

Policy and Sustainability Committee

10.00am, Tuesday, 22 February 2022

Consultation submissions by Council – update

Executive/routine Wards Council Commitments	Routine
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1. Recommendations

- 1.1 To note the responses to Scottish Government consultations and Scottish Parliament inquiry, approved by the Executive Director of Corporate Services in consultation with the Leader and Depute Leader under urgency provisions set out in A4.1 of the Committee Terms of Reference and Delegated Functions so as to meet the consultation deadlines (attached at appendices A, B, C and E)

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Consultation submissions by Council – update

2. Executive Summary

- 2.1 Scottish Government and Scottish Parliament have recently held a series of net zero related consultations/calls for evidence immediately prior to or over the Christmas period, to which the Council has made submissions. It was not possible for extensions to be granted that would enable Committee consideration of responses prior to their submissions.
- 2.2 Copies of the submissions are provided in the appendices to this report. In summary the consultations are:
 - 2.2.1 Parliamentary inquiry call for written evidence on the [role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland](#) (closed 26 January 2022)
 - 2.2.2 Scottish Government consultation on the [Draft Hydrogen Action Plan](#) (closed 26 January 2022)
 - 2.2.3 Scottish Government consultation on *Draft Local Heat and Energy Efficiency Strategies (LHEES) draft order* (closed 2 February 2022).
 - 2.2.4 Ofgem Consultation on [SGN Local Transmission System \(LTS\) Futures Project](#) (closed 3 February 2022)
- 2.3 Council submissions to Scottish Parliament and Scottish Government have been agreed by the Executive Director of Corporate Services (Chief Executive in the case of the Ofgem response) in consultation with the Leader and Depute Leader under urgency provisions set out in A4.1 of the Committee Terms of Reference and Delegated Functions so as to meet the consultation deadlines.
- 2.4 Submissions from the Council have included consistent messaging, covering issues related to greater use of place-based funding approaches; funding and innovative finance models; and supporting local empowerment and decision making to deliver net zero.

3. Background

- 3.1 Four consultations with closing dates over in January and February 2022 have been held by Scottish Government, Scottish Parliament and Ofgem. Officers had sought

extensions were possible to the closing dates that would enable a response to be considered by Committees.

- 3.2 Council submissions to Scottish Parliament and Scottish Government have been agreed by the Executive Director of Corporate Services (Chief Executive in the case of the Ofgem response) in consultation with the Leader and Depute Leader under urgency provisions set out in A4.1 of the Committee Terms of Reference and Delegated Functions so as to meet the consultation deadlines.
- 3.3 Details of the four consultations are listed below.
- 3.4 Parliamentary inquiry call for written evidence on the [role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland](#) (closed 26 January 2022) – Scottish Parliament’s Net Zero, Energy and Transport Committee is examining progress towards Scotland’s net zero targets with a particular focus on the role of local government and its partners. Cllr McVey attended an evidence session along with Council leaders from Glasgow and Aberdeen on [Tuesday 11 January 2022](#). The Council has also provided a written submission and a copy is attached at appendix A.
- 3.5 [Draft Hydrogen Action Plan](#) (closed 26 January 2022) – Scottish Government consulted on the draft Hydrogen Action Plan, supporting Strategic Environmental Assessment and partial Business Regulatory Impact Assessment. A submission has been made focussing on the Action Plan setting out high-level views and highlighting key interfaces with work underway in Edinburgh. A copy of the submission is attached at appendix B.
- 3.6 *Draft Local Heat and Energy Efficiency Strategies (LHEES) draft order consultation* (closed 2 February 2022) – Scottish Government held consultation on the draft Order that will place a duty on Scottish local authorities to produce Local Heat and Energy Efficiency Strategies and Delivery Plans. The Council has been engaged in the LHEES program of work previously and the submission builds on the engagement. A copy of the submission is attached at appendix C and Scottish Government consultation paper attached at appendix D.
- 3.7 [SGN Local Transmission System \(LTS\) Futures Project](#) (closed 3 February 2022) – Ofgem consulted on needs case, costing and funding approach for SGN’s project which would test and develop existing gas networks to understand the safety, technical and practical implications to carry hydrogen, starting with Grangemouth to Granton pipelines. The Council has provided a high-level response offering support for the project and highlighting the key decarbonisation priorities that hydrogen solutions should be focussed on. A copy of the response is attached at appendix E.

4. Main report

- 4.1 Common areas of feedback and messaging have emerged across the four consultations and the key messages are summarised below.

Greater use of place-based funding approaches

- 4.2 The Council welcomes the net zero policy ambitions the Scottish Government has set out and the City of Edinburgh Council is already collaborating with government on a number of strategic projects and innovative pilots to deliver change in Edinburgh. However Scottish Government needs to do more to join up its policy and legislative frameworks and its strategic funding and budget decisions to enable place-based programmes of action.
- 4.3 Scottish Government needs to support and enable locally led programmes of action that deliver multiple outcomes and local benefits. Currently, policy, legislation, funding and investment act against this type of systemic and place-based action as they are developed and delivered along individual themes or policy areas which can easily become siloed, rather than supporting holistic responses to the totality of need and different issues in local communities. A thematic approach will not be a technically, operationally or financially viable way to deliver the transition to a net zero city or nation.
- 4.4 If Councils, Scottish Government and Parliament continue to think and act on this thematic basis then some aspects of net zero action will accelerate while those that are equally important to our overall footprint but offer limited income opportunity, will make incremental progress. The City of Edinburgh Council has established local partnerships and strategies to overcome these issues as far as possible, but Scottish Government and Parliament need to support this effort by joining up national policy agendas and funding streams and creating a more flexible and permissive regulatory environment.

Funding and innovative finance models

- 4.5 Existing resources and capacity within Councils have been under pressure in recent years due to reductions in public sector funding, population growth, and increasing demand. In common with many other Councils and cities, Edinburgh's net zero target was set prior to the pandemic. The crisis may, if no proactive measures are taken, have a significant impact on the overall capacity, resilience, and financial ability of Councils to lead the net zero transition.
- 4.6 The key issue the City of Edinburgh Council faces at this point in time is not the availability of capital (public or private) to support net zero delivery; it is a lack of revenue to create and maintain the capacity required to develop a pipeline of investible projects to the stage and scale required to secure available capital investment. Scottish Government needs to support local government to help connect private sector investment to local opportunities, through shared investment pipelines, support for early stage business case development, coordinating investment propositions, and providing an enabling regulatory environment.
- 4.7 Within a future approach to financing net zero change, it is critical that we ensure the economic benefits flowing from city partner investment in net zero action are retained at the local level.

Supporting local empowerment and decision making to deliver net zero

- 4.8 It is important to recognise that local government remains the key body for providing the democratically accountable independent function required at the local level. For Councils and their cross-sectoral partners to play a full and impactful role in delivering net zero, national action, support will be required to enable greater local empowerment and greater deliberative processes.
- 4.9 Scottish Government needs to recognise the critical role cities have in meeting Scotland's 2045 net zero target and supporting high ambition local authorities to maximise their contribution. Powers, funding, and resources are needed to enable local authorities to develop local solutions that reflect their individual needs and unlock the greater opportunities of a green economic recovery.
- 4.10 Greater partnership working is required that ensures the wider public sector (including non-departmental public bodies) is empowered to collaborate with local government to develop and deliver programs that meet local needs (for example, shared retrofit approaches across the public sector estate or development of joint electric vehicle infrastructure). Scottish Government support is needed to align public sector budgets to maximise efficiency and opportunity for approaches that deliver city-based net zero targets.
- 4.11 Scottish Government and local authorities need to incorporate the learning from the Covid19 response, which enabled fast and coordinated public sector decision making into plans to support the transition to net zero. This learning needs to underpin consideration of additional powers, freedoms and flexibilities that could support local government to accelerate action on climate change.

5. Next Steps

- 5.1 Officers will continue to work with central governments on the issues raised through the consultation processes and will report to committee on relevant progress as necessary.

6. Financial impact

- 6.1 There are no financial impacts arising as a result of this report.

7. Stakeholder/Community Impact

- 7.1 There are no stakeholder/community impacts arising as a result of this report.

8. Background reading/external references

- 8.1 Net Zero, Energy and Transport Committee, [*Role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland*](#), November 2021
- 8.2 Scottish Government, [*Draft Hydrogen Action Plan*](#), November 2021
- 8.3 Ofgem, [*SGN Local Transmission System \(LTS\) Futures Project*](#), January 2022

- 8.4 Scottish Parliament Net Zero, Energy and Transport Committee, role of local government and its cross sectoral partners in financing and delivering a net-zero Scotland evidence session [role of local government and its cross sectoral partners in financing and delivering a net-zero Scotland evidence session 11 January 2022](#), January 2022.

9. Appendices

- 9.1 Appendix A – Response submission to Scottish Parliament on role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland call for evidence.
- 9.2 Appendix B – Response to Scottish Government on Draft Hydrogen Action Plan consultation
- 9.3 Appendix C – Response to Scottish Government on Draft Local Heat and Energy Efficiency Strategies (LHEES) draft order consultation
- 9.4 Appendix D – Draft Local Heat and Energy Efficiency Strategies (LHEES) draft order consultation paper
- 9.5 Appendix E – Responses to Ofgem on SGN local Transmission System Future project consultation.

The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland

City of Edinburgh Council response
26 January 2022

Introduction

This response covers three aspects.

1. Summary comments
2. Responses to inquiry questions
3. Responses to inquiry questions asked by Net Zero, Energy and Transport Committee's Tuesday 11 January session where follow-up written response was requested.

1. Summary comments

This section sets out overarching points relevant to the call for evidence with further detail provided in responses to the inquiry questions throughout the remainder of this document. Additionally, it highlights some key issues which do not clearly align with the consultation questions.

The unique contribution of local government to communities across Scotland is in its ability to think and act in ways that focus in on improving places and how people live locally.

Tackling the climate emergency presents an opportunity to create cleaner, greener, and healthier communities – improving the quality of life for citizens at the same time as securing a more sustainable future. Achieving this will require a focus on decarbonising heat and renewable energy; decarbonising transport; improving energy efficiency in buildings; creating more circular economies; and adapting the natural and built environment to be more resilient to the impacts of climate change.

Some of these issues need national, regional and city solutions (transport, energy and adaptation being the primary examples). However, to effectively deliver a transition to net zero in the timescales required means towns and cities need to be able to innovate and address these challenges all at once, in the places and communities in which we live – using a place-based approach rather than a thematic one.

Supporting place-based approaches

The Council welcomes the net zero policy ambitions the Scottish Government has set out and the City of Edinburgh Council is already collaborating with government on a number of strategic projects and innovative pilots to deliver change in Edinburgh. However Scottish Government needs to do more to join up its policy and legislative frameworks and its strategic funding and budget decisions to enable place-based programmes of action.

Scottish Government and the Parliament need to support and enable locally led programmes of action that deliver multiple outcomes and local benefits.

Currently, policy, legislation, funding and investment act against this type of systemic and place-based action as they are developed and delivered along individual themes or policy areas which can easily become siloed, rather than supporting holistic responses to the totality of need and different issues in local communities. A thematic approach will not be a technically, operationally or financially viable way to deliver the transition to a net zero city or nation.

If Councils, Scottish Government and Parliament continue to think and act on this thematic basis then some aspects of net zero action will accelerate while those that are equally important to our overall footprint but offer limited income opportunity, will stagnate. The City of Edinburgh Council has established local partnerships and strategies to overcome these issues as far as possible, but Scottish Government and Parliament need to support this effort by joining up national policy agendas and funding streams and creating a more flexible and permissive regulatory environment.

Wider change areas

Delivering a place-based approach will require change in wider areas, including empowering communities and strengthening local democracy, supporting innovation, sharing risk and reward, and supporting whole-system partnership approaches. For Councils and their cross-sectoral partners to play a full and impactful role in delivering net zero, national action and support will be required in the following areas:

Enabling greater local empowerment

- Recognising the critical role cities have in meeting Scotland's 2045 net zero target and supporting high ambition local authorities to maximise their contribution.
- Supporting local authorities by providing powers, funding, and resources to enable them to develop local solutions that reflect their individual needs.
- Working with local government to help connect private sector investment to local opportunities, through shared investment pipelines, support for early stage business case development, coordinating investment propositions, and providing an enabling regulatory environment.

Sharing risk and rewards

- Supporting and collaborating with Councils and our city partners to develop ambitious and attractive projects and proposals, test innovative finance models, including blended finance, and new approaches to sharing risk and reward.
- Supporting a shift away from public sector funding models which often use public borrowing to de-risk investments – to a 'city as enabler' model which connects investors to city opportunities, shares risk and reward more equitably, and allows much larger sums of money to be raised through private sector investment.
- Ensuring the economic benefits flowing from city partner investment in net zero action are retained at the local level.

Supporting greater partnership working

- Ensuring the wider public sector (including non-departmental public bodies) is empowered to collaborate with local government to develop and deliver programs that

meet local needs (for example, shared retrofit approaches across the public sector estate or development of joint electric vehicle infrastructure)

- Aligning public sector budgets to maximise efficiency and opportunity for approaches that deliver city-based net zero targets.
- Learning from the Covid19 response which enabled fast and coordinated public sector decision making, using this to underpin consideration of additional powers, freedoms and flexibilities that could support local government to accelerate action on climate change.

2. Responses to inquiry questions

Section 1 - Council planning, decision-making and capacity in relation to net zero

1. How effective are councils at strategic planning, budgeting, and making procurement decisions that align with net zero goals? If there are barriers, what are they?

City of Edinburgh Council has already made significant progress by aligning all our major project and investment plans to its net zero ambition and is embarking on several areas of policy and operational innovation. This is demonstrated through the following examples.

- City Mobility Plan and City Centre Transformation – informing the Council's 10-year funding plans for £189 million investment on roads and pavements, including winter maintenance and £68 million on road safety, network, cycling and public transport.
- Working across service areas to ensure spend is aligned to support and prioritise net zero objectives - the Council has begun a program of retrofit of its buildings, supported by the green growth accelerator fund (£1m already invested in technical feasibility work; with the potential for up to £10m resources delivering on up to 12 buildings)
- Net Zero Housing Investment Strategy – Committing £2.8bn over 10 years ensuring the City of Edinburgh Council begins retrofitting council housing and that any new houses built are net zero. There are challenges in how the delivery of net zero housing is resourced and accelerated. A balance needs to be struck between revenue raised from rent and identifying additional funding mechanisms that deliver net zero and a just transition.

Additional substantial programs of net zero led investment include:

- Granton regeneration to create a new coastal town, home to around 8,000 people on Edinburgh's waterfront – adopting an 'infrastructure first' approach utilising public funding to help leverage in further private sector investment. The cost of delivering site wide infrastructure and 35% of the homes as affordable is estimated at £690m. Within this cost is included £20m of investment in the creation of a new coastal park. This infrastructure first investment is projected to attract a further £450m in private sector funding.
- Parks and green space investment – including £0.5 million to improve our parks, playparks, food growing and urban forests, with £4 million of related capital investment

The City of Edinburgh Council has worked with Edinburgh Centre for Carbon Innovation to develop a Carbon Scenario Tool enabling better informed long- term strategic decisions, which account for the economic cost of projects, programmes and budget decisions, as well

as life-time carbon cost of decisions. The assessment includes evaluation of wider co benefits, including impact on poverty, jobs and health. The tool is being rolled out at present and the project is continuing to develop the data to ensure strategic decisions are evidence led.

The City of Edinburgh Council has a Sustainable Procurement Policy ensuring our supply chain works with the city towards net zero transition supported by carbon literacy training for procurement delivery staff.

The City of Edinburgh Council has drawn on external expertise and support to net zero procurement including:

- Zero Waste Scotland and Sustainable Procurement Scotland having supported the design of the specification of goods and services sought and invitation to tender questions on the Council's £180m Hard FM contract which was awarded last year, and includes contractors committing to fully electric fleets by 2023, with 50% having to be electric by contract commencement; and
- Our £95m Professional Services Framework awarded in late 2020 having a Lot specifically for Passivhaus Architects, to help ensure our new buildings are designed to actively support our ambitions, with all new schools now being built to this standard.

Other strategic procurement objectives such as shortening supply chains by increasing opportunities for local SMEs, are also embedded, into the Council's procurement processes.

As recognised by the Scottish Government (in Scottish Procurement Policy Note 1/2021) local authority procurement teams cannot deliver alone, and it requires cross-functional working across all council service areas to align purchasing activities and resources. In addition, local authorities also need to ensure their procurement activity is compliant with the regulatory framework and secures best value.

The Scottish Government could support local authorities by increasing the current regulated procurement thresholds, which are presently set at £50,000 for goods and services. In terms of the Council's annual spend such a value is set at too low a level, and an increase, for instance to £100,000, would be beneficial. Consideration should also be given to providing greater flexibility within wider regulatory frameworks, including those relating to Best Value duties, to empower Councils to go further in using procurement activity to further sustainability goals.

2. What role can the local government planning system and local development plans do to help us reach net zero? Could the planning system do more?

Cities' local development plans need to comply with national policy and so are inherently dependent on national policy updates to make progress on net zero. Ensuring the national planning policy context allows local authorities to secure better proposals from developers is key to how development on the ground is shaped. A net zero focussed planning framework needs to enable better located, connected, denser, mixed use development; provide homes, jobs and services in a built form that supports 20-minute neighbourhoods, active travel and public transport uptake, and discourages a need for car use.

The City of Edinburgh Council supports and welcomes Scottish Governments action on NPF4 and would call on Scottish Parliament to support NPF4 and ensure it is sufficient to allow the type of local ambition for net zero in Edinburgh's 2030 City Plan (draft LDP). The

City of Edinburgh Council is also preparing a submission to NPF4 and will provide further views through that process.

The stronger the national requirement, the more it can do to embed net zero action across all aspects of development. Edinburgh has a competitive land market where development is largely privately financed and led. This tends to drive up land prices and expected values (impacting on the affordability of homes), as well as developer focus on long-term net zero development potential, which comes at a cost. The planning system could do more if it operated in a market where local authorities could acquire land at fair value to enable and shape sustainable development. The recent Scottish Land Commission report is a useful reference point on this.

Scottish Government can help catalyse change by ensuring the momentum of draft NPF4 is maintained and policies supporting net zero types of development are as strong as possible. This needs to be backed up by revisions to Building Standards Regulations in terms of building fabric, heat and power, energy efficiency etc. Policies will need to require different types of development, rather than just support them, to ensure their delivery across all sectors of the market.

In addition, it is recognised there are challenges in making progress on how the land market can better serve the public interest, however this will be critical in giving greater certainty on the financial deliverability of better development models.

3. What innovation, skills and capacity are needed in the local government workforce when it comes to making net zero achievable? Does that capacity exist or are there gaps?

The City of Edinburgh Council has a clear plan to reach net zero through the Edinburgh 2030 Climate Strategy that includes an approach that must be designed, developed, tested and then accelerated. Due to the scale of the net zero challenge, the Council requires additional skills and capacity to support project development and delivery and to collaborate with investors and other partners in the public and private sphere accelerating progress towards net zero across the city.

Existing resources and capacity within Councils have been under pressure in recent years due to reductions in public sector funding, population growth, and increasing demand. In common with many other Councils and cities, Edinburgh's net zero target was set prior to the pandemic. The impact of the crisis on the overall capacity, resilience, and financial ability of Councils to lead the net zero transition should not be underestimated.

The impact Brexit has had on materials costs and our supply chain of skills and organisations able to work with us to deliver has been substantial. This means capital programmes require constant review in order to take account of this changing landscape. In addition, skills within councils require further investment if we are to lead and drive change at the scale and pace required. Key areas such as heat and energy policy need to be strengthened at both local and regional levels, including in relation to accessible, affordable and independent expert advice. How we draw on expertise within the private sector – which has much to offer and a legitimate role to play – needs careful consideration where there are potential overlaps with commercial interests.

It is important to recognise that local government remains the key body for providing the democratically accountable independent function required at the local level.

Section 2 - Partnering to achieve net zero goals

4. How well do councils leverage in support and finance from the private sector for net zero delivery? Are City Region Deals being used effectively for this? What mechanisms or forums are there for sharing opportunities and good practice?

Leveraging private sector investment

The key issue the City of Edinburgh Council faces is not the availability of capital (public or private) to support net zero delivery; it is a lack of revenue to create and maintain the capacity required to develop a pipeline of investible projects to the stage and scale required to attract capital investment.

Institutional investors typically require portfolios worth upwards of fifty million pounds to achieve economies of scale, with few sources of finance being available to support the research and development required to create those types of portfolios.

As the bodies democratically accountable to communities at the local level, and which have significant statutory responsibilities in respect of planning and development, Councils have a key role in coordinating and leading the development of plans and projects to deliver a net zero transition. However, Councils alone cannot source the scale of revenue investment needed to build a citywide pipeline of projects required to lever capital investment which will benefit the wider public and private sector and support green and sustainable economic growth overall.

In addition to revenue investment and additional dedicated capacity in Councils, there is an urgent need for longer term financial security, led by Scottish Government, to help Councils manage the risk of significant infrastructure investment decisions and to therefore unlock the opportunity of substantive net zero programmes of work.

While private sector investment has a role to play, the potential and opportunity for councils to play a significant role in net zero investment strategies through our borrowing and covenants (where investible projects exist) has not been fully acknowledged or taken into account at the national level. Similarly, wider decisions taken by Parliament or the Government which reduce or remove significant elements of the Council's budget, for example through centralisation of social care, could limit the potential to use the substantial council borrowing capacity to support the net zero transition. Furthermore, ring-fencing of local budgets through attaching specific conditions to the local government settlement restricts Councils' ability to respond flexibly to local need and innovate.

City Region Deal

The City of Edinburgh Council is working through the Edinburgh and South East Scotland City Region Deal to deliver a Regional Prosperity Framework that will drive investment which supports inclusive growth and a just transition to a net zero economy.

The Regional Prosperity Framework is being used as a basis to guide and integrate public, private and third sector decisions, actions, collaborations, strategies, policies and investments across areas such as sustainability, climate change, energy, transport, planning, housing, infrastructure, education, digital, services, equalities, well-being, economic development, procurement and delivery.

The City of Edinburgh Council has well-established contacts to bring in support and finance for net zero through for example, the Place Based Climate Action Network (PCAN) and Climate-KIC. Work commissioned from Leeds and Edinburgh University carried out an

economic analysis of the cost of transitioning to net zero. It showed that Edinburgh could get over 60% of the way there with technology that exists and investment that can pay for itself over a 7 to 12-year period (including accounting for savings and efficiencies etc).

The City of Edinburgh Council has established strong support from key partners across the city for the Edinburgh 2030 Climate Strategy and for the new collaborative and partnership infrastructure we have committed to. Partners understand that delivering the change required is not something any of us can do alone. There is a strong appetite for and commitment to collaboration (including sharing knowledge and aligning investments) but also maximising the economic and social benefits of a net zero city. Examples of this are set out below.

- The City of Edinburgh Council is in a strategic partnership with SP Energy Networks to align investment in the grid and associated infrastructure with the city's future energy needs. This will help ensure the grid is able to meet increased demand and infrastructure is improved at strategic locations which support city development.
- The City of Edinburgh Council worked in partnership with the Chamber of Commerce to deliver a successful and innovative programme of activity for COP26 in the city
- Through the development of the Edinburgh 2030 Climate Strategy and wider engagement activity, we have developed a strong strategic partnership with our key utility partners and financial institutions.
- The establishment of a voluntary, independent Climate Commission in Edinburgh
- The Edinburgh Climate Commission-led Climate Compact is growing in popularity and being adopted by more and more businesses and organisations every day showing leadership and commitment across sectors in the city.

5. How well do councils partner with the voluntary sector and social enterprises to work towards net zero goals? Are there instances of good practice you can point to or areas where opportunities are being missed?

Much of our response to question 6 is relevant to this question.

Young people and community groups across the city are already taking action on climate change, and community groups and voluntary sector organisations are often closest to local issues and opportunities. They will continue to play a vital role advocating for action on climate change and challenging government and public and private sector organisations. Civil society also has a key role to play in stimulating citizen action at the individual and collective level.

The City of Edinburgh Council is committed to supporting all its citizens to realise the significant power they have over the future of their city. During COP26, the City of Edinburgh Council co-created with EVOC and Our Future Edinburgh an independent Edinburgh Community Climate Forum. Through the Forum, citizens will be involved in decisions about the targeting, scope and speed of large-scale change and the ask of citizens to support changes which protect the city for future generations. As the scale and complexity of actions increase, the City of Edinburgh Council will facilitate, test and develop more in-depth engagement approaches to ensure citizens views are central in decision-making.

Similarly, during COP26, the Council supported the Chamber of Commerce to deliver a programme of engagement with local businesses and social enterprises, designed to raise awareness of climate issues and the tools and resources available to support their transition

to net zero. The Council is building on this work by further investing in ongoing support, including through Edinburgh Social Enterprise Network, and through its involvement in promoting the Edinburgh Climate Compact.

6. How well do councils involve local communities in decision-making on major net zero projects and how do they support community-led initiatives?

In Edinburgh, 53 percent of emissions are attributable to citizens, but they need help, support and the right infrastructure in place to unlock individual and community activism at scale.

As a city, we face significant challenges; from retrofitting all our buildings to limiting the need to own a car to move around the city. While there is support for what we are trying to achieve, we need significant support to coproduce how we will achieve these changes. We need to work with citizens and to build ongoing support for climate action in our communities and across the city. This will need to happen at a grass roots level and cannot be driven by national programmes or even legislation.

Scottish Government needs to take the opportunity to lead and work with city partners on awareness raising campaigns which support a frank discussion on climate change, including the actions needed at the local, regional and national levels, alongside the changes individual citizens will need to be supported to make.

The City of Edinburgh Council has undertaken an extensive and prolonged period of engagement on climate issues that demonstrate good practice. This includes:

- a citizen climate survey in 2019 with over 2000 responses,
- establishing an on-line dialogue for ongoing engagement and debate on climate issues
- dedicated social media and communications campaigns
- a series of well attended engagement summits with primary and secondary school pupils
- early engagement sessions on priorities for our Edinburgh 2030 Climate Strategy, followed by formal consultation on a draft strategy, where 85% of citizens responding to our consultation supported the proposed priorities and objectives
- significant engagement and consultation on related strategies, including our City Mobility Plan, the City Development Plan and Housing investment strategies – all of which have net zero at their heart.
- a number of topic-based local net zero campaigns aimed at raising citizen awareness of climate change issues and where advice and support to make changes is available.

Through the Edinburgh 2030 Climate Strategy, we have also committed to developing 3 net zero communities pilots, which will engage citizens in developing place-based approaches to reaching net zero at the local level. This will include exploring whole-system approaches to domestic retrofit, local energy, transport and adaptation. Work in 2022 will include an early stage focus on identifying communities and engaging to build consent, capacity and knowledge.

Section 3 - Role of the Scottish Government and its agencies

7. What is the Scottish Government doing to help the local government sector deliver on net zero goals? What, if anything, could it do more of to help the sector?

The Edinburgh 2030 Climate Strategy has been aligned to the national net zero and adaptation programmes established by Scottish Government. Significant policy frameworks that have been drawn on include:

- The Climate Change (Scotland) Act 2009.
- Update to Climate Change Plan 2018 – 2032.
- Scottish Climate Change Adaptation Programme 2019 – 2024.
- Scotland’s National Transport Strategy 2020.
- Scotland’s Heat in Buildings Strategy 2021.
- Draft Scotland 2045 - Fourth National Planning Framework.

Scottish Government has set out an ambitious policy agenda in relation to net zero and it now needs to do more to understand what it will take to achieve it – at the national and local level - and in relation to finance, regulation, innovation, local empowerment and citizen behaviour change.

As noted by the Climate Emergency Response Group, if Scotland as a whole is to meet its 2045 target, our cities need to make faster progress. This also means Scottish Government needs to do more to support Councils such as Edinburgh who are playing their part by committing to more immediate net zero targets.

The City of Edinburgh Council is already collaborating with Scottish Government on a number of strategic projects and innovative pilots to deliver change in Edinburgh. However Scottish Government needs to do more to join up its policy and legislative frameworks and its strategic funding and budget decisions to enable place-based programmes of action.

Scottish Government and the Parliament need to need to support and enable locally led programmes of action that deliver multiple outcomes and local benefits. Currently, policy, legislation, funding and investment act against this type of systemic and place-based action as they are developed and delivered along individual themes or policy areas which can easily become siloed, rather than supporting holistic responses to the totality and diversity of need in specific local communities. Continuing a siloed approach will not be a technically, operationally or financially viable way to deliver the transition to a net zero city or nation.

Scottish Government need to shift from siloed national funding streams which require Councils to compete against each in bidding process to access funding on single issues, towards collaborating with Councils in invest national resources in a place-based way.

In doing so, Scottish Government and the Parliament need to think beyond singular projects or funding streams focusing on decarbonising a building or the business case for a heat network in housing estates, and work with Councils to incentivise and support programmes of net zero action that address all the elements required to reach net zero in a geography in a joined-up way: decarbonise the public buildings; deliver sustainable transport connections and EV charging facilities; deliver local renewable energy generation; develop nature solutions and green infrastructure and decarbonise citizen’s housing. Currently, policy, legislation, funding and investment act against this type of systemic and place-based action.

If Councils, Scottish Government and Parliament continue to think and act on a thematic or single-issue basis then some aspects of net zero action will accelerate while those that are equally important to our overall footprint will make incremental progress. The City of Edinburgh Council has established local partnerships and strategies to overcome these

issues as far as possible, but Scottish Government and Parliament need to support this effort by joining up national policy agendas and funding streams and creating a more flexible and permissive regulatory environment.

This should include collaborating with Councils to share the risk of developing new and innovative approaches which explore policy and finance models that can capture the benefits of emerging investment opportunities (such as energy generation and heat distribution). This can provide revenue streams that will help cover the cost of essential retrofit work that does not offer such returns but is critical to meeting net zero. For example: feasibility studies undertaken by the Council show that the cost of retrofitting Council buildings to become net zero could stretch into the billions. Support to develop a comprehensive approach that integrates the costs of building retrofit with energy generation and heat distribution opportunities, could go a long way to delivering and funding the transition to net zero buildings.

Through the Climate Strategy, the City of Edinburgh Council has set out a number of strategic asks of the key sectors within the city, focused on the actions which will have the most impact; targeting partners with the greatest emissions and the greatest power and resources to make change. As part of this we are asking the Scottish Government to

- provide a progressive legislative and regulatory framework, which enables local government. This needs to be devolved at the appropriate level to support scale and speed of action in Edinburgh.
- Lead on communication and information that supports behaviour change alongside the resources needed to help citizens and city partners make them in our homes, communities and places across the city.
- Throughout the Edinburgh 2030 Climate Strategy we have also made a series of calls to Government, which we will be formally progressing engagement on throughout 2022. Examples of these include (procurement and planning are dealt with above)
- Ensure Local Authorities have the powers and resources required to accelerate the pace of energy efficiency and climate resilience improvements to multi tenure tenement buildings.
- Bring forward at speed improved schemes to support citizens to fund energy efficiency upgrades and decarbonise of heat in their homes, which offer end-to-end support to citizens, address supply chain and workforce development gaps and are based on credible financing models and 'insured' delivery of the works.

8. What is the role of enterprise agencies or other public bodies as enablers of joint working on net zero goals by local government and its cross-sectoral partners?

Edinburgh is an European Deep Demonstrator city, alongside 15 other key European cities; learning from this shows that the cities most successful in meeting the net zero challenge are those that have been bold in their ambition and vision and invested in community and wider city partnerships to share knowledge and risk and to collaborate on plans and action. A mechanism to support this local, embedded function with direct local revenue investment would unlock faster better progress to 2030.

National and regional bodies have significant roles to play in supporting and aligning themselves to our ambitious targets. However, given the scale and depth of the challenge,

there is no substitute to the development of in-house knowledge and capacity to take this agenda forward. We must invest where the work will be delivered. This can't be done with one off resources, or short-term consultancy, and Councils require support to increase revenue funding and longer-term financial certainty to be able to do this.

Achieving net zero by 2030 will require city-wide collaboration at a level, depth and pace that exceeds the city response to Covid-19. For the delivery of the Edinburgh 2030 Climate Strategy, we are establishing a new Climate Strategy Investment Programme Board will bring city partners together (full membership of the Programme Board is under discussion with city partners. Initial core members include City of Edinburgh Council; NHS Lothian; Edinburgh, University; SP Energy Networks; Scottish Gas; Scottish Water; Scottish Futures Trust). The Programme Board will be accountable to our local Community Planning partnership, and will:

- Provide city wide leadership in creating a green, clean and sustainable future for the city.
- Oversee, agree and drive delivery of five thematic workstreams tasked with developing the investment pipeline for the city.
- Develop a green infrastructure investment plan for Edinburgh.

For local partnerships to have the most impact, key Non-Departmental Public Bodies partners need to be empowered in both financial, policy, and governance terms to devolve budgets and decision-making to the local level. This is a necessary requirement of effective collaboration on place-based approaches and Scottish Government could do more to support this.

Section 4 - Local government work on net zero in particular areas

9. How are councils working with cross-sectoral partners to decarbonise heat in buildings and to ensure they have greater energy efficiency?

Through the 2030 Climate Strategy, the Council is bringing together a series of partnerships and collaborative working initiatives that will support the decarbonisation of heat, summarised below:

Energy Efficient Public Buildings

- Using City Plan 2030 (the next Council LDP) to set progressive planning policies to increase energy standards in new buildings – engaging with the Scottish Government, Developers, Registered Social Landlords.
- Establishing an Energy Efficient Public Buildings Partnership (EEPBP) to collaborate on retrofit, align investment plans and encourage confidence in, and planning for, the business and skills supply chain needed to deliver –to be chaired by University of Edinburgh, with initial membership including the City of Edinburgh Council, Heriot Watt University, Napier University, Scottish Fire, SP Energy Networks, and other key partners tbc.
- Identifying and mapping opportunities for collaborating on joint place-based retrofit pilots, drawing on learning from the Council-led feasibility studies for retrofits of different building typologies, alongside learning from wider partners' experience
- Bringing forward a shared investment plan for retrofitting the city's major public sector estate through the EEPB partnership

- Developing innovative approaches to net zero development and construction which address both operational and embodied emissions by focusing on skills and workforce development – led by the ESECRD partners and the Energy Efficient Public Buildings Partnership and working with Developers, Registered Social Landlords, private sector

As outlined earlier in this response at question 7, feasibility studies undertaken by the Council show that the cost of retrofitting Council buildings to become net zero could stretch into the billions. Support to develop a comprehensive approach that integrates the costs of building retrofit with energy generation and heat distribution opportunities, could go a long way to delivering and funding the transition to net zero buildings.

Heat and Energy generation and distribution

- Convening a City Heat and Energy Partnership – co-chaired by SP Energy Networks and The City of Edinburgh Council, with initial membership including NHS, Edinburgh universities, Scottish Water, Scottish Gas Network, Edinburgh and South East City Region Deal (ESECRD), and other partners tbc
- Creating a heat and energy masterplan for delivering net zero solutions to meeting the city's current and future energy demands
- Developing regional renewable energy solutions which draw on the area's wind, geothermal, hydro and solar assets – lead by the Edinburgh and South East City Region Deal City, working with the Heat and Energy Partnership
- Delivering heat networks which meet the needs of key public sector buildings and major new developments across the city, beginning with Granton Waterfront
- Coordinating resources and supporting the development of a pipeline of investible energy projects designed to lever investment into the city
- Supporting place-based approaches to local energy generation which help build community wealth, described further under 'Domestic Heat' below.

Grid capacity

The Council has also established a strategic partnership with SP Energy Networks to align investment in the grid and associated infrastructure with the city's future energy needs. This will help ensure the grid is able to meet increased demand and infrastructure is improved at strategic locations which support city development. However, ensuring the national grid is able to meet future decarbonised energy needs at a pace that support rapid transformation within cities, is a challenge that needs to be also addressed by the UK and Scottish Governments.

Domestic heat

Decarbonising heat within homes presents a significant challenge within Edinburgh. The Council has committed to a £2.8bn 10-year retrofit programme for social housing across the city, to reduce energy demand and tackle fuel poverty. However, approximately 120,000 privately owned comes – in addition to Council housing and operational estate – require retrofitting to support the decarbonisation of heat. Many of these buildings are historic and/or tenemental and difficult to retrofit.

Current retrofit solutions are both technically difficult and come at a cost which means it is not financially viable for many homeowners. There is an urgent need for more innovative financing models and whole systems models at the neighbourhood level to achieve economies of scale and address all that needs to change within a community in order to reach net zero.

As part of Edinburgh's 2030 Climate Strategy, the Council has committed to developing 3 net zero communities pilots which will map retrofit needs at a tenement, street and neighbourhood level. This will include whole-system opportunities, including local energy generation, buildings retrofit, EV charging infrastructure, public/active travel infrastructure, and nature-based solutions to adaptation. This will support the development of business case proposals for a whole-system approach which can utilise economies of scale to test different financing models.

As highlighted at question 7, Scottish Government needs to work with local government to explore new models and bring forward at speed improved schemes to support citizens to fund energy efficiency upgrades and decarbonise of heat in their homes. Such schemes need to offer end-to-end support to citizens, address supply chain and workforce development gaps, and be based on credible affordable financing models and 'insured' delivery of the works.

Further detail on these partnerships can be found in the [2030 Edinburgh Climate Strategy](#) and [implementation plan](#).

10. How are councils working with cross-sectoral partners to decarbonise transport (including encouraging active travel) and to improve air quality?

Through the 2030 Climate Strategy, we are bringing together a series of partnerships and collaborative working initiatives to decarbonise transport, summarised below:

- Working with Edinburgh and South East Scotland City Region Deal partners, national and regional transport partners, public transport operators, Transport Scotland to improve the integration of our public transport system, and review routes and interchanges, within a city and regional context.
- Collaborating with the private sector to develop sustainable solutions to the transport of goods. Including a city centre operation plan to reduce emissions by improving the way goods and service vehicles move around the city, supporting the use of innovative zero emission solutions for 'last mile' deliveries.
- Work with the Bus Decarbonisation Taskforce and private sector partners to develop a plan to decarbonise the city's bus fleet. Lead by Lothian Buses /City of Edinburgh Council working with the Scottish Government, SP Energy Networks.
- Supporting public sector transition to electric vehicles by
 - Identifying opportunities to align to investment in EV infrastructure for public service and blue light fleet at strategic locations across the city, and exploring opportunities to also deliver 'down-time' availability for citizens and businesses where possible – lead by City of Edinburgh Council and working with NHS, Fire, Police, Edinburgh universities, SP Energy Networks.
 - Developing electricity grid infrastructure and capacity to respond to increased demand from growth in EV use – Lead by SP Energy Networks

- Developing business cases for a blended finance public-use EV charging hubs in locations which align with the City Mobility Plan’s aims of increasing sustainable travel and avoid adding to city-centre congestion – lead by the City of Edinburgh Council, in partnership with the private investment sector.

11. How are councils working with cross-sectoral partners to promote recycling and a “circular economy”?

Through the 2030 Climate Strategy, we are bringing together a series of partnerships and collaborative working initiatives to promote recycling and a circular economy, summarised below.

- Support and encourage city businesses to sign up to the Edinburgh Climate Compact and commit to reduce their emissions – led by the Edinburgh Climate Commission
- Deliver implementation plans for the Regional Prosperity Framework that drive investment which supports inclusive growth and transition to a net zero economy – through Edinburgh and South East Scotland City Region Deal partners
- Establish a new business-led forum to provide leadership on a just economic transition to a net zero city
- Increase participation in the Circular Edinburgh programme which supports businesses to reduce, re-use and recycle as part of embedding circular economy principles into their ways of working. This is led by Zero Waste Scotland working with Edinburgh Chamber of Commerce and City of Edinburgh Council
- Increase the proportion of the City’s food and drink sourced from sustainable local and regional supplies – lead by Edible Edinburgh working with wider food-based business, community and individuals.
- The principals of net zero, just transition, and circular economy are being embedded into Business Gateway support programmes for new and existing Edinburgh businesses.
- Circular economy and sustainability are also embedded in the Council’s sustainable procurement policy

12. How are councils working with cross-sectoral partners to use the natural environment (its “green infrastructure”) to achieve net zero targets?

Through the 2030 Climate Strategy, we are bringing together a series of partnerships and collaborative working initiatives to use the natural environment (its “green infrastructure”) to achieve net zero targets. Supporting green infrastructure and biodiversity; valuing and improving our natural heritage are key aspects to the city development plan with key actions summarised below

- The City of Edinburgh Council will (with the Edinburgh Adapts steering group) convene city and region partners to collaborate on a long-term ‘Climate Ready Edinburgh’ plan taking full account of the city’s natural assets and committing to placing green infrastructure and nature based solutions at the heart of the plan. The steering group will include ESECRD partners, Edinburgh Climate Change Institute; private sector developers, construction industry partners and other wider city partners

- Develop a regional approach to climate change risk assessment and adaptation maximising opportunities to enhance the natural environment – lead by ESECRD partners working with Adaptation Scotland; wider partners through business case development
- Deliver a network of green and blue spaces across the city which help protect our communities from climate change impacts, provide active travel routes, and protect and enhance the city’s natural environment and biodiversity – lead by City of Edinburgh Council, with the Scottish Water/SEPA ‘Blue Green City Partnership’ - working group of Edinburgh and Lothians Drainage Partnership, Edinburgh Living Landscape Partnership, Scottish Wildlife Trust, Nature Scot
- Deliver a co-ordinated approach to managing and enhancing Edinburgh’s natural assets across key public sector operational estate sites – lead by NHS Lothian and the Council, working with the Edinburgh Partnership
- Wider actions with partners include
 - Deliver a city-wide programme to manage, protect and enhance greenspace and biodiversity – addressing the ecological and climate emergencies
 - Deliver nature-based solutions to the impacts of climate change
 - Develop and deliver an Edinburgh Nature Network
- Working with property owners, developers and the construction sector to improve design and the quality of buildings, to support climate resilient place-based approaches to development and infrastructure. This will include utilising green and blue infrastructure (such as green roofs and urban ponds) and permeable surfaces to reduce flood risk and improve air and water quality – for example as part of the Granton development and coastal park).

4 Responses to inquiry questions asked by Net Zero, Energy and Transport Committee’s Tuesday 11 January session where follow-up written response was requested.

Fiona Hyslop – What’s the approach and attitude to offsetting?

Offsetting has been considered in the Edinburgh 2030 Climate Strategy and the City of Edinburgh Council sought views on high level approaches to offsetting through the consultation of the draft strategy in 2021. The Edinburgh 2030 Climate Strategy sets out various approaches to offsetting and highlights a number of key principles which will be further explored with city partners, including:

- reducing emissions as close to zero as practicable should be the main priority,
- where it is necessary to offset residual emissions, there is a need to ensure offsetting schemes have robust and transparent standards of verification and meet accredited quality principles (noting there is currently no universally accepted accredited scheme covering all the different types of offsets).
- Consideration of the geographic location of offsets (e.g local or global) and therefore of where wider co-benefits such as improved air quality are realised.

Offsetting is technically complicated and requires political and policy decisions, including the definition of quality principles and verification standards. At present, city partners each decide whether to offset and what approach to take, in line with their organisational responsibility for their policies and budgets.

For the city as a whole to be able to demonstrate it has met the net zero target, there will be a need to determine how off-setting should be treated and accounted for. There is a range of possible approaches, with each requiring further consideration and development. Agreeing a city-wide approach to off-setting would allow city partners to develop a set of principles for offsetting – enabling a common approach to some of the issues highlighted above.

Getting an approach to offsetting right for the city is important. Through the Edinburgh 2030 Climate Strategy, the City of Edinburgh Council will work with city partners, and potentially other local authorities and Scottish Government, over the longer term to consider and agree the best approach. This will include jointly considering a policy position and strategy for offsetting that clarifies when offsets would be used and which quality principles must be met, including the standards of verification to be applied to different types of offsets.

Natalie Don – Waste and circular economy follow up question; asking for granular examples of waste initiatives impacting people’s behaviour and use of forums for sharing good practice?

Nappies initiative example, 160 million into landfill – but only 5 have a real nappy initiative. Should other Councils be looking at these type of initiatives and whether there’s shared discussion through networks.

The City of Edinburgh Council’s waste management strategy runs from 2010-2025 and was extensively reviewed in 2018 (both documents are published [here](#)). Preliminary work has already begun to develop the next strategy post 2025, taking into account the impacts of new legislation; including the introduction of the deposit return scheme for drinks containers, the implementation of new legislation for extended producer responsibility for packaging waste, and the next phase of the Waste Framework Directive (which is European legislation that the UK still intends to implement). Collectively these are expected to require changes to the way in which we collect recycling and waste, but these are not yet clear.

As members of COSLA relevant City of Edinburgh Council staff use the Waste Management Officers’ Network and Association for Public Service Excellence (ASPE) and make the most of these networks to share information and seek advice from other members.

[Circular Edinburgh](#), managed by the Edinburgh Chamber of Commerce, is working to investigate the opportunities around the circular economy and the support on offer for business. Circular Edinburgh has developed [Circular Economy Top Tip information sheets](#) for key sectors and hosts webinars focussing on the Circular Economy.

The Council’s approach to waste is to help raise awareness and signpost people to make more sustainable choices, within the limited resources available to deliver this activity.

Recent examples of this type of activity includes:

- Direct funding of projects such as The Remakery or support in kind for organisations like SHRUB which seek to reuse items;
- The annual grant to Changeworks who deliver waste prevention projects (such as schools-based education, specific projects and community engagement) as part of their wider annual contract. The range of services Changeworks provide is agreed annually after the Council has set its budgets;

- Raising awareness of opportunities to prevent waste at source, e.g. by using refill shops, or by using reuse projects, including website information and working with Changeworks to deliver a [reuse map specific to Edinburgh](#). The map, featuring 450+ local organisations, was launched in December 2020 and is designed to facilitate donations of surplus household goods to new homes as well as eco-friendly recycling and repair services.
- The [Edinburgh Tool Library](#) is the UK's first tool library, promoting sharing as a way of reducing our environmental impact. It lends its members tools for DIY, gardening, decorating and machine repair, so they don't need to own them. This collaborative approach makes sense environmentally and helps members financially.
- Enhancing recycling facilities in schools by ensuring all schools have provision for dry mixed recycling and food bins and introducing a new colour scheme based on Edinburgh's residential bin system. This new standardised system will allow consistency throughout and between each school using uniform colour schemes, stickers, posters and bin styles
- Using a combination of the Council website and increasingly social media, to raise awareness and provide information, toolkits and other resources Examples of this include:
 - The [Christmas 2021 waste campaign](#) which focussed on waste prevention messages in addition to recycling;
 - The development of more targeted information such as the [plastics recycling](#) pages or the new online [recycling sorter](#) launched in 2021, alongside information about what is recyclable, and highlight opportunities to avoid waste.

The Council is also currently working with two Zero Waste Towns projects. These are community led initiatives which are funded to deliver projects aimed at moving towards zero waste. In South Edinburgh the Council is supporting Shrub's work to target the student community. The first pilot was an end of term collection in Marchmont designed to tackle dumping at the end of term and encourage reuse of household goods. In Leith, Changeworks are leading on Zero Waste Leith. The first project is actively targeting fly-tipping which again means that less waste is loose in the environment.

National governments also need to do all that they can to tackle the creation of waste. For example, the steps taken by the Scottish Government to ban some single use plastics is encouraging, but there is a question whether these go far enough. Banning single use plastic cutlery is likely to result in the production of single use cutlery made from other materials such as wood and does not deal with the overconsumption of resources or littering issues.

City of Edinburgh Council's responses to consultations on single use plastics and more recently on the National litter and Fly-tipping Strategy have highlighted these issues and called for more action on behaviour change (e.g. to encourage the use of refill bottles, reusable cutlery) and the use of extended producer responsibility for some items (e.g. if you buy a new mattress there is an automatic takeback included in the price to prevent dumping and ensure the old mattress is sent to a reuse or recycling partner or facility).

Historically the Council has funded Changeworks to deliver a reusable nappies project. However, the funding available for such initiatives is limited and needs to be considered alongside other waste and cleansing priorities. In the current year it has not been possible to

fund this work, although a guide was developed to allow people to continue to access information about successfully using real nappies and Edinburgh's Real Nappy Community continues as a means of sharing experiences and providing support.

Through the Council's contract with Changeworks, single use plastics workshops have been held to raise awareness and give advice about single use plastics; and at Abbeyhill Primary, a waste free party kit to lend to parents and for use in the school itself has been developed to help tackle plastic use both at home and in school.

5 **Contact Details**

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Scottish Government Draft Hydrogen Action Plan - consultation

City of Edinburgh Council Response
2 February 2022

1. Introduction and summary

- 1.1 Thank you for the opportunity to comment on the Draft Hydrogen Action Plan consultation. The focus of this response is on the Action Plan and sets out the Council's high-level views and highlights key interfaces with work underway in Edinburgh.

Place-based approaches to delivering decarbonised energy

- 1.2 Tackling the climate emergency presents an opportunity to create cleaner, greener, and healthier communities – improving the quality of life for citizens at the same time as securing a more sustainable future. Achieving this will require a focus on decarbonising heat and renewable energy; decarbonising transport; improving energy efficiency in buildings; creating more circular economies; and adapting the natural and built environment to be more resilient to the impacts of climate change.
- 1.3 Some of these issues need national, regional and city solutions (transport, energy and adaptation being the primary examples). However, to effectively deliver a transition to net zero in the timescales required means towns and cities need to be able to innovate and address these challenges all at once, in the places and communities in which we live – using a place-based approach rather than a thematic one.
- 1.4 As noted by the Climate Emergency Response Group, if Scotland as a whole is to meet its 2045 target, our cities need to make faster progress. This also means Scottish Government needs to do more to support Councils such as Edinburgh who are playing their part by committing to more immediate net zero targets. The City of Edinburgh Council is already collaborating with Scottish Government on a number of strategic projects and innovative pilots to deliver change in Edinburgh. However Scottish Government needs to do more to join up its policy and legislative frameworks and its strategic funding and budget decisions to enable place-based programmes of action.

2. Consultation topics

Delivering increased hydrogen capacity

- 2.1 The Council, in partnership with community planning and city partners, has recently published the Edinburgh 2030 Climate Strategy which highlights our uncertainties in relation to hydrogen. As a principle, the strategy focusses on electrification first action, where we work to ensure the network's capacity can respond to the substantive increases in the city's electricity demand while keeping an open mind to innovation in other energy sources, such as green hydrogen.
- 2.2 The Council supports the ambition to increase hydrogen production capacity. However, the increased targets need to be evidence based, aligned to demand needs, and reflect increased capacity in geographies with sufficient energy demand and capable infrastructure. Clarification is needed regarding who would be responsible for meeting targets, as local government or regional targets may raise democratic questions in respect of local priorities.
- 2.3 The draft Action Plan needs to provide greater certainty about the network, availability, and cost of hydrogen is needed to ensure local authorities make well informed decisions on retrofit strategies for existing buildings, particularly for challenging building archetypes. For example, councils may target buildings where retrofit delivers most benefit, in the expectation that harder to retrofit buildings can be converted to hydrogen in the future. However, if hydrogen will take years to come and be comparative in cost to electricity then councils may make different decisions. Early clarity on the future of Hydrogen in Scotland can positively impact local investment risks and facilitate faster and scalable decision making by councils and other public bodies.
- 2.4 Key aspects where greater certainty is needed are set out below.
 - 2.4.1 The implications of UK Government decision on the gas network in 2026, which leaves limited opportunity for any wider hydrogen adoption in Edinburgh within the 2030 timeframe. Establishing a more certain understanding of the future of the network capacity will be important to inform strategic decisions about the potential for hydrogen use in Edinburgh and the region.
 - 2.4.2 Local authorities and the retrofit sector need to have a greater understanding of the level and timeframes of future increase of hydrogen available locally (e.g. more detail about the supply and timeframes from proposed hydrogen hubs), to enable them to prioritise, plan and deliver solutions that help us to meet net zero targets.
 - 2.4.3 A greater understanding of the costs of hydrogen is also needed – the Draft Action Plan mentions building on existing research to build a cost trajectory for hydrogen. Having a timeline for the development of this work and when it will be available will be useful for local and regional decision making.

Views on the actions themes and key actions identified to support the development of the hydrogen economy over the next 5 years

- 2.5 The Council broadly supports the key theme areas and actions, especially the focus on skills and workforce development, and on solutions to decarbonise transport. While the detail around the actions and timeframes is high level, it appears to be relatively ambitious and the Council supports the learning by doing approach.
- 2.6 Funding and resource support are not well covered in the strategy. It will be important to ensure there is capacity and capability within other parties (including Local Authorities) that may need to take on substantial work programs to make the most of the hydrogen opportunity. Local authorities need to develop their own expertise and capacity to ensure they can make well informed decisions that reflect local priorities. Having this expertise in-house is important to avoid over-reliance on short term external capacity and to help manage the challenges of balancing commercial interests with independent advice.
- 2.7 The action plan's focus on eliminating any potential barriers such as regulatory, planning or infrastructure constraints is noted. The Council would welcome additions to the strategy that clarify the relationship between hydrogen actions and the emerging Local Heat and Energy Efficiency Strategies (LHEES) requirements.

Further actions we, or other key organisations (please specify), can take to maximise the positive impacts and minimise negative ones on people, communities and businesses in Scotland in support of a just transition to net zero

- 2.8 The action plan sets out an approach to the development of regional hydrogen hubs across Scotland. The draft action plan needs to be cautious to ensure alignment between local energy network development priorities and hydrogen hub development. This is important to ensure compatibility and that opportunities are realised especially in relation to other emerging technologies (such as micro-renewables and other local generation opportunities). While it is noted that the approach to the hubs set out in the Action Plan is based on a range of factors, there does appear to be a gap in the South East, and the Council feels the action plan could be strengthened by providing detail about the role and connections of hydrogen energy from Fife and Grangemouth to the rest of the South East of Scotland.
- 2.9 City Region Deal are currently progressing work on regional energy planning, and it is important the action plan takes a partnership approach to these existing programs of work and is clear about the future relationships between hydrogen hubs and regional energy plans.
- 2.10 Delivering a net zero transformation requires action at the national, regional, and local levels (especially in relation to transport, energy and adaptation), with strategies and plans needing to be clear about the rationale for delivery at each of these levels. The 2030 Edinburgh Climate Strategy has set out these links across the strategic actions and in its implementation plan.

2.11 The Action Plan should be strengthened to provide detail on governance and delivery of the plan, in particular expectations of and roles to be taken by local authorities. Edinburgh, alongside many other Scottish Cities and City Region Deals have substantial programs of work to deliver decarbonised heat and energy which the Action Plan needs to take account of. Edinburgh's 2030 Edinburgh Climate Strategy includes the following examples. The Council would encourage the Action Plan to consider how these examples would align with and be enhanced through the plan and the development of a governance framework to support delivery.

2.11.1 City Heat and Energy Partnership

- o tasked with co-ordinating investments and supporting the delivery of flagship actions for the city including creating an energy masterplan for the city and collaborate on exemplar retrofit pilots, using the learning to develop joint city retrofit plans that secure economies of scale.
- o membership is led by SP Energy Networks and includes the City of Edinburgh Council, NHS, Edinburgh universities, Scottish Water, Scottish Gas Network, Edinburgh and South East City Region Deal (ESECRD), and other partners, yet to be confirmed.

2.11.2 City-wide programme of community energy generation investment opportunities

- o To develop and exploring the potential for creating local energy generation communities as part of a proposed net zero communities pilot
- o Chaired by the City of Edinburgh Council; with membership from Energy for Edinburgh; Edinburgh Solar Co-op; Climate KIC; SP Energy Networks; Community Councils

Further actions that could be taken by government or industry that you think would drive a reduction in the cost of hydrogen? Please provide evidence to support any suggestions.

2.12 The focus on skills approach to ensuring skilled workers and delivering on just transition principles is supported. A focus on skills and people will be key in reducing the cost of hydrogen. The pipeline of skill development needed to meet our net zero aims should not be underestimated and the Council would encourage bringing in the Universities and higher education partners (as supplying training and offering to academic expertise) ensure as comprehensive approach as possible is taken. Edinburgh has programs of action focussed on skills that meet local needs through the 2030 Climate Strategy, the City Region Deal, and through the Climate Commission. The Council would expect the Action Plan's to focus on meeting skills gaps at a national level (rather than replicating local needs), for example training standards and collaborating across the industry to identify common needs across Scotland.

2.13 The Council also supports the just transition-based approach and this needs to be kept front of mind in considering where the costs and potential cost reductions fall across the hydrogen economy. This means ensuring cost reductions are delivered alongside fair work, tackling poverty and inequality and ensuring that everyone benefits from the hydrogen economy.

- 2.14 To effectively deliver a transition to net zero in the timescales required means towns and cities need to be able to innovate and address these challenges all at once, in the places and communities in which we live – using a place-based approach rather than a thematic one. Similarly, the Action Plan should support the delivery of place-based approaches to net zero and support joint public-sector actions that offer wider benefit beyond increased hydrogen. The delivery of this approach has resource and funding implications and asks of Scottish Government – which are set out in following section on funding.
- 2.15 The Action Plan could also offer economies of scale and reduce the cost for the public sector by facilitating collaboration on incorporating hydrogen public sector operations, e.g. heavy fleet or buildings.

Funding approaches, priorities, and the Emerging Energy Technologies Fund

- 2.16 Generating investment in hydrogen plans and infrastructure will be critical to its development. The Action Plan identifies Scottish Government as having a role to continue to create a supportive policy environment and alongside private investment (in relation Regional Hydrogen Energy Hubs), while also making funding for investment available (through the Emerging Energy Technologies Fund).
- 2.17 The City of Edinburgh Council supports the focus of the action plan to deliver solutions for the transport sector and would encourage funding to align with wider programs such as the bus decarbonisation taskforce.
- 2.18 Scottish Government need to support and enable locally led programmes of action that deliver multiple outcomes and local benefits. Currently, policy, legislation, funding and investment act against this type of systemic and place-based action as they are developed and delivered along individual themes or policy areas which can easily become siloed, rather than supporting holistic responses to the totality of need and different issues in local communities. The Emerging Energy Technologies Fund needs to avoid taking such a strong thematic approach so that while it offers solution to the hydrogen challenges it overall presents a technically, operationally or financially limited way to deliver the transition to a net zero city or nation.
- 2.19 The City of Edinburgh Council is already collaborating with Scottish Government on a number of strategic projects and innovative pilots to deliver change in Edinburgh. However Scottish Government needs to do more to join up its policy and legislative frameworks and its strategic funding and budget decisions to enable place-based programmes of action. Allocating funding that prioritises decarbonised energy transition and supports locally led programmes of action that deliver multiple outcomes and local benefits would offer a holistic response to the totality and diversity of need in specific local communities.
- 2.20 The Emerging Energy Technologies Fund could be also be used to move away from requiring Councils to compete against each other to access funding on single issues, to a funding approach that collaborates with Councils in invest national resources in a place-based way.

- 2.21 Funding for the net zero program as a whole needs Scottish Government need to think beyond singular projects or funding streams focusing on decarbonising a building or the business case for a heat network in housing estates, and work with Councils to incentivise and support programmes of net zero action that address all the elements required to reach net zero in a geography in a joined-up way: decarbonise the public buildings; deliver sustainable transport connections and EV charging facilities; deliver local renewable energy generation; develop nature solutions and green infrastructure and decarbonise citizen's housing. Currently, policy, legislation, funding and investment act against this type of systemic and place-based action.
- 2.22 If Councils and Scottish Government continue to think and act on a thematic or single-issue basis then some aspects of net zero action will accelerate while those that are equally important to our overall footprint will make incremental progress. The City of Edinburgh Council has established local partnerships and strategies to overcome these issues as far as possible, but Scottish Government need to support this effort by joining up national policy agendas and funding streams and creating a more flexible and permissive regulatory environment.
- 2.23 The Hydrogen Action Plan and its delivery could be enhanced through greater collaborating with Councils to share the risk of developing new and innovative approaches which explore policy and finance models that can capture the benefits of emerging investment opportunities (such as hydrogen and other energy source generation and heat distribution). This can provide revenue streams that will help cover the cost of essential retrofit work that do not offer such returns but are critical to meeting net zero. For example: feasibility studies undertaken by the Council show that the cost of retrofitting Council buildings to become net zero could stretch into the billions. Support to develop a comprehensive approach that integrates the costs of building retrofit with energy generation and heat distribution opportunities, could go a long way to delivering and funding the transition to net zero buildings.

3. Contact details

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LOCAL HEAT AND ENERGY EFFICIENCY STRATEGIES

Draft LHEES Order consultation

City of Edinburgh Council Response
02 January 2022

1. Introduction and summary

- 1.1 City of Edinburgh Council welcomes the recognition that local authorities can and should play a significant role as delivery agents of the Local Heat and Energy Efficient Strategies (LHEES) and related delivery plans, alongside the range of other activity developing across the Heat in Buildings Strategy program of work.
- 1.2 As it stands, LHEES and wider roles for local authorities through the Heat in Buildings Strategy program presents an expansion of activity beyond that currently undertaken by most local authorities. The Council has concern about the significant resources required to implement the actions and targets contained in the Strategy.
- 1.3 As highlighted in the [Council's April 2021 submission](#) to the Heat in Buildings Strategy consultation, effective delivery of the program (including LHEES) will require additional Scottish Government support for local authorities in the form of:
 - 1.3.1 Financial investment to meet the additional costs to Councils of carrying out the roles required by the strategy
 - 1.3.2 Support to build the capacity, skills, and knowledge needed to deliver the strategy to the required scale
 - 1.3.3 A supportive regulatory framework that provides Councils with the security needed to invest and innovate at the scale and speed required by the strategy
 - 1.3.4 Financial and regulatory support for Councils to explore commercial and joint venture opportunities for large scale heat networks and the long-term operation and maintenance of these heat networks
- 1.4 While the Council is committed to delivering its aspect of the LHEES program, it does not see the additional value of introducing LHEES as a statutory requirement. Edinburgh has an existing program of work through the Edinburgh [2030 Climate Strategy](#) that has laid out a journey for net zero energy generation and energy efficient buildings. A statutory requirement would not add substantial value to this plan can often drive a siloed and bureaucratic approach to delivery.
- 1.5 The Council believes that any legislation in this sphere should support local decision making and empower local authorities to work in agile and dynamic ways to deliver net zero places. For councils to lead on LHEES, irrespective whether it is a statutory requirement, requires financial support and direct funding from Scottish

Government to support the development of internal skills and staff capacity. This will enable co-development of LHEES with key partners in the city and the delivery of place-based and local solutions to decarbonised heat and energy.

- 1.6 The council has made a series of contributions to recent Scottish Government consultations (including the Parliamentary inquiry call for written evidence on the [role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland](#); [Draft Hydrogen Action Plan Consultation](#); and the [National Public Energy Agency: call for evidence](#). Key common themes have emerged across these consultations and are relevant to the Draft LHEES order consultation too and are summarised below.

Greater use of place-based funding approaches

- 1.7 The Council welcomes the net zero policy ambitions the Scottish Government has set out and the City of Edinburgh Council is already collaborating with government on a number of strategic projects and innovative pilots to deliver change in Edinburgh. However, Scottish Government needs to do more to join up its policy and legislative frameworks and its strategic funding and budget decisions to enable place-based programmes of action.
- 1.8 Scottish Government needs to support and enable locally led programmes of action that deliver multiple outcomes and local benefits. Currently, policy, legislation, funding and investment act against this type of systemic and place-based action as they are developed and delivered along individual themes or policy areas which can easily become siloed, rather than supporting holistic responses to the totality of need and different issues in local communities. A thematic approach will not be a technically, operationally or financially viable way to deliver the transition to a net zero city or nation.
- 1.9 If Councils and Scottish Government continue to think and act on this thematic basis then some aspects of net zero action will accelerate while those that are equally important to our overall footprint but offer limited income opportunity, will make incremental progress. The City of Edinburgh Council has established local partnerships and strategies to overcome these issues as far as possible, but Scottish Government needs to support this effort by joining up national policy agendas and funding streams and creating a more flexible and permissive regulatory environment.

Funding and innovative finance models

- 1.10 Existing resources and capacity within Councils have been under pressure in recent years due to reductions in public sector funding, population growth, and increasing demand. In common with many other Councils and cities, Edinburgh's net zero target was set prior to the pandemic. The crisis may, if no proactive measures are taken, have a significant impact on the overall capacity, resilience, and financial ability of Councils to lead the net zero transition.
- 1.11 The key issue the City of Edinburgh Council faces at this point in time is not the availability of capital (public or private) to support net zero delivery; it is a lack of revenue to create and maintain the capacity required to develop a pipeline of

investible projects to the stage and scale required to secure available capital investment. Scottish Government needs to support local government to help connect private sector investment to local opportunities, through shared investment pipelines, support for early stage business case development, coordinating investment propositions, and providing an enabling regulatory environment.

- 1.12 Within a future approach to financing net zero change, it is critical to ensure the economic benefits flowing from city partner investment in net zero action are retained at the local level.
- 1.13 Challenges also exist in how business cases offer returns and best value, given the high level of investment required, long (or absence of) payback, and the limited support funding available. To move away from gas dependence, improved projections for future electricity, gas, and potential hydrogen unit costs (and associated carbon charges) are needed. Current green book/BEIS figures do not necessarily capture costs effectively and improved Scottish Government guidance and frameworks are required to help local authorities and partners to develop decarbonised energy investment propositions that offer attractive returns that we can have confidence in.

Supporting local empowerment and decision making to deliver net zero

- 1.14 It is important to recognise that local government remains the key body for providing the democratically accountable independent function required at the local level. For Councils and their cross-sectoral partners to play a full and impactful role in delivering net zero, national action, support will be required to enable greater local empowerment and greater deliberative processes.
- 1.15 Scottish Government needs to recognise the critical role cities have in meeting Scotland's 2045 net zero target and supporting high ambition local authorities to maximise their contribution. Powers, funding, and resources are needed to enable local authorities to develop local solutions that reflect their individual needs and unlock the greater opportunities of a green economic recovery.
- 1.16 Greater partnership working is required that ensures the wider public sector (including non-departmental public bodies) is empowered to collaborate with local government to develop and deliver programs that meet local needs (for example, shared retrofit approaches across the public sector estate or development of joint electric vehicle infrastructure). Scottish Government support is needed to align public sector budgets to maximise efficiency and opportunity for approaches that deliver city-based net zero targets. Scottish Government consideration on how it could support local, publicly-owned models of energy generation would be welcome.
- 1.17 Scottish Government and local authorities need to incorporate the learning from the Covid19 response, which enabled fast and coordinated public sector decision making into plans to support the transition to net zero. This learning needs to underpin consideration of additional powers, freedoms and flexibilities that could support local government to accelerate action on climate change.

2. Consultation questions

Q 1 - Do you agree that a duty should be placed on local authorities to produce a Local Heat and Energy Efficiency Strategy and Delivery Plan?

- 2.1 The Council in partnership with city partners has recently published the Edinburgh 2030 Climate Strategy. Delivering a net zero transformation requires action at the national, regional, and local levels (especially in relation to achieving net zero energy generation and energy efficient buildings). The 2030 Edinburgh Climate Strategy has set out these links across the strategic actions and in its implementation plan.
- 2.2 A core part of the 2030 Climate Strategy is the City Heat and Energy Partnership – co-chaired by SP Energy Networks and the City of Edinburgh Council, with initial membership including NHS, Edinburgh universities, Scottish Water, Scottish Gas Network, Edinburgh and South East City Region Deal (ESECRD), and other partners tbc. The scope of this partnership will include:
 - 2.2.1 Creating a heat and energy masterplan for the city – this will be the core delivery mechanism to meet the LHEES requirements.
 - 2.2.2 Collaborating with the Edinburgh and South East City Region Deal to develop regional renewable energy solutions which draw on the area’s wind, geothermal, hydro and solar assets.
 - 2.2.3 Mapping and jointly planning for heat networks which meet the needs of key public sector buildings and major new developments across the city, beginning with Granton Waterfront.
 - 2.2.4 Mapping and aligning resources and supporting the development of a pipeline of investible energy projects designed to lever investment into the city.
 - 2.2.5 Supporting place-based approaches to local energy generation which help build community wealth.
 - 2.2.6 Establishing the Climate Strategy Infrastructure Investment Programme Board with a core task of working across thematic groups to develop a green investment plan for the city.
- 2.3 The Council has been involved in as one of the 13 Local Authority areas that undertook a Scottish Government pilot scheme on Local Heat and Energy Efficiency Strategies (LHEES) with guidance produced for designing heat networks in challenging settings. It is also progressing early stage LHEES work based on the recent issued LHEES methodology with funding support from Scottish Government.
- 2.4 Local Authorities are already subject to emissions requirements and reporting through the Section 44 of the Climate Change (Scotland) Act 2009 and the recently enhanced Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order. While it is noted that these requirements apply to local authority generated emissions, Edinburgh, along with many other Scottish local authorities, are making substantial progress on citywide local heat and energy development through their own net zero programs.

- 2.5 As such, the Council does not see the added value of incorporating a statutory requirement for LHEES as it increases the regulatory burden on local authorities and further enhances siloed Scottish Government regulatory frameworks. Making better use of the existing policy levers (such as establishing partnerships, providing guidance and methodology, and providing more place-based funding, and working with local authorities to develop investment pipelines and to share risks of investment propositions) will be more effective in achieving decarbonised heat across Scotland that meets local needs and delivers wider benefits.
- 2.6 Given the Edinburgh's approach in establishing City Heat and Energy Partnership with joint leadership, the statutory requirement applying to the local authority may have implications for the operation of the partnership and its ownership and delivery of its heat and energy masterplan (the Council's core vehicle for delivering LHEES).
- 2.7 Scottish Government needs to ensure resources are made available to local authorities to support the delivery of LHEES. As set out in the introduction to this submission, resourcing needs to support place-based programs of work that connect across the Scottish policy and legislative frameworks and strategic funding and budget decisions. It is important that the funding support to enable LHEES provides opportunities to leverage funding and share across delivery partners the burden of implementation and enable local capture of rewards – informed by local priorities and decisions.

Q 2 - Do you agree with the timescales set out to publish a first strategy and delivery plan by 31 December 2023, with each subsequent strategy and delivery plan published on a 5 year cycle?

- 2.8 The [Edinburgh 2030 Climate Strategy's Implementation Plan](#) sets out deliverables, milestones, timeframes, partners and resources in relation to meeting the City's energy needs sustainably (see excerpts below). The development of Edinburgh's heat and energy masterplan, investment plan, and network development plans aligns with the proposed 2023 timeframe.
- 2.9 The Council considers that direction regarding the review period is sufficient as non-statutory guidance.
- 2.10 A five-year review period for LHEES appears to provide a reasonable balance between enabling progress and evaluation and adjustment. The Council expects expect the masterplan and investment plan process to be iterative as the Council learns from doing, develops partnerships, and as heat and energy technology and industry develops.

Q 3 - Do you agree that strategies and delivery plans should be produced in line with guidance provided by Scottish Ministers, to be consulted on with local authorities? [Note that guidance is likely to be based on the LHEES Methodology already provided to local authorities]

- 2.11 Our response to question 1 is also relevant to this question. The Council supports the use of guidance to help support LHEES development, such the LHEES methodology. As part of a partnership approach and ensuring guidance is useful and fits local authority needs, the Council supports guidance being consulted on.

- 2.12 As highlighted in the [Council's April 2021 submission](#) to the Heat in Buildings Strategy consultation, Action is also required by Scottish Government to support local authorities in effective delivery LHEES, in the form of:
- 2.12.1 Support to build the capacity, skills, and knowledge needed to deliver the strategy to the required scale
 - 2.12.2 A supportive regulatory framework that provides Councils with the security needed to invest and innovate at the scale and speed required by the strategy
 - 2.12.3 Development of a heat network operator supply chain that can be enabled at the local authority level to reflect relevant legal and planning frameworks
 - 2.12.4 Financial and regulatory support for Councils to explore commercial and joint venture opportunities for large scale heat networks and the long-term operation and maintenance of these heat networks.
 - 2.12.5 Standard specification of networks to help local authorities and developers avoid problems in connecting to district heating schemes so that there is a consistency in the connection requirements.

Do you have any other feedback on the draft LHEES Order?

- 2.13 None in addition to the comments set out in the introduction and summary section.

3. Contact details

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LOCAL HEAT AND ENERGY EFFICIENCY STRATEGIES

Draft LHEES Order consultation



DRAFT LHEES ORDER CONSULTATION PAPER

1. This paper provides background on Local Heat and Energy Efficiency Strategies (LHEES), before setting out a draft Order that would place a duty on Scottish local authorities to produce Local Heat and Energy Efficiency Strategies and Delivery Plans.
2. Stakeholders are invited to provide feedback on the draft Order at a workshop on **27 January 2022, 2 – 4 pm**. Please email LHEES@gov.scot to register. If you are unable to attend the workshop, please provide your response to the questions at the end of this paper by email to LHEES@gov.scot by **2 February 2022**.
3. LHEES policy 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 heat in buildings and improving energy efficiency across an entire local authority area.
4. Two consultations in 2017 gathered initial stakeholder views on proposals for local authority-level heat and energy efficiency plans. Since then all 32 local authorities have piloted the LHEES approach, with Scottish Government funding support.
5. For each local authority area, local strategies will draw on a consistent, data-driven methodology to:
 - a. set out how the building stock (homes and non-domestic buildings) needs to change to meet national objectives, including achieving zero greenhouse gas emissions, and the removal of poor energy efficiency as a driver of fuel poverty;
 - b. identify heat decarbonisation zones, setting out primary measures for reducing emissions, with a view to zones acting as a potential trigger for regulation in the future if required; and
 - c. prioritise areas for investment, both private sector and through public delivery schemes, against national and local priorities.
6. [The Heat in Buildings Strategy](#) (HBS) commits to having Strategies and accompanying Delivery Plans in place for all local authority areas by the end of 2023. The HBS also set out Ministers' intention to put LHEES on a statutory footing, with a duty placed on local authorities to develop Strategies and Delivery Plans. A statutory basis will ensure consistency and comprehensive coverage across Scotland against a common minimum standard, and raise the profile of local Strategies with industry and investors. A duty would also require the Scottish Government to ensure that appropriate resource is provided.
7. The Order would use the powers under section 44 of the Climate Change (Scotland) Act 2009 to place a duty on local authorities to produce Local Heat and Energy Efficiency Strategies and Delivery Plans by 31 December 2023, and subsequently on a 5 yearly cycle, in line with guidance to be provided by Scottish Ministers.

DRAFT LHEES ORDER

1. This Order may be cited as the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 and comes into force on [TBC] 2022.

2. In these Regulations—

“local heat and energy efficiency strategy” has the meaning given in article 4.

“local heat and energy efficiency delivery plan” has the meaning given in article 5,

Duty to prepare a Local Heat and Energy Efficiency Strategy and Delivery Plan

3.—(1) A local authority must, in accordance with this Order, prepare, publish and update—

- (a) a local heat and energy efficiency strategy, and
- (b) a local heat and energy efficiency delivery plan.

(2) A local authority must publish its first local heat and energy efficiency strategy and its first local heat and energy efficiency delivery plan on or before 31 December 2023.

(3) A local authority must—

- (a) keep its local heat and energy efficiency strategy and its local heat and energy efficiency delivery plan under review.
- (b) publish an updated local heat and energy efficiency strategy at intervals of no more than 5 years after the date of publication of the previous strategy.
- (c) publish an updated local heat and energy efficiency delivery plan at intervals of no more than 5 years after the date of publication of the previous delivery plan.

(4) A local authority must have regard to the guidance issued under article 6 when preparing its local heat and energy efficiency strategy and its local heat and energy efficiency delivery plan.

Local Heat and Energy Efficiency Strategy

4.—(1) A local heat and energy efficiency strategy is a long-term strategic framework for—

- (a) the improvement of the energy efficiency of buildings in the local authority’s area, and
- (b) the reduction of greenhouse gas emissions resulting from the heating of such buildings.

(2) A local heat and energy efficiency strategy is in particular to include proposals in relation to the way in which buildings in the local authority’s area are heated can be altered, in order to—

- (a) improve the energy efficiency of such buildings,
- (b) reduce the emission of greenhouse gases produced by or otherwise associated with the heating of such buildings.

Local Heat and Energy Efficiency Delivery Plan

5.—A local heat and energy efficiency delivery plan is a document setting out how a local authority proposes to implement its local heat and energy efficiency strategy.

Guidance

6.—(1) The Scottish Ministers must publish guidance relating to the production and content of—

- (a) a local heat and energy efficiency strategy,
- (b) a local heat and energy efficiency delivery plan.

(2) The Scottish Ministers must consult with local authorities in preparing guidance under paragraph (1).

Provision of information

7. A local authority must, if requested to do so by the Scottish Ministers in order to inform the formulation or implementation of national policy, provide the Scottish Ministers with information in relation to the implementation by a local authority of its local heat and energy efficiency strategy and/or its local heat and energy efficiency delivery plan.

CONSULTATION QUESTIONS

1. Do you agree that a duty should be placed on local authorities to produce a Local Heat and Energy Efficiency Strategy and Delivery Plan?
2. Do you agree with the timescales set out to publish a first strategy and delivery plan by 31 December 2023, with each subsequent strategy and delivery plan published on a 5 year cycle?
3. Do you agree that strategies and delivery plans should be produced in line with guidance provided by Scottish Ministers, to be consulted on with local authorities? *[Note that guidance is likely to be based on the LHEES Methodology already provided to local authorities]*
4. Do you have any other feedback on the draft LHEES Order?

PLEASE SEND RESPONSES TO LHEES@GOV.SCOT BY 2 FEBRUARY 2022

SGN LTS Futures Project

Ofgem consultation

City of Edinburgh Council response
02 February 2022

1. Introduction and general comments

- 1.1 Thank you for the opportunity to comment on the SGN LTS Futures Project consultation. The focus of this response is to offer the Council's support for the project and to highlight key interfaces with work underway in Edinburgh.
- 1.2 The Council, in partnership with community planning and city partners, has recently published the [2030 Climate Strategy](#) which highlights our uncertainties in relation to hydrogen. As a principle, the strategy focusses on electrification first action, where we work to ensure the network's capacity can respond to the substantive increases in the city's electricity demand while keeping an open mind to innovation in other energy sources, such as green hydrogen.
- 1.3 The Council supports the Scottish Government ambition to increase green hydrogen production capacity as set in the [Scottish Government Hydrogen Policy Statement](#) and [Draft Hydrogen Action Plan](#). It is also noted that the Climate Change Committee has emphasised that hydrogen use should be restricted to "areas less suited to electrification, particularly shipping and parts of industry" and providing flexibility to the power system, and that it does not see extensive use of hydrogen outside of these limited cases by 2035.
- 1.4 Edinburgh's 2030 Climate Strategy is focussed on heat decarbonisation opportunities, including opportunities for renewable energy, micro grids, heat network solutions, hydro energy (including electricity and heat) and measures to lower the cost of electricity and tackle fuel poverty.

Benefits of SGN LTS Future Project

- 1.5 The Council understands that the LTS project will enable SGN to test their network adaptability for conversion to hydrogen supply in the future. The benefits of hydrogen are dependent on the type of hydrogen and the settings in which it can be most beneficial. Any future decisions about the viability of hydrogen in Edinburgh will need to consider the hydrogen type, the wider energy demands to produce it, and the wider implications for its use in urban environments. The Council would expect hydrogen supply to be green (produced from renewable electricity) and that

its use is prioritised in hard to decarbonise parts of industry or other sectors where alternative clean energy solutions are not viable or economic.

- 1.6 The Council supports the needs case set out in the consultation paper noting the benefits to BEIS, and the HSE research programmes which have set out a need for research and live trials to be conducted on the LTS.
- 1.7 Pilots (such as LTS Future Project) may help to address some of the areas of uncertainty that exist in relation to the hydrogen network, hydrogen availability, and its cost.
- 1.8 Action from central governments is required to provide greater certainty to ensure local authorities are able to make well informed decisions on retrofit strategies for existing buildings, particularly for challenging building archetypes. For example, councils may target buildings where retrofit delivers most benefit, in the expectation that harder to retrofit buildings can be converted to hydrogen in the future. However, if hydrogen will take years to come and be comparative in cost to electricity then councils may make different decisions. Further detail on these uncertainties is set out below.
 - 1.8.1 The implications of UK Government decision on the gas network in 2026, leaves limited opportunity for any wider hydrogen adoption in Edinburgh within the 2030 timeframe. Establishing a more certain understanding of the future of the network capacity will be important to inform strategic decisions about the potential for hydrogen use in Edinburgh and the region.
 - 1.8.2 Local authorities and the retrofit sector need to have a greater understanding of the level and timeframes of future increase of hydrogen available locally (e.g. more detail about the supply and timeframes from proposed hydrogen hubs), to enable them to prioritise, plan and deliver solutions that help us to meet net zero targets.
 - 1.8.3 A greater understanding of the costs of hydrogen is needed. Challenges exist in how business cases offer returns and best value, given the high level of investment required, long (or absence of) payback, and the limited support funding available. To move away from gas dependence, improved projections for future electricity, gas, and potential hydrogen unit costs (and associated carbon charges) are needed. Current green book/BEIS figures do not necessarily capture costs effectively and improved guidance and frameworks are required to help local authorities and partners to develop decarbonised energy investment propositions that offer attractive returns that we can have confidence in.

Opportunities to link strategic action in Edinburgh

- 1.9 The [2030 Climate Strategy](#) highlights the need for Edinburgh's energy networks and supporting infrastructure need to change at speed. As a city we need to be able make decisions in a more strategic way, and position Edinburgh to maximise the commercial, carbon reduction, energy savings and resilience benefits potentially available.

- 1.10 Edinburgh's City Heat and Energy Partnership (currently being established and made up of key public and private sector organisations) is being tasked with co-ordinating investments and supporting the delivery of flagship actions for the city. This includes working with communities and developers to deliver heat networks that meet the needs of key public sector buildings and major new developments across the city (focussing initially on major new developments at Granton Waterfront and the BioQuarter).
- 1.11 While the SGN LTS project will deliver hydrogen to Granton, its use shouldn't be restricted to Granton only. The Western General Hospital site is near the Granton area and will also face a challenging pathway to net zero.
- 1.12 The Heat and Energy Partnership will also be working with governments and private and public sector partners to develop a long-term shared investment strategy and delivery mechanisms. This work will focus on maximising opportunities for local revenue generation and securing a clean and affordable renewable energy infrastructure for citizens and businesses.
- 1.13 The Council welcomes the SGN LTS Project and would welcome SGN and UK Government funding as it supports net zero delivery through partnership investment.
- 1.14 The Council would like to further strengthen this partnership with SGN and jointly consider how it might support Edinburgh's future approaches to financing net zero change and ensuring the economic benefits flowing from city partner investment in net zero action are retained at the local level.

2. Response to specific questions

- 2.1 Please note that the Council's responses here are high level only. Officers are available for any further detailed discussion, if necessary.

Question 1: Do you agree that this project should be approved, and at the value proposed?

- 2.2 As set out in the introduction section - the Council agrees with the project and accepts the indicated recommendations from Ofgem on the project valuation.
- 2.3 It is expected that the project will deliver value for both the public and consumer investment being made in it. As highlighted in the section *Benefits of SGN LTS Future Project* the project offers opportunities to address some of the strategic questions that exist in hydrogen energy development.

Question 2. Do you agree with our assessment of and additional requirements for SGN's project plan?

- 2.4 The Council is supportive of ensuring the project is delivered to a high quality with proportionate and transparent reporting on outcomes and deliverables, however the Council these aspects in sufficient detail to be able provide a view on the specific proposals at this stage. The Council would however ask that any reports are made

available to the City of Edinburgh Council to help inform Edinburgh's future heat and energy decisions.

Question 3. Do you agree with our proposals on how we will hold SGN to account for the project deliverables?

2.5 The Council supports the deliverables established by Ofgem and the caveat that should they not be satisfactory, a portion of the funding will be returned to consumers.

Question 4. Do you have any views on the appropriate funding approach for this project? / Question 5. Do you agree with our assessment of SGN's proposed level of contribution and treatment of benefits in kind?

2.6 The Council does not have a view on the specifics of these questions in addition to what has been set out already.

3. Contact details

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