

The Highland Council

Minutes of Meeting of the **Economy and Infrastructure Committee** held **remotely** on **Wednesday, 1 September 2021 at 10.30 am.**

Present:

Mr R Balfour	Mr W MacKay
Mr B Boyd	Mr D MacLeod
Mr I Brown	Mr C Munro
Mrs H Carmichael	Mr D Rixson
Mr J Gray	Mrs T Robertson
Mr A Henderson	Mr K Rosie (substitute for Mr Gowans)
Mr D Louden	Mr P Saggars
Mr A MacInnes	Mr A Sinclair

Non-Members also present:

Mr G Adam	Mr D Mackay
Mr A Baxter	Mr J McGillivray
Mr R Bremner	Mr H Morrison
Mr A Christie	Mrs M Paterson
Mrs M Davidson	Mr A Rhind
Mr R Gale	Mr B Thompson
Mr B Lobban	

Officials in Attendance:

Mr M MacLeod, Executive Chief Officer - Infrastructure, Environment and Economy
Ms K Lackie, Executive Chief Officer - Performance & Governance
Mr A Webster, Regeneration Team Leader
Mr M Hilton, Planner
Mr S Dalgarno, Development Plans Manager
Mr C Howell, Head of Infrastructure
Ms T Urry, Head of Roads and Transport
Mr M Mitchell, Service Finance Manager
Mr A Puls, Acting Environment Manager
Miss J MacLennan, Democratic Services Manager
Ms F MacBain, Committee Administrator
Mr A MacInnes, Committee Administrator

An asterisk in the margin denotes a recommendation to the Council. All decisions with no marking in the margin are delegated to Committee.

Mrs T Robertson in the Chair

1. Apologies for Absence **Leisgeulan**

Apologies were submitted for Mr K Gowans.

2. Declarations of Interest Foillseachaidhean Com-pàirt

The Committee **NOTED** the following declarations of interest:-

Item 6 – Mr D Louden (financial), Mr D Rixson (non-financial), Mrs H Carmichael (non-financial)

Item 7 – Mr D Rixson (non-financial)

Item 8 - Mr D Rixson (non-financial)

Item 10 – Mr D Louden (non-financial)

Item 12 – Mr D Louden (financial), Mr C Munro (non-financial)

Item 15 - Mr D Rixson (non-financial)

3. Good News Naidheachdan Matha

The Committee **NOTED** the following items of good news:-

- Ewen Macleod, from the Service's Project Design Unit had successfully completed his BSc in Civil Engineering from UHI as a Graduate Apprentice;
- the Service had played a key role in assisting businesses through challenging times, with 15,700 businesses having been paid £193m in 37,000 individual payments; and
- with regard to road improvement, ownership would be taken the following week of three of the five Pothole Pro machines that had been invested in by the Council, with the final two to be available later in the year.

4. Recess Powers Cumhachdan Fosaidh

The Committee **NOTED** that the recess powers granted by the Council at its meeting on 24 June 2021 had not been exercised in relation to the business of the Committee.

5. Capital Report Aithisg Calpa

There had been circulated Report No. ECI/31/2021 dated 18 August 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

In discussion, the following main points were raised by Members:-

- the environment/climate change Salix match funding was highlighted and from an investment from the Council of £1.25m, match funding from Salix of £3.75m would be gained and Officers were commended for this work;
- the Corran Ferry investment of £1.6m for essential design work to make the case for investment in replacement vessels was very good news for Lochaber. However, there would be challenges ahead as the replacement ferries and supporting infrastructure would require significant funding that was not yet in the capital budget. The Lochaber Committee at its last meeting received a presentation from Stantec on the Corran Narrows Socia-economic study. The study underlined the vital nature of the Corran narrows link and the unfeasible option of using the A861 as an alternative. To bring the A861 up to the standard for two way traffic would cost in the region of £198m in comparison to the cost of replacement ferries of around £45m. The Socia Economic Study report would be presented to Members of this Committee in due course;

- it was confirmed that the Invercoe bridge replacement contract had been put to tender and the programme was currently on schedule;
- in relation to the technical problems with the west link swing bridge these had now been resolved and the bridge was fully operational. It was a complicated bridge with sensors and as with other major contracts there would be a contract team debrief and lessons learned would inform work on future contracts; and
- the contract award for the Uig ferry terminal was welcomed and combined with new ferries this would provide economic and social benefits to the area.

The Committee **NOTED**:-

- i. the capital outturn position for the 2020/21 financial year; and
- ii. the financial position as at 30 June 2021 and the estimated year end forecast.

6. Economic Prosperity Fund/Economic Recovery Update Maoin Soirbheas Eaconamach/Fios às Ùr mu Ath-shlànachadh Eaconamach

Declarations of Interest: Mr D Louden declared a financial interest as a Director of Highland Opportunity Investments Limited and left the meeting during this item.

Mrs H Carmichael declared a non-financial interest in this item, as the Council-appointed Chair of Highland Opportunity Investments Ltd, and Mr D Rixson declared a non-financial interest in this item as the Council's representative on the Isle of Rum Community Trust, as the Secretary of the Mallaig Heritage Centre, as a Council-appointed Director of Highland Opportunity Investment Limited, and as a member of E&I but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that the interest did not preclude involvement in discussion.

There had been circulated Report No. ECI/32/2021 dated 9 August 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

During a summary of the report, the Economy and Regeneration Officer focused on the enhanced business support programme to help businesses to recover, start up and grow. Today would be the launch of the Business start up programme and this would link in with the launch of a national business gateway campaign regarding planning to start a business. Also, the second part of the business support programme was growing businesses and the Committee were being asked to transfer funds for loan investment to Highland Opportunity Investment Limited to manage a small scale loan scheme and recycle capital repayments for future business loan investments. An update was also provided on the Discretionary Grant Scheme funding.

Members in considering the report highlighted their appreciation of the efforts of the business support team over the past 18 months on managing the Covid-19 business support grants. The team had achieved a great deal in a short time which was a tremendous achievement.

A main issue was to provide housing for key employees and it was welcomed that the Economic Recovery Partnership was working to ensure housing provision was available for employees. The provision of housing was also seen as an economic driver and work was ongoing with businesses to identify housing options available for businesses throughout Highland. A pilot project to target new housing projects to businesses in the Cairngorm National Park was underway and the Lochaber Chamber of Commerce were looking to do something similar. It was intended that the Pilot would be expanded to

other areas of Highland in future. Statistical evidence on housing need was required in order to produce this to the Scottish Government for funding.

The Committee **AGREED**:-

- i. to provide £240k from the Economic Prosperity Fund to enable the Council's Investment Company – Highland Opportunity Investments Limited, to manage on its behalf a small-scale loan scheme and to recycle capital repayments for future business loan investments; and
- ii. that the Council seek and secure flexibility from the Scottish Government on how residual Discretionary Grant Scheme funding can be used to support business survival and recovery.

7. Revenue Monitoring Sgrùdadh Teachd-a-steach

Declaration of Interest: Mr D Rixson declared a non-financial interest in this item as the Council's representative to Lochaber Housing Association and its subsidiary Lochaber Care and Repair but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that the interest did not preclude involvement in discussion.

There had been circulated Report No. ECI/33/2021 dated 6 August 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

In considering the report, the predicated overspend in the Corran ferry budget was highlighted and if this was likely to continue a commitment was sought from the Council's Administration that they would not be looking for an increase in fares to balance the budget as had happened in previous years which it was felt would be very unfair for residents and businesses on the Ardnamurchan Peninsula. It was advised that currently a £428k overspend was projected on the Corran ferry budget and approximately half of this was down to income shortfall. The rest of the overspend was due to repairs, purchasing of equipment and staffing overspend.

Also, a report on review of Car parking was delayed due to Covid and information was sought when the outcome of this review would be submitted to Committee. It was advised that the intention was to submit a report on the review of Car parking to the December meeting of the Committee.

It was noted that at the end of Quarter 1, a budget gap of £1.678m was forecast, mainly due to lost income and Covid-19 related costs. This position may change depending on progress made with income recovery and ongoing expenditure controls. In particular, it was highlighted that planning and building warrant income was making a strong recovery this year.

The Committee **NOTED**:-

- i. the more detailed reporting of gross income and gross expenditure to improve scrutiny of net budgets as set out in the Appendices to the report;
- ii. the revenue budget final outturn position for the year ended 31 March 2021;
- iii. the revenue monitoring position for the period to 30 June 2021;
- iv. net spend at the end of Quarter 1, totalled £7.664m;
- v. based on the best available information to date, a service budget gap of £1.678m was forecast to end of 2021/22;
- vi. many areas of the Service relied on income to pay for services, and this

- continued to be affected in 2021/22 because of Covid-19 impacts. A loss of income and Covid-19 related costs was the key driver of the Service's budget gap;
- vii. the budget gap might change positively or negatively depending on applying expenditure and recruitment controls, aligning services to meet budget savings agreed and income recovery in 2021/22; and
 - viii. further adjustments would be made in future quarterly reporting to reflect the updated apportionment of costs and savings across the new structure.

8. Rural Housing Supplementary Guidance Stiùireadh Leasachail Taigheadais Dhùthchail

Declaration of Interest: Mr D Rixson declared a non-financial interest in this item as the Council's representative to Lochaber Housing Association and to the Isle of Rum Community Trust but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that the interest did not preclude involvement in discussion.

Mr D Rixson declared a non-financial interest in this item as the Council's representative to and on the Isle of Rum Community Trust but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that the interest did not preclude involvement in discussion.

There had been circulated Report No. ECI/34/2021 dated 20 August 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

A presentation was provided on the guidance and, during discussion, the following issues were raised:-

- the extensive consultation on, and subsequent changes to, the guidance were welcomed;
- it was hoped some of the issues that remained with the Hinterland policy would be addressed during the ongoing review of the Inner Moray Forth Local Development Plan and that the new guidance would help with the challenges of providing an adequate supply of housing in rural areas;
- information was sought and provided on the use of the words 'positive relationship' to describe the relationship between a small group of houses, and for the use of 'land manager' rather than 'farmer'; and
- it was suggested Members would benefit from a seminar on woodland crofting, ideally with input from and engagement with the Crofting Commission.

The Committee:-

- i. considered and **AGREED** the finalised version of the Rural Housing Supplementary Planning Guidance contained in Appendix 1 of the report;
- ii. **AGREED** to delegate approval to Officers to complete the formal adoption process;
- iii. **NOTED** that, from the point of this Committee approval, the finalised version of the Rural Housing Supplementary Planning Guidance would become a material consideration in the determination of housing planning applications and once statutorily adopted, would replace the existing policy and guidance as set out in paragraph 1.2 of the report; and
- iv. **AGREED** to investigate holding a Members' seminar on woodland crofting with the possible involvement of the Crofting Commission.

9. Roads and Transport Transformation and Roads Capital Allocation Update Fios às Ùr mu Chruth-atharrachadh Rathaidean is Còmhdhalach agus Riarachadh Calpa Rathaidean

There had been circulated Report No. ECI/35/2021 dated 12 August 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

During a summary of the report, it was explained that the reported figures were for work undertaken to the end of July 2021, and that August activity was not yet included.

During discussion, the following issues were raised:-

- in response to the suggestion the Council invest in new infrared pothole technology, this would be further discussed with Members outwith the meeting;
- information was sought and provided on the purpose of flailing machines for verge maintenance;
- plans to extend passing places on the NC500 were welcomed;
- cross-boundary sharing of work and / or resources was essential; and
- clarification was sought and provided that, at present, the budgets for the three Ross & Cromarty Areas had not been disaggregated and that this was a work-in-progress, with issues such as the location of resources, as well as length of road and population, to be taken into account. Progress would be reported to a future meeting.

The Committee:-

- NOTED** the progress being made with the Transformation work underway in respect of Roads and Transport;
- NOTED** the progress made in the Capital programmes for all works in 2021/22;
- AGREED**, as detailed in sections 5 and 6 of this report, the proposed distribution of the additional £9M Capital allocation for infrastructure improvements from phases 2 and 3 of the Health and Prosperity Strategy as set out in section 7.2 of the approved report at Highland Council Committee (HC/14/21, 24 June 2021). This did not include the £1.6M for Corran Ferry as approved at Highland Council;
- NOTED** that any underspend in this year's allocations will be carried forward into the next financial year; and
- AGREED** to discuss with Members outwith the meeting the possible investment in infrared pothole repair technology.

10. Tain and Wick Conservation Areas Sgìrean Glèidhteachais Bhaile Dhubhthaich is Inbhir Ùige

Declaration of Interest: Mr D Loudon declared a non-financial interest in this item as he lived in & owned a property in Tain Conservation Area and left the meeting during discussion.

There had been circulated Report No. ECI/36/2021 dated 6 August 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

During discussion, the report was welcomed along with the consultation process which had taken cognisance of key local concerns, such as the need to remove the Wick harbour area from the conservation area.

The Committee **AGREED** to: -

- i. adopt the Tain Conservation Area Appraisal and Management Plan as planning guidance and approve the proposed amendments to the statutory conservation area boundary; and
- ii. subject to agreement of the Caithness Committee, adopt the Wick Pulteneytown Conservation Area Appraisal and Management Plan as planning guidance and approve the proposed amendments to the statutory conservation area boundary.

11. Transformation Programme – Update on Climate Change Projects Prògram Cruth-atharrachaidh – Fios às Ùr mu Phròiseactan Atharrachadh Gnàth- shide

There had been circulated Report No. ECI/37/2021 dated 6 August 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

During discussion, the importance of moving forward with the hydrogen agenda was emphasised and the appointment of a project manager to assist with this and carbon reduction / renewable energy initiatives was welcomed. Collaborations with UHI or other universities should be considered to work towards reducing costs in hydrogen production, and appropriate plans should be made for vehicle and machinery replacement.

The Committee **NOTED** the contents of the report.

12. Place Based Investment Report Aithisg Tasgaidh Stèidhichte air Àite

Declarations of Interest: Mr D Loudon declared a financial interest in relation to the Regeneration Capital Grant Fund as a Director & Company Secretary of Tain Heritage Trust which owned Tain Picture House and left the meeting during discussion of this item.

Mr C Munro declared a non-financial interest in this item as a Director of Kilmuir Community Trust but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that the interest did not preclude involvement in discussion, unless the discussion pertained directly to the Trust in which case he would leave the meeting.

There had been circulated Report No. ECI/38/2021 dated 3 August 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

The Committee **AGREED:-**

- i. that an area-based approach is adopted to manage the Place Based Investment Programme grant in 2021/22, with decision-making as detailed in section 7 and proposed area allocations as detailed in Appendix 1 of the report;
- ii. that the Council write to the Scottish Government to request flexibility on the spend profile of Place Based Investment grant; and
- iii. to homologate the Highland Council's Round 9 Stage 1 Regeneration Capital Grant Fund applications to the Scottish Government on 17 June 2021.

13. Minutes Geàrr-chunntas

The following Minutes had been circulated for noting or approval as appropriate: -

- i. **NOTED** the South Planning Applications Committee held on 27 April and 15 June 2021;
- ii. **NOTED** the North Planning Applications Committee held on 20 April and 8 June 2021;
- iii. **APPROVED** the City Region Deal Monitoring Group held on 21 April and 2 August 2021; and
- iv. **APPROVED** the Harbours Management Board held on 18 August 2021.

14. Exclusion of the Public Às-dùnadh a' Phobail

The Committee **RESOLVED** that, under Section 50A(4) of the Local Government (Scotland) Act 1973, the public be excluded from the meeting for the following item on the grounds that it involvds the likely disclosure of exempt information as defined in Paragraphs 6 and 9 of Part 1 of Schedule 7A of the Act.

15. Property Transactions Monitoring Report Aithisg Sgrùdaidh Ghnothachasan Seilbhe

Declaration of Interest: Mr D Rixson declared a non-financial interest in this item as the Council's representative to Lochaber Housing Association and on the Isle of Rum Community Trust but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that the interest did not preclude involvement in discussion.

There had been circulated to Members only Report No. ECI/39/2021 dated 30 July 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

The Committee **NOTED** the recommendations as detailed in the report.

16. Land and Property Fearann agus Cuid-seilbh

There had been circulated to Members only Report No. ECI/40/21 dated 30 July 2021 by the Executive Chief Officer Infrastructure, Environment and Economy.

The Committee **NOTED** the recommendations as detailed in the report.

The meeting ended at 12.15pm