



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 6 SEPTEMBER 2022**

SUBJECT: LOCAL HEAT AND ENERGY EFFICIENCY STRATEGY

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

1. REASON FOR REPORT

- 1.1 To inform the Committee of the duties required under the Local Heat and Energy Efficiency Strategy (Scotland) Order 2022 and seek approval of plans to comply with the Order.
- 1.2 This report is submitted to Committee 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 Committee:-

- (i) notes the duties required under the Local Heat and Energy Efficiency Strategy (Scotland) Order 2022 and the recent announcement of funding for the council to progress this;**
- (ii) approves the appointment of an LHEES Officer as proposed in the report and associated consultancy work (within the Scottish Government funding provided) to develop a Local Heat and Energy Efficiency Strategy (LHEES) and delivery plan; and**
- (iii) approves the submission of this report and agreed recommendations to the Community Planning Partnership (CPP), and for subsequent progress updates to be copied to the CPP.**

3. BACKGROUND

- 3.1 The Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 came into force on 21 May 2022. The Order requires local authorities to publish a local heat and energy efficiency strategy (LHEES) and delivery plan by 31 December 2023.

3.2 An LHEES strategy identifies the long-term priorities required locally to decarbonise all buildings and infrastructure to fulfil the Scottish Government’s objectives relating to heat and energy efficiency in buildings, in conjunction with the council’s own net zero targets. Interventions may occur at building level or in energy supply networks, or in a combination of both. The strategy is intended to reflect national and local priorities and factors, such as:

- Timing of planned infrastructure upgrades;
- Access to resources and funding;
- Major projects;
- Decisions over the local gas grid; and
- Community engagement.

3.3 An LHEES delivery plan details the actions that the council and its partners will take to deliver on the changes identified within the LHEES strategy. The delivery plan clarifies stakeholder roles and responsibilities and co-ordinates across local partners to provide mechanisms for identifying new delivery actions. It is intended that the delivery plan will build on existing plans and policies such as the Energy Efficiency Scotland: Area Based Scheme (EES:ABS).

3.4 Development of an LHEES strategy and delivery plan will provide a strong basis for collaborative action by local communities, council and government, investors, developers and wider stakeholders on a series of priorities.

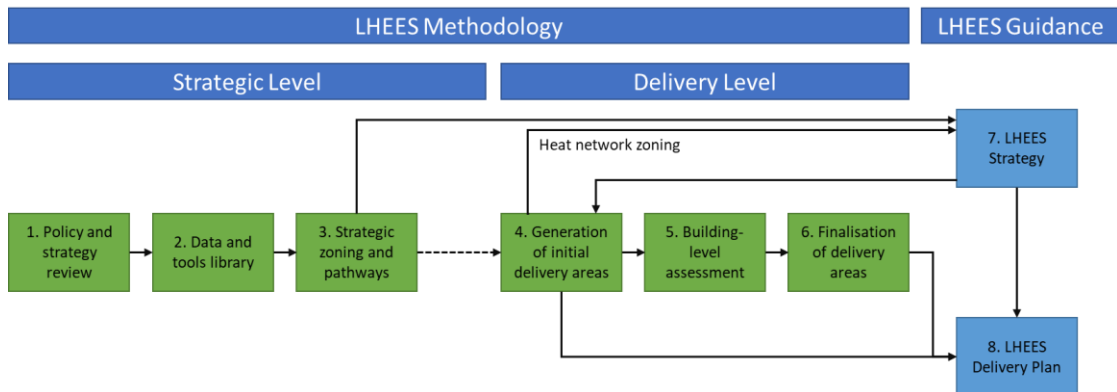
3.5 A summary of the LHEES priorities are detailed below.

	No.	LHEES priority	Description
Low regrets heat decarbonisation	1	Heat networks	Decarbonisation with heat networks
	2	Off-gas grid	Transitioning mainly from heating oil and LPG in off-gas areas
Secondary outcomes	3	Poor building energy efficiency	Actions to address poor building energy efficiency
	4	Poor building energy efficiency as a driver for fuel poverty	Actions to address poor building energy efficiency as a driver for fuel poverty
	5	Mixed tenure, mixed-use and historic buildings	Actions to address mixed-tenure and mixed-use buildings, listed buildings and buildings in conservation areas
Heat decarbonisation	6	On-gas grid	On-gas grid heat decarbonisation

3.6 The work required to develop an LHEES strategy and delivery plan is extensive. There are 8 stages involved which bring together data analysis and evidence gathered through internal and external engagement. A series of methodology and guidance papers have been created by the Scottish

Government to support a standardised approach to LHEES development across the country.

- 3.7 A summary of the stages involved in the development of an LHEES strategy and delivery plan are detailed below.



- 3.8 A pilot LHEES project was undertaken by Moray Council and Changeworks in 2021. This project identified the tools, data, skills and resources required to develop and deliver an LHEES strategy and delivery plan for Moray upon confirmation of funding. These results will be used to inform the full strategy and delivery plan.

- 3.9 In August 2022 it was confirmed that funding of £75,000 per annum per local authority had been agreed by the Scottish Government and COSLA to progress work on LHEES for the next five years. This will be provided as a redetermination of the General Revenue Grant and will be paid in the last 2 weeks of March. This funding can be used for in-house development, as well as to appoint suitable consultants.

4. DEVELOPING THE STRATEGY AND DELIVERY PLAN

- 4.1 Owing to a lack of capacity within the existing staffing resource, it is recommended that the council creates a new post of Climate Change Strategy Officer (LHEES). To align with the funding available, it is proposed that this post would be a Grade 9 post for a fixed period of five years and developed in consultation with HR. Subject to the outcome of the Job Evaluation process, it is anticipated that the post would be a Grade 9 level post and the necessary work will be taken forward in consultation with HR. The postholder would be responsible for creating and delivering the actions in the LHEES Strategy, assisting in securing funding for LHEES actions, and assisting to deliver Climate Change Strategy actions including, but not limited to, the monitoring of Moray wide emissions with public, private and community sector partners in order to assist moray wide climate change actions.

- 4.2 The potential for unsuccessful recruitment, balanced with the December 2023 deadline and level of work required, is a substantial risk to the council's compliance with the Order. It is recommended that the council also appoints a consultant for one year to assist in the development of an LHEES strategy and delivery plan. Initially this consultancy work would consist of collating and reviewing existing data and the progress made so far with the LHEES strategy to assist in progressing the strategy while the LHEES officer is recruited. Any future consultancy will be for assistance in aspects of the LHEES strategy which cannot be carried out with in-house expertise. The consultancy and

staffing costs would be within the £75,000 budget. It is intended that the consultant and staff members will complete the documents for adoption by committee ahead of the December 2023 deadline.

- 4.3 In developing an LHEES strategy and delivery plan, there is an opportunity to ensure that the concepts of community wealth building and the retention of money in the local economy is at the heart of strategy and solutions provided. The brief to the consultant will ensure that community wealth building and decentralisation of energy provision is a key consideration.
- 4.4 The appointment of a suitable consultant via competitive tender may be in collaboration with other local authorities if deemed to be the most suitable approach and implementable within the tight timescale available. A project team will be established, managed by the Climate Change Strategy Officer, to ensure that internal priorities are firmly embedded in the strategy. A copy of this report and agreed recommendations will be submitted to the Community Planning Partnership as the strategy will apply on a Moray-wide basis.
- 4.5 The progress of the LHEES strategy will be reported to the existing Climate Change Board and within wider Climate Change Strategy routine updates to the committee, with updates copied to the Community Planning Partnership.

5. DELIVERING THE STRATEGY

- 5.1 Upon approval of the LHEES strategy and delivery plan, there will be a need to implement and monitor the actions identified across the Council and in partnership with stakeholders, and continually develop the LHEES policy. This will be the function of the Climate Change Strategy Officer (LHEES) and the project team. Funding for the actions in the LHEES delivery plan will be sought from the Scottish Government and via external funding applications.

6. SUMMARY OF IMPLICATIONS

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

Development of LHEES forms part of the Council's Climate Change Strategy 2020-2030 which supports the priorities set out in the Corporate Plan 2019-2024.

(b) Policy and Legal

The Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 requires local authorities to publish a local heat and energy efficiency strategy (LHEES) and delivery plan by 31 December 2023.

(c) Financial implications

The Scottish Government is providing £75,000 per annum which is to be used for staffing as set out below and to commission the Council's LHEES strategy and delivery plan. There are no direct financial implications for the Council.

(d) Risk Implications

There is a risk that the Council will be unable to comply with the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 and its own net zero target if work does not commence promptly.

(e) Staffing Implications

A new post, proposed at Grade 9 but subject to grading in consultation with HR, will be created which will be funded by the £75,000 per annum agreement over the next five years.

If funding continues beyond the five year period and the contract is renewed, this will have the effect of the employee in post being deemed to have permanent status.

If funding comes to an end and there is no longer a requirement for the post, this will result in a dismissal which is most likely to be by reason of redundancy. The agreed policy and procedure must be followed to ensure a fair and reasonable process and the appropriate redundancy payment will be required to be paid.

There will be a requirement for staff from several services including Strategic Planning & Development, Housing & Property and Education to work as part of a project team to support the project and provide any data requested.

(f) Property

There will be property implications linked to the delivery of the LHEES. Dependent on the actions identified, this may impact on council housing, corporate buildings and the learning estate. These implications will be set out in more detail as the key actions relating to property are agreed and progressed.

(g) Equalities/Socio Economic Impact

There are no equalities/socio economic impacts at this stage. An Equalities Impact Assessment will be carried out as part of the final strategy and reported back to the committee.

(h) Climate Change and Biodiversity Impacts

An LHEES strategy and delivery plan will assist with the Council's decarbonisation target to be net zero by 2030. LHEES seeks to create opportunities for decarbonisation internally and within the wider Moray region, in line with the aims of the Moray Council Climate Change Strategy 2020-2030.

(i) Consultations

Consultations have been undertaken with the Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth & Development, the Legal Services Manager, the Head of Housing and Property, the Head of Education Resources & Communities, the Acting Housing & Strategy Development Manager, the Property Asset Manager, the Community Wealth Building Officer, the Energy Officer, the Equal Opportunities Officer, the Elected Climate Change Champion and L Rowan, Committee Services Officer. Where comments have been received, these have been included within the report.

7. CONCLUSION

- 7.1 The Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 places a responsibility on local authorities to publish an LHEES strategy and delivery plan by 31 December 2023.**
- 7.2 Complying with the Order will require extensive work both in the development and implementation of the LHEES strategy and delivery plan. The committee is asked to approve the recommendations to enable work to commence.**

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