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# SCOTTISH BORDERS CONSULTATIVE DRAFT LOCAL HEAT AND ENERGY EFFICIENCY STRATEGY 2024-2029

Report by Director - Infrastructure and Environment

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## SCOTTISH BORDERS COUNCIL

25 January 2024

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### 1 PURPOSE AND SUMMARY

- 1.1 This report provides Members with an update on the consultative draft Local Heat and Energy Efficiency Strategy (LHEES) and provides an overview of the consultation process.
- 1.2 The Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 places a duty on Local Authorities to prepare, publish and update a Local Heat and Energy Efficiency Strategy (LHEES). The LHEES will be the core strategy and delivery programme for reducing energy demand and decarbonising heat supply.
- 1.3 The proposed consultative draft LHEES has been prepared in accordance with [Scottish Government Guidance](#) which sets out the drivers, scope and requirements of the strategy.

### 2 RECOMMENDATIONS

- 2.1 **I recommend that Council is asked to:**
  - (a) Consider the draft Local Heat and Energy Efficiency Strategy;**
  - (b) Approve plans for formal consultation; and**
  - (c) Note that the final LHEES will be presented to Council before the end of the financial year.**

### **3 BACKGROUND TO LOCAL HEAT AND ENERGY EFFICIENCY STRATEGIES**

- 3.1 The production of LHEES became a statutory duty for local authorities in May 2022 through [The Local Heat and Energy Efficiency Strategies \(Scotland\) Order 2022](#). This requires local authorities to publish their strategy and associated delivery plans by the 31st of December 2023; renewal of both is required on a five-year cycle.
- 3.2 Local Heat and Energy Efficiency Strategies (LHEES) will be the core strategy and delivery programme to reduce energy demand and decarbonise heat supply. This consolidates existing energy reduction and affordable warmth strategies and plans, and is comprised of a long-term strategy and shorter-term delivery plans. The strategy is a place based, locally led and tailored approach which sets out the long-term plan for decarbonising heat in buildings and improving their energy efficiency across the Scottish Borders. This ambition applies to every building in the Scottish Borders area (domestic, non-domestic and public), thus the LHEES is a shared vision of how all building owners can retrofit their properties.
- 3.3 The concept of LHEES brings together strategic priorities around fuel poverty and carbon emissions associated with heating our buildings. This is supported at national level through both the [Heat in Buildings Strategy](#) and [Scotland's Energy Strategy & Just Transition Plan](#).
- 3.4 The Scottish Government's Heat in Buildings Strategy makes clear the need to ensure that, by 2045, our homes and buildings no longer contribute to climate change, while also tackling fuel poverty. Local Heat and Energy Efficiency Strategies will be the principal mechanism for this locally-led heat planning.
- 3.5 The Scottish Borders LHEES is primarily driven by Scotland's statutory targets for greenhouse gas emissions reduction and fuel poverty:
- Net zero emissions by 2045 and 75% reduction by 2030.
  - In 2040, as far as reasonably possible, no household in Scotland is in fuel poverty.
- 3.6 The creation of LHEES brings together key priorities around the reduction of carbon emissions, improvement of domestic and non-domestic stock and the need for affordable warmth. The development of LHEES requires consideration of these priorities in a comprehensive way to ensure that action addresses inequalities, expressly that of fuel poverty, and enables a just transition to net-zero carbon by 2045. The strategy aims to:
- Set out how each segment of the building stock needs to change to meet national and local objectives, including achieving zero greenhouse gas emissions in buildings, and the removal of poor energy efficiency as a driver of fuel poverty.
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- Identify strategic heat decarbonisation zones, and set out the principal measures for reducing buildings emissions within each zone; and
- Prioritise areas for delivery, against national and local priorities.

3.7 In developing the new draft strategy Scottish Borders Council has followed the eight-stage process outlined in the guideline issued by Scottish Government:

- Stage 1: Policy and strategy review – identifying the local and national policies, targets and strategies that are linked to the LHEES.
- Stage 2: Data and tools library – developing a library of all appropriate data and tools that will support analysis in subsequent stages of the LHEES.
- Stage 3: Strategic zoning and pathways – establishing a baseline for the Scottish Borders region’s existing building stock including: characteristics, energy efficiency levels and heat supply and performance. This results in the establishment of strategic zones relating to the LHEES considerations.
- Stage 4: Generation of initial delivery areas – generation of potential delivery areas driven by the LHEES considerations.
- Stage 5: Building-level pathways assessment – assessing the interventions required to decarbonise heating and improve energy efficiency in buildings within the Scottish Borders, quantifying financial costs and carbon reduction benefits.
- Stage 6: Finalisation of delivery areas – using the outputs from stages 1-5 to identify a range of potential projects further refine delivery areas, giving consideration to local priorities and any existing local programmes works.
- Stage 7: Strategy – summarising findings in stage 1-6, providing a short and long-term focus of LHEES at the strategic level and areas - i.e., this document and supporting materials.
- Stage 8: Delivery Plan – setting out how SBC will implement their LHEES through preparation of a Delivery Plan, and the short- and long-term low-regrets actions to support the process.

3.8 The LHEES seeks to address the following considerations:

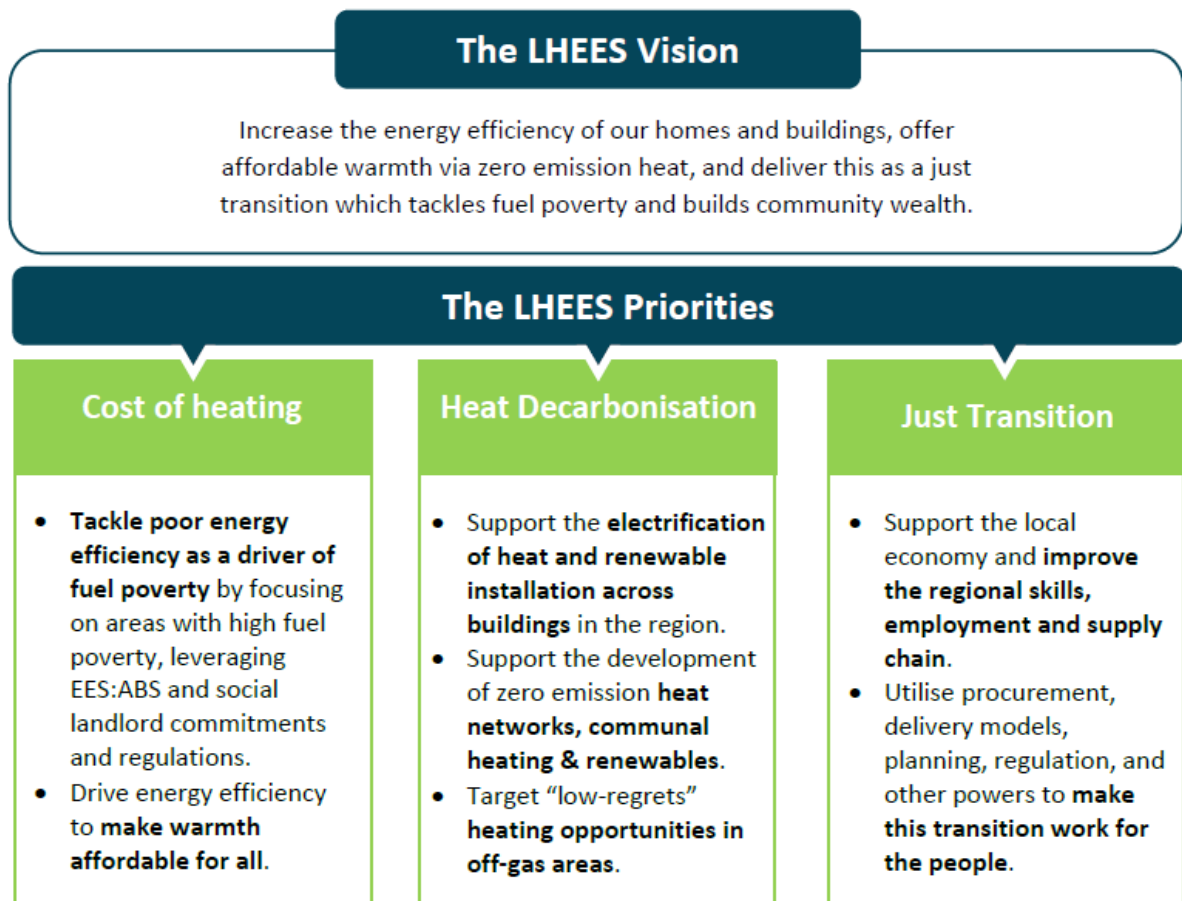
1. Heat Networks – Decarbonisation using heat networks
2. Off-gas buildings – Transitioning from heating with oil and LPG in off-gas areas
3. Poor building energy efficiency
4. Poor building energy efficiency as a driver for fuel poverty
5. Mixed-tenure, mixed-use and historic buildings – Covers mixed-tenure/use, listed buildings and buildings in conservation areas
6. On-gas grid buildings – On-gas grid heat decarbonisation

3.9 The LHEES supports and helps to deliver national outcomes and targets whilst also reflecting the needs and priorities of local people through the Community Planning process, as well as being set within the context of the updated Council Plan 2023-24. The draft strategy is closely linked to other strategies, both national and local. These include; the Scottish Borders Council Plan, Scottish Borders Climate Change Strategy, Scottish Borders Council Estate Strategy 2022-2027/32, Local Housing Strategy 2023-

#### 4 DRAFT VISION AND PRIORITIES

- 4.1 LHEES represents an opportunity for the Scottish Borders to align areas of regional and national focus around addressing fuel poverty, decarbonisation, and building energy efficiency as well as developing a strong sustainable local economy, boosting skills and delivering a just transition so the benefits of a green economy transition are shared widely.
- 4.2 Scottish Borders Council is committed to creating a region that is fair for everyone and where we all have an equal and positive chance to succeed. The vision identified is to “Increase the energy efficiency of our homes and buildings, offer affordable warmth via zero emission heat, and deliver this as a just transition which tackles fuel poverty and builds community wealth”. The priorities under this vision are captured in Figure 1 below.

Figure 1 – Vision & Priorities



- 4.3 The output of the strategy is a framework for taking an area-based approach to heat and energy efficiency planning and delivery.
- 4.4 The accompanying delivery plan will set out the approach to implement the strategy over the next five years 2024-28. This outlines prospective actions for the council, local communities, government, investors, developers and wider stakeholders, pinpointing areas for targeted intervention and “low

regrets” measures. This adopts a pragmatic approach to delivery whereby a council-led programme will support projects across the Scottish Borders. It will also incorporate all existing programmes, such as the Energy Efficient Scotland: Area Based Schemes (EES: ABS).

## 5 DEVELOPMENT OF THE DRAFT STRATEGY

5.1 As set out at paragraph 3.7 the draft has been developed in strict accordance with the published LHEES guidance. A diverse range of partners, stakeholders, and property owners have participated in developing the consultative draft LHEES. This engagement has built on the recent engagement with stakeholders in relation to the development of the new Local Housing Strategy (LHS) 2023-2028 which was approved by the [Executive Committee on the 14th November 2023](#). In particular, there is clear alignment with LHS Strategic Outcome 3: Improved energy efficiency of homes and a reduction in fuel poverty while supporting a Just Transition to Net Zero through decarbonising domestic heating and energy.

Development of the draft LHEES has been informed by:

- Initial workshops to determine the scope of LHEES.
- Establishment of a project steering group within SBC to ensure joined up supportive work around the SBC estates, schools, buildings, carbon reduction.
- Stakeholder mapping to identify key stakeholders to support the development and implementation of LHEES.
- Ongoing meetings with Registered Social Landlords (RSLs).
- Ongoing meetings with the Distribution Network Operators (DNOs).
- Ongoing meetings with local estates, NHS, and Police to ensure alignment of plans with the LHEES.
- An interactive workshop to explore and discuss initial Delivery Areas and recommendations alongside the wider policy, strategy and delivery environment.
- An interactive workshop to ask for feedback on the finalised Delivery Areas (incorporating analysis to date).

5.2 Discussions have taken place and are ongoing between Scottish Borders Council and stakeholders such as Scottish Water (SWH) (there may be opportunity to harness renewable waste heat from the sewerage network) and Scottish Power Energy Networks (SPEN) (to confirm supply capacity data) to refine opportunity zones. Importantly, both SWH and SPEN seek to publish online resources for local authorities to assist in clarifying LHEES delivery zones.

5.3 SBC appointed Changeworks as an independent consultant to lead on the development and analysis work through stages 1 to 6 of the prescribed LHEES methodology. This data driven work involved processing and interrogating various data sets, primarily Energy Saving Trust’s Home Analytics, to identify particular areas and zones that potentially represented opportunities which aligned with the 6 core LHEES considerations. These were then overlaid onto spatial mapping software (ArcGIS) to present area level maps within the region. The output at stage 6 presented a list of likely LHEES delivery areas based on the data, supported by maps, and a hierarchy of “intermediate zones” and “data

zones” based on the LHEES considerations. At stages 7 and 8, the stage 1 - 6 outputs relating to opportunity zones were then reviewed in line with existing plans, policies, local knowledge and stakeholder interests to establish areas where action should be targeted within the LHEES delivery plan. This includes shorter term projects to address building inefficiency, supporting identified areas of high instances of fuel poverty, or identifying areas where a Heat Network could be an appropriate heat decarbonisation option.

## **6 PLANNED CONSULTATION AND FINALISING THE STRATEGY**

6.1 As mentioned at paragraph 5.1, pre-consultation engagement has been undertaken during 2023 as part of the draft LHEES preparation. This will be further built on through the formal consultation period which will run from 29<sup>th</sup> January – 8<sup>th</sup> March 2024, subject to approval.

6.2 The formal consultation will include:

- LHEES consultation survey hosted on Citizen Space.
- Publishing a LHEES consultation video.
- Stakeholder contact – stakeholders will be contacted with links to the LHEES consultation survey. This includes community councils and area partnerships.
- Posts on Yammer – we will schedule posts on internal communications site Yammer, with the aim of encouraging all SBC staff to engage in the consultation.
- LHEES webpage – a webpage on LHEES will be created which provides information on the LHEES and links to the consultation on Citizen Space.
- Social media posts will be published to encourage people to read the draft LHEES and respond to the consultation questions.
- Dialogue will be held/continued with community groups.
- A press release will be published to further raise awareness and promote engagement in the LHEES consultation.

6.3 All feedback from the consultation process and engagement undertaken to date will be summarised and considered during the process of finalising the LHEES strategy.

## **7 IMPLICATIONS**

### **7.1 Financial**

- (a) There are no direct financial implications from this report but implementation of the LHEES is dependent on SBC’s continuous provision of core services alongside SBC’s capital investment programme and estate strategy, whereby the Council will lead by example and invest in decarbonising and improving the energy efficiency of its buildings.
- (b) Delivery of the LHEES will require coordination of fabric improvement and decarbonisation projects, many of which are the responsibility of Housing Associations, private individuals, building owners and other external stakeholders.

- (c) However, where there are specific actions considered as having a resource implication for the Council, Officers will bring back proposals to Council as they arise over the period of the strategy. There are no costs attached to any of the recommendations contained in this report.
- (d) The Scottish Government has committed to resourcing LHEES across all local authority areas by allocating £75k through the general fund every year to individual Councils. This resource has now been utilised through the permanent appointment of the principal heat and energy efficiency coordinator and with additional support through the provision and engagement of external technical support as required.

## **7.2 Risk and Mitigations**

- (a) The draft LHEES has been developed in cooperation with a range of partners to ensure it is based on evidence and shared priorities.
- (b) Delivery is largely dependent upon a number of variables not least of which relate to resource and other political and organisational decision-making processes beyond the control of the Local Authority.
- (c) Annual progress update reports will be presented to Council.
- (d) A Strategic Environmental Impact Assessment Screening Report has been undertaken which determined a full SEA would not be required for the LHS as the strategy itself is unlikely to have significant environmental effects.
- (e) Any potential environmental effects from any specific proposals or plans which may relate to the draft LHEES would be individually considered and addressed through the planning process and full SEAs.

## **7.3 Integrated Impact Assessment**

- (a) Equalities forms an integral part of the LHEES process and is part of the LHEES guidance. A full Integrated Impact Assessment has been undertaken and was embedded in the development process of the draft LHEES.
- (b) The integrated impact assessment (IIA) template has been completed and will be published on the Council's website, alongside all the associated documentation in relation to this draft strategy, subject to approval. The IIA can be viewed at Appendix 2 and 3. In addition to the full Integrated Impact Assessment additional screening on the draft LHS was undertaken, including:
  - Consideration of the Fairer Scotland Duty
  - Consideration of Human Rights
  - Strategic Environmental Assessment (Appendix 5)
  - Rural Proofing Exercise (Appendix 7); and
  - Health Inequality Impact Assessment (Appendix 4)

## **7.4 Sustainable Development Goals**

It is considered that the Local Heat and Energy Efficiency Strategy (LHEES) will contribute positively to goals 1,3,7,11,12.,13, 16 and 17. A full summary as to how the LHEES will support these goals will be presented when the strategy is finalised after the formal consultation period.

#### **7.5 Climate Change**

It is considered that there will be positive effects on the Council's carbon emissions arising from this report. The LHEES outcomes are anticipated to accelerate the reduction of carbon emissions from buildings. This is likely to have significant positive effects on climatic factors including air, population, and human health.

#### **7.6 Rural Proofing**

(a) As part of the LHEES development a Rural Proofing exercise was undertaken. The full checklist can be viewed at Appendix 7. This helps us consider any challenges presented by rural circumstances and recognise the distinct needs of rural communities. There is clear recognition of the opportunity for LHEES to help support rural areas, including "off gas" areas. Considerations specific to rural areas have been covered in the draft LHEES, for example higher project costs and lack of skilled labour and local supply chains.

(b) Responding to these issues and opportunities has been core to the development of the draft LHEES, ensuring that the strategy and delivery plans take the needs of rural communities fully into account.

#### **7.7 Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

#### **7.8 Changes to Scheme of Administration or Scheme of Delegation**

There are no changes which are required to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals in this report.

### **8 CONSULTATIONS**

8.1 The Director (Finance & Procurement), the Director (Corporate Governance), the Chief Officer Audit and Risk, the Director (People Performance & Change) and Corporate Communications have been consulted and any comments received have been incorporated into the final report.



## Approved by

**Name**

**John Curry**

**Title**

**Director – Infrastructure and Environment**

**Author(s)**

Name	Designation and Contact Number
Donna Bogdanovic	Lead Officer, Housing Strategy and Development
Neil Robertson	Principal Heat and Energy Efficiency Strategy Officer

**Background Papers:**

LHEES Consultative Draft Strategy

Appendix 1: First National Assessment Report on Heat Network Potential [within Main Strategy Document]

Appendix 2: LHEES – Integrated Impact Assessment Stage 1

Appendix 3: LHEES - Integrated Impact Assessment Stage 2 and 3

Appendix 4: LHEES – Health Inequality Impact Assessment

Appendix 5: LHEES – Strategic Environmental Assessment (Pre-Screening)

Appendix 6: LHEES – Business and Regulatory Impact Assessment

Appendix 7: LHEES – Rural Proofing

**Previous Minute Reference: N/A**

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Donna Bogdanovic can also give information on other language translations as well as providing additional copies.

Contact us at [housingenquiries@scotborders.gov.uk](mailto:housingenquiries@scotborders.gov.uk)