SCREENING REPORT

STEP 1 – DETAILS OF THE PLAN

Responsible Authority:	The Highland Council
Title of the plan:	The Highland Council Local Heat and Energy Efficiency Strategy and Delivery Plan - LHEES
What prompted the plan: (e.g. a legislative, regulatory or administrative provision)	The Highland Council has a statutory requirement to prepare the LHEES under the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022. The Local Heat and Energy Efficiency Strategies (Scotland) Order 2022
Plan subject: (e.g. transport)	Energy
Screening is required by the Environmental Assessment (Scotland) Act 2005. Based on Boxes 3 and 4, our view is that:	☐ **An SEA is required, as the environmental effects are likely to be significant:** Please indicate below what Section of the 2005 Act this plan falls within ☐ Section 5(3) ☐ Section 5(4) ☒ **An SEA is <u>not</u> required, as the environmental effects are unlikely to be significant:** Please indicate below what Section of the 2005 Act this plan falls within ☒ Section 5(3) ☐ Section 5(4)
Contact details:	The Highland Council LHEES LHEES@highland.gov.uk
Date:	11/07/2023

STEP 2 – CONTEXT AND DESCRIPTION OF THE PLAN

Context of the Plan:

LHEES sets the long-term plan for decarbonising heat in buildings, improving energy efficiency across an entire local authority area and contribute to statutory emissions reduction targets.

The LHEES sits below Scotland's national *Heat In Buildings Strategy* which sets out a national vision that by 2045 our homes and buildings will be cleaner, greener and easier to heat whilst no longer contributing to climate change. The *Strategy* supports economic investment and supply chain development and introduces LHEES to support the coordination of activities at the local level to help meet targets concerning to energy efficiency and heat.

There are several other critical national plans and strategies underpinning the Scottish Government's ambitions around net zero, and implications for building energy efficiency and heating, and these are listed below:

- *Draft Energy Strategy and Just Transition Plan*
  - is a plan for the whole energy system in Scotland including heating, transport and energy generation
  - aims that by 2045, Scotland will need to deliver an affordable and resilient energy supply to households, communities, and businesses
  - acknowledges the importance of scaling up renewable productions, changing the way Scotland uses energy to secure a just transition from fossil fuels, and secure investment in the net zero economy.

- *Heat Networks (Scotland) Act 2021*
  - sets out provisions for regulating the supply of thermal energy by a heat network, the construction and operation of a heat network, the powers of a people holding a heat network licence, conferring rights in heat network assets where person ceases operating a network, and plans relating to increased used of heat networks and for connected purposes
  - it sets targets relating to the supply of thermal energy by heat networks:
    - 2.6 TWh of output by 2027
    - 6 TWh of output by 2030.

- *Heat Networks Delivery Plan*
  - sets out how the *Heat Networks (Scotland) Act* and supporting policies contribute to increasing heat networks use in Scotland.

Key targets outlined in national plans and strategies:

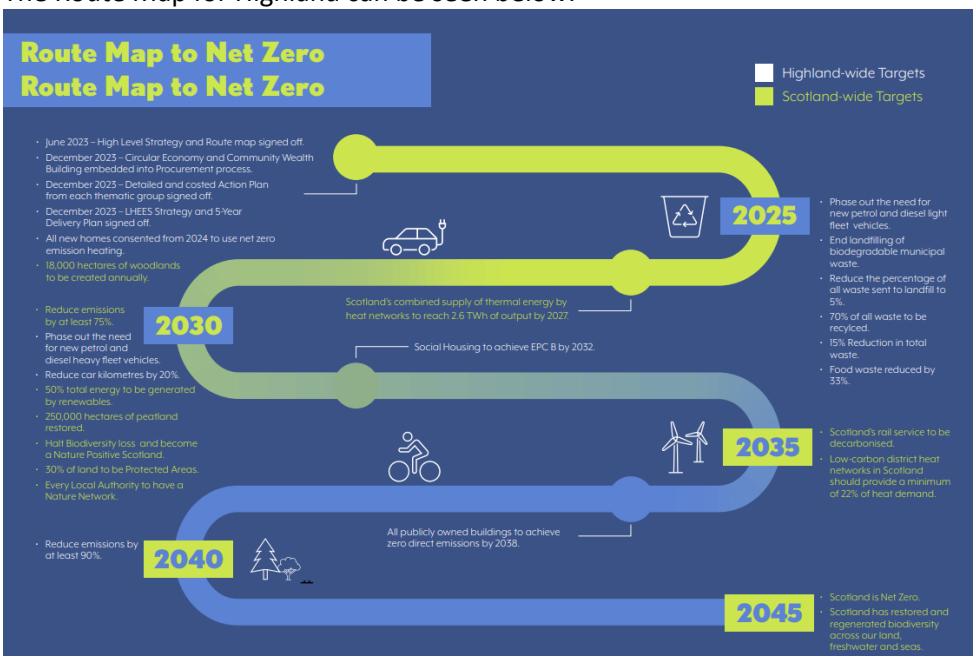
- net zero emissions by 2045 and 75% reduction by 2030
- by 2030 emissions from buildings must be 68% lower than 2020 levels, which requires zero emissions heating in:
  - the vast majority of 170,000 off-gas heated homes
  - at least 1 million on-gas homes
  - 50,000 non-domestic buildings
- by end 2032 all social housing to have an Energy Performance Certificate (EPC) of B or above

- by 2033 all homes in Scotland to meet the equivalent of EPC C or above
- by 2038 all publicly owned buildings to meet net zero emission heating requirement
- by 2040 no more than 5% of households in fuel poverty and no more than 1% of households in extreme fuel poverty
- by 2045 all homes and buildings no longer contributing to climate change.

At the local level, the Council is developing the *Net Zero Strategy* which sets out *a Route Map to Net Zero* for Highland with relevant targets for building decarbonisation, alongside other sub-categories focusing on transport, people, economy, land use and environment.

The Strategy starts with the Council owned operations and areas of direct influence, at a higher level it informs the extent to which the Council can more broadly influence others' processes, decision-making, property management in wider Highland society.

The Route Map for Highland can be seen below:



The development and implementation of LHEES will establish a framework for heat decarbonisation in both public and private buildings, reduce energy demand, tackle fuel poverty, and contribute to net zero targets. It will do this by identifying area-based solutions and, for instance, indicative zones for developing heat networks whilst supporting local infrastructure planning and attracting investment at scale to 2045.

All in all, LHEES will support the coordination and delivery of the Scottish Government's objectives and targets in relation to heat and energy efficiency. Specifically, LHEES is vital to the Government's *Heat in Buildings Strategy*.

Description of the Plan:	The LHEES is a long-term plan for improving energy efficiency in buildings and decarbonising their heat across an entire local authority area. The scope of LHEES: • sets out how each segment of the building stock needs to change to meet national and local objectives, including achieving net zero greenhouse gas emissions in the building sector, and the removal of poor energy efficiency as a driver of fuel poverty • helps identify potential buildings that require intervention and identify potential gaps, to support the needs of the Council • identifies strategic heat decarbonisation zones, and sets out the principal measures for reducing buildings emissions within each zone • prioritises areas for delivery, against national and local priorities • acts as a prospectus for where government funding and private investment for heat decarbonisation and energy efficiency investment should be targeted. It is crucial to note that the identification of Strategic Zones and Delivery Areas through the LHEES Strategy and Delivery Plan will be indicative only, with any potential site-specific impacts, for instance cumulative effects on cultural heritage assets, being assessed at the later, detailed planning and implementation stage where required, before any proposals are finalised. LHEES are being produced in response to a statutory requirement and are required to be published by 31st December 2023. LHEES focus on energy efficiency and heat decarbonisation, and it does not directly extend to broader local energy system planning. It is being developed per the LHEES methodology and guidance set out by the Scottish Government. The Strategy will be produced in 5-year cycles and sets out a high-level route map and actions required to meet emission reduction and fuel poverty eradication targets whilst improving energy efficiency and decarbonising heat across an entire local authority area. Recommended actions will include projects around decarbonisation and energy efficiency and cover domestic and non-domestic sectors but it will not take forward any potential works to buildings. It will set out how these works could be coordinated and undertaken to help achieve net zero commitments and provide a strategic framework to attract investment and target existing and new future funding. The first iteration of LHEES will cover the next five years (2024-2029) and primarily be focused on delivery within the scope of the current and near future funding and regulatory and policy landscape. LHEES will be required to be reviewed and published after five years.

What are the key components of the plan?	The key components of the LHEES comprise: • Methodology - the approach to preparing the LHEES, the consultation undertaken, and local authority formalities. • Policy and strategy context - a summary of the key national and local policies and regulations pertinent to the LHEES. • Local authority progress - a review of relevant work carried out in the council area to date. • Baselining - an assessment of the performance of the area's existing building stock. • Generation of Strategic Zones and pathways - identification of zones for assessing the best 'pathway' for decarbonising buildings in the Highland Council area. • LHEES findings and next steps - identifying next steps based on the LHEES findings. • Delivery Plan - setting out potential short-term actions stemming from the LHEES providing a prospectus for where government funding and private investment for heat decarbonisation and energy efficiency investment should be targeted.
Have any of the components of the plan been considered in previous SEA work?	• *Heat in Buildings Strategy* Overall, the LHEES Strategy sits within the context of the Scottish Government's *Heat in Buildings Strategy (2021).* The draft *Heat in Buildings Strategy SEA* already identifies a range of environmental issues related to energy, energy efficiency and heat decarbonisation (e.g., challenging weather, poor energy efficiency and reduced heating options (especially in rural areas) can make fuel bills unaffordable, resulting in fuel poverty). The current trajectory is a reduction in carbon emissions from buildings, so the outcomes of LHEES, therefore, represent an acceleration of and coordination of action to support the ongoing trend rather than a departure. The *Heat in Buildings draft Strategy* SEA undertaken by Scottish Government concludes that the *draft Strategy* is likely to positively effect climatic factors, air quality, population and human health and material assets. The potential for effects in combination with other plans, programmes and strategies has also been considered. The draft Strategy has the potential to positively and cumulatively contribute across a wide range of Scottish Government policy areas within the context in which it sits. The *draft Strategy* SEA concludes that due to its high-level nature, there is an inherent degree of uncertainty regarding the environmental impacts that may arise due to upscaling of strategically necessary energy efficiency measures and heat technologies now and in the future. The Environment Report (Section 4.5.1) outlines that '*Existing planning and consenting regimes and regulatory processes, allied to good working practices and monitoring, can help to ensure that potential adverse effects are avoided, and positive effects enhanced*'. However, whilst being more 'local' than the national strategy, LHEES is still a high-level plan, and will likely have few building-level actions. The generic impacts of energy efficiency and heat decarbonisation measures have already been considered in the draft *Heat in Buildings Strategy* SEA.

Heat in Buildings Strategy Achieving Net Zero Emissions in Scotland's Buildings: Strategic Environmental Assessment

- *National Planning Framework 4 (NPF4)*

As part of the preparation of the *NPF4*, the Scottish Government undertook a full SEA. The SEA is one of a range of Impact Assessments that informed the draft *NPF4*.

The draft *NPF4* included policy proposals around *Local Development Plans (LDP)* having to consider LHEES and heat networks when allocating land. The *NPF4* sets out the role of heat networks in contributing to Scotland's net zero ambitions by using and storing heat from low or zero emissions sources.

The heat and cooling Section of the assessment references heat and cooling. The summary of the SEA findings is summarised below:

- Biodiversity, Flora and Fauna – uncertain impacts on biodiversity that would be managed at the plan or project level.
- Climatic factors – significant long-term positive effects.
- Air – positive long-term effects where heat energy is generated from low or zero emissions sources, including reducing associated atmospheric emissions from more polluting energy sources.
- Water – no significant effects on water, however, considerations may need to be given to long-term impacts on water quality from individual technologies for example, where water is used as a source of heat such as geothermal energy from mine water.
- Soil - installation of heat network infrastructure may negatively affect soils. This should be managed at the plan or project level.
- Cultural Heritage and Historic Environment - new infrastructure has the potential to impact historic assets and their setting negatively. However, the emphasis on placemaking within the overall *draft NPF4* and the requirements of the *Historical Assets and Places draft policy,* should limit where potentially negative impacts could arise.
- Landscape and Biodiversity - there is potential for localised negative impacts associated with new infrastructure. These will be site specific and managed through the plan and project consenting stages.
- Material Assets - positive effects on built material assets may arise. Using surplus or waste heat from low or zero emissions sources aligns with circular economy principles.
- Population and Human Health - positive effects on population and health are expected to arise. Heat networks have the potential to provide sustainable and affordable forms of heat, which can help address health inequalities.

https://www.gov.scot/publications/scotland-2045-scotlands-fourth-national-planning-framework-draft-integrated-impact-assessment-environmental-report/

https://www.gov.scot/publications/national-planning-framework-4-integrated-impact-assessment-post-adoption-statement/

	Following a revision of the draft, NPF4 was adopted and published by the Scottish Ministers on 13 February 2023. https://www.gov.scot/publications/national-planning-framework-4/ • *Heat Networks* LHEES will identify indicative Heat Network Zones, but the designation of heat network zones falls outside the scope of LHEES, as noted in the Scottish Government's LHEES guidance. The outputs from LHEES can be used to start work on the consideration of heat networks through follow-on work for Heat Networks Zoning as required by the *Heat Networks* (*Scotland) Act 2021 (*the *Act*). Any potential requirement for SEA in respect of designating Heat Network Zones, as required under the *Act*, will be fully considered at the time of formal designation and review. In addition to the above, heat networks infrastructure proposals will likely require planning permission and any associated Environmental Impact Assessment (EIA) requirements will be identified at that stage. In dealing with such an application for planning permission, the planning authority is required by the *Town and Country Planning (Scotland) Act 1997* (as amended) to have regard to the provisions of the development plan, so far as material to the application, and to any other material considerations. The development plan comprises the *National Planning Framework* and the *Local Development Plans* (plus any associated *Supplementary Guidance*, until new-style *LDPs* are adopted, the formal preparation of which could commence in May 2023 at the earliest). The *NPF* and all *LDPs* are each the subject of SEA, including the preparation of an Environmental Report. The Scottish Government's *Heat Network Zone Guidance To accompany the 'Heat Network Zone Proforma'* to support formal heat network zone designation review includes guidance for consultation to include consultees to ensure any environmental impacts can be considered.
In terms of your response to Boxes 7 and 8 above, set out those components of the plan that are likely to require screening:	The Delivery Plan section and Generation of Strategic Zones and pathways (identification of zones for assessing the best 'pathway' for decarbonising buildings in the Highland Council) of the LHEES require screening as the other components of the LHEES are for information only and do not require screening through Step 3 below.

STEP 3 – IDENTIFYING INTERACTIONS OF THE PLAN WITH THE ENVIRONMENT AND CONSIDERING THE LIKELY SIGNIFICANCE OF ANY INTERACTIONS (Error! Reference source not found.)												
	Environmental Topic Areas										Explanation of Potential Environmental Effects	Explanation of Significance
Plan Components	Biodiversity, flora and fauna	Population and human health	Soil	Water	Air	Climatic factors	Material assets	Cultural heritage	Landscape	Inter-relationship issues		
LHEES Strategy: Generation of Strategic Zones and pathways	x	x	x	x	x	x	x	x	x	x	No potential environmental effects at this stage. Strategic Zones and pathways are split out by pre-defined geographical areas like intermediate zone or data zone or other (existing) strategic areas and would depend on the preferences and circumstances of the local authority. They help understand the baseline performance of building stock, and the scale of potential and initial areas to focus. These special zones identify potential solutions at a strategic level for inclusion in the LHEES Strategy. The first iteration of the LHEES will be high-level in nature, and no specific actions will be assigned against strategic zones, with generic impacts of energy efficiency and heat decarbonisation measures already considered in the *draft Heat in Buildings Strategy*.	n/a
LHEES Delivery Plan including Delivery Plan Area Zoning	x	✓	x	x	x	✓	x	x	x	x	It is expected that the LHEES Delivery Plan will have potential positive effects on climatic factors in terms of reduction in carbon emissions, for	Potential for modest positive impacts in terms of reduction of carbon emissions from buildings due to the installation of energy

											instance, through improving levels of insulation whilst reducing heat demand. It is also likely to have positive effects on population and human health as it will make homes more energy efficient, affordable to heat and creates healthy indoor air temperature and humidity levels, which can help address health inequalities. It is crucial to note that the Delivery Plan sets out how the local authority proposes to support implementation of its local heat and energy efficiency strategy. The Delivery Plan will not vary from the findings of existing SEAs that were undertaken for the national plans but be set in that national context. Due to the inability of the Delivery Plan to state exactly what area and building level actions could be delivered, it will not directly affect any changes. As noted in the screening report, a SEA screening will be taken into consideration during the formal heat network zones designation and review process as required under separate duties in the *Heat Network (Scotland) Act 2021*. This will also be carried out in line with requirements of the *Environmental Assessment (Scotland) Act 2005*.	efficiency measures and cleaner and greener low carbon technologies. Potential for modest positive impacts on Population and Human Health in terms of more energy efficient homes that are affordable to heat as well as improved indoor air quality.

STEP 4 – STATEMENT OF THE FINDINGS OF THE SCREENING

Summary of interactions with the environment and statement of the findings of the Screening: (Including an outline of the likely significance of any interactions, positive or negative, and explanation of conclusion of the screening exercise.)	The LHEES Delivery Plan has the potential to have modest positive climatic effects in terms of carbon emission reduction and improve human health by addressing health inequalities. The key policies are in other plans, specifically the *Heat in Buildings Strategy* and *NPF4* which have already each been subject to an SEA, and it is not envisaged the LHEES delivery plan will have a sufficient level of granularity to differentiate it from existing SEAs from the national plans. The strategic designation and review of zones (e.g., heat networks) will be subject to appropriate level of assessment, against the requirements of the *Environmental Assessment (Scotland) Act 2005* and as required under separate duties in the *Heat Network (Scotland) Act 2021*. It is the responsible authority's view that the LHEES (including Delivery Plan) for Highland falls within Section 5(3) of the 2005 Act and that an SEA is not required, based on the evidence presented in this Screening Report. The views of the SEA Consultation Authorities on this Screening Report, including on the responsible authority's view expressed above, are hereby now please requested.

When completed send to: SEA.gateway@scotland.gsi.gov.uk or to the SEA Gateway, Scottish Government, Area 2H (South), Victoria Quay, Edinburgh, EH6 6QQ.