

The Highland Council

Agenda Item	11.b
Report No	RES/18/25

Committee: Corporate Resources

Date: 5 June 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 **The Storr Centre**
As previously advised The Storr Centre opened in July 24 with the official opening in August 2024. Products are continually reviewed to optimise both sustainability and income generation. Engagement with potential new local suppliers is ongoing to ensure a steady stream of attractive, locally-sourced, quality products and new product ranges are continuing to be introduced.
- 5.2 The Storr visitor numbers during the period January to April 2025 (53,952) has increased by 4.75% when compared to the same period in 2024 (51,504).
- 5.3 Summer opening hours are operating at The Storr Centre, 7 days per week from 10am to 5pm and the sale of hot drinks has ceased as the nearby pop-up café has reopened.

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 **Storr Phase 2**

The Storr Centre initial phase included the development of a retail space, multi-purpose room, improved car parking, and public conveniences. With approximately 300,000 visitors annually, there is a need to expand and enhance the facilities to ensure a high-quality visitor experience.

5.6 An application to the UK Shared Prosperity Fund (UKSPF) will be considered by the Economy & Infrastructure Committee on 29 May 2025 for funding of up to £550,000 towards the Storr Centre phase 2 development.

5.7 The phase 2 project aims to further enhance visitor facilities, support local businesses, and promote sustainable tourism. Phase 2 will build on the success of the initial development, adding new amenities and services to meet the growing demand.

5.8 The extension to the existing Storr Centre building will:

- provide additional retail space - based on business intelligence from current sales, it is estimated that revenue will increase between 40-50%
- provide opportunities to stock more/wider variety of local products - currently the existing Storr Centre is at capacity
- increase revenue from hosting weddings – currently capacity is 8-10 guests. Under phase 2 - the Centre will accommodate up to 30-40 guests
- enable Ecommerce to operate effectively on site.

5.9 **Visitor Experiences**

As previously advised six sites have currently been identified for this expansion of visitor services, and 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
- Duncansby Head, Caithness,
- Chanonry Point, Black Isle,
- Torvean, Inverness,

Initial site visits have been undertaken with Council officers and Glenmorven Associates Ltd.

5.10 Throughout March, officers attended area business meetings in Sutherland, Caithness and Inverness marking the first engagement sessions with members. This engagement will continue throughout the process and engagement continues to guide progress.

5.11 As reported previously, Officers are progressing and evaluating funding opportunities, including co-investment, for Coral Beach on the Isle of Skye. Additionally, there is potential for an opportunity at Neist Point, which is being explored with stakeholders to evaluate various options.

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

5.13 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.

5.14 Financial Summary

Income from the Storr Centre is currently on target to achieve the £0.300m target.

i) Savings

Unique Highland	M12 24/25	FY 24/25	Annual Target
Visitor Exp: Income	Current Forecast	24/25 Forecast	FY 24/25
Forecast	£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.

5.15 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.

5.16 Forward Plan

Over the next reporting period, potential locations for development will be considered as reported at 5.9.

6. Tourism - Highland Campervan and Motorhome Scheme

6.1 Following its launch in July 24, income generated by the Highland Campervan and Motorhome Scheme continues to perform below the original target. That said, sales are continuing to grow with March experiencing the highest number of monthly sales since the launch of the Scheme.

6.2 On 6th March, the Council approved the budget for financial year 2025/26. The savings target for income from Campervans and Motorhomes has been reprofiled with a £0.250m income targeted over 3 years. The majority of income for this project will be generated through the introduction of motorhome infrastructure as covered in section 7 of this report.

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 financial year 2024/25.

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

Campervans/Motorhomes: Income Forecast	M12 24/25	FY 24/25	Annual Target
	Current Forecast	24/25 Forecast	FY 24/25
	£4,760	£4,760	£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 this particular Project's shortfall against the Portfolio's overall target.

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, Officers will focus Infrastructure Development as set out in section 7 below.

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 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***

As previously reported several sites have been identified as potential opportunities for developing motorhome wastewater disposal and freshwater infrastructure. Starting in November 2024, work was undertaken during Quarter 4 to progress the necessary preparatory works and approvals. This is a complex area of work with timelines influenced by external approvals which must be in place prior to implementation. Scottish Water has recommended that the Council develops wastewater sites into existing sewage infrastructure to minimise environmental impacts. Shortlisting of potential locations for development is based on providing a high level of geographical coverage with a prioritisation towards areas with high tourist traffic and based on feedback received from local members and communities.

7.3 Officers have attended Area Business Meetings to agree the current shortlisted sites, as set out below:

- North Kessock A9 (Northbound)
- Castletown, Harbour Road Village Carpark
- Dunvegan Village Carpark, Skye
- Viewforth, Fort William
- Kingussie, Gynack Road (Ardvonie) Carpark
- Sutherland (location to be confirmed)

7.4 For each of the shortlisted sites, the first critical step was the completion of a Pre-Development Enquiry (PDE) for consideration by Scottish Water. These have been completed for 5 shortlisted sites and Scottish Water has confirmed that all of these sites are feasible for the development of motorhome waste infrastructure. A PDE will be raised for potential options in Sutherland.

7.5 Officers will continue to engage with Members to provide updates as these works progress. Once each site has the requisite Scottish Water approvals and support from local Members, planning permission will be sought. The aim would be for at least some of the items to be completed by October 25.

7.6 ***Dry Waste***

Design work has progressed for the introduction of enclosures at 7 proposed sites. The Enclosures 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. Design priorities will promote the use of sustainable materials and the ease of access for waste collection. The 7 initial sites include:

- Inverness Torvean
- Dunnet Seadrift
- Wick Riverside
- Golspie Beach (Shore Street)
- Ullapool Latheron Lane
- Gairloch Harbour
- Kylesku Bridge (East)

7.7 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.

7.8 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, fresh water and dry waste development project.

- ii) **Mitigations**
Additional sites have been identified for potential development should the requisite approvals not be granted for the proposed infrastructure development sites set.

7.9 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.

7.10 Forward Plan

Work will continue the projects forward as outlined in section 7.

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 RAG rating as this project is complete.

This Policy supports Income Generation and will be reviewed at least annually 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 As previously advised, Officers have completed a critical analysis of all fees and charges with data from the Council's new financial system supporting 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

i) Savings

The additional income generated from the Council's Fees and Charges is forecasted at £4.737m against a specific target of £2.592m. This excludes Marine Fuel and School Meals (which achieved £303k additional income compared to a target of £262k). The Food in Schools Project is being taken forward through the Council's Redesign Board.

ii) Investment

There are no Investment elements associated with this Project.

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

During the next reporting period (Q1 2025/26), work will continue to critically analyse all fees & charges using data from the financial system to monitor performance.

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 policy intent is to increase the number of homes available for occupation as main homes by reducing the number of 2nd homes over time. Final income targets for future monitoring will be informed and agreed as part of the annual budget setting process and reflect the impact of this policy. 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. The outturn for 2024/25 was £5,579,512 exceeding the M12 2024/25 forecast as set out below, further supporting the Council's 2024/25 Revenue budget.

i) Savings

2 nd Homes / L-T Empty Properties: Income Forecast	M12 24/25	FY 24/25	Annual Target
	Current Forecast	24/25 Forecast	FY 24/25
	£5,579,512	£5,579,512	£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 concluded on 31 March 2025 with 4,031 responses received. Work is ongoing to analyse the feedback received.

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 The RAG rating for these 2 projects is Green.

11.4 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.

11.5 Financial Summary
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.

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

11.7 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.

Designation: Assistant Chief Executive - Corporate

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