

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Net Zero, Environment & Transport Committee
<b>DATE</b>	9 September 2025
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Draft Local Heat & Energy Efficiency Strategy
<b>REPORT NUMBER</b>	F&C/25/209
<b>EXECUTIVE DIRECTOR</b>	Eleanor Sheppard
<b>CHIEF OFFICER</b>	Stephen Booth
<b>REPORT AUTHOR</b>	Mark Shaw
<b>TERMS OF REFERENCE</b>	8

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this Committee Report is to present the draft Aberdeen City Council Local Heat and Energy Efficiency Strategy (LHEES) for approval.

### 2. RECOMMENDATION

That the Committee :-

- 2.1 Approves Aberdeen City Council's Local Heat and Energy Efficiency Strategy and associated Delivery Plan as detailed in Appendices 1 and 2; and
- 2.2 Instructs the Chief Officer Corporate Landlord to upload Aberdeen City Council's Local Heat and Energy Efficiency Strategy and Delivery Plan onto Aberdeen City Council's website.

### 3. CURRENT SITUATION

- 3.1 The purpose of the LHEES is to set out how the Council plans to tackle greenhouse gas emissions from buildings, whilst also improving residents' quality of life by addressing fuel poverty.
- 3.2 Aberdeen City, and Scotland as a whole, aims to be net zero by 2045. This is a challenging target and the LHEES is a key step in planning our approach to achieving this goal.
- 3.3 Scottish local authorities have a statutory duty to prepare, publish and update a LHEES and an associated Delivery Plan. This duty is described in the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022. The LHEES is the principal mechanism for locally led heat planning across Scotland's local authorities.
- 3.4 The draft Strategy sets out the Council's long-term plan for decarbonising heat in buildings and improving energy efficiency. The document presents the evidence base that identifies what needs to be done to change buildings and

local infrastructure by 2045 in order to fulfil the Scottish Government's objectives and local priorities relating to heat in buildings. The interventions detailed in the Strategy include fabric and heating system upgrades at a building level, as well as heat network development.

### **3.5 Progress in Aberdeen City**

Aberdeen City Council is already making progress toward achieving its goals of decarbonisation, improving energy efficiency, and reducing fuel poverty. Within its own stock, the Council is investing in improving energy efficiency to meet required standards. Beyond the Council's buildings, improvements have been made to homes under the Area Based Schemes and Energy Company Obligation programmes. The LHEES will support the Council and its Community Planning Partners to scale up and align existing programmes, and to increase the scale and pace of retrofit and heat network development that is needed to meet the national target of net zero by 2045.

### **3.6 The Structure of the LHEES**

The LHEES is comprised of two documents: the LHEES Strategy and the LHEES Delivery Plan. The LHEES Strategy is a long-term strategic framework for decarbonising heat in buildings and improving energy efficiency across Aberdeen City over the next 15-20 years.

3.7 The LHEES has been developed in accordance with the Scottish Government's methodology. This consists of 8 stages which bring together:

- the Council's existing goals and strategies
- data analysis of the building stock
- input from different stakeholder groups

3.8 Overall, the content of Aberdeen City's LHEES has been informed primarily through a data-driven approach using several datasets and proxy indicators.

### **3.9 LHEES priorities**

The Council has identified four main priorities for the LHEES:

- Priority A: Heat network development
- Priority B: Building level decarbonisation
- Priority C: Improving building energy efficiency
- Priority D: Alleviating fuel poverty

3.10 The Strategy articulates a number of challenges which need to be overcome in order to decarbonise Aberdeen City's buildings. These include:

- Certain tenure types such as owner-occupied, private rented and mixed-tenure, combined with historic buildings make significant fabric upgrades challenging
- An underdeveloped supply chain for energy efficiency and heating upgrades
- Expansion of existing heat networks, particularly the modifications required in property and ground infrastructure as well as new contractual agreements
- Consumer uncertainty about new technologies

- Market disincentives, such as the current unit price differential between gas and electricity

- 3.11 Not all of these challenges can be addressed in the first iteration of LHEES, or the first Delivery Plan. For this reason, the LHEES will be an iterative Strategy.
- 3.12 The regulatory landscape will change quickly over the next few years in order to drive progress in building decarbonisation in Scotland. The LHEES Strategy and Delivery Plan will both be reviewed on a five year basis, and if necessary revised to react to legislative and market changes and to benefit from new opportunities that arise.
- 3.13 The Strategy is published alongside the LHEES Delivery Plan, which sets out the actions Aberdeen City Council will take to implement the strategy over the next five years. The Delivery Plan enables the Council to work towards delivery of the changes identified in the strategy and clarifies the roles and responsibilities of stakeholders.
- 3.14 Aberdeen City's LHEES will support the delivery of the Council's goals of improving energy efficiency, reducing fuel poverty, and decreasing carbon emissions through zero direct emissions heating systems. The Council will use the LHEES to inform the development of housing and public buildings' asset management plans, including business cases for capital projects.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 Delivery of Aberdeen City Council's LHEES is led by the in-house Energy Management team, supported by a range of project funding solutions. The General Fund Capital and Housing Capital Programmes both contain a range of energy efficiency projects. The Council also commits revenue funding through its Energy Efficiency Fund, and sources match funding on offer from a range of external organisations.
- 4.2 Officers will continue to pursue external funding opportunities to progress the LHEES, such as the Scottish Government's Scotland Heat Network Fund (SNHF), the Social Housing Net Zero Heat Fund and the Public Sector Decarbonisation Fund. External funding for appropriate projects may also be available from organisations like the Scottish National Investment Bank (SNIB) or SALIX.

#### **5. LEGAL IMPLICATIONS**

- 5.1 Local authorities have a duty under article 2(1) of the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 to prepare and publish a local heat and energy efficiency strategy a local heat and energy efficiency delivery plan.

## 6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are direct environmental implications arising from the recommendations of this report. Helping move towards the Council's Climate Change Plan, The reduction is carbon emissions to assist the Council meet Net Zero 2045 targets along with Aberdeen Council Climate Change Plan.

## 7. RISK

The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	To allow the LHEES to be used as a strategic document that sits alongside the LOIP and LHS.	Regular communication will be maintained with other teams across the Council to maximise the delivery of key strategic aims within LHEES.	L	Yes
<b>Compliance</b>	The Council would not be complying with the requirements of the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022 Scottish Government if it failed to prepare and publish the LHEES.	Ensuring the public have access to the Aberdeen City LHEES and Delivery Plan through Council's website. The Aberdeen City LHEES and Delivery Plan will be reviewed on a regular basis with a planned update within 5 years.	L	Yes
<b>Operational</b>	The significant resource,	Significant amount of work to be undertaken to plan, finance and see through to completion is	M	Yes

	manpower may not be available to complete the projects.	required. Covering most areas within the city		
<b>Financial</b>	LHEES Unable to spend funding due to resource capacity. Through available contractors or internal planning. .	Compliance with the Scheme of Governance of the various funding sources.	M	<b>Yes</b>
<b>Reputational</b>	Failure to deliver will undermine the Council's commitments to improving the lives of those who live and work in Aberdeen. Likewise failure to deliver the key aims associated with LHESS could undermine the Council's commitment to reducing carbon emissions, fuel poverty and overall Net Zero targets	Ensuring communication at all levels. Explanation of the significant works that are required to try and reach Net Zero.	M	<b>Yes</b>
<b>Environment / Climate</b>	The Council's net zero vision and strategic LHEES works towards	LHEES works towards reductions in overall levels of energy usage, And the decarbonisation of the energy used.	M	<b>Yes</b>

	energy transition.			
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## 8. OUTCOMES

<u>Council Delivery Plan 2025-26</u>	
<b>Aberdeen City Council Policy Statement</b>  <u>Working in Partnership for Aberdeen</u>	<b>Impact of Report</b>  The proposals within this report support the delivery of the following commitments within the policy statement: · Work with partners to deliver a just transition to net zero and plan to make Aberdeen a NetZero city by no later than 2045. Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing Climate. Improve the quality, efficiency and suitability of housing. We will work towards all public buildings having an EPC rating of C or higher.
<u>Local Outcome Improvement Plan 2016-2026</u>	
Prosperous Place Stretch Outcomes	The proposal for works will help lead to the delivery of the following Stretch Outcomes: 13. Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate. LHEES funded will aim to reduce carbon emissions and improvements in air quality, and contribute to citizens physical and mental health and wellbeing by reducing fuel poverty.
Community Empowerment Stretch Outcomes	LHEES would aim to address Stretch Outcome16 50% of people report they feel able to participate in decisions that help change things for the better by 2026..
<b>Regional and City Strategies</b>	LHEES will support the Regional Economic Strategy, LOIP, Air Quality Action Plan, Local Development Plan and Aberdeen Net Zero Vision. The development and delivery sustainable infrastructure such as heat networks and energy efficiency improvements supports a range of economic policies and strategies that will benefit the economy and support access to key employment areas. The projects will aim to reduce carbon emissions, reduce fuel poverty and improve quality of homes through these measures.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	No assessment required. I confirm this has been discussed and agreed with Stephen Booth, Chief Officer Corporate Landlord.
<b>Data Protection Impact Assessment</b>	Not required
<b>Other</b>	There are no additional impact assessments completed for this report.

## 10. BACKGROUND PAPERS

- 10.1 Scotland Heat Map (Summer 2020)
- 10.2 Home Analytics v3.7 (Feb 2021)
- 10.3 Non-Domestic Analytics (version 1.1)
- 10.4 Portfolio Energy Analysis Tool (PEAT)[VS1]
- 10.5 One Scotland Gazetteer (OSG) - Address Gazetteer (AG)
- 10.6 Local Development Plan sites
- 10.7 Waste sites capacity tool (SEPA, NAEI)
- 10.8 Green Heat in Greenspaces (GHIGs)
- 10.9 Geographic boundary datasets

## 11. APPENDICES

- 11.1 Appendix 1 – Aberdeen City's Local Heat and Energy Efficiency Strategy
- 11.2 Appendix 2 - Aberdeen City's Local Heat and Energy Efficiency Strategy Delivery Plan

## 12. REPORT AUTHOR CONTACT DETAILS

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