



Shetland  
Islands  
Council

# Appendix 1 - Local Heat and Energy Efficiency Strategy: Delivery Plan

Shetland Islands Council  
February 2025

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# 1. Introduction

## 1.1. Delivery Plan layout

The Delivery Plan is split into the following sections:

- Monitoring and evaluation progress, which includes:
  - Shetland Islands Council's LHEES targets
  - Actions from each priority area
  - Actions related to governance of LHEES
  - Actions related to public engagement for LHEES
- Conclusion and next steps

## 1.2. Delivery Plan scope and limitations

The LHEES is being developed in the context of changing national policies and targets. Multiple relevant national policies and their specific targets are under review, such as the Heat in Buildings Bill and standards for social housing. Equally, established targets have been changed, such as the Scottish Governments aim to reduce greenhouse gas emissions by 75% by 2030. Local programmes are also subject to change year on year. This Delivery Plan looks at actions over a five-year period however, it is likely the Plan will require reviewing within a shorter timescale given the changing landscape noted above.

## 2. Monitoring and evaluating progress

This section is the monitoring and evaluation framework that the Council will use to measure progress against the priorities identified in the LHEES Strategy.

They should also set out, as far as reasonably possible, a portfolio of projects that are to be taken forward and track progress of ongoing projects related to LHEES. The tables below provide a useful starting point and are to be completed and updated by the as part of the governance arrangements (see section 2.4).

### 2.1. Shetland Islands Council LHEES Targets

Priority	Target	Relevant indicators	Data type and source	Baseline (data)	Progress 2025-26	Timescale
Alleviating Fuel Poverty		% homes with smart meters				
		Improving Data	IslesAI			
		Completed & ongoing actions contained within the Plan				
Improving domestic energy efficiency &	Funding opportunities	Number of households	Managing Agent			

Developing the Retrofit Supply Chain	and takeup. ABS, Warmer Homes, EST Grants and Loans. ECO and ECO-Flex. Support to Social Housing Providers	split by measures installed	Annual reports. EST annual reports			
	Increase the number of installers who provide key measures for domestic retrofit projects	Number of installers split by area of work: <ul style="list-style-type: none"> <li>• Fabric</li> <li>• Heat Pumps</li> <li>• Solar PV</li> <li>• District Heating</li> </ul>	Managing Agent Annual reports. EST annual reports			
	Improve EPC ratings.	EPC energy efficiency rating C or above but dependant on new form of providing rating	EPC Register / HAD EPC Data			
Decarbonising Heating	The expansion of	Number of new connections to	SHEAP Ltd. Other district			

	the Lerwick heat network and exploring other opportunities. To increase no's of homes with ZDEH systems installed.	district heating networks	heating network providers			
		Property heating systems - % split	IslesAI / HAD / SHEAP Ltd. Other district heating network providers			
Community & Non-Domestic	Building improvements. Community Energy Scotland, Grants Unit - Community Development, Economic Development, HIE, Viking Community Fund. Energy Efficiency (Salix), capital projects	Funding opportunities and numbers of funded projects	Community and Business grant funding and take up of funding opportunities			

	Net zero routemap targets for reduction in emissions	Council annual emissions reporting	Climate Change and Energy Efficiency Services			
	The expansion of the Lerwick heat network and exploring other opportunities. To increase no's of buildings with ZDEH systems installed.	Number of new connections to district heating networks				
		Building heating systems - % split				

Whilst the above will capture a lot of information around works ongoing there are likely to be areas mainly private works in both the domestic and non-domestic that are currently unreported.

## 2.2. LHEES priority area actions

The table below outlines actions the Council and other stakeholders will take over the next five years to work towards the priorities outlined in the Council's LHEES Strategy.

LHEES Priority	Code and Title	Description	Lead / Partners	Timescale	Status
 <b>Priority A: Alleviating fuel poverty</b>	FP01 – RTS Switch off & smart meter installations	HHA and SIC are currently working with Ofgem and other relevant stakeholders to share knowledge on the rollout of smart meters and the transition away from RTS and other types of metering.	HHA, SIC Future Energy.  Ofgem		
	FP02 - Isles AI	Working with partners to continue development of IslesAI tool to better target fuel poor households and assist with delivery programmes.	SIC, Environment & Estate Ops.  Aquaterra, Urbantide		
	CC100 Fuel Poverty Advice Project	Facilitate and support an increase in the number of households accessing advice on energy saving measures, retrofitting and renewable technologies through the Fuel Poverty Advice project.	SIC - Environment & Estate Ops.  Local Stakeholders Managing Agent	31/03/2025	
	CC076 Electricity cost	Prepare a programme to identify solutions for the high cost of electricity in Shetland.	SIC – Future Energy	31/03/2025	

	CC077 Affordable Energy Plan	Develop an Affordable Energy Action Plan Engage with stakeholders to develop proposals and business cases in accordance with the Strategic Outline Programme to progress the identified projects to reduce the cost of energy. Stakeholders include: Governments, energy generators, network operators, regulators and suppliers etc	SIC – Future Energy		
 <b>Priority B: Improving domestic energy efficiency</b>	EE1 - Develop plan to deliver Scottish/UK Government funding schemes	The Council is currently developing their ABS programme to streamline projects and integrate work with other funding streams such as Warmer Homes Scotland and ECO-Flex. Area Based Schemes funding is awarded annually, ECO-Flex funding runs until 2026, and the Warmer Homes Scotland funding runs until 2030.	SIC – Environment & Estate Ops.  Managing Agent	31/10/2025	
	EE2 - Deliver local funded schemes	The Viking Community Fund is supporting delivery of doors and windows as well as providing top-up funding for the ABS scheme.	SIC - Environment & Estate Ops.	31/03/2026	
	EE3 - Investigate and improve datasets on the built environment	The LHEES Strategy highlights the shortcomings in national and local datasets. The Council intends to explore how data can be strengthened.	SIC - Environment & Estate Ops.		

	CC095 EESSH 2 now SNZS	EESSH 2 strategy development. Develop a strategy and action plan and begin implementation of works to phase in energy efficiency improvements in our domestic buildings: Fabric first approach to improve energy efficiency Transition energy sources from fossil fuel to zero emissions energy source Renewable energy generation onsite Target of EPC B or higher for 100% of the domestic building stock by 2032. Superseded by the Social Housing Net Zero Standard.	SIC – Housing, HHA	31/03/2032	
 <b>Priority C: Developing the retrofit supply chain</b>	CC101 Energy efficiency works	Support an increase in the numbers of local contractors undertaking energy efficiency works through engaging with partners, local contractors and the community to support skills development for undertaking energy efficiency works.	SIC  Partners	31/03/2025	
	PC1 – Programme Efficiency	To develop a programme of works based on efficiency of delivery.	SIC, Environment & Estates Ops.  Managing Agent	31/10/2025	

 <p><b>Priority D: Decarbonising Heating</b></p>	DH1 - Rural Energy Hub (REH), Brae	To investigate if heat networks can be established to be economically sustainable in rural areas.	SIC, Environment & Estates Ops.  COWI	31/10/2025	Initial kick off meeting held.
	DH2 - Evaluate other Potential Rural Heat Networks	The REH feasibility will provide information on energy sources, business models and economic sustainability for heat networks in rural locations. This study will inform the direction for other potential heat networks in Shetland.	SIC  Partners	31/03/2030	
	DH3 - connecting properties from the waiting list	To continue connecting both domestic and non-domestic customers to Lerwick district heating scheme.	SHEAP Ltd	Ongoing	
	DH4 – Scalloway district heating feasibility study	Currently assessing feasibility funding options.	Scalloway Community Development Company		
	DH5 – Mentoring Programme 2025	The Scottish Government Heat Network Support Unit together along with the Danish Board of District Heating (DBDH) brings together senior members from Danish district heating companies with Scottish local authorities to share knowledge and learnings about district heating.	SIC - Environment and Estate Ops.	31/03/2026	

	CC075 Whole energy system	Understand the opportunities and limitations of the whole energy system for Shetland, engage with stakeholders with an interest in production, demand, storage, transmission and distribution of energy.	SIC – Future Energy	31/03/2027	
	CC136 ERP decarbonisation study	Following development of a Shetland Resources and Waste Strategy, undertake detailed feasibility study into the decarbonisation of emissions associated with waste sources and operation of the ERP, including carbon capture storage, future waste composition and contracts for additional waste suppliers. Develop a set of recommendations and an action plan. Develop business cases as appropriate and implement best options	SIC - Environment and Estate Ops.	31/03/2027	
 <b>Priority E: Non-domestic Buildings</b>	CC014 Shovel-ready cases	Develop a pipeline of 'shovel-ready' business cases for collaborative, place based, community focussed, climate action projects. Seek and apply for funding opportunities to develop and bring forward projects.	SIC - Environment and Estate Ops.	31/03/27	
	CC073 Funding opportunities	The transition to Net Zero will cost a significant amount of money, it will be necessary to secure external funding and advice in support of energy	SIC - Environment and Estate Ops.	31/03/2027	

		transition projects. Identify external funding sources, raise awareness of consortia opportunities and identify a pipeline of projects in line with the priorities identified through the Climate Change Strategy			
	CC074 Energy transition projects	Horizon scanning/scenario planning, continue to update the energy transition project pipeline highlighting where project certainties have increased and fit with the whole energy system for Shetland.	SIC – Future Energy	31/03/2027	
	CC079 'One Shetland' approach	Adopt a 'One Shetland' approach to engagement with developers and development of Shetland's capability and capacity to deliver large scale energy transition projects. Maximise community benefit through the Energy Development Principles and campaign to see that the Energy Development Principles have influence through all stages of development / regulatory events.	SIC – Economic Development, Future Energy		
	CC083 Non-domestic asset review	Undertake a review of our non-domestic assets, with a focus on estate rationalisation, energy use reduction and also ongoing emissions and costs associated with maintenance. Develop a set of recommendations for reducing	Assets, Commissioning & Procurement	31/03/2026	

		emissions from the estate. This will be tied to an energy audit, a resource use audit, and an audit on building occupancy and home working arrangements and patterns.			
	CC084 Non-domestic energy audit	Conduct an energy audit on each non-domestic building within the SIC building stock, which would cover lighting, BMS controls and upgrades, sub-metering, water fittings, building fabric, HVAC upgrades, catering and building usage. Set targets for energy reduction attributed to building users.	SIC - Environment and Estate Ops.	31/03/2025	
	CC085 Building use audit	Conduct an audit on building occupancy and usage, including home working arrangements and patterns, for each non-domestic building within the SIC building stock.	SIC - Assets, Commissioning & Procurement	31/03/2025	
	CC086 Lighting upgrades	Following completion of review of non-domestic estate undertake a programme of lighting upgrades – upgrade all lighting across the estate to LED including suitable occupancy and daylight controls.	SIC - Environment and Estate Ops.	31/03/2030	
	CC087 BMS upgrades	Following completion of review of non-domestic estate undertake a programme of BMS & controls upgrades – upgrade all end-of-life and obsolete control systems and implement a BMS	SIC - Environment and Estate Ops.	31/03/2030	

		optimisation program to target energy efficiency improvements of mechanical systems.			
	CC088 Submetering	Following completion of review of non-domestic estate undertake a programme of installing sub-metering at higher energy consuming buildings and set-up governance structures and energy management processes that enable a structured and targeted approach to energy management including site specific benchmarks and targets.	SIC - Environment and Estate Ops.	31/03/2030	
	CC089 Water reduction	Following completion of review of non-domestic estate undertake a programme of replacing existing tap and shower fittings with water saving (i.e. low flow/aerated and motion sensing/percussive) alternatives thus saving both water and therefore water heating.	SIC - Environment and Estate Ops.	31/03/2030	
	CC090 Non- domestic fabric upgrade	Following completion of review of non-domestic estate undertake a programme of building fabric upgrades – upgrade building fabric (including glazing, wall and roof insulation and draft proofing) at 20% of buildings.	SIC - Environment and Estate Ops.	31/03/2030	
	CC091 HVAC upgrades	Following completion of review of non-domestic estate undertake a programme of HVAC upgrades – upgrade all	SIC - Environment and Estate Ops.	31/03/2025	

		mechanical ventilation systems to enable variable volume ventilation including the installation of additional environmental sensing. Re-balance all ventilation and wet heating systems.			
	CC092 Decarbonise catering	Following completion of review of non-domestic estate undertake a programme of decarbonising catering across SIC estate – electrify all catering equipment to remove any catering fossil fuel usage	SIC – Schools Service	31/03/2030	
	CC093 Commerical energy audit	Conduct an energy audit on all of SIC owned and leased commercial estate buildings, which would cover lighting, BMS controls and upgrades, submetering, water fittings, building fabric, HVAC upgrades and catering. Develop recommendations and a programme for upgrades to buildings and begin implementation.	SIC - Assets, Commissioning & Procurement	31/03/2027	
	CC094 Non-domestic clean energy	Develop a plan and begin implementation of works to shift all non-domestic buildings from fossil fuel energy provision to zero emissions energy provision, making use of central energy hubs as appropriate.	SIC - Assets, Commissioning & Procurement	31/03/2035	
	CC096 Non-domestic solar	Develop a plan and begin implementation of works to meet a target of installing roof-mounted solar photovoltaic panels at 25% of Council	SIC - Environment and Estate Ops.	31/03/2025	

		buildings (non-domestic) by 2045 to generate electricity that can be used for heating and power for the council estate			
	CC097 Energy awareness	Develop a programme for building managers to raise awareness on energy and resource reduction measures that can be implemented in building use.	SIC - Environment and Estate Ops.	31/03/2025	
	CC147 Sustainable business guidance	Provide advisory services to clients looking to start up in business, grow their business or in need of guidance if their business is struggling, through Business Gateway, provide advice and signpost to appropriate resources on decarbonisation, green skills and training, and circular economy principles.	SIC – Economic Development	31/03/2027	
	CC148 Promote net zero funding	Identify external funding for net zero, carbon reduction, adaptation initiatives and promote to local businesses.	SIC – Community Planning & Economic Development	31/03/2027	
	CC149 Shetland Business Forum	Through the Shetland Business Forum, raise awareness of the decarbonisation, resilience to a changing climate and the principles of a circular economy for businesses and industry in Shetland.	SIC – Economic Development	31/03/2027	
	CC150 Support green enterprise	Support, through targeted measures, enterprises that maximise carbon	SIC – Economic Development	31/03/2027	

		sequestration, improve adoption of circular economy principles, and aim to reduce emissions and improve sustainability through mitigation efforts (e.g. reducing energy consumption in community buildings).			
	CC152 Sustainable grant funding	Support the Shetland community through administration of the Economic Development Grant Scheme, Coastal Communities Fund, and the Shetland Business Start-up Grant, with a focus on place-based, community wealth building and climate positive principles.	SIC – Economic Development SIC – Grants Unit	31/03/2027	
	CC153 Promote clean energy	Promote Shetland's 'clean energy' sectors and provide signposting for inward investment in green technology via Shetland.org	SIC – Economic Development	31/03/2027	
	CC080 Community action network	Engage with the Shetland Community action network to identify opportunities for the development of community and shared energy ownership projects	SIC – Future Energy	31/03/2027	

### 2.3. Governance actions

The implementation of the LHEES will be driven by Shetland Islands Council and relevant stakeholders. The LHEES requires a collaborative cross-sectoral approach, engaging with partners and stakeholders is essential to achieving the goals set out. It will be integrated into existing steering groups and governance structure for sustainable development and climate change.

Actions	Target	Lead & Partners	Resources required	Timescale	Status
<b>CC024 Climate Change Forum</b>	Establish the SIC Climate Change Forum, with membership from every service area to raise awareness on climate change throughout the council and provide a two way flow of communication with the Climate Change Programme. Review the Terms of Reference of the SIC Climate Change Forum, updating as necessary to improve the authority and utility of the Forum as a tool for aiding climate action.	SIC – Environment & Estates Ops.			
<b>Communications framework / mechanism</b>	Shetland Climate Change Strategy - action to develop a framework/mechanism for maximising the impact of communications, highlighting issues and barriers at a national level – specific issues identified and information put into a format that can be taken to the Shetland wide lobbying group.	Shetland Islands Council  Partners			
<b>LHEES governance arrangements put in place</b>	Set up an overall LHEES board and delivery team. Appoint a Project / Programme manager to manage overall delivery. For actions, identify	SIC – Infrastructure Services			

Actions	Target	Lead & Partners	Resources required	Timescale	Status
	the owner and the measurable indicators. Leads ensure that actions identified in Delivery Plan are realised as per their timescale and measures of success. Monitoring and evaluation frameworks developed in this Delivery Plan should be updated to include specific measurable targets, clear timescales and a full portfolio of ongoing and planned projects.	Partners			
<b>Review of LHEES Strategy and Delivery Plan</b>	Update and amend the Strategy and Action Plan as required and in light of any regulatory changes and amendments to the Action Plan.	SIC, Environment and Estate Ops.		As required but at least every 5 years.	

## 2.4. Engagement actions

The LHEES Strategy and Delivery Plan have been developed in consultation with SIC stakeholders and built environment consultees.

A key priority for the delivery of the LHEES is for the Council to develop a stakeholder engagement plan. This will draw on stakeholder identification which took place as part of the CCS built environment workshop and LHEES development.

Summary of engagement actions to date

Priority Stakeholders	Specific outcomes of engagement	Stakeholder priorities	Existing methods of engagement	Methods of engagement to develop	Status
Key stakeholder/ stakeholder group	Clear aim/outcome of engaging with stakeholder	What are the stakeholders priorities in relation to LHEES?	Any channels LA use to engage with stakeholder	Action for LA to engage stakeholder (such as a forum)	
<b>SIC Estate Decarbonisation Group</b>	Coordinate projects to improve data on Council buildings and to establish a costed long-term plan for estate decarbonisation aligned to the Asset Investment Plan.	Long term actions for the Council to improve its building stock, centralised lobbying for energy policy, and skills development for the retrofit supply chain.	Project Initiation Document developed.	Ongoing	
<b>HHA / Shetland Islands Council Ofgem.</b>	HHA and SIC are currently working with Ofgem and other relevant stakeholders to share knowledge on the rollout of smart meters and the transition away from RTS and other types of metering.	Transition away from RTS and other types of metering to assist in the rollout of smart metering and also consumer choice.	Various	Ongoing	

### **3. Next steps**

This Delivery Plan is designed to sit alongside the LHEES Strategy. It provides a more detailed view of the actions required over the next five years to help decarbonise Shetland's domestic and non-domestic building stock. This Delivery Plan details the immediate and medium-term actions that can be developed against the existing policy landscape. It is a statutory duty for the Council to update the LHEES every five years however, within the rapidly evolving policy landscape and ongoing works locally the Strategy and Delivery Plan will be reviewed as required. This means that these are live documents, and we will respond to the introduction of new standards, regulation, and delivery programmes, to any changes in the LHEES process, and to future opportunities within Shetland.