

# Report

Report to:	<b>Climate Change and Sustainability Committee</b>
Date of Meeting:	<b>14 June 2023</b>
Report by:	<b>Executive Director (Housing and Technical Resources) Executive Director (Community and Enterprise Resources)</b>

Subject:	<b>Update on South Lanarkshire Council Motion to 'Cut Fuel Bills, Cut Carbon Emissions, Kick Start the Green Economy'</b>
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## 1. Purpose of Report

- 1.1. The purpose of this report is to advise the Climate Change and Sustainability Committee on:-
- ◆ progress in relation to the motion approved by full council on 7 December 2022 entitled 'Cut Fuel Bills, Cut Carbon Emissions, Kick Start the Green Economy'

## 2. Recommendations

- 2.1. The Climate Change and Sustainability Committee is asked to approve the following recommendation(s):-
- (1) that the update on progress to the South Lanarkshire Council motion to 'Cut Fuel Bills, Cut Carbon Emissions, Kick Start the Green Economy', be noted.
  - (2) that the proposal to provide further updates on progress in relation to the motion and wider regulatory or legislative changes in this area, be approved.

## 3. Background

- 3.1. At the full South Lanarkshire Council meeting on 7 December 2022, a motion was submitted and approved that asked council services to consider opportunities to further improve energy efficiency and sustainability standards within its domestic and non-domestic estate.
- 3.2. The motion included a range of points relevant to services across the council to take additional action on improving energy efficiency with the aim of saving money for front line services, reducing the council's risk to future energy price increases, cutting carbon emissions, improving wellbeing, reducing fuel poverty and kick starting the green economy.
- 3.3. The full motion, including pre-amble and policy drivers, as amended, has been included at Appendix 1.

## 4. Update on Actions Progressed in Response to Council Motion

- 4.1. The motion is structured into three sections with a number of actions outlined within each. An update on progress has been provided to each aspect of these from the relevant services from within Housing and Technical Resources and Community and Enterprise Resources, as set out in the tables below.

4.2. Section 1: Produce an energy demand reduction plan for council buildings

Action	Response
<p>Produce an energy demand reduction plan for council buildings considering actions such as consulting on a set point of 18 degrees where it is safe to do so, reducing heating times or boiler temperatures and engaging and supporting Members and staff in other immediate, no/low cost ways to reduce bills.</p>	<p>An update on the inclusion of a new Energy Demand Reduction Plan within the next Property Asset Management Plan for council buildings was provided to Housing and Technical Resources Committee on 31 May 2023.</p> <p>The new plan will outline key actions to promote behavioural change across council departments alongside considering physical changes required to improve council building efficiency. This will be developed throughout 2023 and reported to Housing and Technical Resources Committee as part of the asset management planning approach.</p>

4.3. Section 2: Adopt the highest standards of energy efficiency for all South Lanarkshire Council funded building projects and in the forthcoming Residential Design Guide

Action(s)	Response
<p>Moratorium on fossil-fuelled heating systems in new builds</p>	<p>As a result of revised Building Regulations in Scotland, all new social housing will no longer be able to be heated with direct emission heating systems from January 2024. As such, as part of new homes within its new Affordable Housing Supply Programme, the council will be utilising zero direct emission heating systems and is already amending its house building designs to accommodate these and working with developers to ensure compliance. Action 4.1 within the Local Housing Strategy 2022-27 also commits the council to preparing for and implementing this new requirement.</p> <p>For new non-domestic buildings, no direct emission heating systems will be installed from March 2024 in line with Scottish Government guidance.</p>
<p>Formally adopt the 'Fabric First' approach by using Passivhaus, Net Zero Public Building Standard or equivalent highest energy efficiency standards for all future council funded new builds.</p>	<p>The fabric first approach remains a key priority within the council's Housing Investment Programme with the aim of reducing heat demand within its domestic properties.</p> <p>Previously working towards the Energy Efficiency Standard for Social Housing (Phase 1), the council committed to working towards achieving higher specification Phase 2 of the standard by 2032, where it was practically feasible to do so. Phase 2 of this standard is, however, now currently under review by the Scottish Government and the council is awaiting detail of revisions to this. Once known, the council will identify how the standard, or others such as those contained within the motion, can be achieved within the budget parameters available.</p>

	<p>In addition, the Scottish Government has committed to bring forward legislation by 2025 to <i>'to introduce new minimum environmental design standards for all new build housing to meet a Scottish equivalent to the Passivhaus standard'</i>. As with revised EESSH standards, the council will be required to review additional cost implications associated with this change.</p>
<p>Investigate retrofitting council buildings to Passivhaus/Gold standards for properties where it could bring substantial savings for council and/or tenants.</p>	<p>Action 4.4 within the Local Housing Strategy 2022-27 sets out the council's commitment to exploring options for enhanced energy efficiency or decarbonised heating measures across the council housing stock. In addition, Action 3.8 seeks to explore opportunities to reduce fuel costs for council tenants.</p> <p>These opportunities include the possibility of retrofitting existing council buildings to Passivhaus or Gold Standard, however, the availability of funding and current budgetary constraints will impact the council's ability to deliver such improvements at the scale required to provide a positive impact to all tenants. This has been raised with the Scottish Government locally and nationally with COSLA noting the need for adequate funding to be provided to ensure that any transition is truly just and does not place the financial burden on council tenants to meet unacceptable levels of cost through their rent payments.</p> <p>Recognition should also be given to the significant behavioural change required to realise running cost savings from conversion to Passivhaus standard from tenants and building users.</p>
<p>Use learning from council funded high energy efficiency building projects to engage with volume house builders to share learning and develop a future mandatory 'South Lanarkshire Standard' to reach the highest efficiency levels possible.</p>	<p>Under the current Building Regulations developers are required to achieve the minimum standard set out in the Regulations. While developers are encouraged to deliver beyond this, the Council has no legislative powers to require a higher standard to be provided.</p> <p>A review of the Council's existing Residential Design Guide is currently being carried out to support developers to build to the highest standard. It is intended this document will set out guidance to encourage housebuilders (including the Council and Registered Social Landlords) to incorporate energy efficiency measures in the design their new developments.</p>

<p>When submitting plans for planning permission, ask developers in their energy statement to demonstrate how the development will adhere to the principles of 'Fabric First', and how high standards of operational energy efficiency will be achieved.</p>	<p>The adopted South Lanarkshire Local Development Plan 2 requires applications for major development to include an energy statement, to highlight that proposals are designed to deliver that at least 10% of the carbon dioxide emissions reduction standard in the Building Regulations is met by installing low and zero carbon generating technology.</p> <p>National Planning Framework 4, which was recently adopted by the Scottish Government, sets out the issues to be taken into consideration when assessing planning applications as well as preparing the next Local Development Plan. This includes, but is not limited to, topics such as climate mitigation and adaptation, energy heat and cooling.</p>
<p>Develop a local system to check compliance against a suitable indicator which gives a good measure of build quality and energy efficiency such as air tightness.</p>	<p>The current application process for building warrants and completion certificates includes a check that the relevant standard in the Building Regulations in relation to energy and carbon dioxide emissions has been achieved. This ensures that the conservation of fuel and power is incorporated within the design of new or refurbished buildings by addressing the performance of the building fabric and fixed building services.</p>

- 4.4. Section 3 of the motion focuses on actions to 'Kick start the local green economy' and an initial response to this is currently being considered by services within Economic Development and Employability services. This will be reported to Climate Change and Sustainability Committee as part of further reports on this agenda.

## 5. Next Steps

- 5.1. Subject to Committee approval, it is proposed further reports will be provided on progress made in relation to all aspects of the motion, as well as local and national developments being implemented within this agenda area. This includes the development of the next Local Development Plan and the new statutory requirements for the Local Heat and Energy Efficiency Strategy.
- 5.2. Services will continue to monitor national policy development and legislative requirements in this area, ensuring the council continues to directly contribute and facilitate the contribution of others to tackling climate change.
- 5.3. The council will continue to maximise opportunities to enhance sustainability within its new domestic and non-domestic buildings within the budget parameters available and through identifying appropriate external funding opportunities.

## 6. Employee Implications

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

## 7. Financial Implications

- 7.1. As part of the approval of the new 1,300 additional council home target by Executive Committee on 30 November 2022, the council set out the financial implications associated with the delivery of its Affordable Housing Supply Programme. This was based on assumptions relating to the grant levels, council borrowing rates and existing

unit costs using current design specification and identified that, over a 40 year period, the programme would have a neutral impact to the Housing Revenue Account Business Plan.

- 7.2. Financial implications relating to the retrofitting of energy efficiency and decarbonisation measures of the council's existing housing stock are currently delivered through the Housing Investment Programme, funded by the Housing Revenue Account. Acceleration of planned investment to meet new targets or enhanced specification will impact the Housing Revenue Account Business Plan and require additional internal or external resourcing.
- 7.3. Financial implications from enhanced energy efficiency or decarbonisation measures within new or existing non-domestic buildings considered by the council to meet service needs or replace existing assets will be assessed as part of the feasibility of the project.
- 7.4. Additional inspection or service requirements proposed as part of the motion may have financial implications for the relevant services.
- 7.5. It should be noted that the timeframe for meeting national net zero targets is unachievable within current levels of resourcing.

## **8. Climate Change, Sustainability and Environmental Implications**

- 8.1. The contents within this report link with key priorities of the Local Housing Strategy, South Lanarkshire Community Plan and Sustainable Development and Climate Change Strategy. As part of the development of these, a full Strategic Environmental Assessment (SEA) was undertaken with the report submitted to the SEA Gateway and published online for consultation.
- 8.2. This assessment identified that these priorities can make a positive contribution to local and national sustainability and climate change targets.

## **9. Other Implications**

- 9.1. There are no other implications associated with this report.

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. 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.

**Stephen Gibson**  
**Executive Director (Housing and Technical Resources)**

**David Booth**  
**Executive Director (Community and Enterprise Resources)**

25 May 2023

### **Link(s) to Council Values/Priorities/Outcomes**

- ◆ Accountable, effective, efficient and transparent
- ◆ Good quality, suitable and sustainable places to live

### **Previous References**

- ◆ 30 November 2022, Executive Committee, South Lanarkshire Council Housing Supply Target.
- ◆ 30 November 2022, Executive Committee, South Lanarkshire Local Housing Strategy 2022-27.
- ◆ 7 December 2022, South Lanarkshire Council, 'Cut Fuel Bills, Cut Carbon Emissions, Kick Start the Green Economy'
- ◆ 31 May 2023, Housing and Technical Resources Committee, Property Asset Management Plan 2021-25 Annual Update

### **List of Background Papers**

- ◆ South Lanarkshire Local Housing Strategy 2022-27
- ◆ South Lanarkshire Sustainable Development and Climate Change Strategy 2022-27
- ◆ South Lanarkshire Strategic Housing Investment Plan 2023-28
- ◆ South Lanarkshire Council Corporate Asset Management Plan 2021

### **Contact for Further Information**

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

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## Appendix

### “Motion Pre-amble:-

***Fuel bills impact on council budgets, poverty and business profitability*** – The council’s budget strategy identified an exceptional additional budget pressure of £7.450 million due to projected increases in utilities costs (Full Council, June 2022) and the risk to budgets of future energy price inflation has been repeatedly flagged by officers. Equally, our residents and businesses are seeing their bills rising dramatically too, plunging more householders into fuel poverty (in 2019, 22% of South Lanarkshire households lived in fuel poverty) and undermining business profitability.

***Climate change*** – The largest source of the council’s emissions is from our council buildings and South Lanarkshire wide, the domestic sector makes up the largest source of South Lanarkshire’s emissions (SLC State of the Environment report 2021). The costs of not acting on climate change, far outweigh the costs of acting boldly now.

***Policy drivers*** – National building standards are changing on 1<sup>st</sup> Feb 2023 with further increased energy standards and mandatory testing of all new builds. All new builds will need to be heated by a non-fossil fuel source by 2024. All public sector buildings should be zero-carbon heated by 2038 and fuel poverty should be eradicated by 2040. National Planning Framework 4 Policies 1, 2 and 19 seeks to ‘minimise emissions from development’, ‘build more efficient net zero homes with decarbonised heating and cooling systems’ and ‘support development proposals for buildings that will be occupied by people to promote sustainable temperature management, for example by prioritizing natural or passive solutions such as siting, orientation, and materials’.

In South Lanarkshire, both the Community Plan and the Council plan seek to deliver on People, Planet and Progress. And the South Lanarkshire administration’s ‘New Hope’ agreement aims to ‘maximise the energy efficiency of homes’ and wishes to ‘Develop a Green New Deal for South Lanarkshire’. This motion will contribute to that.

***Examples*** – ‘Fabric First’ - Buildings designed and constructed using a fabric first approach aim to minimise the need for energy consumption – the cheapest form of energy is that which you don’t use, so it makes sense to maximise insulation whilst also maintaining a healthy environment. There are various voluntary quality standards which would help ensure a vast improvement in energy efficiency. One is the Net Zero Public Sector Building Standard <https://www.scottishfuturetrust.org.uk/page/net-zero-public-sector-buildings-standard>, now being encouraged to access funding for new schools and also takes into account the carbon embodied in the construction materials used and how the

building operates. Another is the Passivhaus standard (<https://www.passivhaustrust.org.uk>, <http://www.architype.co.uk/blog/what-how-and-why-passivhaus-the-pupils-of-wilkinson-primary-school-explain/>), which aims to reduce energy demand as much as possible but also improves health and comfort too through ventilation without heat loss. Heat demand in a Passivhaus non-domestic building is less than a fifth of that in a typical non-domestic building with architects reporting a £30,000-£50,000 saving in fuel bills in primary schools and a third of costs in domestic properties (more now with energy price increases). Edinburgh council has adopted Passivhaus for its future school builds and Glasgow council has Passivhaus offered as a route to achieve Gold Level compliance for all new residential developments. Overall, a study showed that the Passivhaus standard in the UK can be achieved now for a modest extra-over cost and this is likely to reduce to nominal levels if adopted at scale: [https://www.passivhaustrust.org.uk/guidance\\_detail.php?gld=41](https://www.passivhaustrust.org.uk/guidance_detail.php?gld=41). Any additional upfront costs will save money further down the line on energy bills.

**Motion:** This council agrees to take the following additional action on energy efficiency to achieve multiple benefits: save money for front-line services, reduce South Lanarkshire's risk to future energy price shocks, cut carbon emissions, improve wellbeing, reduce fuel poverty and kick start the local green economy.

1. **Produce an energy demand reduction plan** for council buildings as part of its coming strategy for corporate assets considering actions such as consulting on a set point of 18 degrees or a 'one degree less' approach **where it is safe to do so**, reducing heating times or boiler temperatures and engaging and supporting Members and staff in other immediate, no/low cost ways to reduce bills.
2. **Adopt the highest possible standards of energy efficiency for all South Lanarkshire Council funded building projects and in the forthcoming Residential Design Guide**, by:
  - ◆ Requesting a report on the transition to higher energy standards be brought to the Climate Change and Sustainability Committee with recommendations made to a future meeting of the full Council and that this report consider: -
    - ◆ Challenges, opportunities, current and emerging issues and progress in the transition to higher standards of energy efficiency.
    - ◆ A moratorium on fossil-fuelled heating systems in new builds and appropriate lead-in times.
    - ◆ Further development of the 'Fabric First' approach, including Passivhaus, Net Zero Public Standard or equivalent highest possible energy efficiency standards for all future council funded new builds.
    - ◆ The Council's expectations of volume house-builders and developers and the case for a 'South Lanarkshire Standard' to help reach the highest energy efficiency standards possible.
  - ◆ Investigating retrofitting council buildings to Passivhaus/Gold or equivalent standards for properties where it could bring substantial savings for council and/or tenants.



- ◆ Use learning from council funded high energy efficiency building projects and research from South Lanarkshire College and other partners to engage with volume house builders to share learning.
  - ◆ Asking developers in their energy statement to demonstrate how the development will adhere to the principles of 'Fabric First', and how high standards of operational energy efficiency will be achieved
  - ◆ To close the building performance gap, consider a local system to check compliance against a suitable indicator which gives a good measure of build quality and energy efficiency such as air tightness, reporting back to a suitable committee on options
- 3 **Kick start the local green economy** through the council's own long term new build / retrofit programme so giving local businesses the confidence to develop new products and skills to serve the council's investment programme and the growing wider market
- ◆ Working with local colleges, Hamilton based <https://www.be-st.build/about/> , Skills Development Scotland and businesses to review the local supply chain for low carbon construction materials, construction / retrofit qualifications and skills to identify current supply, gaps and opportunities for local workers and the economy.
  - ◆ Using and encouraging others to use / gain the government TrustMark (or equivalent) which details registered qualified professionals who build/install to the standards required to meet high energy efficiency standards
  - ◆ Exploring setting up / expanding a green-economy skills academy and apprenticeship programme with local colleges, social landlords and businesses to skill-up and embed the high standards required and provide local work force opportunities."