

REPORT TO: East Lothian Council

MEETING DATE: 31 October 2023

BY: Executive Director of Place

SUBJECT: Draft Local Heat & Energy Efficiency Strategy

1 PURPOSE

- 1.1 To present the draft Local Heat & Energy Efficiency Strategy (LHEES) to Council for approval, prior to a further phase of stakeholder consultation. The final strategy will be presented to Members in February 2024.

2 RECOMMENDATIONS

- 2.1 It is recommended that Members:
- Approve the draft Local Heat & Energy Efficiency Strategy; and
 - Note that the 5-year LHEES Delivery Plan is under development and will be presented together with the final Local Heat & Energy Efficiency Strategy to Members in February 2024.

3 BACKGROUND

- 3.1 Local authorities under The Local Heat and Energy Efficiency Strategies (Order) 2022 are required to prepare a Local Heat & Energy Efficiency Strategy (LHEES) with an accompanied 5-year Delivery Plan. These should set out a long-term plan for improving energy efficiency and decarbonising heat in all domestic and non-domestic buildings across East Lothian. LHEES is primarily driven by Scotland's statutory targets for greenhouse gas emissions reduction and fuel poverty:
- Net zero emissions by 2045, 90% reduction by 2040 and 75% reduction by 2030; and
 - In 2040, as far as reasonably possible, no household in Scotland is in fuel poverty.

- 3.2 The heat and energy efficiency environment in which this report has been prepared is rapidly moving in terms of policy, legislation and technology.
- 3.3 East Lothian Council commenced its work on LHEES in 2019 as part of the Scottish Government's piloting programme. ChangeWorks were appointed to carry out the first piloting stages of LHEES and an LHEES Project Officer was employed in May 2023 to produce the Strategy and Delivery Plan.
- 3.4 The LHEES draft presented today is focused around the achieving seven outcomes:
- East Lothian's communities and property decision makers are engaged to deliver Net Zero heating targets.
 - Every property owner will be supported to find a more resilient heating solution.
 - Heat solutions delivered to meet 2045 net zero target and tackle fuel poverty.
 - East Lothian's homes and buildings are as energy efficient as possible.
 - Investment and grant funding secured to deliver Net Zero projects.
 - A significant proportion of the benefits of Net Zero investment remain within the East Lothian economy.
 - Additional legislative changes and support required from Scottish and UK Governments.

See Appendix 1 for the full report - East Lothian Council's draft Local Heat & Energy Efficiency Strategy.

- 3.5 LHEES will be a key strategic document for East Lothian Council. It will impact on all three overarching objectives in the East Lothian Council Plan (2022-2027): recovering with future sustainability, reducing fuel poverty, and most significantly delivering the actions required to make East Lothian reach its net zero targets.
- 3.6 Because of the scope of LHEES, the LHEES Project Officer has engaged significantly with internal and external stakeholders. Internal engagement has been focused via the Council's Cross-Party Sustainability Forum and the membership of the Energy Transformation Board. The following external stakeholder groups have been consulted:
- Delivery Partners - Scottish Government, Energy Saving Trust, Zero Waste Scotland, Home Energy Scotland
 - Utilities
 - Waste heat providers

- Public sector estates
 - Registered social landlords
 - Landowners
 - Energy suppliers
 - Technology providers
 - Historic buildings
 - Community groups – a wide range of groups across all communities via the East Lothian Climate Action Network (ELCAN)
 - Cross-boundary local authorities
 - Non-Domestic anchor loads
 - Investors / finance
- 3.7 Further stakeholder engagement on the draft will take place with the audiences outlined above during November and early December 2023.
- 3.8 The delivery of this strategy will involve a significant need to secure funding and attract external investments.
- 3.9 East Lothian Council has been accepted on to the Scottish Government’s District Heating Mentoring Programme for 2023/24 that involves receiving support from Danish companies and communities that already operate district heat networks.

4 POLICY IMPLICATIONS

- 4.1 The national policies influencing LHEES are:
- Climate Change (Emissions Reduction Targets) (Scotland) Act 2019
 - Securing A Green Recovery on a Path to Net Zero: Climate Change Plan 2018–32
 - Heat in Buildings Strategy (2021)
 - Energy Efficiency Standard for Social Housing 2
 - Heat Networks (Scotland) Act 2021
 - Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019
 - National Planning Framework 4

4.2 It is anticipated that the final LHEES will provide a strategic context with implications on the following East Lothian Council strategies and policies:

- East Lothian Council Plan (2022-2027)
- Climate Change Strategy (2020-2025)
- [In preparation] Local Development Plan 2
- [In preparation] Local Housing Strategy (2023-2027)
- [In preparation] East Lothian Poverty Plan

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report has been through the Integrated Impact Assessment process and no negative impacts have been identified.

6 RESOURCE IMPLICATIONS

6.1 Financial – The delivery of LHEES cannot have any cost implications for East Lothian Council. To successfully deliver the vision set out in the draft LHEES, significant amounts of funding and investments will have to be secured from external sources.

The Scottish Government’s Heat Network Support Unit can provide 100% funding for feasibility studies and up to 50% for business case development.

6.2 Personnel – East Lothian Council currently has one LHEES Project Officer working full-time to ensure delivery, with support from the Council’s Sustainability & Climate Change Officer. The broad scope of LHEES means that it overlaps with the responsibilities of other teams in Housing, Infrastructure, Communities, Economic Development and Transformation.

The staff capacity to successfully realise LHEES is considered limited.

6.3 Legal - The Local Heat and Energy Efficiency Strategies (Order) 2022 places a legal duty on all local authorities across Scotland to prepare a LHEES by the end of December 2023. The LHEES Project Officer has negotiated an extension on the basis that the draft strategy will be in the public domain by that date. The Scottish Government has agreed to receive the final version of East Lothian’s LHEES in March 2024.

7 BACKGROUND PAPERS

7.1 ChangeWorks LHEES Technical Report (2019)

7.2 ChangeWorks LHEES Methodology Evaluation (2022)

7.3 Synergie / Townrock – Minewater Sourced Options at Cockenzie

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