

Agenda Item	7
Report No	HP/16/26

The Highland Council

Committee: Housing & Property

Date: 20 May 2026

Report Title: Delivery Plan Monitoring & Progress Update – Reconfiguring our Asset Base & Net Zero, Energy, Investment & Innovation - Q4 25/26

Report By: Assistant Chief Executive - People

1 Purpose/Executive Summary

1.1 The Delivery Plan 2024-27 consists of 57 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 15 May 2025. 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:-

Reconfiguring our Asset Base Portfolio

- Deliver Affordable Housing Programme
- Learning Estate Strategy
- Terra Tracker

Net Zero, Energy, Investment & Innovation

- Energy Billing Management
- Energy Efficient Homes

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** the Delivery Project updates provided in this report.

3 Implications

3.1 **Resource** - There are no resource implications arising as a direct result of this report. Any resource implications (if any) for delivery plan projects or programmes will be detailed in the Financials sections of each of the project updates 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 the relevant sections on Risk below for each project and at Section 12 for overall Portfolio Risks.
- 3.4 **Health and Safety** (risks arising from changes to plant, equipment, process, or people) - There are no implications arising as a direct result of this report.
- 3.5 **Gaelic** - There are no implications arising as a direct result of 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 an update report and therefore an impact assessment is not required.

5 **Affordable Housing Programme**

5.1 **Overall RAG**



This programme is ragged as Green – On Target. The programme has delivered the scheduled number of units including individual house purchases and maximise opportunities for key worker housing. Mid-market rent has met the required targets for FY25/26 and a separate update on this work was included in the Highland Housing Challenge report to May Council. Measures of success for year 25/26 are on target. New homes delivered 233 FY25/26.

5.2

Key Milestones & Requests for Change

<i>Completed in January 2024</i>	Deliver Affordable Housing: Strategic Housing Investment Programme approved	M10 23/24 Completed
<i>Starts Apr24 / Completes Sep24</i>	Deliver Affordable Housing: Housing revenue Capital Plan agreed	M5 24/25 Completed
<i>Starts Jun25 / Completes Nov25</i>	Deliver Affordable Housing: Strategic Housing Investment Programme approved for 2026-2031	M8 25/26 Completed
<i>Starts Sep 24 / Completes Dec 25</i>	Deliver Affordable Housing: Alternative finance model delivered	M12 25/26 Some Slippage
<i>Starts Apr25 / Completes Jan26</i>	Deliver Affordable Housing: Housing Revenue Account Capital Plan - 25/26 Approved	M12 25/26 Completed

<i>Starts / Completes Oct 25</i>	Mid-Market Rent: 01 Recruitment of Delivery Manager	M7 25/26 Completed
<i>Starts / Completes Nov 25</i>	Mid-Market Rent: 02 Formation of Mid-Market Rent Board	M8 25/26 Completed
<i>Starts Dec 25 / Completes Jan 26</i>	Mid-Market Rent: 03 Draft Project Plan / Develop Key Milestones	M9 25/26 Completed
<i>Starts Dec 25 / Completes Jan 26</i>	Mid-Market Rent: 04 Draft PID	M10 25/26 Completed
<i>Starts Dec 25 / Completes Jan 26</i>	Mid-Market Rent: 05 PID approved	M10 25/26 Completed
<i>Starts Dec 25 / Completes Jan 26</i>	Mid-Market Rent: 06 Agree project board terms of reference	M10 25/26 Completed
<i>Starts Dec 25 / Completes Apr 26</i>	Mid-Market Rent: 07 Deliver Westercraigs Flats	M1 26/27 Completed
<i>Starts Sep 25 / Completes Dec 26</i>	Mid-Market Rent: 08 Formation of Arms-Length Organisation	M1 26/27 On Target
<i>Starts Sep 25 / Completes Dec 26</i>	Mid-Market Rent: 09 Delivery of Mid-Market Rent (MMR) external	M1 26/27 Completed
<i>Starts / Completes</i>	Mid-Market Rent: 10 Updated allocations policy to include key-worker data adopted	M1 26/27
<i>Starts / Completes Aug 26</i>	Mid-Market Rent: 11 financial and legal mid-market model considered by committee	M1 26/27

Alternative Finance Model: The development of an alternative finance model relies on having proposals which would offer investors a return. The sensitivity of cost/value alongside a return over the life of lease arrangement has currently meant that opportunities in the Highlands are challenging. The Council has been working with Scottish National Investment Bank to identify ways to attract investors to the Highlands. Work is underway to provide the necessary data using the new Housing Needs Assessment outputs alongside data from employers regarding their specific employee growth plans to give the sector the required confidence in demand for varying types of housing in the Highlands to encourage investment.

First phase of the Mid Market Rent project delivered on programme, providing key worker housing under a temporary leasing model with scope for transfer to MMR PRT upon project completion.

Measures of Success

Measures of Success set up for this project in PRMS are as follows:-

Deliver Affordable Housing: New houses sustain rural communities [reporting starts 2024/25]	13
Deliver Affordable Housing: No. key worker homes made available avg p.a. 2022-27 CP3.08	10
Deliver Affordable Housing: No. affordable houses built by others per year 2022-27 CP3.03	329
Deliver Affordable Housing: No. council houses built/ purchased per year 2022-27 CP3.01	233
Deliver Affordable Housing: % of SG Resource Planning Allocation Spent [reporting starts FY24/25]	100 %

5.3 Financial Summary

i) Savings

The following savings indicator is set up in PRMS for this project but savings are not due to start being realised until financial year 27/28.

£	Operating Model: Savings: Delivery of Council mid market rent model - FY 26-28	
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ii) Investment

There are no Highland Council investments applicable to this project.

5.4 Key Risks

The following key risks are being monitored in PRMS for this project:-

KEY RISKS ASSESSED / RESPONSE	CURRENT RISK RATING	RESPONSE
Affordable Housing Programme: Affordability of Constructing New Housing	12	Tolerate
Affordable Housing Programme: High inflation/interest rates	12	Tolerate
Affordable Housing Programme: Contractor Capacity	4	Tolerate
Affordable Housing Programme: Reduced Public Sector Funding	0	Closed

There remains inflationary pressure in construction, and a threat of higher inflation going forward due to the current conflict. Given this environment we have refreshed our design brief earlier in the year and through project appraisal, ensure that we are building the minimum standards required for the various house types. This does not mean we are negatively impacting on the requirements of our customers but are being mindful of unnecessary additional space being incorporated in our designs.

We have developed a suite of standard house types to reduce the design cost on sites where the Council is the design lead. We are also looking at alternative build types with aim of stabilising cost. This is proving challenging due to availability of

local production at scale and quality. We have also been successful in identifying developer opportunities to add to the programme.

Where developers have surplus stock that suit our needs this is a cost-effective way of bolstering the programme. This approach alongside open market purchases added 44 homes to the market below current construction costs. We have also been seeking private sector companies to invest in some properties on our sites. These would then be subject to a lease on an interim basis and come back to the Council in 4/5 years. This approach reduces the costs to the Council initially and brings properties back debt free at the end of the period. Deals such as this are only appropriate where the initial loss of properties is not overly impacting on demand.

5.5 Forward Plan

This workstream also monitors the work around the Highland Housing Challenge. The Action Plan update is detailed at **Appendix 1**. An update on the HHC was provided to Council in May 2026, including specific updates on progress towards developing a Mid Market Rent Model for Highland, an Empty Homes Challenge fund to support bringing homes back onto the market and progress against delivering masterplan consent areas to support accelerating housing development.

Key activities for the next reporting period include the launch of the Empty Homes Challenge Fund and key tasks associated with developing the Mid Market Rent model, including commissioning specialist legal advice and financial modelling. The updated Housing Need and Demand Assessment is awaited and expected by the end of June. This will support a full review of the Strategic Housing Investment Plan which will be reported to this Committee in November.

6 Learning Estate Strategy

6.1 Overall RAG

Project: Develop a Learning Estate Strategy	R	○
	A	○
	G	●
	C	○

The project is ragged as Green. The Learning Estate Strategy has been approved and annual updates will be reported annually in May/June. Remaining milestones and success measures are ongoing.

6.2 Key Milestones & Requests for Change

The following milestones are set up for this project in PRMS:

MILESTONES		CURRENT STATUS
<i>Starts Apr24 / Completes Nov24</i>	Learning Estate Strategy: Draft LES	M12 24/25 Completed
<i>Starts Apr24 / Completes Dec24</i>	Learning Estate Strategy: LES reported to Committee	M12 24/25 Completed
<i>Starts/Completes Feb25</i>	Learning Estate Strategy: Learning Estate Strategy Approved	M12 24/25 Completed
<i>Starts Apr24 / Completes Sep25</i>	Learning Estate Strategy: Implementation of methodology for secondary school capacity modelling	M12 25/26 No Significant Progress
<i>Starts Mar25 / Completes Mar26</i>	Learning Estate Strategy: Update on achieving measures of success	M12 25/26 On Target
<i>Starts Jan26 / Completes Dec26</i>	Learning Estate Strategy: Further LES updates	M12 25/26 On Target
<i>Starts Jan27 / Completes Mar 27</i>	Learning Estate Strategy: Project Closure Milestone	

The “Learning Estates Strategy: Further LES updates” element continues to be ragged as Green – On Target, with “Learning Estates Strategy : Update on achieving measures of success” reaching completion in Mar 26. The next Learning Estates Strategy annual update will be reported to the Education Committee in June 2026.

Measures of Success

The following measures of success are set up in PRMS for this project:-

MEASURES OF SUCCESS	CURRENT STATUS
Learning Estate Strategy: Schools meeting A/B ratings [reporting starts AY24/25]	100 %

6.3 Financial Summary

There are no Delivery Plan financial elements directly associated with this project.

6.4 Key Risks

There are not currently any Key Risks being monitored in PRMS for this project.

6.5 Forward Plan

The current Learning Estates Strategy (LES) was approved at the Education Committee meeting in February 2025. It was agreed that the LES will be reviewed annually, particularly to reflect any changes arising from the annual update of the school roll forecasts; and the annual core facts return to the Scottish Government on the extent, condition, suitability and sufficiency of our learning estate. The first full review of the LES will be reported to the Education Committee meeting in June 2026 and will cover the items listed below.

- School Roll Forecasts: The updated forecasts will be published in May 2026. This will incorporate the 2025/26 school pupil numbers, Housing Land Audit projections for residential development build rates over the coming years, GP

registration figures that identify pre-school age children, and other factors and trends such as birth rates and placing request numbers.

- **School Core Facts:** The annual return was submitted in April 2026. This comprises updated data collected by local authorities for the Scottish Government on school estates and is used for investment planning and performance monitoring, and to ensure consistent evaluation for safety, learning support, and strategic decisions.
- **School Capacity Modelling:** The Strategic Lead (Estate Investment and Planning) has been leading on a workstream to develop a methodology for Secondary School Capacity Modelling with other local authorities across Scotland. A similar exercise is also underway for Special Schools, and this will result in a consistent approach to determining the Planning and Working Capacity of all schools in Highland.
- **Additional Support Needs and Enhanced Provision:** The current LES sets out the key statutory duties in relation to meeting the additional support needs of children and young people, and how the management of the estate and planned capital investment will support accessibility and provision in mainstream schools, enhanced provision settings and special schools. An update on progress since February 2025 will be included in the updated LES.
- **Gaelic Capital investment:** Engagement with the Scottish Government on Gaelic capital investment is ongoing, with discussions covering recently completed projects, postponed bids requiring revised timelines, and SG's move toward a multi-year, phased model of Gaelic capital support. As part of this work, the Council is exploring options for the remaining £4m Gaelic capital allocation, including potential repurposing to support areas seeking to establish or expand Gaelic Medium provision, while also assessing opportunities for any additional SG capital contributions that may be available. There will be engagement with the Scottish Government on capital grant funding opportunities prior to the June update, to ensure that all viable funding routes are considered.

7 Terra Tracker

7.1 Overall RAG



This project is ragged as Complete. The team made progress in assisting various services and projects such as Pathfinder and Housing, receiving positive feedback.

7.2 Key Milestones & Requests for Change

The following milestones are set up for this project in PRMS:-

MILESTONES

CURRENT STATUS

<i>Starts Apr24 / Completes Apr24</i>	Terra Tracker Milestone: Project Commencement	M1 24/25 Completed
<i>Completed April 2024</i>	Terra Tracker Milestone: Initial roll out of map-based Terra Tracker to stakeholders	M1 24/25 Completed
<i>Starts Apr24 / Completes Oct24</i>	Terra Tracker Milestone: All datasets identified/available - internal	M2 24/25 Completed
<i>Starts Oct 25 / Completes Mar 26</i>	Terra Tracker Milestone: Transfer to Business as Usual for ongoing update & maintenance	M1 26/27 Completed

As the Terra Tracker project has now been concluded a number of actions are being taken in line with a project closure report. This looks to ensure that terra tracker data is being stored effectively and that ongoing updates are being made to the database for Council ownership. The team made significant progress against the targets set and there are lessons learned for how the Council manages and keeps such information up to date.

Measures of Success


The following measures of success are set up in PRMS for this project:

Terra Tracker: Increasing no. mapped & digitised titles [reporting starts Q1 24/25]	2,828
Terra Tracker: No. of previously unrecognised titles mapped [reporting starts Q1 24/25]	1,200
Terra Tracker: Stakeholder Satisfaction [reporting starts FY23/24]	97 %


(Q3, Q3 and FY24/25 data)

7.3 Financial Summary

i) Savings

 Asset Review: Terra Tracker - FY 24-26	£ 205,000
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ii) Investment

 Terra Tracker: Investment: EMR & Capital Receipts	£ 205,000
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iii) Mitigation

7.4 Key Risks

Project risks will be closed in line with Project Closure. Now that works packages have been put together the extent of work required to complete the project is more transparent and it is now known that it is no longer feasible to complete within the 2 year period allocated towards the project. A proposal for moving forward has been drafted.

7.4 Forward Plan

The Project Manager will ensure that a full Project Closure report is prepared, and this will be reported in due course.

8 Energy Billing Management

8.1 Overall RAG



Workstream remains green with annual cost avoidance targets exceeded. Service provision continuing to be delivered.

8.2 Key Milestones & Requests for Change

The following milestones are set up for this project in PRMS:-

MILESTONES		CURRENT STATUS
<i>Starts Apr24 / Completes May24</i>	Energy Billing Management Programme: Team re-purposing/staff recruitment	M12 24/25 Completed
<i>Starts Apr24 / Completes Nov24</i>	Energy Billing Management Programme: Project Plan in place	M12 24/25 Completed
<i>Starts Jul24 / Completes Nov24</i>	Energy Billing Management Programme: Annual update report to committee	M10 24/25 Completed
<i>Starts Apr 25 / Completes Aug 25</i>	Energy Billing Management Programme: Replacement of RTS Meters across non-domestic estate	M5 25/26 Completed
<i>Starts Apr25 / Completes Mar26</i>	Energy Billing Management Programme: Single THC Policy on Utility Supply Management Arrangements developed and adopted	M12 25/26 Some Slippage

Significant savings and cost avoidance has been achieved by the team including securing a refund of £1,075,000 of erroneous electricity charges associated with Street Lighting.

Work is progressing with respect to the planning of 400-700 electricity meters during the financial year 26-27.

Measures of Success

The following Measures of Success are set up for this project in PRMS:-

Energy Billing Management Programme: Savings achieved (cost avoidance) [£0.25M net Y1, reporting starts FY24/25]	£ 1,946,603
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8.3 Financial Summary

There are no Delivery Plan financial elements directly associated with this project.

8.4 Key Risks

The following risks are set up for this project in PRMS:-

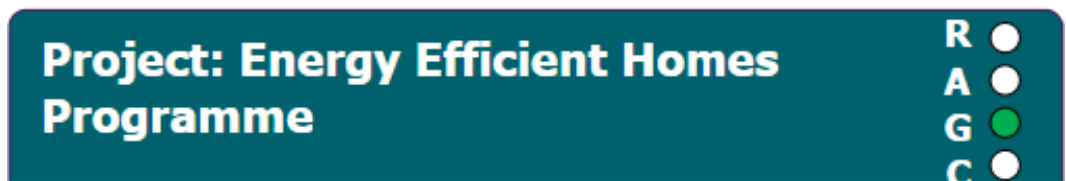
Energy Billing Management Programme: Insufficient Staff Resource	6	Tolerate
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8.5 Forward Plan

Beyond the core deliverable of checking and payment of all Council utility invoices (>13,000 annually), work is progressing with respect to the planning of 400-700 electricity meters during the financial year 26-27. Work also continues with respect to issuing and adopting policy with respect to utility connections procedures.

9 Energy Efficient Homes

9.1 Overall RAG



The programme remains 'green', with all key milestones either completed or progressing as planned. There has been some slippage aligning private and social projects, this is in part due to current funding uncertainties/availability. Work is ongoing to explore opportunities to leverage external investment.

Project End Report have been finalised for 2024/25 and the independent external evaluation of the Highland EES:ABS is nearing completion.

Scottish Government has awarded the Council an additional £800k EES:ABS funding for 2025/26.

9.2 Key Milestones & Requests for Change

The following milestones are set up for this project in PRMS:-

MILESTONES

CURRENT STATUS

<i>Starts / Completes Apr24</i>	Energy Efficient Homes Programme: Plan developed	M1 24/25 Completed
<i>Starts Apr24 / Completes Jun25</i>	Energy Efficient Homes Programme: Roll out of social/private domestic projects	M5 25/26 Completed
<i>Starts Apr24 / Completes Mar27</i>	Energy Efficient Homes Programme: Local training courses developed	M10 25/26 Completed
<i>Starts Apr24 / Completes Mar27</i>	Energy Efficient Homes Programme: 20% increase in private delivery	M12 25/26 On Target
<i>Starts Apr24 / Completes Mar27</i>	Energy Efficient Homes Programme: Alignment of social/private domestic projects	M12 25/26 Some Slippage
<i>Starts Apr25 / Completes Mar27</i>	Energy Efficient Homes Programme: Ongoing post-project evaluation on the completion of each project	M12 25/26 On Target
<i>Starts Apr25 / Completes Mar27</i>	Energy Efficient Homes Programme: Ongoing development of new projects - feasibility	M12 25/26 On Target

Three of the project milestones are complete and a further three ragged as on track (green). There has been some slippage in the alignment of social/ private domestic projects due uncertainty of external funding.

UK Government published the Warm Homes Plan, January 2026, which sets out future funding, however the mechanisms for delivery are yet to be finalised and how much of this support will be available to Highland properties (and when) is not yet known.

Ongoing review of external funding opportunities for domestic energy efficiency improvements and applications will be progressed where alignment with programme objectives and eligibility criteria is identified.

Measures of Success

The following Measures of Success are set up for this project in PRMS:-

% of dwellings with a SAP rating of C or above after energy efficiency works [reporting starts]	85 %
Energy Efficient Homes Programme: Cumulative Ext leverage funds for HRA investment [reporting starts 2024/25]	£ 10,321,787
Energy Efficient Homes Programme: Cumulative Ext leverage funds for privately owned properties [reporting starts Q1 24/25]	£ 13,124,349
Energy Efficient Homes Programme: 50% - 80% of external funding leveraged [reporting starts Q1 24/25]	75 %
Energy Efficient Homes Programme: Housing properties issued [reporting starts Q1 24/25]	521
Energy Efficient Homes Programme: No. private houses improved Qtr [reporting starts Q1 24/25]	468
Energy Efficient Homes Programme: No. social housing homes improved Qtr [reporting starts Q1 24/25]	502
Energy Efficient Homes Programme: Place-based projects [reporting starts 2024/25]	7
Energy Efficient Homes Programme: Notional savings on Utility Bills [reporting starts 2024/25]	£ 621
Energy Efficient Homes Programme: Reduction in fuel poverty [reporting starts 2024/25]	

9.3 Financial Summary

There are no direct financial savings or investment attached to this programme. The measures of success instead focus on securing external funding, including targets for the proportion of project costs funded externally and the number of housing properties supported.

As noted in the Measures of Success table in Section 9.2, £23.4 million in external funding has been leveraged since the commencement of the Delivery Plan to date, enabling significant energy efficiency improvements for households (Council Tenants and privates) across the region.

9.4 Key Risks

The following risks are set up for this project in PRMS:

Energy Efficient Homes: Availability of Sufficient Funding	20	Tolerate
Energy Efficient Homes: Insufficient Contractor Capacity	12	Tolerate
Energy Efficient Homes: Tenant opt-out	12	Tolerate

The programme has successfully secured significant external funding to support energy efficiency improvements to Council and privately owned properties across the region. This funding only represents a small portion of the total investment required to improve the wider housing estate and meet energy efficiency standards.

Following the UK Government's December 2025 announcement to end Energy Company Obligation schemes and the subsequent publication of the Warm Homes Plan (which focuses primarily on England), there is uncertainty regarding future funding mechanisms. While the Plan allocates £1.5 billion to devolved nations over four years, there is currently little to no detail on how funding will be distributed within Scotland.

A collection of educational resources for tenants is currently being reviewed. These resources aim to raise awareness, build understanding and ensure tenants feel informed and empowered before, during and after installation works. The aim of the resources is to reduce the number of tenants opt-outs per project, particularly in relation to air source heat pumps.

Designation: Assistant Chief Executive - People

Date: April 2026

Authors: Helen Cameron, Service Lead, Housing Development
Isla MacMillan, Programme Manager, Climate Change
Gavin Allday, Estate Team Leader, Capital Planning
Ronnie MacDonald, Energy Manager

Appendix 1: Highland Housing Challenge Partnership Action Plan

**Highland Housing Challenge Partnership Action Plan
Update May 2026**

Increasing Finance for Housing Development

Priority: Developing approaches for increase investment			
Contribution to Challenge	Actions	Update	Timescale
1. Use of Non-domestic rates concession	<ul style="list-style-type: none"> Secure agreement of the IGCFGP Company to leverage NDR and develop a fiscal model 	Strategy considered and agreed at Council in March, with housing identified as one of two initial priorities.	By March 2026
	<ul style="list-style-type: none"> Work with housing developers to bring forward projects that can be part-funded or supported 	Initial sites have been identified in Alness, Invergordon and East Inverness.	Dependent on NDR funds becoming available
2. Implementation of Strategic Investment Vehicle for Social Value Charter	<ul style="list-style-type: none"> Development of a commercial model to manage delivery and risk of legacy housing 	<p>SSEN – model has been agreed between SSEN and developers. 500 legacy homes, with 300 of those affordable.</p> <p>Negotiation on delivery of SSEN legacy housing proceeding well with draft heads of terms issued to all three developers of the legacy housing.</p>	<p>Complete</p> <p>Revised date - August 2026</p>
	<ul style="list-style-type: none"> Publish Strategic Investment Plan prospectus of developments linked to this fund 	Based on Invest Highland, the draft Social Value Investment Plan will be considered at E&I Committee in May as part of the Social Value Charter Update.	May 2026
	<ul style="list-style-type: none"> Create the investment vehicle and its appropriate governance within the CPP and including community and industry representatives 	External legal and financial advice for the investment vehicle for the Social Value Charter Strategic Fund is in place and will be reported to E&I Committee in May 2026	May 2026

<p>3. Building a Guarantor Model</p>	<ul style="list-style-type: none"> In collaboration with Scottish Government, develop a guarantor model to allow an element of underwriting to developments – subject to legislative duties. 	<p>Rationale for guarantor model raised with Scottish Government. Currently under consideration. Scottish Government are taking legal advice. This will be raised with the new Minister for Housing following the Scottish Parliament election.</p>	<p>Ongoing</p>
<p>4. Developing New Investment Models</p>	<ul style="list-style-type: none"> Establish a Joint Venture funding model with private sector partners, supported by the Scottish National Investment Bank with a core purpose to enable house building for mixed tenure, including mid-market rent, to enable a return on investment to repay up-front costs. 	<p>Ongoing negotiations between SNIB and the Council and potential investors including developers and Pension Fund to create joint ventures. This is being supported by building evidence of demand, using data from the new Housing Needs Assessment outputs alongside data from employers regarding their specific employee growth plans, to give the sector the required confidence in demand for varying types of housing in the Highlands.</p>	<p>August 2026</p>
<p>5. Strategic Use of the Housing Revenue Account</p>	<ul style="list-style-type: none"> Targeted investment in social housing through investment of HRA as part of long term Financial Strategy 	<p>Financial Strategy for the HRA agreed in Jan. One of core principles to support investment in social housing to address demand. Revised SHIP and HNDA to support articulating where investment is required. Additional investment dependent on decisions taken during annual rent setting.</p>	<p>Ongoing</p>

Priority: Targeting Accommodation Solutions

Contribution to Challenge	Actions	Update	Timescale
6. Accommodation with Care	<ul style="list-style-type: none"> As part of Lochaber Care Model redesign, explore accommodation solutions to support people to remain in their own homes and/or communities 	<p>A masterplan for the Blar Mhor site in Fort William is being developed, supported by Hub North. The work considers future Adult Social Care requirements for residential and nursing care alongside housing in Fort William for the wider Lochaber area, taking into account current provision. Housing provision will take into account not only the need for accessible and suitable housing to support people to stay in their own homes but also the need for housing for key workers. A community liaison group has been established to support the process.</p>	October 2026
7. Developing Key Worker Housing	<ul style="list-style-type: none"> Council to develop a vehicle for delivering mid-market rent housing 	<p>Work progressing to develop mid-market rent model for Highland. Partnership established with Scottish Future's Trust, ALEO to be established, work on developing the operating model proceeding along with undertaking legal due diligence and financial modelling to assess funding and investment options for implementation. Report to Committee before end of calendar year to agree the final structure, with implementation in April 2027.</p>	December 2026
8. New - Empty Homes	<ul style="list-style-type: none"> Establish Empty Homes Challenge Fund 	<p>Fund eligibility, criteria and policy to be agreed by Council in May 2026, with grant Scheme operational by end May 2026. Review of initial operation to Housing and Property in November 2026.</p>	<p>May 2026</p> <p>November 2026</p>

Priority: Historic Debt Write Off

Contribution to Challenge	Actions	Update	Timescale
9. Historic Debt Write Off	<ul style="list-style-type: none"> Seek support of UK government and Scottish government for the write off of this historic debt, for the purpose of allowing further investment in housing through direct spend. 	The Council continues to raise the issue of historic debt with UK and Scottish Governments.	Ongoing

Priority: Funding for Rural Housing

Contribution to Challenge	Actions	Update	Timescale
10. Creating a funding vehicle for rural housing	<ul style="list-style-type: none"> Develop test models in west and north Highlands to deliver high cost rural housing projects. 	The Council is working alongside the Communities Housing Trust to facilitate 2 projects with the Council as owner and funder but with the aim to lease these units back to the Trust to fulfil the objectives of the communities where the homes will be located. This trial will give the Council the opportunity to assess this funding model and the community outcomes to inform the future approach to rural delivery.	Revised date - March 2027

Priority: Accelerating Development

Contribution to Challenge	Actions	Update	Timescale
<p>11. Developing Masterplan Consent Areas</p>	<ul style="list-style-type: none"> Highland Council will establish 3 masterplan consent areas to streamline planning processes. 	<p>Governance and process for progressing masterplan consent areas agreed E&I in May 2025. At Nov E&I Committee three preferred sites - at Essich Road, Embo and Ardersier – agreed to progress to next stage. A 4th site to be identified for the west coast. Public events held for each site with a combined total of 425 persons attending. 495 responses received by 31 March 2026 deadline. May Council asked to agree to progressing, Proposed Masterplan Consent Area Schemes, for each of the 3 MCA sites, with reductions and amendments based on the feedback received.</p>	<p>May 2026 – agreement to proceed.</p> <p>Timeline for completing, if agreed, TBC</p>
<p>12. Improve the Pre-development Service</p>	<ul style="list-style-type: none"> Highland Council will develop an Integrated Housing Service for developers to ensure that programmes and projects can be accelerated. Review and simplify the Roads Construction Consent Process Introduce a webinar series – <i>what makes a good submission</i> 	<p>Service launched in March 2025. To date nine developers have utilised the service and feedback from those who have utilised the service has been positive. There has been a more general focus on improving relationships with developers and particularly with Housing Hub (affordable housing) partners. Key issues discussed and resolved relate to transport, layout and drainage/flood risk matter.</p> <p>The review has commenced and will be completed and implemented during 2026/27.</p> <p>This is currently under development.</p>	<p>Ongoing</p> <p>March 2027</p> <p>June 2026</p>

Priority: Creating more land capacity			
Contribution to Challenge	Actions	Update	Timescale
13. Identify new housing sites	<ul style="list-style-type: none"> As part of the Highland Local Development Plan, identify new housing sites through a call for sites 	<p>Call for sites complete in April 2025 and reported in May 2025. 250 sites were suggested by landowners, developers and others. An update on the HLDP was considered at February E&I, with the evidence report due at Council in June for submission to Scottish Government. All sites submitted will be considered, with a decision on which sites are included set for mid-2027, followed by public consultation.</p>	<p>Completed</p> <p>June 2026</p> <p>Mid - 2027</p>
	<ul style="list-style-type: none"> Undertake a new Housing Need Demand Assessment 	<p>Work on the new HNDA is almost complete, with population projection figures awaited from National Records of Scotland. A revised completion date of June 2026 is expected. Specific engagement has taken place with business and health stakeholders alongside a community survey to understand current housing need</p>	<p>Revised date - June 2026</p>
	<ul style="list-style-type: none"> New - Land and property purchase 	<p>The Council has a landbank which will deliver c1800 units over the next 8-10 years. Since the launch of the Highland Housing Challenge, the Council has purchased sites which will deliver approximately 500 homes. This is alongside a further 40 homes purchased from the open market. Officers are actively pursuing further strategic sites for purchase to ensure both a short term and longer-term pipeline for housing delivery. This is supported by a new post of Land Surveyor appointed within in the Housing Development Team.</p>	<p>Ongoing</p>
14. Repurposing public sector assets	<ul style="list-style-type: none"> Undertake a land audit to identify potential sites to bring forward 	<p>This is a priority in the Highland Property Partnership work programme for 2026/27</p>	<p>October 2026</p>

	<ul style="list-style-type: none"> As part of a single public sector estate, release surplus buildings, either for direct use for housing or creating capital for future investment. 	<p>Highland Officers are reviewing the Council estate to assess the use of existing assets for either conversion or redevelopment for housing under the ROAB remit</p> <p>Through the Highland Property Partnership and the Highland Investment Plan activity, opportunities are being explored to repurpose surplus assets for housing options. An initial focus is in Thurso as part of the POD development.</p>	December 2026
15. Rural Development	<ul style="list-style-type: none"> Deliver a small rural development toolkit 	Through the Regional Economic Partnership, work progressing on developing a toolkit to support small rural developments	Revised date - August 2026

Priority: Encouraging Development through Legislation

Contribution to Challenge	Actions	Update	Timescale
16. Existing Developers to Commit to Projects	<ul style="list-style-type: none"> Sites to be de-allocated should development not commence within the lifetime of the LDP 	This will be considered on a case by case basis through the planning team.	Ongoing
17. Utilising Compulsory Purchase and Sales Orders	<ul style="list-style-type: none"> Deliver sites where owners unwilling to sell 	<p>Council responded to the Scottish Government's consultation on reform of Compulsory Purchase Orders, the aim of which is to make the system more streamlined, fairer and deliver new homes.</p> <p>CPOs to be used on a case by case basis where an assessment is made it is viable to do so.</p>	<p>Completed</p> <p>Ongoing</p>

Increasing Developer Capacity

Priority: Increasing certainty for developers			
Contribution to Challenge	Actions	Update	Timescale
18. Increase construction sector capacity	<ul style="list-style-type: none"> Delivery of the Regional Skills Workforce action plan 	Action Plan is being progressed through Workforce North partnership between HIE, SDS, UHI, LAs and industry. Workforce North Co-Investment Fund agreed in March 2026, supported by seed funding from SDS. The fund is intended to support the overall mission by leveraging joint public and private investment in employer-led training, apprenticeships and skills development.	Ongoing
19. Engagement and Involvement with Developers	<ul style="list-style-type: none"> Deliver a pipeline of projects 	A full review of the Strategic Housing Investment Plan will be undertaken during 2026, to reflect the updated HNDA. This provides an opportunity for Council and RSL partners to review procurement methods to give a more consistent programme of work to contractors.	December 2026
	<ul style="list-style-type: none"> Working with developers 	The Council is meeting regularly with housing developers, including regular liaison at the Housing Hub meetings with the Council, RSL and Scottish Government to discuss the programme and support early delivery where possible. Annual affordable housing programmes are shared with contractors and profiling projects to prevent excessive numbers of tenders being issued concurrently. The multi-year funding programme from Scottish Government will support building confidence amongst the sector.	Ongoing
20. Multi-year affordable housing funding	<ul style="list-style-type: none"> Work with Scottish Government to establish multi-year funding programme for affordable house building. 	A 4-year funding programme now agreed. Commitment of £209.7m over the period, rising from £50.132m in 2026/7 to £54.781m. This equates to c600 affordable homes a year in Highland.	Completed

<p>21. Create a funding vehicle for rural housing</p>	<ul style="list-style-type: none"> Develop test models in west and north Highlands to deliver high-cost rural housing projects. 	<p>The Council is working alongside the Communities Housing Trust to facilitate 2 projects with the Council as owner and funder but with the aim to lease these units back to the Trust to fulfil the objectives of the communities where the homes will be located. This trial will give the Council the opportunity to assess this funding model and the community outcomes to inform the future approach to rural delivery.</p>	<p>Revised date – March 2027</p>
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Priority: Building Capacity for Delivery in Highland

Contribution to Challenge	Actions	Update	Timescale
<p>22. Identifying and Securing More Affordable Housing Partners</p>	<ul style="list-style-type: none"> Work to encourage new housing providers to deliver in Highland 	<p>Work is ongoing to liaise with, and encourage, potential new affordable housing developers. 2 new affordable housing developers are currently carrying out feasibilities on identified sites .</p>	<p>Ongoing</p>
<p>23. Build to rent</p>	<ul style="list-style-type: none"> Work with Scottish Government and build to rent investors to open up opportunities in the Highlands and 	<p>The Council has taken part in national discussions with potential investors to encourage investment in the build to rent market and have invited BTR developer to the Highlands for detailed discussions on identified sites</p> <p>A study has been commissioned through Hub North to evidence the demand for the build to rent market around Inverness with a view to building confidence with investors and developers. This is ongoing and will be concluded by June, once the revised HNDA figures are available.</p>	<p>Ongoing</p> <p>June 2026</p>
	<ul style="list-style-type: none"> Explore with Scottish Government opportunities to exempt mid-market rent/build to rent from proposed rent controls 	<p>The Housing (Scotland) Act 2025 has exempted mid market and build to rent from rent controls.</p>	<p>Complete</p>

24. Developing a Highland's Manufacturing Hub	<ul style="list-style-type: none"> Identify a site for a manufacturing Hub in Highland 	Work is continuing with HIE and BEST to determine the viability of this proposal.	Ongoing
	<ul style="list-style-type: none"> Taking a pilot approach, support a local modular contractor to develop a delivery model for rural housing 	Work continues with a local contractor and developer to develop a model that can be used in rural areas in Highland A site has been identified and a funding model is being developed.	June 2026

Priority: Overcoming barriers to development

25. Addressing Grid Capacity	<ul style="list-style-type: none"> Working with Scottish Government, SSE and Ofgem, identify solutions to current grid capacity issues 	Immediate issues resolved. Meetings held SSE distribution which have enabled the release of constrained sites in Inverness. Ongoing discussion to open up prioritised medium and long term sites.	Ongoing
26. Reviewing Standards	<ul style="list-style-type: none"> Review the Council's affordable housing standards (Firm Foundations) 	Standards were reviewed with partners and have been updated.	Complete
	<ul style="list-style-type: none"> Make representations to the Scottish Government on the implications of proposed standards within the Housing Bill. 	Complete – no new standards applied within the Bill.	Complete
	<ul style="list-style-type: none"> Work with Scottish Government to address existing standards inhibiting development to consider potential solutions or alternatives 	Ongoing discussions with Scottish government for greater flexibility particularly in very rural areas	Ongoing