The Highland Council	Agenda Item	**17**
	Report No	**HP/30/26**

Committee: **Housing & Property**

Date: **12 August 2026**

Report Title: **Delivery Plan Budget monitoring & Progress update – Reconfiguring Our Asset Base and Net Zero, Energy Investment & Innovation**

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

1 Purpose/Executive Summary

1.1 The Delivery Plan 2024-27 consists of projects and 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 14 May 2026. 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:-

- Strategic Asset Management
- Energy Efficient Council

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 project/programme 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/programme 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.

3.4 **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/s [add relevant para number/s].

3.5 **Health and Safety** (risks arising from changes to plant, equipment, process, or people) – There are no health and safety implications

3.6 **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 a monitoring and update report and therefore an impact assessment is not required.

5 Strategic Asset Management

5.1 Overall Project RAG & Milestones

Below is an extract of the first page of the PRMS project dashboard which contains the Overall Project RAG and Key Project Milestones against which, project progress is tracked.

Workstream: Single Property Service

Project: Strategic Asset Management

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Ensuring that there is an ongoing programme of asset review, challenge, improvement or disposal.

ACTIVITY
THC owns a large property portfolio to support service and policy objectives. Property is acquired or disposed of based on changing need, policy or to improve efficiency. The aim is to get best value from the estate. When property becomes a barrier to delivering quality services, it is improved, re-deployed, or disposed of.

PROJECT ELEMENTS
- Develop a Strategic Asset Management Plan.
- Lead area property reviews with services to identify the facilities they need to meet their policy objectives.
- Work with stakeholders to find opportunities to collaborate in the use, reuse and rationalisation of property assets.

CORPORATE RISK HCR02 MITIGATION

Portfolio: Reconfiguring our Asset Base

Portfolio Sponsor: Assistant Chief Executive - Place

MILESTONES		CURRENT STATUS
Starts April 24; Completes June 24	Strategic Asset Management: Refreshed Asset Reconfiguration Board	M4 24/25 Completed
Starts Oct24 / Completes Mar25	SAM - Assets for Lease: Undertake needs analysis on existing commercial properties on an area basis	M4 25/26 Completed
Starts Mar25 / Completes Apr25	Strategic Asset Management: Set up Strategic Asset Management Board and hold inception meeting	M1 25/26 Completed
Starts April 24; Completes June 25	Strategic Asset Management: Plan approved and deployed	M10 25/26 Completed
Starts Apr 24 / Completes Sep 25	Strategic Asset Management: New Strategic Asset Management Plan developed	M10 25/26 Completed
Starts Apr25 / Completes Dec25	Strategic Asset Management: Strategic review and area master plan for depots	M3 26/27 No Significant Progress
Starts Mar25 / Completes Mar27	SAM - Assets for Lease: Biannual reporting to Committee and ROAB Portfolio Board	M9 25/26 Completed
Starts Apr25 / Completes Mar27	Strategic Asset Management: Lead area property reviews with services and partners	M3 26/27 Some Slippage
Starts Apr24 / Completes Dec27	SAM - Assets for Lease: Condition surveys complete by 2027	M3 26/27 On Target
Starts Oct24 / Completes Mar29	SAM - Assets for Lease: new units leased by 2029	M3 26/27 On Target
Starts Oct24 / Completes Mar29	SAM - Assets for Lease: Identify and Secure Investment Opportunities	M3 26/27 Some Slippage

Overall Project RAG

This Project is ragged as Red in recognition of the challenges facing this project in identifying and accelerating savings - including ongoing legacy savings. Work is underway to streamline the reporting arrangements to focus in on the activities that have best prospects of securing the savings required. This includes a dashboard for each area review, within which all current and forecasted activities and projects can be more clearly monitored and resourced accordingly. All assets are also being reviewed with an updated RAG rating and description that determines the scale and nature of any asset opportunities. This work is aligned with the Action Plan that is being finalised following approval of the Strategic Asset Management Plan at January Housing & Property Committee. Whilst forecasting indicates that this may not achieve the scale of savings required - and therefore continues to be given a red rating - this work aims to prioritise resources to move the project from red rating to amber or green. Ongoing support is sought in terms of corporate ownership and culture change across Council services, to achieve the scale of change required. A full review of this Project and alignment with Migration of Property Assets and Improve Asset Condition is underway and will be subject to scrutiny by the ROAB Portfolio Board.

Milestones

There has been significant progress over the last year with the preparation and adoption of the Strategic Asset Management Plan (SAMP) earlier this year allowing a number of milestones to move to ‘complete’. The SAMP has helped to formalise the corporate, cross-service responsibilities for identifying asset savings and has coincided with the development of Area Asset Masterplans that provide a live masterplan of opportunities in each part of Highland. Importantly, the asset management workstream has been more clearly integrated with the Highland Investment Plan (HIP), with Locality Reviews held to review assets in the first two locations for Phase 2 of HIP; East Sutherland and Alness & Invergordon.

Six Member workshops to discuss the Area Asset Masterplans have been held across Highland, with a further four to follow over the next few weeks, to secure Member buy-in and new ideas for asset improvements and savings. These have also been subject to scrutiny through the Highland Property Partnership and the Strategic Asset Management Plan.

Significant progress over the last year with analysis of our depots and the preparation of an Outline Business Case that identifies the locations assessed as being priorities for review. However, the red rating against the “strategic review and area masterplan of depots” milestone is largely due to the delays in identifying the designs and an investment strategy for addressing these important community assets and workplaces.

There are a number of keynote projects that are helping to demonstrate the commitment to modernising our estate and relinquishing a number of other properties for community asset transfer and disposal, in order to secure both revenue and capital savings. On the commercial estate, ongoing efforts by the team are securing continued increases in rental income and jobs across the Industrial Investment Portfolio. Although a lack of suitable opportunities has led to the “new leased properties for lease” milestone to be given an amber rating, the purchase of the Kyle of Lochalsh Service Point, Library and Offices demonstrates the service’s commitment to investing where it will deliver a major reduction in costs over the next 20 years, while also providing certainty for service provision for local communities.

5.2 **Key Risks & Measures of Success**

Below is an extract of the second page of the PRMS project dashboard which sets out the Key Risks and Measures of Success for the project.

INVESTMENT

£	SAM - Increase Assets for Lease: Investment in new assets for lease: Capital	£ 0

MEASURES OF SUCCESS		CURRENT STATUS
£	Implement Network of Community Facilities for Services - FY 25-27 (Current FY Forecast)	£ 0
£	Commercial Leases Renegotiation - FY 26-29 (Current FY Forecast)	£ 0
	Strategic Asset Management: Number of assets rationalised in the year [reporting starts 24/25]	10
	Strategic Asset Management: Property portfolio optimises opportunities	6
	Strategic Asset Management: Evidence use of land & buildings	
	SAM - Assets for Lease: No. jobs created or sustained through new commercial unit leases [reporting starts FY24/25]	10
	SAM - Assets for Lease: No. of sites/buildings enabled for lease through grant funding [reporting starts FY24/25]	3
	SAM - Assets for Lease: No. of additional commercial units leased [reporting starts FY24/25]	7

KEY RISKS ASSESSED / RESPONSE	CURRENT RISK RATING	RESPONSE
Strategic Asset Management: Market Conditions Impacting Value	4	Tolerate
Strategic Asset Management: Savings Targets Not Achieved	12	Tolerate
Strategic Asset Management: Partner Engagement Not Successful	2	Tolerate
SAM - Assets for Lease: Community Asset Transfers	9	Tolerate
SAM - Assets for Lease: Projects Fail to Self-fund	5	Tolerate

Key Risks

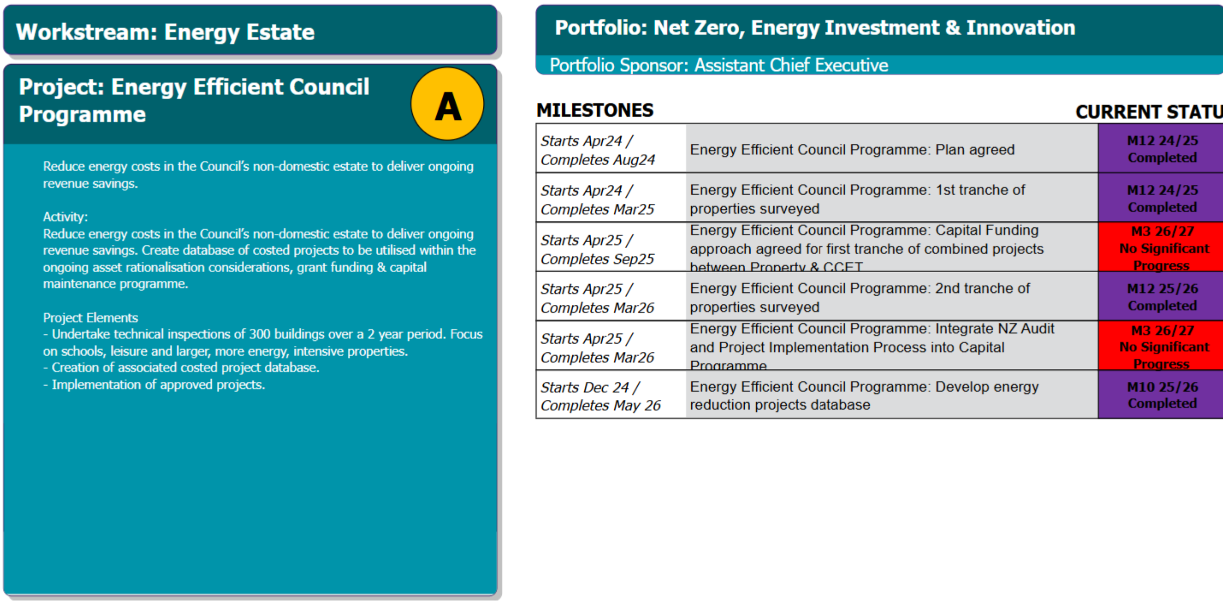
The most notable risk highlighted by the monitoring outputs above is the potential shortfall in savings. The combined savings targets for the asset rationalisation programme is around £1.4m. Based on the full range of activities both past, present and future a savings forecast of just over £400,000 is scheduled to be secured in the 2026/2027 period. Alongside, a programme of Area Business Meetings is underway to engage Members on future opportunities for achieving asset efficiencies and savings, with area-based Asset Masterplans being prepared that identify short, medium and longer-term priorities for investment and asset rationalisation.

In addition, a significant focus for improvement over the coming months will be the proposed reconfiguration or reporting arrangements on the ROAB Board that is specifically aimed at escalating and accelerating asset consolidation and savings. In turn this is aimed at improving working environments and operational service delivery for Highland communities, and, in turn, modernise the profile of the organisation.

6.0 Energy Efficient Council

6.1 Overall Project RAG & Milestones

Below is an extract of the first page of the PRMS project dashboard which contains the Overall Project RAG and Key Project Milestones against which, project progress is tracked.



Workstream: Energy Estate

Project: Energy Efficient Council Programme A

Reduce energy costs in the Council's non-domestic estate to deliver ongoing revenue savings.

Activity:
Reduce energy costs in the Council's non-domestic estate to deliver ongoing revenue savings. Create database of costed projects to be utilised within the ongoing asset rationalisation considerations, grant funding & capital maintenance programme.

Project Elements
- Undertake technical inspections of 300 buildings over a 2 year period. Focus on schools, leisure and larger, more energy, intensive properties.
- Creation of associated costed project database.
- Implementation of approved projects.

Portfolio: Net Zero, Energy Investment & Innovation

Portfolio Sponsor: Assistant Chief Executive

MILESTONES		CURRENT STATU
Starts Apr24 / Completes Aug24	Energy Efficient Council Programme: Plan agreed	M12 24/25 Completed
Starts Apr24 / Completes Mar25	Energy Efficient Council Programme: 1st tranche of properties surveyed	M12 24/25 Completed
Starts Apr25 / Completes Sep25	Energy Efficient Council Programme: Capital Funding approach agreed for first tranche of combined projects between Property & CCET	M3 26/27 No Significant Progress
Starts Apr25 / Completes Mar26	Energy Efficient Council Programme: 2nd tranche of properties surveyed	M12 25/26 Completed
Starts Apr25 / Completes Mar26	Energy Efficient Council Programme: Integrate NZ Audit and Project Implementation Process into Capital Programme	M3 26/27 No Significant Progress
Starts Dec 24 / Completes May 26	Energy Efficient Council Programme: Develop energy reduction projects database	M10 25/26 Completed

Overall Project RAG
The Energy Efficient Council programme is currently RAG-rated amber, as although most key milestones have been completed successfully, the progression of identified opportunities to implemented projects had been less than targeted.

Engagement is ongoing with respect to implementation of associated projects, however plans and timescales for progression of opportunities into implemented projects remain undefined. Lack of progression in this respect means that potential cost and carbon reduction opportunities are not being realised.

A presentation to all Head Teachers was undertaken in May 2026 and work continues to engage directly with site-based staff to promote behaviour and low-cost change measures

Milestones
203 surveys have been undertaken and 195 reports/NZ analysis completed.

To date, savings of approx. £215k and 229 tonnes of carbon have been achieved, primarily through heating system setpoint review and behaviour change measures as well as THC's capital lighting upgrade programme.

6.2 Key Risks & Measures of Success

Below is an extract of the second page of the PRMS project dashboard which sets out the Key Risks and Measures of Success for the project.

INVESTMENT

£	Energy Efficient Council Programme: Investment: EMR	£ 90,000

MEASURES OF SUCCESS		CURRENT STATUS
£	Asset Review: Energy Efficient Council Programme: Savings - FY 24-27 (Current FY Forecast)	£ 300,000
	Energy Efficient Council Programme: Value of grant funding secured	£ 928,597
	Energy Efficient Council Programme: Carbon performance assessment of non-domestic estate - reporting from Sep 25 (kgCO2/m2)	20,407
	Energy Efficient Council Programme: Value of Opportunities Identified if Implemented (cost avoidance)	£ 2,471,500
	Energy Efficient Council Programme: % of Council non-domestic properties surveyed FY24/25 onwards	68 %

KEY RISKS ASSESSED / RESPONSE	CURRENT RISK RATING	RESPONSE
Energy Efficient Council: Insufficient Contractor Capacity	6	Tolerate
Energy Efficient Council: Skilled Staff Shortage	6	Tolerate

6.3 Performance & Measures of Success

Financial Measures

To date over 2,000 individual recommendations have been identified, as summarised below, and it is clear that Energy Efficiency measures account for the vast majority of potential savings.

Behaviour Measures

	Number	Capex (£)	Cost Saving (£)
Fabric	23	£0	£7,790
Heating and Hot Water	521	£6,555	£317,581
Lighting and Power	215	£0	£78,753
Ventilation	59	£0	£6,078
Water	80	£0	£31,582
Total Behaviour Measures	**898**	**£6,556**	**£441,785**

Energy Efficiency Measures

	Number	Capex (£)	Cost Saving (£)
Fabric	164	£1,767,281	£282,787
Heating and Hot Water	277	£5,053,682	£457,161
Lighting and Power	153	£2,603,585	£256,748
Ventilation	18	£1,177,108	£146,729
Water	155	£24,644	£147,351
Total Energy Efficiency Measures	**767**	**£10,626,299**	**£1,290,777**

Renewable & NZ Measures

	Number	Capex (£)	Cost Saving (£)
Solar PV	154	£4,721,747	£848,026
EVCP	67	£0	£0
Heating and Hot Water (i.e. NZ heating systems)	118	£39,220,059	-£760,553
Replace gas with electric alternative	5	£40,000	£104
Total Renewable & NZ Measures	**344**	**£43,941,806**	**£87,473**

Engagement continues with Asset Rationalisation to promote energy efficiency considerations into non-domestic estate considerations. Further, engagement with Hub North and the associated design teams has been ongoing in relation to ensuring HIP investment for new educational facilities delivers excellence with respect to energy and carbon performance.

Designation: Assistant Chief Executive - Place

Date: 17 July 2026

Author: Scott Dalgarno – Strategic Lead Assets and Property
Ronnie MacDonald – Energy Manager

Background papers: None

Appendices: None