

Agenda Item	<b>5</b>
Report No	<b>HC/36/24</b>

## The Highland Council

**Committee:** Highland Council

**Date:** 31 October 2024

**Report Title:** The Highland Investment Plan – Progress Update

**Report By:** Assistant Chief Executive - Place

### 1.1 Executive Summary

- 1.1.1 This report provides Members with an update on the progress in implementing the Highland Investment Plan (HIP) that was agreed at the Council meetings in May and June 2024. The £2.1 billion plan commits Highland Council to a secure and ongoing investment in roads and transport infrastructure and a comprehensive approach to developing a new generation of community facilities (Points of Delivery, or PODs), the key driver for which was the poor condition and/or suitability ratings for 92 of our 197 operational schools.
- 1.1.2 Section 5.2 outlines the detailed master planning approach that has been developed to support community engagement and to ensure that the plan maximises the potential of the available investment to transform communities.
- 1.1.3 Section 5.3 updates on the most recent design work that has been done on the Community PODs by our internal design team, which will be used to illustrate the opportunities for investment in communities through the HIP. These are principally to demonstrate the opportunity to bring a greater degree of integrated partnership support to communities (as per the aspirations of the Highland Outcome Improvement Plan) and maximise external sources of investment with public and private sector partners.
- 1.1.4 Section 5.4 updates Members on the status of community engagement with the identified pilot areas of Dingwall and Thurso, showing the mechanisms by which preferred options for investment will be brought forward to Council in December.
- 1.1.5 Section 5.5 provides information on the Five Case Business Model that will be used to rank options that are identified for decision making. This work is being developed in conjunction with HUB North and specialist consultants and will ensure that we take a rigorous approach to securing best value for the public purse and progress the transformation agenda that Audit Scotland is advising Scottish local authorities to progress with urgency.

1.1.6 Finally, Section 6 outlines the proposed next steps for the delivery of the programme and the key outcomes that will be reported to the Council meeting in December.

## 1.2 Purpose/Context

1.2.1 In May 2024 Highland Council approved the £2.1 billion twenty-year HIP, incorporating existing capital commitments, additional commitments of £50 million for roads and transport infrastructure agreed as part of the 2024 budget setting process, additional commitments to improve our school estate by establishing a new generation of community facilities (PODs), and long-term investment plan for roads and transport infrastructure.

1.2.2 A subsequent report to the Council meeting in June outlined the processes that will be followed to support the delivery of new Community PODs across Highland, including local engagement with communities and partners, a place-based master planning approach, and a robust option appraisal process.

1.2.3 It was also agreed in June that several outcomes relating to Dingwall and Thurso would be reported to the Council meeting in December. These include the site location for a Community POD in Dingwall, the recommended location of a new building for St Clement's School in Dingwall, and a short list of options for the location of a Community POD in Thurso.

1.2.4 Members are reminded that the establishment of PODs is closely linked to plans to modernise Council service delivery and be a key driver for the future operating model of the Council.

## 2. Recommendations

2.1 Members are asked to **note** the progress in developing the place-based master planning approach and the option appraisal process for delivering new Community PODs across Highland, and the further updates that will be reported to the Council meeting in December.

## 3. Implications

### 3.1 Resource

3.1.1 Members will recall from the May 2024 Council report that established the HIP, that the funding of the HIP would be part of the annual budget setting process. This was based on the need to align capital investment decisions with the revenue budget process, and utilising the strategies adopted in May 2024 to link revenue budget growth and revenue budget setting decisions, to the funding of the HIP. The formal setting of the revenue budget in February/March 2025 will be where implications of the HIP are reflected, and decisions made for funding to support the HIP.

## 3.2 **Legal**

- 3.2.1 Delivery of the Highland Investment Plan will significantly assist the discharge of various statutory powers and duties of the Council, including those related to Roads, Education and Health and Safety.

## 3.3 **Risk**

- 3.3.1 As was set out in the May 2024 HIP report, the funding of the HIP was directly linked to annual revenue budget decisions, and growth in the revenue budget and earmarking of funding being the mechanism to support the HIP. By implication there are risks relating to the extent to which the Council's financial outlook and budget plans can support the HIP, for example if the Council was faced with a more challenging financial position than expected. The HIP sought to mitigate such risks by making clear as an approach that the overall level of costs of borrowing would not exceed 10% of the Council's revenue budget, as a mechanism to ensure plans were affordable, prudent, and sustainable. The separate Medium Term Financial Plan report on this Council agenda, provides further context to the financial outlook and budget planning process for 2025/26.

## 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)**

- 3.4.1 The adopted approach to health and safety was included in the December report to Council. This set out a hierarchical approach to where we would prioritise capital resources, specifically: "where the health and safety of staff and other service users, stakeholders, or visitors are at actual or potential risk." (section 9.5).

## 3.5 **Gaelic**

- 3.5.1 The HIP will have a positive impact in relation to maximising the objectives of the Gaelic Language Plan. Several schools that currently deliver Gaelic Medium Education will be in scope for investment, with others potentially having the capacity to expand their provision. The implementation of this approach will be modelled as part of the ongoing process.

## 4. **Impacts**

- 4.1.1 In Highland, all policies, strategies, or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.1.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.1.3 This is an update report and therefore an impact assessment is not required. A screening for impact has previously been undertaken on the principles and approach outlined in the Highland Investment Plan. Considering, and assessing for impact will be a core component of place-based masterplans and options appraisals for individual locations. Engagement with local communities as part of the place-based reviews will help inform the impact assessments undertaken.

## 5. Highland Investment Plan Update

### 5.1 Background

5.1.1 This Section sets out the current position following the approval of the reports to Council in May and June 2024 and the actions and priorities that were agreed.

5.1.2 Members are reminded that the categories of projects and prioritised locations were agreed in the in the May and June reports and are as follows.

1. Major projects included in the 5-year capital programme approved in September 2023: Tain Campus, Broadford Primary, Nairn Academy, and a new primary school at Tornagrain.
2. Phase 1 HIP projects to be taken to tender stage at Beaully Primary, Charleston Academy, Dunvegan Primary, Fortrose Academy and Inverness High.
3. Phase 1 HIP locations agreed as priorities for delivery within Years 1 to 10 with local master plans and options appraisals to be developed for Alness, Brora, Dingwall, Dornoch, Golspie, Invergordon and Thurso.
4. Phase 2 HIP locations (Year 11 onwards) which, although currently viewed as longer-term priorities, will require initial work on some locations in the short term to develop master plans as outlined in the May and June reports.

5.1.3 The planned capital investment through the HIP will result in significant improvements to the school estate as part of the wider vision. However, as was stated in the previous reports, we cannot afford to rebuild all these establishments on a like-for-like basis. New or repurposed assets must support the delivery of services for the “Council of the Future” as well as accommodating other public bodies and community facilities in a flexible and collaborative manner, achieving best value for the public purse in the process.

5.1.4 Assessment for impacts will be a core component of local place-based plans. If any of the preferred options would result in schools being relocated, then a statutory consultation would be required.

5.1.5 As was outlined in the May report, a degree of flexibility will be required to ensure that local needs are considered, and solutions may not be limited to just one building or location. Distinct types of Community Points of Delivery (PODs) may be required in varied sizes or types of settlements or geographical areas.

5.1.6 Some of the distinct types of Community “POD” that may be considered are as listed below, and the subsequent sections in this report and images in **Appendix 1** shows how some of these POD constructs are being developed as part of the design process.

- **Urban District:** e.g. parts of Inverness and Greater Fort William.
- **Towns:** e.g. Dingwall and Thurso.
- **Rural Settlements:** e.g. Dunvegan and Ullapool.
- **Rural Areas/Networks:** e.g. South-East Sutherland and Seaboard Villages.
- **Regional Facilities:** These are facilities that may serve a wider area than any of the Community POD categories listed above, e.g. Leisure provision.

- **Work PODs:** Mainly comprising Council depots, potentially shared office accommodation and facilities for emergency services etc; will be considered as a parallel workstream.
- **Community Led PODs:** Delivery points overseen by social enterprises and/or the third sector.

5.1.7 A key component of establishing the type of POD for a particular location is the evaluation of possible partnership opportunities. To that end discussions are taking place with a range of potential procurement partners, external funding agencies such as SportScotland, and co-location partners such as NHS Highland and other public bodies, High Life Highland, and community organisations in each location.

## 5.2 Master Planning and Options Appraisal Approach

5.2.1 Previously, Members have been shown graphic representations of the public estate in Dingwall and Thurso, to exemplify the complex and cluttered arrangement of buildings in these places. As part of our asset reconfiguration work, we hope to engage with Members in all areas about how we can reduce this footprint and free up sites and buildings for a new purpose in keeping with our revised priorities, such as housing.

5.2.2 In Appendix 1 we represent the graphics for purpose of illustrating the challenge. Members are reminded that with considerable investment potential in our communities, we have an obligation to maximise the power of that spend and the future benefits of investment for various community groups.

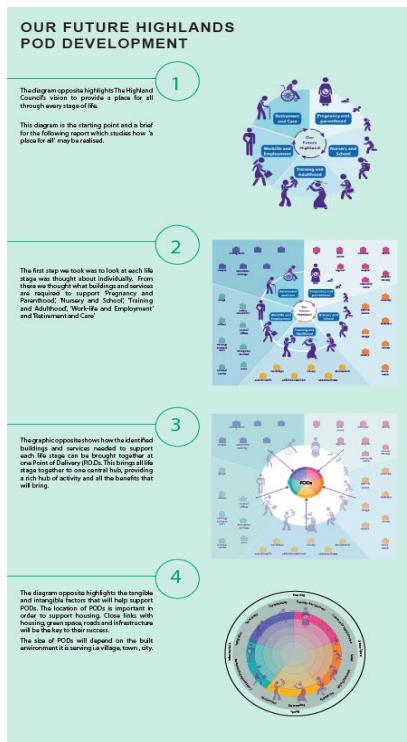
5.2.3 The benefits include the opportunities to place complementary services together as part of a new community, place-based model, with wider partners, such as the inclusion of health and third sector organisations in a structured way to allow greater integration of service provision.

5.2.4 Members will recall in previous reports that there was agreement that full engagement with communities and partners would take place, focusing on the opportunities that were available to them. It was envisaged that this would review all services operating locally and on how these might be upgraded through investment.

## 5.3 Community POD Design Update

5.3.1 Since the report to the Council meeting in June, considerable progress has been made on developing the form of different POD arrangements and the associated concept designs and layouts. This work is being led by our internal design team and images are included at Appendix 1 for Members to consider.

5.3.2 Members can also view a 3-D animated 'walk through' of some typical styles of Community POD designs that are being developed by clicking the [link](#) here. The refinement of the POD concepts will act as a catalyst for the future delivery of modern Council services, meeting emerging community needs and the requirement for future partner and community integration. The image below demonstrates the work to date:



5.3.3 All future place-based projects must support further integration and enable the evolution of lifelong services for people in the Highland area. This type of investment will be a key economic driver, maximise community benefit and support activity to sustain Highland communities.

5.3.4 Importantly, by demonstrating the benefits of bringing services together we will be able to improve the experience of members of the public that access any of these services. Also, there would be clear benefits for services co-located in a POD facility, bringing them into close proximity with other professionals, resources and facilities that otherwise would be of lower quality, or much more remote from them.

## 5.4 Dingwall and Thurso Workstreams

5.4.1 The priorities and timescales for the next stage of the Phase 1 Community POD locations at Dingwall and Thurso were agreed at the Council meeting in June with the outcomes to be reported to the meeting in December.

5.4.2 The June report also set out the overall Options Appraisal process and summarised the key elements of each stage and the outcomes to be achieved as the table below.

Stage	Outcome
Stage 1 - Definition	Long List of Options
Stage 2 - Filtering	Short List of Options
Stage 3 - Development	Identify Preferred Option
Stage 4 - Validation	Confirm Preferred Option

5.4.3 The work that is being undertaken on Stage 3 for Dingwall will establish a detailed structure to take the other prioritised locations through this stage, with Thurso the next prioritised Phase 1 location.

5.4.4 The following list summarises the Stage 3 activities that have been identified through the development of this process for Dingwall.

1. Regular meetings with Ward Members to update on progress and discuss certain matters before wider engagement.
2. Establishment of Council officer sub-groups to coordinate activities, focus on the work required and deadlines to be met, and produce information that can be shared with stakeholders or at planned public events.
3. Meetings with specific community groups and users that may be directly affected by some of the options under consideration to explain the overall approach and discuss opportunities that may arise from the wider master plan.
4. Consideration of the criteria required to assess the educational benefits of the options for future school provision and engagement with Head Teachers, Parent Councils, and other stakeholders, as necessary.
5. Working with colleagues from High Life Highland to develop the local plans for community, sports, and leisure facilities for the respective Associated School Groups.
6. Engagement with potential co-location partners. The Highland Property Partnership is being re-established with other public sector partners in highland and regular meetings will commence in November.
7. Coordination with other activities that may be underway such as Area Place Plans, Local Place Plans, and the Highland Local Development Plan.
8. Consideration of the outcomes from recent exercises such as the community feedback received through the Place Standard consultation, the relevant Local Development Plan and the corresponding forecasts of where new housing is likely to be built. The feedback from Dingwall is shown here as an example:

## Dingwall & Seaforth

**REGIONAL**

### Feedback on the Place Standard Consultation

Dingwall & Seaforth Area Average Score (2.9) is equivalent to the Highland average score.

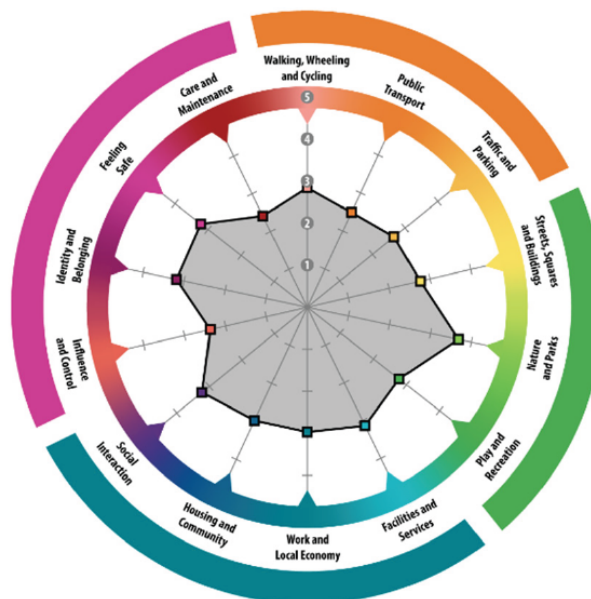
Highest scores for area:

- Nature & Parks (3.7)
- Feeling Safe (3.3)
- Facilities & Services (3.2)

Lowest scores for area:

- Care & Maintenance (2.4)
- Feeling Listened To (2.4)
- Public Transport (2.5)

In summary, while facilities like schools, libraries, and local shops are valued, concerns focus on decline of the town centre, poor maintenance and upkeep and perceived lack of investment in existing facilities.



9. Initial consideration of potential future options for Council buildings or sites that could become surplus to operational requirements.
10. Coordination with the other workstreams that are underway (e.g. the rationalisation of office buildings, improved Council depot facilities, and housing development opportunities) to produce a cohesive overall master plan that will ensure that all co-location and other opportunities are fully explored, and that the eventual benefits and positive outcomes are maximised.

5.4.5 Engagement on the master planning approach is a core part of the process. A public engagement session will be held in Dingwall in November, and it is proposed that there will also be further sessions held via Microsoft Teams. These sessions will be scheduled to maximise opportunities for the public to participate and provide feedback, and the information will also be available to view on the Council's website.

5.4.6 The initial list of options for a Community POD in Thurso is being considered by Ward Members. Wider engagement with other stakeholders will commence later this month before confirming the short list of options that will be reported to Council in December prior to commencing the next stage of the process.

## 5.5 **The Five Case Business Model**

5.5.1 The need to secure the best possible value from spending public money is a clear obligation for local authorities. A framework for developing business cases is therefore being prepared to support the options appraisal process.

5.5.2 This framework will follow the HM Treasury "Building Better Cases" and "Green Book" guidance on options appraisal and evaluation. It supports proper consideration of the costs, benefits, and trade-offs of alternative options for delivering policy objectives and will be based on identifying clear objectives and critical success factors.

5.5.3 The structure of the proposed Five Case Business Model is outlined in Appendix 2. The options to be considered will range from "Business as Usual" and "Do Minimum" with various intermediate options through to "Do Maximum". This will deliver the most effective and efficient spending decisions and implementation plans.



5.5.4 The business case will develop iteratively over time and usually in three distinct stages, with more detail being provided at each stage:-

- Stage 1: Strategic Outline Case (the scoping stage).
- Stage 2: Outline Business Case (the detailed planning phase).
- Stage 3: Full Business Case (the detailed final phase).

## **6. Next Steps**

6.1.1 As Members will observe from this report, there is considerable activity taking place to ensure that the Highland Investment Plan is delivered to meet the timelines previously agreed by Members.

6.1.2 A report will be brought to the Council in December, which will provide updates on the following elements:-

1. An updated projection of the value of the Highland Investment Plan, this will include details on Council policy to ring fence Council Tax that will enable the delivery of the investment programme.
2. A Stage 3 outcome from the master planning process and stakeholder and community engagement currently taking place for Dingwall comprising:-
  - a) A preferred option for the location of the Community POD, and any consequential commitments that flow from this for Member decision making.
  - b) An initial assessment of the requirements for office and depot accommodation.
  - c) A framework for maximising the opportunities for co-location of other Council services, partners, and community facilities.
  - d) A description of partnership opportunities that may be built into the design process for the Community POD for Dingwall.
3. A Stage 2 master planning outcome for Thurso comprising:-
  - a) A short list of options for the location of a Community POD.
  - b) A proposed timeline for Stage 3 of the process.
  - c) An outline of potential partnership opportunities that may be built into the design process for the Community POD for Thurso.
4. An update on progress, timescales and expected sequence of projects for all Phase 1 HIP locations.
5. An update on procurement routes based on various market engagement processes which are ongoing.

6. A Learning Estate Strategy which is being developed for Member approval in December, as per previous papers, and based on existing Council policy for strategic prioritisation of investment.

Designation: Assistant Chief Executive – Place

Date: 16 October 2024

Authors: Finlay MacDonald, Chief Officer – Property and Assets  
Robert Campbell, Service Lead – Capital Planning & Estates Strategy  
Alison Clark, Chief Officer – Housing and Communities

Background Papers: Establishing the Highland Investment Plan and Mechanisms to Fund and Deliver It [Report](#)  
Highland Investment Plan – Next Steps [Report](#)

Appendices: Appendix 1 – Master Plan and Concept POD Design Images  
Appendix 2 – The Five Case Business Model Methodology

# Detailed master-planning approach developed to support community engagement

# PLACE | DINGWALL

## Highland Investment Plan

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**REGIONAL**

The Highland Investment Plan is looking to review and improve how essential services and facilities are provided in Dingwall.

This work is taking account of multiple sources of evidence and local priorities, notably the emerging Dingwall & Seaforth Area Place Plan that is being developed, the Place Standard consultation undertaken earlier this year, and evidence for the new Highland Local Development Plan that is due to be published for public consultation before the end of the year.

The feedback, outputs and conclusions from the Investment Plan work in Dingwall will inform the strategy and land use planning priorities for Dingwall in the Highland Local Development Plan and will be aimed at addressing the local priorities set out in the Dingwall & Seaforth Area Place Plan.

How the various initiatives at National, Regional and Local Level work together and inform each other



The Place Standard tool has been used across Highland to have conversations and gather feedback about what makes for a good place to live, work, play and visit. Over 1000 responses have been received that tell us what people think needs to be protected, changed or improved, and what is needed for the future. The feedback is being used to help shape place plans and the future Local Development Plan as well as projects like the Highland Investment Plan.

# Dingwall & Seaforth

**REGIONAL**

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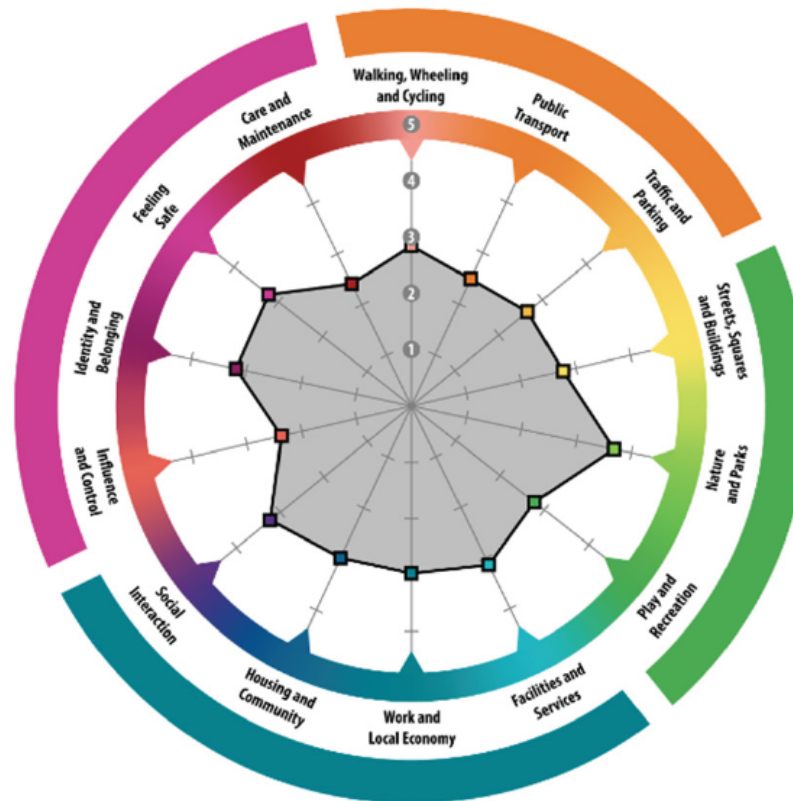
**Highest scores for area:**

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**Lowest scores for area:**

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In summary, while facilities like schools, libraries, and local shops are valued, concerns focus on decline of the town centre, poor maintenance and upkeep and perceived lack of investment in existing facilities.



## Access to Services

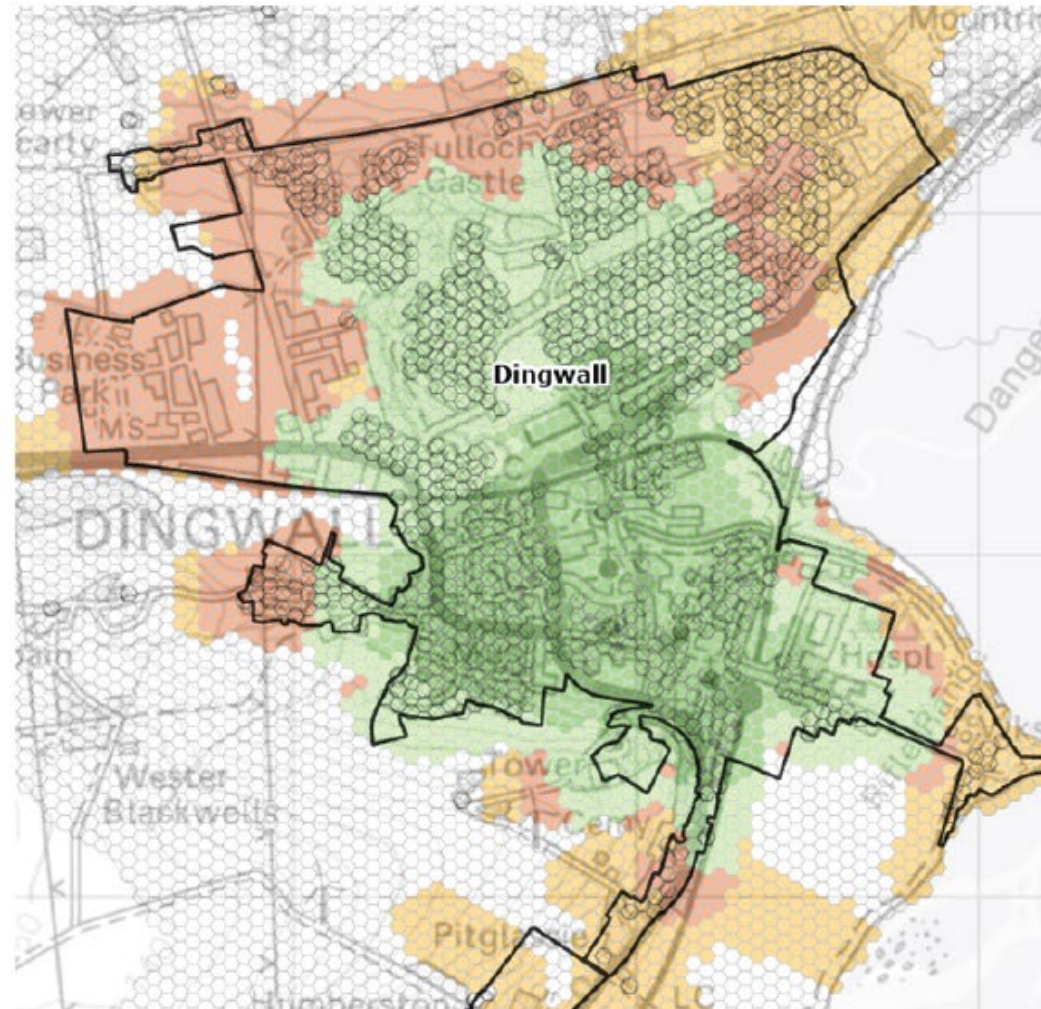
### Local Living Outcomes

In the Dingwall & Seaforth Area The Highland Council surveyed 19547 Hex Cells.  
5641 fall within Settlement Development Areas (SDAs)  
Of these, 2026 Cells contain the 5664 Residential properties in the area (Residential Cells)

Within these Residential Cells:

- 73.7% of residential properties are in cells classified as either Very Highly Walkable (1969) or Highly Walkable (2202)
- 4.8% of residential properties (270) have Few or No Walkable services

The Average Local Living Total score for a Residential Property in one of these Residential Cells in Dingwall & Seaforth Area Committee Area is 10.0 (out of a maximum possible of 16).





# Dingwall

## Recent Housing Completions

Legend x

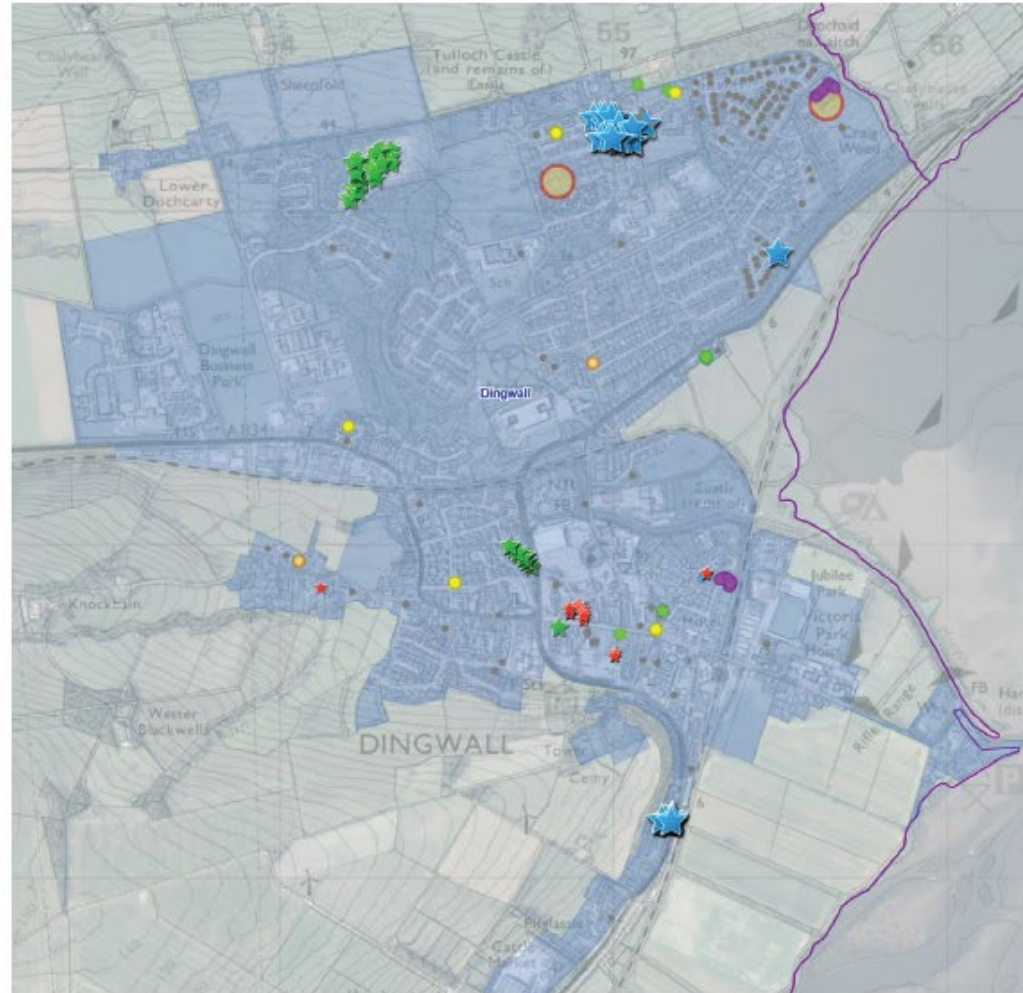
New House Completions 2000 - 2024

- 2024
- 2023
- 2022
- 2021
- 2020
- 2019
- 2018
- 2017
- 2016
- 2007
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- 2013

Highland Settlement Development Areas



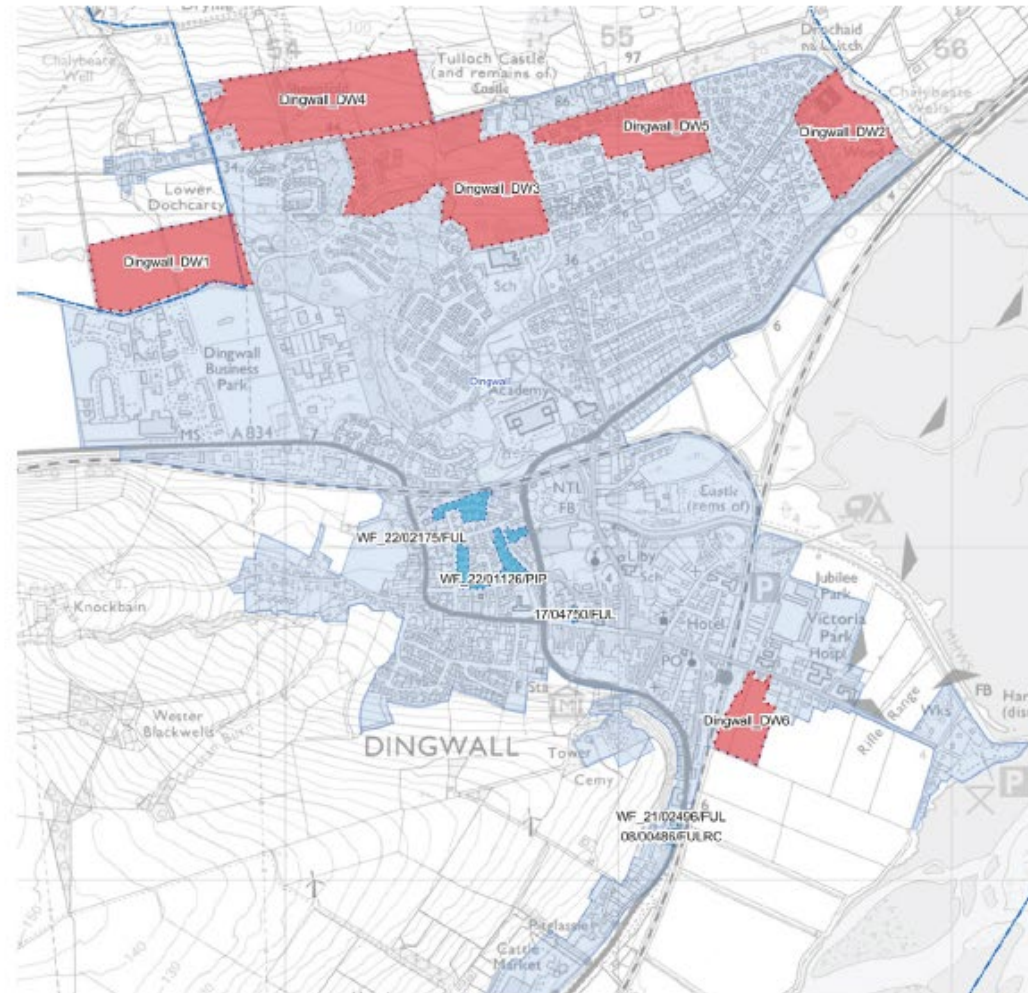
Housing Market Areas





# Dingwall

## Future Housing Sites



HLA2023\_FINAL



LDP

WF

Community Councils



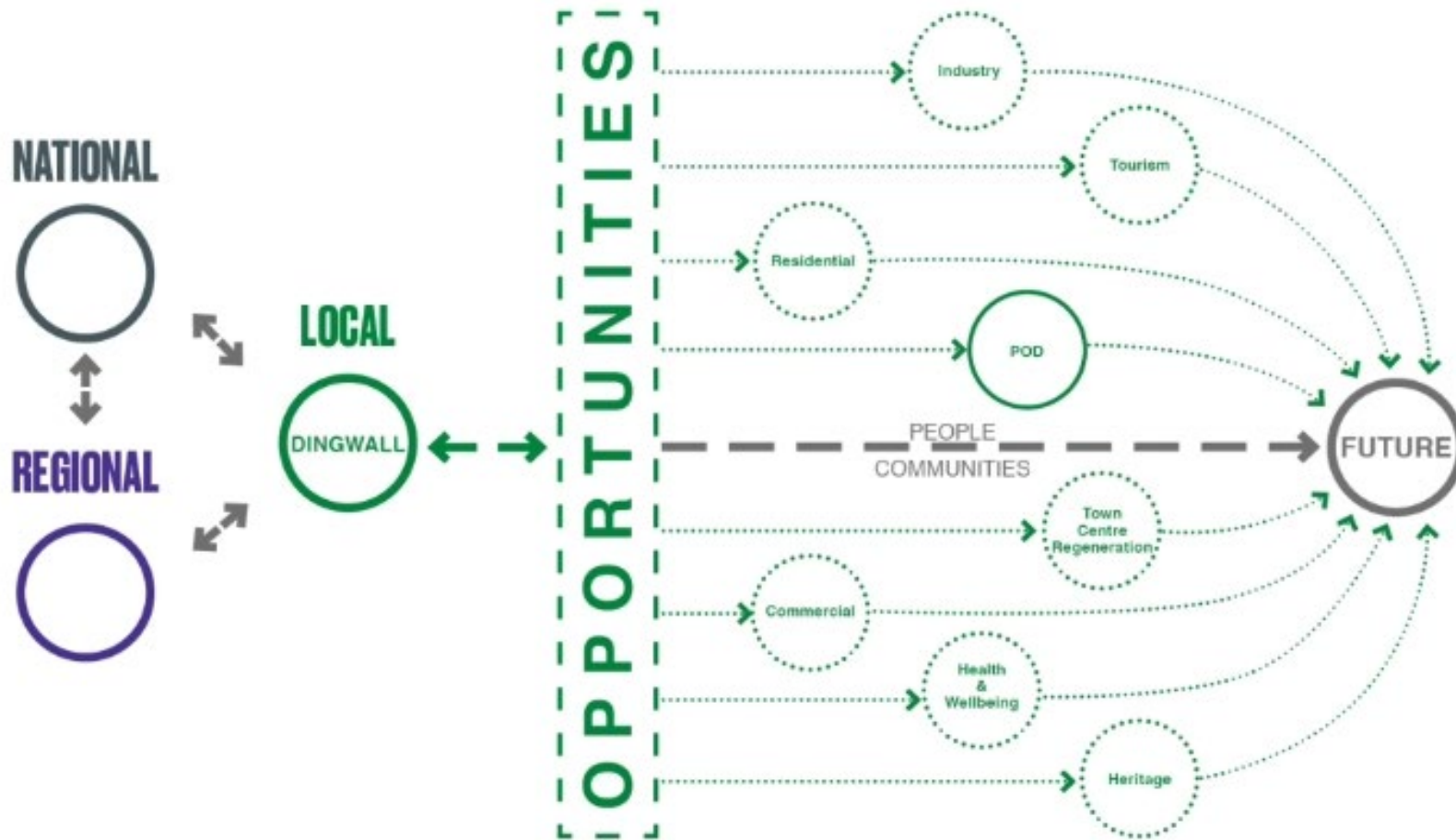
Settlement Development Areas



# Dingwall

**LOCAL**

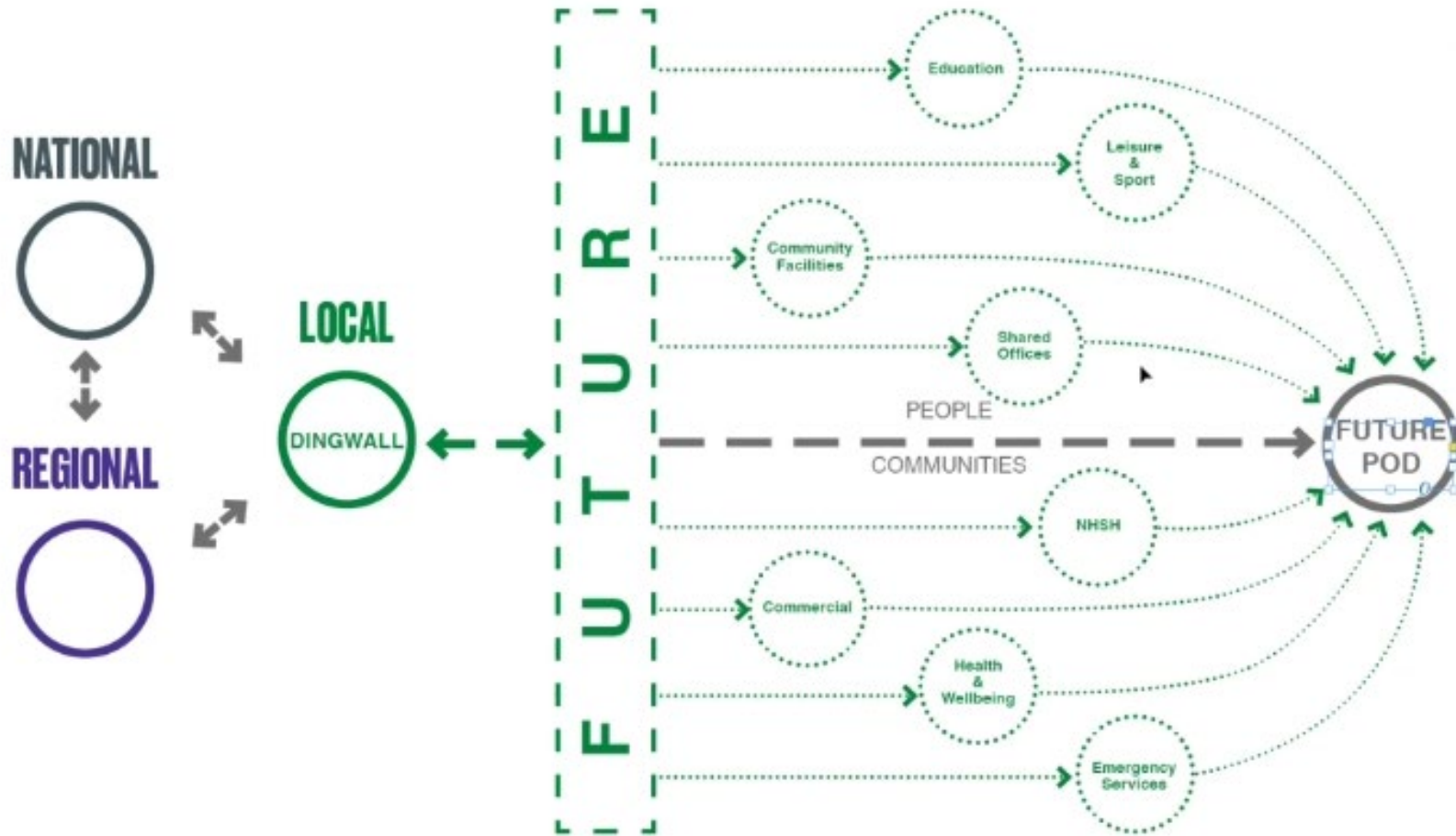
## POD - Part of a Bigger Picture



# Dingwall

# LOCAL

## POD - Future

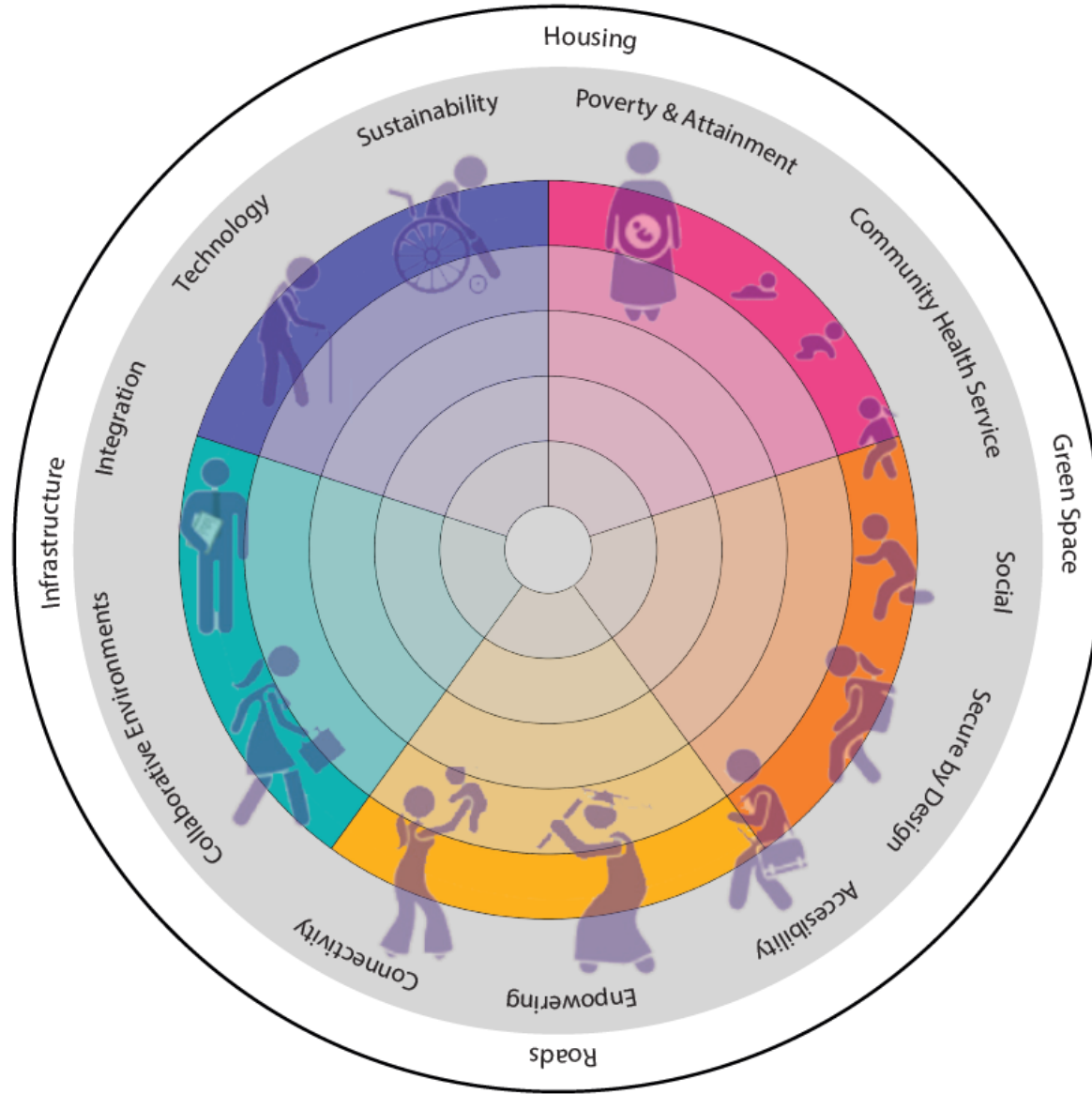


Progress on POD concepts being worked up as part of the design process

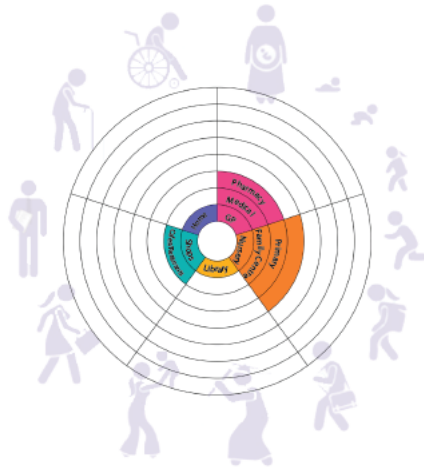




Diagram showing tangible and intangible factors which support POD concept



Distinct type of PODs may be required in varied sizes or types of settlements or geographical areas.



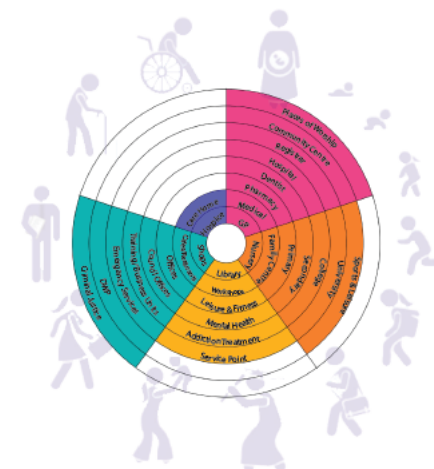
**RURAL**  
E.g Muir of Ord

Example of a rural scale POD. The diagram highlights how some identified services would not be required at this scale .



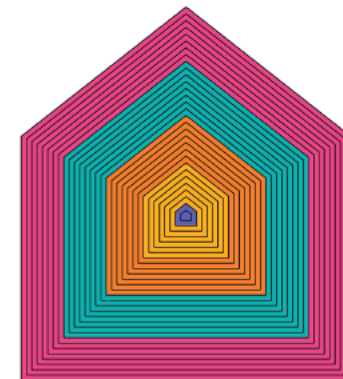
**TOWN**  
E.g Dingwall

Example of a town scale POD where the services and buildings required become more to suit the needs of the community.



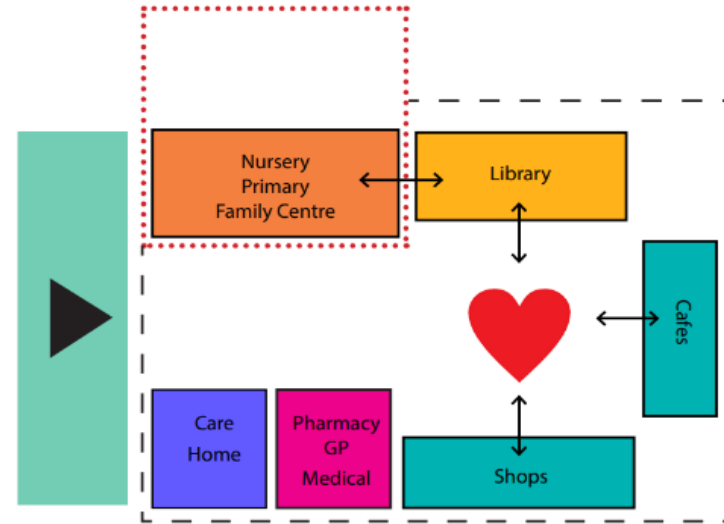
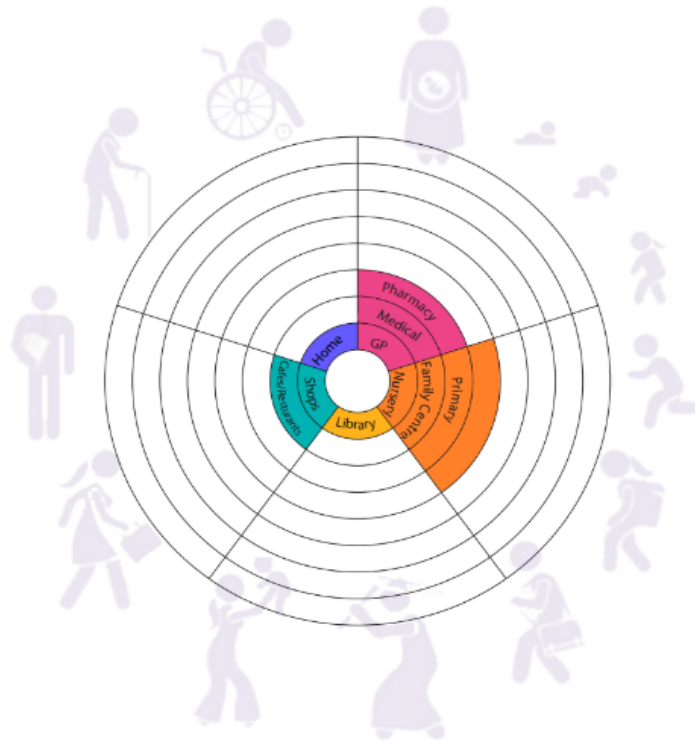
**REGIONAL**  
E.g Inverness

Example of a regional scale POD where there are much more services and buildings "turned on" to suit the needs.



# Example of how a POD could work on greenfield site / rural location

## RURAL Example of how a P.O.D could work on a green field site

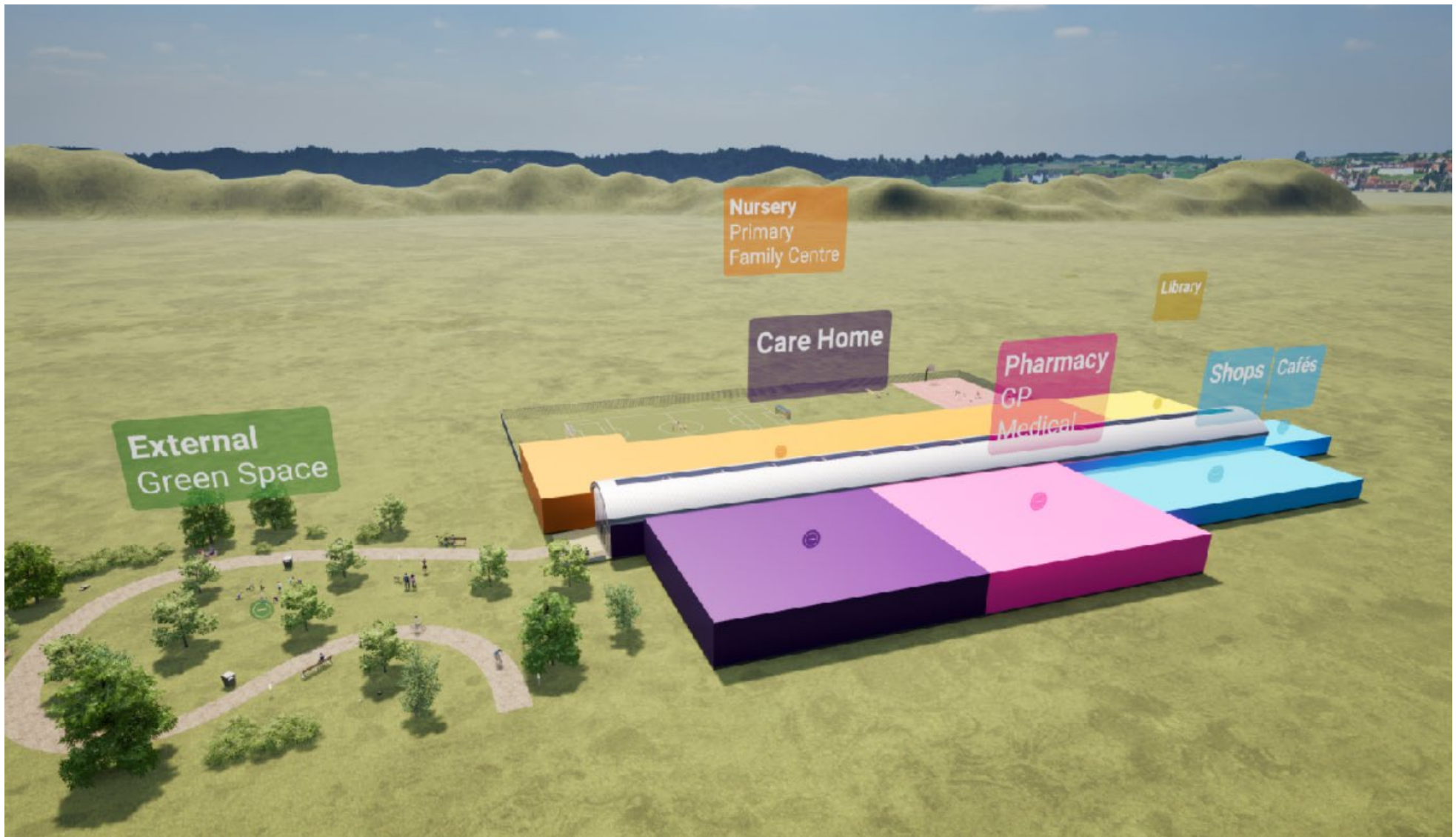


- Key
- Entrance
  - Private Zones
  - Public Zones
  - Shared Spaces
  - Heart of POD
  - Green space





Concept 3D of how POD could work on greenfield site / rural location



# Preparation of draft storyboards for wider engagement

## OUR FUTURE HIGHLANDS POD DEVELOPMENT

**1**

The diagram opposite highlights The Highland Council's vision to provide a place for all through every stage of life.

This diagram is the starting point and a brief for the following report which studies how 'a place for all' may be realised.

**2**

The first step we took was to look at each life stage was thought about individually. From there we thought what buildings and services are required to support 'Pregnancy and Parenthood', 'Nursery and School', 'Training and Adulthood', 'Work-life and Employment' and 'Retirement and Care'.

**3**

The graphic opposite shows how the identified buildings and services needed to support each life stage can be brought together at one Point of Delivery (POD). This brings all life stage together to one central hub, providing a rich hub of activity and all the benefits that will bring.

**4**

The diagram opposite highlights the tangible and intangible factors that will help support PODs. The location of PODs is important in order to support housing. Close links with housing green spaces, roads and infrastructure will be the key to their success.

The size of PODs will depend on the built environment it is serving i.e. village, town, city.

## VILLAGE CASE STUDY

**RURAL**  
Range of services in a small village, with a central hub for key services and buildings to support the community.

**TOWN**  
Range of services in a small town, with a central hub for key services and buildings to support the community.

**REGIONAL**  
Range of services in a small town, with a central hub for key services and buildings to support the community.

**Key**

- Entrance
- Private Zones
- Public Zones
- Shared Spaces
- Heart of POD
- Green space



How future points of delivery could look











Tain 3-18 Community Campus



Wick 3-18 Community Campus







Gensler Architecture examples, community campus







Multi Purpose Building, Japan, Sou Fujimoto Architects



Enclosed structures / pavillions around edge of building



Circulation Space / shelter from elements



Beswick Community Hub, Manchester





Various precedent images



Community Hub, Wishaw

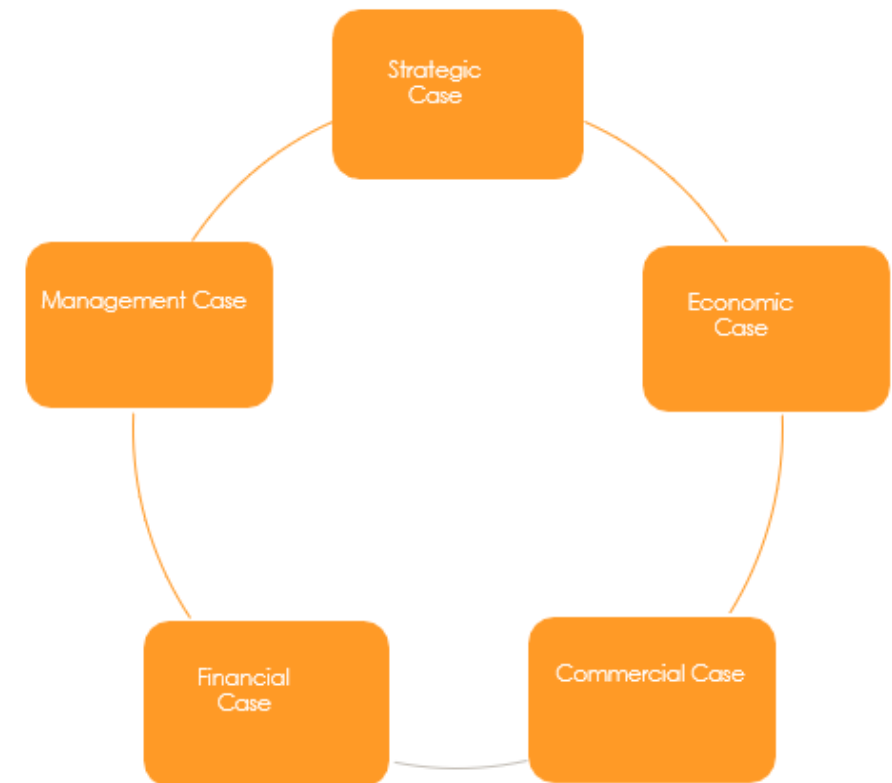
# Business Case - Structure of the “Five Case” Model

## The Strategic Case

- Makes the case for change.
- Demonstrates clearly the strategic fit of the change within the existing national and local policy context.
- Provides a strong economic rationale for making the change.
- Demonstrates a comprehensive understanding of Business As Usual and how the intervention meets current and potential future business needs.
- Identifies critical success factors, alongside possible risks and project dependencies.

## The Economic Case

- Identifies a long-list of solutions and appraises their feasibility given critical success factors, budgetary considerations, risks and dependencies.
- Monetises the benefits and costs associated with a set of realistic and achievable short-listed options.
- Identifies the preferred way forward which delivers value for money, and offers the best balance of costs, benefits and risk.



HM Treasury, 2018

# Business Case - Structure of the “Five Case” Model

## The Commercial Case

- Outlines the procurement strategy to engage the market.
- Details the service specification for PoD operation.

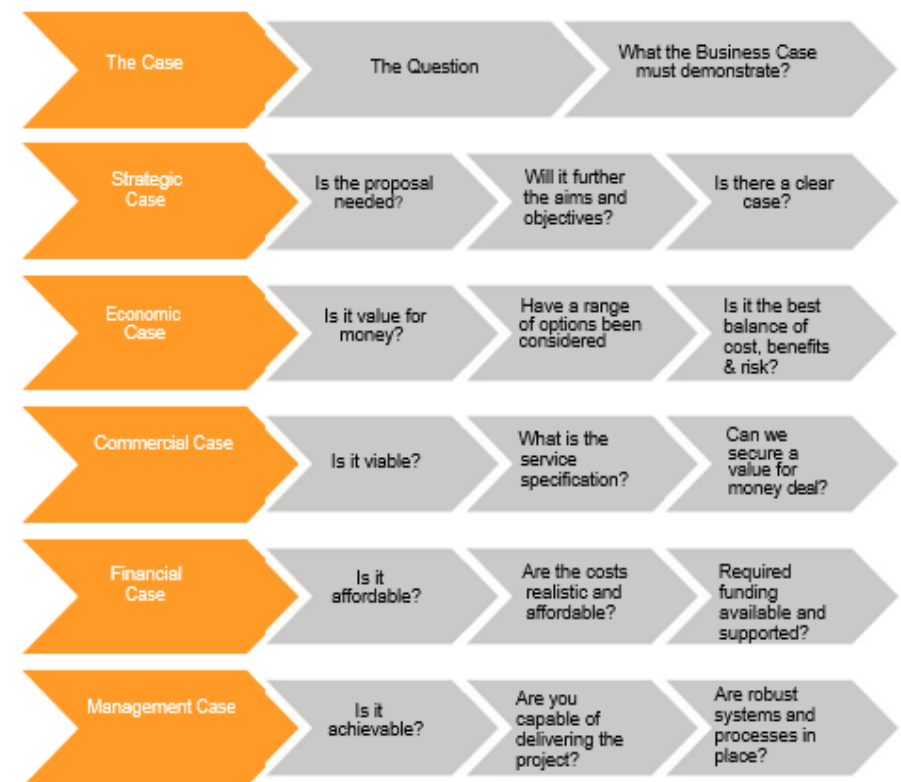
## The Financial Case

- Demonstrates that the programme costs are realistic, affordable and feasible – as well as financially sustainable in the long run.
- Outlines the associated funding requirement and strategy.

## The Management Case

- Outlines the programme / project management plan, as well as the framework for managing risk, change, benefits realisation and monitoring & evaluation.

## The Five Case Methodology



HM Treasury, 2018