

WARDS AFFECTED: ABBEY, LATIMER, SPINNEY HILLS, CASTLE, STONEYGATE

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

**OSMB
CABINET**

**5TH MARCH, 2009
9TH MARCH 2009**

EXTENDING DISTRICT HEATING AND CHP IN CENTRAL LEICESTER

REPORT OF INTERIM CORPORATE DIRECTOR, ADULTS & HOUSING

1.0 PURPOSE OF REPORT

- 1.1 To review the options available at the end of Stage One of the Project for “Extending District Heating and Combined Heat and Power in Central Leicester”, and to describe the outcomes of each of these options in terms of impact on the City Council’s objectives.
- 1.2 To highlight the Key Parameters of the Project and make recommendations on a way forward that will ensure development of a successful scheme and achievement of objectives.
- 1.3 To explain the role of the City Council as Project enablers for the City and the relationship with and the approach of the other partners / senior users - the University and Prison - in developing the proposal and tendering for the service.
- 1.4 To seek a decision to proceed to Stage Two of the Project, i.e. the procurement stage of the scheme, including authorising the release of the remaining £300,000 from the provision of £400,000 for combined heat and power, approved as part of the corporate capital programme by Council on 27th March 2008.
- 1.5 To provide a planned timetable for Stage Two of the Project (see Appendix 4).

2.0 SUMMARY

- 2.1 Cabinet decided on 14th July 2008 to proceed with a private sector led approach as the preferred delivery mechanism as it will ensure an expertly run scheme that will

deliver the required outcomes yet will minimise capital and ongoing operating costs as well as risk to the Council.

2.2 The Council's objectives for this Project are:

- To provide affordable, reliable and controllable heat to a number of Council and residential buildings and other senior users
- To reduce carbon emissions for the Council and the City, contributing towards achievement of One Leicester objectives with the ambition to transform Leicester in to Britain's Sustainable City over the next 25 years
- To establish a secure and sustainable energy supply (anticipated to be through identification and development of renewable fuels)
- To have the potential to expand the benefits to users not currently identified in the feasibility study, enabling them to connect to the network, contribute to carbon reduction in Leicester - providing an opportunity for extended partnership working.

2.3 The Project is also expected to reduce the cost to the end user(s) by ensuring that the unit price of heat is equal to or lower than the comparative market rate, thus contributing to a reduction in fuel poverty.

2.4 In July Cabinet specifically asked that officers explore:

- Whether or not it is more efficient to procure individual meters as part of the same process, whilst ensuring that this does not jeopardise the viability of the scheme
- The extent to which the Project 2 is incorporated within the approach to the market, without making any form of pre-commitment at this stage.

2.5 A Scrutiny Task Group was set up to consider specific points raised by OSMB with a view to making recommendations to OSMB relating to bonds, tenants and metering, along with environmental implications in relation to One Leicester.

3.0 RECOMMENDATIONS

3.1 To agree that the Interim Director of Adults and Housing should follow EU procurement procedure and seek tenders using the Competitive Dialogue process to extend district heating and combined heat and power in Central Leicester (see Appendix 1 and 2) in order to achieve the Council's objectives as described in this report.

3.2 To approve the recommendations for addressing each of the Key Project Parameters (Section 4.16) that will be used to inform officers' negotiations during the tender process.

3.3 That Cabinet authorises the release of the remaining £300,000 from the provision of £400,000 for combined heat and power, approved as part of the corporate capital programme by Council on 27th March 2008.

3.4 That Leicester City Council acts as enabler for the City and the role of the University of Leicester and HM Prison Leicester will be as senior users.

4.0 REPORT

The Leicester Project - Objectives and Benefits

- 4.1 Whilst the Key Parameters of the scheme as set out in Section 4.16 may be subject to negotiation, the indicative scheme will require that any supplier must be able to achieve the following Project objectives:
- To provide affordable, reliable and controllable heat to a number of Council and residential buildings and other senior users
 - To reduce carbon emissions for the Council and the City, contributing towards achievement of One Leicester objectives with the ambition to transform Leicester into Britain's Sustainable City over the next 25 years
 - To establish a secure and sustainable energy supply (anticipated to be through identification and development of renewable fuels)
 - To have the potential to expand the benefits to users not currently identified in the feasibility study, enabling them to connect to the network, contribute to carbon reduction in Leicester - providing an opportunity for extended partnership working.
- 4.2 In addition, it is anticipated that the Project will contribute to reducing fuel poverty by reducing the cost to the end user(s) by ensuring that the unit price of heat is equal to or lower than the comparative market rate, thus contributing to a reduction in fuel poverty.
- 4.3 A private sector led approach with supplier responsibility for design, build, finance and operation of the scheme means that cost and risk to the City Council will be minimised.

Reducing Our Carbon Footprint

- 4.4 It is the vision of the Council and Leicester Partnership to transform Leicester into Britain's Sustainable City over the next 25 years. One of the priorities for action is to "Reduce our Carbon Footprint", with a focus on reducing the City's CO₂ emissions from the 1.983 million tonnes generated in 2004 to 1.6 million tonnes - an overall reduction of 383,000 tonnes by 2013. With Project 1 not predicted to be operational before 2012, only a proportion of the (7300 tonnes per annum) CO₂ emissions reductions anticipated from Project 1 will be realised in time to contribute towards this 5 year outcome.
- 4.5 The scheme will contribute to the City of Leicester's climate change objectives of a 50% reduction in CO₂ by 2025 (a target reduction of a further 834,000 tonnes). The Project as proposed will reduce City carbon emissions by a predicted minimum level of 13,100 tonnes per annum representing around 1.6% of the 2025 target.
- 4.6 The Council has a target to reduce its own emissions by 50% by 2025. The proposed scheme for central Leicester is anticipated to reduce the Council's own emissions (NI 185) by 13-15% (based on 2006 figures) and offer the same opportunity to the University of Leicester, Leicester Prison and any other public and/or private organisations wishing to join the network.
- 4.7 CHP provides the foundation for an ongoing and increasing reduction of CO₂ over time, initially reducing in line with increased efficiency of the system, and in future,

the use of renewable fuels or inputs would provide significantly larger carbon savings. Emissions would reduce further as additional users join the City scheme.

4.8 The Project will also make a contribution to the following:

- Reduction of per capita CO2 emissions in Leicester (NI 186) estimated at 0.3%
- Helping the City Council and the private sector prepare for beyond January 2010 when large energy users will need to comply with the mandatory Carbon Emissions Trading Scheme, designed to offer direct financial incentives to reduce energy use
- Supporting the private sector and Regeneration Area initiatives to comply with Local Plan requirements on energy.

Resilient (Renewable) Energy Supplies

4.9 With a forthcoming power shortage being forecast by some commentators, the introduction of an energy-efficient CHP scheme in the City alongside a contractual obligation for any supplier to work toward establishing a sustainable energy resource through development of renewable fuels will give some resilience in the security of energy supplies.

Scheme Expansion

4.10 The ability to expand the scheme in future to include other senior users and potential new customers will provide an opportunity for substantially increased carbon reductions giving widespread environmental benefits to the City and providing an opportunity for extended partnership working. The Council may be able to negotiate receipt of a profit share for all new connections to the network.

Other Drivers

4.11 Predicted fuel shortages; rising fuel costs; and an environmentally-focused Government agenda has resulted in a number of public and private sector institutions implementing district heating schemes using proven CHP technology to provide both environmental and cost benefits to users.

4.12 Following recent rises in the cost of purchasing gas for district heating the ability to provide controllable heat through the installation of meters in individual properties as part of the Leicester Project has become increasingly desirable.

Soft Market Testing

4.13 With a view to gaining a better understanding of the market, and to support the development of a viable specification, a soft market testing exercise was conducted. Officers met with companies experienced in delivering district heating and CHP projects that would be capable of providing the service on a Design, Build, Finance and Operate basis, discussing company suggestions for the most effective approach to deliver a successful scheme.

Role of Leicester University and HM Prison

4.14 Senior users have played an active role in Stage One and commitment to the scheme is ongoing. The role of the University of Leicester and HM Prison Leicester are as senior users / purchasers of heat and will therefore have separate heat supply agreements with the ESCo.

Tender Process

4.15 The Council has appointed Specialist Consultant Michael King to advise on the procurement process, including specification and the selection process. The specification is currently being developed to include targets and performance/service level criteria, i.e. an outline of the tender document, along with the selection and evaluation criteria that will be utilised in order to select the preferred supplier.

Key Parameters

4.16 The Key Project Parameters are set out in this section with recommendations as to how officers should proceed with negotiations as part of the “competitive dialogue” process. This report (see Section 1.2) seeks Cabinet approval to these recommendations.

Key Parameter	Initial Requirements	Potential Implications	Recommendation
Ownership of the ESCo, including shareholding / partnering / co-operation opportunities	LCC does not plan to provide funding but may consider a share in the scheme provided there is no risk transfer. LCC wants to ensure tenants are protected (price / service quality).	Any LCC share in the scheme would require financial investment and involve financial and political risk for the Council, yet may not necessarily provide LCC with any influence over decisions. The Council may be able to negotiate a risk-free “profit share” with the preferred supplier.	The ESCo should be wholly owned by the supplier, along with responsibility for design, delivery, finance and operation of the scheme (and its associated risk). LCC will ensure that the contract terms provide protection for tenants / users. LCC should negotiate the establishment and membership of a “Committee or Board” that reviews / approves the initial approach; ongoing operations; along with scheme progress / expansion and development. LCC should consider negotiating a price package that ensures that the scheme assets wholly revert to LCC ownership at the end of the contract period to enable retendering.
Timetabling and	LCC requires	Some suppliers may	Commencement of the

<p>phasing of Project 1 & Project 2 and approach to delivery (including the route) of the CHP “network” – see details in Appendix 1 and 2</p>	<p>guidance on whether to procure Project 1 & the more speculative Project 2 at the same time.</p>	<p>not consider making a commitment to deliver Project 2 due to its speculative nature. Should LCC decide to follow a separate procurement process for Project 2, in addition to the impact on the cost of procurement, there is a possibility that the City scheme could be designed, delivered, financed and operated by more than one supplier.</p>	<p>supplier design and installation of Project 1 should remain planned for March / April 2010. Project 2 should be incorporated within the approach to the market (without any form of pre-commitment) ensuring that it is not precluded from negotiations, and allowing the final phasing and delivery decision to form part of “competitive dialogue” with suppliers. The route of the “network” and order of connections should also remain open and form part of the “competitive dialogue” process, and to be determined by achievement of carbon reduction targets and opportunities presented by heat loads.</p>
<p>The term of the contract</p>	<p>Contract terms from 20 to 30 years have been considered, although LCC has no specific requirements.</p>	<p>It is likely that the contract term will be influenced by the level of investment required and rate of return available to the supplier, i.e. the commerciality of the Project.</p>	<p>The term of the contract should be subject to the “competitive dialogue” process with suppliers, likely to be between 20 and 30 years.</p>
<p>Requirement that the preferred supplier make a commitment to use “renewable” fuels.</p>	<p>One of the objectives of the Project is to establish a secure and resilient and sustainable energy supply (likely to be through identification and development of renewable fuels).</p>	<p>Changes in emissions (and air quality) targets and related incentives, along with technological advances mean that should LCC stipulate the use of specific (and potentially unproven) renewable fuels there is a possibility that such inflexibility may become restrictive in terms of a supplier’s ongoing ability to reduce emissions.</p>	<p>The terms of the contract should ensure that the supplier must commit to achieving specific, measureable increasingly challenging targets for reducing CO2 emissions.</p>
<p>Inclusion of metering</p>	<p>LCC decided to review <i>“whether or not it is</i></p>	<p>The inclusion of metering as part of the</p>	<p>The provision of meters in individual residential</p>

	<p><i>technically more efficient to procure individual meters as part of the same process, whilst ensuring that this does not jeopardise the fundability of the scheme</i>".</p> <p>Initial estimates for metering stand at around £6 million – expected to be rolled in to revenue costs.</p>	<p>scheme to be financed by an external supplier is likely to reduce the appeal of the Project and, in some cases, the financial viability of the Project (as it will increase the required capital outlay whilst reducing consumption by approximately 12%).</p> <p>The cost of providing metering may result in less favourable pricing for LCC users/tenants, i.e. whilst cost savings compared to market prices are to be guaranteed, the level of available savings may be reduced.</p> <p>Including metering as part of the Project could save LCC a substantial capital outlay (£6m). It will provide tenants with both "affordable and controllable heat" and that is a very important consideration.</p>	<p>properties should be agreed as an integral part of the Project to ensure that tenants will have control over their heating bills.</p> <p>Given the impact on project viability due to reduced consumption, along with the potential impact on the price / cost of heat due to an increased level of capital investment, the approach to and timing of the installation of residential meters should remain subject to "competitive dialogue".</p> <p>Metering should be included in the OJEU notice as a "mandatory variant", i.e. suppliers should present their tenders to show a bid with meters and a bid without.</p>
Pricing policies and approach to billing & retailing heat	LCC prefers that the supplier of heat provides billing and customer service directly to each individual consumer, although LCC will want to ensure that vulnerable users have a certain level of "protection".	Whilst some suppliers may prefer to bill LCC, with LCC retaining the role as the retailer of heat, others will be comfortable managing the direct billing function. Direct billing by the heat supplier could result in a requirement for less "smart" and therefore less expensive meters, thus reducing the burden of cost on the Project.	The tender document should stipulate that LCC prefers that any supplier assumes responsibility as a retailer of heat and provides billing direct to residential and non-residential consumers, although their approach in certain areas, e.g. pricing and debt management policy should be approved by LCC (via the Committee or Board) and be subject to contractual obligations.
Valuation and transfer of existing district heating assets to the supplier	Transfer of existing district heating assets has been considered although LCC has no	It is anticipated that ownership of the existing district heating plant / assets	LCC should regard the existing district heating schemes as assets in return for which they

	specific requirements.	will be transferred to the supplier for the term of the contract in return for a consideration.	should receive a consideration. The most appropriate consideration, e.g. profit share; capital sum; metering; price subsidy; should be finalised as part of the “competitive dialogue”.
Inclusion of Aikman Avenue & Beatty Avenue as part of Project 1	Although neither New Parks nor Beatty Avenue district heating schemes were included in the Project approval, LCC require that their inclusion be considered by suppliers.	Geographical location of both Aikman Avenue & Beatty Avenue boiler houses dictates that they are not to be connected to the City CHP network, although their inclusion is unlikely to have a negative impact on Project viability. The approach to operating Aikman & Beatty Avenues may vary, with some suppliers potentially proposing to operate and manage “as is” and others that may view the “satellite” schemes as an opportunity to develop a secondary CHP network outside of the city.	Aikman Avenue and Beatty Avenue boiler houses, along with the associated heat consumption and requirement for tenant metering, should be included as part of Project 1. The approach to ongoing management of Aikman & Beatty Avenue schemes should remain subject to “competitive dialogue”.
Consideration of issuing bonds	Consideration to be given to issuing bonds with a view to enabling local involvement in the Project and potential to “have a say” in the management of the scheme to ensure consumer protection.	With the minimum recommended bond value being tranches of £10,000 it is unlikely that the local community would be able to participate. Despite the possibility of raising funds to the value of £1 million via a bonds issue, this level of investment would not provide LCC with a “stake” in the Company and the ability to protect tenants – this is the role of the contract. LCC would be required to underwrite the full value of the bonds issue.	The idea of issuing bonds should not be pursued, as per the recommendation of the Scrutiny Task Group in their final report to OSMB.

<p>Consideration to be given to potential of FLOC.</p>	<p>Review possibilities for using FLOC as a fuel for district heating.</p>	<p>The district heating infrastructure cannot support the use of FLOC in its current form: The material has a high temperature usage (c.1500 degrees); Burning it creates a high chlorine content (from the plastics) that, as a residue, will damage the existing infrastructure / plant; In order to remove the residues the FLOC should go through a gasification process that requires investment in a gasifier (for our existing FLOC output of 30,000 tonnes per year, the facility would have a footprint of 1.3 hectares and cost around £25 m to build); We would be required to hold a waste management licence.</p>	<p>It is may be ideal to consider the FLOC material as a potential energy source for an area such as Ashton Green that has the space and overall development potential to exploit the material either in its innovative stage or in the future.</p>
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Indicative Outcomes

4.17 Proceeding with the Project, i.e. enabling and implementing the City-wide district heating scheme based on combined heat and power (CHP) technology as proposed will result in:

- An ongoing reduction in CO2 emissions contributing to the achievement of the One Leicester theme to reduce our carbon footprint
- An anticipated reduction in the price that tenants pay for heat along with the possibility of negotiating a supplier guarantee that, for the term of the contract, prices will remain below those available on the open market
- Tenants having a controllable heat supply following the installation of meters
- Controlled Project cost (£400,000) and minimised risk to the City Council

4.18 A decision not to proceed, i.e. doing nothing will result in:

- No carbon emissions reductions from district heating
- Tenants being unable to control/reduce the cost of their heating and therefore being less willing to change their consumption habits and levels of energy usage
- The City Council potentially needing to find £6 million capital to fund the installation of residential meters

- Minimal Project cost (£100,000) yet increased risk to the City Council in terms of fuel poverty, and our ongoing carbon trading position.

Next Steps / Stage Two Activities

- 4.19 To finalise a brief for a private specialist service provider to include:
- Description of the division of responsibilities at design, construction and operation stages of the project, clearly identifying division of risk
 - Output specification targets and performance/service level criteria required for the service, including Business Continuity arrangements, along with a method of measuring achievement of the output specification and service levels by the ESCo
 - Revenue deductions (penalties) relative to failure to meet the output specification and service level criteria including failure to meet City Council requirements in terms of timescales for delivery, project priorities, and impact of construction works
 - Expected charging structure (including indexation)
 - Commitment to reduction of emissions with consideration to the use of gas (and renewable fuels), in line with local and national drivers
 - Indemnity and insurance requirements
 - General obligations of Leicester City Council and the senior users including permissions, access arrangements, TUPE and transfer of City Council land, buildings, plant and pipework as part of the proposal
 - Scheme extension and development proposals
 - Period of Agreement including termination and/or expiry.
- 4.20 To finalise selection and evaluation criteria based on a supplier's ability to achieve the Project Objectives and meet the Key Parameters, with the proposed balance allocated to Quality/Cost being 70/30.
- 4.21 To manage and coordinate procurement in accordance with EU requirements (utilising "competitive dialogue") with the basis of the award of any contract being the "most economically advantageous".
- 4.22 To commence a programme of consultation with tenants and Right to Buy leaseholders.
- 4.23 To commence a programme of consultation with Trade Unions regarding the impact of the Project on staff and the extent of potential TUPE issues.
- 4.24 To report to Cabinet in September/October 2009 on the outcome of the tender process with a recommendation on the appointment of a Senior Supplier (ESCo).

5.0 FINANCIAL, LEGAL AND OTHER IMPLICATIONS

Financial Implications – Rod Pearson / Graham Troup

- 5.1 Provision of £400,000 was made within the corporate capital programme for the procurement of Combined Heat & Power, of which £300,000 has yet to be approved by Cabinet.

- 5.2 The proposal is that a private sector contractor would wholly own an Energy Service Company that would have responsibility for design, delivery, finance and operation of the scheme. The City Council would not have to find the capital investment estimated to be in the order of approximately £10 million for phase 1 excluding meters and £30m for phase 2, though it would need to enter into a long-term contract in the region of 20 – 30 years.
- 5.3 It is envisaged that the existing CHP provision will be transferred to a private contractor on a long-term contractual basis with the contractor providing heat and power to Council tenants and the Council's administrative buildings, as well as other parties such as the University and the Prison.
- 5.4 Depending upon negotiations with the successful tenderer, the Council could receive a capital receipt to reflect the value of its assets or alternatively a profit share from the scheme.
- 5.5 A number of issues remain which would be subject to detailed negotiations with any successful bidder such as metering, how the value of the Council's existing district heating assets are reflected in any contract, the treatment of satellite existing district heating operations, billing arrangements and how the tenants' interests can be safeguarded.
- 5.6 However, with regard to metering, It is proposed that a mandatory variant be included within the tender documentation so that bidders must submit two bids, one including meters and one without. If the cost of meters estimated at approximately £6 million can be afforded within the overall financial envelope, then it would be recommended that they are included within the final contract.
- 5.7 Under current VAT regulations, CHP outputs in the form of heat and power would be charged at the standard rate for non-domestic customers including the Council and at the lower rate (currently 5%) for tenants if metered. The Council should be able to reclaim its VAT through its' normal partial exemption arrangements.
- 5.8 The Council's 2008/09 administrative buildings budget for electricity and gas is £459,300 and £213,400 respectively. It would be hoped that due to the efficiencies produced from CHP, that savings of at least 5% could be realised compared to existing supply. Whether this results in actual budget savings would depend on the market cost of energy, which has recently been very volatile.
- 5.9 The effect on the HRA
The current estimated costs of providing district heating at St Peter's, St Andrews, St Mark's, St Matthews and New Parks is as follows:

	£ 000
Employees	247
Maintenance	687
Premises	218
Gas (new contract)	2,139
Income from non-tenant users	(352)
Cost of providing district heating to tenants	2,939

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- 5.10 Under the proposed CHP scheme, the majority of these costs will be passed to the private sector provider which would then be responsible for recovering costs from the tenants and public and private sector users. The actual revenue effect of the scheme on the HRA is subject to details of the final negotiations, but it is expected that additional costs of approximately £100,000 for employees unable to be recharged (but still needed for remaining functions) will be more than offset by savings in maintenance costs. Thus, at this stage, it is hoped that the scheme could have a net revenue benefit to the HRA.
- 5.11 The proposed scheme could also benefit the HRA in that it would remove the requirement to make future capital investment to replace or improve the infrastructure over the period of the contract.

Legal Implications – Joanna Bunting

- 5.12 Prior to an ESCo taking ownership of the scheme it may be necessary to terminate existing contracts for gas supply / maintenance and, although not anticipated prior to April 2010, there is a possibility that some contract breakage costs will be incurred at that stage.
- 5.13 Powers
To enable this project to proceed we will be relying on the following statutory powers:
- 5.14 Section II of Local Government Miscellaneous Provisions Act 1976:-
Which relates to production and supply of heat by local authorities and provides that a local authority may but or otherwise acquire heat
- 5.15 Section 2 of Local Government Act 2000:-
Which relates to the promotion of well being and provides that a Local Authority has power to do anything which is likely to achieve the promotion or improvement of the economic, social and environmental well being of their area.
- 5.16 Section III of Local Government Act 1972:-
Which refers to subsidiary powers of Local Authorities and provides that Local Authorities have power to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of their functions.
- 5.17 Section I of Local Government (Contracts) Act 1997:-
Which relates to functions to include power to enter into contracts and provides that every statutory provision conferring or imposing a function as a Local Authority confers power on the Local Authority to enter into a contract with another person for provision of making available of assets or services or both for the purposes of or in connection with the discharge of the function of the Local Authority.
- 5.18 Section 21 of Housing Act 1985:-
Relates to the general powers of management and provides that the general management, regulation and control of a Local Authority's houses is vested and shall be exercised by the Authority and the houses shall at all times be open to inspection by the Authority.

5.19 As this Project is a complex one it is proposed to use the competitive dialogue procedure as permitted by the Public Contract Regulations 2006. The Council in its procurement process has to act in accordance with these regulations. Regulation 18 sets out the requirements to engage in such a process. Briefly the requirements are:

- There must be a call for competition by publishing a Contract Notice in the Official journal of the European Union (OJEU).
- There follows a selection process which will be based on the economic operators being able to satisfy minimum levels of economic and financial standing or technical or professional ability.
- The Authority will then enter into a dialogue with potential bidders to develop one or more suitable solutions for its requirements and on which chosen bidders will be invited to tender.
- The Contract Notice published in OJEU will specify a minimum number of economic operators which shall be not less than 3 which the contracting authority intends to invite to participate in the dialogue and where appropriate the maximum number.

5.20 Land position

The Council owns the land and the initial assets involved so no problems are envisaged with the ownership of the land required for the project. It is envisaged that any partner requiring provision will meet any land or asset transfer requirements for such provision either in a direct agreement or a back to back agreement.

5.21 Consultations

The Council is required under the Housing Act 1985 S.105 to consult with its tenants about matters of housing management that may affect them and also leaseholders about charges that may be levied under Leasehold Reform Housing and Urban Development Act 1993 S.123.

Other Implications

5.22 The extent of the impact on current staff (9 F.T.E) and TUPE implications are to be clarified with the support and expertise of the HR department prior to commencing consultation with Trade Unions.

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	Yes	<p>Impact on vulnerable tenants anticipated to be improved affordability / controllability / reliability of heat from district heating.</p> <p>Requirement to ensure appropriate consultation methods to ensure ability to engage all tenants and leaseholders.</p> <p>Equality Impact Assessment drafted with further review at end Stage One of Project (February/March 2009).</p>

Policy	No	
Sustainable and Environmental	Yes	Contribution to One Leicester objective – reducing our carbon footprint.
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	Yes	Impact on vulnerable tenants anticipated to be improved affordability / controllability / reliability of heat from district heating.

6.0 RISK ASSESSMENT MATRIX

See attached - Appendix 5.

7.0 BACKGROUND PAPERS

- Re-Assessment of Inner-City Community Heating & CHP Scheme - Leicester City Community Heating Feasibility Study - Ove Arup & Partners Ltd, August 2007
- 5145 – Extending District Heating & CHP in Central Leicester - Joint Report of Corporate Director, Adults & Housing and the Chief Finance Officer, 14 July 2008

8.0 CONSULTATIONS

University of Leicester
De Montfort University
HM Prison Leicester

9.0 REPORT AUTHOR

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Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)