

# The Highland Council

Agenda Item	<b>6</b>
Report No	<b>HC/33/25</b>

**Committee:** Highland Council

**Date:** 30 October 2025

**Report Title:** Developing a Future Operating Model for The Highland Council

**Report By:** Assistant Chief Executive – Corporate

## 1. Executive Summary

- 1.1 Highland Council is developing a progressive approach to how it delivers services with its key partners. We need to:
- Be more person-centred and joined up, so that people can easily find the service they need.
  - Make better use of technology, so that our people have more time to spend where it's needed.
  - Become more devolved, with integrated teams working locally with partners as best suits their communities.

In future, every local area will benefit from a network of services, as well as physical hubs where citizens and staff can connect. More services will be available online, at any time of day or night, with more intensive support for people who need it the most. Teams will be empowered to manage common budgets and to innovate, with more income generated re-invested locally, and we will work with partners to deliver services in new ways. This polycentric approach is the Future Operating Model (FOM).

The FOM is not a standalone project. It reflects an evolution and alignment of work already in motion, is key to the Council's Operational Delivery Plan, and aligns with the Highland Outcome Improvement Plan (HOIP).

- 1.2 This new approach will inform how the Council tailors its services and modernises assets for communities, particularly, but not exclusively, through the new generation of community facilities (Points of Delivery, or PODs) being planned for development within the Highland Investment Plan (HIP).
- 1.3 This report sets out the case for change, followed by the three phases of the project:
- Phase 1: What we will deliver: defining the Future Operating Model.
  - Phase 2: How we will deliver the Future Operating Model.
  - Phase 3: Next steps: rolling out the Future Operating Model.
- 1.4 Progress so far is reflected in the positive external audit reports received, which confirm that public consultation is influencing service delivery; that there is a clear vision and drive for improvement; and that Highland Council is at the forefront of innovation and

transformation. Through the FOM and other Delivery Plan programmes, we are looking to deliver the council of the future.

- 1.5 The initial projects identified in this report represent a range of areas across Highland to allow the FOM to evolve and learning to be shared as FOM is rolled out across all communities. It is intended that officers from the FOM team will discuss with ward Members how FOM can best benefit their area.

## 2. Recommendations

2.1 Members are asked to:

- i. **Note** the work and progress undertaken to date;
- ii. **Agree** the definition, vision and design principles for the FOM as detailed in section 7;
- iii. **Approve** the FOM Assessment Framework for assessing service delivery and service change with alignment with the FOM as detailed in section 7 and Appendix 4;
- iv. **Note** the range of related policies as detailed at Section 8 designed and updated since 2024 to support the delivery of FOM;
- v. **Note** the appointment of a Programme Manager and that three dedicated teams will be created and located across Highland supported by the funding (£0.500m) approved by Members on 6 March 2025;
- vi. **Agree** the initial series of sites and projects for FOM as detailed at Section 8;
- vii. **Approve** further discussions to take place with Ward Members to inform the rollout of FOM across all areas; and
- viii. **Note** the initial performance metrics as detailed at Section 9 to support project evaluation, governance and scrutiny and that these will continue to be reviewed as informed by the ongoing engagement and delivery of FOM.

## 3. Implications

- 3.1 **Resource:** £0.205m one-off revenue funding was approved in February 2024 to support the delivery restructuring savings across the Council, which delivered £1.155m savings in 2024/25 and is forecast to deliver a further £0.415m in 2025/26 and £0.100m in 2026/27. In addition, this funding has supported the engagement, learning and research into the FOM which is discussed later in the report.

A further £0.500m recurring revenue funding was approved in March 2025 by Council when agreeing its budget to support the delivery of the FOM including through demonstrator sites / projects. These will enable better services, which will help to deliver future efficiencies and support the Council's ongoing commitment to financial sustainability.

- 3.2 **Legal:** The FOM will be developed with reference to relevant legislation, such as Employment Law and Health and Safety legislation, and the Community Empowerment (Scotland) Act 2015.
- 3.3 **Risk:** The risks associated with this innovation have been previously articulated as part of the budget setting process and are articulated within the [Operational Delivery Plan Annual report 2024/2025, presented in May 2025.](#)

- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** The FOM will be developed with reference to Health and Safety legislation and appropriate guidance.
- 3.5 **Gaelic:** The FOM of Highland Council is being established for the purpose of strengthening communities, including areas of linguistic significance for Gaelic.

## 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 Integrated Impact Assessment – Summary

An IIA screening has been undertaken for the Future Operating Model (FOM). At this stage of the programme, no negative impacts have been identified. The proposal is expected to deliver positive outcomes, particularly in relation to socio-economic inclusion and children’s wellbeing. The conclusions have been reviewed and approved by the relevant managers.

Members are asked to consider the summary below and further details in **Appendix 1**.

Impact Assessment Area	Conclusion Of Screening
Equalities, Poverty and Humans Rights	Positive
Children’s Right and Well-Being	Positive
Data Rights	No Impact
Island and Mainland Rural	No Impact
Climate Change	Positive

Specific impact assessments will be carried out for projects within the FOM as they develop.

## 5 Background: The Case for Change

- 5.1 The Best Value Audit Scotland Report of 2020 on Highland Council highlighted concerns that the Council was not financially sustainable or demonstrating Best Value. The report also urged better partnership working to deliver community empowerment and locality planning obligations.
- 5.2 In response, between November 2023 and February 2024, the Council undertook a widespread engagement exercise to help inform its future direction. Over 3,500 separate responses were received from the public which, in summary, said:
  - **Redesign our services** - including reducing management, joining up teams and working with partners to reduce duplication, better use of existing staff rather than outsourcing.

- **Change how we manage our buildings** - including that we should operate fewer vehicles, better use school space/ halls/ libraries to deliver services, close schools with low numbers.
- **Generate more income** - including increasing income generated from tourists, energy production and that we should increase council tax and fees.
- **Be more efficient in how we do things** - including that we should enable people to do more online and invest in prevention to support people to stay independent.

This shaped the budget agreed in February 2024, including an investment of £0.205m to review our operating model, and the Operational Delivery Plan agreed in May 2024 and updated in May 2025.

5.3 Progress against the Delivery Plan so far is evidenced by two Audit Scotland reports. The April 2025 Best Value Audit report welcomed progress including financial sustainability and commended the Council's ambition. The August 2025 Best Value report on the theme of transformation highlighted a strong culture of innovation and found:

- A clear vision and plan for transformation.
- Engagement with communities to influence transformational activity.
- Good governance, performance and risk management.

Nevertheless, the March 2025 Budget Report stated that 'there does however remain the risk and challenge that funding levels in future years will not keep pace with costs of service delivery, and savings, cost reduction and service redesign will continue to be essential to achieve financial sustainability.' The FOM is instrumental to this transformation change aligning strategies with the service delivery. Ongoing engagement with communities is imperative and remains a major driver for change.

5.4 These drivers relate to the Council as an organisation. They are accompanied by significant national and global drivers for change:

- Aging communities and youth migration, prompting a need to bolster remote communities and localised delivery.
- Funding constraints and customer expectations, compounding the move for a single public estate and better digital services.
- An increasing emphasis on equality and accessibility, requiring services to be inclusive and, increasingly, co-produced.
- Climate change, driving sustainability and Net Zero.

These factors are compounded in the Highlands. According to Scottish Government Research (*Rural Planning Policy to 2050: research findings* [The Challenges Facing Rural Scotland - Rural Planning Policy to 2050: research findings - gov.scot](#)) if nothing happens to change current trends, sparsely populated areas will lose 28% of their population by 2046, shrinking the working age population by 33%. It is imperative that we provide jobs to support remote communities, and that we develop a service model which embraces co-delivery to care for our older and younger Highlanders.

Climate change will see increasing severe weather events and coastal erosion, meaning residents in rural and coastal areas will need support to build resilience. Commuting to work will become increasingly unpopular, as a younger, more digitally enabled workforce expect flexible roles, and green travel options.

Analysis of drivers for change is included at **Appendix 2**. Without the FOM, not only our services but also our communities are at risk of becoming unsustainable.

## **6 Governance**

6.1 The FOM sits under the Corporate Solutions Portfolio within the Council's Operational Delivery Plan and reaches across a number of other key workstreams and programmes in the six Delivery Plan Portfolios. The FOM aligns with a number of projects such as:

- Shifting the balance of care
- Community-led service delivery
- Single public estate
- My Council programme
- Data & digital solutions
- Hybrid working

An FOM project board was established and includes trade union and High Life Highland representatives as well as representatives from a range of Services across all 3 Clusters. This project Board reports into the Corporate Solutions Portfolio Programme Board.

Progress reports are presented to the Corporate Resources Committee outlining progress on the Corporate Solutions Portfolio and, as agreed by Members at Highland Council, annual reports on the Delivery Plan overall are also reported to Highland Council.

6.2 FOM shares a number of close inter-relationships with other workstreams. Led by the Chief Officer – Business Solutions, the Programme Management Office (PMO) for the whole Operational Delivery Plan also helps to ensure the various interdependencies across all 6 Portfolios and various projects are identified and managed.

## **7. Phase 1 – What We Will Deliver: Defining the FOM**

### **7.1 Progress and Strategic Engagement**

Alongside a review of local and national plans, strategies and research, significant engagement has taken place with partners and senior leaders, enabling functions, suppliers including HubNorth Scotland (our default supplier to the HIP, as approved by Council in May 2025), and frontline services to shape the development of the FOM. A summary of research and engagement is available in **Appendix 3**, and this activity was managed by a dedicated project manager for FOM to lead the first phase of work including engagement.

In order to deliver the FOM, a series of roadshows to Council staff has provided a platform to test the concept of the future operating model for Highland Council, and to co-design the principles that will underpin the future operating model framework.

In Phase 2, these will be extended to include communities, Community Planning Partnership, other partners and the third sector. This builds on current and ongoing engagement on specific related projects; for example, with community transport providers, and charities which support children and families.

There has been a very positive staff response to generating a new operating model, which is more integrated and local responsive, with colleagues across areas and teams recognising the clear vision of Highland Council for the future and a need for significant change.

At the Members Workshop on the Operational Delivery Plan held on 23 May 2025 detailed updates on the 6 Portfolios were presented including an update on the initial progress on FOM.

This engagement work has helped to inform the following definition, vision, and design principles:

## 7.2 Definition

*The FOM is Highland Council's strategic blueprint for transforming how services are designed, managed, and delivered providing an adaptive, collaborative, and community-driven organisation.*

## 7.3 Vision

*To build a connected, empowered, and resilient Highland through integrated, locally driven services provided by a people-first organisation.*

## 7.4 Design Principles

1. Incorporate people's views, especially those in poverty and with seldom heard voices.
2. Be more responsive and person-centred in delivering local services with partners.
3. Have a slimmed central model and deliver services through more integrated teams.
4. Harness innovation and be effective in implementing change (technological, environmental).
5. Have fewer leaders and managers, leading more complex local services.
6. Have a sustainable asset base, with clear strategic prioritisation for future capital spend.
7. Have an efficient approach to hybrid working that enables productivity.
8. Enable future workforce development and high levels of staff skills and specialism.
9. Be actively changing to achieve Net Zero.
10. Enable local economic development to address population change issues and sustain communities.

## 7.5 Assessment Framework

The FOM Assessment Framework (**Appendix 4**) is a practical governance tool for assessing service delivery and service change with alignment with the FOM. It brings together insights from lived practice, strategic planning, and community engagement. It is aligned to the Integrated Impact Assessment of the FOM, and the scope of this report.

Delivery of the FOM requires clear alignment with key corporate strategies and programmes, including the HIP, the HOIP, the Learning Estate Strategy, ICT, Digital & Data Strategies, the Council's Delivery Plan, and wider service transformation initiatives.

To support this, the framework is **recommended for approval as a cross-cutting assessment tool** to be applied at the outset of all relevant service design, planning, and implementation processes. Its use will ensure that the FOM is not a stand-alone project, but a unifying model embedded in the Council's core ways of working. It is proposed that officers look to align this with the Council's Integrated Impact Assessment and an assessment tool developed for property assets, which already considers the FOM design principles.

In parallel, these principles are being actively considered in major capital projects such as the Tain Academy and Nairn Academy developments, to assess how the Council's latest investments reflect and demonstrate the practical delivery of the FOM. It will also be a key consideration in shaping emerging options for the review of the Council's HQ estate, providing a catalyst for the modernisation and consolidation of constituent services and how they operate from the Council's central office.

- 7.6 The resulting model is intended to increase the empowerment to our employees, integrates services locally and align with the HIP and the Single Public Estate Strategy. The HOIP report also on the agenda today evidences the close alignment of the FOM with the wider direction of travel across all the Highland Community Planning Partnership, and we will be building on this shared agenda going forward.

Engagement with key stakeholders such as NHS Highland and other public bodies to review service delivery for our communities is a key component of the FOM, as is engaging with communities and third sector to improve services in each of our areas throughout the Highlands.

## 7.7 **Workforce Data**

The FOM relies on an engaged workforce and aims to support people to work closer to their homes and communities, spending more of their time using their expertise and less time on travelling and administrative tasks that could be digitised. The FOM will deliver better services and efficiencies by motivating and empowering teams to do their best work.

Data held in the HR and Payroll system indicates that around 97% of employees are attributed to postcodes which lie within Highland, with 1% within Moray. Other postcode distributions each account for less than 1% and 1.3% of home postcodes are not available. Maintaining accurate data to inform this work is critical and cleansing of this data forms part of associated projects such as HR and Payroll and Data Foundations.

As we build a modern, people-first Council, we need:

- A clear picture of where our staff are, and where they should be.
- Better local presence through hybrid working and community-based PODs, especially in rural areas.
- Improved data so decisions reflect real working patterns.
- Smarter commuting options that reduce travel and support work-life balance.

Further work to establish a baseline for hybrid working is planned as is continuing to roll out Investors in People supporting the Council's ambition of effective engagement with our staff. This will allow us to evaluate any shift in location of our workforce and to track and improve staff engagement through an internationally-renown framework.

## **8 Phase Two – How We Will Deliver the FOM**

### **8.1 Developing Policy and Processes**

Appropriate policies enable activity and remove barriers to progress. Significant work has been undertaken since 2024 in designing and updating key Council strategies and policies.

Policies updated to support the FOM include:

- Digital Strategy and Ambition (approved by March 2024)
- Employee Engagement Strategy (approved May 2024)
- Corporate Charging Policy (approved December 2024)
- Corporate Workforce Planning Strategy (approved March 2025)
- Talent Strategy (approved March 2025)
- Flexible Working Policy (approved June 2025)

The impact of these can already be seen. For example, jobs with the Council can now be advertised as based at any location within the Highland area.

Other service areas that will be reviewed as part of the ongoing delivery of FOM include:

- Management arrangements, including leadership models across teams and partner organisations.
- Budget procedures such as rationalised budget models and profit-sharing policies.
- Income generation policies relating to fees and charges for facilities, including concession policies in accordance with the Council's Charging Policy agreed by the Corporate Resources Committee in December 2024.
- Policies concerning booking arrangements for facilities, with a simple, single process for users, which can enable ease of access.
- Digital access arrangements for facilities, which incorporate layers of access and safe arrangements for users, including our staff.
- Policies concerning staff and partner accommodation arrangements, including digital access, welfare arrangements and meeting arrangements.

### **8.2 A Network Approach**

The outcome of Phase One engagement and research is the introduction of a polycentric network approach aligned to geographic areas, supporting more localised and responsive delivery.

For staff, this will mean more availability of roles based across Highland, more flexibility in work base and touchdown spaces, more time to spend on their area of expertise with better support from technology, and more responsibility over local delivery.

Example: roles across Highland.

A recent recruit to the Council's insurance team is based in Lochaber, following the role being advertised as available from any base in Highland. The successful applicant, a former Modern Apprentice, will report to a manager based in Inverness, and use facilities in her local area when needed.

For communities, this means being able to access services more seamlessly, services better adapted to the local area, jobs to support the local economy, and support for community initiatives which contribute to wellbeing.

Example: co-located services.

In future, people may be able to use a POD for support to get online and complete a housing application, while taking advantage of childcare, welfare advice or a health check-up provided by partners in the same building.

### 8.3 Increasing the Integration of Local Teams

The £0.500m recurring revenue investment will support the aim to increase the integration of service delivery local teams. This investment will engage and collaborate to explore how services can be delivered more seamlessly and efficiently across the Highlands. Three dedicated teams will be created, located across Highland, and assigned a geographical area. These teams will support demonstrator projects and co-ordinate contributory programmes and projects. They will also capture lessons learnt as part of the roll-out.

The teams will report to the Programme Manager who in turn will report the Chief Officer – Fleet, Facilities and Transport with the overall sponsor remaining the Assistant Chief Executive – Corporate. This team will cover a range of functions, primarily being:

#### Community Development

- Facilitating meaningful engagement with communities to shape local services.
- Supporting place-based planning and partnership working across sectors.
- Driving inclusion, wellbeing, and regeneration initiatives.
- Leading stakeholder workshops and co-design sessions to embed local voice.

As reported at 7.1, building on the engagement in Phase 1 is vital to shape the FOM at local level and will be a key role for this team working with colleagues, Members, Partners and communities.

**Members can expect to see engagement taking place with them and with communities in their wards, with the initial aim of identifying and taking forward at least one demonstrator project in each Area from 2026/27.**

#### Facilities Management

- Overseeing the operational readiness, safety, and compliance of council buildings.
- Coordinating space usage to support hybrid working and service co-location.
- Supporting estate rationalisation and sustainability goals.
- Conducting asset mapping, building audits, and infrastructure reviews.

**Members can expect to see at least three new digital touchdown/welfare facilities for Council and partner organisation staff to use along main transport corridors across the Highlands from 2026/27.**

#### Business & Finance

- Managing programme budgets, procurement, and financial reporting.
- Supporting business cases, investment planning, and cost-efficiency modelling.
- Tracking spend against delivery outcomes and supporting funding bids.
- Supporting financial transparency, strategic resource planning and identifying streamlining opportunities in financial monitoring enabling increased efforts on financial management overall, including an enhanced understanding of value for money.

**Members can expect to see at least one demonstrator project making use of joint funding opportunities from 2026/27.**

### **Families and Social Work Services**

- Embedding family support workers within demonstrator sites to provide early intervention and wraparound support.
- Strengthening multi-agency collaboration to improve outcomes for children, young people, and families.
- Supporting integrated service delivery including across education, health, social care, welfare, housing and other services.
- Promoting trauma-informed and strengths-based approaches in frontline practice.

**Members can initially expect to see at least one demonstrator project with a focus on whole family wellbeing, working with external partners, from 2026/27.**

A Programme Manager has been appointed to lead this work. Job descriptions for all other posts are being finalised. The Programme Manager will help shape the design of the remaining roles. Following this, recruitment for all other posts will be completed in line with the approved structure and budget.

This phased approach ensures that strategic leadership is in place early to inform effective team development and operational alignment. There is also considered to be an opportunity for staff to remain flexible across related workstreams such as HIP and asset management.

The new staff will help to provide a more coordinated and community-focussed offering, providing 'boots on the ground' so that we can gather more local intelligence, and design improvements to service delivery that can be more responsive to local business needs. This aligns with the ambition set out in the March 2025 revenue budget report to Council.

## **8.4 Piloting Activity**

A large number of existing and future workstreams will contribute to the FOM, which will learn from and inform inter-related projects that propose new changes to the Council's estate and community facilities. However, a series of demonstrator projects are recommended for the teams' initial focus, chosen to represent a variety of communities, localities, and approaches.

While demonstrator projects can have multiple and overlapping priorities, they fall broadly into three categories:

**Collaborative projects**, supporting other organisations to deliver and engaging with communities to assess strengths and requirements.

- **Community transport:** by supporting community transport organisations from start-up to viability, the Council and other partners can improve connectivity, and potentially commission services which are better adapted to local needs.
- **Kinlochbervie:** working with NorthWest 2045 and other community organisations, a new masterplan for Kinlochbervie will use FOM principles to consider how best to shape Council and community facilities.
- **Merkinch:** working with local partners to simplify systems, improve access to facilities and increase income.
- **Lochaber:** working with Fort William 2040 and other community organisations to identify opportunities arising from the new Belford Hospital location.
- **Aviemore:** initial scoping of opportunities to use spare capacity at Aviemore Primary School and Library.
- **Tain:** work already underway to assess opportunities against the FOM.
- **Nairn:** work already underway to assess opportunities against the FOM.

**Operational projects**, redesigning services to improve local delivery.

- **Mobile delivery:** where remote communities and transport links make regular access to services challenging, the FOM could provide mobile services, such as welfare support, or housing advice, whether to support emergency response or on a regular basis.
- **Centralised stores:** by sharing stores and procurement of generic supplies with other public sector organisations public sector, savings could be made and store buildings rationalised.
- **Commercial workshops:** the Council's vehicle workshops could provide repair and maintenance services on a commercial basis.
- **Shared fleet:** the Council could work with partner organisations to share vehicles and delivery routes.

**Asset-based projects**, with a focus on a building or buildings, co-locating services or rationalising our estate.

- **Thurso HIP:** The Council's Highland Investment Plan proposes an innovative new Community Point of Delivery (POD) in Thurso that aims to bring together the High School in a new building, alongside services provided for and with the community. Partners will be encouraged to identify proposals that fit with FOM principles, as well as wider community planning and local community priorities. This will also act as a catalyst for the improvement of other public sector assets, housing opportunities and potential commercial income.
- **Caithness House:** As part of the Caithness Demonstrator project the Council has been working with partners to optimise how public sector assets are used. The Council's Caithness House facility provides high quality office environment in Wick Town Centre and has recently been identified as a consolidation opportunity that can enable public sector co-location and/or income generation and in doing so address FOM principles.
- **Tigh na Sgìre:** This new office and service point currently under construction in Portree is consolidating a range of assets into a new modernised office for the Council and public sector partners, and will be designed to embody FOM principles and working practices. It is also prompting a wider asset review to understand wider opportunities to reduce costs while improving services and unlocking housing and regeneration opportunities.

- **Dingwall HIP:** As part of the Highland Investment Plan proposals for Dingwall, the Council proposes to hold a workshop that reviews all public sector assets with partners where FOM principles will be a key test of the merits of different options for improvement.
- **Council HQ:** FOM principles will help services to understand how different options for the Council HQ can modernise, adapt and improve service provision. A Smarter Working Pilot will show how our office spaces can be used more flexibly to accommodate staff with diverse working patterns and locations.

8.5 To support the identification of possible sites and projects, a range of criteria were used including:

- Alignment with Net Zero and community sustainability goals.
- Shift from building centric, to service and community-led thinking.
- Integration of service delivery under one roof.
- Accessibility, local relevance, and co-location opportunities.
- Readiness of infrastructure and strategic alignment with the HIP.

These areas represent a range of different communities, including urban and rural, to allow projects to demonstrate how the FOM can flex to differing needs, strengths and priorities. The integrated teams will begin to engage with communities and co-produce demonstrator projects in these locations, expanding to include at least one in each Local Area by March 2026.

Staff within each integrated team will work across traditional service lines, responding flexibly to the needs of the community. This includes finding ways to safely share data, referrals, and case planning to deliver support that wraps around the individual or family.

The teams will embed community representatives and work closely with local partners to prioritise projects and shape services that are inclusive, culturally aware, and responsive. Their work will be informed by the knowledge and experience of our existing networks, wider public sector partners and Community Support and Engagement teams. Opportunities to partner with organisations outwith Highland, including other local authorities, will be explored.

In applying FOM to the existing priorities and projects across Highland we will bolster existing activity in these areas to ensure that the FOM principles are delivered and tailored to the opportunities, outcomes and aspirations of the Council, partners and communities in that area.

Initially identifying and developing projects that will make a significant difference relatively quickly, each pilot team will also feed into a learning system that monitors performance, gathers feedback, and drives ongoing improvement refining what works. This, alongside other learnings such as the feedback from the Poverty Commission, will inform broader rollout across the Highlands.

## 9 Evaluation

9.1 The FOM is expected to contribute to higher customer and staff satisfaction, more efficient use of resources, a reduction in buildings and de-centralisation of services, more sustainable travel and buildings, and improved digital services. It is important that such ambitions are measurable and measured to support ongoing governance, transparency and Member scrutiny of progress and outcomes.

Some of these improvements are already identified in current performance indicators. Some are currently securing a baseline position, such as the roll out of Investors in People accreditation. Others will be developed as the project evolves. Core metrics are expected to include:

- Number of staff touchdown and welfare stations established
- Number of demonstrator projects
- Number of projects joint working with external partners

Examples of metrics to support evaluation are presented in **Appendix 5** and that these will continue to be refined as part of the ongoing engagement and delivery of FOM.

## 10 Phase Three – Next Steps

10.1 In conjunction with the HIP, and wider asset management projects, the FOM demonstrator projects will support the development of systems and processes to support the roll-out of the FOM across the Highlands over coming years. This is likely to include:

- Embedding co-design and co-production of services with communities.
- Exploring universal charging models across the Council and partners, to ensure consistency, increase footfall and reduce inequalities.
- Improving digital access: teaching the skills and providing the technology people need.
- Integrated technology, such as shared case management, communications and workforce planning.
- Governance structures that support a locality focus and aligned decision-making.
- Empowering teams with integrated local budgets and income streams.
- Leadership and management development to support the new ways of working.

This aligns with work to redesign services in partnership with communities and to improve digital and data capacity, consolidating our estate into fewer, more flexible buildings that are better equipped and digitally enabled.

10.2 Further to section 6, progress reporting will follow established routes through the Corporate Solutions Board (chaired by the Assistant Chief Executive - Corporate); and the Corporate Resources Committee, as agreed in the Operational Delivery Plan by Council in May 2024 and March 2025. In addition to the annual reports on the Operational Delivery Plan, The Highland Council will also receive reports on related activity including the Highland Investment Plan. Reports will also be taken through Area Committees on respective projects, demonstrator sites etc.

Going forward the structure of the FOM Board will be reconfigured as an officer working group which will not only include representatives from all services including the newly appointed Programme Manager but also community planning partner representatives. The working group will report to the Corporate Solutions Board.

Designation: Assistant Chief Executive – Corporate

Date: 14 October 2025

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Background Papers: None

Appendices: Appendix 1: Integrated Impact Screening Summary  
Appendix 2: Drivers for Change  
Appendix 3: Research and Engagement  
Appendix 4: Future Operating Model Assessment Framework  
Appendix 5: Evaluation Metrics

# **Appendix 1. Integrated Impact Screening Summary**

## **Future Operating Model – Highland Council**

### **Equality, Poverty and Human Rights**

The Future Operating Model (FOM) is designed to transform service delivery across Highland through integrated, place-based, and digitally enabled approaches. At this stage, no negative impacts have been identified for people with protected characteristics.

- **Equalities and Human Rights:**

The FOM embeds inclusive design principles and promotes equity across all communities. It does not disproportionately affect any protected group and is expected to enhance access to services, particularly for those in poverty or with seldom-heard voices.

- **Poverty and Socio-economic Impact:**

The screening identifies a positive impact on life chances and household resources. The model supports:

- Localised service delivery through Points of Delivery (PODs)
- Job creation in rural areas
- Improved digital access and literacy
- Career pathways and apprenticeships
- Reduced transport and childcare barriers

These outcomes contribute to national objectives around tackling poverty and sharing opportunity more equitably.

### **Children’s Rights and Wellbeing**

The FOM is expected to have a positive direct and indirect impact on children and young people. It supports:

- Co-located education, health, and social care services
- Inclusive and trauma-informed learning environments
- Improved access to early years and family support
- Enhanced parental employment and wellbeing
- Digital inclusion for learning and development

The ambition is to provide children with the conditions to thrive and maximise their potential.

### **Climate Change**

The FOM supports Highland Council's Net Zero commitments through:

- Reduced commuting via decentralised hubs
- Rationalisation of the estate to improve energy efficiency
- Digital transformation reducing resource consumption

### **Islands and Mainland Rural Communities**

The FOM is designed to be flexible and responsive to geographic diversity. While no direct negative impact is identified, the model acknowledges the distinct needs of island and rural communities. Tailored approaches will ensure equitable outcomes across all areas.

### **Data Protection**

At this stage, no significant change to current personal data processing is anticipated. The FOM builds on existing practices and seeks to optimise data use for improved service delivery. Any future changes will be subject to Data Protection Impact Assessments (DPIAs), and existing safeguards remain in place.

## Appendix 2: Drivers for change

### 1. PESTLE ANALYSIS

#### Political

- Scottish Government push for **Single Public Estate** and **localised delivery**.
- Legislative shifts promoting **community empowerment** and **inclusive education**.
- Increased scrutiny on **spending efficiency** and **transparency**.

#### Economic

- Constrained public funding, rising costs, and a capital funding gap.
- **2% ring-fenced council tax** revenue to fund £2.1bn HIP over 20 years.
- Expectation to **leverage private sector** investment and match funding (e.g., Green Freeport, renewables).

#### Social

- Population decline and youth migration.
- Aging communities with distinct local needs.
- Pressure for services to be **trauma-informed, accessible, and inclusive**.

#### Technological

- Rapid rise of **AI, digital services**, and hybrid working.
- Need for **digital equity** and inclusion across rural communities.
- Demand for **modernised infrastructure** with built-in adaptability.

#### Legal

- Compliance with **Health & Safety, Education Acts**, and **Equality Duty**.
- HIP and FOM deliver statutory obligations around asset safety and service accessibility.
- Legal frameworks for co-location and statutory consultations (e.g. school mergers).

#### Environmental

- Commitment to **net zero**.
- Requirement to decarbonise the estate and reduce operational footprint.
- Environmental screening tied to all projects and capital spend.

## 2. SWOT ANALYSIS

### Strengths

- Strong vision alignment across HIP, Delivery Plan, and FOM.
- Backing from Chief Executive and CMT.
- Long-term financial planning (HIP) and governance structure being embedded.
- Real demonstrator hubs (e.g. HQ, Dingwall, Portree, Thurso) already emerging as evidenced by engagement with the Strategic Asset Management Team.

### Weaknesses

- Complex internal structure; risk of **duplication and siloed delivery**.
- Variable **staff morale** and capacity.
- Limited digital maturity in some services.

### Opportunities

- Use of **MS365 Project Tools and other project management tools** to centralise portfolio governance.
- Strategic partnerships (e.g. Hub North Scotland, NHS, third sector).
- Position Highland as a **national leader in place-based transformation**.
- Unlock inward investment through visible demonstrator success.

### Threats

- Budget volatility
- **Stakeholder concerns**, including from communities and staff unions.
- Delivery risk due to capacity gaps and stretched resources.
- Possibility of **'white elephant' infrastructure** without adaptive use.

## Appendix 3: Research and Engagement

### Phase 1: Engagement

Date	Method	Stakeholder	Feedback
November 2023 – February 2024	Survey	Public, partners, third sector, staff	<ul style="list-style-type: none"> <li>• Redesign our services with more local accountability.</li> <li>• Avoid duplication and support third sector to deliver.</li> <li>• Change how we manage our buildings: co-locate, reduce assets.</li> <li>• Employ more in-house instead of agency/contractors.</li> <li>• Reduce management.</li> <li>• Make more use of technology and automation.</li> <li>• Invest in prevention.</li> <li>• Prioritise the most vulnerable people.</li> <li>• Be more efficient in how we do things.</li> </ul>
October 2024 - ongoing	Staff roadshows: a series of in-person and online presentations and meetings	Employees of Highland Council	<ul style="list-style-type: none"> <li>• Clear vision and plan welcomed. Staff were enthusiastic about decentralisation, particularly in terms of a positive impact on jobs in more remote areas.</li> <li>• Hybrid working was broadly welcomed.</li> <li>• Concerns were raised around the availability of housing.</li> </ul>
December 2024	Leadership workshops	Chief Officers	<ul style="list-style-type: none"> <li>• Supportive of simplified processes and empowered local delivery, improved transport and connectivity.</li> <li>• Human centred customer service access key.</li> <li>• Need for on the ground delivery team and pilots.</li> </ul>
March 2025	Site visit to North Lanarkshire	FOM team and colleagues from Property & Place, Child Health, and Education	<p>Visiting team saw:</p> <ul style="list-style-type: none"> <li>• Importance of community engagement to ensure flexible spaces used outwith host services.</li> <li>• Importance of planning around local demographics.</li> <li>• Sustained engagement strategies critical.</li> </ul>
April 2025	Engagement with East Lothian Council (Wallyford project)	FOM team	<ul style="list-style-type: none"> <li>• Learning around place-led development, long-term planning and post-occupancy evaluation.</li> <li>• Confirmation of the need for a system-wide approach and awareness of cultural change.</li> </ul>

April 2025	Site visit to Merkinch Primary School and Family Centre	FOM team	<ul style="list-style-type: none"> <li>• Both the physical environment and cross-service collaboration were found to be delivering tangible benefits, enhancing pupil engagement, staff wellbeing, and service integration.</li> <li>• The modern design supports flexible learning and shared use by Social Work and Family Centre teams, while opportunities to optimise space, clarify and consolidate maintenance responsibilities, and secure sustainable funding present clear next steps.</li> </ul>
May 2025	Leadership workshops	Strategic and Service Leads	<ul style="list-style-type: none"> <li>• A strong appetite for devolved, community-focused models, while reinforcing the need for structured staff engagement.</li> <li>• Focus on establishing a consistent understanding of the FOM using demonstrator projects as examples and enhancing data quality and accessibility.</li> </ul>
1 March, 2025	<ol style="list-style-type: none"> <li>1. One to one meeting</li> <li>2. Presentation</li> </ol>	HR colleagues	<ul style="list-style-type: none"> <li>• Stronger collaboration between the HR team and FOM team in integrating the FOM with the people Strategy in ensuring people-centred service delivery across the Council.</li> </ul>
3 July, 2025	One to one meeting	People Development colleagues	<ul style="list-style-type: none"> <li>• The Council's plans for future jobs and training, such as apprenticeships and career pathways, can work even better when linked with the FOM.</li> <li>• By teaming up, we can make sure staff have the right skills for modern services, and that learning and development supports how the Council wants to work in the future. This means better opportunities for young people, and stronger support for health and care jobs.</li> </ul>
21 August, 2025	<ol style="list-style-type: none"> <li>1. One to one meeting</li> <li>2. Workshop</li> </ol>	Property colleagues	<ul style="list-style-type: none"> <li>• Many council buildings and spaces aren't being used as well as they could be.</li> <li>• Agreed to test the FOM on a mix of real projects (demonstrator projects). We'll use shared tools to check how well each project supports things like staff wellbeing, energy efficiency, and community access.</li> </ul>
11 July, 2025	One to one meeting	Education colleagues	<ul style="list-style-type: none"> <li>• A clear pattern of strategic coordination, with one lead overseeing most developments and most sites designed for co-location of services, such as health and education, where appropriate.</li> </ul>

			<ul style="list-style-type: none"> <li>• This approach supports smarter use of public space, improves access to services for families, and reflects a long-term investment in integrated, community-focused learning environments.</li> <li>• While some projects still require clarity on additional services, the overall direction is consistent.</li> </ul>
13 August, 2025	One to one meeting	Customer Services colleagues	<ul style="list-style-type: none"> <li>• Inconsistent experiences across contact channels and limited system integration. Evidence from service reviews, such as housing, licensing, and environmental health, showed gaps in CRM visibility, duplicated effort, and unclear timelines for residents.</li> <li>• There is a need to lead targeted improvements to standardise processes, to enhance tracking, and to deliver a consistent “One Highland” experience, ensuring residents receive clear, fair, and efficient service regardless of how they engage.</li> </ul>
July 2025	Co-design and prioritisation workshop	Representatives from High Life Highland, ICT Services & Digital, Property & Facilities Management, Asset Management & Commercial Property, Customer & Registration Services, Transport & Logistics, Business Management (Performance & Governance), HR & Communication, Planning – Environment & Low Carbon Transport, Environment Development & Active Travel	<ul style="list-style-type: none"> <li>• Dingwall – noted for readiness and co-location potential. Strong alignment with community needs, active investment, and potential for collaborative development.</li> <li>• Thurso - opportunity to test POD model in a rural context. High degree of community engagement and volunteering.</li> <li>• Ullapool - well-connected, strong local partnerships, and reliable transport links. Chance to create a sustainable, net-zero, develop digital tools, and build on existing cultural and library services.</li> </ul>
13 August 2025	In person network launch	Community transport providers and partners, including NHS Highland	<ul style="list-style-type: none"> <li>• Opportunities for collaboration and peer learning welcomed</li> </ul>

19 September	In-person workshop	Programme board and other stakeholders	<ul style="list-style-type: none"> <li>• Emphasis on community input and co-production, being user-led.</li> <li>• Need to ensure staff understand and support redesign.</li> <li>• Emphasis on service design not necessarily always asset-based.</li> </ul>
	Multi-platform events across a number of programmes	Dingwall, Ullapool and Thurso local partners	

**Documents reviewed as part of the scoping exercise were:**

- Area Place Plans
- Audit Scotland. (2020). Best Value Assurance Report: The Highland Council.
- Audit Scotland. (2025). Best Value Audit Report – April 2025.
- Audit Scotland. (2025). Thematic Report on Transformation – August 2025.
- Highland Council. (2024) Revenue Budget, Council Tax and Medium-Term Financial Plan 2024/25 to 2026/27
- Highland Council. (2024). Operational Delivery Plan 2024–2027. Approved May 2024.
- Highland Council. (2025). Operational Delivery Plan 2024–2027 – Annual Update. Approved May 2025.
- Highland Council. (2025). Highland Investment Plan (HIP).
- Highland Council. (2025). Highland Outcome Improvement Plan (HOIP).
- Highland Council. (2025). Learning Estate Strategy. Inverness: Highland Council.
- Scottish Government. (2015). Community Empowerment (Scotland) Act 2015. Edinburgh: The Stationery Office
- Scottish Government. Single Public Estate Strategy. Edinburgh

## Appendix 4: Future Operating Model Assessment Framework

Principle	Description	Check/Metric
C – Collaborative, Co-delivered & Cost-effective	Services must be designed and delivered in collaboration with partners, communities, and other departments to avoid duplication, drive impact and deliver cost efficiencies.	Does this project involve multi-agency collaboration or aligned delivery? Does the project present value for money?
O – Owned by the Community	Projects should reflect lived experiences and be shaped with local input, especially from people in poverty or seldom-heard groups.	Has the community contributed to this design? How have their views been used?
M – Maximized Access & Inclusion	Services and spaces must be accessible to all, with flexible hours, low barriers, and inclusive design that removes stigma.	Is this service truly accessible across physical, digital, and social dimensions?
M – Meaningful, Place-Based Design	Infrastructure and service design should be rooted in the local context, supporting pride, sustainability, and belonging.	Does this reflect the unique needs and assets of the place it serves?
U – Universal Equity & Inclusion	Interventions must promote equity by providing targeted support without stigma and actively reducing service inequality.	Who might be excluded from this approach, and how is that being addressed?
N – Net Zero Aligned & Future-Fit	Every project must contribute to sustainability, using low-carbon solutions, adaptive infrastructure, and circular economic principles.	Does this project support the Council's Net Zero and sustainability commitments?
I – Integrated & Intelligent Technology	Digital solutions should be intuitive, secure, and support smarter decision-making across services and locations.	Is technology helping improve delivery, access, or staff efficiency?
T – Transparent Roles & Agile Teams	Governance, roles, and reporting lines must be clear, with accountability and flexibility embedded.	Are responsibilities and decisions visible and responsive to change?
Y – Yielding to Change & Learning	Projects must demonstrate the ability to evolve based on feedback, evidence, and changing community needs.	How will this change over time? Is there a learning loop built in?

## Appendix 5: Evaluation Metrics

<b>Existing performance plan actions relevant to FOM</b>			
<b>Administration Programme Priority Outcome</b>	<b>Commitment</b>	<b>Driver for change</b>	<b>FOM Principle</b>
Fair and caring Highland	Promote fair access through co-located services across the Highlands	Emphasis on equality and accessibility	Responsive and person-centred, delivering local services with partners
Resilient and sustainable communities	Develop place-based plans that focus on quality neighbourhoods and direct local funding opportunities towards local priorities (Area Plans already developed and adopted)	Aging communities and youth migration	Enable local economic development to address population change issues and sustain communities
Sustainable Highland environment	Identify and commit to renewable energy investments to reduce the overall energy costs for the Council	Climate change	Actively changing to achieve Net Zero
Resilient and sustainable Council	Improve our response times in replying to enquiries/service requests from the public	Funding constraints and customer expectations	Harness innovation and be effective in implementing change
	Actively redesign service delivery in response to constrained budgets		
<b>Existing SPIs relevant to FOM</b>			
<b>SPI</b>	<b>Driver for change</b>	<b>FOM Principle</b>	
% procurement spent on local enterprises	Aging communities and youth migration	Enable local economic development to address population change issues and sustain communities	
Town centre vacancy rates			
Asset management % suitability	Funding constraints and customer expectations	Sustainable asset base with strategic prioritisation for future capital spend	
Council carbon emissions tonnes CO2	Climate change	Actively changing to achieve Net Zero	
<b>Potential future metrics for evaluation</b>			
<b>Metric</b>		<b>FOM Principle</b>	
% of staff hybrid working increases		Efficient approach to hybrid working	
Miles commuted by all staff annually decreases			
% of staff based outwith Inverness increases		Slimmed central model and integrated teams	

Number of buildings owned decreases	Actively changing to achieve Net Zero / Sustainable asset base
Instances of co-location increase	Responsive and person-centred, delivering local services with partners
Services delivered by third sector partnership agreements increases	
Instances of co-production increase	Incorporate people's views
Online customer interactions increase	Harness innovation and be effective in implementing change
Number of services available online increases	
Locations for public to access internet and support to get online increase	
liP accreditation achieved	Workforce development and staff skills
Number of managers completing Management Connections increases	
% staff rating line manager as good in exit survey increases	Fewer leaders, more complex services