

MEETING TITLE AND DATE:

Cabinet – 17 June 2015
Council – 24 June 2015

REPORT OF:

Director – Regeneration & Environment

Contact officer and telephone number:
Jeff Laidler, Head of Sustainability
0208 379 3410

Agenda - Part: 1	Item: 11
<p>Subject: Mobilisation & Operation of Lee Valley Heat Network (LVHN)</p>	
<p>Wards: All</p>	
<p>Cabinet Member consulted: Councillor Sitkin</p>	

jeff.laidler@enfield.gov.uk,

1. EXECUTIVE SUMMARY

- 1.1 The Lee Valley Heat Network (LVHN) is a major infrastructure project, underpinning the low carbon regeneration of Meridian Water, and estate renewals at Ladderswood, Alma Estate and New Avenue. It has been the subject of previous reports to, and approvals by, Cabinet and Council.
- 1.2 The LVHN Business Plan from July 2014 demonstrated the original project's viability, securing £1.285 million final stage development costs. The LVHN project team is now returning to Cabinet to seek approval for:
- a) The proposed HoldCo/OpCo business delivery structure.
 - b) £2.143 million to enable the company to operate for the 12 months from September 2015 to September 2016, including design of the Strategic Heat Network and District Heating Energy centre, ahead of planning application submission in June 2016.
 - c) To amend the existing Articles of Association for the company, which were originally set up as an "off the shelf" trading company (based on the Companies Act 2006), by Cabinet decision on 6 April 2011 (and made LVHN Ltd subsequent to a Cabinet decision in December 2012). The 2011 Report to Cabinet explained that the Articles would be amended as necessary, based on legal advice, as the company develops. Now that the LVHN project is fully developed, it is appropriate to update the Articles to reflect the matters dealt with in this report, and to generally ensure they are up to date and fit for purpose.
- 1.3 The project and LVHN Business Plan remain unchanged, so raise no new matters of significant community interest or impact.

- 1.4 A subsequent Cabinet Report will request approval for the Council's main investment decision in LVHN's Strategic Heat Network at Meridian Water, which is directly related to:
- a. The Heat Supply Agreement under negotiation between LVHN Ltd and North London Waste Authority.
 - b. The appointment of the master developer for Meridian Water, following an OJEU compliant procurement.
- 1.5 This will require an updated LVHN Business Plan that accounts for actual costs tendered in the market through the project's three procurement exercises, including detailed design work in relation to both the Strategic Heat Network and District Heating Energy Centre, which is now in a flagship location at the front of the Edmonton EcoPark. The updated Business Plan will include the additional properties planned for the Satellite Schemes, including the proposed extension of the Alma Estate Satellite Scheme to the Electric Quarter, as well as the increased number of properties to be built at Meridian Water.

2. RECOMMENDATIONS

Cabinet is being asked

Governance

- 2.1 To confirm LVHN Ltd as the Holding Company (HoldCo) (and of which Enfield is the sole shareholder) and approve the setting up of a wholly owned subsidiary company (OpCo) to undertake project delivery, as the method of governance and delivery for the LVHN business.
- 2.2 To approve the amended Articles of Association (including establishment of an Audit Committee) for HoldCo (Appendix 3), and to authorise that these be adopted as the revised Articles for the existing Council owned company (LVHN Ltd).
- 2.3 To approve the delegation arrangements described in Section 3.7.15 of this Report
- 2.4 To approve the procurement of insurance to indemnify Council officers and members acting as directors under the Local Authorities (Indemnities for Members and Officers) Order 2004

Finance

- 2.5 Approve the drawdown of a total of £2.143 million from the Council's indicative Capital programme, consisting of:
- £1.096 million forecast costs for the six months from September 2015 to March 2016.

- £1.047 million forecast operational costs for the six months from April 2016 to September 2016, the drawdown of which will need to be specifically authorised by both the Director of Regeneration and Environment, and the Director of Finance, Resources and Customer Services.

This will increase the Council's project investment to £4.256 million to September 2016, as detailed in Table 1 (Part 2 report).

- 2.6 Approve the estimated £170k revenue cost related to borrowing an additional £2.143m, to cover interest payments and repayment of principal, with the remaining investment coming from existing budgets.
- 2.7 **Recommend to full Council that the £2.143m project development costs be added to the Council's approved capital programme.**
- 2.8 Approve the principle of the On-Lending Agreement, to enable LVHN Ltd to operate at the level envisaged in the Business Plan, and a working capital facility of up to £0.5 million to cover operating expenditure within the Business Plan but not covered by the On-Lending Agreement.

Procurement

- 2.9 Following evaluation of the tenders and appointment of preferred bidders, the Council authorises HoldCo to enter into contract with:
- The Design, Build and Operate contractor to commence necessary design work for the Strategic Heat Network and District Heating Energy Centre, to enable submission of the associated planning application by June 2016.
 - The Operations and Maintenance contractors for the Satellite Schemes, including an interim arrangement for the satellite scheme at Ladderswood until build out is complete.
 - The Customer Services contractor, initially for Ladderswood and as required for further stages of the project.
- 2.10 Authorise the Director of Regeneration and Environment to agree the entering into by the Council of any necessary ancillary agreements required to give effect to these contracts.

3. BACKGROUND

3.1 What is a Heat Network?

- 3.1.1 A heat network is a system of highly insulated pipes that move energy in the form of hot water from low carbon, low cost heat sources where it is produced, to where it is needed, much like an electricity network.

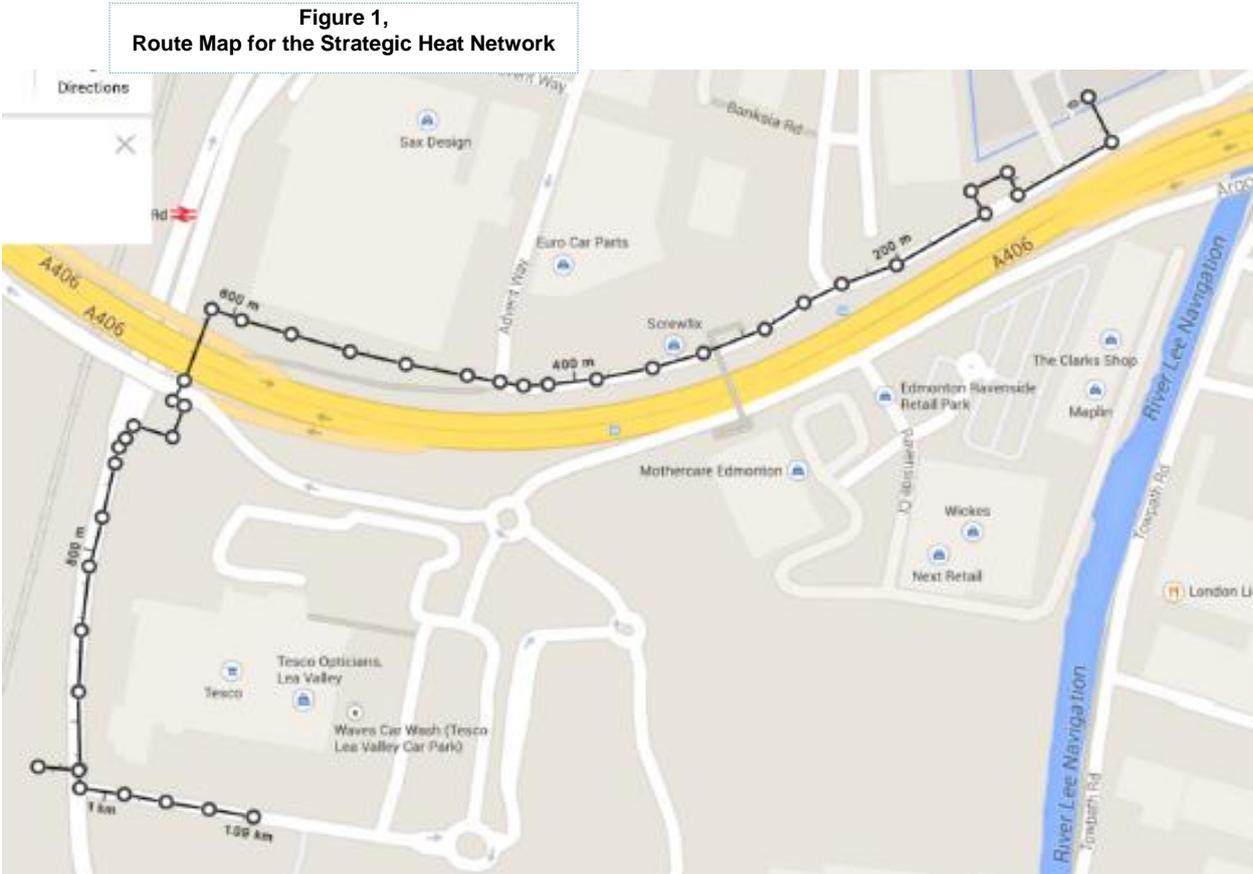
3.2 What is the Lee Valley Heat Network?

3.2.1 The Lee Valley Heat Network (LVHN) is a major infrastructure project, underpinning the low carbon regeneration of Meridian Water, and estate renewals at Ladderswood, Alma Estate and New Avenue. These developments are all new builds. Over time there is the opportunity for LVHN to expand to connect to existing residential, commercial and industrial buildings.

3.2.2 The Meridian Water development is being enabled by more than £80 million investment in a four-train per hour service into Central London and the new Meridian Water train station. The OJEU compliant procurement exercise to select the Master Developer for Meridian Water commenced in March 2015. The Council also completed its purchase of the Willoughby Lane site, securing an initial development site for 850 homes.

3.2.3 LVHN will initially use heat from the Energy from Waste facility at the Edmonton EcoPark, which already generates enough heat to kick-start the Strategic Heat Network at Meridian Water to supply heat to the 8,000 new homes at Meridian Water.

Figure 1 shows the route map for the Strategic Heat Network.



LVHN will also connect additional heat sources elsewhere in the Lee Valley.

3.2.4 Located too far away to physically connect to take waste heat from the Edmonton EcoPark, an additional 2,000 new homes will benefit from 3 stand-alone Satellite Schemes. These strategically located schemes will allow for future expansion to the wider borough(s):

- a. **Ladderswood Satellite Scheme:** initially providing heat to 513 homes, a hotel and a number of commercial premises. There is the opportunity for the Ladderswood scheme to expand and become a Strategic Heat Network in its own right.

Construction work is already underway to build the first phase of Ladderswood and the energy centre that will include a Combined Heat and Power engine, together with a highly insulated local heat network, which it is proposed that LVHN will adopt. The first 40 households are due to move in and receive heat in September 2015. Accordingly, the decisions being recommended in this report will enable the necessary operational steps to allow LVHN to adopt these assets.

- b. **Alma Estate Satellite Scheme:** initially providing heat to around 1,000 homes, a health centre, a number of commercial premises, and a community centre, ultimately connecting to the Strategic Heat Network, provided enough demand can be found from homes and industry. This scheme can also be extended to serve customers in the Electric Quarter and Ponders End High Street area.
- c. **New Avenue Satellite Scheme:** initially providing heat to around 450 homes, a nursery and a community centre.

3.3 Why are we building a heat network?

- a) **Community Energy:** for the first time we will provide local communities with low carbon energy from local heat sources.
- b) **Lower Cost of Heat:** our ambition is to provide a lower cost heat for residential customers, as compared to heat from traditional fossil fuels.
- c) **Security of Supply for residents and businesses:** the heat network reduces dependency on imported fuel & the erratically fluctuating prices of the international energy markets.
- d) **LVHN supports inward investment, new jobs, training for community energy champions & wider regeneration:**
 - o Enfield has an ambition to create 40,000 new jobs in the borough over the next 20 years, including large-scale inward investment. The heat network will add an extra string to the bow in terms of our inward investment offer.
 - o It helps deliver the GLA's & Council's planning aspirations for district energy.

- It makes land more attractive to developers and may increase land values.

e) Carbon Reduction:

- The carbon footprint of a home due to heating will be reduced by around 50% compared to conventional fuel
- LVHN is hugely important for meeting London's carbon reduction targets.

3.4 What is it that makes LVHN different?

3.4.1 'Which?' magazine has recently highlighted a number of issues with existing UK district heating schemes:

a. They tend to be built to current British Standards, rather than Scandinavian & German standards:

- Design and Build contractors and Developers often don't work together to build heat networks that last the course.
- UK heat networks can be poorly installed and value engineered, with little concern for the long-term cost for consumers. They tend to use data from BREEAM and SAP ratings that is based on theory, rather than historical operating data.

b. There is poor consumer engagement and education, as developers and engineers focus on the physical build. Much of the poor reputation in the industry is down to late or never undertaken consumer engagement, so residents do not understand the system or the cost build-up of charges before they move in.

c. The conventional Energy Service Company (ESCo) model generally doesn't create sufficient incentive for the ESCo to expand the heat network that it operates.

3.4.2 The same isn't true on the continent, where large-scale and efficient district heating is business as usual. For example, district heating meets 98% of Copenhagen's heat needs. Energy from Waste also powers 20% of Sweden's district heating.

3.4.3 LVHN's team of experts have many years' experience in heat networks. We're putting this to good use. This is why we're setting up LVHN to stand apart from its competitors:

- LVHN is committed to being an ethical operator in a currently unregulated heat market, helping protect consumers by ensuring a fair price for their heat. The inclusion of a Customer Interface Unit (CIU) in all properties will enable both pay as you go technology and In Home Display Units, enabling consumers to view their consumption and payment history, helping them

save money by saving energy. It will also reduce debt to the LVHN business.

- The new “Heat Trust” supported by DECC has utilised the experience and expertise of the Council’s LVHN team to enable them to deliver a Customer Charter designed to be the pre-runner to heat regulation.
- As the public sector, this local authority controlled company is able to obtain a lower cost of finance to bring benefits to Enfield residents and businesses.
- LVHN will be efficient, as demonstrated at Ladderswood, where we’ve pushed the technical specification to Scandinavian levels. This ensures a well-insulated system and a better heat price for residents.
- LVHN will be reliable, using back-up gas boilers in case the Energy from Waste plant and/or CHP systems need to be taken down for maintenance.
- LVHN Ltd is aiming to take consumers with it from the start, employing consumer engagement specialists, with years’ of experience in district energy and consumer behaviour.
- The Council sees the benefits of controlling LVHN Ltd, as a local authority controlled Energy Service Company (ESCo), so it can continue to expand the Lee Valley Heat Network for local benefit.

3.5 Who is Involved?

3.5.1 We have European, regional and local partners, namely Enfield Council, the Greater London Authority and European Investment Bank (EIB).

3.5.2 The EIB has contracted with the Council to provide a low interest loan to the Council for large infrastructure projects, including LVHN, which is on better terms than the traditional route of borrowing through the Public Works Loan Board. This demonstrates external investor confidence in Enfield and LVHN, with the associated media event at the Gherkin on 14 May 2015.

3.6 When will it happen?

Key Actions Already Completed	Date
London Heat Map	Pre-2011
Pre-feasibility & feasibility studies	2011 & 2012
The wholly owned trading company established in 2011 was made 'LVHN Ltd', the local authority controlled company to deliver LVHN, subsequent to a Cabinet Decision in December 2012.	December 2012
LVHN Business Case unlocked development costs for the financial model, initial legal advice and LVHN Business Plan.	March 2013
Cabinet used the LVHN Business Plan to unlock £1.285 million final stage development costs.	23 July 2014
Launch event at City Hall's Living Room, with coverage on ITV London News.	21 July 2014
Recruited team of expert consultants from across the decentralised energy spectrum, including Jayne Clare as LVHN's Project Delivery Director. The majority of the consultants work on a part-time basis.	August to October 2014
Appointed Temple Bright as LVHN's external legal advisors.	October 2014
Commenced three large procurement exercises: <ul style="list-style-type: none"> • Lot 1: to Design, Build and Operate the Strategic Heat Network to Meridian Water • Lot 2: to Operate and Maintain the three Satellite Schemes at Ladderswood, Alma Road and New Avenue • Lot 3: to provide a Customer Services contract for the entire heat network 	Autumn 2014
Agreed the improved technical specification for the district energy system with Ladderswood LLP.	January 2015

	Next Steps	Date
1	The LVHN project team is concluding its final stage development, which puts the project in an excellent position to mobilise ready for its first 40 households at Ladderswood in September 2015	March 2015
3	Enfield Council's investment decision and approval of LVHN's internal governance arrangements	June & July 2015
4	Finalise NLWA commercial negotiations for supply of heat	Summer 2015
5	First HoldCo & OpCo Board meetings	August 2015
6	Customer Services contract awarded	August 2015
7	Short-term Operations and Maintenance contract awarded for first 40 homes at Ladderswood	August 2015
8	Ensure LVHN Ltd is fully operational. Work is already underway to make this happen, with monthly Transition Plan meetings for key staff from the LVHN project team and across the Council	January to September 2015
9	Operations & Maintenance contract awarded for three Satellite Schemes	September 2015
10	Design, Build & Operate contract awarded for Strategic Heat Network to Meridian Water	October 2015

3.7 How will it happen?

3.7.1 ***Governance and Structure***

3.7.2 Cabinet approved the establishment of a local authority controlled special purpose company to deliver LVHN in December 2012 (at that time also anticipating participation by Haringey).

3.7.3 The Council's Sustainability Service has subsequently fulfilled the local authority client role, working to transition the project across to LVHN Ltd. This has included:

- Recruiting a team of experts, including a secondment from the Council's Procurement team and the appointment of LVHN's Project Delivery Director in September 2014.
- Coordinating the Council's input from its sustainability, finance, procurement, planning, communications and housing teams.
- Managing LVHN's development budget.

- Managing the transition across to a fully operational company, ensuring appropriate structure, resource, systems, processes and policies.
 - Producing Council reports, briefings and presentations for the project.
 - Business development and marketing, including national events such as EcoBuild 2015 and the London Keynote speech in April 2015.
- 3.7.4 Detailed work has now been completed to provide the appropriate legal structure to ensure effective governance of LVHN Ltd, once it becomes operational. This has resulted in a number of documents and recommendations.
- 3.7.5 A standard two-tier Holding Company (HoldCo) and Operating Company (OpCo) model is recommended as the company structure for LVHN Ltd, with 'LVHN Ltd' as the HoldCo and 'LVHN Operating Company Ltd' as the OpCo. This is based on legal advice from LVHN's legal team at Temple Bright (Appendix 1, Temple Bright's Governance Summary).
- 3.7.6 Detailed tax advice from PWC has confirmed no obstacles to the HoldCo/OpCo operating structure. There are a number of further detailed points around VAT that still require investigation once OpCo is established.
- 3.7.7 The Member-led HoldCo Board will represent the interests of the Council and the Borough, providing strategic oversight of LVHN Ltd.'s operational activities. At its inaugural meeting in August 2015, the HoldCo Board will be asked to establish the subsidiary Operating Company (OpCo), which will be responsible for project delivery. The law firm Browne Jacobson LLP has been formally appointed to act as LVHN Ltd.'s Company Secretary.
- 3.7.8 Cabinet approval is required to formally constitute the HoldCo Board, the membership of which is shown in Appendix 2 (as agreed by Full Council in October 2014 and March 2015). The interim Managing Director's position on the HoldCo Board is subject to HoldCo approval, which is scheduled for its first meeting in August 2015.
- 3.7.9 An Annual Report will be provided by HoldCo to Cabinet, to ensure the Council is kept updated on progress. All LVHN policy matters will be determined by HoldCo. The OpCo Board will oversee operational matters, subject to important decisions going to HoldCo, as detailed in the Delegations Matrix that will be presented for approval by HoldCo at its inaugural meeting in August 2015.
- 3.7.10 Cabinet is asked to approve the Articles of Association (including establishment of an Audit Committee) for HoldCo (Appendix 3), and to authorise that these be adopted as revised Articles for the existing Council owned company (LVHN Ltd).
- 3.7.11 The changes to the Articles are being made as the Company was originally set up as an "off the shelf" trading company (based on the Companies Act 2006), by Cabinet decision on 6 April 2011. The 2011 Cabinet Report explained that

the Articles would be amended as necessary, based on legal advice, as the company develops. Now that the LVHN project is fully developed, it is appropriate to update the Articles to reflect the matters dealt with in this report, and to generally ensure they are up to date and fit for purpose.

3.7.12 To achieve this, the HoldCo Articles of Association are based on the appropriate standard Articles recommended by the external legal advisers working on LVHN, and incorporate the establishment of the Company's Audit Committee, as well as the adoption of the Delegations Matrix.

3.7.13 In relation to the OpCo and its Articles of Association, the intention is for these matters to be presented to the first meeting of the HoldCo Board in August 2015.

3.7.14 For the purposes of good governance, and having regard to the nature of the LVHN project, appropriate delegations will need to be in place.

3.7.15 First, there will be reserved matters requiring shareholder approval from the Council (i.e. Shareholder Reserved Matters), namely:

- Amendments to the shareholder reserved matters.
- Approval and adoption of the LVHN Business Plan and material amendments thereto.
- Material alteration of the nature/scope of the business, closing down/commencing any new business, which is not ancillary or otherwise incidental to the Business Plan and/or Articles.
- Formation of a subsidiary not within the contemplation of the Business Plan.
- Acquiring shares in any other company (subscription or transfer) or any other similar interest in another entity including a limited liability partnership or limited partnership, entering into joint ventures or partnerships or profit sharing.
- Alteration of authorised or issued share capital, or classification thereof, allotment of share capital or securities, granting options or rights to subscribe to the issuing of share capital, of HoldCo.
- Making any petition or passing any resolution to wind up Holdco or making any application for an administration or winding up order or any order having similar effect in relation to Holdco or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator.
- Entering into of material contracts not contemplated by the Business Plan or "Investment Decision(s)" taken by the Cabinet/Council in respect of LVHN.
- Termination by LVHN companies of any of their material contracts, where this will have a material impact on the delivery of LVHN or the Council.

- Amendments to contracts where material and in excess of £100,000.
- Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against Holdco (or OpCo), except in relation to debt collection in the ordinary course of business (where the claim, proceedings or other litigation has a potentially material impact on the reputation of LBE/HoldCo/OpCo or has a potential material cost implication for LBE/HoldCo/OpCo).
- Disposing of a substantial part of the Business and/or assets outside of the scope of Business Plan.
- Approving the repayment of the external loans (other than in accordance with the terms of the agreement signed by LBE).
- Entering into (or agreeing to enter into) any borrowing arrangement in relation to working capital on behalf of Holdco and giving any security in respect of any such borrowing (including creating any encumbrance over the whole or any part of the undertaking or assets of Holdco or over any capital of Holdco) - above £300,000 (Cabinet and Full Council where above £500,000 and not already in Capital Programme).
- Giving a guarantee, surety ship, bond or indemnity to secure the liabilities of any person or assume the obligations of any person, where above a cumulative value of £500,000.
- Write down of HoldCo asset value, or writing off debts (above £25,000 per event).

3.7.16 Second, LVHN will adopt delegations between itself and the subsidiary company (OpCo). The purpose of these delegations will be to ensure the right balance between operational efficiency and suitable governance controls. They have been designed to maximise operational efficiency, by ensuring that operational decisions can be made swiftly, whilst ensuring that key decisions that may involve financial or reputational risk, or which may touch on Council policies, are referred back to the Council. These delegations arrangements can be adjusted at any time in light of experience.

3.7.17 It is recommended that Cabinet approve these delegation arrangements as a 'Key Decision.' HoldCo will then be asked to adopt the Delegations Matrix, after which only the Cabinet decisions relating to LVHN will be published in the Council's 'Key Decision List.'

3.8 **Finance**

3.8.1 The LVHN Business Plan from July 2014 demonstrated the project's viability, securing £1.285 million final stage development costs.

3.8.2 It is recommended that Council approve the drawdown of a total of £2.143 million from the Council's indicative Capital programme.

3.8.3 Further details can be found in the Part 2 report.

3.9 ***Procurement***

3.9.1 Following evaluation of the tenders and appointment of preferred bidders, it is recommended that the Council authorises HoldCo to enter into contract with:

- The Design, Build and Operate (DBO) contractor to commence necessary design work for the Strategic Heat Network and District Heating Energy Centre, to enable submission of the associated planning application by June 2016.

The tender price of the winning bid and subsequent design will enable the actual investment required to be determined. The main investment decision will be sought from Cabinet based on a firm level of capital costs. The HoldCo Board will then determine the drawdown of the approved level of investment and monitor implementation.

- The Operations and Maintenance contractors for the Satellite Schemes, including an interim arrangement for the satellite scheme at Ladderswood until build out is complete.
- The Customer Services contractor, initially for Ladderswood and as required for further stages of the project the entire project. This contract will ensure that Customers receive the very best expertise and energy advice including metering, billing, pay-as-you-go payment options, responsive and preventative maintenance.

3.10 ***Consumer Engagement***

3.10.1 It is vital to ensure that communities in Enfield are adequately informed and engaged to realise the numerous economic, environmental and social benefits that are expected from the LVHN project. Helping people to understand these impacts is crucial to building trust and developing a positive reputation as an equitable local energy provider.

3.10.2 To achieve this, transparent and effective communication must reach residents across the borough, not only those directly connected to the district heating scheme. This includes stakeholders and officers in the local authority, the business community and the community/voluntary sector. They must all know what district heating is, how it will affect them, and ultimately feel that a city-scale district heating system will be a benefit.

4. **ALTERNATIVE OPTIONS CONSIDERED**

- a. Do nothing: this would lose the significant economic, environmental and social benefits forecast to be delivered by LVHN.

- b. Not to change the Articles of Association for HoldCo: now that the LVHN project is fully developed, it is appropriate to update the Articles to reflect the matters dealt with in this report, and to generally ensure they are up to date and fit for purpose.
- c. Not to provide the funding to mobilise LVHN Ltd and to enable it to operate for the first year.
- d. Options A, B and C: options A and B were discounted for the reasons explained in Appendix 1.

5. REASONS FOR RECOMMENDATIONS

- 5.1 Enfield Council and the GLA have already invested significant resource and revenue funding to develop the LVHN Business Plan. The European Investment Bank has since demonstrated external investor confidence in the scheme.
- 5.2 Without Enfield Council's continued investment to mobilise LVHN Ltd and make it operational for its first full year, it will not be possible to develop the Strategic Heat Network and Satellite Schemes in Phase 1. They are critical to catalysing the heat network and subsequently delivering the significant economic, environmental and social benefits forecast for the city-scale heat network.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 Further details of the financial implications can be found in the Part 2 report.

6.2 Legal Implications

- 6.2.1 As previously reported to Cabinet, the Council has power under section 1(1) of the Localism Act 2011 to do anything which individuals generally may do provided it is not prohibited by legislation and subject to public law principles. There is no express prohibition, restriction or limitation contained in a statute against use of the power to undertake the LVHN scheme in the manner envisaged by the recommendations in this Report. In addition, section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions (such functions including its housing and related economic development functions). In addition to the Localism Act 2011, the Council has power under section 95 of the Local Government Act 2003 to trade in function related activities through a company. Section 1 of the Local Government Act 2003 permits the Council to borrow and to comply with the Prudential Code for Finance in Local Authorities. The recommendations detailed in this report are in accordance with these powers.

6.2.2 See Part 2 Report for further details

6.3 Property Implications

6.3.1 LVHN proposes to operate mainly on land that is not owned or leased by the Council.

6.3.2 The LVHN Business Plan must consider negotiating access rights, easements and network use rights, which will require an internal resource allocation. The timescale for completing these negotiations must be factored into project delivery through the Summary Programme.

6.3.3 Where land has to be acquired, the site specific property implications must be considered at that time.

7. KEY RISKS

The LVHN project team has developed a detailed Risk Assessment to enable it to mitigate the inherent risks associated with a high-risk construction project, a summary of which is included in Appendix 4 (attached to the part two report).

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

LVHN aims to charge all of its customers a fair price for heat. LVHN Ltd is being set up as an 'ethical operator' to help protect local consumers by ensuring fair price and customer service terms.

8.2 Growth and Sustainability

8.2.1 LVHN is one of over 50 key large-scale sustainability projects in the Enfield 2020 Action Plan, helping to deliver the Sustainability programme's 'Managing your Energy' and 'Regenerating the Borough' themes. It will also deliver significant carbon reduction, helping to meet Enfield 2020's 40% carbon reduction target for the Borough by 2020, as compared to a 2005 baseline.

8.2.3 To find out more and how this project is part of something bigger please visit www.enfield.gov.uk/enfield2020.

8.3 Strong Communities

Based on its ambition to expand to include existing buildings, LVHN has the opportunity to help reduce fuel poverty and improve public health. It is also being used to support local jobs and businesses.

9. EQUALITIES IMPACT IMPLICATIONS

An EQIA Assessment has been undertaken and it has identified that the recommendations for the LVHN set out in this report are unlikely to have a significant impact on the protected characteristic groups or the way that

individuals access information or services. An EQIA Action Plan has been created and will be regularly reviewed and updated.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1 LVHN is being managed by a Steering Group, together with a number of cross-departmental Sub-Groups. There is also a monthly briefing for the Cabinet Member for Economic Development and 6 weekly Member briefings for the current administration. A collective briefing was also provided for both the Labour and Conservative Groups on 23 March 2015.
- 10.2 This is a transitional arrangement to take the project to the point at which the new internal Governance arrangements for LVHN Ltd take over via this report, with the new HoldCo and OpCo Boards scheduled to formally meet for the first time in August 2015. Individual and wider Member briefings will continue in parallel.

11. HEALTH AND SAFETY IMPLICATIONS

- 11.1 The corporate Pre-Qualification Questionnaire addresses issues of Health and Safety management by any provider being considered for invitation to tender for a qualifying council contract.
- 11.2 Originally intended to meet the requirements of Regulation 4 of the Construction (Design and Management) Regulations 2007 (CDM), which requires those appointing contractors to ensure their competence to undertake the works they are being contracted to perform; and Appendix 4 of the accompanying Approved Code of Practice to the CDM Regulations which introduced the Stage 1 Core Criteria for assessing health and safety competence of contractors and consultants working in the construction industry. This section has been extended to cover all tendered contracts. The project shall adhere with all new and up to date CDM regulations.
- 11.3 The section requires the contractor to present relevant information and examples of their health and safety management system, mandatory reporting and notification systems and systems for ensuring competence of staff and any sub-contractors that may be employed.
- 11.4 Exemption from this requirement is given to contractors who can prove accreditation with a Health and Safety Accreditation scheme or organisation which has membership of the Safety Schemes in Procurement scheme.
- 11.5 In recent times the Council has made use of the web based London Tenders Procurement Portal to facilitate this process and adhere to the council's policy on the reduction of paper based documentation.
- 11.6 The questionnaire is evaluated by a member of the Corporate Health and Safety Unit.
- 11.7 To aid this process, the LVHN project team has appointed Frankhams as its specialist CDM Co-ordinator.

12. HR IMPLICATIONS

The recruitment and retention of the LVHN team is being fully assessed as part of LVHN's Transition Plan Sub-Group. This work will continue, with a view to taking a Board Paper to the newly established HoldCo Board.

13. PUBLIC HEALTH IMPLICATIONS

13.1 LVHN will deliver significant economic, environmental and social benefits.

13.2 Climate change is a major threat to public health. LVHN will help to reduce its impact:

- The carbon footprint of a home due to heating will be reduced at least 50% compared to conventional fuel.
- LVHN is hugely important for meeting London's carbon reduction targets.

13.3 LVHN will deliver competitively priced heat to new homes, and possibly, at a later stage of development to existing homes. Well heated homes help to promote the general health of the people that live in them.

Background Papers

None