



REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE ON 8 JUNE 2021

SUBJECT: INFORMATION REPORT: ECONOMIC RECOVERY PLAN – LOCAL HEAT AND ENERGY EFFICIENCY STRATEGY: TECHNICAL REPORT

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To inform the Committee of the findings of the Local Heat and Energy Efficiency Strategy (LHEES) Technical Report.
- 1.2 This report is submitted to Committee in terms of Section III (A) (2) of the Council's Scheme of Administration relating to long term financial plans.

2. BACKGROUND

- 2.1 The Scottish Government has been funding a programme of LHEES studies to inform future policy and help establish the groundwork for future Local Heat and Energy Efficiency Strategies.
- 2.2 Moray Council has participated in Phase 3 of this programme which ensures that every local authority will have had a study produced within their areas, the nature of the studies vary to reflect local needs and to provide a range of information and learning across local authorities.
- 2.3 The purpose of the study is as a pilot project to test the LHEES concept and build a knowledge database for local authorities, should LHEES become a statutory duty.
- 2.4 The Scottish Government Update to the Climate Change Plan 2018-2032 sets out a target of having LHEES delivered by every local authority by the end of 2023.
- 2.5 The Heat Networks (Scotland) Act 2021 received Royal Assent in March 2021 and introduces a duty on each Local Authority to review its area and consider if any part of it is suitable for a designated heat network and gives powers to designate such areas, there are also requirements for licensing and consent

of networks and duties on the local authority to prepare reports on each of their non-domestic buildings in relation to heat networks.

- 2.6 Section 95 of the Heat Networks (Scotland) Act 2021 requires the Scottish Minister to prepare a strategy setting out local authority costs and funding in relation to their duties under the Act.

3. LHEES TECHNICAL REPORT

- 3.1 Moray Council was awarded £50k for the pilot project which gives an overview of properties in Moray and more detailed reviews of Elgin and Burghead chosen because the nature of the properties in these areas is representative of the more challenging property and energy related issues in Moray.

- 3.2 The report is attached as **Appendix 1**, it provides a lot of useful data that will be necessary in developing any future LHEES and provides early indications of areas that could be looked at as part of a review of the area to establish the opportunities for heat networks.

- 3.3 The following are the key findings in the report:-

- The average energy efficiency rating for domestic properties in Moray is lower than the Scottish average by 5 points.
- Pre 1919 houses are least efficient
- Across all tenure types, privately rented houses are least efficient
- Insulation levels in domestic cavity walls is considerably lower than the national average at 54%
- Burghead predominant fuel type is oil 53% electricity 40%
- 46% of properties are suitable for wall insulation.
- Installing all possible domestic fabric upgrades is estimated to cost £128 million.
- The average cost per house for installing all fabric and heating measures would be £9.2k giving an annual saving of £256 per annum and 2.2 tonnes of CO₂.

- 3.4 The report reviewed Moray Council existing policies and strategies noting that not many had specific reference to this area of work which is not surprising as Local Authorities have not had a duty to address energy use in private housing or buildings. Since the study was done the council has approved the Climate Change Strategy which does address these issues (paragraph 13 of the Minute of the meeting of Moray Council dated 10 March 2021 refers).

- 3.5 The socio-economic analysis, which included consideration of criteria including carbon reduction, job creation, air quality, well-being and building the local supply chain, ranked the potential interventions as shown below in terms of benefits achieved.

Table 59. Initial results from socio-economic analysis

| Project name | Total score | Ranking |
|---|-------------|---------|
| Domestic energy efficiency measures - overall | 4.25 | 1 |
| Domestic heat decarbonisation measures - overall | 4.12 | 2 |
| Domestic energy efficiency measures - Elgin | 3.92 | 3 |
| Domestic heat decarbonisation measures - Elgin | 3.92 | 4 |
| Domestic energy efficiency measures - Burghead | 3.78 | 5 |
| Domestic heat decarbonisation measures - Burghead | 3.76 | 6 |
| Non-domestic energy efficiency measures - overall | 3.66 | 7 |
| Non-domestic heat decarbonisation measures - overall | 3.65 | 8 |
| Non-domestic heat decarbonisation measures - Elgin | 3.60 | 9 |
| Non-domestic energy efficiency measures - Burghead | 3.54 | 10 |
| Non-domestic energy efficiency measures - Elgin | 3.54 | 10 |
| Non-domestic heat decarbonisation measures - Burghead | 3.29 | 12 |

3.6 Section 5 of the report identifies a methodology and initial areas that may form part of a future review to identify zoning for heat networks.

3.7 The priorities identified in terms of actions for the Council are given in section 7 of the report and are summarised below:-

- The Home Energy Efficiency Programme for Scotland recognising the existing work and ambition of the Council in this area and the need for more Scottish Government funding to expand the programme.
- Connections and Partnership working is being addressed through the work associated with leadership in the Climate Change Strategy and participation with the Climate Change assembly.
- The medium term need to join up existing and future priorities will be brought together through the actions within the Climate Change Strategy which will require all services to focus on areas of commonality in addressing carbon and energy use. Scottish government funding for Climate change and LHEES will be essential

3.8 Preparation and delivery of a Local Heat and Energy Efficiency Strategy will be informed by Scottish Government guidance and is likely to be required by 2023. This work will be undertaken by the Climate Change team within Strategic Planning and Development.

The process of an LHEES is data led, with the baseline data report and associated options appraisals based on local authority and national data sets.

Inconsistencies and gaps were identified with regard to data quantity and quality across all property sectors, and in particular for non-domestic properties where less than a third have an EPC available. (comparable to the Scottish average)

3.9 The delivery of the full LHEES will need to consider these discrepancies.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The proposals will contribute to achieving the corporate plan priority to address climate change and fuel poverty.

(b) Policy and Legal

The Heat Networks (Scotland) Act 2021 places a number of new duties on Local Authorities for which the cost and funding mechanisms have yet to be determined by the Scottish Minister.

(c) Financial implications

There are no financial implications arising from the report, of the £50k funding provided for the project the final cost was £32k

(d) Risk Implications

There are risks that the expectation on local authorities to address energy and efficiency measures across all domestic and non domestic properties is a lot higher than the statutory duties placed on them and the funding available to them.

(e) Staffing Implications

There are no direct staffing implications arising from this report.

(f) Property

The Heat Network (Scotland) Act 2021 places a duty on the local authority to prepare a report for each non domestic property it owns in relation to the potential for a heat network.

(g) Equalities/Socio Economic Impact

None.

(h) Consultations

Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, Paul Connor (Principal Accountant), the Equal Opportunities Officer and Lissa Rowan (Committee Services Officer) have been consulted and their comments reflected in the report.

5. CONCLUSION

5.1 The LHEES technical report contains useful data which will help inform a future LHEES strategy.

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Background Papers:
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