

Report

Report to:	Executive Committee
Date of Meeting:	26 June 2024
Report by:	Executive Director (Housing and Technical Resources)

Subject:	South Lanarkshire Local Heat and Energy Efficiency Strategy (LHEES)
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Executive Committee on findings from the consultation and engagement regarding the draft Local Heat and Energy Efficiency Strategy (LHEES)
- ◆ seek approval for the finalised LHEES (attached as Appendix 1)
- ◆ outline the proposed monitoring, reporting and governance arrangements for the LHEES

2. Recommendation(s)

2.1. The Executive Committee is asked to approve the following recommendation(s) :-

- (1) that the findings from consultation and engagement with stakeholders regarding the LHEES be noted;
- (2) that the finalised LHEES and Delivery Plan be approved; and
- (3) that the proposed governance, monitoring and reporting arrangements be approved.

3. Background

- 3.1. The concept of a Local Heat and Energy Efficiency Strategy (LHEES) was introduced following Scottish Government consultation in 2017. The underlying principle was to establish a long-term plan for decarbonizing heat in buildings and improve their efficiency across an entire local authority area. 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 a 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 a LHEES requires consideration of these priorities in a comprehensive way to ensure that action addresses inequalities and supports 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. All local authorities were required to 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.
- 3.5. The LHEES is required to prioritise areas for delivery of heat decarbonisation actions. It must cover all building sectors – domestic, non-domestic and public buildings and set a strategic framework for decarbonising the heat in these buildings. It will:
- set out how each segment of the building stock needs to change to reach net zero
 - identify strategic heat decarbonisation zones and sets out the principal measures for reducing buildings emissions within each zone
- 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. The Scottish Government have been kept up to date on progress and the anticipated date of publication.
- 3.8. Work on the consultative draft was completed in late January 2024 and the draft Strategy and Delivery Plan were issued for consultation on 14 February 2024.

4. Consultation and engagement

- 4.1. The public and stakeholder consultation for the draft LHEES and Delivery Plan covered an eight-week period, closing on 12 April 2024. An online survey was conducted on the Council's Sustainable South Lanarkshire website during the consultation period. The survey was widely publicised internally through the Intranet and externally via the South Lanarkshire View.
- 4.2. As part of the consultation process, the Council has also engaged directly with a wide range of partners and stakeholders who provided constructive and positive feedback. This included:-
- ◆ Lanarkshire Business Hub
 - ◆ Lanarkshire Climate Action Hub
 - ◆ Local groups with an interest in climate change, climate action and sustainability
 - ◆ South Lanarkshire Private Landlord Forum
 - ◆ Tenant representatives of the South Lanarkshire Tenant Participation Coordination Group
 - ◆ Financial Inclusion Network Fuel Poverty Sub-Group
 - ◆ Registered Social Landlord Forum
 - ◆ Local Housing Strategy Steering Group
- 4.3. A special elected members awareness session was held on 10 May 2024, providing elected members with the opportunity to review the draft in detail and speak with officers from across the Resources involved prior to submission for Committee approval.

- 4.4. Feedback on the draft LHEES was positive. Over 80% of the respondents agreed with the three key priorities outlined in the LHEES, see 5.3 below.
- 4.5. A copy of the draft LHEES was also submitted to the Scottish Government for review. Feedback from this noted that the Council has initiated a comprehensive LHEES, highlighting a commitment to decarbonisation and energy efficiency, which aligns with Scotland's statutory targets. The Delivery Plan indicates a focus on a fabric-first approach, transitioning to zero direct emissions heating systems, and developing heat networks.
- 4.6. The review further noted that:-
 - ◆ the Delivery Plan is at an early stage, which reflects development to date and projects already underway rather than a finalised set of actions
 - ◆ further work will be required to develop the Delivery Plan in year one

5. Proposed LHEES priorities and structure

- 5.1. It is proposed that the LHEES Strategy and Delivery Plan are published as separate documents on the Council's website following formal adoption by the Executive Committee.
- 5.2. The LHEES Strategy will consider both national and local priorities, policies, and strategies. The Strategy will take account of changes to the national and local context and make appropriate linkages to local and planned infrastructure upgrades, other major projects, access to available resources and funding, decisions over the gas grid and community engagement.
- 5.3. The priorities for LHEES are as follows:-
 - ◆ 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.
- 5.4. The LHEES Delivery Plan is an action plan enabling the Council and our partners to work towards the delivery of the changes identified in the LHEES. The Delivery Plan will identify stakeholder roles and their responsibilities, build on existing plans and policies and coordinate action across local partners.

6. Monitoring, reporting and governance arrangements

- 6.1. As required in Scottish Government guidance, the LHEES requires be reviewed on an annual basis. Due to alignment with the Councils' Sustainable Development and Climate Change Strategy 2022 to 2027, it is proposed an annual report is presented to the Climate Change and Sustainability Committee outlining progress achieved and key changes required.
- 6.2. 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 to 2027.

7. Employee Implications

- 7.1. All Resources will be required to contribute to the implementation of the Local Heat and Energy Efficiency Strategy to ensure that actions and targets are met.
- 7.2. As outlined in section 8.2 below, the Scottish Government have allocated each local authority £75,000 annually until 2027/2028 to support the development and delivery of the first iteration of LHEES.
- 7.3. To help co-ordinate delivery and reporting arrangements for the Strategy, existing resources within Housing and Technical Resources are being realigned, with a dedicated officer established to act as the main point of contact for the Council and partners in relation to LHEES.

8. Financial Implications

- 8.1. The LHEES itself does not commit any expenditure. There will be additional costs associated with the delivery of projects identified through the LHEES, some of which will be eligible for external funding. Funding options will be developed and reported on a project-by-project basis.
- 8.2. Each local authority will receive £75,000 annually to support the development of its 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 2027/2028.

9. Climate Change, Sustainability and Environmental Implications

- 9.1. It is anticipated that there should be no new significant environmental implications that have not already been identified in either the national Heat in Buildings Strategy or 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 a Strategic Environmental Assessment (SEA) is required, the Council has considered the views of the Consultation Authorities who agree 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

- 11.1. An Equality Impact Assessment (EqIA) was undertaken as part of the development of the draft strategy. This identified that there would be no negative impact on the following categories: age, disability, gender, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, and sexual orientation, whilst also highlighted that a key consideration of LHEES is to ensure a just transition in relation to tackling climate change, contributing to a quality of life which is fair, inclusive, and does not disadvantage anyone.

11.2. A Fairer Scotland Duty Assessment was also undertaken as part of the development, concluding that South Lanarkshire's LHEES will effectively support the delivery of the council's wider goals of supporting those who are most vulnerable, reducing poverty, and decreasing carbon emissions. The assessment identified that those who are most vulnerable or faced socio-economic challenges would be the most adversely impacted by climate change, with the LHEES acting as an engagement vehicle to ensure effective actions to tackle climate change are taken forward.

Stephen Gibson
Executive Director (Housing and Technical Resources)

5 June 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

- ◆ Update on Local Heat and Energy Efficiency Strategy, Climate Change and Sustainability Committee, 28 February 2024

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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