmes finalised. 		
Modern Apprenticeship Programme			£1,500,000
	<p>The aim with this programme is to add value to the Council's existing Modern Apprenticeship (MA) programme and provide potential pathways into permanent posts across difficult to fill posts across Highland. In parallel the aim is also to assist MA uptake in difficult to fill private business sector jobs.</p> <p>Work has commenced on establishing MA opportunities linked to Service workforce planning requirements and a Employment Initiative Board is to be established to co-ordinate the delivery of the MA programme alongside the Council's other Youth Trainee and Graduate Intern initiatives, and ensure that these time limited funding streams identify new talent to assist the Council to grow its workforce of the future and rebalance its staff age profile and succession plan. Target: dependent on nature of MA framework and salary costs incurred/tbc.</p>		

	<p>Preliminary discussions are ongoing with industry representatives and Skills Development Scotland over the possibility of a joint Council/industry MA pilot programme in tourism sector. Target: subject to pilot programme details being developed.</p>		
<p>Schools Mentoring Programme</p>			<p>£1,000,000 (tbc)</p>
	<p>The Education and Learning Directorate is working in close partnership with MCR Pathways to deliver mentoring services to our care experienced young people. MCR working in partnership with our schools, recruits and trains local community volunteer mentors who are matched with a young person that shares similar interests, hobbies or career aspirations.</p> <p>Working with Scottish Attainment Challenge CEYP funded team in Health and Social Care, a joint partnership with MCR Pathways has been established to run a 'Young Highland Talent' pilot programme with 7 of our secondary schools; 4 of which are currently part of the Scottish Attainment Challenge programme. This pilot will support the vision that every care experienced and disadvantaged young person in the Highlands gets the same education outcomes, career opportunities and life chances as every other young person.</p> <ul style="list-style-type: none"> ● Inverness High School ● Wick High School ● Lochaber High school ● Alness Academy ● Invergordon Academy ● Inverness Royal Academy ● Dingwall academy 		

There are currently over 100 young people who previously have been identified at risk of a negative destination last session in Highland. The Education and Learning Directorate has been working in close partnership with those young people to support positive destination choices. Some of the pupils will fit the criteria for adult social care, however the majority need targeted interventions which are currently being coordinated by ASN managers, DYW coordinators, schools, colleges and third sector providers to prepare them for employability.

We are currently developing our own bespoke mentoring programmes to meet the needs of all our young people within the Highlands using a three-tiered approach and this includes upskilling new mentors.

Development of mentoring programme (students)

The ambition is that every young person in Highland experiences mentoring as part of the Work Placement Standard and Career Education Standard. A three-level approach would be taken in the development of this offer;

- Transformational - Equalities Groups
- Transformational - High Performing
- Transitional – positive and sustained destinations

Programmes tailored and support for mentors will be built into the programmes. Components of the mentoring could include;

- Individual mentoring, bespoke to the learners needs

	<ul style="list-style-type: none"> • Group Mentoring, around focused areas i.e. assessment centres, UCAS, Young Enterprise • Work Related Learning Experiences, work experience, mock interviews, industry projects • Masterclasses, Skills for Life – budgeting, living independently • Masterclasses, Skills for Work – Future Skills, Industry tours • Internships – work experience, linked to learning and future aspirations (if in the holidays a training allowance would be given @ £5 per hour) • Family Support (Equalities groups – specific ASG’s) <p>Development of mentoring programme (mentors)</p> <ul style="list-style-type: none"> • Mentor training and supervision will be provided to ensure high quality mentoring for Highlands Young People, a commitment from CPP partners and local community. • 6 x 1 hours training, with quarterly supervision in mentoring triads developing a community of mentor support in each ASG. • Mentor net or similar mentoring logging system to ensure GDPR and Child Protection is followed. • Mentoring support materials available to all mentors. 		
Supported Employment			£tbc
	Highland struggles in having sufficient employers you can provide a supported environment for potential employees who have particular additional needs. The purpose of this action is to		

	<p>undertake research across Highland to better understand the demand for and supply of such jobs and outline potential options to address. Target: detailed research scope and timelines tbc.</p>		
Training Skills and Learning Opportunities			£tbc
	<p>The aim with this funding package is to provide funding for bespoke training or learning opportunities, for example, for targeted re-skilling of redundant workers. Working through the Highland Employability Partnership, the Council will work closely with partners and invest if required and the funds are not otherwise being made available by Scottish Funding Council, Skills Development Scotland or other sources. Target: As required.</p> <p>The Education and Learning Directorate has recently appointed a Senior Lead, Employability and Skills to progress the Education aspect of the Economic Prosperity Fund, this officer will work closely across directorates, with schools, partners and community partnerships to ensure that no stone is unturned in supporting all of our young people into a positive and sustained destination.</p> <p>A service level and data sharing agreement between each chamber of commerce and Highland Council has been collaborated on and agreed. Recruitment of DYW coordinators is complete in 28 out of our 29 ASGs and inductions have taken place. Central education staff have collaborated at every step and have coordinated head teacher information events, contributed to the coordinator training induction sessions and fed into school partnership agreement templates and school planning tools. The DYW coordinators will be responsible for</p>		

	<p>bridging the gap between employers and education to support our young people to find fulfilling careers.</p> <p>Most large schools have 1FTE post allocated while mid to small schools have 0.5FTE and these will continue for the next few years. The directorate in consultation with young people, staff and key stakeholder partners have launched a new data tool for schools - The Learner Journey Dashboard - which provides overview data to aid planning and analysis of learner pathways / destinations. Recent secondary events on best use of this dashboard to inform DYW school activity has taken place as well as joint guidance teacher / DYW coordinator training in the use of the dashboard with respect to planning with the new DYW coordinators in school.</p> <p>The planning aspect of this dashboard pulls current school pupil aspiration data from SEEMiS to inform curriculum pathways planning. This data includes anticipated leave dates, preferred routes and preferred occupation data which is then charted for school staff and DYW coordinators to more effectively plan engagement opportunities to inform choice and support aspiration to positive destinations.</p> <p>The plan is to add to this dashboard and involves partnership working with HIE and Skills Development Scotland to contribute data to an extra planning tab displaying economic sector growth data linked to each area in Highland. This data, along with the pupil aspiration data will be used by schools and colleges to plan more meaningful and relevant learner</p>		
<p>Targeted Support for Social Enterprises</p>			<p>£tbc</p>

	<p>In order that any investment is evidence based and adds value to what otherwise is being provided, it is proposed to undertake research to map existing service provision and survey social enterprise users, to review/identify service gaps. The outcomes will be shared with partner organisations and inform as required Council service provision. Target: detailed research and survey scope and timelines tbc.</p> <p>Plans are also being developed to set up a Modern Apprenticeship in Social Enterprise and this work will be taken forward from August onwards.</p> <p>The Highland economy is predominantly led by small and medium enterprise and through self-employment all young people need to develop enterprise skills. The embedding of a social enterprise in each secondary would allow the school to support the most vulnerable to develop the entrepreneurial skills required to develop businesses of the future and meet the needs of local communities. Social Enterprise Academy would be a key partner in this project to upskill the teachers and local community to support the enterprises and initial discussions have taken place to enable this work to commence shortly. Social Enterprise identifies local needs and finds solutions therefore empowering the local community and providing opportunities. The directorate are also exploring possibilities of how social enterprises can link into the new health and social care open foundation course in partnership with the NHS which would provide additional opportunities for our young people to enter employment in health and social care.</p>		
Supply Chain Businesses		£tbc	

	<p>It is envisaged that this workstream will complement the Procurement and Contract Management Transformation Project and be linked to the Business Adaption Programme (listed above) which seeks to assist businesses become more competitive when submitting tenders. Notwithstanding how the Council approaches its procurement of goods and services, local businesses need to be able to compete competitively and thereby provide the job and work placements sought. Target: detailed scope and timelines tbc.</p>		
Collaboration with Advice Sector			£tbc
	<p>It is envisaged that this workstream to promote job opportunities in collaboration with the advice sector, will be co-ordinated via the PACE (Partnership Action for Continuing Employment) initiative as it seeks with partners to respond to redundancies and align/reskill individuals to new job opportunities. Target: As required.</p>		
Regional Economic Development Capacity			£200,000
	<p>This funding has been used to provide greater resilience within the Council to programme manage and deliver the Highland City Region Deal, and plan for further opportunities that might emerge over the coming months and years as part of the economic recovery plan. As well as a Programme Manager, a Project Manager and Project Support Officer are in the process of being recruited to ensuring that the Council maintains and grows the activities related to the Deal, and other regional economic development opportunities.</p>		

PHASE 2	Investment required £m	Project overview	PHASE 3		Project overview
2.1 CORRAN FERRY - design elements	1.600	Design stage investment for replacement vessels and associated infrastructure			
2.2. EDEN COURT HIGHLANDS - phase 2 redevelopment design	0.050	Taking Eden Court redevelopment proposals forward through further feasibility work, with match funding from Eden Court and a request to HIE			
2.3. ENVIRONMENT/CLIMATE CHANGE - Renewables	0.100	Commission a piece of work to explore what opportunities exist for the Highlands to benefit a fairer share of the income derived for the development of the Highlands natural resources - following on from the Council Motion			
2.4. ENVIRONMENT/CLIMATE CHANGE - Salix-match funding	1.250	£2.5m contribution from HC would see Salix put up £7.5m of interest free loan funding providing a combined fund of £10m to develop further carbon reduction capital investment schemes.	3.1 ENVIRONMENT/CLIMATE CHANGE - Salix-match funding	1.250	
2.5. ROADS - additional infrastructure investment	4.000	Further investment in structural roads maintenance, surface dressing and bridge repairs.	3.2. ROADS - additional infrastructure investment	2.500	
2.6. ROADS - plant and additional investment	1.500	5 JCB pothole pros to be deployed in each operational area plus 5 Tractor and flail sets to undertake spring/summer verge side maintenance of grass/vegetation and autumn/winter removal of vegetation from gullies, verges and drainage ditches/channels.	3.3. ROADS - plant and additional investment	1.000	
2.7. BURIAL AND CREMATION improvements	0.400	Additional funding to augment the capital programme to progress priority burial ground extension projects and to undertake improvements to the Crematorium to allow a greater range of memorial options for bereaved families.	3.4. BURIAL AND CREMATION improvements	0.600	
2.8. POVERTY STRATEGY	0.300	3 Strands: direct support to individuals (fuel poverty, digital inclusion, support to vulnerable groups); direct support to places; developing the corporate approach to poverty (food insecurity)	3.5 POVERTY STRATEGY	0.450	
2.9. SUPPORTING SAFE AND EFFECTIVE WORKING	0.800	ICT and equipment requirements to support staff working at home plus investment in new systems to blended Council and Committee meetings.	3.6 SUPPORTING SAFE AND EFFECTIVE WORKING	0.200	
			3.7. STREET CLEANING mechanical aides	0.350	Purchase of 5 footway street cleansing machines. A move away from an inefficient manual sweeping process will improve service performance and reduce H&S risk to operational cleansing staff
			3.8. VISITOR MANAGEMENT ENHANCEMENTS	0.235	Purchase of litter bins (£35k); contingency for unbudgeted visitor management issues (£200k);
			3.9. COMMUNITY LOANS FUND	1.000	Creation of a £1m cash-backed Community Loans Fund which will be open to applications from community companies/enterprises/other bodies to bid into to access loan funding at market rates to support the delivery of community driven projects. Will enable the Council to divest liabilities and communities to invest to sustain local services.
			3.10. CCTV	0.200	Modernize and digitize the Council's Public Space CCTV system, to bring it into line with current standards, minimise the risks of component and system failure by replacing all life expired (15-10 year old) equipment; currently in 9 locations across Highland.
			3.11. BIOMAS BOILERS CONDITION SURVEYS	0.300	Ensuring that biomass installations remain compliant will provide Ofgem with the evidence that they require to allow the Council to remain with the RHI scheme and also for the Council to continue to receive the agreed RHI income for each site. Total income per annum circa £1.5M
			3.12. UPGRADE OF SCHOOL SECURITY SYSTEMS	1.000	The legacy school security systems installed in Council schools, post Dunblane, have in a number of locations exceeded their intended design life and now need to be replaced. It is essential that our schools are kept safe and have the ability to be kept secure at all times and have the ability to achieve a lockdown status should unforeseen situations arise.
			3.13. DEMOLITION OF VACANT OR DERELICT LAND	0.500	It is recommended that a number of buildings be included in a list for demolition and resultant sites made good and repurposed for other uses such as additional school play space, redevelopment, parking or potential sale. Resulting in reduced maintenance costs, reduced rates, reduced utility standing charges. Also reduction in vandalism and environmental improvements for local areas.
			3.14. LONG DISTANCE ROUTES	0.100	To create a new Statutory Long Distance Route - like the Great Glen Way and West Highland Way - to join Scotland's Great Trails Network. Funding would pay for an officer for 2 yrs to develop Council's understanding of what's needed, where the barriers and opportunities lie; with the aim of working in partnership with Highland communities to realise the benefits LDRs could bring to their local communities and businesses. Liaise with landowners, communities and businesses to map out current routes and resources and highlight opportunities to support, develop and promote these LDRs.
Total	10.000			9.685	

PROPOSAL TITLE:	2.1 Corran Ferry Replacement Vessels and Slipways	
SERVICE/SPONSOR:	Infrastructure	
BACKGROUND INFORMATION		
<i>Summary of the proposed investment, including why this is justified in relation to specific organisational priorities (Savings, Council Programme/Corporate Plan, Recovery Action Plan, Transformation)</i>		
<p>The Corran ferry is the busiest single vessel route in Europe carrying over 270,000 cars each year running all year round -7 days a week. The service provides a lifeline service and socio-economic benefits to residents with daily connectivity to employment, health, education, and all-round everyday life, acting as a gateway for tourists, visiting the peninsulas and meeting the supply chain needs of the fragile communities.</p> <p>There is a time critical requirement for The Highland Council to have Naval Architects and Marine Consultants in place to commence work on the design of the 2 new Vessels and the supporting Slipways and Infrastructure. In terms of how this will be delivered, £0.8m will be directed towards working with Transport Scotland and their naval architect consultants on the design of the new ferry vessels as part of the wider ferry replacement programme, aiming as far as is technically possible to ensure that complementary designs can be agreed. The second stage, which is the design of new slipway, infrastructure and parking provision, will be managed by the Council's Project Design Unit, using external expertise where required, and will be procured through the normal framework arrangements in place.</p> <p>Large capital spending will be required (as below) for a new replacement Vessels and the supporting Infrastructure to future proof the sustainability and viability of the service.</p>		
Design Stage		
Brief	Consultants	Est Cost
1. Design 2 New slipways / infrastructure	Marine Engineers	£0.8M
2. Design - 2 New vessels (2 x 23 car)	Naval Architects	£0.8M?
Construction Stage		
Brief	Consultants	Est Cost
3. Build - 2 New slipways / infrastructure	Marine Engineers	£23M
4. Build - 2 New vessels (2 x 23 car)	Naval Architects	£22M
<p>The existing ferry vessels are at the end of their life and in urgent need of replacement, due to their age, reliability issues, with the possibility of more and longer downtime periods at higher risk than ever before. The under capacity of the main Vessel the MV Corran and the Infrastructure design is not built to take the increasing level of demand leading to traffic queuing issues on either side of the Corran Narrows.</p> <p>The vessels are quarter loader which means they are not compatible with other ferry routes and conversely their roll-on/roll-off vessels are not suitable for our slipways which makes it difficult to secure a replacement vessel in the event of breakdown.</p> <p>Therefore, there exists an urgent requirement in the short/medium-term to make the case for investment in replacement vessels, slipways and supporting infrastructure to ensure service sustainability until such time that a longer-term fixed link solution is built.</p>		
OBJECTIVES		
<i>What are the aims/objectives of the opportunity (Objectives to be Specific; Measurable; Achievable; Realistic; Time)</i>		

- Design/Build/Deliver 2 New Vessels (2021 - 2025/26) that will increase capacity through frequency and provide reliability, resilience and sustainability over a 30-year period (Vessel lifetime) with guaranteed vessel availability all year round.
- Design/Build/Deliver New Slipways, Berthing and supporting infrastructure to accommodate the Ferry Vessels as above

BENEFITS

What are the anticipated benefits, including Financial (Income/Savings/Cost Avoidance), and non-cashable such as External/Internal Customer Satisfaction, Performance Improvements, delivery of Local/National Outcomes etc

- Future proof the sustainability and viability of the service over a 30-year period.
- Upfront Capital costs of the new vessels will be balanced by savings in operating costs, with improvements in efficiency and fuel consumption that will also contribute to reduced carbon emissions.
- An anticipated increase in revenue due the larger capacity of the new vessels and increasing passenger numbers will also help off-set the initial cost.
- The Highland Council (THC) and the Highlands and Islands Transport Partnership (HITRANS) have commissioned a Socio-Economic study that will evidence and validate the economic, social and community benefits that will be provided by the new Ferry service.
- With 2 smaller vessels there will be enough capacity to stop shuttling meaning the service would be compliant and run to the published timetable (instead of shuttling) meaning an improved customer experience for all ferry users. This will also address the marshalling overspill safety issue with traffic backing up onto the main road (A82) at peak periods.

TIMESCALES

*What are the timescales (best known at this stage will suffice) for delivering the **OBJECTIVES** and realising the **BENEFITS**?*

e.g. 21/22 £savings, 22/23 £savings, 21/22 and 22/23 £cost avoidance

- The time scales for having new Corran vessels fully operational including the construction of the required infrastructure and slipways is 4/5 years away.

BUDGET & RESOURCES (COSTS)

What is the Resource requirement – this should include type of resource, FTE (where applicable), and for what duration – types of resource will include the following:

- ✓ **Project Resource** - e.g. Business Change, Programme/Project Management, Lean, Finance, Audit, etc.
- ✓ **Subject Matter Expertise** – specific to the scope of work and the objectives to be delivered
- ✓ **External Resource** – e.g. non-Council specialist roles such as Third Sector, other public sector organisations, consultancy
- ✓ **ICT, Property & Plant** – are there any anticipated requirements?

TYPE OF RESOURCE	FTE (if appropriate)	DURATION	FUNDING REQUIRED £
50/50 internal external expertise to undertake the design work required			£1.6M
TOTAL FUNDING REQUIRED			£1.6M

Is this proposal likely to require ongoing spend in future years? **YES** (if yes please provide details)

Large capital spending will be required (as below) for a new replacement Vessels and the supporting Infrastructure to future proof the sustainability and viability of the service.

RISKS

*Initial view on what the main risks are in terms of delivery of the **OBJECTIVES** and realising the **BENEFITS** and what can be done to mitigate against these risks*

- There is a risk that... the Council will not be able to secure the required Capital (£45M) and there could be a delay in making the necessary in-house investment beyond the required timescale. The impact would be Service failure.
- There is a risk that - due the complexity of the fares issue THC may have to provide additional subsidy for lower than RET fares. The impact would be funding taken from Highland Council budgeting and other Service delivery items.
- Ensure awareness through Steering Group, ECO, Head of Service, Head of Finance, Harbours Mgmt Board, ECI Committee.
- Constraints and delays within the construction (civils) sector or vessel manufacture sector could impact on the vessel and infrastructure delivery? The impact would be ... a delay in the delivery of a new vessel and infrastructure
- Seek legal and subject expert advice to ensure that THC is commercially ready and that any contract we enter into is watertight. Factor in late penalties into contracts.

Council Programme & Corporate Plan

The Council Programme is linked [here](#), and the Corporate Plan is linked [here](#)

Please tick all those that apply	
	✓
• A Council that champions the Highlands	
• A place to live	✓
• A place to thrive	✓
• A place to prosper	✓
• A welcoming place	✓
• Your Highland Council	
• Ambitious	✓
• Sustainable	✓
• Connected	✓

PROPOSAL TITLE:	2.2 Eden Court Highlands - RIBA Stage 2 Capital Redevelopment Feasibility
SERVICE/SPONSOR:	Education & Learning / Nicky Grant

BACKGROUND INFORMATION

Summary of the proposed investment, including why this is justified in relation to specific organisational priorities (Savings, Council Programme/Corporate Plan, Recovery Action Plan, Transformation)

Overview: Member agreement is requested for a £50,000 contribution to Eden Court Highlands. This funding would support a £150,000 budget for key feasibility and related work to prepare for concept design stage (Royal Institute of British Architects RIBA Stage 2). This information would in turn be critical to sharing with potential funders and levering in funding for the estimated £15m capital redevelopment.

The Eden Court Theatre, located in Inverness, is owned by the Highland Council. It is operated by Eden Court Highlands, a company and registered charity.

The Council provides annual revenue funding to Eden Court Highlands of £300,000, to support artistic, creative, creative learning and business development programmes. The Council's annual revenue grant represents 5% of Eden Court's total income, enabling Eden Court to lever significant inward investment to the Highlands. The programmes include delivery for Highland young people, including SQA qualifications in Drama and Dance and an A Level in Moving Image Arts.

Eden Court was founded in 1976 and is constituted to be the arts venue for the people of the Highlands. Every year over 300,000 people take part in Eden Court activities and attend their productions. These figures mean that Eden Court is one of the UK's most successful venues per regional population.

56% of Eden Court's audiences do not have Inverness postcodes clearly demonstrating that the charity is an organisation for all of Highland.

The Council has four elected members who sit on the Eden Court Highlands Board.

Eden Court consists of two theatres, The Empire – 869 seats, and The One Touch – 275 seats. It also has two multi-purpose studios, two cinemas and three art galleries. As well as permanent public art, inside and outside the building.

The Proposed Redevelopment

The Empire Theatre is the main Theatre within Eden Court, and has a current capacity of 869 seats. The Empire Theatre was developed in 1976 and has not had any significant investment since that time.

From 2004 onwards, a major £25m refurbishment and extension took place and completed in 2007/08, and resulted in the creation of a second theatre (the OneTouch Theatre), two purpose-built cinemas, two dance studios, a digital media suite and new dressing rooms. The Bishop's Palace was also restored to its Victorian grandeur to provide offices and four public meeting rooms, and the restaurant and bars were upgraded.

The 2004 refurbishment did not include any investment in the main Empire Theatre and the auditorium is now in desperate need of refurbishment.

In 2019 Eden Court undertook a pre-feasibility study to audit the current condition of the Eden Court estate and scope the potential for maximising commercial earned income. This work, which was supported by the Highland Council, Inverness Common Good Fund, and Highlands

and Islands Enterprise, confirmed that expanding the capacity of the Empire Theatre and upgrading technical infrastructure was crucial to securing Eden Court's continuing financial viability.

The Empire Theatre is the second biggest stage in Scotland. Whilst the stage can easily accommodate higher-grossing more popular musical theatre titles, the limited capacity of the auditorium makes many big-brand, popular, titles impossible for Eden Court to accommodate as the reduced capacity means these shows cannot cover their costs.

Producers of major UK touring musicals are keen to bring their shows to Highland audiences if the auditorium capacity was expanded.

In addition to expanding the capacity of the Empire Theatre, the pre-feasibility work has confirmed the potential return on investment of repurposing Eden Court's public spaces, including the creation of a new 'destination dining' offer in the historic Bishop's Palace.

Additional visioning for Bishop's Road adds an important aspect of how Eden Court intends to imbed itself in the wellbeing of the communities that surround it through expanded public realm.

The work to date has illustrated that Eden Court needs to ensure every square-footage of its public space is maximised to earn income for the charity and meet the needs of communities.

During this next phase of work a detailed stakeholder engagement strategy will be developed and implemented to consult with the public, and other key partners, on the future vision of Eden Court.

Financial Context

Work to date has reached Royal Institute of British Architects (RIBA) Stage One (Preparation and Brief). Before proceeding to RIBA Stage Two (Concept and Design), it is necessary to develop a more detailed Business Case, scope economic impact, and commission other key pieces of preparatory work, including an accessibility audit and environmental audit.

The cost of undertaking the above work is £150,000. Eden Court has requested the Highland Council to provide £50,000 towards this work, with the balance of funding to be met from Eden Court itself (£50,000) and with Highlands and Islands Enterprise being approached regarding the remaining £50,000.

Estimated capital redevelopment project costs are still in development. Early indications are that that project could cost in the region of £15m. Eden Court continues to explore a number of routes to securing investment, with potential funders to be approached including the Inverness Common Good Fund, The Highland Council, Scottish Government, the City Regional Deal and the UK Government's Levelling Up Fund.

Eden Court needs to achieve RIBA Stage 2 in order to provide potential principle funders with critical information to lever their investment.

The next stage of work would lead to more detailed feasibility and financial modelling. Pending that work, and for context, pre-pandemic, Eden Court ticket sale income was circa £3m per annum. A 40% increase in Empire Theatre capacity to 1200 seats would be expected to result in an equivalent increase in ticket income, with a potential additional £1.2m per annum income.

OBJECTIVES

What are the aims/objectives of the opportunity (Objectives to be Specific; Measurable; Achievable; Realistic; Time)

To refurbish the main Empire theatre and increase seating capacity;
To make essential upgrades and improvements to Eden Court's ageing infrastructure;
To re-purpose Eden Court's public spaces and maximise commercial income;
To create a new 'destination dining' offer in the historic Bishop's Palace;
To have a new vision for Bishop's Road and the public realm.

These objectives would in turn support and increase the commercial income for the Theatre, with a circa 40% increase in capacity expected to have a commensurate impact on ticket sales and income.

This would support Eden Court Highlands ongoing sustainability, as well as improving and expanding the Services offered to the Highland community.

BENEFITS

What are the anticipated benefits, including Financial (Income/Savings/Cost Avoidance), and non-cashable such as External/Internal Customer Satisfaction, Performance Improvements, delivery of Local/National Outcomes etc

- Increased capacity and ability to put on larger West-end shows which are not financially viable in the current theatre capacity.
- Improve financial sustainability through increased commercial income opportunity from the increased capacity, the dining improvements and other investment within the theatre.
- Improve and expand the experience offered to users of the facility, thereby supporting Highland cultural tourism.
- Enable wider economic benefit to the City and the Region from increased capacity and a greater 'draw' of users towards the expanded and improved facility.

TIMESCALES

*What are the timescales (best known at this stage will suffice) for delivering the **OBJECTIVES** and realising the **BENEFITS**?*

e.g. 21/22 £savings, 22/23 £savings, 21/22 and 22/23 £cost avoidance

Eden Court intends to have achieved all the work required to achieve RIBA Stage 2 by March 2022. The expected timeline, from the RIBA stage 2 work and beyond is as summarised below.

In relation to key milestones, the project would be seeking to secure key capital project principle funding by the end of 2022. Once key funding was in place Eden Court would undertake its own capital fundraising strategy to meet full project costs.

The estimated start date for construction, based on the above milestones being achieved, would be in early 2024, after the 2023 pantomime closes, with the work completed in time for Eden Court's 50th birthday celebrations in 2026.

A further report will be considered by the Council in line with the timeline as outlined above, to allow consideration of next steps. This would need to tie into a wider review of the Council's capital programme, and considering an Eden Court redevelopment Business Case in the context of other capital demands and priorities.

BUDGET & RESOURCES (COSTS)

What is the Resource requirement – this should include type of resource, FTE (where applicable), and for what duration – types of resource will include the following:

- ✓ **Project Resource** - e.g. Business Change, Programme/Project Management, Lean, Finance, Audit, etc.
- ✓ **Subject Matter Expertise** – specific to the scope of work and the objectives to be delivered
- ✓ **External Resource** – e.g. non-Council specialist roles such as Third Sector, other public sector organisations, consultancy
- ✓ **ICT, Property & Plant** – are there any anticipated requirements?

Please complete the table below, including total funding being requested

TYPE OF RESOURCE	FTE (if appropriate)	DURATION	FUNDING REQUIRED £
Financial contribution to feasibility work	Not applicable	One-off contribution	£50,000.00
TOTAL FUNDING REQUIRED			£50,000.00

Is this proposal likely to require ongoing spend in future years? **YES** (if yes please provide details).

Eden Court Highlands intent is that the outcome of the feasibility work will support the redevelopment moving forward and leveraging in of capital funding to support the estimated £15m redevelopment cost. No decision is sought from the Council regarding the capital development at this time, but the Council would expect to be approached as both building owner and key prospective capital funder. This would be considered at the appropriate time and as part of wider capital programme prioritisation.

RISKS

Initial view on what the main risks are in terms of delivery of the **OBJECTIVES** and realising the **BENEFITS** and what can be done to mitigate against these risks

At this stage the funding requested will relate only to support feasibility work. The outcome of that work will determine next steps and scope and feasibility of the redevelopment.

There is no financial commitment to the wider £15m capital development yet, from the Council or other potential funders, and that would only progress once the feasibility is complete and the project moves forward.

There is the risk that the project is not able to secure suitable feasibility outcomes and capital funding to allow the project to progress.

The feasibility study which this funding request will support, is a key step and mitigation, through undertaking proper feasibility and related work to support decisions regarding the redevelopment and progressing to the securing of capital funding.

Council Programme & Corporate Plan

The Council Programme is linked [here](#), and the Corporate Plan is linked [here](#)

Please tick all those that apply	✓
• A Council that champions the Highlands	X
• A place to live	X
• A place to thrive	X
• A place to prosper	X
• A welcoming place	X
• Your Highland Council	
• Ambitious	X
• Sustainable	X
• Connected	X

PROPOSAL TITLE:	2.3 Renewables Income Generation
SERVICE/SPONSOR:	Infrastructure & Environment
BACKGROUND INFORMATION	
<i>Summary of the proposed investment, including why this is justified in relation to specific organisational priorities (Savings, Council Programme/Corporate Plan, Recovery Action Plan, Transformation)</i>	
<p>The Highland Council area is blessed with an abundance of natural resources and its capacity for renewable energy has significant potential to build on what is already in place. Despite the massive profits being made by private energy companies any contributions they choose to make to Highland communities is done on a purely voluntary basis. The majority of the profits, jobs and career structures derived from our natural resources are situated outwith our region.</p> <p>On this basis Highland Council have passed a motion for a fairer share of the income derived for the development of the Highlands natural resources. In order to take this forward, it is proposed that work is commissioned to explore what opportunities exist for Highland whether that be on a planning, construction, legislative or political level.</p> <p>Examples exist elsewhere of Councils benefitting from their energy resources with Shetland Islands Council profiting from a throughput levy on all the gas flowing through a Sullom Voe pipeline.</p> <p>North Ayrshire Council, as part of their Community Wealth Strategy, own a solar farm that will generate 34% of the Council's pre-Covid energy needs and over the 20-year lifespan will provide a surplus of almost £13million.</p> <p>Once opportunities for renewable income generation are identified this will be able to provide additional sources of income for re-investment back into the Highland community, contribute to the Recovery Plan as well as meeting local and national net zero ambitions.</p>	
OBJECTIVES	
<i>What are the aims/objectives of the opportunity (Objectives to be Specific; Measurable; Achievable; Realistic; Time)</i>	
<p>S – Commission specialist work to identify opportunities around renewable income generation for Highland Council</p> <p>M – the commissioned report will provide this information; however, it is expected that the report will indicate specific policy changes which the Council will need to make in order to maximise opportunities.</p> <p>A – Other councils (see examples in Background Information) benefit from energy income</p> <p>R – Our land mass and coastline should yield tangible results, as it is expected that our Highland resources will disproportionately contribute to Scotland's net zero ambition..</p> <p>T - This will be a short, focused piece of work which should take between 6 and 12 months to complete.</p>	
BENEFITS	
<i>What are the anticipated benefits, including Financial (Income/Savings/Cost Avoidance), and non-cashable such as External/Internal Customer Satisfaction, Performance Improvements, delivery of Local/National Outcomes etc</i>	
<p>The anticipated benefits will be a regular source of income, hitherto untapped, from green energy sources. This will allow Highland Council to promote renewable energy sources which will in turn will contribute towards local and national net zero performance targets.</p>	

TIMESCALES

What are the timescales (best known at this stage will suffice) for delivering the **OBJECTIVES** and realising the **BENEFITS**?

e.g. 21/22 £savings, 22/23 £savings, 21/22 and 22/23 £cost avoidance

It is anticipated that this piece of work will take 6 to 12 months but it can be scaled to identify particular milestones

- How can we use planning conditions effectively to generate renewable income?
- Do we need to lobby for legislative change?
- What can we learn from other Local Authorities?
- Can we or should we set up our own energy company?
- Do we look at a partnership approach?

Once this piece of work is carried out it is expected that a menu of options will be available to us as a Council.

BUDGET & RESOURCES (COSTS)

What is the Resource requirement – this should include type of resource, FTE (where applicable), and for what duration – types of resource will include the following:

- ✓ **Project Resource** - e.g. Business Change, Programme/Project Management, Lean, Finance, Audit, etc.
- ✓ **Subject Matter Expertise** – specific to the scope of work and the objectives to be delivered
- ✓ **External Resource** – e.g. non-Council specialist roles such as Third Sector, other public sector organisations, consultancy
- ✓ **ICT, Property & Plant** – are there any anticipated requirements?

Please complete the table below, including total funding being requested

TYPE OF RESOURCE	FTE (if appropriate)	DURATION	FUNDING REQUIRED £
Commissioned research including development of an action plan		6 – 12 months	100,000
TOTAL FUNDING REQUIRED			100,000

Is this proposal likely to require ongoing spend in future years? **YES/NO** (if yes please provide details)

This will only become apparent once consultancy work has been carried out and decisions made on direction of travel.

RISKS

Initial view on what the main risks are in terms of delivery of the **OBJECTIVES** and realising the **BENEFITS** and what can be done to mitigate against these risks

There is a risk that power and energy companies will use their considerable influence to maintain the status quo and prevent Highland Council from utilising any recommendations contained within the consultant's report.

Council Programme & Corporate Plan

The Council Programme is linked [here](#), and the Corporate Plan is linked [here](#)

Please tick all those that apply	✓
• A Council that champions the Highlands	X
• A place to live	X
• A place to thrive	X
• A place to prosper	X
• A welcoming place	X
• Your Highland Council	X
• Ambitious	X
• Sustainable	X
• Connected	X

PROPOSAL TITLE:	2.4 Salix Recycling Fund
SERVICE/SPONSOR:	SRO:– ECO Infrastructure & Environment Sponsor:– Head of Property

BACKGROUND INFORMATION

Summary of the proposed investment, including why this is justified in relation to specific organisational priorities (Savings, Council Programme/Corporate Plan, Recovery Action Plan, Transformation, Corporate Risks)

Given the success of the existing £7m Salix Reinvestment Fund (RF), the declaration of a Climate & Ecological Emergency and the available estate-wide energy efficiency opportunities - many of which are detailed in this paper - it is proposed that the Council invests a further £2.5m into the RF comprised of reserves earmarked for investment as part of the Phase 2 investment plans. Salix have recently changed their match funding contributions and as of 21/22 they now operate on a 75/25 funding basis, therefore this £2.5m contribution would activate an investment of £7.5m from Salix taking the total RF value to £17m.

Response to Climate Change is a Corporate Risk (CR7) highlighting the need to adapt to the potential impacts of climate change and build resilience in its own operations. Corporate Risk 9 (Safe & Effective Property) also highlights the need to make sure buildings are fit for purpose, which will reduce the Council's carbon emissions.

The key headlines and benefits of the **original £7m investment** to date -

- Estimated annual energy savings in excess of 4.4m kWh;
- Estimated annual carbon savings in excess of 1,200 tCO₂e;
- Estimated annual financial savings in excess of £0.5m (which will continuously be reinvested in other energy efficiency initiatives);
- A match funding contribution of £3.5m from Salix at 0% interest;
- Lifetime savings of over £13.5m;
- Ongoing access to technical support and project analysis from Salix;
- Further strengthening the Councils successful partnership with Salix. The Highland Council is a leading Salix client, operating the largest value active Recycling Fund and showcasing exemplar implementation of projects estate-wide to support holistic decarbonisation.

Through the RF the Council has undertaken a huge amount of work which will benefit the organisation in both the short and long term, through initial improvements and the recycling of savings. Some of the works funded through the RF are -

- LED Phase 1: >£2.3m has been invested in improving the lighting condition of 77 buildings throughout the estate. Replacing older bulbs with new energy efficient bulbs is expected to save almost 1.8 million kWh annually and result in estimated annual carbon savings of over 500,000 kgCO₂e.

Fiscal Year	2019/2020	2020/2021	Estimated	Actual	
Consumption	Electricity Consumption (kWh)	Electricity Consumption (kWh)	Electricity Reduction (kWh)	Electricity Reduction (kWh)	CO2 Savings (kg)
71 Sites Total	8,261,136	5,638,127	-1,717,634	-2,623,009	735,690

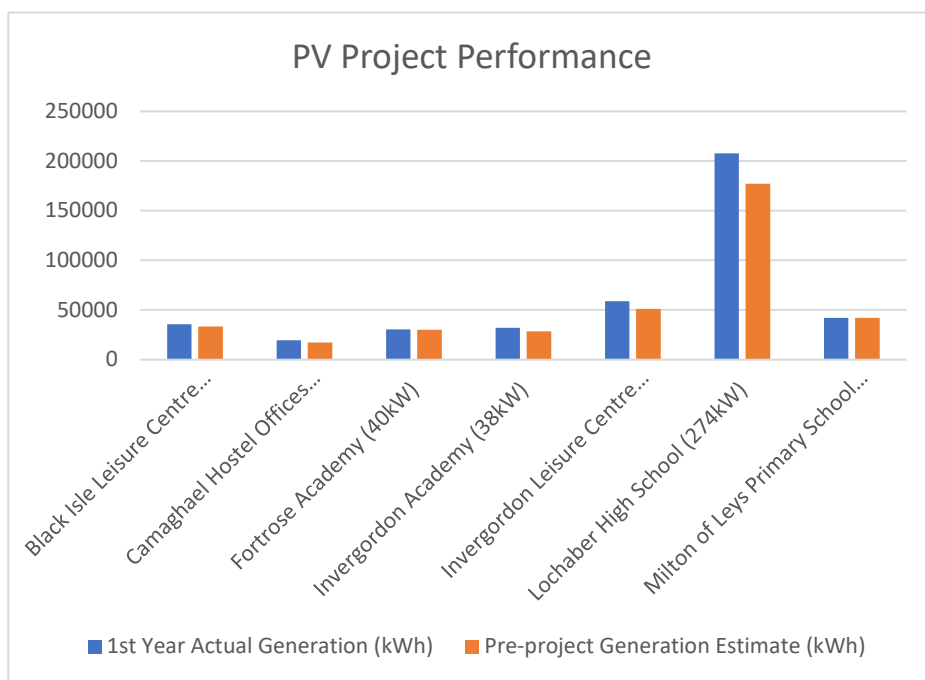
The estimated energy reduction for the LED works is difficult to determine fully – the bills and consumption information for each building is inclusive of all electrical consumption and individual technologies are not itemised. The reduction in consumption outstrips the estimated savings mainly due to the fact building occupancy has been down as a direct result of COVID-19. As normal occupancy resumes and

increased monitoring is added to buildings (through SmartCities), it will be easier to identify direct savings via and further lighting interventions.

- Solar PV programme: ~£2m of solar PV has been deployed across 30 sites. These sites, a mixture of schools, leisure facilities and offices, are benefitting from the on-site generation and consumption of renewable energy, displacing a reliance on grid supplied electricity and the associated increasing costs. The PV installations have a life expectancy of over 25 years and are expected to generate over 1.3million kWh annually, resulting in yearly carbon savings of ~300,000 kgCO₂e.

All the PV systems deployed as part of this programme were initially designed using the leading industry software for PV design, 'PV*SOL'. This software produced generation estimates for each of the sites taking a multitude of site-specific factors into account, which were then used to inform robust financial modelling.

The actual generation of the PV projects is to be tracked using a remote monitoring software on the PV meters. At the time of writing, a full year's data was only available for 7 of the earliest sites installed as part of the programme. This actual year 1 generation for the 7 sites is compared in the below graph with the pre-project estimate from PV*SOL - for each site the actual generation exceeds the pre-project estimate. This provides reassurance in the process, modelling and performance of the assets, although given the unpredictability of the Highland weather, there is likely to be annual fluctuations that alter the total generation figures.



Based on a grid electricity price of 13p/kWh, the above 7 sites were estimated to save ~£49k annually through offsetting grid purchased electricity. The actual first year performance resulted in a ~£55k saving across the 7 sites.

The remaining 23 PV sites installed during the programme are yet to produce a full year's actual generation data (the most recent and final site in the programme was completed in Feb 2021) but it would be fair to assume from this sample of the early 7 installs that the systems are performing more than acceptably in Highland conditions. However, it should be noted that the actual benefit realised for the organisation may be slightly eroded by COVID19 and significant changes to building occupancy levels and general building usage and behaviours.

- Boiler replacements: Raigmore Primary School and St. Joseph's Primary School have both benefitted from the replacement of outdated and inefficient oil boilers. This was a capital led project with a financial contribution from the RF.
- River Ness Hydro: £2.55m installation of a 92kW Archimedes screw, hydroelectric power turbine in the River Ness - this will make use of existing infrastructure from a historical hydroelectric system at the site. The project is self-financing; energy generated would be "sold" to Inverness Leisure Centre displacing a reliance on grid supplied electricity and protecting the organisation from increasing energy prices. The system, which has a life expectancy of over 60 years, is expected to generate ~550,000 kWh of renewable electricity annually (approximately 50% of the leisure centres total consumption), reducing carbon emissions by ~140,000 kgCO₂e annually. To be fully commissioned 7th March 2022.



OBJECTIVES

What are the aims/objectives of the opportunity (Objectives to be Specific; Measurable; Achievable; Realistic; Time)

The Salix RF is an established fund which has been hugely successful for The Highland Council (as demonstrated above). This will be a rolling programme of work – the RF is designed to operate over a 15 year + period, therefore the objectives will differ depending on the site, technology or any other number of variables.

Any work progressed **must** realise a carbon and financial saving for THC (project compliance criteria of up to a 10 year payback at a cost of £278 per tonne of carbon dioxide saved).

The RF will continue to be a key vehicle in progressing the organisations climate commitments (the RF is already the largest fund in operation in Scotland and the largest for a LA in the UK). The recycling nature of the fund will also help ensure that monies are available to annually reinvest in projects that minimise the organisations exposure to rising energy prices.

Since 2007, The University of St Andrews has been reducing carbon emissions and saving energy across its estates, with the support of a Salix ring-fenced recycling fund. Given the size and condition of the Council estate, it is entirely possible the RF could operate for a similar period.

When THC have exhausted projects and can no longer reinvest funds, the recycling payments (a fixed annual amount based on the total project cost and a portion of the annual savings) will no longer be made available for THC projects – Salix will draw down this amount annually, recouping their investment over the life of the assets. THC will implement a phased reduction of the fund, ensuring all viable opportunities have been fully explored. It should also be noted that as technologies evolve and mature, that new opportunities will arise. Having a large and

successful fund will ensure monies are available to take advantage of these opportunities and realise significant benefits.

BENEFITS

What are the anticipated benefits, including Financial (Income/Savings/Cost Avoidance), and non-cashable such as External/Internal Customer Satisfaction, Performance Improvements, delivery of Local/National Outcomes etc

As mentioned above, this is a rolling programme and the benefits will depend on the type of intervention being made (impacted by the site, its location, the technology, the building function and many other variable factors). Further work needs to be undertaken to determine exactly what benefits will be realised from the full £10m investment. The RF is closely monitored both internally and through Salix - this helps ensure benefits are realistic and deliverable. Measurable benefits include a direct and reportable carbon reduction and related energy spend reduction. Soft benefits will vary based on the technology and the type of efficiency work undertaken although examples of previously derived benefits include improved comfort levels through the redesign of light fittings and the replacement of older bulbs.

Benefits for the LED Phase 2 work include -

Carbon reduction

It is estimated that the LED Phase 2 work will save 315,000 kgCO₂e annually. The recycling nature of the fund means it is never static and work is continuously ongoing to identify projects and initiatives that will realise both financial and carbon savings; further analysis on opportunities needs to continue to determine the exact total annual carbon savings that could be derived from the RF 'top up'. Projects and initiatives progressed must adhere to strict criteria determined by Salix and Scottish Government.

This work and the related reduction in carbon is vitally important on a local and national level. Furthermore, the approach to carbon savings underpins the wider strategic work being undertaken by the Climate Change & Energy Team - the RF, and the additional investment, will continue to act as a successful example of securing external funding, which will be a key element of the teams vision and refreshed focus.

Financial Savings and Reinvestment

It is estimated, using robust modelling and industry standards, that the LED Phase 2 work will save ~£150k annually.

Lot	No. of Sites	Estimated Annual Energy Savings (kWh)	Estimated Annual Savings (£)	Annual Salix Recycling (£)
1	7	234,644	£24,622.13	£18,466.60
2	4	211,273	£20,951.25	£15,713.44
3	3	163,795	£16,139.01	£12,104.26
4	7	452,270	£44,528.70	£33,396.53
5	6	270,470	£32,365.85	£24,274.39
PC 1	6	11,897	£1,840.43	£1,380.32
PC 2	4	8,411	£1,253.31	£939.98
PC 3	3	5,507	£820.63	£615.47
PC 4	5	13,155	£2,036.42	£1,527.32
PC 5	6	9,963	£1,535.65	£1,151.74

Total	51	1,381,385	£146,093.38	£109,570.04
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A portion of the savings realised will continue to be reinvested or ‘recycled’ through the fund as per our partnership agreement with Salix. The total annual recycling amount will depend on the type of projects taken forward, the total cost and the level of success; this will again be an ongoing process involving the Fund Manager, Finance and Salix. As only a portion of the savings realised will be reinvested into the RF, any surplus could be used to build up Council reserves ensuring some of the investments technically repay themselves (albeit over the life of the asset).

Economic

Further investment in the fund will undoubtedly have a positive economic impact, thus directly supporting the Council’s COVID-19 economic recovery strategy. For example, the LED Phase 1 programme utilises only Highland based contractors – that is over £2m of investment that has positively and directly impacted local businesses. The LED Phase 2 programme will employ the same approach, ensuring only Highland based contractors benefit from the additional investment.

Although technologies, and the expertise and skills required to deliver them, will vary the project team will, where possible, continue to utilise local contractors to ensure ongoing economic support for local contractors and businesses.

Partnership Working

This investment will not only reinforce the Council’s status as one of the most ambitious climate conscious local authorities in Scotland but will also further demonstrate its ongoing commitment to the RF and prosperous working partnership with Salix.

Attracting external investment is, and will continue to be, vitally important in delivering against climate targets and helping ensure long term sustainability for the organisation and the region. Reinvesting in the fund, reemphasises the organisations willingness and ability to work with likeminded partners; this also continues to serve as a successful example for future energy and climate related funding bids

Lessons Learned

Significant lessons have been learned through the work to date (spend and ongoing delivery of ~£7m worth of work). Adopting a structured data driven approach has proven invaluable and allowed the project team to make quick and effective decisions, resulting in minimal overspend and strong energy savings.

For instance, based on tender submissions (both successful and unsuccessful) and final project costs, the anticipated installation costs for solar PV and LED can be accurately modelled and tailored depending on a number of relevant factors; contractor, building location, type of roof, efficiency or brand of fittings – this database will prove invaluable for informing future proposals.

Additionally, the project team also has a clearer understanding of the local market and availability of materials and labour – this will help ensure realistic programmes are agreed with minimal disruptions to service delivery.

Capital Funding

The RF could also fund street lighting works (pending financial modelling). It is expected this would allow the current capital allocation for street lighting of ~£2.5m (comprised of an underspend for 2020/21 which has been carried forward to 2021/22) to be reallocated.

Furthermore, the energy improvements progressed will result in an improved environment for building users (improved comfort levels, resilient heat supplies reducing the number of school closures, enhanced management controls to minimise wastage).

TIMESCALES

*What are the timescales (best known at this stage will suffice) for delivering the **OBJECTIVES** and realising the **BENEFITS**?*

e.g. 21/22 £savings, 22/23 £savings, 21/22 and 22/23 £cost avoidance

This will be a rolling programme of work – the RF is designed to operate over a 15 year + period. From approval of funds it is fully expected that Year 1 spend will be in excess of £2.5m including projects such as LED replacements, additional BMS installations and essential boiler replacements (led by capital but supported by Salix funds). Other opportunities to be further explored include -

Project	Overview of Opportunity	Estimated Cost	Benefits	Measurement	Status	Associated Timelines
Boiler Upgrades / Replacements	The following boiler replacements are part of the Councils Capital plans and would be eligible for partial funding - <ul style="list-style-type: none"> Library Support Unit - Replacement of oil fired heating system Tarradale Primary School - Replacement of heating plant Millbank Primary School - Replacement of oil fired heating system Halkirk Primary School - Heating replacement works Banavie Primary School - Boiler replacement works 	>£700,000 (Salix would contribute to this total amount)	Improved quality of heating, carbon reduction and improved energy efficiency	Through reduction in Gas/Oil bill	Development	18+ months
BMS	Install new or improved BMS systems to ensure better control and analysis of building operation.	£10k-£30k per site depending on the site complexities/ existing BMS infrastructure >£1.1m of work identified through initial analysis	Carbon reduction, improved energy efficiency Being able to control and switch heating will help and reduce the cost of Council buildings.	Energy Consumption before and after. Estimating 10% saving across the board with high and low savings ranging between 5% & 20%.	Initiation - Initial BMS review has been conducted showing consumption vs where we have BMS, would simply need further time to explore what the potential savings would be.	12-24 months
Solar PV + Battery storage + Air Source Heat Pumps	This would consist of identifying (ideally) oil sites with the intent of removing the oil boilers. To do this we would look to install solar PV, a small off the shelf battery storage solution and combine that with Air Source Heat Pumps. This would provide a robust, modern, low carbon solution to replacing oil boilers at relatively low cost per site. Supplementary power would be supplied via the grid to power the air source heat pump, although the inclusion of battery storage would allow electricity to be purchased from the grid at off-peak rates.	TBC (in discussion with NHS as they have piloted this scheme in Durness and Avoch). ~£60,000+	Cost saving, reduction in carbon and perhaps most importantly removal of oil boilers. Secondary benefits include improving our site redundancy, whereby battery storage would provide a backup energy solution if grid connectivity were to go down.	Using site benchmarking (by using billing info, CIBSE guidelines) it would be possible to measure performance. Payback could be measured by comparing ongoing bills with previous billing.	Discussion with NHS Highland to happen imminently. Potential sites could be established now to help business case.	TBC – initial discussions to happen in March Site list could be populated in March also.
Street Lighting	It is expected that ~15% (~8,000 street lights) of the street lighting estate will still require upgrades following the expiration of the current programme.	~£2m 8000 fittings x ~£200 per lantern + civils	Carbon reduction, improved energy efficiency Potential for micro-grid solutions Safe and will lit public areas for citizens. Reduced light pollution for residents	Through metering and reduced consumption rates	Seen as potential continuation of existing corporate programme	12-18 months

BUDGET & RESOURCES (COSTS)

What is the Resource requirement – this should include type of resource, FTE (where applicable), and for what duration – types of resource will include the following:

- ✓ **Project Resource** - e.g. Business Change, Programme/Project Management, Lean, Finance, Audit, etc.
- ✓ **Subject Matter Expertise** – specific to the scope of work and the objectives to be delivered
- ✓ **External Resource** – e.g. non-Council specialist roles such as Third Sector, other public sector organisations, consultancy
- ✓ **ICT, Property & Plant** – are there any anticipated requirements?

Please complete the table below, including total funding being requested

TYPE OF RESOURCE	FTE (if appropriate)	DURATION	PHASE 1 FUNDING REQUIRED £	PHASE 2 FUNDING REQUIRED £
One Off Revenue funding	n/a	Ongoing/rolling	£1.25	£1.25M
TOTAL FUNDING REQUIRED			£1.25m	£1.25M

A small dedicated project team is in place to deliver the RF (supported by SME's within services who charge to the appropriate project code or cost centre). This will continue initially as projects are developed and any resource costs would be inclusive of the £10m new funds.

Is this proposal likely to require ongoing spend in future years? **YES** (if yes please provide details)

A portion of the savings realised must be reinvested back into the fund – therefore the fund will continue to support key energy projects across the estate through the delivered savings. This may fully fund projects, or partially fund more complex and challenging projects where a capital allocation has already been made (i.e. large boiler or heat replacements).

RISKS

*Initial view on what the main risks are in terms of delivery of the **OBJECTIVES** and realising the **BENEFITS** and what can be done to mitigate against these risks*

The most significant risk facing this investment is ongoing fluctuations in the cost of materials and specialist labour (this is an ongoing challenge seen on a national level). This is being closely monitored and is not expected to have a significant impact as costs and savings profiles are constantly re-calibrated to reflect completed works across initial £7m investment which is comprised of boiler replacements, LED replacements, solar, Hydro and Building Management Systems (BMS).

Lack of certainty on the future of the estate creates some risk or reduces the scale of opportunity; much of the focus remains on the school and leisure estate as we await clarity on rationalisation plans to ensure investment is not made in depreciating assets that will not be retained long term.

Council Programme & Corporate Plan

The Council Programme is linked [here](#), and the Corporate Plan is linked [here](#)

Please tick all those that apply	✓
• A Council that champions the Highlands	✓
• A place to live	✓
• A place to thrive	✓
• A place to prosper	✓
• A welcoming place	
• Your Highland Council	
• Ambitious	✓
• Sustainable	✓
• Connected	✓

PROPOSAL TITLE:	2.5 & 2.6 Additional Roads Investment
SERVICE/SPONSOR:	Infrastructure, Environment and Economy

BACKGROUND INFORMATION

Summary of the proposed investment, including why this is justified in relation to specific organisational priorities (Savings, Council Programme/Corporate Plan, Recovery Action Plan, Transformation, Corporate Risk)

Additional Roads and Structures Investment

As with all Scottish Roads Authorities, the Council invests in the annual Scottish Road Maintenance Condition Survey (SRMCS). The results from this survey are used to assess the condition of the road network. The SRMCS results include information on texture, cracking, profile and rutting. In some cases, a road may 'look' acceptable, but the texture is an issue and surface dressing may be applied to address it.

The road carriageway backlog and steady state figures for Highland are derived by SCOTS utilising the Scottish Road Maintenance Condition Survey (SRMCS). The backlog figure is the amount required to address the red and amber sections of carriageway in one year. The steady state is the amount required annually to maintain the network in its current condition, i.e. no deterioration or improvement. The last backlog figures for Highland were calculated in 2019 and are shown below:

- Overall backlog: £194 million
- Steady State: £25.09 million

A rolling programme of road improvements and repairs has been derived using the SRMCS results and the potholes picked up by road safety inspections contained in our roads asset management database. The programme is currently restricted to the current budgetary provision, but further schemes could be added if more funding becomes available – these will be identified at Area Committee level and discussed with local Members.

There is also a backlog of maintenance works required to the Councils Structures. Structures are part of the road asset. The term 'road structure' is used to describe bridges, culverts and retaining walls. Cattle grids are also included. As reported to ECI Committee on 4 November 2020, there is also a rolling programme for these works and the estimated cost of projects in the rolling programme is nearly £7million. The actual schemes to be completed each year is amended to reflect the budgets available. With the existing annual capital allocation of £350,000, the projects identified would several years to complete. An increase in this budget would provide scope to undertake more repair work and to purchase additional 'quick' bridges that can be used when bridges fail.

There are many sections of rural roads throughout Highland which would benefit from strip widening to address verge damage caused vehicle over-run. In addition, due to increasing numbers of visitors to the Highlands, there is a requirement to invest in additional passing places and lengthening of existing passing places, in order to ease congestion and improve road safety. A further allocation of the funding requested will deliver improvements in prioritised locations and proposals would be brought to Area Committees for approval.

Total Cost: £6.5M

The increased investment will be delivered by internal and external resources:

- In-house Area Maintenance Teams
- Project Design Unit

- External Contractors

The increased investment can be programmed for delivery over 21/22 and 22/23 as part of the current capital programme.

Some of the funding will be directed to ensuring in-house staffing capacity, albeit on a short-term basis. The Service is currently bringing through a number of youth trainees and Modern Apprentices, and this resource will also greatly assist the delivery of the programme.

Roads Plant and Machinery

The delivery of an effective roads maintenance service will be greatly supported by the growth in or replacement of modern machinery and plant. It is proposed that the following three categories of spend are considered:

- a) Road repairs : Purchase 5 No JCB Pothole Masters vehicles at £200,000 per vehicle including in all associated equipment and extended warranty.
A recent demonstration and trial was held in Easter Ross which provide the suitability of the vehicle for the Highlands.

Total cost £1,0M

One unit to be assigned to each operational area.

- b) Road maintenance - Verge maintenance : Purchase 5 No Tract and Flail sets to undertake spring/summer verge side maintenance of grass/vegetation and autumn/winter removal or vegetation from verges and drainage ditches/channels. Cost £100,000 per tractor/flail combination including all associated equipment and warranties.

Total cost £0.5M

One set to be assigned to each operation area.

- c) Upgrading and replacement of plant and equipment: additional funding to provide further enhancement to the challenges of delivering revenue roads activities and the additional roads capital available, based on discussions with Roads Operations Managers and local Members.

Total Cost £1.0M

OBJECTIVES

What are the aims/objectives of the opportunity (Objectives to be Specific; Measurable; Achievable; Realistic; Time)

Aim : a) Road repairs - Improve the delivery of road pot hole repairs by increasing the number of first time permanent repairs.

Measure – number of permanent pothole repairs, tonnage of road surfacing materials used. Evidence of success would partly be captured through monitoring the expected reduction in number of figures for repeat visits to the same location over a period to time.

b) Verge maintenance – improve the delivery of roadside verge grass cutting and vegetation clearance to improved road safety and reduce asset damage due lack of routine maintenance.

Measure increase in length of verges maintained along with an increase in in-house delivery.

Achievable: The manufacturers/suppliers have confirmed plant and equipment can be ordered and delivery in a 6 month period including for manufacture to order.

Time: Orders – end June/July 2021, delivery by end of Dec 2021. Vehicles and Equipment in use from January 2022 onwards.

BENEFITS

What are the anticipated benefits, including Financial (Income/Savings/Cost Avoidance), and non-cashable such as External/Internal Customer Satisfaction, Performance Improvements, delivery of Local/National Outcomes etc

Condition of our Roads is a Corporate Risk (CR10) investment in the roads infrastructure is a significant risk mitigation action.

Risk reduction: reduction in risk of repeat visits to undertake pot hole repairs, “right first time”. Reduction in root and vegetation damage caused to road side assets such as drainage though lack of vegetation maintenance, thereby reducing the chance of localised flooding

TIMESCALES

*What are the timescales (best known at this stage will suffice) for delivering the **OBJECTIVES** and realising the **BENEFITS**?*

e.g. 21/22 £savings, 22/23 £savings, 21/22 and 22/23 £cost avoidance

The enhanced roads maintenance programme will be delivered over the financial years 2021/22 and 2022/23.

For plant and machinery, manufactures and supplies have confirmed orders place by July should ensure delivery by the end of Dec 2021. Due to high national demand all vehicles and equipment has to be manufactured to order.

BUDGET & RESOURCES (COSTS)

What is the Resource requirement – this should include type of resource, FTE (where applicable), and for what duration – types of resource will include the following:

- ✓ **Project Resource** - e.g. Business Change, Programme/Project Management, Lean, Finance, Audit, etc.
- ✓ **Subject Matter Expertise** – specific to the scope of work and the objectives to be delivered
- ✓ **External Resource** – e.g. non-Council specialist roles such as Third Sector, other public sector organisations, consultancy
- ✓ **ICT, Property & Plant** – are there any anticipated requirements?

Please complete the table below, including total funding being requested

TYPE OF RESOURCE	FTE (if appropriate)	DURATION	PHASE1 FUNDING REQUIRED	PHASE 2 FUNDING REQUIRED £
Road maintenance and Structures Investment	TBC	2 years	£4M	£2.5M
External specialist suppliers- standard	Nil	6 months	£1.5M	£1M

Fleet procurement process				
TOTAL FUNDING REQUIRED			£5.5M	£3.5M

Is this proposal likely to require ongoing spend in future years? **YES** (if yes please provide details).

Operation and maintenance of the vehicles and equipment forms part of the normal Roads Service operations and would be covered from the revenue budgets. Purchase would include extend warranty and maintenance as agreed with the suppliers.

RISKS

*Initial view on what the main risks are in terms of delivery of the **OBJECTIVES** and realising the **BENEFITS** and what can be done to mitigate against these risks*

Risks will be to ensure appropriate levels of staffing for in-house squads, and work is underway to supplement the workforce through recruitment with Modern Apprentices and Youth Trainees. Efforts are also being made to develop a new approach to the delivery of in-house capital spend.

A further risk is that there will be a lack of external contractors available to do the work. This is not seen as significant, as the response to recent tenders has been positive, and a pipeline of additional funding will allow local contractors to plan ahead in terms of likely work available, subject to procurement processes.

Main risk in regard to plant is the ongoing supply chain difficulties due to both COVID and Brexit. The risk can be reduced through early pre-ordering of components by the Councils specialist suppliers.

Council Programme & Corporate Plan

The Council Programme is linked [here](#), and the Corporate Plan is linked [here](#)

Please tick all those that apply	✓
• A Council that champions the Highlands	YES
• A place to live	YES
• A place to thrive	YES
• A place to prosper	YES
• A welcoming place	YES
• Your Highland Council	YES
• Ambitious	YES
• Sustainable	YES
• Connected	YES

PROPOSAL TITLE:	2.7 Burial ground extensions and crematorium remembrance improvements
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SERVICE/SPONSOR:	Communities and Place
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BACKGROUND INFORMATION
Summary of the proposed investment, including why this is justified in relation to specific organisational priorities (Savings, Council Programme/Corporate Plan, Recovery Action Plan, Transformation)

This bid is for £1m funding to progress priority burial ground extension projects and to undertake improvements to the Crematorium to allow a greater range of memorial options for bereaved families.

Burial ground extension projects

Members noted the Council’s reprofiled capital programme in January 2021. The capital budget for bereavement services is £608k in 2021/22 and £1.581m in 2022/23. This is committed expenditure for projects including extensions at **Portree, Alness, Dornoch, Fort William, Dores and Kilmorack**. Delays or flexibility on these specific projects may be used to address critical issues of capacity at other burial grounds

As reported previously to members there are 33 burial grounds with less than 6 year’s burial capacity based on past trends. These are detailed in **Appendix 1**.

In many locations it is becoming increasingly challenging to identify available land for development either for extensions or for new burial grounds. The reasons include:

- a) land availability and purchase cost;
- b) developments costs;
- c) land suitability and geology – land conditions and requirements must comply with SEPA guidelines for burial grounds, be relatively flat land with little or no rock formations;
- d) regulatory requirements - the selection of any new sites or extensions must not cause any pollution to the environment, including groundwater and this is regulated by SEPA; and
- e) acceptability with local Planning considerations.

The additional £900k requested will allow greater progress on priority burial ground extension projects.

Inverness Crematorium remembrance improvements

The Council currently provides a small range of remembrance options available for families using Inverness Crematorium including inscription in the Book of Remembrance, rose bushes, and trees. There is potential to improve promotion of these services and, as previously suggested by members, develop further options such as memorial plaque wall, and other products to hold cremation urns. This will provide further options for families. Many other crematoria provide a wider range of options.

The additional £100k requested will facilitate the installation of new memorial options and improve the site for visitors.

There are around 1200 cremations per year at Inverness Crematorium.

Currently bereavement services (including burials) generate a surplus of just over £1m per annum (target of £1.032m in 2020/21). There is no capital funding currently available for Crematorium improvements.

The income target was increased by £36k over 3 years (2021/22 through to 2023/24) by the Council in March 2021 under Theme 2: Commercialisation and Income Generation, Service reference C&P/3. Increasing income needs to be a fundamental part of the Council’s budget strategy in order to be able to fund the cost of services, protect jobs and reduce the

need for cuts. This is akin to a spend to save project but more accurately an invest to generate more income project, as well as improve service delivery.

OBJECTIVES

What are the aims/objectives of the opportunity (Objectives to be Specific; Measurable; Achievable; Realistic; Time)

Burial ground extension projects

Additional funding to augment the capital programme for extensions will allow progression of site investigation, land purchase and site development on priority sites in the financial years 2021/22 and 2022/23.

Inverness Crematorium remembrance improvements

The improvement works will facilitate the installation of new memorial options and improve the site for visitors. The proposed works will include;

- new landscaping and paths;
- improvements to the flower court area and access to the tower containing the remembrance books; and
- digitisation of remembrance books to allow digital display within the crematorium and online.

BENEFITS

What are the anticipated benefits, including Financial (Income/Savings/Cost Avoidance), and non-cashable such as External/Internal Customer Satisfaction, Performance Improvements, delivery of Local/National Outcomes etc

The additional funding for Burial ground extension projects will allow priority sites to be actioned quicker to provide key facilities for local communities.

The Inverness Crematorium remembrance improvement works will allow improved promotion of the existing remembrance options and new provision of other options. This will improve facilities and options for bereaved families and assist in income generation.

TIMESCALES

*What are the timescales (best known at this stage will suffice) for delivering the **OBJECTIVES** and realising the **BENEFITS**?*

e.g. 21/22 £savings, 22/23 £savings, 21/22 and 22/23 £cost avoidance

Burial ground extension projects - work on priority sites in the financial years 2021/22 and 2022/23.

Inverness Crematorium remembrance improvements - An overall income target of £36k over 3 years (2021/22 through to 2023/24) was agreed by the Council in March 2021 under Theme 2: Commercialisation and Income Generation, Service reference C&P/3. With improvements further income generating opportunities can be considered based on experience.

BUDGET & RESOURCES (COSTS)

What is the Resource requirement – this should include type of resource, FTE (where applicable), and for what duration – types of resource will include the following:

- ✓ **Project Resource** - e.g. Business Change, Programme/Project Management, Lean, Finance, Audit, etc.
- ✓ **Subject Matter Expertise** – specific to the scope of work and the objectives to be delivered

- ✓ **External Resource** – e.g. non-Council specialist roles such as Third Sector, other public sector organisations, consultancy
- ✓ **ICT, Property & Plant** – are there any anticipated requirements?

Please complete the table below, including total funding being requested

TYPE OF RESOURCE	FTE (if appropriate)	DURATION	PHASE 1 FUNDING REQUIRED £	PHASE 2 FUNDING REQUIRED £
Burial ground extension projects	na	2021/22, 2022/23	£350K	£550
Property & Plant costs associated with improvement works.	na	2021/22	£50K	£50K
TOTAL FUNDING REQUIRED			£400K	£600K

Is this proposal likely to require ongoing spend in future years? **NO** (if yes please provide details)

NB we are recruiting a graduate intern from the corporate programme with a business/marketing degree to help us identify other possible income generating opportunities including a review of the products and services offered in other crematoria.

RISKS

*Initial view on what the main risks are in terms of delivery of the **OBJECTIVES** and realising the **BENEFITS** and what can be done to mitigate against these risks*

The burial ground capacity project and service developments now underway aim to reduce service risks. There are risks to being able to offer advance purchase of family lairs if burial ground expansion cannot be developed timeously. There are risks that where burial ground capacity is severely constrained, we will be unable to provide burials in some locations to meet the preferences of some families.

Delays in works or on supply of new remembrance items will impact on delivery of the Inverness Crematorium remembrance improvements project.

Council Programme & Corporate Plan

The Council Programme is linked [here](#), and the Corporate Plan is linked [here](#)

Please tick all those that apply	
• A Council that champions the Highlands	✓
• A place to live	✓
• A place to thrive	
• A place to prosper	
• A welcoming place	✓
• Your Highland Council	
• Ambitious	
• Sustainable	✓
• Connected	✓

Burial Grounds with Under 6 Years – May 2021

	Name	Area	Location	Years Until All Lairs Sold (08/11/20)
1	Dores	Inverness	Village of Dores	Closed
2	Morar Beoraid	Lochaber	South of Mallaig outside Morar	0.1
3	Glen Nevis	Lochaber	East of Fort William	0.8
4	Dunvegan	Skye & Lochalsh	SE of Dunvegan Castle, A850	1.2
5	Cille a'Bhealaich	Skye & Lochalsh	West of Staffin on Northern tip	1.2
6	Petty-Tornagrain	Inverness	A96 before INV airport	1.2
7	Tomnacross	Inverness	South of Beauly on A833	1.3
8	Tore	Dingwall & Black Isle	Near the Village of Tore	1.9
9	Portnalong	Skye & Lochalsh	South of Portnalong, B8009	2.2
10	Chapelhill	Tain	Between Arabella and Nigg	2.3
11	Broadford - Strath	Skye & Lochalsh	NW of Broadford, A87	2.3
12	Mount Vernon	Wick & Thurso	South of Thurso off A9	2.5
13	Balnakeil	Wick & Thurso	West of Durness	2.6
14	Duror	Lochaber	A828 south of Duror	2.8
15	Proncynain	Drummuie	Poles Road just outside Dornoch	3
16	Arisaig	Lochaber	South of Morar & Mallaig, A830	3.2
17	Alness	Alness	On West side of Alness	3.5
18	Kinlochmore	Lochaber	South of Fort William	3.6
19	Portree	Skye & Lochalsh	Southern edge of Portree	3.7
20	Reay	Wick & Thurso	Beside golf course near Melvich	3.8
21	Blarour	Lochaber	NE of Spean Bridge, A82	3.8
22	Kilbeg	Skye & Lochalsh	Just North of Armadale	4.9
23	Rosskeen	Alness	Shore road	5
24	Daviot	Inverness	South of Inverness	5.1
25	Kilmorack New	Inverness	SW of Beauly, N Side of R. Beauly	5.2
26	Morefield	Ullapool	N of Ullapool, beside golf club	5.3
27	Wick	Wick & Thurso	South edge of Wick, A99	5
28	Ardgour	Lochaber	N of Ardgour, S of Fort William	5.2
29	Mitchell Hill	Dingwall & Black Isle	Top of hill, south of Dingwall	5.6
30	Lairg	Drummuie	N of Village, Manse Road	5.8
31	Golspie	Drummuie	End of Main street	5.9
32	Ashaig	Skye and Lochalsh	Between Broadford and Kyle	Closed
33	Skeabost	Skye and Lochalsh	North West of Portree near Skeabost golf course	Closed

PROPOSAL TITLE:	2.8 Addressing Poverty and Inequality
SERVICE/SPONSOR:	ECO Communities and Place

BACKGROUND INFORMATION

Summary of the proposed investment, including why this is justified in relation to specific organisational priorities (Savings, Council Programme/Corporate Plan, Recovery Action Plan, Transformation)

Proposed Sum: £750,000

Rationale: addressing poverty and inequality is a priority of the Council Programme, Corporate Plan and the Community Planning Partnership’s Outcome Improvement Plan. It is a newly agreed priority within the Partnership Integrated Children’s Service Plan. It is woven through the Council’s core service delivery from addressing homelessness, addressing the poverty related attainment gap, to our approach to welfare.

The pandemic has highlighted the increasing impact on individuals and families. Furlough, loss of employment, reductions in hours have left many families on lower incomes. There has been a growth in reliance on food support over the last year, increase in claimants of universal credit and claims on one-off funds such as the Council’s fuel poverty support fund.

Addressing poverty is therefore a crucial plank to the area’s recovery. Certain supports remain in place therefore this fund does not propose to target:

- Helpline and ongoing food support – Government grant in place to support food, delivery and infrastructure
- Summer holiday food provision – Government support in place
- Closing the Attainment Gap
- UK and Social Security Scotland welfare payments – Government support in place
- Self-isolation grant payments – Government Support in place
- Employment related support, including training and work-based learning opportunities

This proposal focuses on a two-strand approach:

1. Direct support to individuals
2. Supporting our approach to poverty

Strand 1 – Direct support to individuals

- 1.1 Fuel Poverty Scheme – building on the success of this year’s support to put in further support for the coming winter. This year £180/household was provided totalling just over £2m. A top-up approach is proposed for this coming winter as an incentive to see an energy adviser to address longer term fuel poverty issues and ensure households have the relevant skills to switch providers to reduce bills and maximise incomes.
- 1.2 Digital Access and Skills – development of a programme to address digital inclusion and skills amongst key groups not targeted by the SG digital programme, specifically disabled people and older people. This may be delivered through key third sector providers.
- 1.3 Support to vulnerable groups –a flexible fund to target individualised support to address the needs of families and individuals affected by unemployment, falls in incomes, changes in circumstances, health impacts as result of the pandemic and families affected by domestic abuse. This support will target at those who cannot access other forms of support available through, for example, the Scottish Welfare Fund. It would provide small, one-off payments which are not recurring in order to address a specific need

- It would be administered by the Welfare Support Team to ensure support is directed and targeted to those who need it most.

Strand 2 - Supporting our approach to poverty

- 2.1 Development funding for local groups to fund resources required for food fridges/tables including buildings. Addressing a key partnership priority of developing sustainable approaches to food insecurity. This will also link to our food growing strategy under development and offer practical support where there is a clear food insecurity link to projects.

OBJECTIVES

What are the aims/objectives of the opportunity (Objectives to be Specific; Measurable; Achievable; Realistic; Time)

1.1 Fuel Poverty Support Fund – direct financial support to individuals on low incomes for the purpose of funding fuel payments. Increasing financial contributions to individuals on low incomes and maximising incomes longer term through advice and support.

1.2 Digital Access and Skills – address the poverty of digital exclusion which the pandemic has exacerbated particularly for older adults and disabled groups who do not have either connectivity, an appropriate device or skills set or combination of all three.

1.3 Support to vulnerable people – direct individualised support to address a specific need for families and individuals affected by unemployment, falls in incomes, changes in circumstances, health impacts as result of the pandemic and families affected by domestic abuse.

2.1 Developing sustainable approaches to food insecurity – infrastructure and development funding for community groups to develop food fridges/tables/community growing approaches as a sustainable and non-stigmatising to food insecurity.

BENEFITS

What are the anticipated benefits, including Financial (Income/Savings/Cost Avoidance), and non-cashable such as External/Internal Customer Satisfaction, Performance Improvements, delivery of Local/National Outcomes etc

Strand 1: Direct support to individuals

- Mitigating low incomes and increasing household incomes – wider mental health and wellbeing benefits as a result of increased anxiety at low/loss of income.
- Addressing digital exclusion and social isolation and promoting wellbeing
- Supporting vulnerable families who have been affected by unemployment, falls in incomes, changes in circumstances, health impacts as result of the pandemic and families affected by domestic abuse.

Strand 2: Supporting our approach to poverty

- Addressing a core priority to develop sustainable approaches to food insecurity and building on learning from the pandemic. Enabling and empowering local groups to develop this provision which is likely to address wider Council aims including promoting use/ownership of Council assets and developing community approaches to food growing.

TIMESCALES

What are the timescales (best known at this stage will suffice) for delivering the **OBJECTIVES** and realising the **BENEFITS**?

e.g. 21/22 £savings, 22/23 £savings, 21/22 and 22/23 £cost avoidance

Strand 1: Direct support to individuals

- Delivery by end March 2022

Strand 2: Supporting our approach to poverty

- Commitment of funding by end March 2022

BUDGET & RESOURCES (COSTS)

What is the Resource requirement – this should include type of resource, FTE (where applicable), and for what duration – types of resource will include the following:

- ✓ **Project Resource** - e.g. Business Change, Programme/Project Management, Lean, Finance, Audit, etc.
- ✓ **Subject Matter Expertise** – specific to the scope of work and the objectives to be delivered
- ✓ **External Resource** – e.g. non-Council specialist roles such as Third Sector, other public sector organisations, consultancy
- ✓ **ICT, Property & Plant** – are there any anticipated requirements?

Please complete the table below, including total funding being requested

TYPE OF RESOURCE	FTE (if appropriate)	DURATION	FUNDING REQUIRED Phase 1	FUNDING REQUIRED Phase 1
Fuel Support Top Up Fund (grant fund for individuals)	NA	NA	£200,000	£300,000
Digital Exclusion (external grant support targeted for disabled and elderly digitally excluded people)	NA	NA		£75,000
Supporting Vulnerable individuals (small grants fund for people experiencing economic, indirect health or social impacts as a result of the pandemic)			£100,000	
Sustainable Approach to Food Insecurity (grant fund for community bodies)	NA	NA		£75,000
TOTAL FUNDING REQUIRED			£300,00	£450,000

Is this proposal likely to require ongoing spend in future years? **NO** (if yes please provide details)

Funding in future years would not be a requirement as a result of the approaches outlined. However, in further developing our approach to poverty as a Council and a Partnership,

funding will be required in the future in order to effectively address and resource activity identified to mitigate the effects of poverty.

RISKS

*Initial view on what the main risks are in terms of delivery of the **OBJECTIVES** and realising the **BENEFITS** and what can be done to mitigate against these risks*

Council Programme & Corporate Plan

The Council Programme is linked [here](#), and the Corporate Plan is linked [here](#)

Please tick all those that apply	✓
• A Council that champions the Highlands	
• A place to live	
• A place to thrive	✓
• A place to prosper	
• A welcoming place	
• Your Highland Council	
• Ambitious	✓
• Sustainable	✓
• Connected	✓

PROPOSAL TITLE:	2.9_Supporting staff to work safely and effectively (£1.0m)
SERVICE/SPONSOR:	Property & Housing Service / Mark Rodgers
BACKGROUND INFORMATION	
<i>Summary of the proposed investment, including why this is justified in relation to specific organisational priorities (Savings, Council Programme/Corporate Plan, Recovery Action Plan, Transformation)</i>	
<p>This investment will support staff to work safely and effectively to deliver the blended return to the workplace programme.</p> <p>This will include the provision of ICT-related equipment to support new ways of working particularly to support our staff to work flexibly from both the office/s <u>and</u> home. The ICT equipment required includes lap-tops, monitors, docking stations and head-sets.</p>	
OBJECTIVES	
<i>What are the aims/objectives of the opportunity (Objectives to be Specific; Measurable; Achievable; Realistic; Time)</i>	
<p>To enable staff to work in a blended work model, ensuring that they have access to suitable equipment to work effectively from both their office/s and home.</p> <p>Building on the Workforce Planning Project undertaken by the Redesign Board, the Board is also leading the Asset Rationalisation / New Ways of working project which aims include to enable staff to thrive and excel within the new ways of working and supports more flexibility in the delivery of services.</p>	
BENEFITS	
<i>What are the anticipated benefits, including Financial (Income/Savings/Cost Avoidance), and non-cashable such as External/Internal Customer Satisfaction, Performance Improvements, delivery of Local/National Outcomes etc</i>	
<p>ICT equipment provided needs to reflect the increase in the number of staff that will work more flexibly including that some staff will work from more than one location. In fact, where there is suitable connectivity, one could work safely and productively from various places in the same building, work from different buildings and / or work from home. A blended approach.</p> <p>This investment will also support a reduction in staff travel which will supports the Council's carbon reduction policy as well as removing a number of daily vehicle journeys on Highland Roads.</p> <p>Being able to work effectively and productively from more than one location can also help the Council's business continuity planning.</p> <p>A reduction in the need for offices 5 days per week will support the Council's office rationalisation programme, supporting the future repurposing and disposal of office space and/or potential for sharing with public sector partners.</p>	
TIMESCALES	
<i>What are the timescales (best known at this stage will suffice) for delivering the OBJECTIVES and realising the BENEFITS?</i>	
e.g. 21/22 £savings, 22/23 £savings, 21/22 and 22/23 £cost avoidance	

Timescales to deliver this investment is within the next 12 months (subject to the risks detailed below). On approval of this investment, orders would be placed as soon as practicable.

BUDGET & RESOURCES (COSTS)

What is the Resource requirement – this should include type of resource, FTE (where applicable), and for what duration – types of resource will include the following:

- ✓ **Project Resource** - e.g. Business Change, Programme/Project Management, Lean, Finance, Audit, etc.
- ✓ **Subject Matter Expertise** – specific to the scope of work and the objectives to be delivered
- ✓ **External Resource** – e.g. non-Council specialist roles such as Third Sector, other public sector organisations, consultancy
- ✓ **ICT, Property & Plant** – are there any anticipated requirements?

Please complete the table below, including total funding being requested

TYPE OF RESOURCE	FTE	DURATION	PHASE 2 FUNDING REQUIRED £	PHASE 3 FUNDING REQUIRED £
Supply of ICT-related equipment including lap-tops, monitors, docking stations and head-sets and associated roll-out resourcing (e.g. in-house staff to support the roll-out)		6-12 Months	£800,000	£200,000
TOTAL FUNDING REQUIRED				£1,000,000

Is this proposal likely to require ongoing spend in future years? **YES** (if yes please provide details)

- There may be some additional annual revenue costs associated with this investment but the costs are not estimated to be material on the assumption that we are not looking to increase our ICT user-base; rather, provide more flexible ICT-related equipment than currently provided.

RISKS

Initial view on what the main risks are in terms of delivery of the **OBJECTIVES** and realising the **BENEFITS** and what can be done to mitigate against these risks

- Worldwide supply of equipment is challenging due to the Covid pandemic, so delays may occur in supplying staff with the necessary equipment.
- Laptop supply in particular is currently in delay so priority would be given to those staff in greatest need.

Council Programme & Corporate Plan

The Council Programme is linked [here](#), and the Corporate Plan is linked [here](#)

Please tick all those that apply

✓

• A Council that champions the Highlands	
• A place to live	✓
• A place to thrive	✓
• A place to prosper	✓
• A welcoming place	
• Your Highland Council	✓
• Ambitious	✓
• Sustainable	✓
• Connected	✓

Schools Investment Update and Proposals

This paper provides detail in relation to 7 schools (Beauly Primary, Dunvegan Primary, Culloden Academy, Park Primary, St Clement's, Ness Castle Primary and Charleston) and comments on Inverness schools capacity issues. It also comments on what is proposed to be delivered at each site, the timeline for delivery, and budgetary matters.

Beauly Primary School

The original budget for this project was set at £4M in June 2019, based on completion during 2021/22. This is intended to deliver nursery, kitchen, dining and games hall accommodation. The project has been delayed due to the impact of the ongoing pandemic and associated factors, and the budget requires to be updated to take account of inflationary and other pressures.

Based on the school roll forecasts, a 6-classroom school would be required with the potential to be extended to provide additional classrooms if required at any point in the future. Work has been undertaken, as requested, with regards to a masterplan for a potential expansion of this project to deliver what would be essentially a new school.

There is currently no approved capital budget provision for the potential phase 2 expansion. Current initial estimates are that the total cost of the completed project across both phases would be in the region of £11M, subject to confirmation, planning and other statutory approvals and detailed design work.

If this additional phase 2 is approved for funding, the estimated timescale for delivery at the point of writing would be approximately August 2024.

Dunvegan Primary School

The original budget for this project was set at £3M in June 2019 with an estimated completion during 2021/22. This is intended to deliver nursery, kitchen, dining and games hall accommodation. The project has been delayed due to the impact of the ongoing pandemic and associated factors, and the budget requires to be updated to take account of inflationary and other pressures.

Work has been undertaken with regards to a place-based approach to a masterplan for a completely new build school at Dunvegan, along with housing development on adjacent land and a community sports pitch. This would deliver, in conjunction with the planned phase 1 works, what amounts to a new school. Based on the school roll forecasts and the requirement for both English and Gaelic Medium provision, a 4-classroom school would be required with the potential to be extended to provide additional classrooms if required at any point in the future.

There is currently no approved capital budget provision for the potential phase 2 expansion. Current initial estimates are that the total cost of the completed project

would be in the region of £11m, subject to confirmation, planning and other statutory approvals and detailed design work.

If this additional phase 2 is approved for funding, the estimated timescale for delivery at the point of writing would be approximately August 2024.

Implications of Beaully and Dunvegan Combined

As agreed by Council in June 2019, “the long-term objectives for both Beaully and Dunvegan would remain as completely new schools”. The total cost of the two new schools is estimated at approximately £22M, therefore leaving a current funding gap of £15 million. This may potentially be reduced by Scottish Government Gaelic funding (subject to a successful bid) which is estimated up to £2.5M, which would reduce the combined funding gap for both schools to £12.5M.

Culloden Academy

The original budget for this project was set at £7.5M in March 2018 as part of the 5-year capital investment programme up to 2022/23. The Council reprofiled its capital programme in January 2021 and there was a modest uplift in the funding of this project to £7.718M. Separate funding was also approved for the installation of modular units this year to address the immediate pressures on non-practical subjects and ASN provision.

The currently available budget of £7.718M will be able to deliver an additional extra 8 science classrooms (approximately two-thirds of the number required for science alone). The budget also covers the cost of the refurbishment of the toilets in the main building, conversion of vacated classrooms, and a new road junction and access to the recently acquired area of land on which the extension will be built. This will address current capacity constraints but will mean that on completion of this phase of works in August 2023 the school will be at capacity again, so this option does not allow for any future growth.

In order to address the forecast roll pressures for a further 5-year period beyond the current capital programme up to approximately 2028/29, the budget for the current project would have to be increased by approximately £9M. This would provide an extension block consisting of new Science, Art and Drama classrooms, with the vacated rooms in the main building converted for other subjects or additional ancillary accommodation.

There is currently no approved capital budget provision for this second phase. If approved for funding, the approximate timescale for delivery from the point of decision for this larger project would be approximately August 2024.

Inverness Schools Capacity Issues

Addressing the longer-term capacity issues within Inverness will require a wider review of the primary and secondary school pressures across Inverness and Nairn and will require a review of catchment areas. This will also likely require investment in a new secondary school in the East Inverness area (estimate circa £50m) and primary schools at Stratton (estimate circa £20m) and Tornagrain (estimate circa £15m). That will deliver approximately 500 primary school places and approximately 1,000 secondary school places. There may be an opportunity to include Gaelic education provision as part of the investment: the Scottish Government has provided £4M funding to support the expansion of Gaelic Medium Education in Inverness and a feasibility study is due to commence looking at this. The Scottish Government may commit to more funding in the future subject to the outcome of that study.

There is currently no funding for these additional schools.

Park Primary School

Following the unfortunate fire at Park Primary School in February 2020 this school requires to be completely rebuilt. The preferred option, subject to required consultation, is to clear the existing site and to deliver a new school on the existing site.

There are a range of potential options here which include the potential to incorporate South Lodge Primary School into this new facility. Final confirmed costs will clearly depend on which option is selected, but the funding envelope required is in the region of between £15M and £18M. This may reduce subject to any financial contributions received from our insurers.

There is no capital funding currently available for this project. Subject to funding being secured, the timeline for delivery from approval of funding and completion of a statutory consultation process if required is estimated as being approximately up to 36 months from now, at the point of writing.

St Clement's School

The estimated capital cost will be in the region of at least £10M for the school building alone, and potentially an additional £3M for land acquisition factors and site abnormalities, plus any additional spatial requirements for a replacement facility that will meet the required standards. This indicative budget would deliver a school accommodating approximately 54 pupils.

A site has yet to be confirmed and purchased for this proposal.

There is no capital funding currently available for this project. Subject to funding being secured, the timeline for delivery from approval of funding and completion of the statutory consultation process is estimated as being up to 36 months, at the point of writing.

Ness Castle

Phase 1 of the new Primary School at Ness Castle is currently under construction. This will deliver 12 classrooms when completed, capable of accommodating up to 333 pupils. It is scheduled to open in August 2022.

A need for a potential future expansion of the Ness Castle school has been identified but the opinion based on the current school roll forecasts is that this will not be required until circa 2030/31. There is however £7.2M of funding included in 2027/28 in the re-profiled programme that was approved in January 2021. The timing of any further expansion may be influenced by the amount of placing requests into the new school; however, the intent is that the new school will mainly serve the new housing developments at Ness Castle and Ness-Side.

Charleston Academy

A similar budget of £7.7M has been approved for an extension and refurbishment at Charleston Academy.

The Charleston project is nearing the end of the initial design stage and pre-application advice on the development masterplan approach has been obtained from Planning. The scope and cost of the project is being finalised and will be confirmed within the next month. There may be some slight cost pressure due to inflationary and other market factors, and possible planning conditions. Any budgetary issues will be considered later this year as part of the wider review of the capital programme, with the project continuing to be developed in the meantime.