

## **CABINET – 3 February 2015      EXECUTIVE SUMMARY OF AGENDA ITEM 6**

**Report title:** Establishment of an Energy and Technology company and associated companies

**Wards affected:** City-wide

**Strategic Director:** Barra Mac Ruairi, Place

**Report Author:** William Edrich, Service Director - Energy

### **RECOMMENDATIONS for the Mayor's approval:**

1. To agree the establishment, ownership approach and structure of Bristol Energy.
2. To delegate authority to the Head of Legal Services to agree the Memorandum and Articles of Association of Bristol Energy.
3. To agree the strategic objectives of Bristol Energy.
4. To agree the provision of cashflow support to set up Bristol Energy.
5. To develop a business plan to establish a City "sovereign" wealth trust (along similar lines as the Shetland Islands).
6. To develop a complementary business plan for the obtaining of gas and electricity and digital distribution licences to be presented for approval at the July 2015 Cabinet.
7. To develop a complementary business plan for the provision of smart meters that supports the 'Bristol is Open' initiative and the council's digital strategy.
8. To delegate authority to the Service Director - Energy, in consultation with the Service Director for Finance and the Service Director for Legal Services, to negotiate, sign and enter into the necessary contracts to address the above, including the setting up of Bristol Energy as a fully licensed supplier of electricity and gas that is able to proceed to Controlled Market Entry (for the avoidance of doubt, delegated authority is not given to commence Controlled Market Entry which will be subject to approval at the July 2015 Cabinet).
9. To delegate authority to the Service Director - Energy, in consultation with the Service Director for Finance, Service Director for Legal Services, and the Service Director for Human Resources to recruit staff to Bristol Energy as required to support the above activities.
10. To note that the establishment of Bristol Energy is a principal key output of the ELENA programme.

### **Key background / detail:**

#### **a. Purpose of report:**

To obtain Cabinet approval in principle to undertake the necessary activities to set up a municipal energy company and associated companies (referred to hereafter as Bristol Energy), to enable it to start trading in 2015. To allocate the £1.575m of cashflow support required to enable this to occur.

To note that final approval will be sought at the July Cabinet; to launch Bristol Energy,

start supplying electricity, gas and heat and agree the financing approach required to take Bristol Energy through to break even. Approval in principle will also be sought at the July Cabinet to transfer the appropriate staff, subject to the outcome of a formal consultation process.

b. Key details:

The Cabinet, following consideration of the report, '*Investing in a Low Carbon Future for Bristol - a Bristol Energy Company and Energy Investment Programme*' approved, in principle, the establishment of a municipal energy company in September 2010 with cross-party support.

This proposal sets out the process to establish Bristol Energy, as follows:

1. Incorporate a group holding company limited by shares, which will be wholly owned by the Council.
2. Provide cashflow support of £1.575m in order to cover the initial set up costs of Bristol Energy.
3. Obtain the necessary regulatory licences to become a fully licensed supplier of electricity and gas.
4. Negotiate and enter into the contracts necessary to operate as a supplier of electricity, gas, heat and digital services.
5. To appoint the specialist Bristol Energy staff required to take the company through the set up process to the point of commencing Controlled Market Entry.

Bristol Energy will require working capital to take Bristol Energy from the commencement of Controlled Market Entry through to break even and this requirement will be contingent upon the July 2015 Cabinet being satisfied with:

- the successful establishment of Bristol Energy as a company
- the signing off of the business plan, and
- the approval to launch Bristol Energy

Subject to this approval, it is anticipated that the launch of Bristol Energy will take place in summer 2015.

Under current market regulations, there are a number of options that allow entities to retail electricity to consumers. Of the five options available to Bristol Energy regarding its energy supply activity, the fully licensed supply route is the recommended option.

The Council is also assessing opportunities for joint venture partners and will shortly be issuing an advert in UK, US, German and Japanese business papers seeking expressions of interest.

The principal strategic rationale for the establishment of Bristol Energy is to enable the Council's Energy Service to continue to provide support across all the Mayoral and corporate priorities in a flexible manner, whilst creating an independent income stream

for the Council.

The fundamental objective of Bristol Energy will be to deliver the triple bottom line of sustainable economic prosperity, reduction in social inequality and improved environmental performance. This will be achieved by:

- having a focus on locally generated, low carbon energy, with a mission to be the most environmentally conscious and trusted local energy supplier,
- providing a fairer deal for households currently on prepayment meters,
- supporting community investment in renewable and low carbon projects,
- development of district heating, electrical distribution and broadband/digital networks,
- protecting the city's critical infrastructure, thereby improving resilience.

As a result, Bristol Energy will be a different type of energy company, supporting the business of the council and the City and generating a new revenue stream for the council for reinvestment into the City.

**BRISTOL CITY COUNCIL  
CABINET  
3 February 2015**

**REPORT TITLE:** Establishment of an Energy and Technology company and associated companies

**Ward(s) affected by this report:** City-wide

**Strategic Director:** Barra Mac Ruairi, Place

**Report author:** William Edrich, Service Director - Energy

**Contact telephone no. & e-mail address:** 0117 92 24991  
bill.edrich@bristol.gov.uk

**Purpose of the report:**

To obtain Cabinet approval in principle to undertake the necessary activities to set up a municipal energy company and associated companies (referred to hereafter as Bristol Energy), to enable it to start trading in 2015. To allocate the £1.575m of cashflow support required to enable this to occur.

To note that final approval will be sought at the July Cabinet; to launch Bristol Energy, start supplying electricity, gas and heat and agree the financing approach required to take Bristol Energy through to break even. Approval in principle will also be sought at the July Cabinet to transfer the appropriate staff, subject to the outcome of a formal consultation process.

**RECOMMENDATIONS for the Mayor's approval:**

1. To agree the establishment, ownership approach and structure of Bristol Energy.
2. To delegate authority to the Head of Legal Services to agree the Memorandum and Articles of Association of Bristol Energy.
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8. To delegate authority to the Service Director - Energy, in consultation with the Service Director for Finance and the Service Director for Legal Services, to negotiate, sign and enter into the necessary contracts to address the above, including the setting up of

Bristol Energy as a fully licensed supplier of electricity and gas that is able to proceed to Controlled Market Entry (for the avoidance of doubt, delegated authority is not given to commence Controlled Market Entry which will be subject to approval at the July 2015 Cabinet).

9. To delegate authority to the Service Director - Energy, in consultation with the Service Director for Finance, Service Director for Legal Services, and the Service Director for Human Resources to recruit staff to Bristol Energy as required to support the above activities.
10. To note that the establishment of Bristol Energy is a principal key output of the ELENA programme.

### **The proposal:**

The Cabinet, following consideration of the report, '*Investing in a Low Carbon Future for Bristol - a Bristol Energy Company and Energy Investment Programme*' approved, in principle, the establishment of a municipal energy company in September 2010 with cross-party support.

This proposal sets out the process to establish Bristol Energy, as follows:

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Bristol Energy will require working capital to take Bristol Energy from the commencement of Controlled Market Entry through to break even and this requirement will be contingent upon the July 2015 Cabinet being satisfied with:

- the successful establishment of Bristol Energy as a company
- the signing off of the business plan, and
- the approval to launch Bristol Energy

Subject to this approval, it is anticipated that the launch of Bristol Energy will take place in summer 2015.

## **Strategic fit**

The strategic objectives of Bristol Energy will be to deliver sustainable economic prosperity, reduction in social inequality and improved environmental performance. This will be achieved by, amongst other things:

- having a focus on locally generated, low carbon energy, with a mission to be the most environmentally conscious and trusted local energy supplier,
- providing a fairer deal for households currently on prepayment meters,
- supporting community investment in renewable and low carbon projects,
- development of district heating, electrical distribution and broadband/digital networks, and
- protecting the city's critical infrastructure, thereby improving resilience.

As a result, Bristol Energy will be a different type of energy company, being a force for social good not wholly driven by profit, supporting the business of the Council and the City and generating a new revenue stream for the Council for reinvestment into the City.

The launch of Bristol Energy whilst Bristol is European Green Capital will maximise the profile of Bristol Energy and provide a vehicle to promote the city on the world stage and attract both public and private investment. The establishment of Bristol Energy will be a key milestone in the Bristol 2015 programme of events, showcasing Bristol as a national leader on sustainability and energy.

## **Energy company options**

Under current market regulations, there are a number of options that allow entities to retail electricity to consumers. These are:

### 1. Fully licensed supply

This route requires Bristol Energy to become a supply licence holder and enables the Council to retain full control over its operations and strategic direction, avoiding ceding value to third parties.

### 2. Licence exempt supply

This route is available to those suppliers wishing to supply less than 5MW of power (but limited to a maximum of 2.5MW to the domestic sector) over the public system. This option is not viable for Bristol Energy, as it will be providing far in excess of this level of power to its customers (including the Council).

### 3. "Licence-lite" supply

This option was intended to reduce the cost of market entry, but still requires significant resource to establish and demonstrate on-going compliance with customer facing aspects of the licence. This model is untested at the time of writing, but officers are aware that this route has been explored by another authority for four years.

### 4. "Sleeved" supply

A variant of a conventional offtake/ power purchase agreement, which is not appropriate for an energy company as envisaged by the Council.

## 5. White-label supply

Under this arrangement, an organisation that does not hold a supply licence but instead works in partnership with a licensed supplier to offer gas and electricity to consumers using its own brand. Recent examples of a white-label supply arrangement include Plymouth City Council and Cheshire East Council, both of whom have partnered with Ovo Energy. This option is at odds with the Council's strategic aims and is therefore not a viable option.

### *Conclusion*

Of the five options available to Bristol Energy regarding its energy supply activity, the fully licensed supply route is the recommended option.

The Council is also assessing opportunities for joint venture partners and has issued or will shortly be issuing an advert in UK, US, German and Japanese business papers seeking expressions of interest.

### **Legal structure**

A group holding company, limited by shares and wholly owned by the Council, with two wholly owned subsidiary companies (limited by shares), is recommended as being the most suitable structure that will achieve the Council's objectives.

Governance arrangements, including Reserved Matters and Board membership, will be developed during the first half of 2015 and will be subject to approval at the July 2015 Cabinet.

### **Business plan and financial model**

Business plans, supported by a financial model, have been developed for the following:

1. Energy Supply: the supply of electricity and gas to domestic, commercial and public sector customers
2. Energy Services: the delivery of renewable energy asset installations and ongoing management of these assets on behalf of the Council and third parties

It should be noted that the Council is also exploring the opportunities presented by smart metering through the creation of metering and distribution companies to develop electricity, gas, digital and heat distribution networks, as well as improving the resilience of the City's existing distribution network. The business cases for these companies will be developed during the first half of 2015.

For the avoidance of doubt, all business plans related to Bristol Energy will be the subject of further due diligence ahead of the July 2015 Cabinet.

### **Objectives and outcomes**

The business plans provide the quantitative and qualitative evidence to demonstrate the viability of the Council meeting its objectives in relation to Bristol Energy.

These objectives include:

1. To create a licensed gas and electricity supply energy company offering customers the opportunity to purchase gas and electricity at a price that represents a fair deal to them.
2. To use Bristol Energy as a vehicle to route power from existing and planned Council-owned or community-owned low-carbon generation assets to local consumers.
3. To position Bristol Energy as the preferred choice for local low carbon electricity generators seeking offtake arrangements for their power.
4. To develop Bristol Energy such that it can scale up rapidly, in terms of customer numbers and additional services that may be offered to consumers, and dovetail with the Council's plans to distribute energy across locally built networks, and
5. For Bristol Energy to go-live during 2015 to coincide with Bristol's European Green Capital 2015 year.

## **Timeline**

Following Cabinet approval, a number of purchases will need to be made in order for Bristol Energy to be able to supply electricity and gas to customers. In addition, recruitment of key Bristol Energy staff will commence in early 2015.

Once completed and subject to final approval to proceed with the launch of Bristol Energy at the July 2015 Cabinet, Bristol Energy will need to undertake a period of system testing involving small numbers of live customers, known as Controlled Market Entry (CME), to ensure that its systems and processes are robust.

CME typically takes three to four months to complete following which Bristol Energy will be able to acquire customers at an increasing rate and eventually on an unrestricted basis.

Currently, Bristol Energy is expected to enter CME in the summer of 2015.



## **Consultation and scrutiny input:**

The development of the energy company will be the subject of Place Scrutiny meeting(s) and Party Group briefings up to and beyond Controlled Market Entry.

### **a. Internal consultation:**

Various consultations with elected members and Strategic and Service Directors of Bristol City Council during autumn/winter 2014.

### **b. External consultation:**

Market testing exercises will be undertaken during the first half of 2015, the findings of which will be included in the business plan supporting the Cabinet Report to be submitted to the July 2015 Cabinet for final approval to launch Bristol Energy.

## **Other options considered:**

The Council's Energy Service has a revenue funding requirement of approximately £1.4m a year including oncosts. Half of this funding requirement is currently covered by the European Investment Bank funded European Local ENergy Assistance (ELENA) grant and other grants and funding streams. The ELENA funding is the largest of these and comes to an end in May 2015.

Post this date, the Council has three options (see table overleaf):

Option	What does this option involve?	Comments	Revenue budget impact
1. 'Do nothing'	Do not create an energy company and do not fund those Energy Service roles currently funded by the ELENA grant.	Unable to deliver the Council's pipeline of renewable energy projects or <i>Warm Up Bristol</i> energy efficiency scheme.  Unable to meet strategic objectives and reputational damage during Green Capital year.	Nil  (this ignores the cost of redundancies and loss of income from renewable projects that will no longer take place)
2. 'Fully fund Energy Service'	Maintain the existing Energy Service team, with the Council funding those roles within the Energy Service that are currently funded by the ELENA grant	Unable to supply gas and electricity and additional services to third parties, so unable to meet strategic objectives.	£700k pa additional revenue funding
3. 'Create an energy company'	The Council will need to provide funding of initial set up costs £1.575m and subsequent working capital funding until the company becomes profitable.  There will be no further funding requirement thereafter, saving the Council c£700k of revenue spend per year, whilst also delivering an ongoing revenue stream.	Significant upfront and working capital funding required.  Delivers strategic objectives.  Creates new, independent revenue stream.	£1.575m initial set up costs plus working capital funding, repaid with interest over time.  Once energy company reaches breakeven, £700kpa revenue saving each year thereafter plus additional income stream.

Of the available options, only the creation of an energy company meets the strategic objectives of the council as well as generating savings and a new income stream for the council on an ongoing basis, subject to the successful set up and delivery of the energy company.

## Risk management / assessment:

<b>Table 1</b>							
<b>The risks associated with the implementation of the energy company:</b>							
No.	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK  (Before controls)		RISK CONTROL MEASURES  Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK  (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1.	Business model is inaccurate, leading to energy company failure and financial loss to the Council.	<b>High</b>	<b>High</b>	Specialist input from Cornwall Energy and other consultants to generate majority of assumptions. Key risks are around customer numbers and smart metering. Further iterations and refinements to be produced as part of ongoing work.	<b>Medium</b>	<b>Low</b>	Bill Edrich
2.	Incorrect specification for all system requirements.	<b>High</b>	<b>High</b>	Define in business plan required scope of systems for launch and options for managed services. Dedicated workstream in place during initial set up phase and experienced resource identified.	<b>Medium</b>	<b>Medium</b>	Bill Edrich
3.	In-house resource required to support project is not identified/not forthcoming.	<b>High</b>	<b>High</b>	Strong support at SLT, DLTs and Change Board. Programme to be managed through Change Board. Extended Project Team being set up in January 2015, drawing in required resource from across the Council and third parties, including recruitment of staff.	<b>Medium</b>	<b>Medium</b>	Bill Edrich
4.	Unable to meet project timetable due to delays in recruiting necessary staff with sufficient expertise.	<b>High</b>	<b>Medium</b>	Project plan includes resource required during establishment, launch and projections for growth. Significant pressure due to recruiting/inducting staff, concurrently with procuring goods and services and business modelling. Consultants to be used to provide expert resource on an interim basis.	<b>Medium</b>	<b>Medium</b>	Bill Edrich
5.	BCC/company relations are unclear or leave company unable to compete effectively in the market	<b>High</b>	<b>High</b>	Governance arrangements to be discussed and developed over Q1 & Q2 2015	<b>High</b>	<b>Low</b>	Bill Edrich
6.	Board membership is not sufficiently experienced, resulting in poor strategic decisions	<b>High</b>	<b>Medium</b>	Extensive, open Board recruitment process	<b>High</b>	<b>Low</b>	Bill Edrich
7.	Poor energy company trading strategy results in it incurring significant financial losses.	<b>High</b>	<b>High</b>	Outline trading strategy developed. Recruit Head of Trading and ensure detailed trading strategy is in place prior to Controlled Market Entry. Consultants to be used to provide expert resource on an interim basis.	<b>Medium</b>	<b>Low</b>	Bill Edrich
8.	Interest from service providers and suppliers in the market is insufficient to meet the needs of the project and/or poor quality proposals are received from market	<b>High</b>	<b>Medium</b>	Soft market testing with service providers occurring with significant interest.	<b>Medium</b>	<b>Low</b>	Bill Edrich
9.	Loss of political/senior management support.	<b>High</b>	<b>Low</b>	Significant cross party support over a long period of time (> 4 years). Regular reporting to SLT, Change Board and Place DLT. Wider stakeholder engagement strategy (including Members) for implementation during 2015.	<b>Medium</b>	<b>Low</b>	Bill Edrich

10.	Project Nexus. Gas industry central system and rule change to enable smart meters and update settlement processes	<b>Medium</b>	<b>High</b>	Consider in business plan. Option to fully outsource gas shipping function while new central systems are bedded in.	<b>Medium</b>	<b>High</b>	Bill Edrich
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**Table 2**

**The risks associated with not implementing the energy company:**

No.	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK		RISK CONTROL MEASURES  Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
		Impact	Probability		Impact	Probability	
1.	Reputational damage to the council and city during Green Capital year after publicly committing to setting up an energy company.	<b>High</b>	<b>High</b>	Undertake stakeholder engagement exercise, clearly explaining rationale for decision taken and highlighting work still being undertaken.	<b>High</b>	<b>Medium</b>	
2.	Unable to deliver many of the strategic objectives that would be delivered by an energy company.	<b>High</b>	<b>High</b>	Seek alternative delivery routes, where possible subject to staff and funding being available.	<b>Medium</b>	<b>Medium</b>	
3.	Unable to fulfil primary objective of the ELENA programme, risking Council's reputation and jeopardising future funding opportunities.	<b>High</b>	<b>High</b>	Early engagement with EIB if Cabinet approval not forthcoming.	<b>High</b>	<b>Medium</b>	
4.	No alternative income stream to Council	<b>High</b>	<b>High</b>	Other income streams would be sought but would not be of the same financial magnitude	<b>High</b>	<b>High</b>	
5.	Energy Service roles currently paid for by ELENA and other grant funding would either need to be funded by the Council if programme of work is to be delivered or made redundant.	<b>High</b>	<b>High</b>	Mitigation is to set up the energy company.	<b>Low</b>	<b>Low</b>	

## **Public sector equality duties:**

This proposal has been approved by the Equalities team. See Appendix 3 for the full Equality Impact Assessment form.

## **Eco impact assessment**

This proposal concerns approval to set up a municipal energy company, with outline approval having been previously given by Cabinet in September 2010. The company will have highly significant impacts and potential to reduce citywide emissions through energy management, new infrastructure, and supply of low-carbon energy.

There will be some impacts directly related to the establishment of the company, for example business travel and use of paper. These are not considered to be significant.

Impacts related to the portfolio of large projects currently managed by the Council's Energy Service have already been assessed in previous Cabinet reports; other impacts arising from the operation of the company will be considered in the July 2015 Cabinet report, after the business plan has been developed further.

The proposals include the following measures to mitigate the impacts...

Currently, the Council's Energy Service is included within the corporate Environmental Management System (registered to EMAS), and proposals requiring Cabinet approval are subject to an eco impact assessment. It is proposed that the scope of the council's EMS is extended to include the new municipal energy company, and that its significant investment decisions will be subject to an eco impact assessment.

The net effects of the proposals are...

Positive

**Advice given by** Steve Ransom, Programme Manager – Environmental Performance  
**Date** 18<sup>th</sup> December 2014

## **Resource and legal implications:**

### ***Finance***

#### **a. Financial (revenue) implications:**

None.

**Advice given by** Robin Poole, Finance Business Partner  
**Date** 23 December 2014

#### **b. Financial (capital) implications:**

Energy Services has prepared an outline business plan for the establishment of an Energy Supply Company to be 100% owned by the Council. It is seeking approval for a budget of £1.575m to cover the incorporation of the company and the set-up costs in readiness for

Controlled Market Entry and Launch of the Energy Supply Company to be incurred from the date of this approval.

This set-up budget is broadly in line with market expectations for the set-up costs of an Energy Supply Company, based upon external industry-specific advice.

Following successful incorporation and set-up of the company trading capability, Energy Services intends to return to Cabinet in July 2015 to seek approval to commence Controlled Market Entry and Launch of the Energy Supply Company.

The outline business plan prepared to date estimates that the Energy Supply Company will require additional funding to support Controlled Market Entry and the Launch process of approximately £0.53m.

Post launch, the outline business plan estimates that the Energy Supply Company will also require further financial support for losses expected to be experienced in the early years of trading. This is in line with market expectations for a new Energy Supply Company. The outline business plan has sought to estimate the extent and duration of these trading losses based upon a range of customer uptake scenarios. Current estimates are between £1m to £2m per annum with an annual break-even reached between 2016 and 2018.

There is the potential for the Energy Supply Company to provide a long-term dividend stream to the Council. The outline business plan reports a range of trading surpluses following break-even based upon the same customer uptake scenarios. In order to provide an indication of this, the outline business plan currently estimates annual trading surpluses of between £1m and £8m by 2020 and the up-front investment being repaid at its earliest from 2018.

The outline business plan estimates the total amount of funding at risk from launching the Energy Supply Company (including the £1.575m set-up budgets) as between £3.5m and £4.2m.

Therefore whilst the approval being sought at this stage is limited to the budget for incorporation and set-up costs, the Council should take into account the additional financial commitments, risks and opportunities as outlined above that will arise should it decide in July 2015 to commence Controlled Market Entry and launch the Energy Supply Company.

If approval to proceed is not made in July 2015 then the £1.575m will be abortive costs. In order to mitigate the potential for incurring abortive costs an additional gateway should be built into the timetable and the spend-profile of the £1.575m facilitates this. On this basis £0.6m of the total £1.575m being sought will be available from the date of this approval with the balance to be accessed following SLT review of the revised Business Plan in early May 2015 alongside any interim conclusions from due diligence undertaken (see below).

It is intended that the set-up budgets will be facilitated through a loan arrangement between the Council and Bristol Energy post incorporation, with the initial £0.6m being funded from the Energy Investment earmarked reserve.

In addition, given that the set-up costs relate to systems and expertise that the Council may be able to provide to Energy Services, all expenditure will need to be commissioned through the Business Change directorate.

Finally, the planned July 2015 decision to commence Controlled Market Entry and Launch of the Energy Supply Company should be supported by a full business plan that has been subjected to a programme of due diligence to be undertaken by the Council. The conclusions of that due diligence should be taken into account in decision making at each stage. I recommend that an Investment Group be set up immediately to oversee and report on this due diligence comprising as a minimum Service Directors of Finance and Legal.

**Advice given by** Robin Poole, Finance Business Partner  
**Date** 15 January 2015

**Comments from the Corporate Capital Programme Board:**

Not required.

**c. Legal implications:**

Legal advice (both detailed and comprehensive) has been obtained throughout the project to date, including advice on:

- the options available to the Council in respect of the Company form and structure (having regard to the specialist nature of an energy trading company) and the involvement of the Council (e.g. as shareholder, etc.);
- state and procurement issues associated with dealings between the Council and the company (including the transfer of assets), and the company and third parties (in respect of both receiving and delivering services).

This advice informed the decision to propose a Council controlled holding company with two subsidiaries, one benefitting from the so called Teckal exception, i.e. enabling the Council to contract on certain matters without the need to tender, etc., the other a normal trading arm.

The company will be subject to the Utilities Contracts Regulations 2006 in respect of certain of its activities (allowing for use of certain exemptions to normal procurement requirements) rather than the Public Contracts Regulations 2006 (which commonly apply to local authorities).

The legal advice has been given, which will inform the proposed terms for asset transfer in order to avoid any potential state aid issues, predominantly by following the market investor principle, i.e. on market terms and so not amounting to state aid.

Consideration has also been given to potential competition issues (unlikely) and “vires” (i.e. the necessary powers to pursue the proposed course of action).

**Advice given by** Eric Andrews, Solicitor  
**Date** 23 December 2014

**d. Land / property implications:**

Bristol Energy will require office accommodation for its staff. Until the detailed business plan has been approved suitable short term accommodation within Bristol City Councils Office portfolio will be found. A search for long term accommodation for beyond July 2015 is being undertaken, it will be secured with suitable flexibility to allow for an increase in

staff when the business expands. Further details of this accommodation will be provided in the detailed business plan in July. Bristol Energy will work with Bristol Workplace programme to ensure that the impacts on Bristol City Council's office accommodation can be reflected within July's plan.

**Advice given by** Peter Webb  
**Date** 22<sup>nd</sup> January 2015

**e. Human resources implications:**

It is currently envisaged that, subject to July Cabinet approval of the proposals, staff employed within the Energy Service will transfer to Bristol Energy in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

It is also envisaged, that Bristol Energy will seek to become an Admitted Body to the Local Government Pension Scheme to enable transferring employees to retain their right to membership of the LGPS.

There will be a 12 week consultation period with employees and their trade union representatives on the proposed transfer arrangements. This will commence following July Cabinet approval and the company has appointed a Director to lead on the Company's compliance with the TUPE information and consultation obligations.

**Advice given by** Mark Williams  
**Date** 30 December 2014



# APPENDIX 1: Options appraisal

## Introduction

There are two phases of an options appraisal for the establishment of an energy and technology company. Firstly, the Council must decide whether to establish a company or not and, secondly, having decided to create an energy company, it must explore the options available.

## Strategic aims

In establishing an energy and technology company, the Council must ensure that the energy company supports the Mayoral priorities and the Council's corporate objectives, these being:

- Healthy and caring Bristol;
- Keep Bristol working and learning;
- Keep Bristol moving;
- Building successful places;
- Vibrant Bristol; and
- Global Green Capital.

The principal strategic rationale for the establishment of the energy company is to enable the Council's Energy Service to continue to provide support across the Mayoral and corporate priorities in a flexible manner, while creating an independent (from HM Treasury) income stream for the Council. Specifically, the establishment of the energy company supports the 'Global Green Capital', 'Healthy and caring Bristol' and 'Building successful places' objectives.

Particularly relevant for the energy company will be the opportunity it creates to capitalise on Bristol being European Green Capital in 2015, by providing a vehicle to promote the city on the world stage and to attract investment and jobs. The establishment of Bristol Energy will be a key milestone in the Bristol 2015 programme of events, showcasing Bristol as a national leader on sustainability and energy.

The 2015 Green Capital year will reflect Bristol's ambition to be a pioneering green city. Mayor George Ferguson has offered Bristol as a test bed for environmental ideas in 2015, where the city will develop pioneering practices which will hopefully become a model for cities around the world. Bristol Energy will embody Mayor Ferguson's vision of Bristol as a 'laboratory for change'.

The establishment of a municipal energy company will be a breakthrough development in the UK energy market, as it will be one of the first in the country and will have a strong geographical focus to its activities. Bristol aims to stay ahead of the curve by supporting investments in pioneering renewable technologies and business development opportunities. The successful delivery of the Council's ambitions for the energy company will create a vehicle that will be attractive for government grants and private capital.

The fundamental objective of Bristol Energy will be to deliver the triple bottom line of sustainable economic prosperity, reduction in social inequality and improved environmental performance. This will be achieved by:

- having a focus on locally generated, low carbon energy, with a mission to be the most environmentally conscious and trusted local energy supplier,
- providing a fairer deal for households currently on prepayment meters,
- supporting community investment in renewable projects,
- development of district heating, electrical distribution and broadband networks
- protecting the city's critical infrastructure, thereby improving resilience.

As a result, the Council's energy company will be a different type of energy company, supporting the business of the council and the City and generating new revenue streams for the council for reinvestment into the City.

The energy company will also provide a platform and opportunities to deliver services differently. Bristol Energy will be installing smart meters into the homes of every gas and electricity customer, providing a wide range of strategic opportunities for the council. Smart metering is an enabler for more sophisticated energy management and provides the opportunity to install a data transfer point in every customer's property, subject to their permission to do so.

In the medium term, Bristol Energy will work with council departments to develop systems and strategies that will improve and coordinate the services currently provided by the council. These could include:

- providing customers that desire one with a 'smart home' care package alongside their Bristol Energy tariff,
- providing customers with real time information on their energy usage to enable them to use less energy
- linking to the council's digital strategy and 'Bristol is Open' initiative, or
- enabling smart transport solutions.

The strategic aims of Bristol Energy are:

1. to create a licensed gas and electricity supply energy company (Bristol Energy) offering customers the opportunity to purchase gas and electricity at a fair price;
2. to use Bristol Energy as a vehicle to route power from existing and planned Council-owned and community owned low-carbon generation assets to consumers;
3. to position Bristol Energy as the preferred choice for local low carbon electricity generators seeking offtake arrangements for their power;
4. to develop Bristol Energy such that it can scale up rapidly, in terms of customer numbers and additional services that may be offered to consumers, and dovetail with the Council's plans to distribute energy across locally built networks; and
5. for Bristol Energy to go-live during 2015 to coincide with Bristol's European Green Capital 2015 year.

### **Options appraisal**

The council's Energy Service has a revenue funding requirement of approximately £1.4m a year including oncosts to pay for staff. Approximately half of these salaries are currently paid for by the European Investment Bank funded European Local ENergy Assistance (ELENA) grant, however, this is funding coming to an end at the end of May 2015.

Post this date, BCC has three options:

Option	What does this option involve?	Comments	Revenue budget impact
1. 'Do nothing'	Do not create an energy company and do not fund those Energy Service roles currently funded by the ELENA grant.	Unable to deliver the Council's pipeline of renewable energy projects or <i>Warm Up Bristol</i> energy efficiency scheme.  Unable to meet strategic objectives and reputational damage during Green Capital year.	Nil  (this ignores the cost of redundancies and the loss of income from renewable projects that will no longer proceed)
2. 'Fully fund Energy Service'	Maintain the existing Energy Service team, with the Council funding those roles within the Energy Service that are currently funded by the ELENA grant	Unable to supply gas and electricity to third parties, so unable to meet strategic objectives.	£700k pa additional revenue funding
3. 'Create an energy company'	BCC will need to provide funding of initial set up costs £1.575m and subsequent working capital funding until the company becomes profitable.  There will be no further funding requirement thereafter, saving the council c£700k of revenue spend per year, whilst also delivering an ongoing revenue stream.	Significant upfront and working capital funding required.  Delivers strategic objectives.  Creates new, independent revenue stream.	£1.575m initial set up costs plus working capital funding, repaid with interest over time.  Once energy company reaches breakeven, £700kpa revenue saving each year thereafter plus additional income stream.

Of the available options, only the creation of an energy company meets the strategic objectives of the council and generates savings and a new income stream for the council on an ongoing basis, subject to the successful set up and delivery of the energy company.

### Energy company options

The gas and electricity markets are characterised by complex rules that detail the real-time parameters for operation of large scale engineering system, these being the national and local gas and electricity networks that enable the flow of energy to customer meters, and the commercial arrangements to assign costs of the system and incentives to users.

Generally, it is a requirement that parties using the energy systems (including generators, gas producers, network owners and operators, and suppliers) be licensed by the energy industry regulator, Ofgem. The licence sets out behaviour expected from parties, with sanctions for non-compliance, and obligations to accede to central industry codes that underpin the operation of the market.

The process for acquiring a licence and then subsequently gaining the right to retail to end consumers is

tightly controlled and can be costly and time consuming, as the rules are predicated on national supply, implying scale. This is particularly the case for electricity supply, where the licence entails additional functions in comparison to a gas licence as a consequence of the unique characteristics of electricity (simply put, supply and demand must be managed in real time with little tolerance for drift).

Gas supply is less onerous and more intuitive, as the licence regime distinguishes between the supply function (contracting with the consumer, invoicing, dealing with queries/ complaints etc.) and the shipper function. The latter is a separate licence that sets out obligations relating to use and payment for conveying gas through networks to meters and monies flowing as a result of the shippers' wholesale contracted position compared daily with a retail position. Many gas suppliers are also their own shipper, which is a commercial choice.

For the electricity market, it is the supplier that is responsible for the comparable shipping activity, although there are number of options available to a new market entrant as set out below.

At the core of Bristol Energy's approach is the desire to procure electricity from local assets that are owned by the council and from other local stakeholders. The electricity produced by these assets is moved across the local distribution network to end consumers, avoiding the need to bring in electricity from the national transmission system. As a result, some industry costs can be avoided and these savings can be passed onto consumers as lower prices and/or higher electricity purchase prices for generators. Consequently, Bristol Energy should be able to offer savings to its customers and better returns to local generators compared to the wider market.

Within the current market regulations, there exist a number of options that allow entities to retail electricity to consumers. These are:

### **1. Fully licensed supply**

This route requires Bristol Energy to become a supply licence holder and supply gas and electricity directly to end consumers over the public distribution network. Being a fully licensed supplier entails full compliance with all relevant industry codes. Market entry can be time-consuming, although there are opportunities to shorten entry timescales, and involves a significant upfront investment in systems and processes, e.g. call centres, which can be costly to set up and maintain.

This option enables the council to retain full control over its operations and strategic direction, avoiding ceding value to third parties, and to assign costs and revenues between consumers and local electricity generators as it wishes.

### **2. Licence exempt supply**

This route is available to those suppliers wishing to supply less than 5MW of power (but limited to a maximum of 2.5MW to the domestic sector) over the public system. It removes the need for a supply licence and the associated cost and complexity, although contractual relationships are still needed with a third party licensed supplier for provision of metering registration services and use of the distribution network to "ship" power from the generator to end users.

This option is not viable for Bristol Energy, as it will be providing far in excess of this level of power to its customers.

### **3. "Licence-lite" supply**

This is a relatively new concept introduced in 2009 and was intended to enable a supply licence to be

granted without the need for that party to comply with previously mandatory industry codes, provided the “licence-lite” licensee, Bristol Energy in this instance, can demonstrate to the regulator’s satisfaction that a “senior” fully licensed supplier will do so on its behalf.

This option was intended to reduce the cost of market entry, but still requires significant resource to establish and demonstrate on-going compliance with customer facing aspects of the licence. The Greater London Authority has been attempting to acquire a supply licence via this route for four years and this model is untested at the current point in time.

Consequently, this option is not seen as being viable for Bristol Energy, as does not appear to offer any advantages over the ‘fully licensed supply’ route, yet would require Bristol Energy to work with what is essentially a rival energy company.

#### 4. “Sleeved” supply

Sleeved supply is a variant of a conventional offtake/ power purchase agreement. It allows local generators to net their production against their own or their customers’ consumption over the public system. Again a third party must still deal with meter registration, “imbalance exposure” and provide back-up<sup>1</sup>, top-up and spill services<sup>2</sup>. This option does not enable Bristol Energy to meet its strategic objectives and is not considered further.

#### 5. White-label supply

Under this arrangement, an organisation does not hold a supply licence but instead works in partnership with a licensed supplier to offer gas and electricity to consumers using its own brand. Recent examples of a white-label supply arrangement include Plymouth City Council and Cheshire East Council, both of whom have partnered with Ovo Energy.











The exact nature of the relationship varies for each arrangement, but a common characteristic is that the unlicensed white-label supplier, Bristol Energy in this instance, will have little or no control over costs and prices and will simply be using its brand as a sales channel for customers. This is at odds with Bristol Energy’s strategic aims and is therefore not a viable option.

**Table: Traffic light summary of routes to market**

	Fully licensed supply	Licence exempt supply	Licence-lite supply	Sleeved supply	White label supply
Ease of implementation					
Costs (set up and ongoing)					
Time to implement					
Revenue retention					

<sup>1</sup> A back-up/top-up service is a contract with a third party licenced supplier (TPLS) to provide power to customers where the generator does not.

<sup>2</sup> Where a third party takes “excess” (or spill) generation volumes to market.

Local low carbon generation supply opportunities					
Operational flexibility					
Notes	Bristol Energy has full control.	Supply thresholds too low.	Untested in market and still in development	No relationship with customer	Limited flexibility – simply using BCC/Bristol Energy brand

### Conclusions

Of the five options available to Bristol Energy regarding its electricity supply activity, the fully licensed supply route is the recommended option.

Despite the alternative options being initially less costly and potentially less risky, they do not offer longer-term benefits in terms of costs and business planning flexibility nor do they enable the council to meet its strategic aims.

To shorten market entry timescales as a fully licensed supplier, a prequalified licensed company can be purchased with the necessary licences, IT systems/software, and accession to some of the industry codes, as these have been completed by a third party. Purchasing a prequalified licensed company can reduce market entry timescales by at least six and nine months in comparison to Bristol Energy building and accrediting its own systems.

It is therefore recommended that BCC establishes a fully licensed gas and electricity supplier in the domestic and non-domestic market and achieves this by purchasing a prequalified licensed company with the necessary systems and services.

The approach, in tandem with the 100% ownership by the council of Bristol Energy, will ensure that the council retains maximum operational flexibility as Bristol Energy grows and develops.

## **Appendix 2: Joint venture**

Following the options appraisal to determine the most suitable route for the Council to enter the energy supply market, it is recommended that Bristol Energy pursue the fully licenced supply route. As part of this establishment, there may be opportunities for joint venture partners.

A soft market testing document has been developed to ascertain if there are any private and/or public sector organisations that wish to joint venture with Bristol City Council in relation to the proposed energy company.

Overleaf is a copy of the advert that will feature in a national publication, seeking expressions of interest. International versions have also been developed for US, Japanese and German business publications.

The soft market testing opportunity is being offered at a global scale as it is recognised that companies across the globe may be interested in entering the UK energy market and may wish to seek to do this via a joint venture route with a local authority.

This opportunity will target organisations with innovative technologies, niche expertise and a desire to enter the UK energy market. A joint venture may enable the Council to further its reputation for innovation and leadership in sustainability.

# “ Are you interested in transforming the way cities use energy? ”



Bristol City Council is looking to further its reputation for innovation and leadership in sustainability by exploring the potential of a joint venture to establish a municipal energy company.

Throughout 2015 the eyes of the world will be on Bristol as the European Green Capital – the first UK city to win this prestigious award.

Whether you've got the latest software, niche expertise or are developing new technology, if you'd like to work with one of Europe's leading cities on sustainability then we want to hear from you.

We are exploring partnership opportunities to drive forward Bristol's ambition and help us become a more sustainable city.

You can find out more from our information pack by contacting [laura.davis@bristol.gov.uk](mailto:laura.davis@bristol.gov.uk) or (UK 0044/+44) 0117 922 2642.



Please note that all contacts will be treated in the strictest commercial confidence and not communicated outside of a small team within the council.



Co-funded by the Intelligent Energy Europe Programme of the European Union





## APPENDIX 3: Equality Impact Assessment Form



Name of proposal	The Establishment of an Energy Services & Technology company
Directorate and Service Area	Place, Energy Service
Name of Lead Officer	Bill Edrich

### Step 1: What is the proposal?

Please explain your proposal in Plain English, avoiding acronyms and jargon. This section should explain how the proposal will impact service users, staff and/or the wider community.

#### 1.1 What is the proposal?

Bristol is leading the way in the UK for sustainability matters; the Mayor and elected Members across all parties now want a step change on the delivery of the low carbon agenda, creating jobs, warmer homes, improvement to health, business opportunities and growth. In an exempt Cabinet report in 2010, it was approved in principle that the Council would establish a wholly owned energy company, with cross-party support. This option enables the council to retain full control over its operations and strategic direction.

While the establishment of the company in itself is of low relevance to the Equalities Act the work that the company will propose to undertake, support, facilitate and deliver will have significant relevance to a range of communities as highlighted within the Equalities Act. This relevance is not only restricted to the works but also to the methods of engagement and communication.

The current Energy Service staff will work for the company and continue to deliver a range of energy efficiency and renewable installation projects. Other services that will contribute to the work of the company are:

- Children & Young People
- Health and Social Care
- Public Health
- Landlord Services
- Strategic Housing
- Neighbourhoods & Communities
- Major Projects
- Economic, Green & Digital Futures

The governance arrangements are currently under discussion. However, it is anticipated that there will be a number of boards that may consist of independent non-executive directors, who will be recruited according to a variety of roles, skills and expertise. Women are typically underrepresented in the energy/engineering field, however, an extensive and open Board recruitment process would be undertaken to align skills and experience with the company's objectives and across the boards' membership.

It is proposed that a detailed engagement with communities via the equalities forums will be undertaken from February 2015 as the company designation and formation is undertaken. This will enable opportunities and approaches to be built into the company's business model.

## Step 2: What information do we have?

Decisions must be evidence-based, and involve people with protected characteristics that could be affected. Please use this section to demonstrate understanding of who could be affected by the proposal.

### 2.1 What data or evidence is there which tells us who is, or could be affected?

It should be noted that the recent Hills Review found

“The three main groups of people likely to experience particularly negative health impacts of fuel poverty are the elderly, infants, disabled people and those living with long term sickness. 34 per cent of fuel poor households contain someone with a disability or long-term illness, 20 per cent have a child aged 5 or under, and 10 per cent a person aged 75 or over. Given their vulnerability to the impacts of fuel poverty, these groups are an obvious priority for interventions that make it easier to keep warm, even if they do not have the very greatest fuel poverty gaps” *Hills 2012*.

As this is a citywide programme, there is potential for all residents to be affected. Sources of data and evidence specific to people with protected characteristics are included in Section 3.1.

### 2.2 Who is missing? Are there any gaps in the data?

### 2.3 How have we involved, or will we involve, communities and groups that could be affected?

A number of initial broad meetings have occurred with a range of people and organisations inside and outside of the council around the type of work and structure of the company.

Now that a high level overview of the work programme has been developed a series of more detailed consultations will be undertaken to inform the development of the detailed business plan, engagement approaches and project management aspects of the company from an equalities perspective. These are currently scheduled to begin in February 2015.

As part of this a series of engagement approaches and consultation events will be had with the equalities communities to inform and shape the company’s business strategy.

The information from the consultation events will be written into the company’s operational procedures and this will be explained within the equalities section of the future cabinet report.

## Step 3: Who might the proposal impact?

Analysis of impacts on people with protected characteristics must be rigorous. Please demonstrate your analysis of any impacts in this section, referring to all of the equalities groups as defined in the Equality Act 2010.

### 3.1 Does the proposal have any potentially adverse impacts on people with protected characteristics?

#### Age

- Poorer older people and younger families generally spend longer in their home than the

“average” householder.

- The vast majority of households have little or very basic understanding about how to control or adjust their heating systems. This is particularly pertinent to older households who have higher levels of technology phobia
- The city through its public health and care forums has recognised that levels of older people isolation is a particular area that it wants to tackle and reduce.
- Most households do not like the disturbance of building works, in general older people or younger families often put off work because of the disturbance factor.
- Many older and disabled people are put off the government’s energy efficiency programmes because of their complexity and fear of taking on debt.
- Sources: Department of Energy & Climate Change (2012) *Annual Report on Fuel Poverty*; National Energy Action (2012) *Focus groups of older people, families and households with disabilities and long-term health conditions*.

#### Disability

- Many households that contain people with a physical disability generally spend longer in their home than the non-disabled households, and require higher levels of heat. Economic activity levels are much lower for the disabled people in Bristol than for nondisabled people. Three quarters (75.4%) of disabled people aged 16 and over are economically inactive compared to a quarter (24.9%) of those not disabled.
- The vast majority of households have little or very basic understanding about how to control or adjust their heating systems. This is particularly compounded in households where the householder is physically disabled.
- Households with mental health disability, especially where the householder has a mental health disability have significant compounded and multiple issues leading to these homes paying the highest fuel costs and not accessing support, or utilising their heating systems efficiently resulting in them being the most coldest homes in the city.
- Many older and disabled people are put off the government’s energy efficiency programmes because of their complexity and fear of taking on debt.
- Most households do not like the disturbance of building works, in general households with a physical disability have a greater requirement to minimise disturbance and greater occupants needs than the “average” household.
- Sources: Census (2011), Department of Energy & Climate Change (2012) *Annual Report on Fuel Poverty*; National Energy Action (2012) *Focus groups of older people, families and households with disabilities and long-term health conditions*.

#### Ethnicity

- Many Black and minority ethnic households live in the most poor quality housing that costs more to heat than the “average” home.
- The vast majority of households have little or very basic understanding about how to control or adjust their heating systems. This is particularly compounded in some BME households where there can be a language or cultural barrier to the householder understanding their heating system. For example 5.1% of households in Bristol did not have anyone living in them who had English as a main language.
- Some BME households have cultural and /or language issues leading to these homes paying the highest fuel costs and not accessing support.
- Most households do not like the disturbance of building works, in some BME communities this is compounded by language barriers.
- BME communities are underrepresented in the construction industry, where many jobs will be created.
- Sources:

- Kensington & Chelsea Community Enterprises CIC (2012) *Switching household energy tariffs – an action research study*
- Centre for Sustainable Energy (2005) *Developing effective energy advice for BME Communities*, <http://www.cse.org.uk/pdf/pub1042.pdf>
- Damon Gibbons & Rosanna Singler (2008) *Cold Comfort: A review of coping strategies employed by households in fuel poverty*
- Equality & Human Rights Commission (2009) *Race discrimination in the construction industry*

#### Gender representation

- The number of women within the construction industry stands at 11% and within the operatives on site at 2%.
- 92% of single parents are women and the gender pay gap stands at 9.4% difference and women spend more time in the home than men.
- 64% of men aged 16 and over are in employment compared to 56% of women.
- 45% of men aged 16 and over work full time compared to 30% of women.
- 22% of women aged 16 and over work part time compared to 8% of men.
- Sources: <http://beonsite.org.uk/women-construction-project>, Census 2011

#### Pregnancy & maternity

- Households having their first child often experience a utility shock, due to the unexpected increase in utility (heat, power, water) than before, which can lead to budgeting issues.
- The likely disturbance of building works should be considered.

#### Religion & belief

- Many religious communities contain within their belief systems care for the environment. Religious communities can therefore provide positive support and engagement routes for the company, which can be highly successful.

#### Sexual orientation

- A number of LGB households value their home as a “safe space” and are extremely reticent about granting access.
- Source: <http://www.shu.ac.uk/assets/pdf/ceir-LGBTcommunities-executive-summary-Nov2012.pdf>

#### Transgender

- A number of households with transgender individuals value their home as a “safe space” and are extremely reticent about granting access.
- Source: <http://www.shu.ac.uk/assets/pdf/ceir-LGBTcommunities-executive-summary-Nov2012.pdf>

#### Gypsies & Travellers

- The Gypsies & Travellers community are particularly challenged in terms of access to fuel at reasonable cost as compared to other households. Compounded by the community living in the most inefficient homes within the UK.

### 3.2 Can these impacts be mitigated or justified? If so, how?

#### Age

- The provision of energy efficiency and renewable energy measures can make a significant difference to making their home warmer and reducing fuel bills.
- Methods of behavioural support within the home will need to be explored within the business model.

- It is likely that one of the business approaches will be to support and develop a simple referral mechanism between agencies that might help to provide a means of breaking down that social isolation.
- Explore how contractors working under the company's brand can minimise disturbance especially for vulnerable households.

#### Disability

- The provision of energy efficiency and renewable energy measures can make a significant difference to making their home warmer and reducing fuel bills.
- Methods of support within the home will need to be explored within the business model.
- Significant work around engagement, access, building of trust, reducing disturbance time, advice and support will need to be explored during the consultation period and built into the operational procedures and work projects of the company.
- Explore how contractors working under the company's brand can minimise disturbance and meet expectations of disabled households.

#### Ethnicity

- The provision of energy efficiency and renewable energy measures can make a significant difference to making their home warmer and reducing fuel bills.
- Methods of support within the home will need to be explored within the business model.
- Significant work around engagement, access, building of trust, reducing disturbance time, advice and support will need to be explored during the consultation period and built into the operational procedures and work projects of the company.
- Explore how contractors working under the company's brand can minimise disturbance and meet cultural expectations.
- Explore within the business model, recruitment and through procurement how the number of BME participants can be increased within this sector.
- This will assist with communication and engagement with BME households and as women are in the majority there must be an understanding of some cultural differences in visiting many households.

#### Gender representation

- Explore within the business model, recruitment and through procurement how the number of women participants can be increased within this sector. This will assist with communication and engagement with the single parent households where the women are in the majority.

#### Pregnancy & maternity

- The provision of energy efficiency and renewable energy measures and fuel advice can make a significant difference to making their home warmer and reducing fuel bills. Methods of support within the home, along with operative engagement will need to be explored within the business model.

#### Religion & belief

- Religious communities can provide support at a practical level, such as identifying households that require special assistance, distribution and endorsement of literature / information, etc.

#### Sexual orientation

- Explore how contractors working under the company's brand can minimise disturbance, meet customer expectations of respect and inclusivity.

### Transgender

- Explore how contractors working under the company's brand can minimise disturbance and meet cultural expectations.
- Engagement and consultation with Bristol's Transgender communities will be an essential approach for minimising any potential negative impacts.

### Gypsies & Travellers

- The company will explore the opportunity to provide lower cost fuel as part of its business plan to become an energy company. Guidance and links with the council's Gypsies & Travellers Team will be a necessity for realising positive outcomes for residents and their communities.

### 3.3 Does the proposal create any benefits for people with protected characteristics?

The work projects and engagement approach of the company will have the following overarching positive benefits:

- Reducing household fuel bills
- Increasing household warmth
- Creation of well-paid manual jobs
- Supporting joined-up delivery of services to maximise support
- Enabling long-term sustainable funding sources for communities
- Improved health and educational outcomes
- Local economic benefit

These positive benefits will impact upon the following groups:

- Black and Minority ethnic communities
- People with disability
- Young families
- Older people
- Communities of religion and belief

### 3.4 Can they be maximised? If so, how?

## **Step 4: So what?**

The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of impacts on people with protected characteristics has influenced your proposal, and how the findings of your Equality Impact Assessment can be measured going forward.

### 4.1 How has the equality impact assessment informed or changed the proposal?

This is a new activity for the Council, therefore, the company is seeking to build the required effective reporting structures to ensure excellent customer satisfaction across the work projects and to ensure that the company is reaching all the demographic within the council area.

The assessment highlights the risk to many equalities communities in terms of accessing people in their homes as identified by many as a 'safe space'. To facilitate this need for understanding on a variety of equality communities it is essential that appropriate equality & diversity training be provided to all staff undertaking this work.

Furthermore it is crucial that all customers are made aware of the new service, expectations and their rights and responsibilities related to the service. This information must be available on request

in different formats and languages.
4.2 What actions have been identified going forward?
There will be a series of detailed consultations undertaken from February 2015.
From the consultation process, a series of actions and proposals will arise that will be built into the company business plan and operational procedures.
4.3 How will the impact of your proposal and actions be measured moving forward?
The monitoring arrangements will be developed as part of the consultation process and then embedded into the company's standard operational procedures.

Service Director Sign-Off: Bill Edrich	Equalities Officer Sign Off: Anne James
Date: 07/01/2015	Date: 07/01/2015