

The Highland Council

Agenda Item	3
Report No	CCC/04/24

Committee: Climate Change

Date: 23 May 2024

Report Title: Net Zero Action Plan – Proposed Revised Approach

Report By: Assistant Chief Executive, People

1. Purpose/Executive Summary

- 1.1 This report outlines the proposed approach for the future delivery of the Net Zero Strategy within the framework of the Operational Delivery Plan under the Net Zero, Energy, and Innovation Portfolio. It is also noted that the delivery of Net Zero has now been included in the Terms of Reference for all of the Portfolio Boards within the Operational Delivery Plan.
- 1.2 While work continues to develop a fully costed action plan, the approach to deliver it as a programme of works aims to streamline efforts and allow the Climate and Energy Team to focus on supporting key actions and workstreams identified directly within the thematic groups.

2. Recommendations

- 2.1 Members are asked to:
- i. **Agree** the approach for the development and reporting of the Net Zero Programme;
 - ii. **Agree** the more focused approach to project development and reporting; and
 - iii. **Note** the alignment of future reporting with the Operational Delivery Plan.

3. Implications

- 3.1 **Resource** - the function of the Net Zero Strategy Group and supporting thematic groups requires significant staff time across all Services. Members have reinforced the importance of making progress across all workstreams and have previously agreed on recommendations to ensure effective governance arrangements are in place to build and deliver the Net Zero Strategy and action plan.

The Net Zero Programme Board Terms of Reference were agreed on 2 October 2023. (Agenda Item 4. Report No CCC/1/24) The financial implications of reaching our climate change ambitions need to be addressed and identified for the organisation. A detailed and costed action plan will be developed to inform this. The long-term gains of taking a climate-first approach can come with high additional upfront costs. All councils

must align their investments with the decarbonisation of infrastructure, fleet, heat technology and buildings and help with skills and project development to keep pace with the net zero agenda. Investing now will prevent the Council from facing far greater additional costs in the future. Several public and private funding streams are contingent on a just transition to a net zero economy; therefore, the Council has significant potential to leverage public and private investment to meet our climate change ambitions.

- 3.2 **Legal** - the Council has several requirements in respect of reporting against its climate change obligations, in addition to being required to directly support Scotland's target to end its contribution to climate change no later than 2045.
- 3.3 **Community (Equality, Poverty, Rural and Island)** - common throughout all the themes of the Net Zero Strategy is the recognition that our work and activities are undertaken in such a way as to ensure the benefits of climate change action are shared widely, while the costs do not unfairly burden those least able to pay, or whose livelihoods are directly or indirectly at risk as the economy shifts and changes.
- 3.4 **Climate Change / Carbon Clever** - climate change is the public sector's most complex challenge. The Net Zero Strategy outlines the Council's approach to addressing the climate emergency.
- 3.5 **Risk** - failure to proactively address the climate and ecological emergency across all service delivery areas carries significant reputational risk, particularly considering the political ambition at both local and national levels around the climate change agenda. In addition, failure to take a proactive approach to climate change action will limit opportunities to secure external funding.

As outlined in Audit Scotland's briefing 'Scotland's councils' approach to addressing climate change', action is needed now to make sure that Scotland is resilient enough to deal with the impacts of the changes to the climate that are already happening. If we do not respond quickly enough to drastically reduce greenhouse gas emissions and increase our resilience, severe widespread impacts are expected. This includes extreme disruption to the systems we depend on for food, water, and shelter.

- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - there are no implications arising from this report. However, health and safety will be addressed in the Council's Adaptation Strategy and Action Plan.
- 3.7 **Gaelic** - there are no implications arising from this report.

4. Integration into the Operational Delivery Plan

- 4.1 The Council has reaffirmed its continued commitment to advancing Net Zero by positioning it as a prominent programme within the Operational Delivery Plan under the purview of the Net Zero, Energy, and Innovation Portfolio. This alignment ensures consistency with the overarching objectives outlined in the Council's Programme and Performance Plan, fostering a unified approach towards attaining the ambitious decarbonisation targets set out in the Council's Net Zero Strategy.
- 4.2 To strengthen these connections the Council has also agreed to include responsibility for promoting Net Zero in each of the Operational Delivery Plan's Portfolio Terms of Reference.

5. Focus on Key Actions and Workstreams

- 5.1 In an effort to streamline efforts and maximise impact, the Climate and Energy Team (CCET) will work with each of the Thematic Groups to adopt a strategic approach by aligning key actions and workstreams into key objective delivery plans following the same format of project brief templates utilised within the Operational Delivery Plan. Samples of these have been included (Appendix 1). With the Committee's agreement these will be fully developed over the summer for agreement at the next Climate Change Committee.
- 5.2 This approach ensures cohesion and consistency, enabling targeted efforts towards decarbonisation initiatives which can be implemented, measured, and reported on now. The CCET will collaborate across services to develop projects aimed at accelerating the Council's Net Zero agenda and reducing its carbon footprint.
- 5.3 The CCET will continue to develop a comprehensive understanding of the cost of the Council's Net Zero ambition along with the associated risk from inaction. This strategic alignment will allow the team to focus more on working closely with services to implement operational savings and carbon reductions.
- 5.4 A more proactive approach will empower the CCET to lead on projects such as the advancement of key initiatives like Circular Economy Principles, implementing Carbon budgeting, and adaptation workstreams that transcend individual service remits but are integral to the Council achieving its Net Zero objectives. The corporate re-structure, establishing services under the three headings of People, Place and Corporate will also help to drive synergies and collaboration across service delivery areas.
- 5.5 This realigned focus will enable the Team to capitalise on the breadth of funding streams becoming available within the climate and energy space.

6. Development of Reporting Framework

- 6.1 To maintain a level of consistency in the reporting of projects and workstreams aligned to Thematic Groups the template will mirror the layout of the Operational Delivery Plan, each with a specific focus on key decarbonisation impacts.
- 6.2 The CCET will collaborate with services to detail areas of activity in the development of smart workstreams and detailing the following information:
 - Areas of Activity
 - Project elements
 - Measure of Success
 - Milestones
 - Programme Themes
 - Key Risks
 - Investment Required

This information will form the Project Brief Template from which all future reporting will reference.

- 6.3 Agreed measures of success will translate into Key Performance Indicators (KPIs) within the service plan, assigned to the relevant service it will provide a clear benchmark for progress evaluation.

7. Governance and Accountability

- 7.1 The Net Zero Programme Manager will report to the Portfolio board on progress of the Net Zero Delivery Plan on a quarterly basis. This report will encompass all live workstreams and projects across the Thematic groups and will form the basis for each update brought to the Climate Change Committee.
- 7.2 A responsible officer will be appointed from the lead service for each workstream or project. The responsible officer will provide regular updates on the Programme for inclusion in quarterly reports. The responsible officer will be required to report directly to the Climate Change Committee on at least an annual basis, providing an update on achievements, challenges, and proposed actions.

8. Engagement and Collaboration

- 8.1 Ongoing engagement and collaboration with stakeholders, including Members, services, partners, businesses, and the third sector, will be integral to the success of the Net Zero Strategy.
- 8.2 Continuous dialogue and feedback mechanisms will ensure that the strategy remains responsive to evolving needs and challenges.

9. Conclusion

- 9.1 It is recognised that the Council's approach to developing a fully costed action plan has been challenging. It is recognised that different areas of influence are at different stages in the decarbonisation journey, with a number of thematic groups not in a position to fully unlock the full costs of their operational decarbonisation.
- 9.2 The approach to delivering the Net Zero Strategy as a programme within the Operational Delivery Plan allows the CCET to take a more proactive role in helping services identify key areas where impacts can be identified as short, medium and long term opportunities.
- 9.3 Establishing the Net Zero Strategy as a programme within the Operational Delivery Plan allows the CCET to focus on key actions and workstreams, establish robust reporting mechanisms, and foster collaboration to help unlock the Council's approach to its net zero targets as we continue to develop a strategic understanding both the cost and consequences of our actions and inactions.

10. Next Steps

- 10.1 The integration of the Net Zero Programme within the Council's Operational Delivery Plan offers a strategic opportunity to integrate the Council's Net Zero Ambition across the Council's priority actions.
- 10.2 Implementation of the proposed approach will commence immediately with CCET spearheading the alignment of activities with thematic groups and initiating project development.
- 10.3 Projects will be identified within each of the current Thematic group workstreams. A report will be brought to the next Climate Change Committee detailing the planned activity, milestones and measures of success for each project.

Designation: Assistant Chief Executive, People

Date: 6 May 2024

Author: Neil Osborne, Climate Change & Energy Team Manager

Appendices: Appendix 1: Example Templates of Net Zero Thematic Group Project Reporting

Workstream	Net Zero, Energy Investment & Innovation		Senior Responsible Officer: Net Zero Programme Manager	Portfolio Sponsor: Climate & Energy Manager		
Net Zero Delivery	Activity Reduce energy use, costs and emissions in the Council's non-domestic estate through increasing energy conservation, efficiency and utilisation of renewable energy sources.		Measures of Success To be agreed with thematic group Lead.			
Project	Project Elements <ul style="list-style-type: none"> • Programme of energy awareness and training • Asset rationalisation • Conversion of fossil-fuel heating systems • Minimise carbon emissions from construction and operation of new facilities • Explore renewable energy generation options • LHEES 		Milestones <ul style="list-style-type: none"> • 08/24 - Implementation of heating policy • 2038 – All publicly owned buildings to achieve zero direct emissions by 2038. 			
Built Estate and Energy	Programme Theme: 4 A Sustainable Highland Environment and Global Centre for Renewable Energy		Key Risks To be agreed with thematic group Lead.			
Responsible Officer: Service Lead-Design & Construction	Links to Performance Plan targets: <table border="1" style="margin: 5px auto;"> <tr> <td style="background-color: #00728f; color: white; padding: 2px;">4.7 (i, ii, vi)</td> <td style="background-color: #00728f; color: white; padding: 2px;">4.8 (i)</td> <td style="background-color: #00728f; color: white; padding: 2px;">4.9 (i-iv)</td> <td style="background-color: #00728f; color: white; padding: 2px;">4.10 (i-ii)</td> </tr> </table> Links to Programme: Place – Achieve Net Zero targets. Economy – Investment in renewable energy opportunities to generate new income streams. Economy – New energy investments to reduce energy costs. Economy – Financial saving from reduced energy usage.				4.7 (i, ii, vi)	4.8 (i)
4.7 (i, ii, vi)	4.8 (i)	4.9 (i-iv)	4.10 (i-ii)			

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Workstream	Net Zero, Energy Investment & Innovation		Senior Responsible Officer: Net Zero Programme Manager	Portfolio Sponsor: Climate & Energy Manager
Net Zero Delivery	Activity Aligning investment with decarbonisation in infrastructure, heat technology and buildings in line with the net zero agenda.		Measures of Success To be agreed with thematic group Lead.	
Project	Project Elements <ul style="list-style-type: none"> • Housing Stock review • Embed zero carbon standard in all new build and retrofit works • Optimise funding opportunities to maximise the benefit in efficiency improvements across the estate • Increase energy efficiency across the estate • Explore heat network potential in our Local Authority area 		Milestones <ul style="list-style-type: none"> • 06/24 – Housing stock review completed • 12/24 – Housing property committee to consider a stock viability review to influence future asset management planning • 2032 - EESSH 2 – All social housing to achieve EPC B 	
Social Housing/HRA	Programme Theme: 3 Accessible and Sustainable Highland Homes		Key Risks To be agreed with thematic group Lead.	
Responsible Officer: Head of Housing & Building Maintenance	Links to Performance Plan targets: <table border="1" style="margin: 5px auto;"> <tr> <td style="background-color: #00728f; color: white; padding: 2px;">3.2 (i-ii)</td> <td style="background-color: #00728f; color: white; padding: 2px;">4.7, 4.11 (iv-v), (ii)</td> </tr> </table> Links to Programme: People – Warm and energy efficient homes.			
3.2 (i-ii)	4.7, 4.11 (iv-v), (ii)			

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Workstream	Net Zero, Energy Investment & Innovation		Senior Responsible Officer: Net Zero Programme Manager	Portfolio Sponsor: Climate & Energy Manager	
Net Zero Delivery	<p>Activity To minimise emissions associated with procurement. To Identify commercial opportunities which in turn can be reinvested for Community Wealth Building (CWB) projects through use of community benefits.</p>		<p>Measures of Success To be agreed with thematic group Lead.</p>		
Project	<p>Project Elements</p> <ul style="list-style-type: none"> • Calculation of previous 4 years of Scope 3 emissions through procurement spend • Develop CWB Strategy • Develop carbon budgeting tool • Incorporate sustainable requirements into trades contracts • Support suppliers in their net zero journeys 		<p>Milestones</p> <p>06/24 - Develop strategy to map funding opportunities aimed at community energy projects 09/24 - Finalise CWB Strategy 12/24 - Implement new legislative proposal for advancing CWB approach Annual - Report on carbon budget tracking</p>		
Procurement & Community Wealth Building	<p>Programme Theme: 4 A Sustainable Highland Environment and Global Centre for Renewable Energy</p>		<p>Key Risks To be agreed with thematic group Lead.</p>		
Responsible Officer: Strategic Procurement Manager	<p>Links to Performance Plan targets:</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #76923c; color: white;">2.11 (i-iii)</td> <td style="background-color: #4f81bd; color: white;">4.11 (ii)</td> <td style="background-color: #5d2768; color: white;">5.4 (i)</td> </tr> </table> <p>Links to Programme: Economy – Reducing procurement will reduce spend Economy – Just Transition People – Resilient & sustainable Council</p>				2.11 (i-iii)
2.11 (i-iii)	4.11 (ii)	5.4 (i)			

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Workstream	Net Zero, Energy Investment & Innovation		Senior Responsible Officer: Net Zero Programme Manager	Portfolio Sponsor: Climate & Energy Manager
Net Zero Delivery	<p>Activity The financial implications of reaching our climate change ambitions must be addressed and identified for the organisation.</p>		<p>Measures of Success To be agreed with thematic group Lead.</p>	
Project	<p>Project Elements</p> <ul style="list-style-type: none"> • Embed net zero into decision-making processes related to annual budget setting and the Capital Programme • Maximise funding opportunities • Develop a funding strategy • Continue to utilise SALIX funding • Develop a pipeline of investment-ready projects to accelerate investment in net zero projects. • Review structure and governance of capital programme 		<p>Milestones</p> <ul style="list-style-type: none"> • 07/24 – CCIA roll-out 	
Net Zero Funding & Capital Programme	<p>Programme Theme: 4 A Sustainable Highland Environment and Global Centre for Renewable Energy</p>		<p>Key Risks To be agreed with thematic group Lead.</p>	
Responsible Officer: Head of Corporate Finance & Commercialism	<p>Links to Performance Plan targets:</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #4f81bd; color: white;">4.11 (ii)</td> </tr> </table> <p>Links to Programme: Economy – Just Transition Place – Community partnership for funding Economy – Secure external funding for net zero projects Economy – The benefits of strong and early action far outweigh the economic costs of not acting</p>			
4.11 (ii)				

4

Workstream	Net Zero, Energy Investment & Innovation		Senior Responsible Officer: Net Zero Programme Manager	Portfolio Sponsor: Climate & Energy Manager		
Net Zero Delivery	<p>Activity Reduce business miles travelled and associated fuel costs and emissions by rationalising fleet vehicles, switching to ULEV alternatives, increasing efficiency, prioritising a digital by default approach and encouraging low emission behaviours such as walking, cycling and public transport.</p> <p>Project Elements</p> <ul style="list-style-type: none"> • Reduce travel through behaviour change • Rationalise and renew the light fleet • Continue to implement low emission approach to the heavy fleet • Build resilience into the Council's travel projects, guidance and policies 		<p>Measures of Success To be agreed with thematic group Lead.</p>			
Project			<p>Milestones</p> <ul style="list-style-type: none"> • 2025 - 20% reduction in fleet size • 2025 - Phase out the need for new petrol and diesel cars and light commercial vehicles • 2030 - Phase out the need for all new petrol and diesel vehicles in fleet • 2030 - 20% reduction in vehicle mileage 			
Fleet & Staff Travel	<p>Programme Theme: 4 A Sustainable Highland Environment and Global Centre for Renewable Energy</p> <p>Links to Performance Plan targets:</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #00728f; color: white;">4.2 (i-ii)</td> <td style="background-color: #00728f; color: white;">4.7 (i, iii)</td> </tr> </table> <p>Links to Programme: Place – Achieve Net Zero targets. Economy – Reducing fleet and fuel costs. People – Promoting greener travel. People – Increasing number of low carbon bus fleet.</p>		4.2 (i-ii)	4.7 (i, iii)	<p>Key Risks To be agreed with thematic group Lead.</p>	
4.2 (i-ii)			4.7 (i, iii)			
Responsible Officer: Head of Community Operations & Logistics						

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Workstream	Net Zero, Energy Investment & Innovation		Senior Responsible Officer: Net Zero Programme Manager	Portfolio Sponsor: Climate & Energy Manager				
Net Zero Delivery	<p>Activity Effective use of natural infrastructure can improve climate change mitigation or adaptation. The Council is involved in several projects to build resilience including setting aside land for biodiversity and investing in nature-based solutions. Local authorities have a range of powers and responsibilities linked to planning and development, which will contribute to the transition to net zero and create a climate-ready Highland.</p> <p>Project Elements</p> <ul style="list-style-type: none"> • Enhance Biodiversity and Carbon Sequestration • Build Climate resilience into natural environment and Land use practices • Development Plan and Place Plan Approach • Active Travel 		<p>Measures of Success To be agreed with thematic group Lead.</p>					
Project			<p>Milestones</p> <ul style="list-style-type: none"> • Enhance biodiversity and carbon sequestration • Build climate resilience into our natural environment and land use practices • Finalise and implement the Inner Moray Firth Local Development Plan policies • Develop a new Highland-wide Development Plan that aligns with and reinforces NPF4 • Empower communities to prepare Local Place Plans that lead local delivery of Net Zero and climate resilience • Develop Adaptation Strategy 					
Planning Land Use & Environment	<p>Programme Theme: 4 A Sustainable Highland Environment and Global Centre for Renewable Energy</p> <p>Links to Performance Plan targets:</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #00728f; color: white;">4.1 (i-v)</td> <td style="background-color: #00728f; color: white;">4.4 (i-ii)</td> <td style="background-color: #00728f; color: white;">4.5 (i-iii)</td> <td style="background-color: #00728f; color: white;">4.11 (i)</td> </tr> </table> <p>Links to Programme: People – active travel & greener transport. Place – local solutions with communities, value & protect Highland's natural environment and encourage better land & sea management. Economy – promote a Just Transition for all.</p>		4.1 (i-v)	4.4 (i-ii)	4.5 (i-iii)	4.11 (i)	<p>Key Risks To be agreed with thematic group Lead.</p>	
4.1 (i-v)			4.4 (i-ii)	4.5 (i-iii)	4.11 (i)			
Responsible Officer: Serv Lead-Environment Dev Active Travel								

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Workstream	Net Zero, Energy Investment & Innovation		Senior Responsible Officer: Net Zero Programme Manager	Portfolio Sponsor: Climate & Energy Manager
Net Zero Delivery	Activity The Council needs to take a holistic and proactive approach to plan, adapt and build resilience to the impacts of climate change across all Services, alongside the Council's actions to reduce emissions and transition to a sustainable net zero future.		Measures of Success To be agreed with thematic group Lead.	
Project	Project Elements To build resilience into internal service plans, policies, and procedures, as well as Council assets, infrastructure, and services.		Milestones <ul style="list-style-type: none"> • Production of a Council-wide Climate Risk and Opportunity Assessment. • Development of a Climate Change Adaptation Strategy and Action Plan by 2025. 	
Adaptation Strategy & Action Plan	Programme Theme: 4 A Sustainable Highland Environment and Global Centre for Renewable Energy		Key Risks To be agreed with thematic group Lead.	
Responsible Officer: TBC	Links to Performance Plan targets: <div style="background-color: #00728f; color: white; padding: 2px; display: inline-block;">4.5 (i, iii)</div>	Links to Programme: Place - Encourage greater use of land and seas being well managed for nature and adaptation including blue economy, carbon sequestration, and peatland restoration. People – building a resilient workforce.		

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Workstream	Net Zero, Energy Investment & Innovation		Senior Responsible Officer: Net Zero Programme Manager	Portfolio Sponsor: Climate & Energy Manager
Net Zero Delivery	Activity <ul style="list-style-type: none"> • Emissions from internal waste represent less than 3% (969 CO2e tonnes) of corporate carbon emissions. • Whilst the Council has made progress in reducing waste emissions from the baseline year figure of 1,262 CO2e tonnes (2011/12), the cost of dealing with our waste has significantly increased to over £1 million per year. • Embed Circular Economy approach across all Council operations. 		Measures of Success To be agreed with thematic group Lead.	
Project	Project Elements <ul style="list-style-type: none"> •Waste Prevention – preventing waste from arising in the first place •Reuse Opportunities – preparing for reuse •Recycling Opportunities •Communications – to encourage behaviour change 		Milestones By 2025: <ul style="list-style-type: none"> • 15% reduction of total waste • Reduce food waste by 33% • Recycle 70% of remaining waste By 2030: <ul style="list-style-type: none"> • Send no more than 5% of remaining waste to landfill 	
Waste	Programme Theme: 4 A Sustainable Highland Environment and Global Centre for Renewable Energy		Key Risks To be agreed with thematic group Lead.	
Responsible Officer: Strategic Lead (Waste Strategy & Ops)	Links to Performance Plan targets: <div style="background-color: #00728f; color: white; padding: 2px; display: inline-block;">4.6 (i-ii)</div>	Links to Programme: Place: Reduce residual waste and increase re-use, repair, recycling and upcycling. % Household waste recycled - Scottish average. Continue ongoing partnership with 'ILM Highland' for re-use and repair services while exploring options for expansion.		

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Workstream	Net Zero, Energy Investment & Innovation		Senior Responsible Officer: Net Zero Programme Manager	Portfolio Sponsor: Climate & Energy Manager		
Net Zero Delivery	Activity To move to a circular economy across all Council operations, where we reduce the demand for raw material in products; encourage reuse and repair through responsible production; and recycle waste and energy to maximise the value of any waste that is generated.		Measures of Success To be agreed with thematic group Lead.			
Project	Project Elements The circular economy requires new business models, new ways of working and changes in how we live our lives in order to: 1. Design out waste (DoW) and pollution 2. Keep products and materials in use 3. Regenerate natural systems		Milestones <ul style="list-style-type: none"> • The development of a vision and strategy to embed circular economy into the Council's operations • Embedding circular economy principles into the procurement process 			
Circular Economy	Programme Theme: 4 A Sustainable Highland Environment and Global Centre for Renewable Energy		Key Risks To be agreed with thematic group Lead.			
Responsible Officer: TBC	Links to Performance Plan targets: <table border="1"> <tr> <td data-bbox="225 853 284 898">4.6 (i-ii)</td> <td data-bbox="288 853 347 898">4.11 (ii)</td> </tr> </table>		4.6 (i-ii)	4.11 (ii)	Links to Programme: Place - Reduce residual waste and increase re-use, repair, recycling and upcycling Economy – Just Transition	
4.6 (i-ii)	4.11 (ii)					