



REPORT TO: SPECIAL MEETING OF MORAY COUNCIL ON 24 APRIL 2024

SUBJECT: DRAFT LOCAL HEAT AND ENERGY EFFICIENCY STRATEGY

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

1. REASON FOR REPORT

- 1.1 To seek the agreement of the Council to approve the draft Moray Local Heat and Energy Efficiency Strategy (LHEES) and Delivery Plan ahead of public consultation.
- 1.2 This report is submitted to Council in terms of Section III (F) (33) of the Council's Scheme of Administration relating to providing, developing and monitoring the Council's Economic Development and Infrastructure Services.

2. RECOMMENDATION

2.1 It is recommended that Council:-

- (i) **approves the draft Local Heat and Energy Efficiency Strategy (LHEES) (Appendix 1) and Delivery Plan (Appendix 2); and**
- (ii) **notes that, following public consultation on the draft strategy and delivery plan, the final versions will be presented to Council on 26 June 2024 for approval.**

3. BACKGROUND

- 3.1 The Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 places a duty on Moray Council to prepare, publish and update a Local Heat and Energy Efficiency Strategy and Delivery Plan. The Order required the Council to produce its first LHEES strategy and delivery plan by 31 December 2023, and at no more than 5-year intervals thereafter. For the reasons set out in paragraph 3.3 the Council was unable to meet this deadline.
- 3.2 LHEES delivers area-based planning for the heat transition, supporting achievement of statutory emissions reduction targets. It provides the basis for decarbonising heat in buildings and improving energy efficiency across entire local authority areas.

3.3 The Scottish Government provided funding to enable the Council to resource LHEES development. It had been planned to employ a temporary member of staff for 3 years to prepare and progress the work, but this was agreed as a saving by the Council on 1 March 2023 noting that the government funding was neither ring fenced nor conditioned in this respect. Work has since been led by the existing climate change team in addition to existing statutory duties. This has slowed progress and meant that the deadline set by the Order was not met, but this is the case in a number of local authorities across Scotland. Consultancy support was required for data analysis, mapping and stakeholder engagement work. The cost of this was met using part of the Scottish Government funding.

4. DRAFT STRATEGY AND DELIVERY PLAN

4.1 A draft Moray LHEES Strategy (**Appendix 1**) and Delivery Plan (**Appendix 2**) has been produced and Officers welcome comments from members on these documents.

4.2 The draft strategy and delivery plan have been produced in collaboration with key partners across Moray and have been subject to a variety of stakeholder engagement exercises, including with Elected Members. The Scottish Government has been kept updated throughout policy development and has reviewed drafts at key stages.

4.3 Moray's LHEES will serve as a platform for empowering the local people and fostering community participation in heat transition decision-making. It will support necessary planning by government and utility network operators by guiding investments through a series of seven local priorities:

1. Building sustainable and climate resilient communities
2. Maximising knowledge and awareness and ensuring certainty of success
3. A just transition for the energy system
4. Supporting a wellbeing economy, jobs and skills
5. Tackling fuel poverty and improving health
6. Improving the energy efficiency of buildings
7. Decarbonising building heat sources

4.4 Elected Members were provided with a briefing on the LHEES priorities on 5 March 2024 and had an opportunity to feedback on the approach during an open workshop session. No significant concerns were raised surrounding the priorities, though several queries were raised surrounding deliverability.

4.5 The strategy sets out the high-level approach to be taken in Moray for heat decarbonisation and energy efficiency improvements. It is designed to be indicative rather than prescriptive, and sufficiently agile to react timeously to changes in the funding and policy landscape.

4.6 Potential heat network zones are identified by the strategy and will be developed further for adoption within the Council's Local Development Plan as required by the Heat Networks (Scotland) Act 2021.

- 4.7 The delivery plan details how the Council, in collaboration with key stakeholders, will translate the LHEES priorities into actions. In response to members' concerns raised during the briefing session of 5 March 2024, a note has been added to each action regarding deliverability. Adequate resourcing will be requested from the Scottish Government to deliver beyond those actions which have been identified as 'deliverable within existing resources'. This request will be made once detailed action setting with action holders is complete, following approval of the final documents.

5. NEXT STEPS

- 5.1 A public consultation on the draft LHEES strategy and delivery plan will take place from 25 April to 16 May 2024 via the Council's website. Copies of the documents will be available for review and comments at libraries across Moray.
- 5.2 Following completion of the public consultation, feedback will be collated, and a final version of the strategy and delivery plan produced. This will be presented to Council at the next available opportunity of 26 June 2024.
- 5.3 A limited budget remains available for further consultancy support over the next 4 years to support the LHEES strategy. However, there is very limited capacity within the climate change team to implement, monitor and review the strategy and delivery plan in such a manner as required by the Order. The financial and staffing resources to deliver LHEES will be further discussed when the final documents are presented to Council in June.

6. SUMMARY OF IMPLICATIONS

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

Development and deployment of a Local Heat and Energy Efficiency Strategy is an action of the Council's Climate Change Strategy 2020-2030 which supports the priorities set out in the Corporate Plan.

(b) Policy and Legal

The Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 places a duty on Moray Council to prepare, publish and update a Local Heat and Energy Efficiency Strategy and Delivery Plan at intervals not exceeding 5 years.

(c) Financial implications

There are no financial implications arising from this report. However, delivery of LHEES will have significant financial implications and this will be further discussed when the final LHEES documents are presented to Council in June.

(d) Risk Implications

The Council will continue to breach its statutory duty in the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 if it does not publish and progress a Local Heat and Energy Efficiency Strategy and

Delivery Plan. As a result, there is a risk that the Council will miss out on government funding opportunities related to this work and suffer reputational damage.

(e) Staffing Implications

The removal of the dedicated LHEES officer post has had a significant impact upon the workload of the existing climate change officers and their ability to respond to statutory duties. Delivery of LHEES will have further significant staffing implications and this will be further discussed when this matter is reported back to Council in June.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

There are no equalities/socio economic impacts at this stage. This will be considered and an equalities impact assessment carried out if necessary ahead of the final draft documents being presented to Council for approval in June 2024.

(h) Climate Change and Biodiversity Impacts

This proposal could help to address the climate emergency by developing plans to reduce carbon emissions from buildings in Moray. No significant negative climate change or biodiversity impacts have been identified.

(i) Consultations

Consultations have been undertaken with the Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, the Head of Housing and Property, the Programme Manager (Learning Estate), the Property Asset Manager, the Community Wealth Building Officer, the Energy Officer, the Equal Opportunities Officer, and the Democratic Services Manager, and their feedback acknowledged.

7. CONCLUSION

7.1 Council is invited to comment on and approve the draft Local Heat and Energy Efficiency Strategy and Delivery Plan ahead of public consultation.

7.2 A final version of each document will be presented to Council on 26 June 2024 for approval.

Author of Report: George Gunn, Climate Change Strategy Officer
Background Papers:
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