

Agenda Item	9
Report No	CCC/10/24

The Highland Council

Committee: Climate Change

Date: 23 May 2024

Report Title: Renewables Framework: Increasing Supply Chain Capacity in the Highlands

Report By: Assistant Chief Executive, People

1. Purpose/Executive Summary

- 1.1 This paper provides an overview of the development of a Highland Energy Efficiency Framework which includes work to domestic and non-domestic properties.
- 1.2 The report also outlines the intended engagement strategy, timelines and milestones.

2. Recommendations

- 2.1 Members are asked to:
 - i. **Note** the contents of this report and the proposed Highland Energy Efficiency Framework.

3. Implications

- 3.1 **Resource** - Change & Energy Team (CCET) has a dedicated team to manage the implementation of the framework and assist with work already being undertaken to address skills shortages and training.

The team has experience delivering multi-measure contracts and energy efficiency improvements to domestic properties across the Highland region and managing stakeholder engagement; as well as extensive experience applying for and securing external funding to undertake energy efficiency works and associated monitoring, reporting and management requirements of funding providers.

The objective is to deliver collaborative, place-based projects targeting both domestic and non-domestic properties. These initiatives are designed not only to optimise cost-effectiveness but also to combat fuel poverty effectively within the region.

To achieve this objective, the CCET is maximising funding opportunities and this entails leveraging a combination of external grants and private sector investments. By doing so, it aims to not only amplify the impact of these projects but also ensure sustainable, long-term solutions to energy challenges to foster resilience and prosperity throughout the region.

3.2 **Legal** - There are no direct legal implications arising from this report. Legal advice will be sought and appropriate action taken as required.

3.3 **Community (Equality, Poverty, Rural and Island)** - Installing energy efficiency measures will have positive implications by:

- improving properties' Energy Performance (EPC) rating;
- reducing carbon emissions; and
- potentially reducing heating costs

The intention is to deliver retrofit (where technically feasible), taking the 'fabric first' approach.

3.4 **Climate Change / Carbon Clever** - The Framework offers the Council a mechanism for the delivery of energy efficiency measures to Highland properties to reduce carbon emissions and support the Council in achieving Net Zero by linking with the Council's Net Zero Strategy.

3.5 **Risk** -

- **Skills shortage** – to mitigate this risk, a number of engagement activities are being planned to discuss challenges with local contractors. The Council has developed tools to identify energy efficiency projects to evidence need across the region to encourage contractors to invest in skills development.
- **Lack of engagement with training providers** – to mitigate this risk, the Council has set up a short-term working group to address training gaps. Working closely with training providers can help develop innovative technology advancement through the training of contractors in the latest advancements and best practice.
- **Funding for energy efficiency projects** – CCET is actively working to identify and secure external funding.

3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - There are no direct risks arising as a consequence of this report. All projects will be delivered in line with Health and Safety requirements.

3.7 **Gaelic** - There are no Gaelic implications arising from this report.

4. Proposed Highland Energy Efficiency Framework

4.1 The Highland Council is seeking to undertake a transformational change to the delivery of energy efficiency and renewable works across the region. The proposal is to establish a Highland Energy Efficiency Framework (2024-2028) for energy efficiency and associated works to both domestic and non-domestic properties in the Highland region.

4.2 The Council has a statutory obligation, as outlined in the Net Zero Strategy, to improve condition and efficiency of both Council domestic and non-domestic properties. To achieve these targets the Council must utilise a range of approaches which include the need to insulate, improve/replace current heating systems and install solar PV.

4.3 Delivering energy efficiency works to both domestic and non-domestic properties across Highland will result in a significant reduction in carbon emissions, substantial

annual bill savings and improve the efficiency of properties. It will support the Council to meet Net Zero targets and reduce the level of domestic fuel poverty in the region.

- 4.4 Implementing a Highland Energy Efficiency Framework should also offer local contractors the opportunity to bid for energy efficiency contracts, benefit from training and access to external funding (where appropriate). as well as providing other economic benefits to the Highland region.
- 4.5 The framework outlines 4 areas contractors can choose to cover a single area or multiple areas. This is set out in Appendix 1.
- 4.6 A multi lot framework is intended to provide services and works associated with energy efficiency, outlined in Appendix 2. Covering both domestic and non-domestic properties, works and services will be primarily for Council owned properties. However, there will be opportunities to include domestic properties across the various tenures as projects are aligned with external funding opportunities.
- 4.7 Based on domestic property data from Home Analytics, the following potential energy efficiency works have been identified. The figures below relate to properties with an EPC (58.8% of domestic properties have an EPC) and exhibit a high level of predictive accuracy.
 - Circa 104,000 insulation measures including external wall insulation, cavity wall insulation and loft insulation. This figure is based on information from the Home Analytics database and only accounts for properties which have an EPC.
 - Circa 53,000 domestic properties could benefit from heating upgrades, including an air source heat pump.
 - Circa 42,000 domestic properties are likely to be suitable for solar PV.
 - Non-domestic properties require further analysis. The Council has committed to install one megawatt of solar PV annually.
- 4.8 The proposed framework will be demand-led. Contract values will be dependent on availability of external funding. The figures outlined above highlight opportunities across the region and the potential demand. Desired outcomes include:
 - The establishment of a Highland Energy Efficiency Framework with contractors invested in development in the region.
 - The development of an ongoing stream of projects to help stimulate future growth in key industries within local communities.
 - Alignment of development plans to provide training and upskilling opportunities across the region.
 - The development of mixed tenure projects across the domestic and non-domestic estates which can be aligned with various funding streams (including capital funds, external funding).
- 4.9 The proposed Energy Efficiency Framework is separate from the Trades Framework project for small repairs which is reported separately to the Redesign Board and is outlined in the Operational Delivery Plan.
- 4.10 Where possible a similar approach will be adopted in the development and engagement for both frameworks. Discussions will remain ongoing between both projects to ensure collaboration and consistency, for example, in developing a similar approach to evaluating performance of contractors.

5. Engagement

- 5.1 A Request for Information (RFI) was published April 2024 on Public Contract Scotland, seeking feedback from contractors. Questions, outlined in Appendix 3, related to capability & capacity, skills & training gaps and to comment on the proposed framework.

In conjunction with the Project Manager for the Trades Framework Redesign for small repairs, a collaborative engagement approach is being developed, where appropriate, including working with the Supplier Development Programme.

5.2 Engagement timeline

	Start date	End date
Request for Information (RFI)	Apr-24	May-24
Meet the buyer event	Jun-24	Jul-24
Supplier Development Programme – Event 1	Jun-24	Jun-24
Supplier Development Programme – Event 2	Jul-24	Jul-24

Designation: Assistant Chief Executive, People

Date: 9 May 2024

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Appendices: Appendix 1 – Proposed area split
Appendix 2 – Outline of works and services
Appendix 3 – RFI questions

Appendix 1 – Proposed area split



Appendix 2 – Outline of works and services

- Energy Efficiency Assessor
- Retrofit Coordinator
- Retrofit Assessor
- Consultancy
- Structural Engineer
- Clerk of Works
- External Wall Insulation
- Cavity Wall Insulation
- Hard to Treat Cavity Wall Insulation
- Internal Wall Insulation
- Loft Insulation (virgin & top up)
- Pitched Roof Insulation
- Flat Roof Insulation
- Room in Roof
- Underfloor Insulation
- Solid Floor Insulation
- Door replacement
- Window replacement
- Draft Proofing
- Park Home Insulation
- Mechanical ventilation
- Air Source Heat Pumps
- Ground Source Heat Pumps
- Water Source Heat Pumps
- High heat retention storage heaters
- Connection to district heat system
- Hydro
- Solar PV
- Battery Storage
- Solar Thermal
- Heat Battery

Appendix 3 – RFI questions

Request for Information Questions	
Question	Response
Anticipated capacity within 12 months?	
Information on where, in your opinion, the proposal in the RFI cannot be met.	
It is proposed the framework will cover both domestic and non-domestic properties, in your opinion, would this interest or deter your from taking part in any tendering process? Please explain your answer.	
This is a Highland wide framework. Please provide feedback on the proposed areas outlined in the RFI.	
Description of products or services currently delivered to customers and could be comparable to what is requested in the RFI?	
Considering current market place opportunities available, how interested would your organisation be in the proposed framework?	
Are there any key issues which would deter your organisation from taking part in any potential tendering process (e.g. current local contracts, accreditations, skills shortage)?	
Can you outline any skill gaps/ shortages identified from the RFI proposal.	
Would your company be interested in undertaking training to address skill gaps?	
What aspects of any potential opportunities are of greatest interest to your organisation?	
Does your company have access to funding which could support the work outlined in the RFI?	
Please indicate if your organisation would be willing to take full responsibility for the management/ delivery of the services?	
Please state the delivery models your organisation would recommend for this framework and why?	
Any further comments?	