

Agenda Item	<b>11.b</b>
Report No	<b>RES/09/25</b>

# The Highland Council

**Committee:** Corporate Resources

**Date:** 20 March 2025

**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 (Highland Campervan and Motorhome Scheme)
- Tourism – Income from Campervans and Motorhomes (Infrastructure Development)
- 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. The resource implications of infrastructure developments are detailed in the 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 Portfolio Boards 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 As previously advised 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, and engagement continues with potential new local suppliers to ensure that there will be a steady stream of attractive, locally sourced, quality products.
- 5.2 The Storr visitor numbers have increased by 7% when compared with the previous year and reached 293,041 by 31 December 24.
- 5.3 The Storr Centre is currently operating winter opening hours, 6 days per week from 10am to 3:30pm until March 2025.
- 5.4 Business intelligence continues to be gained through seasonal variations of sales and will be used to ensure that the operating model continues to be dynamic and sensitive to customer and community needs, while always aiming to continue to provide value for money and to provide income for reinvestment in the community.

- 5.5 During Q3, significant progress has been made to further expand the facilities available at The Storr Centre to ensure it continues to meet the needs of our communities and our visitors while delivering the Council's vision of providing a high-quality experience for all. A cross-service team including The Storr Centre Manager and their team, the Business Management Analyst (Income Generation) and the ICT Technical Design Lead for Income Generation, collaborated, assessed and considered available technologies and options. Engagement with the local Members also continues and supports the successful delivery of this project. Work is also well progressed to extend the Storr Centre. This will provide increased floor space enabling increased use of the Centre for a range of events, including weddings.
- 5.6 **Ecommerce**  
The Storr Centre Ecommerce online store is anticipated to go live as planned in May 2025. This will add another revenue income stream to the Storr Centre and will enable visitors to click and collect, and to order 24/7, all year round from their home locations for postal deliveries within the UK. Work has started on the next phase of ecommerce for the Centre, which is to expand our postal delivery service to include international destinations, enabling purchases to be made all year round from UK and international locations. The solution is integrated with the Income Receipting solution at the Centre thus avoiding new costs and additional lead-in times.
- 5.7 **Online booking System for Guided Walks**  
An online booking system for Guided Walks at the Storr will be introduced in time for the spring/summer season. This will allow visitors to book guided walks in advance of their trip to the Storr enabling our Access Rangers to plan effectively.
- 5.8 **Weddings**  
In collaboration with the Chief Registrar, weddings are being hosted at the Storr Centre while Tigh na Sgìre office buildings are being re-developed. In addition to these arrangements, plans are being taken forward to market the Storr Centre as a high-quality wedding venue. The extension at the Storr Centre will enable an increased number of wedding guests to be hosted, thus ensuring the Centre continues to be an attractive facility for this purpose.
- 5.9 **Hot drinks and water**  
During winter operating, while the nearby pop-up café is closed, the Storr Centre is selling a range of hot drinks and eco-friendly bottled water. These facilities are very popular amongst our visitors.
- 5.10 **Visitor Experiences**  
Officers are continuing 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. Making best use of the blueprint provided by The Storr project, key steps include the development of business cases which will be informed by local engagement and other factors. As well as overall progress being reported to this Committee, reports will be provided regularly to the respective Area Committees for each Project as was the practice followed for the Storr Project.

5.11 Six sites have currently been initially identified for the consideration of the expansion of visitor services. Glenmorven Associates Ltd, which undertook the Storr Centre feasibility study, has been appointed to prepare business cases for the following 4 sites:

- Smoo Cave, Sutherland, Ward 1
- Duncansby Head, Caithness, Ward 3
- Chanonry Point, Black Isle, Ward 9
- Torvean, Inverness, Ward 13

5.12 On the Isle of Skye, Officers are also progressing and evaluating funding opportunities, including co-investment, for Coral Beach, and there is potential for an opportunity at Neist Point, which is being taken forward with stakeholders to evaluate potential options.

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

5.14 **Key Milestones & Requests for Change**

This project is on track to deliver all milestones. The current priority milestone is to 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.

5.15 **Financial Summary**

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

i) Savings

Unique Highland Visitor Exp: Income Forecast	M10 24/25	FY 24/25	Annual Target
	Current Forecast	24/25 Forecast	FY 24/25
	£300,000	£300,000	£300,000

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.

5.16 **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.

5.17 **Forward Plan**

Over the next reporting period, potential locations for development will be considered as reported at 5.7.

## 6. Tourism - Highland Campervan and Motorhome Scheme

6.1 Income generated by the Highland Campervan and Motorhome Scheme continues to perform below the original target.

6.2 Work is ongoing to develop the Communications and Marketing strategy for this Scheme. This strategy will go beyond just reach and engagement to include increased promotion of sustainable and responsible tourism across the Highlands to benefit our natural assets, the local environment and our communities.

6.3 The Income from Campervans and Motorhomes Project currently has a Red RAG rating as forecast income is lower than target.

### 6.4 Key Milestones & Requests for Change

The project is on track against all milestones.

### 6.5 Financial Summary

Income from the Highland Campervan and Motorhome Scheme will not achieve the target for the current financial year.

i) Investment

Year to date, for 2024/25, investment for the Highland Campervan and Motorhome Scheme totalled £1,800 as the Council is making best use of existing technologies.

ii) Savings

	M10 24/25	FY 24/25	Annual Target
Campervans/Motorhomes: Income Forecast	Current Forecast	24/25 Forecast	FY 24/25
	£20,000	£20,000	£500,000

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.

### 6.6 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.

### 6.7 Forward Plan

Over the next reporting period, work will continue to take forward the Highland Campervan and Motorhome Scheme, as outlined at 6.2

## 7. Tourism – Infrastructure Development

7.1 Informed by the public engagement for the budget 2024/25 and other feedback received, including from CAMpRA and concerns raised by communities, there is an urgent need for all service users to have the ability to frequently access wastewater disposal sites, freshwater replenishment and disposal of dry waste. In order to achieve responsible and sustainable tourism and to positively change behaviours, there needs to be greater availability of such services all year-round at locations frequently used by those touring the Highlands.

## 7.2 Wastewater disposal and freshwater infrastructure

Several sites have been identified as potential opportunities for developing motorhome wastewater disposal and freshwater infrastructure. Preliminary work has been undertaken to review the potential of existing Public Conveniences owned by The Highland Council with access to mains sewage network.

7.3 Supported by the respective Community Development Managers, the project team will now engage through Areas Business Meetings in the coming weeks to discuss the potential sites in more detail. Engagement will include focus upon sustaining tourism in the local area.

## 7.4 Dry Waste

From the end of March 2025 additional dry waste bin capacity will be installed at 11 high use carparks. Selected sites were informed by residents and customer feedback and from intelligence gained from staff. Bins will include reduced apertures to prevent fly tipping.

Carpark	Galvanised 1100 litre bin	Reduced Aperture Lid	Locking Lid Mechanism
Nairn Harbour	1	1	1
Dunnet Head	1	1	1
Dunnet Seadrift	1	1	1
Wick Riverside	1	1	1
Durness Village	2	2	2
Golspie Beach (Shore Street)	1	1	1
Gairloch Harbour	1	1	1
Little Gruinard Bay	2	2	2
Rogie Falls	2	2	2
Kylesku Bridge (East)	1	1	1
Glengarry Viewpoint	1	1	1
<b>Totals</b>	<b>14</b>	<b>14</b>	<b>14</b>

Enclosures will be introduced at 5 of the sites in the table above where there is space to do so. These are: Dunnet Seadrift, Wick Riverside, Golspie Beach, Gairloch Harbour and Kylesku Bridge (East). These will improve the aesthetics for all users and will provide weather protection to limit the risk of bins tipping over in strong winds and waste spillage.

Bin capacity at Torvean and Ullapool Latheron is sufficient and doesn't require expansion. However, it is intended that enclosures are also provided for reasons as detailed earlier in 7.6.

Communications will be issued in due course and reinforces The Highland Council's commitment to responsible and sustainable tourism and will help address community concerns regarding dry waste disposal.

## 7.5 **Key Milestones & Requests for Change**

This infrastructure development 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.

## 7.6 **Financial Summary**

Having regard to existing fees by local operators, fees will be applied to the wastewater disposal and freshwater replenishment sites. An annual income in the region of £0.150m is forecast from these 6 Wastewater disposal and freshwater infrastructure sites.

- i) **Investment**  
Overall, the Tourism Project has an approved budget of £0.750m for investment. The investment amount will be confirmed in a future report to this Committee for the wastewater, freshwater and dry waste development project.
- ii) **Mitigations**  
Development of supporting infrastructure presents an opportunity to raise income as a mitigating response to the shortfall of income from the Highland Campervan and Motorhome Scheme.

## 7.7 **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.

## 7.8 **Forward Plan**

Over the next reporting period, work will continue taking forward the tourism project (Highland Campervan and Motorhome Scheme, and Infrastructure Development).

## 8. **Fees and Charging - Charging**

8.1 The Corporate Resources Committee approved the revised Corporate Charging Policy on 5 December 2024.

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.

8.2 The Fees and Charges Project – Charging Policy currently has a Purple (Complete) 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.

### 8.3 **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.

### 8.4 **Financial Summary**

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

### 8.5 **Key Risks**

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

### 8.6 **Forward Plan**

The Fees and Charges Policy project is complete.

## 9. **Fees and Charges – Annual Review of Fees and Charges**

9.1 Officers completed a critical analysis of all fees and charges with data from the Council's new financial system supported this review.

### 9.2 **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.

### 9.3 **Financial Summary**

Income from the Annual Review of Fees and Charges that are determined by the Council 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	M10 24/25	FY 24/25	Annual Target
	Current Forecast	24/25 Forecast	FY 24/25
	£2,910,000	£2,910,000	£2,592,000

ii) Investment  
Not applicable.

iii) Mitigations  
No mitigations are required.

### 9.4 **Key Risks**

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

### 9.5 **Forward Plan**

Over the next reporting period (Q4 2024/25), work will continue on the recommended fees and charges for Members' consideration as part of the budget setting for financial year 2025/26

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

10.1 Weekly monitoring of movements in Council Tax 2nd homes and long-term empty properties provides assurances that the budget savings will be achieved for this project.

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

### 10.3 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.

### 10.4 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. The Council has fully exercised its discretionary powers to charge a 100% premium on these properties, resulting in a total bill of 200% for long-term properties and second homes.

#### i) Savings

2 <sup>nd</sup> Homes/ L-T Empty Properties: Income Forecast	M10 24/25	FY 24/25	Annual Target
	Current Forecast	24/25 Forecast	FY 24/25
	£5,420,000	£5,420,000	£5,300,000

ii) Investment  
Not applicable.

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

### 10.5 Key Risks

There are no identified changes to the key risks.

### 10.6 Forward Plan

Over the next reporting period, ongoing monitoring will continue.

## 11. Fiscal Flexibilities

11.1 The Visitor Levy (Scotland) Act 2024 provides local authorities with discretionary powers to implement a visitor levy for their area. 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. Statutory public consultation is ongoing and will operate until 31 March 2025.

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. The Scottish Government has published a consultation regarding a potential Cruise Ship Levy, which will close on 31 May 2025. The Council will respond to this consultation.

11.3 There are no assumptions included in the Medium-Term Financial Plan 2025/26-2027/28 for Visitor Levy income or other potential Levies. Over the next reporting period, the main priority will be to analyse the responses to the statutory public consultation.

11.4 The RAG rating for these 2 projects is Green.

Designation: Assistant Chief Executive – Corporate

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