The Highland Council

Agenda Item	**14**
Report No	**HP/43/26**

Committee: **Housing and Property**

Date: **4 November 2026**

Report Title: **Delivery Plan Budget Monitoring & Progress update – Property and Housing – Q2 26/27**

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

1 Purpose/Executive Summary

1.1 The Delivery Plan 2024-27 consists of 66 projects/programmes, managed through 6 Portfolio Boards. This number will fluctuate as future work is developed, current projects close or work is restructured in order to improve an approach for successful delivery. 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:-

Reconfiguring our Asset Base:-

- New Trades Framework;
- New Area Community Hubs;
- Improve Asset Condition / Reduce Risk for General Fund Assets; and
- Deliver Affordable Housing Programme.

Net Zero, Energy, Investment & Innovation:-

- 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:-

i. **Scrutinise** and **note** the project/programme updates provided in this report; and
ii. **Note** the revised format of this report, which includes the use of portfolio board project dashboards from the Performance and Risk Management system (PRMS), with accompanying project narrative sections aligned to the content of these.

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.

3.3 **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.

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

5 New Trades Framework

5.1 Overall RAG and 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 showing some slippage.

Workstream: Single Property Service

Project: New Trades Framework **A**

Ensuring that we build and sustain our in-house repair teams, deliver apprenticeship opportunities and streamline the commissioning process for external contractors.

ACTIVITY
Develop a Trades Framework to enhance procurement and delivery of both Property and Housing repairs. This new framework will streamline commissioning process for both in-house repair teams and external contractors, with more opportunity for additional trades apprenticeships across the Highland area.

PROJECT ELEMENTS
- Mobile Housing repairs system rolled out.
- External contractors comply with Council digital repair systems for property & housing.
- In-house team strengthened to deliver increased level of repair works.
- Sustainable Apprenticeship scheme enhanced.
- Quality Assurance process enhanced.

CORPORATE RISK HCR02 MITIGATION

Portfolio: Reconfiguring our Asset Base

Portfolio Sponsor: Assistant Chief Executive

MILESTONES		CURRENT STATUS
Starts Apr24 / Completes Jun24	New Trades Framework: New project manager approved	M2 25/26 Completed
Starts Mar25 / Completes Aug25	New Trades Framework: Define the types of repair work that are in Scope for the Framework - Housing	M6 25/26 Completed
Starts Mar25 / Completes Aug25	New Trades Framework: Define the types of repair work that are in Scope for the Framework - Property	M6 25/26 Completed
Starts Oct25 / Completes Mar26	New Trades Framework: Invitation to Tender Process - Housing	M5 26/27 Completed
Starts Oct25 / Completes Mar26	New Trades Framework: Invitation to Tender Process - Property	M5 26/27 Completed
Starts Jan 26 / Completes May 26	New Trades Framework: Tender evaluation - Housing	M6 26/27 No Significant Progress
Starts Jan 26 / Completes May 26	New Trades Framework: Tender evaluation - Property	M6 26/27 No Significant Progress
Starts Apr 25 / Completes Jul 26	New Trades Framework: Phase 1 Inner Moray Firth operational	M6 26/27 No Significant Progress
Starts Apr24 / Completes Mar27	New Trades Framework: Highland Trades Framework deployed	M6 26/27 On Target

This project is ragged as Amber - Some Slippage. This reflects the delays regarding the invitation to tender process.

5.2 Following Member communication on 10 July, a successful contractor engagement process took place later that month. This engagement was designed specifically to make local contractors aware of the opportunity to tender for works and to confirm support in place for them to help them with the tendering process.

5.3 The invitation to tender was issued on 26 August and the tender closed on 28 September.

5.4 Based on the tender evaluation period, contract award and statutory standstill periods, the Trades Framework for Inner Moray Firth is anticipated to be in place for January 2027. This also reflects the operational requirements around introducing a new framework ahead of the festive period.

5.5 There has been positive analysis and discussion regarding the lotting of other geographical areas of Highland. Although there will be limited work required on the trades specifications as a result of the Inner Moray Firth tender process, there is a requirement for increased engagement with Members and contractors in rural areas to ensure that they are encouraged to tender for works. This engagement will assist with developing the specification to ensure that local conditions are prioritised and that tenants and non-domestic service users can anticipate successful local delivery of reactive repairs.

5.6 This second phase of the project remains on track for the Trades Framework to be deployed during Spring 2027.

5.7 Key Risks and 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.

MEASURES OF SUCCESS	CURRENT STATUS
£ New Trades Framework - FY 25-27 (Current FY Forecast)	£ 300,000
New Trades Framework: Contract monitoring reporting - Property [reporting starts Q1 26/27]	
New Trades Framework: Contract monitoring reporting - Housing [reporting starts Q1 26/27]	
New Trades Framework: In-house repairs team service is cost-efficient - Housing emergency repairs [reporting starts FY26/27]	
New Trades Framework: Comparison of Tenant and service satisfaction [reporting starts Q1 FY26/27]	
New Trades Framework: Comparison of Satisfaction for Property Service repairs [reporting starts Q1 FY26/27]	

KEY RISKS ASSESSED / RESPONSE	CURRENT RISK RATING	RESPONSE
New Trades Framework: Internal costs of managing the framework become unmanageable	4	Tolerate
New Trades Framework: Higher contractor costs to the Council as a result of Framework	4	Tolerate
New Trades Framework: New Trades Framework not in place for 1st April 2026	10	Issue
New Trades Framework: Availability of Local Trades to come on to the Framework	4	Tolerate

6 New Area Community Hubs

6.1 Overall RAG and 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 showing some slippage.

Workstream: Highland Investment Plan

Project: Single Public Estate - New Area Community Pods — **A**

Single Public Estate: New area hub and spoke delivery model, incorporating School, Offices, Depots and Partners. Building more integrated community-based facilities with partners to reflect our aspirations.

ACTIVITY
The public sector property portfolio in Highland is extensive with challenges relating to condition and suitability. There is scope for collaboration across services and partners to optimise usage and better serve communities. In reviewing our use of property on an ongoing basis and assets needed for service delivery, a mix of rationalisation and new resource will revitalise the estate and drive the case for investment in communities. This is in recognition of the fact that 35% of our school estate is currently rated in poor condition.

PROJECT ELEMENTS
- Identify and develop hub and spoke principles based on 5 stage place-based assessment of current and future needs.
- Retrofit first: Design/modify property spaces to meet future need.
- Promote place-based partnership collocation and joint working to provide benefits for service delivery and secure efficiencies.
- Future asset mapping process drives investment in community hub facilities to meet emergency, capacity and policy demands.

CORPORATE RISK HCR02 MITIGATION

Portfolio: Reconfiguring our Asset Base

Portfolio Sponsor: Assistant Chief Executive

MILESTONES		CURRENT STATUS
Starts Apr24 / Completes Mar27	Single Public Estate: Programme commences	M4 26/27 On Target
Starts Sep24 / Completes Mar27	Single Public Estate: Monitoring Programme Progress Dec. 2024	M10 24/25 Completed
Starts Apr25 / Completes May25	Single Public Estate Community Pods: Annual review of Delivery Programme 24/25 period	M2 25/26 Completed
Starts Apr 25 / Completes Oct 26	Single Public Estate: Dunvegan - Pre-Construction Activities	M4 26/27 Some Slippage
Starts Apr 25 / Completes Dec 26	Single Public Estate: Alness and Invergordon - Confirm Project Scope and Location(s)	M5 26/27 Some Slippage
Starts Apr 25 / Completes Dec 26	Single Public Estate: Other Locations - Confirm Project Scope and Location(s)	M4 26/27 Some Slippage
Starts Apr 25 / Completes Dec 26	Single Public Estate: Brora, Dornoch and Golspie - Confirm Project Scope and Location(s)	M5 26/27 Some Slippage
Starts / Completes Dec25	Single Public Estate: Monitoring Programme Progress Dec. 2025	M10 25/26 Completed
Starts Apr26 / Completes May26	Single Public Estate Community Pods: Annual review of Delivery Programme 25/26 period	M4 26/27 Some Slippage
Starts Apr 25 / Completes Oct 27	Single Public Estate: Beauly - Pre-Construction Activities	M5 26/27 On Target
Starts Apr 25 / Completes Oct 27	Single Public Estate: Dingwall - Pre-Construction Activities	M4 26/27 On Target
Starts Apr 25 / Completes Jun 27	Single Public Estate: Fortrose - Pre-Construction Activities	M4 26/27 On Target
Starts Apr 25 / Completes Sep 27	Single Public Estate: Inverness High - Pre-Construction Activities	M4 26/27 On Target
Starts / Completes Dec26	Single Public Estate: Monitoring Programme Progress Dec. 2026	
Starts Apr 25 / Completes Nov 27	Single Public Estate: Charleston - Pre-Construction Activities	M4 26/27 On Target
Starts Apr 25 / Completes Jan 28	Single Public Estate: Thurso - Pre-Construction Activities	M4 26/27 On Target
Starts Jan27 / Completes Mar27	Single Public Estate: End of Delivery Plan – Progress Report	

This project is ragged as Amber - Some Slippage. This reflects some delays in individual projects progress.

6.2 Whilst there has been slippage against the original programme dates for Dunvegan, the project has now progressed well through design development and is in the advanced stages of tendering with the final offer due early November 2026. Progress continues with the area reviews also.

6.3 **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.

Workstream: Highland Investment Plan

Portfolio: Reconfiguring our Asset Base
Portfolio Sponsor: Assistant Chief Executive

A **Project: Single Public Estate - New Area Community Pods**

Senior Responsible Officer: Responsible Officer: Robert Campbell

INVESTMENT

£	Single Public Estate: Investment: EMR (Current FY Forecast)	£ 2,823

MEASURES OF SUCCESS / **CURRENT STATUS**

£	Asset Review: Demonstrator Projects - FY 24-28 (Current FY Forecast)	£ 0
£	Implement Network of Community Facilities for Services - FY 25-28 (Current FY Forecast)	£ 0
	Single Public Estate Community Pods: Key partners co-located with Council Services in community pods [reporting starts FY27/28]	
	Single Public Estate: No. schools planned to be incorporated in Community Pods [reporting starts FY27/28]	

KEY RISKS ASSESSED / RESPONSE	CURRENT RISK RATING	RESPONSE
Community Pods: Savings Targets Not Fully Achieved	8	Treat
Community Pods: Engagement and Statutory Consultation	1	Tolerate
Community Pods: Delivery Affected by Market Forces	6	Tolerate
Community Pods: Service and Partner Engagement	4	Tolerate

Key Risks
Affordability remains a key risk, particularly for the Dunvegan project. Construction pricing still remains high with various factors affecting cost including inflation and fuel costs. Accommodation on Skye is also a key consideration for this project.

Contractor capacity and supply chain resilience continues to present challenges across the Highlands and Islands.

Financial Summary
There are no immediate financial savings associated with these projects as the project programmes are longer term.

Forward Plan
Continue to monitor progress and consider contingency arrangements to mitigate any risks associated with programme slippage.

7 Improve Asset Condition / Reduce Risk for General Fund Assets

7.1 Overall RAG and 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: Highland Investment Plan

Project: Improve Asset Condition/ Reduce Risk for General Fund Assets — G

Ensuring there is a programme of asset improvement in place to meet required standards.

ACTIVITY
The Council has a significant number of assets ranked as condition C needing urgent capital investment to prevent building failures (roofs, windows, heating systems etc), as well as loss of service delivery from affected facilities. The approved capital programme includes an annual generic budget to address high level priorities.

PROJECT ELEMENTS
- Programme of property condition surveys is needed to identify the condition of property elements that are heading towards failure.
- Annual programmes of work prevent unplanned property failures.
- Existing high-level property risks will be captured, monitored and mitigated through the Council's Corporate Risk Register.
- Internal Property Team will manage and deliver the annual works programme.

CORPORATE RISK HCR02 MITIGATION

Portfolio: Reconfiguring our Asset Base

Portfolio Sponsor: Assistant Chief Executive

MILESTONES		CURRENT STATUS
Starts Oct24 / Completes Jan25	Improve Existing Asset Condition: Recruitment/Appointment of in-house survey team	M6 26/27 Some Slippage
Starts Nov24 / Completes Mar25	Improve Existing Asset Condition: Creation of 'Business Critical' property asset register	M12 25/26 Completed
Starts / Completes Apr25	Improve Existing Asset Condition: 2025 Survey Programme completed on target	M1 26/27 Completed
Starts Mar25 / Completes May25	Improve Existing Asset Condition: Corporate Risk relating to Property	M1 26/27 Completed
Starts Apr25 / Completes Mar26	Improve Existing Asset Condition: Fully utilise Concerto across the Property Service	M6 26/27 Some Slippage
Starts / Completes Apr26	Improve Existing Asset Condition: 2026 Survey Programme completed on target	M6 26/27 On Target
Starts Mar25 / Completes Mar27	Improve Existing Asset Condition: Bi-annual reporting on project	M4 26/27 Completed
Starts / Completes Apr27	Improve Existing Asset Condition: 2027 Survey Programme completed on target	
Starts Apr24 / Completes Mar29	Improve Existing Asset Condition: Approved 5 year Generic Property Budget 2024-2029	M6 26/27 On Target
Starts Nov24 / Completes Apr29	Improve Existing Asset Condition: Develop data driven programme of works for targeted condition improvements	M6 26/27 On Target
Starts Mar27 then every 5 yrs	Improve Existing Asset Condition: Quinqennial rolling survey programme - starts Mar27	

7.2 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.

MEASURES OF SUCCESS	CURRENT STATUS
£ Implement Network of Community Facilities for Services - FY 25-28 (Current FY Forecast)	£ 0
Improve Asset Condition: Planned vs reactive spend [reporting starts FY24/25]	
Improve Asset Condition: Backlog of essential repairs (£/m2) [reporting starts FY24/25]	£ 322
Improve Asset Condition: Projected Backlog of Essential Repairs [reporting starts FY24/25]	£ 228,895,839
Improve Asset Condition: Progress of condition surveys completed Qtr [reporting starts 23/24]	103 %
Improve Asset Condition: % of GIA survey [reporting starts FY 24/25]	37 %
Improve Asset Condition: Reduction in risks [reporting starts 2026/27]	
Asset Management - Condition (CORP-ASSET02)	82.2 %
Asset Management - % Suitability (CORP-ASSET01)	77.9 %

KEY RISKS ASSESSED / RESPONSE	CURRENT RISK RATING	RESPONSE
Improve Asset Condition: Resource to Conduct Condition Surveys	16	Treat
Improve Asset Condition: Contractor Capacity	16	Treat
Improve Asset Condition: Insufficient Budget	20	Treat

8 Deliver Affordable Housing Programme

8.1 Overall RAG and 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: Highland Investment Plan

Project: Affordable Housing Programme — G

Increasing the supply of affordable, warm and accessible new housing.

ACTIVITY
The Council is committed to increasing the supply of affordable, warm and accessible new housing. This is aimed at meeting the needs of Highland communities and specifically link to the various housing priorities established in the Local Housing Strategy 2023-2028.

PROJECT ELEMENTS
- Review affordability of the new build housing programme including maximisation of external funding streams.
- Partnership work to address themes such as provision of key worker accommodation, veterans housing and accessible housing.
- Work with private sector investors to explore new Finance model for increasing delivery of new housing.

Portfolio: Reconfiguring our Asset Base

Portfolio Sponsor: Assistant Chief Executive

MILESTONES		CURRENT STATUS
Completed in January 2024	Deliver Affordable Housing: Strategic Housing Investment Programme approved	M10 23/24 Completed
Starts Apr24 / Completes Sep24	Deliver Affordable Housing: Housing revenue Capital Plan agreed	M5 24/25 Completed
Starts Jun25 / Completes Nov25	Deliver Affordable Housing: Strategic Housing Investment Programme approved for 2026-2031	M8 25/26 Completed
Starts Sep 24 / Completes Dec 25	Deliver Affordable Housing: Alternative finance model delivered	M4 26/27 No Significant Progress
Starts Apr25 / Completes Jan26	Deliver Affordable Housing: Housing Revenue Account Capital Plan - 25/26 Approved	M12 25/26 Completed
Starts / Completes Oct 25	Mid-Market Rent: 01 Recruitment of Delivery Manager	M7 25/26 Completed
Starts / Completes Nov 25	Mid-Market Rent: 02 Formation of Mid-Market Rent Board	M8 25/26 Completed
Starts Dec 25 / Completes Jan 26	Mid-Market Rent: 03 Draft Project Plan / Develop Key Milestones	M9 25/26 Completed
Starts Dec 25 / Completes Jan 26	Mid-Market Rent: 04 Draft PID	M10 25/26 Completed
Starts Dec 25 / Completes Jan 26	Mid-Market Rent: 05 PID approved	M10 25/26 Completed
Starts Dec 25 / Completes Jan 26	Mid-Market Rent: 06 Agree project board terms of reference	M10 25/26 Completed
Starts Dec 25 / Completes Apr 26	Mid-Market Rent: 07 Deliver Westercraigs Flats	M1 26/27 Completed
Starts Dec 25 / Completes Apr 27	Mid-Market Rent: 08 Formation of Arms-Length Organisation	M6 26/27 On Target
Starts Sep 25 / Completes Dec 26	Mid-Market Rent: 09 Delivery of Mid-Market Rent (MMR) external	M1 26/27 Completed
Starts Jan 26 / Completes Apr 26	Mid-Market Rent: 10 Updated allocations policy to include key-worker data adopted	M1 26/27 Completed
Starts Apr 26 / Completes Aug 26	Mid-Market Rent: 11 financial and legal mid-market model considered by committee	M6 26/27 Some Slippage

8.2 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.

MEASURES OF SUCCESS	CURRENT STATUS
£ Operating Model: Savings: Delivery of Council mid market rent model - FY 26-28 (Current FY Forecast)	
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	9
Deliver Affordable Housing: No. affordable houses built by others per year 2022-27	277
Deliver Affordable Housing: No. council houses built/ purchased per year 2022-27	222
Deliver Affordable Housing: % of SG Resource Planning Allocation Spent [reporting starts FY24/25]	100 %

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
Mid-Market Rent: Insufficient Investment	12	Tolerate
Mid-Market Rent: Insufficient sites to deliver programme	12	Treat
Mid-Market Rent: Limited Investment beyond life of the programme	9	Tolerate
Mid-Market Rent: Timescale slippage	0	Closed

Key Risks

There remains a key risk associated to high construction costs. In terms of funding this has been mitigated by an equivalent increase in Scottish Government grant. This is not a sustainable situation, and we are actively looking at ways to reduce costs, using standard house types, procurement frameworks and identifying opportunities for small locally based contractors.

Financial Measures

Ongoing discussions with investors continue. The aim was to have a project portfolio funded by investors with limited/no public subsidy. There is an acceptance that public subsidy will be required to deliver a return to investors due to the high cost of delivery in the Highlands. Such projects can still be accepted as adding value, given such homes would not be delivered by the affordable sector and do not impact on the sector's borrowing.

Performance & Measures of Success

The programme of housing continues to be delivered as programmed, and we are now on site with 32 homes in 3 fragile rural communities on site. The Rural Key worker fund has delivered 6 homes to date this year with further purchases forecast.

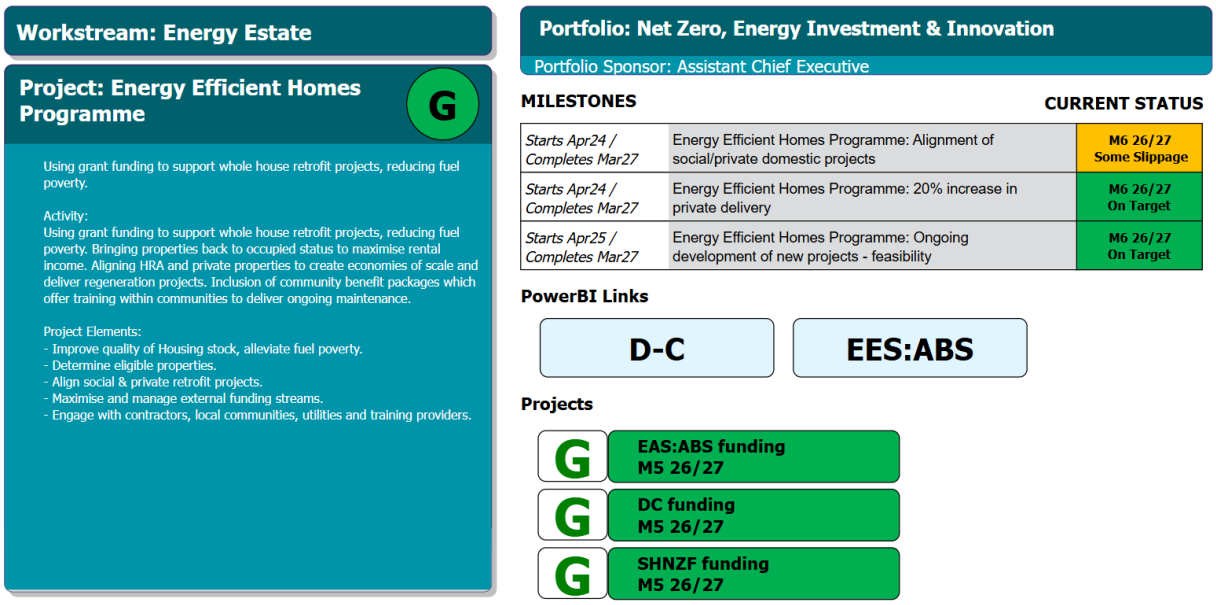
Forward Plan

The Plan is to continue to deliver against the SHIP targets and seek ways of increasing delivery to meet the housing challenge

9 Energy Efficient Homes

9.1 Overall RAG and Milestones

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



Workstream: Energy Estate

Project: Energy Efficient Homes Programme — G

Using grant funding to support whole house retrofit projects, reducing fuel poverty.

Activity:
Using grant funding to support whole house retrofit projects, reducing fuel poverty. Bringing properties back to occupied status to maximise rental income. Aligning HRA and private properties to create economies of scale and deliver regeneration projects. Inclusion of community benefit packages which offer training within communities to deliver ongoing maintenance.

Project Elements:
- Improve quality of Housing stock, alleviate fuel poverty.
- Determine eligible properties.
- Align social & private retrofit projects.
- Maximise and manage external funding streams.
- Engage with contractors, local communities, utilities and training providers.

Portfolio: Net Zero, Energy Investment & Innovation

Portfolio Sponsor: Assistant Chief Executive

MILESTONES		CURRENT STATUS
Starts Apr24 / Completes Mar27	Energy Efficient Homes Programme: Alignment of social/private domestic projects	M6 26/27 Some Slippage
Starts Apr24 / Completes Mar27	Energy Efficient Homes Programme: 20% increase in private delivery	M6 26/27 On Target
Starts Apr25 / Completes Mar27	Energy Efficient Homes Programme: Ongoing development of new projects - feasibility	M6 26/27 On Target

PowerBI Links

D-C | EES:ABS

Projects

G	EAS:ABS funding M5 26/27
G	DC funding M5 26/27
G	SHNZF funding M5 26/27

The programme remains “green”, with milestones reviewed and updated monthly. Two key milestones are progressing as planned, with one currently rated amber due to delays in aligning private sector and social housing projects arising from funding uncertainty. Work is ongoing to explore opportunities to leverage additional external funding sources.

The EES:ABS 2025/26 Project End Report and ECO4 Flex and GBIS Flex Year End Report are complete.

The independent review of the Council's Energy Efficient Scotland: Area Based (EES:ABS)Scheme delivery between 2023 and 2025 is now complete. The review determined the Council has developed a highly effective and innovative approach to improving domestic energy efficiency and alleviating fuel poverty across Highland.

The review recognised the significant challenges associated with delivering retrofit programmes in the region, including rurality, off-gas housing, older housing stock, high levels of fuel poverty, and supply chain and skills constraints. Despite these challenges, the review highlighted the Council's strong performance in securing funding and delivering energy efficiency improvements to households across Highland.

9.2 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.

MEASURES OF SUCCESS	CURRENT STATUS
% 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]	£ 11,346,921
Energy Efficient Homes Programme: Cumulative Ext leverage funds for privately owned properties [reporting starts Q1 24/25]	£ 17,040,842
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]	673
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]	

KEY RISKS ASSESSED / RESPONSE	CURRENT RISK RATING	RESPONSE
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

Key Risks

Securing sufficient funding remains a key risk for this programme, as the scale of investment required to improve the region's housing stock and meet future energy efficiency standards significantly exceeds current funding availability. While the Council continues to secure significant external funding to support improvements to eligible Council houses, owner occupier and privately rented properties across the region. Funding leveraged to date represents only a proportion of the investment required to improve the wider housing estate and meet energy efficiency standards.

A range of tenant and householder engagement resources have been developed to increase awareness and understanding of energy efficiency measures and ensure residents feel informed and supported before, during and after installation works. These resources aim to improve confidence and reduce tenant opt-outs, particularly in relation to the installation of air source heat pumps.

Contractor capacity and supply chain resilience continue to present challenges across Highland, reflecting wider pressures within the retrofit sector. To better understand these issues, the Highland Energy Community Partnership have published a report outlining research undertaken to examine how local tradespeople and businesses experience supply chain constraints across the region. The report provides valuable insight into current barriers and opportunities to strengthen local skills, workforce capacity and supply chains, supporting the long-term delivery of energy efficiency and net zero programmes.

Financial Summary

There are no direct financial savings associated with this programme. Instead, measures of success for this programme 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, above, £28.38m of 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.

As noted in the measures of success table above, the programme has leveraged £28.38m of external funding since the commencement of the Delivery Plan to date. This funding has supported the delivery of large scale retrofit activity across the region, improving energy efficiency and supporting the alleviation of fuel poverty.

Forward Plan
The Council, in alignment with its Local Heat and Energy Efficiency Strategy (LHEES), is developing a longer-term plan to strengthen future funding opportunities and support the continued delivery of domestic energy efficiency and fuel poverty initiatives across the region. Significant partnership activity is also underway through the Community Planning Partnership to coordinate action and maximise support for households experiencing fuel poverty.

The Council has received confirmation of its 2026/27 Energy Efficient Scotland: Area Based Scheme (EES:ABS) grant award and has successfully secured an additional £1m of Scottish Government funding. In addition, £750k of funding has been secured from SSE Renewables over the next two years, providing further investment in energy efficiency improvements for Highland households living in extreme fuel poverty.

Work is ongoing to identify and develop new funding opportunities, including collaborative approaches with partner organisations, supporting long term sustainability and development of domestic retrofit initiative across the region.

Designation:	Assistant Chief Executive - Place
Date:	12 October 2026
Author:	Sharon Barrie, Interim CO Property & Assets Helen Cameron, Service Lead – Housing Development
Background Papers:	None
Appendices:	None