

# **BUSINESS AND REGULATORY IMPACT ASSESSMENT**

## **Scottish Borders Local Heat and Energy Efficiency Strategies (LHEES)**

### **1. Title of proposal**

Local Heat and Energy Efficiency Strategy (LHEES) and Delivery Plan for the Scottish Borders in response to the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022.

### **2. Purpose and intended effect**

LHEES should set out the long-term plan for decarbonising heat in buildings and improving their energy efficiency across an entire local authority area, framed around the following LHEES Considerations which are: Heat decarbonation covering on gas and off gas grid buildings alongside heat networks and Energy Efficiency covering poor energy efficiency as a driver for fuel poverty alongside mixed tenure, mixed use and historic buildings.

### **Objectives**

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.

The LHEES Strategies:

- 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 the building sector, and the removal of poor energy efficiency as a driver of fuel poverty;
- Identify strategic heat decarbonisation zones, and set out the principal opportunities and measures for reducing buildings emissions within each zone; and
- Prioritise areas for delivery, against national and local priorities.

### **Background**

Scotland has ambitious plans to transform its buildings. 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. This means that our schools, hospitals, libraries, homes and businesses will need to improve their energy efficiency and install zero emissions heating. Delivering this transformation will require concerted effort across all local governments, as well as the wider public and private sectors. Locally-led planning will be key to ensuring that the decarbonisation of heat in buildings is delivered in a way that is relevant to the Scottish Borders and tailored to the specific needs of our communities. It will also need a strategic approach to allow delivery on a large scale. Local Heat and Energy Efficiency Strategies will be the principal mechanism for this locally-led heat planning. They will support local planning, coordination and delivery of the heat transition across the Borders. The development of Local Heat and Energy Efficiency Strategies

(LHEES) has required close cooperation between the Scottish Government and local authorities. The Scottish Borders has an absolutely critical role to play in the transformation of Scotland's building stock to deliver net zero.

### **3. Consultation**

#### **Within Scottish Borders Council**

Stakeholder mapping was initially completed to ensure all relevant persons were captured. A project steering group was established within Scottish Borders Council to ensure joined up supportive work around the council estates, with a view to using the estate as an exemplar and leader to demonstrate emission reductions. Within the council the internal stakeholders consulted are as follows:

- Estates team
- Council planning
- Voluntary sectors and community groups
- Private housing team
- Heritage and design team
- Economic development
- Climate change/sustainability
- Low carbon working group

#### **Public consultation**

This LHEES is subject to a public consultation to allow anyone in the Scottish Borders to provide their feedback. The council also intends to engage and present at area partnership meetings for further public engagement. The council will look to enter dialogue with community groups to build on previous discussions on energy and renewable opportunities, and to feed into the strategic long-term effort for decarbonizing heat in buildings and improving their energy efficiency across an entire local authority area.

#### **Business**

- Registered Social Landlords (RSLs)
- Scottish Power Energy Networks (SPEN)
- National Health Service (NHS)
- Police Scotland
- Historic Buildings Scotland
- Housing Associations such as;
- Scottish Borders Housing Association
- Eildon Housing Association
- Berwickshire Housing Association
- Waverly Housing Association

## 4. Options

### Option 1 - implement the LHEES across the Scottish Borders

The implementation of the LHEES in the Scottish Borders will allow for the decarbonisation of the areas building stock whilst alleviating fuel poverty levels in the area. This will bring many social benefits alongside climate benefits and will fulfil the LHEES purpose of:

- 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 the building sector.
- To remove poor energy efficiency as a driver of fuel poverty.

### Option 2 – do nothing.

The LHEES not being implemented across Scottish Borders will result in higher fuel poverty rates. For small businesses and organisations to be economically viable in the area these costs would have to be reduced and in turn, consumers will have to have reduced costs in order to contribute to the local economy.

### Sectors and groups affected

The following are likely to be affected by the implementation of the LHEES in the Scottish Borders: Scottish Borders Council, local supply chain (both private and public sector), housing developers, housing associations, energy providers.

### Benefits – option 1

The implementation of the LHEES will ensure that all organisations and businesses in the Scottish Borders will have reduced energy costs and staff will work in a healthy environment. With saved finances from reduced energy costs this allows businesses to reinvest into their business or be able to expand bringing about job opportunities and enhancing local economies. This LHEES will allow for the opportunity of developing of and possible expansion of the local supply chain whilst implementing the measures. This would bring new jobs to the area and improve community wealth within the Scottish Borders.

### Benefits – option 2

By not implementing the LHEES this will save Scottish Borders Council time spent on planning the LHEES and applying for various funding streams to focus on other aspects of the area. However, other issues in the area such as fuel poverty and community wellbeing can be solved through the implementation. By not implementing the LHEES it would mean that Scottish Borders Council and stakeholders would not need to familiarise themselves with the LHEES process or make adaptation plans as to how their organisation would comply with the LHEES.

### **Costs – option 1**

The costs of implementing the LHEES will be that the council alongside stakeholders will have to dedicate time for the development of this LHEES and will take time to source funding for investments stated in the LHEES therefore this could be allocated to other issues within the area or organisation.

### **Costs – option 2**

By not implementing the LHEES it would mean that the standard of building stock in the Scottish Borders does not improve and could deteriorate. This means organisations need to invest large sums of money to improve the standard of their buildings. Another cost due to the decreased standard of buildings would be increased energy bills for all in the Scottish Borders therefore fuel poverty rates are likely to increase and pressure on organisations will worsen meaning reinvesting into their own organisation or local economy will reduce. Overall, community wealth will be reduced.

## **5. Summary and Recommendations**

In summary, the implementation of this Local Heat and Energy Efficiency Strategy will be beneficial for multiple organisations in the Scottish Borders Area including housing associations, council bodies alongside the supply chain bringing about community wealth and opportunity.

The development of this LHEES and delivery plan are seen as necessary for the furthering of building stock and wellbeing in the Scottish Borders and presents an ample opportunity for organisations to implement money saving initiatives, freeing up finances for reinvestment and improving staff's wellbeing.

This LHEES will build a stronger economy on the whole for Scottish Borders whilst building community wealth in local economies. This LHEES will strengthen the Scottish Borders financial resilience whilst improving climate resilience.