

The Highland Council

Agenda Item	10.b
Report No	RES/40/24

Committee: Corporate Resources

Date: 5 December 2024

Report Title: Delivery Plan Budget Monitoring & Progress Update – Income Generation

Report By: Assistant Chief Executive – Corporate

1. Purpose/Executive Summary

1.1 The Delivery Plan 2024-27 consists of 64 projects/programmes, managed through 6 Portfolio Boards. Each project is reported to a relevant committee for consideration and scrutiny in terms of the Portfolio Reporting Cycle agreed at Council on 9 May 2024. Exceptions to this general rule may apply when for example circumstances merit a standalone project/programme report to either committee or council. If exceptions apply this report will signpost to where the relevant reporting can be found.

1.2 This report provides financial, performance, risk and general information on the following Delivery Plan projects/Programme:

- Tourism – Unique Highland Visitor Experiences
- Tourism – Income from Campervans and Motorhomes
- Fees and Charges – Charging
- Fees and Charges – Annual Review of Fees and Charges
- Fiscal Flexibilities – Council Tax 2nd Homes / Long Term Empty Properties
- Fiscal Flexibilities – Visitor Levy
- Fiscal Flexibilities – Cruise Ship Passenger Levy

1.3 The content and structure of the report is intended to:

- assist Member scrutiny and performance management
- inform decision making and aid continuous improvement, and
- provide transparency and accessibility

2. Recommendations

2.1 Members are asked to:

- i. Consider and **note** the progress of each of the Income Generation Projects.

3. Implications

3.1 **Resource:** There are no resource implications arising as a direct consequence of this report.

- 3.2 **Legal:** This report contributes to the Council's statutory duties to report performance and secure best value in terms of; Section 1(1)(a) of the Local Government Act 1992, and Section 1 of the Local Government in Scotland Act 2003, respectively.
- 3.3 **Risk:** There are no risk implications arising as a direct result of this report. Project/Programme risks are identified via the council risk management process and monitored through the Income Generation Portfolio Board and are reported by exception only.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** There are no immediate Health and Safety implications arising from this report.
- 3.5 **Gaelic:** There are no implications arising as a direct result of this report.

4. Impacts

- 4.1 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.
- 4.2 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.
- 4.3 This is a monitoring and update report and therefore an impact assessment is not required.

5. Tourism – Unique Highland Visitor Experiences

- 5.1 The Storr Centre opened in July 24 with the official opening in August 2024. Products are continually being reviewed to optimise both sustainability and income generation. Engagement is also ongoing with potential new local suppliers to ensure that there will be a steady stream of attractive products.
- 5.2 The Storr visitor numbers have increased by 8% when compared with the previous year and reached 281,392 by 31 October 24.
- 5.3 Moving from opening 7 days per week, The Storr Centre has recently commenced winter opening hours of 6 days per week from 10am to 3:30pm until March 2025. During this time, as the nearby pop-up café is closed, a vending machine at the Centre will sell a range of hot and cold non-alcoholic drinks.
- 5.4 Business intelligence gained through seasonal variations of sales will be used to ensure that the operating model continues to be dynamic and sensitive to customer and community needs, while always aiming that the Centre continues to provide value for money.
- 5.5 Officers are looking to identify potential locations to develop further visitor services which could expand visitors' choices and experiences, and support local communities, while providing income generation opportunities. In the same way as

The Storr project, key steps include the development of business cases including being informed by local engagement. As well as overall progress being continued to be reported to this Committee, the intention is for regular reports taken to the respective Area Committees for each Project as was the practice followed for the Storr Project.

5.6 The Unique Highland Visitor Experiences Project currently has a Green RAG rating.

5.7 Key Milestones & Requests for Change

This project is on track to deliver all milestones. The current priority milestone is identify and consider options to expand the number of visitor services, using the model for The Storr as the blueprint for future design and implementation.

There are no new key milestone changes over the reporting period for this Project.

5.8 Financial Summary

Income from the Storr Centre is currently on target to achieve the £0.300m target. The impact of reducing sales over the winter months will be monitored and partially mitigated by the additional income from sales of non-alcoholic beverages. It is not therefore estimated that seasonal variations in sales will impact upon the achievement of the income target.

i) Savings

Unique Highland Visitor Exp: Income Forecast	M7 24/25		FY25/26	Annual Target			Cumulative Target
	Current Forecast	Actual to Date	25/26 Forecast	FY 24/25	FY 25/26	FY 26/27	
	£ 300,000		£ 300,000	£ 300,000	£ 300,000	£ 300,000	£ 900,000

ii) Investment

The Project has an approved £1.5m budget for investment in additional visitor services. It is anticipated that this investment will be allocated during 2025/26 once options have been identified and approved.

iii) Mitigations

Mitigations are not currently required for this Project.

5.9 Key Risks

There are no identified changes to the key risks that have been identified for this Project. These are monitored and managed by the Project Board.

5.10 Forward Plan

Over the next reporting period, potential locations for development will be considered as reported at 5.5.

6. Tourism – Income from Campervans and Motorhomes

6.1 Income generated by the Highland Campervan and Motorhome Scheme continues to perform below the original target. Activities during Quarter 2 focused on steps that the Council could take to further encourage responsible tourism. Informed by the public engagement for the budget 24/25 and other feedback including CAMPrA and concerns raised by communities, the urgent needs for service users are frequent access to wastewater disposal sites, freshwater replenishment and disposal of dry waste. The feedback and engagement has identified that in order to achieve responsible tourism and to positively change the irresponsible behaviours of the minority of visitors that there should be greater availability of such services including all year-round.

- 6.2 In relation to wastewater disposal sites and freshwater replenishment, it is intended that local engagement will be undertaken over the coming months to discuss possible sites to help deliver sustainable tourism and income generation opportunities.
- 6.3 Improvements to dry waste are being developed in response to concerns raised by communities and visitors where there are persistent issues. Additional capacity will be achieved by increasing the size/number of onsite dry waste bins or through an increased collection frequency during the summer months. Additionally, several of the sites will be upgraded to include enclosures for the onsite bins. These enclosures are more aesthetically pleasing and have practical advantages by reducing fly tipping and preventing bins from blowing over at exposed locations. It is intended that the full list of sites and improvements will be published in due course with the business as usual services continue to be provided by colleagues in the Waste Management Service.
- 6.4 While these dry waste management improvements will not generate additional income, the upgrades highlight the ongoing commitment to improve responsible and sustainable tourism in Highland.
- 6.5 The Income from Campervans and Motorhomes Project currently has a Red RAG rating.

The Income Generation Board agreed that the Campervan/ Motorhome Project is a red status based on forecast income being lower than target.

6.6 Key Milestones & Requests for Change

The project is on track against all milestones. The current priority milestones are related to the increase in availability of the wastewater disposal and freshwater replenishment sites and dry waste facilities.

6.7 Financial Summary

Income from the Highland Campervan and Motorhome Scheme will not achieve the target for the current financial year. The forecast for financial year 2025/26 is based on new income from fresh water and wastewater disposal sites.

i) Savings

Campervans/ Motorhomes: Income Forecast	M7 24/25		FY25/26	Annual Target			Cumulative Target
	Current Forecast	Actual to Date	25/26 Forecast	FY 24/25	FY 25/26	FY 26/27	
	£ 30,000		£ 100,000	£ 500,000	£ 500,000	£ 500,000	£ 1,500,000

ii) Investment

The Project has an approved budget of £0.750m for investment. This could support the provision of services as outlined earlier in this section.

iii) Mitigations

The Project Board is taking mitigating actions to increase the levels of income generated. Over performance of some of the Projects in the Income Generation Portfolio partially offsets the shortfall for this Project.

6.8 Key Risks

There are no identified changes to the key risks that have been identified for this Project. These are monitored and managed by the Project Board.

6.9 Forward Plan
Over the next reporting period, work will continue taking forward this particular project as outlined at 6.2 - 6.4.

7. Fees and Charges – Charging

7.1 A report detailing a Corporate Charging Policy is a separate item on today’s agenda. This Policy establishes the Corporate Charging principles to be considered when setting fees and charges for services provided by the Council and outlines a framework for determining charging levels, having due regard to corporate objectives, demand for services and legislation.

7.2 The Fees and Charges Project – Charging Policy currently has a Green RAG rating.
There is no target for income generation associated with this particular project although the Policy will ensure that income generated from fees and charges is reviewed at least annually as an integral part of the budget setting process for elected members’ consideration.

7.3 Key Milestones & Requests for Change
The project is currently on track against all milestones.

There are no new key milestone changes over the reporting period for this Project.

7.4 Financial Summary
There is no target for income generation associated with this Project.

7.5 Key Risks
There are no identified changes to the key risks that have been identified for this Project.

7.6 Forward Plan
Work is taking place to inform fees and charges recommended for 2025/26 with data from the Council’s new financial system supporting this review.

8. Fees and Charges – Annual Review of Fees and Charges

8.1 Detailed analysis is ongoing with Service Clusters to inform the review in advance of financial year 2025/26 supported by data from the new financial system.

8.2 Key Milestones & Requests for Change
The project is on track against all milestones.

There are no new key milestone changes over the reporting period for this Project.

8.3 Financial Summary
Income from the Annual Review of Fees and Charges is on track to achieve the target level of income for 2024/25. There are no Investment elements associated with this Project.

i) Savings

Fees and Charges: Income Forecast	M7 24/25		FY25/26	Annual Target			Cumulative Target
	Current Forecast	Actual to Date	25/26 Forecast	FY 24/25	FY 25/26	FY 26/27	
	£ 2,910,000		£ 2,592,000	£ 2,592,000	£ 1,004,000	£ 689,000	£ 4,285,000

- ii) Investment
Not applicable.
- iii) Mitigations
No mitigations are required.

8.4 Key Risks

There are no identified changes to the key risks that have been identified for this Project.

8.5 Forward Plan

Over the next reporting period, work will continue on the recommended fees and charges for Members consideration as part of the budget setting for financial year 2025/26.

9. Fiscal Flexibilities – Council Tax 2nd Homes / Long-Term Empty Properties

9.1 Weekly monitoring of movements in Council Tax 2nd homes and long-term empty properties provides assurances that the policy intent is successfully being achieved, resulting in a reduction in the overall number of 2nd homes, thus increasing the number of properties being available for occupation as a main home.

9.2 The Council Tax from 2nd Homes/Long-Term Empty Properties Project currently has a Green RAG rating.

9.3 Key Milestones & Requests for Change
The project is on track against all milestones.

There are no key milestone changes over the reporting period for this Project.

9.4 Financial Summary

Income from the Council Tax 2nd Homes/Long-Term Empty Properties Project is on track to achieve the target level of income for 2024/25. There are no Investment elements associated with this Project. A policy intent is to increase the number of homes available for occupation as a main home by reducing the number of 2nd homes over time. Final income targets for future will be informed and agreed as part of the annual budget setting process and reflect up to date and impact of this new policy.

i) Savings

2nd Homes/ L-T Empty Properties: Income Forecast	M7 24/25		FY25/26	Annual Target			Cumulative Target
	Current Forecast	Actual to Date	25/26 Forecast	FY 24/25	FY 25/26	FY 26/27	
	£ 5,420,000			£ 5,300,000	£ -300,000	£ -300,000	£ 4,700,000

ii) Investment
Not applicable.

iii) Mitigations
There are no mitigations required for this project.

9.5 Key Risks

There are no identified changes to the key risks.

9.6 Forward Plan

Over the next reporting period, ongoing monitoring will continue.

10. Fiscal Flexibilities – Visitor Levy

10.1 The Visitor Levy (Scotland) Act 2024 provides local authorities with discretionary powers to implement a visitor levy for their area. On 14 November 2024, Members of the Economy & Infrastructure Committee approved a statutory public consultation to be undertaken for a 12-week period commencing 15 November 2024 and closing on 7 February 2025. The responses to this statutory consultation will be considered at a future meeting of the Highland Council during Spring 2025. Should Members decide to implement a Visitor Levy for Highland, a statutory 18-month implementation period is intended to provide time for accommodation providers and the Council to plan for implementation. The earliest the Council could therefore implement a Visitor Levy is autumn 2026.

10.2 The Visitor Levy Project currently has a Green RAG rating. The earliest this Project could begin to generate income is autumn 2026.

10.3 Key Milestones & Requests for Change
The project is on track against all milestones.

There are no new key milestone changes over the reporting period for this Project.

10.4 Financial Summary

A Visitor Levy presents an opportunity for the Council to raise new income to sustain, support or develop facilities or services used mainly by visitors for leisure or business purposes (or both). The earliest the Visitor Levy could be introduced in Highland is autumn 2026 following the statutory timelines for public consultation and implementation, while having due regard to the Council's governance and decision-making arrangements.

The Scottish Government, CoSLA and representative local authorities continue to take forward proposals for a potential Cruise Ship Passenger Levy.

For this project, there is a combined income target from a potential Visitor Levy and proposed Cruise Ship Passenger Levy.

i) Savings

Visitor/Cruise Ship Passenger Levy: Income Forecast Yr3 26/27	M7 24/25		FY25/26	Annual Target			Cumulative Target
	Current Forecast	Actual to Date	25/26 Forecast	FY 24/25	FY 25/26	FY 26/27	
				£ 0	£ 0	£ 10,000,000	£ 10,000,000

ii) Investment

It is anticipated the costs of managing the Visitor Levy will be in the region of £0.550m to reflect IT implementation and business as usual costs as well as staffing and other costs associated with income collection. The income target of £10m is net of these operating costs.

iii) Mitigations

No mitigations are required for this project.

10.5 Key Risks

There are no identified changes to the key risks that have been identified for this Project.

10.6 Forward Plan
Over the next reporting period, the main priority will be to analyse the responses to the statutory public consultation and continue engagement with stakeholders.

11. Fiscal Flexibilities – Cruise Ship Passenger Levy

11.1 The Scottish Government, supported by CoSLA and in collaboration with representative local authorities, is taking forward work to potentially provide local authorities with discretionary legislative powers to implement a cruise ship passenger levy. Highland Council is represented at Officer level and is contributing to this ongoing development.

11.2 The Cruise Ship Passenger Levy Project currently has a Green RAG rating. The Project will not begin to generate income until such time as legislation is in force, and the Council, having due regard to the legislative processes to consult and to plan, etc, formally decides to implement a Cruise Ship Passenger Levy.

11.3 Key Milestones & Requests for Change
The project is on track against all milestones.

There are no new key milestone changes over the reporting period for this Project.

11.4 Financial Summary

The current target for financial year 2026/27 is a combined target for income from the Visitor Levy and proposed Cruise Ship Passenger Levy.

iv) Savings

Visitor/Cruise Ship Passenger Levy: Income Forecast Yr3 26/27	M7 24/25		FY25/26	Annual Target			Cumulative Target
	Current Forecast	Actual to Date	25/26 Forecast	FY 24/25	FY 25/26	FY 26/27	
				£ 0	£ 0	£ 10,000,000	£ 10,000,000

v) Investment

£0.300m of Investment has been estimated to implement and operate a Cruise Ship Passenger Levy should legislative powers be made available to local authorities. This reflects the anticipated IT implementation and business as usual costs, staffing and the costs associated with income collection. The £10m income target is net of these costs.

vi) Mitigations Not required.

11.5 Key Risks
There are no identified changes to the key risks that have been identified for this Project.

11.6 Forward Plan
Over the next reporting period, the Council's representative will participate in meetings which may be arranged by the Scottish Government and CoSLA.

Designation: Assistant Chief Executive – Corporate

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