Agenda Item	15
Report No	HP/44/26

The Highland Council

Committee: **Housing and Property**

Date: **4 November 2026**

Report Title: **Depot Transformation Programme**

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

1 Purpose/Executive Summary

1.1 The purpose of this report is to provide Members with an update on the Depot Transformation Programme and to outline the approach adopted in reviewing the Council's depot estate in line with the Rationalisation of Our Asset Base (ROAB) portfolio in the Council's Delivery Plan. The report sets out how depot sites have been assessed, the opportunities identified for rationalisation and investment, and the emerging programme of projects intended to deliver an estate that is appropriately configured to meet service needs whilst making best use of Council assets and resources.

2 Recommendations

2.1 Members are asked to:-

i. **Note** the Depot Transformation Programme Brief and Business Case at Appendices 2 & 3, and the priority locations identified at Paragraph 8.6 of the report;
ii. **Note** the work undertaken with operational services to develop and implement the associated Depot Transformation Programme, and to identify options and opportunities across the estate, in line with the Council's Delivery Plan, as outlined in the report and appendices; and
iii. **Note** that options and recommendations for future changes across the estate may need to be referred to the Housing & Property Committee, in line with the Scheme of Delegation, and alongside engagement with local Members.

Implications

3.1 **Resource** - The Depot Transformation Programme has established a prioritised framework for future investment across the Council's depot estate. Future projects will be progressed subject to the identification and approval of appropriate capital funding and will be considered alongside other corporate investment priorities through the Council's governance and budget-setting processes. Investment in the estate is intended to reduce future maintenance liabilities, improve service resilience and ensure facilities remain fit for purpose.

3.2 **Legal** - There are no direct legal implications arising from this report. Individual projects brought forward through the Depot Transformation Programme will be subject to the appropriate legal due diligence, statutory requirements, procurement procedures and property transaction processes, where applicable.

3.3 **Risk** - The Depot Transformation Programme has been established to identify and address estate-related risks across the Council's depot portfolio. The assessment process has enabled the prioritisation of sites based on condition, compliance, operational suitability and service needs. Failure to invest in the depot estate may result in increased maintenance liabilities, service disruption and the deterioration of facilities required to support frontline service delivery. Risks associated with individual projects will be assessed and managed through project development and governance arrangements.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – A key driver of the Depot Transformation Programme is the need to address health and safety, compliance and accommodation issues identified across the depot estate. Individual projects will be developed and delivered in accordance with relevant health and safety requirements and corporate procedures.

3.5 **Gaelic** - No implications.

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

4.3.1 An Integrated Impact Assessment screening has been undertaken on 16 October 2026. The conclusions have been subject to the relevant Manager Review and Approval.

4.3.2 The Screening process has concluded that there are no negative impacts arising from the Depot Transformation Programme. Members are asked to consider the summary in **Appendix 1** to support the decision-making process.

4.3.3 Impact Assessment Area

Impact Assessment Area	**Conclusion of Screening/Full Assessment** *Full Impact Assessment not required*
Equality	• Children and Young People: no impact • Children affected by disability: no impact • Older adults: no impact • Sex: no impact • Age: no impact • Disability: no impact • Religion or belief: no impact • Race: no impact • Sexual orientation: no impact • Gender reassignment: no impact • Pregnancy and maternity: no impact • Marriage and civil partnership: no impact • Protected characteristics impact details: N/A
Socio-economic	no impact
Human Rights	no impact
Children's Rights and Well-being	no impact
Island and Mainland Rural	no impact
Climate Change	no impact
Data Rights	no impact

5 Background

5.1 The Council operates an extensive depot estate which supports the delivery of a range of essential frontline services across Highland, including roads, waste, transport, housing and fleet maintenance. These facilities have developed over many decades and vary significantly in age, condition, capacity and suitability.

5.2 The Council's strategic direction is set out within the Our Future Highland Delivery Plan 2024-2027, which identifies the need to modernise services, improve operational efficiency and ensure that the Council's asset base is aligned with current and future service delivery requirements. As part of this programme of transformation, the Council's Reconfiguring our Asset Base (ROAB) portfolio promotes the review and strategic management of property assets to ensure that they are suitable, sustainable and capable of supporting future service delivery requirements; this approach is consistent with the Highland Investment Plan and the Strategic Asset Management Plan.

5.3 The Highland Investment Plan and the Strategic Asset Management Plan establish a long-term framework for investment in the Council's property and infrastructure assets and promote a place-based approach to service delivery. This includes consideration of opportunities to rationalise assets, improve efficiency, support partnership working and ensure sustainable facilities capable of meeting future operational and environmental requirements.

5.4 To support these objectives, the Depot Transformation Programme was established to develop an evidence-based understanding of the current depot estate and to identify future investment priorities. The programme seeks to ensure that future investment decisions are aligned with corporate priorities, service delivery requirements and wider asset management objectives, whilst providing a structured framework for the assessment, prioritisation and delivery of depot improvement projects across Highland.

5.5 The Depot Transformation Programme has evolved through a phased and iterative process of assessment and review. The initial Programme Brief (**Appendix 2**) established the scope, objectives and strategic context for the programme. This was subsequently further developed through a detailed assessment of the depot estate, culminating in the Programme Business Case (**Appendix 3**), which provides the evidence base for the prioritisation methodology and programme approach described within this report.

6 Key Findings

6.1 To establish a clear understanding of the Council's operational depot estate and inform future investment decisions, a comprehensive review of depot facilities was undertaken across Highland. The review considered 83 depots occupied by Council services and sought to assess both the condition of the existing estate and its ability to support current and future service delivery requirements.

6.2 The assessment was undertaken in collaboration with Council services and specialist external advisors (Stantec and Hub North Scotland). A structured evaluation framework was developed to provide a consistent approach to assessing each site and to ensure that investment priorities were supported by objective evidence.

6.3 The assessment considered a range of factors including:-

- Building condition and lifecycle requirements;
- Statutory compliance and health and safety considerations;
- Operational suitability and fitness for purpose;
- Staff welfare and workplace facilities;
- Site utilisation and operational efficiency;
- Opportunities for service integration and co-location;
- Environmental performance and net zero objectives; and
- The ability of facilities to support future service delivery models.

6.4 The estate-wide assessment confirmed that the Council's depot network continues to play a vital role in supporting the delivery of frontline services across Highland. The review highlighted the importance of maintaining a geographically distributed depot estate to support local service provision whilst ensuring resilience across a diverse and predominantly rural area. Whilst many sites continue to meet operational requirements, the assessment identified significant variation in condition, performance and suitability across the estate, with a number of facilities requiring intervention to address operational, compliance and estate-related risks. Several buildings which are no longer suitable for occupation, or many years past their serviceable lifespan, require to be removed.

6.5 The assessment identified significant variation in the condition, suitability and performance of depot facilities across the estate. Whilst a number of depots continue to meet current service requirements, many buildings are approaching or have exceeded their intended lifespan and require varying levels of intervention to address condition, compliance and accommodation related issues.

6.6 The review identified a recurring range of challenges across the estate, including ageing buildings, limitations in staff welfare accommodation, underutilised or redundant structures, backlog maintenance requirements and facilities which are no longer aligned with modern service delivery standards. These issues were found to be present to differing degrees across several locations.

6.7 The assessment also highlighted opportunities to improve the efficiency and effectiveness of the depot estate through targeted investment, removal of redundant accommodation, reconfiguration of existing sites and the delivery of sustainable facilities that better support workforce requirements, service delivery and environmental objectives.

6.8 Applying the assessment methodology developed a series of observations were made at the sub-regional level (as shown in **Appendix 2**) and the ten lowest scoring depots (shown in Table 1 below) to inform the options for further investigation and analysis:

UPRN	Depot	User	Settlement	Area	Score (max. 10)	Rank
HC 07781	Ballachulish Depot	Amenities & Transport & Logistics	Ballachulish	Lochaber	**1.67**	1
HC 00685	Wick Roads Depot	Amenities & Transport & Logistics	Wick	Caithness	**2.46**	2
HC 01578	Sconser Quarry	Roads	Isle of Skye	Skye & Raasay	**3.58**	3
HC 00981	Brora IE Stafford Terrace - Workshop Unit 3	Roads & Amenities	Brora	Sutherland	**3.64**	4
HC 00523	Community Services Dingwall Roads & Streetlighting Depot	Waste, Lighting & Comms & Transport & Logistics	Dingwall	Ross & Cromarty	**3.84**	5
HC 02473	TEC Services Depot (Inverness)	Waste, Transport & Logistics & Property	Inverness	Inverness	**3.95**	6
HC 00723	Diriebught Roads Depot	Roads, Transport & Logistics Lighting & Comms,	Inverness	Inverness	**4.14**	7

		Amenities & Property				
HC 04153	Balblair Depot	Roads, Amenities, Waste & Lighting & Comms	Nairn	Nairn	**4.23**	8
HC 00472	Brora Repair Depot	Transport & Logistics	Brora	Sutherland	**4.51**	9
HC 03509	Thurso Building Maintenance Depot	Property Maintenance	Thurso	Caithness	**4.65**	10

Table 1: top ten lowest scoring individual

7 Programme Approach

7.1 The depot estate assessment identified a broad range of potential investment options across the Council's depot network. Given the scale of the estate, the varying condition and suitability of facilities, the level of investment required to address all identified issues, as well as the availability of budgets, a phased approach to delivery has been adopted. This approach enables available resources to be directed towards those locations presenting the greatest risks whilst working towards establishing a longer-term framework for future investment across the wider depot estate.

7.2 The Depot Transformation Programme is therefore focused, in the immediate term, on directing available resources towards those locations where intervention will provide the greatest benefit in terms of risk reduction, service resilience and asset improvement. This approach ensures that investment decisions are evidence-based, aligned with corporate priorities, such as the Highland Investment Plan, and take cognisance of evolving service needs, whilst establishing a clear framework for longer-term estate planning.

7.3 Projects are prioritised using the assessment methodology described in **Appendices 2** & **3**, which considers factors including asset condition, compliance requirements, health and safety considerations, service needs, workforce requirements and opportunities to improve the effectiveness of the estate. This approach is consistent with the principles of the Council's Strategic Asset Management Plan and supports the objective of ensuring that property assets remain aligned with service delivery requirements.

7.4 The Programme also recognises that future depot requirements will continue to be influenced by wider service transformation initiatives and emerging operating models. As a result, project development and delivery are undertaken in collaboration with service representatives to ensure that proposals remain sufficiently flexible to respond to changing operational needs whilst continuing to support the long-term objectives of the Council. When individual projects are brought to the Reconfiguring Our Asset Base Strategic Asset Management Proposals (ROAB SAM) Board, a Board Lead is assigned to carry out the role of Project Sponsor.

7.5 The prioritised programme will therefore continue to evolve as projects are delivered, new information becomes available and future service requirements are refined. This will enable the Council to maintain a strategic overview of the depot estate whilst ensuring that investment is targeted towards areas of greatest need and opportunity.

8 Current Projects and Future Programme Development

8.1 In line with the approach outlined in the preceding sections, and the priority depots identified, a number of projects have been developed and are being delivered, primarily because of immediate health & safety requirements. This includes some projects which were already underway when the Programme Brief and Business Case were in development. An overview of current live projects is summarised in **Table 2**:

Project ref	Depot/UPRN	Comments
N/A	HC 07781 Ballachulish Depot	Current intention to retain until at least 2027 and then vacate and dispose of this depot.
DIP24032	HC 03619 Tulloch Street	Buildings have been demolished; site cleared; security measures in place. Completion Certificate awaited to formally close out project.
DIP26043	HC 02473D Baler Building, Lotland Street	Demolition project of a redundant building, past its sustainable lifespan. Clearance of building currently ongoing. Aim to invite tenders in October and complete demolition in February 2027. There is a concurrent project at Lotland Street to install EV bus chargers, ahead of an intention to reconfigure part of the site for bus depot purposes.
DIP26045	HC 00723B Diriebught Old Water Board Building	Demolition project of a redundant building, past its sustainable lifespan. Aim to invite tenders in November and complete demolition in April 2027.
DIP20644	HC 00523 Community Services Dingwall Roads & Streetlighting Depot	Craig Road Depot building, past its sustainable lifespan. Work currently ongoing in conjunction with operational services to decant building and assess future operating requirements for services on a reconfigured site.
DIP26033	HC 04632 Dornoch Building Maintenance	Refurbishment project anticipated to replace deteriorated asbestos roofing; structural engineer's report awaited.
DIP26046	HC 04633B Ardachu Workshop & Store Brora	Options appraisal work ongoing

8.2 The demolition projects indicated in the Table 2 are primarily funded using earmarked reserves identified specifically for asset related savings and transformation. Development of potential projects at Table 1 will need to be considered within the Capital Programme on a prioritised basis and wherever possible in alignment with future phases of the Highland Investment Plan.

8.3 The Depot Transformation Programme has established a strategic framework through which the Council can better understand the condition, suitability and future requirements of its depot estate. The assessment undertaken to date provides an important evidence base for future depot reviews and has informed the identification of current priority projects, including works to remove redundant and disused buildings where these present ongoing health and safety, maintenance or operational risks.

8.4 The Programme does not predetermine the future configuration of the depot estate. Opportunities for rationalisation, co-location or consolidation will only be progressed where services have reviewed and refined their operating models and where it can be demonstrated that service delivery will be maintained or improved. Any future proposals will be supported by robust evidence, including consideration of costs, efficiencies, operational requirements, service impacts and the suitability of alternative facilities.

8.5 The Council remains committed to ensuring that depot-based services continue to operate effectively for communities across Highland whilst also pursuing opportunities to support the wider Reconfiguring Our Asset Base portfolio. Future investment and asset decisions will therefore be evidence-led, transparent and subject to appropriate engagement and governance arrangements, providing confidence that proposals are fully understood and capable of supporting both current and future service delivery requirements.

8.6 In line with the Scheme of Delegation, options and recommendations for future changes across the estate may need to be referred to the Housing & Property Committee, alongside engagement with local members.

Designation:	Assistant Chief Executive – Place
Date:	13 October 2026
Authors:	Louise Matheson, Service Lead - Asset & Estate Management Scott Dalgarno, Strategic Lead – Property & Asset Management
Background Papers:	Strategic Asset Management Plan – Housing and Property Committee 28 January 2026 Highland Investment Plan Update – Highland Council 25 June 2026 Establishing the Highland Investment Plan and Mechanisms to Fund and Deliver it – Highland Council 9 May 2024 Highland Council Operational Delivery Plan 2024-27 – Highland Council 9 May 2024
Appendices:	Appendix 1 – Integrated Impact Assessment Appendix 2 – Depot Transformation Programme Brief Appendix 3 – Depot Transformation Programme Business Case