

# The Highland Council

Agenda Item	10
Report No	CCC/17/25

**Committee:** Climate Change

**Date:** 21 May 2025

**Report Title:** Delivery Plan Budget Monitoring & Progress Update Q4 2024-25 – Net Zero, Energy Investment and Innovation Portfolio – Net Zero Programme

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

## 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:-
- Net Zero Delivery - Net Zero Programme
- 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 **scrutinise** and **note** progress to date as outlined in this report.

## 3 Implications

- 3.1 **Resource** - Any resource implications (if any) will be detailed in the programme update provided below.

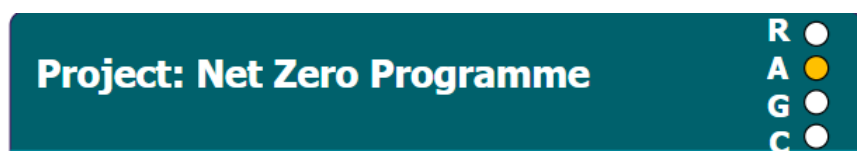
- 3.2 **Legal** - This report contributes to the Council's statutory duties to report performance and secure best value in terms of; Section 1(1)(a) of the Local Government Act 1992, and Section 1 of the Local Government in Scotland Act 2003, respectively.
- 3.3 **Risk** - There are no risk implications 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 in paragraph 5.4.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people) -**
- 3.5 **Gaelic** - there are no implications arising from 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 Net Zero Programme

### 5.1 Overall RAG Status



The Programme has been ragged as **Amber** due to slippage in respect of several key milestones including the introduction of service carbon budgets and emissions targets in conjunction with financial budgeting; and embedding Net Zero into the Capital Programme. These project elements will have an impact on the long-term delivery of the Net Zero Programme and have been identified as critical actions to mitigate several risks associated with the Programme, including those at the Corporate Risk level.

Change requests will be brought to the Net Zero, Energy Investment & Innovation Portfolio Board in April to provide an update regarding progress and to request amendments to the end dates in relation to the above milestones.

## 5.2 Key Milestones & Requests for Change

Milestones currently set up in PRMS to monitor progress of the programme are as follows:

MILESTONES		CURRENT STATUS
<i>Starts Apr24 / Completes Mar27</i>	Net Zero Programme: Develop proposed projects for inclusion in Net Zero Programme	M12 24/25 On Target
<i>Starts Jun24 / Completes Apr25</i>	Net Zero Programme: Service carbon budgets/emissions targets approved	M12 24/25 Some Slippage
<i>Starts Apr24 / Completes Sep24</i>	Net Zero Programme: Net Zero embedded in Capital Programme	M12 24/25 No Significant Progress
<i>Starts Apr24 / Completes Jun25</i>	Net Zero Programme: Agreement and introduction of core KPIs to be reported at both a Corporate and Service Level	M12 24/25 On Target
<i>Starts Oct24 / Completes Feb25</i>	Net Zero Programme: Shared Procurement Service to evaluate and propose alternative carbon budgeting tools	M12 24/25 Some Slippage
<i>Stats Apr 25 / Completes Aug 25</i>	Net Zero Programme: Approval of an Adaptation Strategy for the Council	

Further information regarding progress relating to each milestone is detailed within the Net Zero Programme Update report on this agenda – Item 4i.

A review of milestones and measures of success for the Net Zero Programme was undertaken during quarter four as part of PMO assurance activity. This resulted in a number of Requests for Change being presented to the Net Zero, Energy Investment and Innovation Portfolio Board in March. The Portfolio Board approved the following change requests on 25/03/25:-

- The milestone relating to **Develop proposed projects for inclusion in the Net Zero Programme** was re-opened and the completion date amended from November 2024 to March 2027 to cover the delivery plan timeline.
- The introduction of two new milestones:-
  - **Approval of an Adaptation Strategy for the Highland Council**
  - **Agreement and introduction of core KPIs to be reported at both a Corporate and Service level** - this milestone supersedes the following previous milestones: KPIs linked to Service Plan; and Policies/practice reviewed for carbon impact.

Change requests will be brought to the Net Zero, Energy Investment and Innovation Portfolio Board in April to provide an update regarding progress and to request amendments to the end dates in relation to the following milestones:-

- Shared Procurement Service to evaluate and propose alternative carbon budgeting tools;
- Service carbon budgets/emissions targets approved; and
- Net Zero embedded in Capital Programme

## Measures of Success

The measures of success for the Net Zero Programme are set out below:-

MEASURES OF SUCCESS		CURRENT STATUS
£	Net Zero Prog.: Savings beyond 26/27	
£	Net Zero Programme: Investment	£ 66,184
	Net Zero Programme: Grant funding secured [reporting starts tbc]	
	Net Zero Prog: % Carbon emissions reduction [reporting starts 23/24]	9.5 %
	Net Zero Prog.: The number of projects proposed to the Climate Change Committee [annual]	23
	Net Zero Prog.: % of Business Continuity Plans aligned with Council's Adaptation Strategy and Action Plan [reporting starts 2025/26]	
	Net Zero Prog: % of capital projects that have defined level of carbon impact prior to approval of capital spend [reporting starts 2025/26]	
	Net Zero Prog.: Highland Council Carbon Budget [reporting starts 24/25] - Tonnes of CO2 equivalent (tCO2e)	29,597
	Net Zero Prog.: Service-level Carbon Budget Targets - Corporate [reporting starts 2025/26]	
	Net Zero Prog.: Service-level Carbon Budget Targets - People [reporting starts 2025/26]	
	Net Zero Prog.: Service-level Carbon Budget Targets - Place [reporting starts 25/26]	

### 5.3 Financial Summary

- i) **Savings** - The Net Zero Programme has a projected long-term benefit and savings target of £5m that will start to be realised from financial year 2026/27 onwards.
- ii) **Investment** - The Net Zero Programme has approved investment of £630,000 to cover months 1-36 of the Delivery Plan.

The table below shows spend against this investment to date:-

Net Zero Programme: Investment	M12 24/25	
	Current Forecast	Actual to Date
	£ 66,184	£ 66,184

The figure above relates to staff costs for January-March 2025. Funding for five Climate Change Coordinator posts was covered from other funding up to the end of December 2024.

The remaining investment of £563,816 will be drawn down over F/Y 2025/26 and 2026/27. Funding will be profiled annually to account for increments and pay awards.

- iii) Mitigations are currently not required for the Programme.

## 5.4 Key Risks

The key risks for the programme currently being managed and monitored via PRMS are as follows:-

KEY RISKS ASSESSED / RESPONSE	CURRENT RISK RATING	RESPONSE
Net Zero: Failure to align our budget expenditure	16	Treat
Net Zero: Emissions Targets Not Met	9	Tolerate
Net Zero: Service Engagement with Net Zero Agenda	9	Tolerate

There are no identified changes to the key risks identified for the Programme. The impact and likelihood score of the above key risks were reviewed at the end of Q4, and no changes are required to the scoring.

### 1. Failure to Align Budget Expenditure

The associated Risk Actions to mitigate the risk are:-

Risk Action	RAG Status
<b>Carbon Budgeting</b>	<b>AMBER</b>
Slippage in respect of the evaluation of carbon budgeting tools has impacted the timeline for the introduction of service carbon budgets/emissions targets. As highlighted in section 5.2, a change request will be brought to the Portfolio Board in April to request an amendment to the end date for the introduction of service carbon budgets/emissions targets (revised end date of August 2025).	
<b>Integrate Net Zero into financial decision-making frameworks</b>	<b>AMBER</b>
As highlighted in section 5.2, a change request will be brought to the Portfolio Board in April to request an amendment to the end date for embedding Net Zero in the Capital Programme (revised end date of September 2025).	
The Climate Change & Energy Team are now leading on developing a process that measures and monitors embodied and operational carbon in all projects with a view to achieving reductions in line with the Council's Net Zero Strategy. Interim milestones have been set including presenting a high-level approach to the Capital Board in April; following which, the approach will be developed further in collaboration with colleagues cross-service.	
<b>Service Net Zero Programme Reporting</b>	
This will be reported annually from November 2025 as part of the Public Bodies Climate Change Duties Reporting.	

## 5.5 **Forward Plan**

Please refer to the Net Zero Programme Update report on this agenda – Item 4i.

Designation: Assistant Chief Executive - Place

Date: 3 April 2025

Authors: Fiona Daschofsky, Programme Manager  
(Climate Change & Energy Team)

Background Papers: None

Appendices: None