

The Highland Council

Agenda Item	10
Report No	CCC/24/25

Committee: Climate Change

Date: 13 August 2025

Report Title: Delivery Plan Budget Monitoring & Progress Update Q1 2025/26 – 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 Full 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.

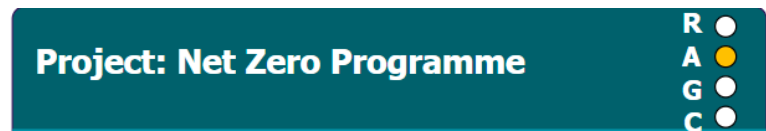
- 3.3 **Risk** - There are no risk implications arising as a direct result of this report. Project/Programme risks are identified via the council risk management process and monitored through the Portfolio Boards and are reported by exception only in paragraph 5.5.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - There are no implications arising from this report.
- 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 the following key milestone:-

- **Shared Procurement Service to evaluate and propose alternative carbon budgeting tools (Completes May 2025)**

Slippage in respect of the evaluation of the carbon budgeting tools will impact the timeline for the introduction of service carbon budgets/emissions targets. This milestone is not only critical to the success of the Net Zero Programme but is also listed as a mitigating action in the Council's Corporate Risk Register, with a due date of August 2025.

It should be noted that the measurement and reporting of Scope 3 emissions remains a significant and shared challenge across all local authorities. These emissions are complex and often difficult to quantify. At present, the sector is in a phase of trial and error, with a range of tools and methodologies being piloted to support improved reporting. However, there is currently no clear consensus or standardised approach, and no local authority is significantly further ahead in this area. Progress is incremental, with shared learning and experimentation forming the foundation for advancement.

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	M3 25/26 On Target
<i>Starts Jun24 / Completes Aug25</i>	Net Zero Programme: Service carbon budgets/emissions targets approved	M3 25/26 Some Slippage
<i>Starts Apr24 / Completes Sep25</i>	Net Zero Programme: Net Zero embedded in Capital Programme	M3 25/26 On Target
<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	M3 25/26 Some Slippage
<i>Starts Oct24/ Completes May25</i>	Net Zero Programme: Shared Procurement Service to evaluate and propose alternative carbon budgeting tools	M3 25/26 Some Slippage
<i>Starts Apr 25 / Completes Aug 25</i>	Net Zero Programme: Approval of an Adaptation Strategy for the Council	M3 25/26 On Target

Further information regarding progress relating to each milestone is detailed within the Net Zero Programme Update report on this agenda – Item 6i.

5.3 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 Prog.: I&E18 Savings Efficiencies within fleet and cross service savings Car Club/ Grey Fleet/ private hire 25/26, 26/27, 27/28	£ 0
	Net Zero Prog.: C&P6 Savings Staff travel utilisation, grey fleet and car club 25/26, 26/27, 27/28	£ 0
	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]		4
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]		

5.4 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 for 2025/26:-

Net Zero Programme: Investment	M3 25/26	
	Current Forecast	Actual to Date
		£ 87,069

The figure above relates to staff costs for April-June 2025.

The remaining investment 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.

5.5 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 Q1, 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
Carbon Budgeting	AMBER
Slippage in respect of the evaluation of carbon budgeting tools has impacted the timeline for the introduction of service carbon budgets/emissions targets. A first draft report has been submitted by the supplier as part of the trial of a carbon value tool. The Shared Procurement Service has reviewed the report and raised several queries to assess the robustness of the data provided. A meeting between the Head of Service and supplier has been scheduled to address the outstanding issues. Following this, an update or change request will be issued based on the agreed outcomes. As detailed in section 5.1, the measurement and reporting of Scope 3 emissions remains a significant and shared challenge across all local authorities. These emissions are complex and often difficult to quantify. At present, the sector is in a phase of trial and error, with a range of tools and methodologies being piloted to support improved reporting. However, there is currently no clear consensus or standardised approach, and no local authority is significantly further ahead in this area. Progress is incremental, with shared learning and experimentation forming the foundation for advancement.	
Integrate Net Zero into financial decision-making frameworks	AMBER
On 26 May, the Capital Board agreed to a three-month trial to evaluate various tools to assess embodied, operational, and maintenance carbon emissions. It was agreed that three live projects (new build, retrofit, infrastructure) would be identified and nominated by the end of June, with the trial commencing in July. At the Capital Board on 23 June, the Corran Ferry was confirmed as the infrastructure project. The retrofit and new build projects will be agreed at the upcoming Property and Education & Learning Capital Programme Board meeting.	
Service Net Zero Programme Reporting	
This will be reported annually from November 2025 as part of the Public Bodies Climate Change Duties Reporting.	

5.6 **Forward Plan**

Please refer to the Net Zero Programme Update report on this agenda – Item 6i.

Designation: Assistant Chief Executive - Place

Date: 14 July 2025

Author: Fiona Daschofsky, Programme Manager

Background Papers: None

Appendices: None