

REPORT TO SUSTAINABILITY COMMITTEE - 15 JUNE 2022

LOCAL HEAT & ENERGY EFFICIENCY STRATEGY (LHEES) DEVELOPMENT UPDATE

1 Executive Summary/Recommendations

1.1 This report contains an update on progress with respect to the Local Heat and Energy Efficiency Strategy (LHEES) being developed for the Aberdeenshire area that Aberdeenshire Council officers have been working on with the support of consultants.

1.1.1 The LHEES will identify what needs to be done to change buildings and local infrastructure over the next 15 to 20 years to fulfil the Scottish Government's objectives and local priorities relating to heat in buildings. Part of the LHEES will include a Delivery Plan which will become an Action Plan to enable a Local Authority and its partners to work towards delivery of the changes required as identified in the LHEES.

1.2 The Committee is recommended to:

1.2.1 Consider and comment on the LHEES Development Update.

2 Decision Making Route

2.1 Consultations in 2017 gathered initial stakeholder views on proposals for Local Authority Level Heat and Energy Efficiency Plans. The Sustainability Committee noted Aberdeenshire Council's response on 30 August 2017 ([item 7](#)). Since then, all 32 Local Authorities have been involved in piloting aspects of the LHEES approach, with Scottish Government funding support. Aberdeenshire Council took part in Phase 2 of these pilots in 2018/2019.

2.2 Aberdeenshire Council was involved in the most recent LHEES Local Authority Resource Call where up to £44,000 grant was awarded for completing Stages 1 to 4 of the recently developed LHEES methodology with consultants 'Changeworks'. This project ended on 31 March 2022, outcomes of which are included at paragraphs 3.5 and 3.6.

2.3 The Draft LHEES Order Consultation was responded to by Aberdeenshire Council on 2 February 2022. On 16 February 2020 ([item 8](#)) the Sustainability Committee acknowledged the response which had been submitted by officers.

3 Discussion

3.1 Through the LHEES, the Scottish Government aims to drive area-based planning and delivery of the heat transition, supporting achievement of statutory emissions reduction targets. The strategies are long-term plans for decarbonising heating in buildings and improving energy efficiency across an

entire Local Authority area and sits at the heart of the Scottish Government's [Heat in Buildings Strategy](#).

- 3.2 The Heat in Buildings Strategy commits to having strategies and accompanying Delivery Plans in place for all Local Authority areas by the end of 2023 and also set out Ministers' intention to put the LHEES on a statutory footing.
- 3.3 It is the intention that the LHEES will form the basis for local public engagement and community involvement in decision making at the local level and support investment planning by the electricity and gas networks.
- 3.4 Following consultation and partnership working with COSLA (Convention of Scottish Local Authorities) and Local Authorities, the [Local Heat and Energy Efficiency Strategies \(Scotland\) Order](#) was laid in the Scottish Parliament on the 11 March 2022. It was then passed on 19 May 2022 and came into force on 21 May 2022.
- 3.5 Aberdeenshire Council engaged Changeworks consultants to develop Stages 1 to 4 of the LHEES for the Aberdeenshire area.

Stage 1 Policy and Strategy Review - sets out the national and local policies relevant to LHEES, providing an opportunity to consider how the national policy landscape can be linked to local drivers. For each priority it sets out indicators and weightings that underpin analysis across the other stages. It enables the mapping of key internal and external stakeholders, as well as funding resources that support Delivery Plan actions.

Stage 2 Data and Tools Library - identifies the most appropriate data and information needed to support analysis in subsequent stages. The library captures data requirements for the priorities, acting as a record of data sets used and capturing associated detail on ownership, data sharing, key contacts etc.

Stage 3 Baseline Strategic Zoning and Pathways - understanding the current energy efficiency and heat decarbonisation performance of the building stock at a local authority wide level. This performance will be based on assessing the building stock against the indicators from Stages 1 - 2.

Stage 4 Generation of initial Delivery Level Areas - uses GIS techniques to generate initial delivery level areas for each of the priorities. Heat Network Zoning uses a linear heat density technique to generate the zones. Other priorities generate the zones using indicators and weightings from Stage 3.

- 3.6 Changeworks completed Stages 1 - 4 of the Strategy while reflecting on lessons learned from previous pilot programs. The Heat Network analysis was limited to those areas where public or semi-public buildings could be used as anchor loads. Anchor loads are high heat demand buildings which would be

key connections for a heat network as they are required to drive the economics of such systems. In the assessment, Changeworks limited selection to those with 2 or more potential anchor load buildings. The process has resulted in the identification of 14 potential Heat Network priority zones which may present opportunities for decarbonisation of heating requirements. These areas will be investigated further in the next stages of the LHEES process.

- 3.7 Further updates on the progress with the LHEES development will be brought back to this committee in due course.

4 Council Priorities, Implications and Risk

- 4.1 This report helps deliver all six of the Council's Strategic Priorities.

Pillar	Priority
Our People	Education Health & Wellbeing
Our Environment	Infrastructure Resilient Communities
Our Economy	Economy & Enterprise Estate Modernisation

- 4.2 The table below shows whether risks and implications apply if the recommendation is agreed.

Subject	Yes	No	N/A
Financial	X		
Staffing	X		
Equalities and Fairer Duty Scotland			X
Children and Young People's Rights and Wellbeing			X
Climate Change and Sustainability			X
Health and Wellbeing			X
Town Centre First			X

- 4.3 There will be staffing and financial implications now that the Order to make LHEES a Statutory Duty has come into force. Scottish Government has consulted on funding levels they plan to make available to Local Authorities for them to carry out the duty, but this is still to be confirmed. The LHEES for Aberdeenshire will potentially require a number of Aberdeenshire Council buildings to be anchor load buildings for multiple Heat Networks as described in paragraph 3.6. In addition, there will be an expectation that as a Local Authority, Aberdeenshire Council will lead the way in reducing carbon impact of its own building stock. Funding for either option has not been identified.
- 4.4 The screening section as part of Stage One of the Integrated Impact Assessment process has not identified the requirement for any further detailed assessments to be undertaken. An Integrated Impact Assessment is not required because this report is to update Councillors on progress made in developing a Local Heat and Energy Efficiency Strategy.

4.5 The following [Corporate Risks](#) have been identified as relevant to this matter on a Corporate Level:

- ACORP001 *Budget pressures* (Our Environment and Our Economy)
Scottish Government have intimated support funding will be available to Local Authorities for development of the LHEES.
- ACORP004 *Business and organisation change* (including ensuring governance structures support change; managing the pace of change)
The funding for development of the LHEES will give additional resource to focus on this statutory duty.
- ACORP005 *Working with other organisations* (e.g. supply chains, outsourcing and partnership working)
Part of the LHEES development includes a delivery plan for which there will be public engagement.
- ACORP010 *Environmental challenges* e.g. extreme weather events, climate change.
Producing and implementing an LHEES is a step towards making changes that will have a positive impact on reducing carbon emissions in the area.

The following Risks have been identified as relevant to this matter on a Strategic Level:

- ISSR004 as it relates to Climate Change in the ([Directorate Risk Registers](#))

5 Scheme of Governance

- 5.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the [Scheme of Governance](#) and relevant legislation.
- 5.2 The Sustainability Committee is able to consider (and take a decision on) this item in terms of Section R 1.1a of the [List of Committee Powers in Part 2A](#) of the Scheme of Governance which dictates that this committee approve, review and monitor the Council's work in respect of sustainable development and climate change.

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