

Agenda Item	4iii
Report No	CCC/27/25

The Highland Council

Committee: Climate Change

Date: 5 November 2025

Report Title: Net Zero Thematic Group Update – Social Housing & HRA

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

1.1 The report provides an update on the work being progressed through the Social Housing and HRA Thematic Group.

2 Recommendations

2.1 Members are asked to consider and note the progress of actions by the Social Housing and HRA Thematic Group.

3 Implications

The function of the Net Zero Thematic group requires significant staff time across Council services and High Life Highland (HLH).

3.1 **Resource** - the function of the Net Zero Thematic group requires close working across teams in housing, Climate and Energy and property.

3.2 **Legal** - the Council has several requirements in respect of reporting against its climate change obligations, in addition to being required to directly support Scotland's target to end its contribution to climate change no later than 2045.

3.3 **Risk** - failure to proactively address the climate and ecological emergency across all service delivery areas carry significant reputational risk, particularly considering the political ambition at both local and national levels around the climate change agenda. In addition, failure to take a proactive approach to climate change action will limit opportunities to secure external funding.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – No implications arising from this report.

3.5 **Gaelic** - No implications arising from this report.

4 Impacts - there are no implications arising from this report.

- 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 Housing Strategy/ Policy

- 5.1 Housing and Building Maintenance continues to prioritise energy efficiency works. Partnering with the Climate Change and Energy Team ensures Council housing and private homes are included together in place-based programmes.
- 5.2 External funding has allowed the Housing Capital Investment Team to build in additional measures to the 2022 – 2027 Housing Revenue Account Capital Programme. £15.661m of the 2025/26 Capital Budget is committed to Energy Efficiency and is supplemented by an additional £9.1m achieved through ECO4 funding.

6 Energy Efficient Homes - Caol

- 6.1 The Climate Change and Energy Team delivered a place-based, mixed tenure retrofit project in Caol, aimed at improving energy efficiency and supporting decarbonisation across the community. The project upgraded a total of 79 properties, comprising of 30 Council properties (originally 32, with 2 tenants opting out) and 49 privately owned properties.

Scope of Works included:-

- external wall insulation (EWI) to improve thermal performance;
- removal of asbestos roofing and re-roofing;
- installation of air source heat pumps, providing low carbon heating solutions; and
- installation of solar PV systems to generate renewable electricity.

The project demonstrates the impact of area-based retrofit to deliver meaningful carbon savings, lower energy bills (subject to occupancy usage) and improve housing quality across tenures.



All works are complete. The project-end report and case studies have been delayed 4 weeks as awaiting report architects report.

6.2 This mixed tenure energy efficiency project exemplifies a strategic and collaborative approach to decarbonising homes at scale. By leveraging multiple external funding sources, the project has delivered significant improvements across both Council and private properties.

Over 40% of the works to Council properties were funded externally, reducing the financial burden and accelerating progress toward net zero targets.

In most instances the works delivered to the private properties were fully funded through the utilisation of:-

- Energy Efficient Scotland: Area Based Scheme (EES:ABS);
- Energy Company Obligation (ECO) funding; and
- SSE Renewable funding

This approach not only maximises investment into Highland communities but also supports equitable access to energy efficiency upgrades, contributing to reduced carbon emissions, improved wellbeing and the alleviation of fuel poverty.

6.3 As part of the Community Benefits commitment, the contractor supplied two 'Talking Tubs' educational resource boxes to the two primary schools in Caol. These interactive resources support early years learning around energy and construction.

[Community benefits funding delivers educational resources to Highland schools | The Highland Council](#)



Additionally, charitable donations were provided to:-

- Caol Residents Group to support Energy Efficiency measures;
- Caol Community Food Cupboard to support running costs; and
- Plantation Community Larder Project to purchase a commercial fridge/freezer.

7 Energy Efficient Homes – Balintore (mixed tenure)

7.1 This was the second place-based, mixed tenure retrofit, building on lessons learned from the Caol project.

A total of 75 properties were included in the project:-

- 65 Council (originally 66, 1 tenant opt-out and 1 partial opt-out); and
- 10 privately owned properties.

Scope of Works:-

- installation of external wall insulation (EWI);
- replacement roofs;
- replacement windows and doors – Council properties only;
- installation of solar PV; and
- installation of air source heat pumps.



All works are complete. The project-end report and case studies have been delayed 4 weeks as awaiting report architects report.

7.2 This project successfully leveraged funding from multiple external sources, delivering significant improvements to both Council and private properties.

Over 50% of the works to Council properties was funded externally, reducing cost to the Council and significantly improving living conditions.

The following external funding was leveraged for Council properties:-

- Social Housing Net Zero Fund – part funding the external wall insulation, replacement windows and doors; and
- Energy Company Obligation (ECO) funding – installation of air source heat pumps and solar PV.

Works delivered to the private properties was fully funded through the utilisation of:-

- Energy Efficient Scotland: Area Based Scheme (EES:ABS);
- Energy Company Obligation (ECO) funding; and
- SSE Renewable funding.

This approach not only maximises investment into Highland communities but also supports equitable access to energy efficiency upgrades, contributing to reduced carbon emissions, improved wellbeing and the alleviation of fuel poverty.

7.3 Community benefits – an early year ‘Talking Tub’ was funded for the local primary school and the contractor approved charitable contributions towards the following:-

- Seaboard Memorial Hall to support Energy Efficiency Lighting measures; and
- Balintore & Hilton Community Council to provide new safe fencing for the junior playground.

8 Energy Efficient Homes – Full Retrofit Balintore (Highland Council)

8.1 The Highland Council has successfully delivered comprehensive whole house retrofit measures to 51 properties in Balintore, as part of the ongoing commitment to improving energy efficiency and supporting decarbonisation across the Highlands. The primary objective of this project was to enhance the thermal performance of Council housing stock while reducing carbon emissions. Although the original target included a higher number of properties, the final total was reduced due to tenant opt-outs during the delivery phase. In some cases, properties received the majority of retrofit measures but were excluded from heating system upgrades due to access restrictions.

Scope of Works Delivered:-

- installation of External Wall Insulation (EWI);
- installation of new Windows and Doors;
- installation of Air Source Heat Pumps;
- installation of Solar PV systems; and
- installation of new Roof.

The initial ambition was to deliver full retrofit standards to all properties in the target area, contingent on securing funding through a Net Zero bid. Unfortunately, the bid was unsuccessful, resulting in a scaled-back programme funded entirely through the HRA Capital Budget.

The project is now entering the defects and snagging phase, which will continue over the next 12 months. We are currently finalising works, signing off completed properties, and awaiting the final Energy Performance Certificates from the contractor.

In addition to the housing improvements, the project also delivered community benefits, including the installation of solar panels at the local Scout Hall. This initiative is expected to provide long-term value to the wider community who regularly use the facility.

9 D-C Highlands - Council Properties (ECO funded)

- 9.1 D-C Highland is a transformative project delivering energy efficiency upgrades to Council properties across the region, which is supported by £9.2m Energy Company Obligation (ECO) funding.

The project aims to improve thermal comfort and reduce carbon emissions.

- 9.2 A press release for the D-C Project was issued on 23 June and has since gained traction across multiple media channels, including coverage by [Scottish Construction Now](#).

10 Educational Resources

- 10.1 Energy efficiency improvements can result in lower energy costs for tenants which in turn can reduce fuel poverty. To support tenants a suite of education resources is currently being developed. These resources aim to raise awareness, build understanding, and ensure tenants feel informed and empowered before, during, and after installation works.

The aim is to reduce the number of tenant opt-outs per project, particularly in relation to air source heat pumps. Tenants have expressed concerns adapting to new technologies and uncertainty over disruption during works.

- 10.2 FAQ documents have been developed internally and will be shared with the Tenant Participation Group for comment. In addition, a series of short videos and leaflets have been produced to inform tenants on what to expect during an installation to help set expectations.

All resources will be published on the Council website which is currently under redesign.

11 Integration of ECO funding

- 11.1 To maximise the delivery of energy efficiency projects it is becoming increasingly important for the Council to explore ways to integrate Energy Company Obligation (ECO) funding. One option currently being explored is the opportunity to leverage ECO funding to support the delivery of works under the current Heating Framework to maximise Council HRA budget and increase delivery.
- 11.2 Work is ongoing with framework contractors to identify opportunities to access ECO funding and pilot projects have been identified.
- 11.3 Despite progress being slower than anticipated, discussions are positive, and the first funding proposals received for internal review.

Designation: Assistant Chief Executive - Place

Date: 7 October 2025

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Background Papers: None

Appendices: None