

Report

Report to:	Climate Change and Sustainability Committee
Date of Meeting:	28 February 2024
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Update on Local Heat and Energy Efficiency Strategy
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide the Climate Change and Sustainability Committee with an update on progress with the Local Heat and Energy Efficiency Strategy (LHEES) and the stakeholder and public consultation

2. Recommendation(s)

2.1. The Climate Change and Sustainability Committee is asked to approve the following recommendation(s):-

- (1) that the update on progress made to date on the LHEES be noted;
- (2) that the consultation period for the LHEES be noted and
- (3) to note that the final LHEES will be submitted to the Executive Committee for approval on 26 June 2024.

3. Background

- 3.1. The concept of a Local Heat and Energy Efficiency Strategy (LHEES) was introduced following Scottish Government consultation in 2017. This was followed by the Heat in Buildings Strategy published in October 2021 which confirmed that the introduction of area based LHEES are fundamental to the Scottish Government's approach to heat decarbonisation.
- 3.2. The creation of an LHEES brings together key priorities around the reduction of carbon emissions, improvement of domestic and non-domestic building stock and the need for a reduction in fuel poverty. The development of an LHEES requires consideration of these priorities in a comprehensive way to ensure that action addresses inequalities and enables a just transition to net-zero carbon by 2045.
- 3.3. The Scottish Parliament passed the Local Heat and Energy Efficiency Strategies (Scotland) Order in May 2022. The LHEES Order places a duty on local authorities to prepare, publish and update a Local Heat and Energy Efficiency Strategy and Delivery Plan.
- 3.4. LHEES Strategy sets out a long-term plan for decarbonising heat in buildings and improving their energy efficiency across an entire local authority area. The delivery plan sets out how we propose to support the implementation of the strategy.
- 3.5. All local authorities must publish their first Local Heat and Energy Efficiency Strategy and Local Heat and Energy Efficiency Delivery Plan on or before 31 December 2023.

The Scottish Government also indicated that all local authorities must keep their LHEES and Delivery Plan under review.

- 3.6. Locally, the South Lanarkshire LHEES has been written in such a way to ensure that it complements and supports the Sustainable Development and Climate Change Strategy 2022 to 2027.
- 3.7. The need to ensure that the necessary datasets were effectively developed, reviewed, and analysed, coupled with a commitment to ensure that adequate time was provided for consultation, has meant that the December timescale was not achieved. Section 5 below provides an update on progress with South Lanarkshire's LHEES. The Scottish Government have been kept up to date on progress and the anticipated date of publication.

4. LHEES Structure

- 4.1. The LHEES is a long-term strategic framework for the improvement of the energy efficiency of buildings in South Lanarkshire, and the reduction of greenhouse gas emissions resulting from the heating of buildings.
- 4.2. It sets out how each segment of the building stock needs to change to reach net zero, identifies strategic heat decarbonisation zones, and sets out the principal measures for reducing buildings emissions within each zone.
- 4.3. The LHEES will prioritise areas for delivery of heat decarbonisation actions. It covers all building sectors – domestic, non-domestic and public buildings and sets a strategic framework for decarbonising the heat in these buildings.
- 4.4. The LHEES Strategy and Delivery Plan will be published as separate documents on the Council's website following consultation (see section 6.1 below) and formal adoption by the Executive Committee of the Council.
- 4.5. The LHEES Strategy will identify the changes to buildings and local infrastructure that need to be carried out by 2045 to fulfil the Scottish Government's objectives and local priorities related to heat and energy efficiency in buildings.
- 4.6. The LHEES Strategy will consider both national and local priorities, policies, and strategies. Where achievable, it will interact with local and national factors, like planned infrastructure upgrades, other major projects, access to available resources and funding, decisions over the gas grid and community engagement.
- 4.7. The LHEES Delivery Plan is an action plan enabling the Council and its partners to work towards the delivery of the changes identified in the LHEES Strategy.
- 4.8. The delivery plan will identify stakeholder roles and their responsibilities, build on existing plans and policies and coordinate action across local partners.

5. LHEES Progress Update

- 5.1. In 2018, the council submitted a bid to the Scottish Government to be part of a pilot programme that would explore how an LHEES would be developed and what it would contain. The bid was successful, with £53,000 being provided from the Scottish Government's Transition Fund to fund the pilot.
- 5.2. The pilot was an opportunity to increase knowledge and understanding of two areas of the housing sector (rural settlements and the private rented sector) where the actions required to improve energy efficiency were relatively unknown. The pilot was

successfully completed by January 2020, with the results and analysis presented to the Scottish Government for consideration.

- 5.3. In September 2021, the council was awarded a further £23,000 to take part in a resource call that would enable testing of the Scottish Government's revised methodology for developing an LHEES. This project was completed in May 2022 and the data provided to the council was used to consider and aid the development of the full strategy.
- 5.4. In January 2022, officers set up a cross-Resource officer working group to take forward the development of LHEES.
- 5.5. A series of meetings of the LHEES Officers Working Group took place throughout 2023.
- 5.6. In March 2023, the Council appointed environmental consultants, Changeworks, to review the work completed to date and work in partnership at a strategic level to support the Council to create the LHEES and Delivery Plan.
- 5.7. Over the last few months, Changeworks have facilitated meetings with Council officers to help to structure the Strategy and Delivery Plan and update the previously provided analysis results. At this stage, it was identified that further development work was required on the building-level pathway assessment and finalisation of delivery level areas in advance of the completion of a consultative draft.
- 5.8. Work was complete in late January 2024 and the draft strategy was issued for consultation on 14 February 2024. As noted above, the overall strategy is set out in 2 parts, the LHEES document and the Delivery Plan, and an outline of the content of both is detailed below.
- 5.9. Key sections of the LHEES Strategy include:
 - ◆ A review of national and local policies and strategies including the Community Plan, Council Plan, Sustainable Development and Climate Change Strategy and the Local Housing Strategy
 - ◆ Overview of the building stock, to create an effective strategy and to measure progress towards targets and the ultimate target of net zero by 2045
 - ◆ Progress to net zero in South Lanarkshire, to build on work already taking place within South Lanarkshire to reduce emissions
 - ◆ Priorities for LHEES, which have been informed by the six LHEES considerations, the local policy context, stakeholder engagement and analysis of the building stock in South Lanarkshire
 - ◆ Priority 1: Reduce heat demand using a fabric first approach to improve the condition and energy efficiency of housing across all tenures to ensure that poor energy performance is removed as a driver of fuel poverty
 - ◆ Priority 2: Transition to zero direct emissions heating systems in buildings across South Lanarkshire to tackle climate change
 - ◆ Priority 3: Make greater use of heat networks as part of the wider just transition to net zero
 - ◆ Opportunities for South Lanarkshire, including economic opportunities and creating new business models to accelerate retrofit
 - ◆ Challenges, including high capital costs, consumer uncertainty, the skills gap and the unit cost of electricity

- 5.10. Key sections of the LHEES Delivery Plan include:
- ◆ Implementation, the LHEES requires a collaborative cross-sectoral approach, engaging with community planning partners and stakeholders
 - ◆ Engagement, the LHEES Strategy and Delivery Plan have been developed in consultation with stakeholders across South Lanarkshire
 - ◆ Heat Network Delivery Areas, outlining the areas in South Lanarkshire with high heat density which may be suitable for heat network development
 - ◆ Social Housing and Mixed-Tenure Delivery Areas, where the Council can lead by example in installing heating and fabric upgrades
 - ◆ Private Tenure Housing Delivery Areas, the Council's approach is to support owner-occupiers and private landlords to meet regulatory standards
 - ◆ Non-Domestic Delivery Areas, including continuing to improve the energy efficiency of Council-owned non-domestic properties

6. Next Steps

- 6.1. The public consultation on the LHEES, which follows the South Lanarkshire Council standard process concludes on 10 April 2024.
- 6.2. It is intended that the consultation will provide a range of ways in which partners, stakeholders and communities can comment on the LHEES. A members awareness session will be held during the consultation period. Separate meetings will also be held with internal and external stakeholders during the consultation period.
- 6.3. Following the consultation period and amendment of the strategy and delivery plan to reflect the comments received, the LHEES Strategy and Delivery Plan will be presented to the Executive Committee on 26 June 2024 for approval.
- 6.4. It is also proposed that the LHEES will be reviewed on an annual basis with updated reports presented to the Climate Change and Sustainability Committee. The approach to reporting on the LHEES will ensure coherence and consistency in relation to the progress being achieved between the actions which are shared with the Sustainable Development and Climate Change Strategy 2022-2027.

7. Employee Implications

- 7.1. There are no current employee implications associated with this report.

8. Financial Implications

- 8.1. There will be additional costs associated with the delivery of projects identified by the LHEES. Any additional resource requirements relating to LHEES will be reported to the relevant management team for consideration.
- 8.2. Each local authority will receive £75,000 annually to support the development of their LHEES. This funding will be paid by the Scottish Government at the end of March each year as a redetermination of the General Revenue Grant, until 2027/28.

9. Climate Change, Sustainability and Environmental Implications

- 9.1. We consider that there should be no new significant environmental effects that have not already been identified and dealt with in either the national Heat in Buildings Strategy or the council-led plans, for example, the Local Housing Strategy, Council Plan, Community Plan, Local Development Plan 2, Sustainable Development and Climate Change Strategy. Any new effects should be minor and positive in nature. Where identified, appropriate enhancement or mitigation measures will be considered within the LHEES.

- 9.2. In formally determining whether an SEA is required, the council has considered the views of the Consultation Authorities who are in agreement that the LHEES is unlikely to have significant environmental effects and therefore a SEA will not be undertaken.

10. Other Implications

- 10.1. 'Failure to meet sustainable development and climate change objectives' is one of the top risks for the Council. Without a plan in place and a financial plan to support it then this risk will continue to be one of the Council's top risks.

11. Equality Impact Assessment and Consultation Arrangements

- 11.1. Equality Impact Assessment (EqIA) processes were undertaken throughout the development of the key strategies aligned to this agenda, including the Sustainable Development and Climate Change Strategy and Local Housing Strategy. These assessments aimed to identify and mitigate any negative impacts and seek opportunities to promote equality and found that the strategies would have no negative impacts on any protected characteristics groups and will have significant positive impacts in relation to age and disability.
- 11.2. The public and stakeholder consultation for the draft will commence on 14 February 2024 and cover an eight-week period. A range of methods in which partners, stakeholders and communities can comment on the draft will be provided, including an online survey, focus groups and discussions at partnership meetings.

Stephen Gibson

Executive Director (Housing and Technical Resources)

8 February 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Focused on people and their needs
- ◆ Fair, open and sustainable
- ◆ Accountable, effective, efficient and transparent
- ◆ We will work towards a sustainable future in sustainable places
- ◆ Good quality, suitable and sustainable places to live
- ◆ Caring, connected, sustainable communities

Previous References

- ◆ None

List of Background Papers

- ◆ The Climate Change (Scotland) Act 2009
- ◆ South Lanarkshire Sustainable Development and Climate Change Strategy 2022-27
- ◆ South Lanarkshire Strategic Housing Investment Plan 2023-28
- ◆ South Lanarkshire Council Local Housing Strategy 2022-27

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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