

Perth And Kinross Council

Climate Change & Sustainability Committee

27 November 2023

LOCAL HEAT & ENERGY EFFICIENCY STRATEGY 2024-2045

Report by Strategic Lead – Economy, Development & Planning
(Report No. 23/330)

1. PURPOSE

- 1.1 To seek approval of the first Local Heat & Energy Efficiency Strategy (LHEES) 2024-2045 and Delivery Plan (2024-2029) for Perth and Kinross to meet the requirements of legislation and Scottish Government guidance (Appendix 1 and Appendix 2).

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee:
- (i) approves the content of the first Local Heat & Energy Efficiency Strategy (LHEES) for the period 2024-2045 (Appendix 1).
 - (ii) approves the content of the LHEES 2024-2029 Delivery Plan (Appendix 2)
 - (iii) approves the submission of the LHEES 2024-2045 and Delivery Plan to the Scottish Government and publication when finalised
 - (iv) authorises the Executive Director (Communities) to make minor changes to provide easy access for further engagement and reviews, prior to publication.

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:
- Section 4: Background
 - Section 5: Context
 - Section 6: Preparation and Engagement
 - Section 7: Local Heat & Energy Efficiency Strategy (LHEES) 2024-2045
 - Section 8: Monitoring and Review
 - Section 9: Conclusion
 - Appendices

4. BACKGROUND

- 4.1 Perth and Kinross Council has a statutory duty to prepare a Local Heat and Energy Efficiency Strategy (LHEES) and update it on a 5-year basis as part of the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 which came into force on 21 May 2022. As established in the Order, LHEES should have a two-part structure of a Strategy and Delivery Plan.
- 4.2 Perth and Kinross Council must publish its first local heat and energy efficiency strategy as well as its first local heat and energy efficiency delivery plan on, or before, 31 December 2023.
- 4.3 A local heat and energy efficiency strategy is a long-term strategic framework for the improvement of the energy efficiency of buildings in the local authority's area, as well as the reduction of greenhouse gas emissions resulting from the heating of such buildings. A delivery plan is the document setting out how the Council proposes to support implementation of its local heat and energy efficiency strategy.

5. CONTEXT

- 5.1 The LHEES 2024-2045 is firmly aligned to the priorities and vision of the Corporate Plan 2022/23 – 2027/28 for a Perth and Kinross where everyone can live life well, free from poverty and inequality. The LHEES 2024-2045 reflects the views of our communities, elected members, stakeholders, and partner organisations. These views have helped influence the development of the LHEES priorities and outcomes which are most important for Perth and Kinross. They will enable Perth and Kinross Council and partners to deliver more energy efficient homes and buildings, affordable warmth and heat decarbonised sources.
- 5.2 Mechanisms were also put in place as part of the LHEES consultation plan to ensure the LHEES is also fully aligned with local strategies, policies and plans including the:
 - Perth and Kinross Climate Change Strategy and Action Plan
 - Perth and Kinross Local Outcomes Improvement Plan 2022-2032
 - Perth and Kinross Local Development Plan 2019
 - Perth and Kinross Local Housing Strategy 2022-2027
 - Perth and Kinross Child Poverty Delivery Plan 2022-2026
 - Tay Cities Regional Economic Strategy
- 5.3 A review of relevant national strategic documents and policies has also informed the development of the LHEES.

6. PREPARATION AND ENGAGEMENT

- 6.1 In line with best practices in strategy development, engagement with our communities and stakeholders has been the driver to design Perth and Kinross LHEES and will be crucial for its successful delivery. We have designed, agreed and delivered an effective engagement plan with Arup, our external adviser.
- 6.2 A project team led the development and engagement process with two project co-leads ensuring co-ordination and day-to-day management. A cross-Council LHEES Working group ensured that information and experience was shared across the Council with key individuals focusing on specific areas of work.
- 6.3 A stakeholder mapping was carried out to identify stakeholders. Based on the likely level of interest and influence on the project, stakeholders have been categorised into four groups (some examples of organisations falling into each group are provided):
- Tier 1 (e.g. Council's energy team, Council's housing capital programme team, Distribution Network Operators, Housing Associations, NHS, Home Energy Scotland) – Ongoing engagement throughout the project at defined workshops e.g. identifying priorities and for delivery. Specific engagement plans developed as required.
 - Tier 2 (e.g. business groups, Community energy groups, private landlords) – Participate in workshops and engage with the project at key milestones (if required) - Potentially one-to-one contact during data collection stage and one-to-one interviews to be held with these stakeholders to gain further insight and understanding of priorities and delivery contributions.
 - Tier 3 and 4 (e.g. Community Councils, SEPA, neighbouring local authorities) – Potentially participate in workshops and engage with the project at key milestones (ad hoc basis). Receive a direct invite to public consultation.
- 6.4 Tier 1 stakeholders were invited to form a LHEES Steering Group with Council's representatives and a first meeting of LHEES Steering Group took place on 30 March 2023. The LHEES Steering Group role, remit and membership is set out in Annex B of Appendix 1.
- 6.5 The engagement plan was structured around a series of Steering Group workshops and one-to-one interviews. Workshops' invitations and interviews were extended to other stakeholders' groups when relevant to the topic.
- Workshop 1 (March 2023): Objective settings - Knowledge building and awareness raising for key stakeholders; establishment of ongoing engagement opportunities and activities to support LHEES.
 - Workshop 2 (May 2023): Baseline feedback and strategic options and priorities - Scenarios to be developed for optimisation modelling and to support finalising focus for the LHEES Strategy.
 - Workshop 3 (June 2023): Heat Network Zones – identification of Heat Network Zones and discussion.

- Workshop 4 (July 2023): Online modelling feedback - Prioritised decarbonisation pathway that will be used to inform the LHEES Strategy and Delivery Plan.
- Workshop 5 (October 2023): Draft Strategy and delivery plan - Present the draft Strategy and Delivery Plan for discussion and feedback.

6.6 In addition to the formal LHEES engagement, the Strategy development is based on wider stakeholder and community engagement by PKC and our partners. These include:

- PKC's Local Housing Strategy inputs and consultation (2022);
- Big Place Conversations held across Perth & Kinross in Spring/Summer 2023;
- Net Zero Living – Pathfinder Places public engagement in Aberfeldy, Tulloch and Blairgowrie (Spring 2023).

6.7 A public consultation was also carried out in October 2023 and feedback has informed the development of the LHEES.

7. PERTH AND KINROSS LOCAL HEAT & ENERGY EFFICIENCY STRATEGY 2024-2045

7.1 The first Local Heat and Energy Efficiency Strategy (LHEES) covers the period 2024-2045 and sets out the vision for heat transition and energy efficiency in Perth and Kinross, and the outcomes required to achieve this. The period 2024-2045 for the Strategy has been set locally with the start year reflecting the statutory date for publication by 31 December 2023 and the end date reflecting the overall Scottish target date of 2045 for achieving net zero emissions. The Delivery Plan period of 2024-2029 will cover the first 5 years of the Strategy and is in line with the requirements to carry out a review every 5 years.

7.2 Based on work with delivery partners, stakeholders and residents, the Local Heat and Energy Efficiency Strategy vision for Perth and Kinross is that:

“By 2045, our homes and buildings will be more energy efficient and with more decarbonised heat sources, providing more affordable warmth and no longer contributing to climate change”.

7.3 The LHEES vision also places heat transition and energy efficiency at the centre of major ambitions for Perth and Kinross. To achieve this vision and realise the wider ambitions set out in the Corporate Plan and Local Outcomes Improvement Plan, the following two LHEES key priorities for action have been defined as:

- decarbonising heat within a transitioning energy system, focusing on heat networks and heat pumps.
- improving buildings' energy efficiency aiming for affordable warmth and regulatory compliance.

- 7.4 The LHEES outcomes identified to deliver LHEES priorities have been designed through the LHEES development process and co-produced with partners and stakeholders from public, private and independent sectors. LHEES outcomes would include significant reduction in carbon emissions, affordable and sustainable heating along with health and well-being benefits.
- 7.5 An evidence-based appraisal was undertaken as part of the LHEES development process. This systematically assessed and prioritised the actions required to deliver LHEES Outcomes in terms of impact, equalities and maximising resources.
- 7.6 The LHEES Delivery Plan 2024-2029 includes actions for delivering the following LHEES priorities. It is important to underline that these are not ranked in order of priorities and a ‘fabric first’ approach should always be used. The ‘fabric first’ approach is focusing on reducing a building’s heat loss first.

Priority 1: Decarbonising heat within a transitioning energy system focusing on heat networks and heat pumps.

P1.a	<p>Delivering decarbonised heat within a transitioning energy system – Heat Network Zones:</p> <p>The identified Heat Network zones include:</p> <ul style="list-style-type: none"> • Perth City Centre (Very likely to be more suitable) • Perth Inveralmond Industrial Estate (Very likely to be more suitable) • Perth College/UHI (Likely to be suitable) • Perth Academy (Likely to be suitable) • Auchterarder (Likely to be suitable) • Kinross (Likely to be suitable) • Blairgowrie (Likely to be suitable)
P1.b	<p>Delivering decarbonised heat within a transitioning energy system - Heat Pumps focusing on:</p> <ul style="list-style-type: none"> • Off-gas social housing energy efficiency Category 1 highly suitable for a heat pump installation (Category 1 are properties which are well insulated property with a wet system) • Off-gas private homes suitable for heat pump retrofit • Social housing that requires energy efficiency improvements to enable suitability for heat pumps

Priority 2: Improving buildings’ energy efficiency aiming for affordable warmth and regulatory compliance.

P2.a	<p>Improving buildings’ energy efficiency to meet regulatory standards, focusing on</p> <ul style="list-style-type: none"> • areas with concentrations of social housing having poorer energy efficiency (below EPC B) and low costs of intervention. • areas where substantial energy and CO2 emissions savings can be achieved for privately owned homes (below EPC C) if cost effectiveness could be achieved when combined with the areas above. • areas with high potential for heat demand savings in non-domestic buildings with lower cost retrofit interventions.
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	<p>Regulatory targets for energy efficiency are:</p> <ul style="list-style-type: none"> • By 2026 All Social Housing EPC D and EPC B by 2032 • By 2028 Private Rented Sector EPC C • By 2033, all homes have the equivalent of EPC C.
P2.b	<p>Improving buildings' energy efficiency aiming for affordable warmth, focusing on</p> <ul style="list-style-type: none"> • areas where poor energy efficiency is the highest and acts as a driver of fuel poverty, particularly if low cost retrofit options are possible. • areas where social housing is likely to experience a greater reduction in fuel poverty due to low cost retrofit measures.

7.7 The delivery of the LHEES key priorities will also be supported by the following mechanisms:

- taking a Whole Energy Systems Approach: Through the development of the Local Area Energy Planning (LAEP) and a collection of complementary initiatives, the Council is taking a whole systems energy approach to the development and implementation of the LHEES from generation through to demand. This would include data and scenarios building tools and platforms, the Council's estate decarbonisation programme and business case development toolkit to develop an investment programme enabling Smart Local Energy Systems.
- Developing green skills and the capacity of the supply chain: There is a need to assess skills provision and support providers as well as the local supply chain to meet the demand arising from heat transition and energy efficiency works, operations and maintenance.
- Working in partnership with communities to build community wealth and wellbeing: Communities could take advantage of heat transition and energy efficiency opportunities as well as build community wealth and wellbeing by developing local solutions which are locally shared and owned.
- Mobilising partners and public and private investments for projects: There is a need, with other local public partners, to evaluate a possible Strategic Energy Partnership to unlock delivery of, though potentially not limited to, heat networks and to improve delivery capability into large and complex energy-related projects.

- 7.8 The LHEES sets out the key targets in relation to housing stock, fuel poverty and heat, and decarbonisation. The Perth and Kinross LHEES targets have been aligned with the Scottish targets and will be used to measure progress in the Delivery Plan (2024-2029) and subsequent plans. However, it is recognised that these targets will be very challenging if no significant public and private investments are made available or come forward. Behaviours would also need to change to make the best use of technologies. This would be particularly the case for private households, and small and medium businesses. This is also reflected in the Delivery Plan as funding sources, where needed, will have to be identified.
- 7.9 The Delivery Plan also includes governance arrangements including a LHEES co-ordination team, the creation of a risk register and the development of a communication and engagement plan.

8. MONITORING AND REVIEW

- 8.1 Actions will be implemented through the Local Heat & Energy Efficiency Strategy (LHEES) Steering Group and by operational teams. The LHEES Steering Group will build on the strong partnerships already in place, recognising that achieving LHEES priorities will require a collective effort from all delivery partners, stakeholders, communities, and residents of Perth and Kinross.
- 8.2 Delivery Plan progress updates will be prepared for the Council's Climate Change Board meetings and for the Committee on an annual basis with a review of the LHEES every five years.
- 8.3 A LHEES co-ordination team would be established with officers dedicating all or part of their time. Allocated LHEES funding from the Scottish Government (75K/year over 2024/25, 2025/26 and 2026/27) will be used to support and strengthen the LHEES coordination and overall delivery. The co-ordination team will support the LHEES Steering Group.
- 8.4 A Communication and Engagement Plan will be developed by the Steering Group and has been included as one of the early actions of the Delivery Plan. The Communication and Engagement Plan will set out how the Steering Group will conduct regular consultation and engagement with stakeholders. Engagement with residents, communities, businesses and private landlords would be particularly important to ensure they are at the core of the delivery to reduce barriers and optimise benefits. It will also ensure there is awareness of the key heat transition and energy efficiency priorities for Perth and Kinross until 2029.
- 8.5 If approved, the format of the draft LHEES Strategy and Delivery Plan attached in Appendix 1 and 2 will be finalised to allow publication and to provide easy access for further engagement and reviews.

9. CONCLUSION

- 9.1 The report outlines the content of the Local Heat & Energy Efficiency Strategy (LHEES) 2024-2045 (Appendix 1) and LHEES Delivery Plan 2024-2029 (Appendix 2).

Authors

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Approved

Name	Designation	Date
Barbara Renton	Executive Director (Communities)	20 September 2023

APPENDICES

- Appendix 1 – Local Heat & Energy Efficiency Strategy (LHEES) 2024-2045
- Appendix 2 – LHEES Delivery Plan 2024-2029

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	Yes
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan/Single Outcome Agreement

1.1 The activities detailed in the report supports the delivery of Perth and Kinross Community Plan/Single Outcome Agreement in terms of the following priorities:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible, and informed citizens;
- (iii) Promoting a prosperous, inclusive, and sustainable economy;
- (iv) Supporting people to lead independent, healthy, and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.2 This report relates to all priorities.

Corporate Plan

1.3 The activities detailed in the report supports the achievement of the Council's Corporate Plan Priorities:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible, and informed citizens;
- (iii) Promoting a prosperous, inclusive, and sustainable economy;
- (iv) Supporting people to lead independent, healthy, and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.4 This report relates to all priorities.

2. Resource Implications

Financial

2.1 Financial implications arising directly from this report emanate from the local authority domestic and non-domestic decarbonisation programme. Funding from the Scottish Government, other public bodies and private finance will apply in relation to particular actions. Allocated LHEES funding from the Scottish Government (75K/year over 2024/25, 2025/26 and 2026/27) will be used to support and strengthen the LHEES coordination and overall delivery.

Workforce

2.2 There are no workforce implications arising from the recommendations in the report. However, allocated LHEES funding from the Scottish Government may be used to create new posts if required.

Asset Management (land, property, IT)

2.3 The asset implications of this report relate to the local authority domestic and non-domestic decarbonisation programme and the use of land or other assets in Council's ownership.

3. Assessments

Equality Impact Assessment

3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment Process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA. However, it is anticipated that the LHEES outcomes would benefit positively all age groups and people with a disability.

Strategic Environmental Assessment

3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.4 The proposals have been considered under the Act. Having consulted the three consultation authorities and having considered the criteria set out in the Act, the Council considers that the LHEES Strategy & Delivery Plan is unlikely to have significant (negative) environmental effects. The Council has therefore determined that SEA is not required.

Sustainability

3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council must discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009, the Council also has a duty relating to climate change and, in exercising its functions must act:

- in the way best calculated to delivery of the Act's emissions reduction targets;
- in the way best calculated to deliver any statutory adaptation programmes; and
- in a way that it considers most sustainable.

3.6 The information contained within this report has been considered against the Council's Principles for Sustainable Development and the report aims to ensure compliance with the reporting requirements under the Acts.

Legal and Governance

3.7 The Head of Legal and Governance has been consulted and there are no direct legal implications in this report.

Risks

3.8 Risks associated with the delivery of LHEES actions are covered within the LHEES Delivery Plan. A Risk register will be developed and has been included as one of the early actions of the Delivery Plan.

Communication

3.9 The decisions from the report will be communicated to stakeholders and the press through the media team. A Communication Plan will be developed by the Steering Group and has been included as one of the early actions of the Delivery Plan.

4. Consultation

Internal

4.1 There has been internal consultation with Heads of Service and Service Managers through Climate Change Board and LHEES working group.

External

4.2 Consultation with a range of stakeholders, including residents and groups progressed through online and in person external meetings between January 2023 and November 2023.

2. BACKGROUND PAPERS

2.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.