

# Overview and Scrutiny Management Board Supplementary Information



**Date:** Monday, 5 December 2022

**Time:** 1.30 pm

**Venue:** Committee Room - City Hall, College Green,  
Bristol, BS1 5TR

## 7. Cabinet report - City Leap Energy Partnership

Report enclosed.

(Pages 2 - 113)

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**Date:** Tuesday, 29 November 2022



# Decision Pathway – Report

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**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 06 December 2022

<b>TITLE</b>	Establishing the City Leap Energy Partnership		
<b>Ward(s)</b>	City-wide		
<b>Author: Pete Anderson</b>	<b>Job title: Director, Property, Assets &amp; Infrastructure</b>		
<b>Cabinet lead: Cllr Dudd, Cabinet Member for Climate, Ecology, Waste &amp; Energy</b>	<b>Executive Director lead: Stephen Peacock, Chief Executive</b>		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b> Cabinet to approve the council forming the Bristol City Leap Joint Venture and granting the City Leap concession to Ameresco Limited.			
<b>Evidence Base</b>			
<b>1. Background</b>			
<p>1.1. Bristol enjoys a global reputation as a leading clean energy city. It has made significant progress in reducing its carbon emissions with a 43% reduction between 2005 and 2019. The council has played a key role in this success and has invested substantially in low carbon energy infrastructure and projects with over £92m invested over the last five years, whilst cutting its own carbon emissions by nearly 80% since 2005.</p> <p>1.2. Following the declaration of a ‘climate emergency’ in 2018, the council worked with city partners to develop the Bristol’s One City Climate Strategy to rapidly reduce the city’s carbon emissions with the goal of being carbon neutral and climate resilient by 2030. To continue its leadership role, the council set a target to be carbon neutral by 2025 in relation to direct carbon emissions from buildings and vehicle fleet under the council’s control (Scope 1 and Scope 2) and for all of its c27,000 social housing properties to be at least EPC Band C by 2030.</p> <p>1.3. In order to significantly accelerate the pace of the council’s delivery to support meeting these challenging targets, Cabinet approved City Leap in April 2019, a pioneering and innovative new approach to delivering low carbon energy projects at scale that could enable up to £1billion of low carbon investment into Bristol’s energy system.</p> <p>1.4. Following a robust procurement process (see Appendix A (i)), Cabinet noted the appointment of Ameresco Limited (Ameresco), with Vattenfall Heat UK Limited (Vattenfall) as a sub-contractor, as the Preferred Bidder for City Leap in April 2022 (see Cabinet Report, ‘Appointment of preferred bidder for City Leap Energy</p>			

*Partnership*’).

- 1.5. Bristol City Leap (‘BCL’) is a joint venture company that will be co-owned by the council and Ameresco. The council will grant Ameresco access to its estate to install low carbon energy infrastructure, contribute expertise, seek to obtain energy-related grant funding and use its knowledge of Bristol to convene, influence and encourage action and delivery beyond the council’s estate to the wider city. Ameresco will contribute substantial investment, capacity and expertise in the delivery of low carbon energy infrastructure projects to support the desired step change in the pace of delivery of low carbon projects and initiatives. See Appendix A (i) for an overview of how City Leap will work in the future.
- 1.6. City Leap will take a collaborative approach towards decarbonisation across Bristol’s communities, building on the excellent work already delivered by Bristol’s community energy groups and networks, and working with many partners across the city and beyond to support the decarbonisation of Bristol.
- 1.7. As well as making a significant contribution to the decarbonisation of the City, individual City Leap projects will have a positive impact for Bristol’s businesses and residents, providing homes and businesses with fairly priced, clean energy and delivering significant social value, including creating new green jobs and apprenticeships.

## **2. Work undertaken since April 2022 Cabinet Report**

- 2.1. The mobilisation phase of City Leap commenced in April this year (following approval of the April 2022 Cabinet Report). Subject to Cabinet approving this report, the council and Ameresco will enter into all relevant contracts and BCL is expected to become operational in January 2023.
- 2.2. The key activities undertaken during this period have been:
  - 2.2.1. Finalisation of the legal agreements;
  - 2.2.2. A refresh of the business plan submitted by Ameresco as part of its winning bid – see para 4 for further information.
  - 2.2.3. Consultation with those council employees within the Energy Service who have been confirmed as being in scope to transfer to BCL under TUPE regulations;
  - 2.2.4. Following Cabinet’s approval of a further Cabinet Report in July 2022, finalising the transfer of the Council’s heat network assets from the council to Bristol Heat Networks Limited (BHNL) (the council’s wholly owned heat network company);
  - 2.2.5. The council commencing the process to appoint its directors to the board of BCL;
  - 2.2.6. Establishing the council’s City Leap Client Function team to monitor BCL performance against the KPIs (see Appendix A (i) for further details);
  - 2.2.7. Undertaking extensive engagement with external stakeholders ahead of BCL becoming operational.
- 2.3. As part of the April 2022 Cabinet Report, Cabinet approved a budget of up to £1.8m for the mobilisation phase of City Leap. It is currently forecast that total expenditure incurred during the mobilisation phase will be contained within this budget – see Appendix G.

- 2.4. As part of the January 2022 Cabinet Report, *'City Leap Energy Partnership - procurement update'*, extensions to the legal and financial services contracts for the council's advisors based on estimated costs at the time were approved by Cabinet.
- 2.5. As a result of additional legal services (in relation to contract drafting) and financial services (in relation to tax advice) being required, further extensions to both contracts are required to take the City Leap programme through to completion, as follows:
- 2.5.1. Legal Services Contract  
In addition to the £1,356k already approved, a further £40k may need to be spent to the end of the procurement. This additional spend needs Cabinet approval under the council's internal procurement rules.
- 2.5.2. Financial Services Contract  
In addition to the £1,112k already approved, a further £140k may need to be spent to the end of the procurement. This additional spend needs Cabinet approval under the council's internal procurement rules.
- 2.6. The extensions set out in 2.5.1 and 2.5.2 above will be contained within the previously approved budget for the City Leap mobilisation phase and no additional budget is required.

### **3. Overview of Ameresco's Tender**

- 3.1 In its tender, Ameresco committed to the following (as summarised in the April 2022 Cabinet Report):
- 3.1.1. Accelerating the council's drive to make its operations carbon neutral by 2025 (covering its direct energy and transport emissions (Scope 1 and Scope 2));
- 3.1.2. Retrofitting the council's social housing by 2030, achieving a minimum EPC Band C;
- 3.1.3. Meeting the following contractually binding Key Performance Indicators (KPIs) over the first five years of the partnership:
- a) Delivering c140,000 tonnes of carbon savings;
  - b) Installing c182MW of zero carbon energy generation; and
  - c) Delivering c£61m of social value, including c£50m of contracts to be delivered by the local supply chain.
- 3.1.4. In order to achieve the above KPIs, in its winning tender Ameresco estimated that an investment of £424m would be required over the five-year period of the business plan.
- 3.2. Ameresco also made the following specific social value commitments in its bid:
- 3.2.1. Creating at least 1,000 new jobs, apprenticeships and work placements (including at least 400 in the City of Bristol area);
- 3.2.2. Setting up and funding:
- 3.2.2.1. A Community Energy Development Fund with guaranteed total funding of £1.5m over the

first five years of the partnership;

3.2.2.2. An Innovation Fund with guaranteed total funding of £500k over the first five years of the partnership;

3.2.2.3. A Community Benefit Fund with an estimated value of £2.8m over the lifetime of the partnership;

3.2.3. Launching a crowdfunding platform that will provide residents of Bristol with a substantive opportunity to invest in BCL projects;

3.2.4. Paying all employees, including sub-contractor and supply chain employees, the Real Living Wage.

3.3. It is currently anticipated that the three funds referenced in 3.2.2 above will be launched in early 2023.

#### **4. Refreshed City Leap Business Plan**

4.1. As referenced in 2.2.2 above, the business plan submitted by Ameresco as part of its winning bid, upon which the Key Performance Indicators referred to in 3.1.3 are based, has been refreshed during the mobilisation phase.

4.2. This refresh was undertaken as the business plan in the bid was based on information up to October 2021 that was provided to the City Leap Bidders during the procurement process by the council and needed to be updated to reflect developments since then. In addition, following its appointment as Preferred Bidder, Ameresco has extensively engaged with council staff to better understand and explore opportunities for low carbon energy projects on the council's estate.

4.3. This refreshed business plan, referred to as the Initial Business Plan (a summary of which is appended to this Cabinet Report at Appendix A (ii)), sets out Ameresco's ambition to deliver carbon savings of c152,000 tonnes across both heat networks and non-heat work activity over the next five years. Note that the contractually committed KPI remains c140,000 tonnes of carbon savings over the first five years as set out in Ameresco's winning bid.

4.4. The summary BCL Initial Business Plan will be published once BCL is operational and will be refreshed annually.

4.5. No approval for new council funding for projects is being sought in this Cabinet Report and therefore the summary Initial Business Plan appended to this Cabinet Report is attached for information only.

#### **5. The council's Energy Service and the City Leap Client Function**

5.1. The majority of the council's Energy Service employees will transfer to BCL and will be employees of that company. Those transferees working on the heat network will then be seconded to Vattenfall.

5.2. A City Leap Client Function is being created within the council to manage the council's relationship with Ameresco and BCL.

5.3. The cost of the Client Function in future years is expected to be contained within a revised Energy Service budget.

## 6. Financial Matters

### *Revenue funding*

- 6.1. As part of its winning bid, Ameresco confirmed that it will fully fund the operating costs of BCL and the council will not be required to make any financial contribution towards BCL.
- 6.2. In addition, Ameresco will make concession payments to the council of £2.3m over the first five years of the Partnership (including a payment of c£1.5m to the council upon contract signature) and further concession payments totalling c£1.9m over the remaining 15 years of the Partnership.

### *Future capital funding for City Leap projects*

- 6.3. In entering into the various City Leap Contracts, the council is making no commitments nor taking any decisions as regards the council contributing to the funding of future projects. Any future funding contributions made by the council to City Leap projects, such as contributing towards the decarbonisation of its social housing, will be subject to the applicable decision-making and scrutiny processes of the council.

### *Heat network assets*

- 6.4. Since 2015, the Council has been building a low carbon heat network to support the decarbonisation of heat in Bristol and already supplies over 1,000 residents and businesses of Bristol.
- 6.5. As stated above in para 2.2.4, the heat network assets owned by the council will be transferred to its wholly owned heat network company, Bristol Heat Networks Limited (BHNL), on 7 December 2022.
- 6.6. As part of the July 2022 Cabinet Report, *'Transfer of Heat Network assets from Bristol City Council (BCC) to Bristol Heat Networks Limited (BHNL)'*, a total loan facility of £24m from the council to BHNL was approved, which BHNL will utilise to pay the council for the transferring heat network assets and to cover working capital requirements.
- 6.7. Whilst this loan facility is expected to be sufficient to fund BHNL until 31 December 2022, approval for an additional loan facility of £2m is being sought by this Cabinet Report as contingency in the event that the completion of the City Leap transaction is delayed beyond the beginning of January 2023 – see Appendix G for further details and also note para 6.10.
- 6.8. Once the heat network assets have been transferred from the Council to BHNL, in order to transfer the heat network assets to City Leap, the council will sell its share in BHNL to Vattenfall when the concession contract between the council and Ameresco are signed and BCL becomes operational.
- 6.9. The shares in BHNL are held by Bristol Holding Limited on behalf of the council.
- 6.10. In exchange for the share in BHNL the council will receive a sum from Vattenfall that is sufficient to repay the sum drawn down by BHNL against the loan facility in full, including the additional £2m loan facility contingency described in para 6.7 if utilised.
- 6.11. The sale of BHNL formed part of the wider City Leap procurement process. As the heat network assets were funded by a mixture of grant funding and Public Works Loan Board (PWLB) borrowing, the Council set

a de-minimis value in the City Leap procurement for the heat network assets that was sufficient to enable all of the outstanding PWLB borrowing to be repaid. The actual price was determined by the City Leap procurement process and met the de minimis requirement.

- 6.12. In selling BHNL, the council removes the reliance on future funding from the council to expand the heat network and enables the private sector to fund this growth.
- 6.13. At the point BHNL is sold to Vattenfall, the council will receive a “special share” in BHNL. This share will give the council a veto to protect the interests of customers of the heat network (in the absence of national regulation of this sector being introduced to provide such protection).
- 6.14. In order to grant the special share, BHNL’s articles of association will be revised. The required consents are set out in the recommendations section of this Cabinet Report.
- 6.15. In terms of the future cost of heat supplied by the heat network, existing contracts will be honoured, and the charges will remain fair and transparent in the future. To enable such charges to be transparent, heat network pricing will be detailed online and communicated with customers in the future.
- 6.16. The council is not selling any other assets as part of City Leap, including its wind turbines, solar farm and rooftop solar systems, which will continue to be owned by the council.
- 6.17. A reallocation and rephasing of £2.3m of capital in total from the previously approved Bedminster heat network to the Redcliffe and Old Market networks is being sought in this Cabinet Report to; a) increase funding to projects which are close to their approved limits, and b) provide contingency up to 31 March 2023, should there be a delay to City Leap for unforeseen reasons. Note that this is capital currently allocated to heat networks and does not constitute a new or increased borrowing requirement. Please see Appendix G for further details

## 7. Risk

- 7.1. City Leap is an innovative pathfinder project of substantial scale that has the potential to deliver a wide range of benefits to Bristol. The associated procurement process has been complex and lengthy and has required the council to take extensive legal, financial and commercial advice.
- 7.2. At all times, the council has sought to ensure that the risks arising from City Leap are understood and minimised so far as is possible.
- 7.3. A detailed risk register is set out in Exempt Appendix I (iii) and further specific legal risks and mitigations are set out in Exempt Appendix I (ii).

### **Cabinet Member / Officer Recommendations:**

That Cabinet:

1. Authorises the Chief Executive, in consultation with Cabinet Member for Climate, Ecology, Waste and Energy, Deputy Mayor for Finance, Governance and Performance Director of Legal and Democratic Services

and Director of Finance to take all steps required to enter into the City Leap Energy Partnership with Ameresco. This will include entering into and giving effect to the agreements, arrangements and documents set out in Appendix A (i) with further information in Exempt Appendix I (ii) which includes the subscription by the council for 50% of the shares in the City Leap Energy Partnership joint venture company (BCL).

2. Authorises the Chief Executive, in consultation with the Deputy Mayor for Finance, Governance and Performance, Director of Finance and Director of Legal and Democratic Services to negotiate the terms of and enter into all necessary legal agreements to give effect to the relevant service transition, including the transfer of staff to the City Leap Energy Partnership.
3. Authorises the Director of Finance (s151 Officer), in consultation with the Cabinet Member for Finance, Governance and Performance, to:
  - a. Extend the existing loan facility from the council to the Bristol Heat Networks Limited by £2m to fund working capital for BHNL to the end of the 2022/23 financial year as contingency in the event that signing of the City Leap contracts is delayed beyond the beginning of January 2023; and
  - b. agree the terms of the provision of such finance and to enter into any documents required to enter into the extension.
4. Authorises the Chief Executive, in consultation with Cabinet Member for Finance, Governance and Performance, to:
  - a. extend the City Leap Procurement legal services contract by up to circa £35k of potential additional spend to complete the City Leap transaction; and
  - b. extend the City Leap Procurement financial services contract by up to circa £140k of potential additional spend to complete the City Leap transaction.

Noting that this potential additional expenditure will be contained within the previously approved budget for the City Leap mobilisation phase.

5. Reallocate £2.3m of previously approved heat network capital spend on the Bedminster heat network (approved in a cabinet report dated October 2021) to the Redcliffe Phase 2 and PSDS heat network projects.
6. Authorises, in order to transfer the company that owns the heat network assets, Bristol Heat Networks Limited, from Bristol Holding Limited to Vattenfall Heat UK Limited:
  - a. the transfer by Bristol Holding Limited of its one ordinary share in Bristol Heat Networks Limited to Vattenfall Heat UK Limited.
  - b. Bristol Holding Limited to enter into a share sale and purchase agreement and any other contracts, documents or arrangements required to give effect to the transfer of shares in Bristol Heat Networks Limited from Bristol Holding Limited to Vattenfall Heat UK Limited.

Noting that the above is conditional upon the receipt of a payment to the council from Vattenfall Heat UK Limited that is sufficient to repay the loan facility granted to Bristol Heat Networks Limited by the council, to the extent that it has been drawn down upon by BHNL.

7. To enable the allocation to the council of a 'special share' in Bristol Heat Networks Limited, authorise:
  - a. the adoption by Bristol Heat Networks Limited of revised articles of association and any other contracts, documents or arrangements required to enable the special share to be issued;
  - b. the allotment by Bristol Heat Networks Limited to the council of one special share in Bristol Heat Networks Limited; and
  - c. the subscription by the council to one special share in Bristol Heat Networks Limited

**Corporate Strategy alignment:**

1. "Drive delivery of the One City Climate Strategy aim for the city to be carbon neutral for all emissions by 2030. Work to secure major external investment, including £1bn through the City Leap programme. Bring everyone with us in our just transition to a low-carbon future." – ENV1 from the Bristol City Council Corporate strategy 2022-2027.
2. "Review our operational estate to ensure we have the right amount and right quality of workspaces. Make sure they are carbon neutral by 2025, as well as climate resilient. Explore the potential for a greater presence in neighbourhoods alongside partners." – EDO6 from the Bristol City Council Corporate strategy 2022-2027.

**City Benefits:**

1. c£424m of investment in decarbonisation projects, c140,000 tonnes of carbon savings and c182MW of renewable electricity and heat generation capacity delivered over the next five years, supporting the council and the city to achieve carbon neutrality by 2030.
2. c£61.5m of social value generated, including c£50m of contracts awarded to the local supply chain including job creation, contributing to a diverse economy that offers opportunity to all and makes quality work experience and apprenticeships available to every young person.
3. Significant job creation for the local supply chain as well as apprenticeships and work placements for Bristol's young people, supporting a just transition.
4. A c£2.3m contractual payment from the Strategic Partner to Bristol City Council over the initial five years of the concession.
5. Keep Bristol on course to be carbon neutral by 2030 and contribute to the council's commitment to achieving carbon neutrality for its direct emissions by 2025.
6. Improve our environment to ensure people enjoy cleaner air through supporting the further deployment of renewable energy generation and electric vehicles.
7. Improve physical and mental health and wellbeing by making residents' homes warmer with fairly priced, clean heat, reducing inequalities and the demand for acute services.

**Consultation Details:**

Internal briefings and significant engagement with community energy groups and other organisations from the VCSE sector - from July 2018 to present.

**Background Documents:**

1. July 2022 Cabinet Report:  
[2022 07 12 Heat Network Asset Transfer Cabinet Paper FINAL.pdf \(bristol.gov.uk\)](#)
2. April 2022 Cabinet Report:  
[2022 04 05 City Leap Energy Partnership - Appointment of Preferred Bidder Cabinet Report - FINAL.pdf \(bristol.gov.uk\)](#)
3. January 2022 Cabinet Report:  
[City Leap - procurement update and contract extension notification FINAL.pdf \(bristol.gov.uk\)](#)
4. December 2020 Cabinet Report:  
[City Leap - procurement update and contract extension notification decision pathway 2020 FINAL.pdf \(bristol.gov.uk\)](#)
5. July 2020 Cabinet Report:  
[Cabinet Report - Revised City Leap Energy Partnership FINAL.pdf \(bristol.gov.uk\)](#)
6. June 2020 Cabinet Report:  
[2020 06 02 Cabinet Decision Pathway - City Leap Energy Partnership update.pdf \(bristol.gov.uk\)](#)
7. April 2019 Cabinet Report:  
[2019 03 21 Decision Pathway - City Leap Energy Partnership - FINAL.pdf \(bristol.gov.uk\)](#)
8. City Leap Prospectus: [www.energyservicebristol.co.uk/cityleap](http://www.energyservicebristol.co.uk/cityleap)

<b>Revenue Cost</b>	Nil	Source of Revenue Funding	N/A
<b>Capital Cost</b>	£2m	Source of Capital Funding	General reserves
<b>One off cost</b> <input checked="" type="checkbox"/> <b>Ongoing cost</b> <input type="checkbox"/>		<b>Saving Proposal</b> <input type="checkbox"/> <b>Income generation proposal</b> <input type="checkbox"/>	

**Required information to be completed by Financial/Legal/ICT/HR partners:**

Further to the Financial Matters set out at para 6 above, and to support the recommendation to enter in the City Leap Energy Partnership, a high-level assessment was made of the Cost-Benefit to the Council, based on an analysis of key information.

**Cost Benefit Analysis**

The Indicative Cost Benefit Analysis to the Authority of appointing a City Leap Strategic Partner is set out below.

25-Nov-22 PK

**Indicative Cost-Benefit Analysis of granting the Concession to the City Leap Preferred Bidder - £m**

5 Year MTFP Indexed		FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total
<b>Savings / Benefits</b>							
Concession Payment	Guaranteed	1.42	0.07	0.16	0.23	0.18	2.05
Authority Share Payment	Not Guaranteed	0.12	0.22	0.45	0.64	0.65	2.09
Risk adjust Non guaranteed Payments	Delayed Income / Capex	(0.02)	(0.04)	(0.09)	(0.13)	(0.13)	(0.42)
Savings ES Budget	Yr 1 assumes 3 months	0.13	0.51	0.51	0.51	0.51	2.18
<b>Total Incremental Income / Savings</b>		<b>1.64</b>	<b>0.77</b>	<b>1.03</b>	<b>1.26</b>	<b>1.21</b>	<b>5.91</b>
<b>Offset by:</b>							
Mobilisation Costs	To 31 March 2023	-	-	-	-	-	-
Client Function	-	(0.26)	(0.51)	(0.51)	(0.51)	(0.51)	(2.32)
In demnities	Pension Strain costs 50%	(0.05)	-	-	-	-	(0.05)
In demnities	Redundancy 50%	(0.17)	(0.02)	(0.02)	-	-	(0.21)
In demnities	-	(0.30)	-	-	-	-	(0.30)
Write-Off Phase 1 Assets	-	(0.50)	-	-	-	-	(0.50)
<b>Total Incremental Costs / Lost Income</b>		<b>(1.28)</b>	<b>(0.54)</b>	<b>(0.54)</b>	<b>(0.51)</b>	<b>(0.51)</b>	<b>(3.38)</b>
<b>Net (Cost) / Benefit</b>		<b>0.36</b>	<b>0.23</b>	<b>0.49</b>	<b>0.74</b>	<b>0.70</b>	<b>2.53</b>
<b>NPV @ HM Treasury Real + Inflation @ 5% (Nominal)</b>		<b>0.34</b>	<b>0.20</b>	<b>0.38</b>	<b>0.53</b>	<b>0.46</b>	<b>1.91</b>
<b>Estimated Capital Investment Saving (from January 2023)</b>		<b>2.25</b>	<b>1.17</b>	<b>2.76</b>	<b>3.10</b>	<b>-</b>	<b>9.28</b>
<b>Estimated tCO2 Saving Per Revised Business Plan Nov'22</b>		<b>17,955</b>	<b>13,798</b>	<b>36,931</b>	<b>42,471</b>	<b>41,736</b>	<b>152,891</b>

It shows for the initial five-year period an overall Indicative benefit (NPV) of £1.9m but it should be noted that:

- The timeframe for the analysis is a five-year period, to align with the Council's Medium Term Financial Plan (MTFP) period, commencing Financial Year 22-23.
- All figures are presented in 2022 values with the HM Treasury discount rate of 3.5% + inflation at 5% (nominal) used to calculate a Net Present Value (NPV)
- Forecast costs to 31 December 2022 in procuring the City Leap Strategic Partner are set out within Appendix I (i) (exempt) and amount to c£9m. However, they are a sunk cost and are deemed not relevant to the decision.
- Other than non-guaranteed Income to the Authority, no adjustment has been made for optimism bias on the basis that the figures are indicative and are presented based on a reasonable level of analysis of data submitted by the Preferred Bidder and existing financial models maintained by the Authority.
- The council will make a provision of up to £1m in relation to certain obligations in the procurement, to be funded from general reserves - see Appendix G for further information.

Whilst it is acknowledged that financial returns can be made beyond the initial five-year period, the over-arching objective of City Leap, beyond bringing private sector expertise and funding to the table, is to assist the Council in achieving its net zero targets by 2030.

Furthermore, the scale of investment anticipated under City Leap is significant and by appointing the Preferred Bidder, the Authority:

- Frees-up capital for investment in other key Council initiatives
- Removes the need for the Council to deploy and manage large-scale commercial deployment of low carbon infrastructure, and the risks that go with that
- Enables the Council to focus on other social and economic areas of need in the community
- De-risks the large-scale investment that is required to deliver the City Leap outcomes

Additional wider economic and social value benefits are also delivered, though outside the scope of this commentary.

**Finance Business Partner:** Paul Keegan, City Leap Finance Business Partner, 25 November 2022

## **2. Legal Advice:**

The City Leap Energy Partnership is a joint venture between the Council and the Strategic Partner to assist with the decarbonisation of Bristol. The legal structure will include:

- A joint venture company (JVCo, referred to as BCL in this Cabinet Report) that will originate low carbon energy infrastructure projects. 50% of the shares in JVCo will be owned by the council, and 50% of the shares will be owned by the Strategic Partner.
- A concession agreement under which the Council will grant the Strategic Partner an exclusive right (subject to certain criteria being met) to install low carbon energy infrastructure (LCEI) on the Council's estate, and pursuant to which the Strategic Partner will be held to key elements of their tender including the delivery of a heat network and considerable social value.

The Council's procurement of the joint venture Strategic Partner to install low carbon energy infrastructure on the Council's estate was subject to the Concession Contracts Regulations 2016. Accordingly, the Council has conducted the procurement of the joint venture Strategic Partner in accordance with the Concession Contracts Regulations 2016.

The City Leap legal structure will require the Council to accept the transfer of shares in a joint venture trading company (under s4 Localism Act 2011 and s95 Local Government Act 2003, the Council has the power to hold shares in a company for the purposes of carrying out trade to generate profit or for other purposes).

Where state resources are being transferred into the structure, this could give rise to Subsidy Control Regime risks if transferred at less than market value. The Council has sought to mitigate that risk by following the “market investor” principle. The regulated competitive procurement process that has been undertaken to procure the joint venture Strategic Partner should minimise risk of a transfer taking place at less than market value.

It is intended that the legal entities within City Leap including BCL will not be “bodies governed by public law” and so will not be subject to procurement regulations. However, this will require ongoing monitoring of the practical operation of the shareholder arrangements.

Further details of the contractual arrangements are contained in exempt appendix H.

The City Leap Energy Partnership will expose the Council to legal risks. These are detailed further in Exempt Appendix I (ii). It is important that the Council implements and maintains good contract management processes throughout the term of the City Leap partnership to ensure that the likelihood of potential risk and exposure arising for the council are mitigated.

Any repurposing of the budgets allocated to the different elements of the heat network will need to be reviewed from a subsidy control perspective to ensure the grant funded elements of the heat network remain compliant with the subsidy control regime. Officers working on the project need to ensure appropriate advice is sought although the overall risk is likely to be low.

**Legal Team Leader:** Sinead Willis, Team Leader – 16 November 2022

### **3. Implications on IT:**

IT are fully aware and supportive of the process. IT will engage to support any required transition activities post award, including any activities under any required TUPE processes.

**IT Team Leader:** Gavin Arbuckle, Head of Service Improvement and Performance – 6 October 2022

### **4. HR Advice:**

Following approval at Cabinet in April 2022, the Council’s Energy Service and trade unions have undergone consultation in accordance with the requirements of the TUPE regulations and BCC HR policies regarding the transfer to BCL.

The majority of the Council’s Energy Service will transfer to BCL and will become employees of that company on the date of the transfer. Staff who work on the heat network will also be transferred to BCL but will thereafter be seconded to Vattenfall. Within the Council, a new client function has been created to lead the relationships between the Council with BCL, Ameresco and Vattenfall. The Energy Service staff deemed out of scope to transfer to BCL will

continue in their existing roles within the client function team.

**HR Partner:** Celia Williams, Human Resources Business Partner, 15 November 2022

<b>EDM Sign-off</b>	Stephen Peacock, Executive Director, Growth and Regeneration	17 November 2022
<b>Cabinet Member sign-off</b>	Cllr Dudd, Cabinet Member, Climate, Ecology, Energy and Waste	17 November 2022
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	25 November 2022

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>YES</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>YES</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>YES</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>



# Establishing the City Leap Energy Partnership

Appendix A (i)  
Further Essential Background Information



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## City Leap procurement process

Following the approval by Cabinet in July 2020 of the Cabinet Report, ‘Revised City Leap Energy Partnership’, a Concession Notice was published in the Official Journal of the European Union on 3 August 2020 to commence the procurement of the City Leap Strategic Partner.

Following an initial selection stage, three Bidders were shortlisted to participate in the next stage of the procurement, as follows:

- Ameresco Limited, with Vattenfall Heat UK Limited as an Essential Sub-Contractor;
- E.ON UK PLC and Marubeni Corporation (acting as a consortium); and
- ENGIE Services Holding UK Ltd and Sumitomo Corporation (acting as a consortium).

The next stage of the Procurement commenced in November 2020 and involved meetings with each of the shortlisted Bidders.

An Invitation to Tender was published on 16 August 2021 and two bidders subsequently submitted Tenders to become the City Leap Strategic Partner on 17 December 2021.

Upon completion of the evaluation process, Ameresco Limited was appointed as Preferred Bidder following Cabinet approval in April 2022.

## Background information on Ameresco Limited



**Ameresco, Inc. (NYSE:AMRC) is a leading cleantech integrator and renewable energy asset developer, owner and operator.** Our comprehensive portfolio includes energy efficiency, infrastructure upgrades, asset sustainability and renewable energy solutions delivered to clients throughout North America and Europe.

Our approach begins by addressing energy demand with analytics and efficiency measures to reduce energy consumption. Then, we right-size innovative options for energy supply with renewable and distributed solutions. As a long-term partner, we can also provide ongoing operations and maintenance services to support clients' energy objectives. Ameresco's sustainability services in support of clients' pursuit of Net Zero include upgrades to a facility's energy infrastructure and the development, construction, and operation of distributed energy resources.

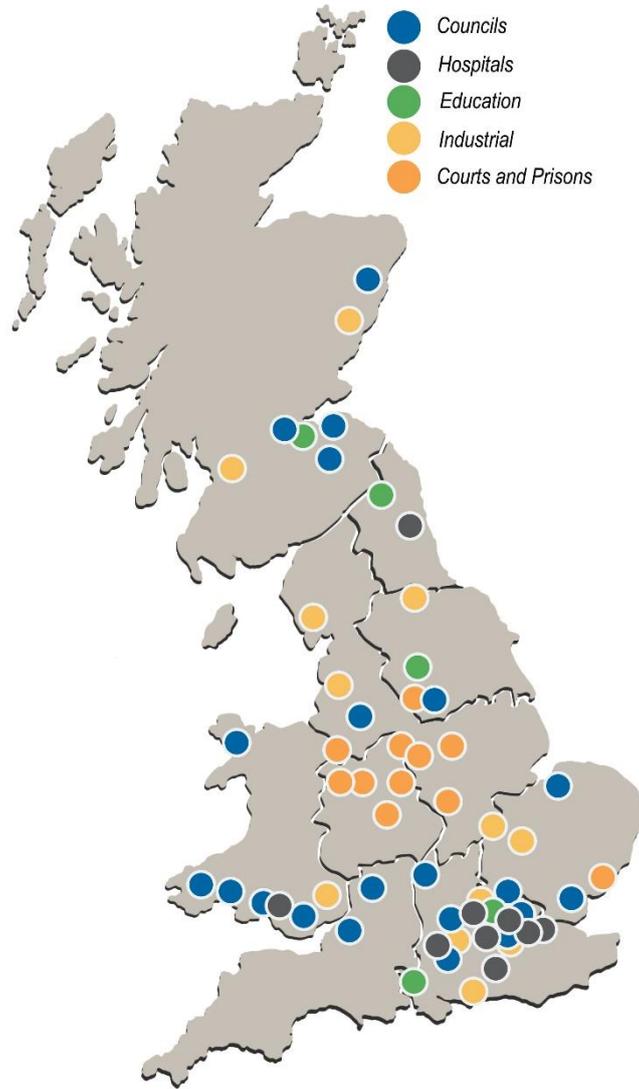
Technical independence coupled with our advanced technology portfolio allows us to integrate best-in-class solutions for the unique needs of each customer, paired with practical financial solutions. Whether focused on securing infrastructure upgrades, meeting sustainability goals, or creating resiliency, our customers benefit from a single provider of comprehensive clean technology solutions.

Drawing from 20 years of experience, Ameresco has successfully completed energy saving, environmentally responsible projects with Federal, state and local governments, healthcare and educational institutions, housing authorities, and commercial and industrial customers.

With its corporate headquarters in Framingham, MA, Ameresco has more than 1,000 employees providing local expertise in the United States, Canada, and Europe. For more information, visit [www.ameresco.com](http://www.ameresco.com).

# UK Projects Map

Updated Feb 2022



## Background information on Vattenfall Heat UK Limited



Vattenfall is a leading European energy company, that for more than 100 years has electrified industries, supplied energy to people’s homes and modernised our way of living through innovation and cooperation. We now want to make fossil-free living possible within one generation. Therefore, we are driving the transition to a more sustainable energy system through growth in renewable production and climate smart energy solutions for our customers.

Our main markets are Sweden, Germany, the Netherlands, France, Denmark and the United Kingdom.

The parent company of the Vattenfall Group, Vattenfall AB, is a non-listed company, 100 percent owned by the Swedish state. Vattenfall finances its operations by own generated cash flow and external funding, mainly in the form of corporate bonds.

### **Vattenfall Heat UK**

Vattenfall Heat UK delivers on low carbon heating, cooling and power solutions; through a commitment to enable fossil free living within one generation. We're an energy partner at the forefront of affordable and reliable low carbon heating in the UK. The growth of our district heating business is accelerating in line with our purpose of powering climate smarter living.

### **About heat networks**

Heat networks are essential in decarbonising heat in domestic and commercial properties. They harness heat from a central energy source, such as from the ground, water or waste heat from industrial processes and energy from waste plants. Heat sources are in abundance in cities.

Heat networks are a future proof way of heating homes in urban areas by being ‘technology agnostic’. This means that no matter what new technology may emerge in the coming years, developments are ready to adopt them without costly retrofitting. For more information, visit [heat.vattenfall.co.uk](https://heat.vattenfall.co.uk).

## Structure of the City Leap Energy Partnership

The City Leap Energy Partnership ('BCL') is a joint venture between the council and its Strategic Partner (SP) Ameresco Limited (Ameresco). The council and Ameresco will each be 50/50 shareholders in a joint venture company (JVCo), that aims to decarbonise the council's estate and support the wider decarbonisation of Bristol.

BCL will originate new projects and be responsible for the commitments set out in the summary Initial Business Plan (see Appendix A (ii)) All transferring Energy Service staff will be employed by BCL and continue to work on the delivery of existing projects and originating new opportunities. BCL's operating costs will be funded in full by Ameresco and Vattenfall. BCL will not own any assets or subsidiary companies.

Ameresco and Vattenfall may create separate legal entities to bring investment into projects that they will develop as part of BCL. No council investment will be made in any new legal entity. Ameresco and/or Vattenfall will be the contractor for any decarbonisation investment in the council's estate.

## Role and function of City Leap entities

The role and function of each entity within the structure of City Leap is summarised in the table below.

Entity	Role	Function
<b>Bristol City Council</b>	Local Authority	<p>Promote and enable the delivery of city wide decarbonisation projects on the path to Net Zero and take an equal partnership in BCL – see later section, ‘Strategic and operational control’.</p> <p>Help to facilitate the origination and development of projects in the business plan in line with obligations under the Concession Agreement including to secure grant funding where opportunities exist that will bring down the cost of decarbonisation for Bristol.</p>
<b>BCL</b>	JVCo	Overall vision, development of the five-year business plan, strategy and project origination. All of the Council’s Energy Services employees who transfer to the City Leap Energy Partnership will be employed by BCL.
<b>Ameresco Limited</b>	Strategic Partner	<p>Take equal partnership in BCL and be responsible for delivering obligations under the Concession Agreement. Provide operational management and support to achieve BCL outcomes and deliver services. Support origination and design, build, fund, own and operate new Low Carbon Energy Infrastructure (‘LCEI’) assets across Bristol (excluding the heat network).</p> <p>In relation to the heat network, Ameresco has a ‘Sub Concession Agreement’ in place with Vattenfall that passes down the relevant obligations from the Concession Agreement.</p>
<b>Vattenfall Heat UK Limited</b>	Essential Sub-contractor	Support origination and delivery of the heat network and approval of the relevant sections of the Business Plan. Acquisition and continued expansion and operation of Bristol Heat Networks Ltd with the support of Vattenfall’s resources and expertise in heat network delivery and risk management. The Energy Service staff working on heat networks will be transferred to BCL, and then seconded to Vattenfall so that they can continue to work day-to-day on the heat network.
<b>Bristol Heat Networks Limited</b>	Ownership and operation of heat networks	Owned by Vattenfall, BHNL will develop, own and operate existing and new heat networks across Bristol .

## Contractual arrangements

The 20-year Concession Agreement is the foundation document for the BCL. Under the Concession Agreement, the council will grant the right to install low carbon energy infrastructure on the council's estate.

The Concession Agreement obliges the Strategic Partner to meet the Key Performance Indicators as set out in para 3.1.3 of the Cabinet Report. In addition, there are commitments given by the Strategic Partner in the Concession Agreement in relation to the heat network, in particular in relation to continuity of service provision and fair pricing, which the council views as critical and which Ameresco will mirror in its contractual arrangements with its key subcontractor, Vattenfall.

To supplement the commitments given by the Strategic Partner in the Concession Agreement in relation to the heat network, the council will be given a "special" share in the company that will own the heat network assets in the future. This share will give the council a veto over certain actions by that company, such as a future sale, unless, for example, any future owner of the heat network agrees to abide by the contractual commitments given by the Strategic Partner in relation to the heat network. This will enable the council to continue to protect the interests of customers of the heat network prior to national regulation of heat networks being introduced that will provide customers with equivalent protections.

In addition to the Concession Agreement, the Council will be entering into:

- a Shareholders' Agreement, which regulates the relationship between the council and the Strategic Partner as shareholders of BCL;
- a share sale and purchase agreement, which sets out the terms of sale for the shares in BHNL (the council's wholly owned company that owns the heat network) to Vattenfall (Ameresco's sub-contractor that will own, operate and expand the heat network); and
- an intellectual property agreement.

The Concession Agreement has been set up so that the Strategic Partner is the primary contractor to the Council, and the Council will enter into delivery agreements with the SP for LCEI projects. The only party that BCC will contract with is Ameresco, and the only relationship/contract BCC is expected to directly manage under City Leap is with Ameresco.

Ameresco will be responsible for putting in place and managing all relevant sub-contracts relating to the delivery of LCEI projects under City Leap and there are various protections for the council in the Concession Agreement around delivery of sub-contracts and ensuring value for money. This includes an annual value for money audit process, value for money requirements that will need to be met before the council will approve City Leap projects on its estate and contractual sub-contracting and benchmarking provisions - see later section, '*Ensuring best value for Bristol*'.

## Obligations of both parties

As a result of entering into the legal agreements between the council and Ameresco Limited, both parties will take on substantive obligations including the following:

The council must:

- Offer the Strategic Partner a right of first refusal on any LCEI project proposals that are originated by the council's service areas;
- Provide access to the council's estate, including its corporate buildings and social housing. Projects will not be permitted to proceed on the council's estate unless they have been through the project approval process and met the Project Acceptance Criteria (see later section);
- Work with and co-operate with BCL to originate new projects;
- Assist with grant funding applications;
- Facilitate and assist heat network expansion.

Ameresco Limited must:

- Originate LCEI projects on the council's estate;
- Deliver approved projects to the service standards set out in the Concession Agreement;
- Ensure funding for BCL, development costs for Bristol City Leap projects and construction of the heat network;
- Make relevant payments to the council under the Concession Agreement;
- Deliver the commitments put forward in their bid, the Business Plan and Annual Budget;
- Achieve all Key Performance Indicators;
- Comply with heat network delivery obligations;
- Comply with social value delivery commitments set out in their bid,

## Strategic and operational control

BCL will be established as a joint venture, with the council owning 50% of the shares in BCL, held by the Mayor, and Ameresco owning the other 50% of the shares. A Shareholders' Agreement covers the relationship between the council and Ameresco as shareholders of BCL. The council and Ameresco will each be able to appoint two directors to the board of the BCL.

## How City Leap will work during the lifetime of the partnership

### Client Function for City Leap

The Client Function will act as the interface between the Council and BCL to drive the delivery of the key aims.

### Project Acceptance Criteria ('PAC')

The Concession Agreement grants Ameresco the right to carry out projects on the council's estate that meet the detailed PAC set out in the Concession Agreement.

The PAC is split into three parts:

- Part A sets out the Generic Project Acceptance Criteria which all relevant projects on the Council's estate will need to meet;
- Part B sets out Specific Project Acceptance Criteria which apply to projects on the Council's estate to be developed with particular Service Areas, such as Housing & Landlord Services which manages the council's social housing; and
- Part C sets out the four-stage approval process to be followed in order for Ameresco to demonstrate that a project meets all the Project Acceptance Criteria set out in Part A and any applicable criteria from Part B.

Any changes to the PAC must be approved by Cabinet.

#### **Part A – Generic Project Acceptance Criteria**

Under Part A, the criteria projects must meet include:

- must demonstrate benefits, e.g. carbon savings, energy bill savings;
- terms must be satisfactory to the Council;
- all parties must have in place appropriate and adequate insurance;
- collateral warranties must be offered from all parties where appropriate;
- all end customers must be offered a fair price for energy purchased;
- no conflicts with land use and/or other BCC strategies/policies;
- no contravention of any of the council's statutory duties;

### **Part B – Specific Project Acceptance Criteria**

Part B contains requirements that will apply where a project is in a particular service area in the Council. For example, for social housing projects, all sub-contracts contain must include targets in relation to delivery of high customer care standards.

### **Part C - Project Approval Process**

Part C sets out the four-stage gateway approval process to be followed in order that the Strategic Partner can show that a project meets all the Project Acceptance Criteria.

Once a project has passed the gateway approval process, Ameresco is obliged to deliver the project.

## **Ensuring best value for Bristol**

Bristol City Leap gives the council access to a delivery partner for all LCEI projects for the next 20 years, enabling the council to respond quickly to decarbonisation opportunities.

The Strategic Partner has an overarching obligation to assist the council in meeting its legal duty to ensure best value for public money and there will be an independent annual market price audit carried out across a sample of contracts.

## **Annual Business Plan**

BCL will prepare a rolling five-year Business Plan each year and a summary of the Business Plan will be published on BCL's website. BCL will also make information available on its website regarding the Strategic Partner's progress against the Key Performance Indicators and individual social value metrics such as number of jobs created.

BCL's Business Plan is subject to sign off by the shareholders, whose role is to ensure that the plan aligns with the key objectives of BCL.

## Community participation in Bristol City Leap

Ameresco has made the following commitments relating to community participation:

- Providing **£1.5 million for a Community Energy Development Fund and £500k for an Innovation fund** over the first five years of the term of the concession agreement to support new projects coming to fruition.
- Making 10% of the non-heat network capital requirement available to public shareholder subscription through a **dedicated crowd funding platform**, provided by Abundance, amounting to an estimated £6million in the first five years, giving Bristolians the opportunity to benefit directly from investing in City Leap projects.
- Creating a **City Leap Community Forum** bringing key stakeholders together to support key decision making on the Bristol City Leap strategy.
- Creating and implementing **Community Engagement Action Plans** on a project-by-project basis as Bristol City Leap is developed across the city.
- Implementing a **Heat Network Advisory Panel** which will provide advice to and challenge BHNL on strategic heat related matters.
- Delivering a comprehensive programme of further regular engagements with communities, partners, business and the people of Bristol.



**Bristol City Leap**

# Summary of Initial Business Plan

Appendix A (ii) for Bristol City Council's  
December 2022 Cabinet Report

Bristol City Leap Energy Partnership

**BRISTOL**  
city leap

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## Foreword

Climate change is one of the biggest challenges that we face. The impact of global warming is changing our natural world with devastating effect and frequency. Energy prices are rising due to international tensions and these rises are rippling through all global markets. Inflation is driving up the cost-of-living leading to a substantial increase in the number of people living in fuel poverty.

We are in the middle of a perfect storm of international, economical, and ecological pressure where only the combined action of every individual and organisation can bring about the change necessary in the little time available to steer humanity away from a catastrophe. The few with the resources and influence, have a responsibility to unlock the ability of the many to participate positively in the actions necessary to create a transformative system for everyone.

The City Leap Energy Partnership is a key component of Bristol's response to the climate emergency. This is a twenty-year joint venture between Bristol City Council (BCC) and Ameresco to demonstrate how public and private sector organisations can come together with an entire City to transform the way that Bristol generates, distributes, stores and uses energy.

This is about inclusive, City-scale action to enable every individual to participate in and benefit from this essential drive to scale up the action required to tackle the climate emergency and achieve a just, green transition for everyone.

Ameresco will have the contractual obligations to deliver decarbonisation targets with Vattenfall, our partner, undertaking the key commitments in relation to heat networks.

Together, in partnership with the community, we are committed to delivering a legacy of self-perpetuating, positive change towards a fair and sustainable future for all generations to come.



**Mark Apsey MBE**

Managing Director of Ameresco and  
City Leap Energy Partnership

## Executive Summary

### Welcome to Bristol City Leap

Bristol City Leap is a brand-new partnership between BCC and Ameresco which will accelerate green energy investment in Bristol and help towards decarbonising the whole City.

This is a big deal for Bristol. For the residents of Bristol, City Leap has the potential to deliver a better quality of life by improving the warmth and comfort of homes, improving air quality, and creating thousands of local jobs.

### Vision for Bristol City Leap

A sustainable environment, in which every individual has equal access to opportunities and is empowered to contribute to the continuing decarbonisation of their city whilst sharing in its success.

### Bristol City Leap's Mission

Action on City-scale decarbonisation of the built environment, working together to harness the power of communities, public and private sector resources to significantly respond to the climate emergency, fairly and inclusively, delivering shared outcomes for the city.

### A Leap Forward on our Journey to Carbon Neutrality

As part of its winning bid to become BCC's Strategic Partner for City Leap, Ameresco has contractually committed to the following Key Performance Indicators (KPIs) over the next five years:

- c140,000 tonnes of carbon saving.
- c.180MW of zero-carbon generation assets contributing to net zero carbon by 2030.
- c327GWh of zero carbon energy generated.
- c£22m of energy efficiency measures deployed.
- £61.5m of social value including c£50m of contracts delivered by local supply chain.

To deliver the above, Ameresco estimated that Bristol City Leap would need to invest £424m into low carbon energy infrastructure such as solar, wind, heat networks, heat pumps and energy efficiency measures - all of which will support Bristol meeting its carbon reduction ambition of becoming carbon neutral by 2030.

In addition, Ameresco has also committed to the following:

- A guaranteed £1.5m Community Energy Development Fund and a guaranteed £500k. Innovation fund over the first five years of the partnership.
- Development of a Community Benefit Fund expected to reach £2.8m during the concession period.
- £2.34m of guaranteed payments and an estimated £1.63m of risk-based payments to BCC, the latter being dependent on the level of delivery by City Leap.
- An estimated £6m+ crowdfunding opportunities for residents to invest in City Leap projects.
- 410 new jobs created in Bristol and 1,000 jobs in total, all paying at least the 'Real Living Wage'.
- Apprenticeships, training, work placements, mentoring and awareness opportunities.

## Initial Business Plan

### Context for Bristol City Leap's Initial Business Plan

This Initial Business Plan covers the time period 4 January 2023 to 31 March 2028 (“Business Plan Term”) and will be reviewed and updated annually (“Business Plans”). The City Leap Initial Business Plan comprises two elements; the Low Carbon Energy Infrastructure (LCEI) plan developed by Ameresco, and the Heat Network plan developed by the Ameresco’s subcontractor, Vattenfall Heat UK.

Each Business Plan is an indicative document, setting forth (at the date of its publication) the Strategic Partner's intended roadmap to achieve the contractually binding Key Performance Indicators set out on the previous page.

The deliverability of each Business Plan, and the projects listed in it, will depend on a wide range of factors, including prevailing market conditions, technological advancements, the availability of funding (including grant funding), government energy policy, third party involvement, support from BCC, the global macro-economic and political environment and end user take-up.

The Business Plan will evolve over time and will be agreed and amended by the Council and Ameresco. However, the Strategic Partner's success in delivering City Leap is measured against the Key Performance Indicators (KPIs) and, accordingly, each iteration of the Business Plan does not represent a new set of legally binding obligations on the Strategic Partner.

Clearly a business plan is only a snapshot at a particular point in time and will evolve as the energy infrastructure landscape changes, for example in response to changes in government policy and financial support. As such and noting that we live in extraordinary times as regards energy prices, the ambition set out in this business plan and in relation to any individual technologies referenced should be read in this context.

### Risk Management

Bristol City Leap is a first of its kind approach to decarbonisation at City scale and as with all pioneering projects comes with a level of risk. Acknowledging this as well as the inherent risk of not tackling climate change motivates the Bristol City Leap risk management system. A multi-layer risk management process will be applied to ensure the success of Bristol City Leap at all levels. This includes:

- **Macro level risk** – Constant monitoring of key information channels to assess risks including the influence of world affairs on energy pricing, equipment, and resource availability. Regular impact assessments will be shared via quarterly and ad-hoc reporting based on impact severity.
- **UK regulatory risk** – Monitoring via consultancy services for changes in UK energy industry regulation and central government thinking relating to future energy and environment compliance. Impact assessment and awareness will influence strategic planning at the business plan level and tactical planning in the daily operations of City Leap Energy Partnership.
- **Bristol City local risks** – Work closely and regularly with local stakeholders spanning community groups to local and national industry leaders to assess influences on the local energy landscape.

City Leap Energy Partnerships will collaborate to mitigate risks and influence the Bristol City decarbonisation agenda.

- **Operational and project risk** – City Leap Energy Partnership will operate an accredited quality management system with proven operational and continuous improvement procedures to control and manage all associated project delivery risk to Bristol City Leap and its stakeholders.

## Strategic Goals for the Initial Business Plan

### By 2025:

- Achieving carbon neutrality of BCC's operational estate.
- Supporting the development of a highly skilled local supply chain.
- Delivering consistently high level of decarbonisation projects to help drive down installation costs.
- Becoming first choice decarbonisation partner for all sectors in Bristol.

### Within five years:

- Developing a local energy trading market for all to participate fairly in.
- Demonstrating a successful, world-renowned partnership approach for City-scale decarbonisation.

### By 2030:

- Achieving EPC rating 'C' or better for all the Council's social housing.
- Significantly contribute to Bristol becoming carbon neutral.
- Supporting significant reductions in cases of fuel poverty and unhealthy homes.

## Strategy to Deliver the Initial Business Plan

The following sets out the key elements of the detailed strategy to deliver the Initial Business Plan:

### The Council's Estate

- Work with the Council's Service Areas to develop and agree decarbonisation programmes for the Council's operational estate and social housing.
- Subject to further approval from the Council's Cabinet, seek to maximise grant funding and other funding sources to leverage the decarbonisation capital funding set aside in the Council's budget to deliver large scale decarbonisation programmes in the Council's operational estate and its social housing.
- Deliver large-scale renewable installations such as wind turbines and solar farms.
- Develop EV charging models and secure EV mixed portfolio funding partnerships.

### Heat Network

- Continue the build out the existing heat networks including Bedminster.
- Develop new heat network areas (including the Strategic Heat Main).
- Invest in new customer connections and new low carbon heat sources.
- Operate the network effectively to provide excellent customer service with fair and transparent pricing.

### Additional Commercial Models/Marketing

- Develop and implement the appropriate combination of commercial models, e.g. Energy as a Service (EaaS), to minimise future reliance on grant or Council funding.
- Maximise 'low income' household upgrade grants for private households.
- Position Bristol City Leap as first choice decarbonisation partner for other public and commercial sector customers.
- Develop targeted marketing and sales strategy to support business plan and KPIs.

### Supply Chain

- Secure strategic procurement partnerships maximising volume pricing and availability of key technologies including heat pumps and rooftop solar.
- Rapidly scale up a skilled local supply chain through partnerships with the Council, local business forums, industry accreditation organisations and skills training establishments.

### Social Value

- Develop Social Value and EDI strategy to maximise local community participation supported by a £1.5m community energy development fund and £500k R&D fund.
- Establish community forums and a heat network advisory panel to consult and inform BCL board and management team to support the "just transition" to a low carbon economy.
- Commitment to explore opportunities for community energy projects linked to LCEI projects and the Heat Network.

### Smart Energy System

- Further develop the 'sleeving' arrangement whereby the Council self-supplies power from its renewable energy generating assets to enable multiple generators and customers to participate.
- Develop demand side response capabilities utilising the wide range of LCEI and heat network assets developed or managed through the City Leap and connected to the smart low carbon energy system to provide energy system flexibility, balancing and resilience.
- Apply for regulatory sandboxes to trial innovative solutions.
- Create an 'Innovation leaders' forum' to work strategically with large scale land and infrastructure owners, service operator's and major utility generators, distributors, and users in Bristol to maximise City scale opportunities and minimise disruption.

### Medium/Long Term Marketing

- Commence medium to long term communication and engagement plan to catalyse Bristol City as the green economy epicentre of the UK and stimulate a local movement towards ensuring the sustainable availability of equipment and local skilled resources.
- Build strategic relationships with WECA and neighbouring authorities to unlock additional funding sources for BCC to deliver aligned regional decarbonisation strategy.
- Lobbying for change – work with likeminded organisations and universities to develop white papers to support open energy market trading for all to participate fairly.

## Bristol City Leap’s Initial Business Plan Overview and Key Highlights

Since its appointment as the Preferred Bidder for the City Leap Energy Partnership in April 2022, Ameresco and its subcontractor, Vattenfall, has extensively engaged with Council staff to better understand and explore opportunities for low carbon energy projects on the Council’s estate and future expansion of the heat network.

The resultant Initial Business Plan (IBP) seeks to ensure that the contractually binding KPIs for carbon reduction, etc., are met. The forecast carbon savings are c152,000 tonnes over the IBP time period, which is more than the contractually committed KPI of 139,120 tonnes, as set out in table 1 below. The IBP estimates that to achieve this, will require an investment of c£631million over the IBP period.

		Bid Plan	Int Bus Plan	Int Bus Plan - Bid Plan
<b>Development KPIs</b>	<b>Unit</b>	<b>Contracted</b>	<b>IBP Forecast</b>	<b>Positive KPI variance</b>
Zero carbon generation assets deployed	MW	181.6	194.5	12.9
Zero carbon energy generated	GWh	327.3	376.1	48.8
Energy efficiency measures deployed	£m	22.1	77.1	55.0
<b>Carbon KPI</b>	<b>Unit</b>	<b>Contracted</b>	<b>IBP Forecast</b>	<b>Positive KPI variance</b>
Carbon KPI	tCO <sub>2</sub> e	139,120	152,881	13,762

Table 1. Bristol City Leap’s Initial Business Plan exceeds the contractually committed 5-year Development and Carbon KPIs. KPI targets.

Bristol City Leap’s Initial Business Plan comprises two key elements, the Low Carbon Energy Infrastructure (LCEI) Plan and the Heat Network Plan. The LCEI plan includes all decarbonisation works not related to the heat network, which is wholly covered within the Heat Network Plan.

The Initial Business Plan considers the recent and significant changes in the energy, labour, and materials markets on communities since the submission of the business plan submitted as part of Ameresco’s winning bid, the Bid Plan. It also considers how economic volatility poses significant risk to traditional central government funding streams and most importantly, how an aligned decarbonisation strategy can benefit the growing needs and concerns of the local community.

Acknowledgement of these aspects in both the LCEI Plan and Heat Network Plan has driven a change to the strategy, to support delivery of a stretched Initial Business Plan, with the underlying ambition to increase the focus on community centric LCEI projects and maximise the impactful benefits of Bristol City Leap for the community through improved quality of living conditions, well paid work opportunities with skills training and long-term career prospects.

Firmly acknowledging commitment to the minimum contractual KPI targets set out in the bid plan, the Initial Business Plan now combines a mix of solutions from both the LCEI Plan and Heat Network Plan, enabling the City Leap Energy Partnership to forecast a more ambitious Initial Business Plan delivery focused on the needs of the community. Figure 1 shows how the planned Bristol City Leap investment of £631m is profiled over the Initial Business Plan time period.

City Leap 5 year annual LCEI and Heat network investment plan

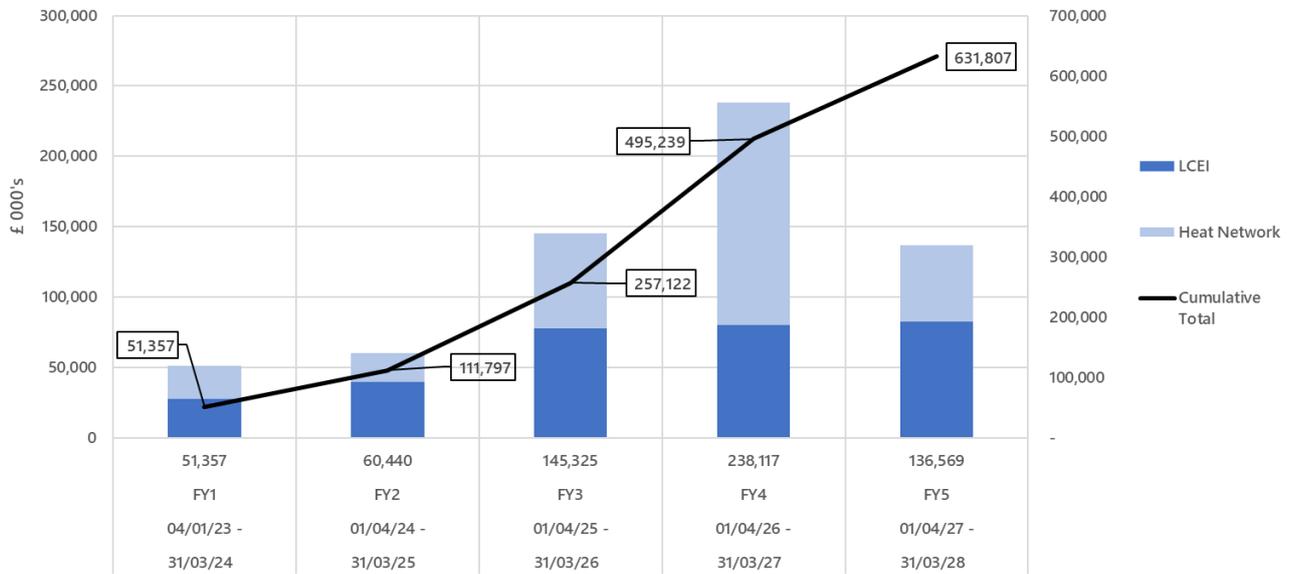


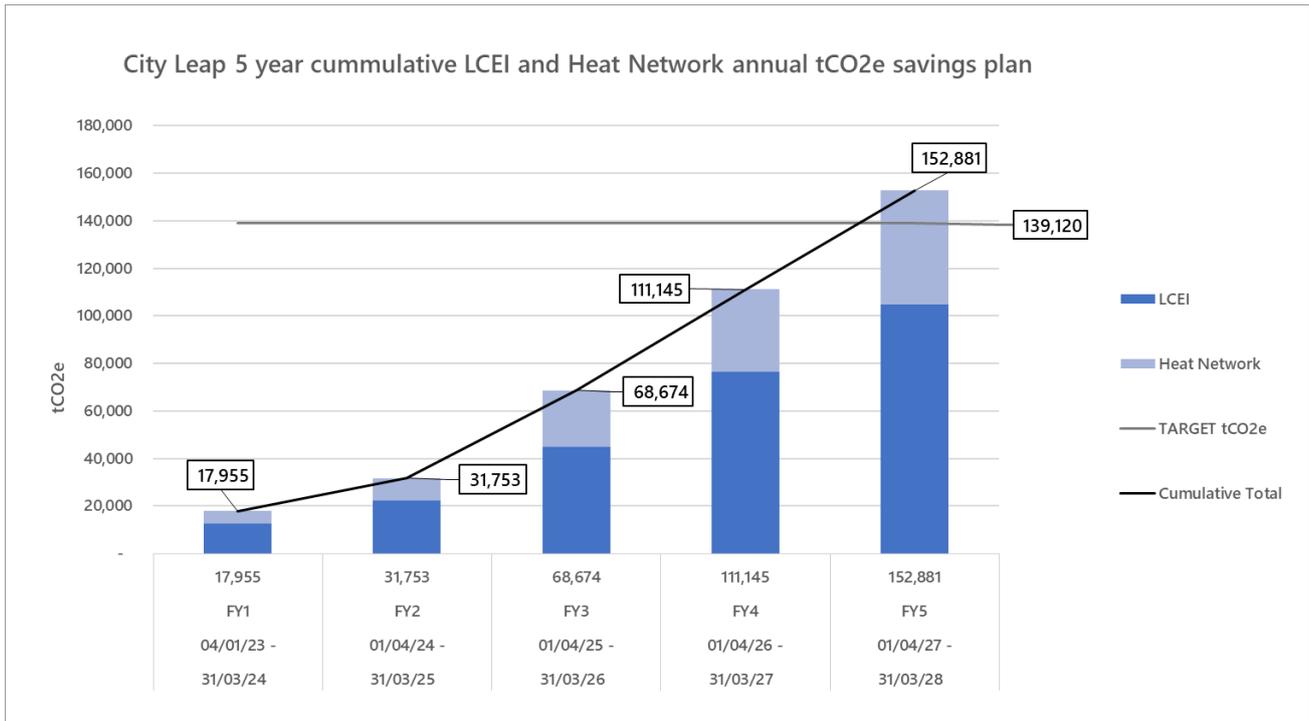
Figure 1. Bristol City Leap IBP Low Carbon Energy Infrastructure (LCEI) investment plan profile aligned to a community centric delivery

Plan for Capital investment delivered at achievable levels in years 1 and 2 to:

- Focus on the Council operational buildings to achieve 2025 neutrality target.
- Deliver decarbonisation programmes in the Council’s social housing to the maximum extent possible.
- Enable local supply chain development to deliver ambitious year 3, 4 and 5 capital investment plans.
- Complete necessary consultations and planning for strategic heat main.
- Complete necessary consultations and planning for large scale renewables.

Plan for Capital investment ramped up in years 3, 4 and 5:

- Ramp up in social housing and private residential properties prioritising homes in most need of investment.
- Development of the Strategic Heat Main and wind generation developing an end-to-end solution for the decarbonisation of heat to significantly pave the way towards carbon neutrality of Bristol by 2030.



The LCEI projects major on retrofit solutions designed to tackle decarbonisation in the existing built

Figure 2. City Leap IBP annual profile of cumulative tCO<sub>2</sub>e saved exceeding the contractual KPI by c13k tCO<sub>2</sub>e

environment prioritising properties where efforts will have the most positive impact on decarbonisation.

- Targeting energy efficiency and decarbonisation measures in poorly insulated Bristol buildings heated with carbon intensive energy, i.e. natural gas or oil, will yield early and immediate decarbonisation results.
- LCEI is relatively low capital investment per building enabling rapid delivery models and achievement of decarbonisation results as well as insulating homes and enabling, where appropriate, the longer-term option to connect to the heat network once the local networks are sufficiently developed.
- Ambitious LCEI delivery supported by increased planned spend in the Housing Revenue Account (HRA) (identified post bid submission), matched with Social Housing Decarbonisation Funds (SHDF) and a continuing programme of private residential funding such as the Home Upgrade Grant Scheme (HUGS) for ‘Low income’ households and competitively priced, quality delivery solutions with financing options for the ‘Able to pay’ market, will be the foundation upon which local green jobs will be created and carbon saving performance accelerated.
- Heat networks carbon savings will increase significantly over time as the carbon content of heat decreases (driven by new investment in low carbon heat sources and the phasing out of gas) and heat demand connected to the heat network increases as new connections are made. There is significant upfront investment during the initial business plan period to secure later substantial carbon savings, addressing the challenge of decarbonising heat in buildings over the medium to long term.

## Near Term Projects and Goals

### The Council's Operational Estate

- Working with the Council's Property Service to develop a decarbonisation strategy for the Council's operational estate for approval by the Council's Cabinet during 2023.
- This strategy will seek to utilise and leverage the decarbonisation funding contained within the General Fund budget. Utilisation is dependent upon further approval by the Council's Cabinet.

### The Council's Social Housing

- Working with the Council's Housing & Landlord Services team to review options and develop a decarbonisation strategy for the Council's social housing stock for approval by the Council's Cabinet during 2023.
- This strategy will seek to utilise and leverage the decarbonisation funding contained within the HRA budget, however this utilisation is dependent upon further approval by the Council's Cabinet.

### Private Housing *in Bristol*

- Funded by the Home Upgrades Grant Scheme (HUGS), Bristol City Leap will identify and qualify 158 'low income' households to deliver c£2.8m of insulation, windows, heat pumps, solar panels and carry out associated preparation and remedial works.
- Leveraging the additional delivery capability of Bristol City Leap, BCC will apply for a further c£10m of HUGS grant funding, and will submit further applications in due course, to continue to provide support to similar households in Bristol.

### Schools and Education Centres *in Bristol*

- Partially funded by the Public Sector Decarbonisation Scheme (PSDS) and match funded by BCC, the City Leap Energy Partnership will provide c£1.4m of low carbon heating solutions to a school and study centre delivering low carbon technology.
- Survey a further c50 schools, libraries and other public buildings to identify further opportunities for decarbonisation and energy bill reductions.

### Renewable Generation and Resilience

- Identify opportunities for large scale renewable generation in both the private and public sectors to replace the use of high carbon-based power generation with carbon free renewable sources such as wind and solar.

### Heat Network

- Operate the heat network to provide excellent service to customers at a fair price
- Continued build out and expansion of the existing heat networks adding around 30 new connections
- Development of new network areas including design concepts for Spike Island and Frome Gateway
- Undertake design work and begin construction of the Temple Network including the first Energy centre
- Develop the concept design, consenting approach and confirm viability for the Strategic Heat Main, including close dialogue with anchor customers on the potential route

## Low Carbon Energy Infrastructure (LCEI) Plan

In general terms, the LCEI plan includes decarbonisation works relating to:

- Buildings and associated building infrastructure after the meter for both existing and new buildings, including all local metering and controls.
- Renewable generation and energy storage infrastructure before the meter, typically wind, solar battery assets, however, includes all other generation technologies.
- Private distribution networks and microgrid assets, not included in the Heat Network plan, and associated metering and controls.
- Smart energy systems for control, balance and optimisation of all assets within the LCEI plan and strategic interfaces with assets within the heat network.

Any goals referenced in this Business Plan (including charts) which are in excess of the committed KPIs are aspirational and not binding commitments.

Figure 3 illustrates the planned LCEI investment in the five market segments in each year of the Initial Business Plan.

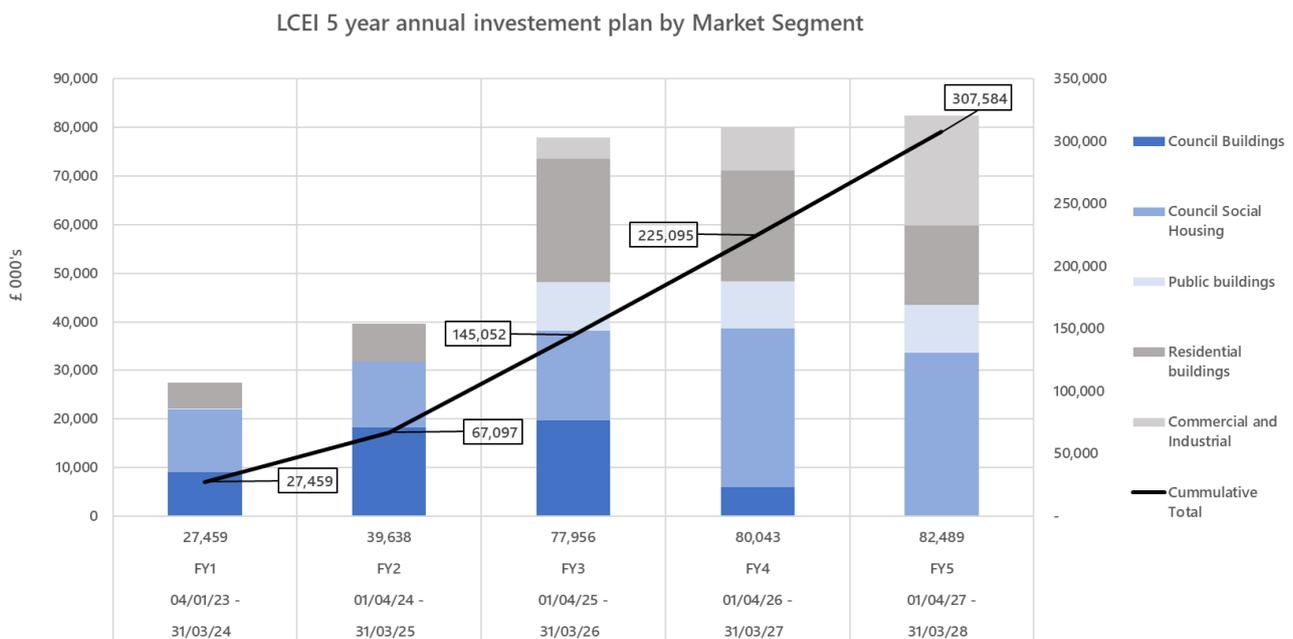


Figure 3. LCEI IBP annual investment plan by market segment annual profile - £307.5m LCEI investment in year 5

### LCEI Key market investment plan benefits

- Early focus on the Council’s operational estate to achieve net zero decarbonisation target in 2025.
- Consistent increase in investment in the Council’s social housing prioritising low EPC rated homes.
- Increasing investment in private homes, prioritising ‘low income’ households.
- Significantly increasing overall delivery to catalyse local supply chain and skills training.
- Marketing plan positioning Bristol City Leap as first choice ‘C&I’ decarbonisation partner.

City Leap Energy Partnership has committed to preparing a rolling five-year business plan annually providing forward visibility of the planned technologies and associated scale of delivery. A summary business plan will be published on the Bristol City Leap website and shared with local enterprises and organisations. This is aimed to build confidence for the local supply chain, enabling them to invest and develop capability within their own operations, thus providing resources and creating job opportunities to drive the local green economy whilst supporting the decarbonisation objectives of Bristol City Leap.

Figure 4 below illustrates the LCEI investment plan in each technology group in each year of the Initial Business Plan providing invaluable insights to local enterprises and organisations.

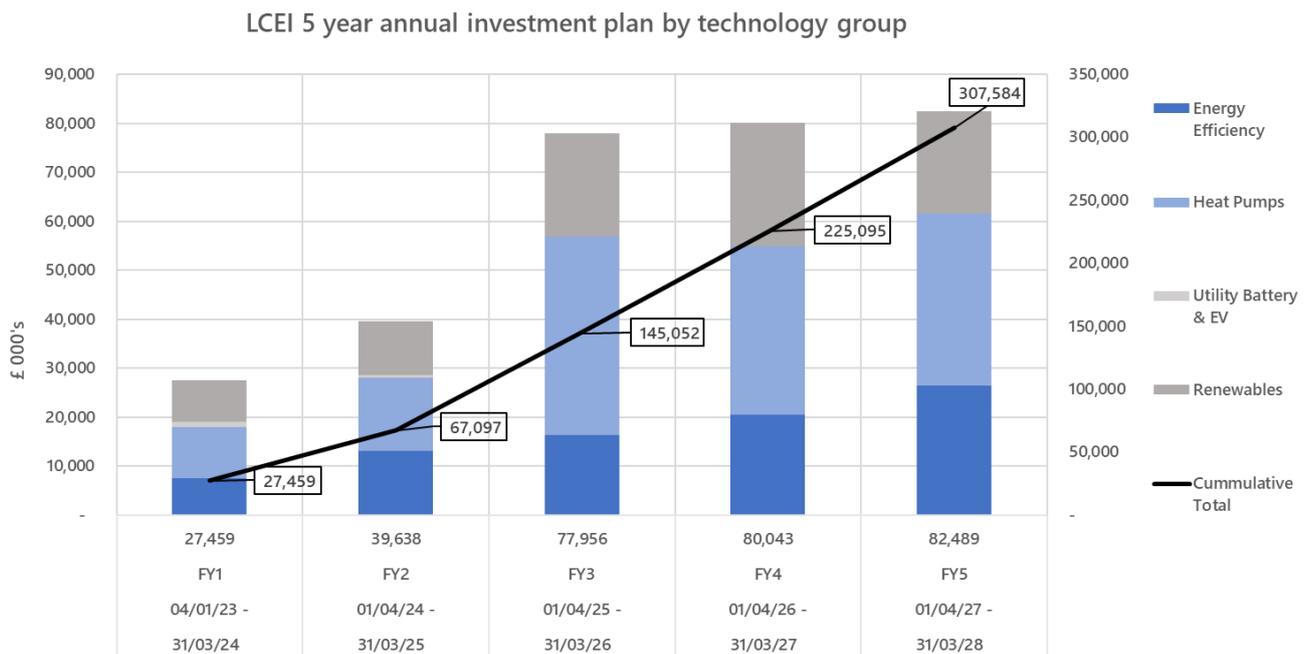


Figure 4. LCEI IBP annual investment plan by technology group annual profile - £307.5m LCEI investment in 5 years

### LCEI Key technology investment plan benefits

- c£135.5m heat pump investment for heat decarbonisation outside heat network zone.
- c£83.7m energy efficiency investment to reduce demand and optimise electrification of heat solutions.
- c£86.7m investment developing 164MW of renewable generation in the LCEI plan.
- c158GWh of energy generated from renewable assets during the initial business plan period.
- Campaign of key investment awareness to catalyse local green economy and resources.

## Heat Networks

Vattenfall is delighted to be working in close partnership with Ameresco and BCC on the delivery of heat networks for Bristol City Leap. Within the Initial Business Plan (IBP) time period, City Leap will enable the delivery of 120GWh of zero carbon heat to customers in Bristol, channelling over £200m of investment into high quality energy infrastructure across the city.

BCC has created a robust set of heat networks forming a foundation from which to extend the networks, securing new connections to build a city-wide fossil free heat network. We are looking forward to engaging with our partners, the local Community, national government and supply chain providers to increase the pace and scale of district heating across Bristol, create jobs and deliver social value, and to achieve our goal of decarbonising the network by 2030.

### Objectives in this Business Plan Relating to Heat Networks

During the Initial Business Planning period, the business will focus on achieving the following objectives:

1. Provide excellent services to existing customers at an affordable price.
2. Decarbonise and grow the existing networks established by BCC.
3. Establish and grow new networks across the city.
4. Develop the market conditions for transformative growth in the market.
5. Ensure that the Heat Network contributes to broader City Leap objectives.

### Growth

Bristol City Leap has set ambitious growth targets to deliver extensive City-wide, low carbon heat networks. This ambition underpins the key KPI contractual commitments by the Strategic Partner, Ameresco.

The key KPI for the heat network is the Heat Network Growth KPI, which requires at least 10GWh of demand to be added to the heat network every year for the next twenty years (as an average since the start of the concession).

In addition to this, the heat networks will support Bristol City Leap to deliver the following KPIs alongside the delivery of LCEI activity:

1. The Carbon Saving KPI: heat network contribution in gCO<sub>2</sub> saved per year by connecting existing buildings to the heat network and displacing higher carbon intensity forms of heating.
2. The Zero Carbon Generation capacity KPI: heat network contribution in MW per year by installing zero carbon heat generation plant.
3. The Zero Carbon Energy Generation KPI: heat network contribution in GWh per year of heat produced from zero carbon generation plant.

These KPIs incentivise new heat network connections to be made to decarbonise buildings identified in feasibility work undertaken to date by the Council. In the event these connections cannot be made, alternative connections with equivalent demand will be identified to expand the network at or above the agreed rate. The feasibility work shows a total in excess of 100 connections over the Initial Business Plan time period to March 2028 with a total demand of over 120 GWh.

We will develop and expand the heat network in Bristol to the greatest extent possible whilst ensuring that it offers fair value to customers and is in line with overall decarbonisation plans for the city, i.e. where heat networks are the most appropriate solution for decarbonising heat for a given building or area.

Within the defined heat networks priority area in Bristol and wherever technically and commercially viable, we will seek to connect:

- New developments that are required to connect through the Planning system.
- Existing buildings that request to connect to the network.

Our approach to this is built on the work carried out to date by BCC, focussed on the eight heat network areas identified in feasibility work, several of which are already operational or under construction. Where possible, we envisage that these heat network areas will be interconnected to create one City-wide Bristol Heat Network.

We will also seek opportunities for “islanded” heat networks, i.e. not connected to the main Bristol Heat Network, in areas of the City that have clusters of high heat demand or large new developments. Such networks are not currently included explicitly in this business plan but will be included in future refreshes. These opportunities will be coordinated with Ameresco to ensure alignment with City Leap as a whole.

## Decarbonisation of the Heat Networks

While growing the heat network, we will also decarbonise it by ensuring that all new generating capacity is low carbon. We have committed to install no new gas-fired assets and to phase out the existing gas-fired assets by 2030 at the latest.

This will be underpinned by specific KPIs on the carbon content of heat ( $\text{gCO}_2/\text{kWh}$ ) which will be reduced over time to  $60 \text{ gCO}_2/\text{kWh}$  by 2030 and  $40 \text{ gCO}_2/\text{kWh}$  by 2040.

Our current preference is to utilise low carbon heat from Energy from Waste (EfW) plants that would otherwise be vented into the atmosphere. We will do this by constructing a new Strategic Heat Main (SHM) that will run from Avonmouth into Bristol City Centre and connecting local energy centres containing heat pumps and e-boilers.

The SHM is a large district heating pipe, over 20km long, with an indicative route shown in 5 below. As well as connecting the EfW plants to the city centre heat networks, it would connect additional loads along the route in South Gloucestershire and North Bristol and enable further low carbon heat sources to be connected in future from outside the city centre.

The feasibility of the SHM has been investigated previously by South Gloucestershire Council and BCC. Vattenfall will build on this work and develop the concept further during the Initial Business Plan period.

If proven viable, further detail on the SHM will be included in future City Leap business plans. If the SHM is not viable, an alternative approach utilising zero carbon heat generation such as heat pumps will be adopted.



*Figure 5. Indicative Strategic Heat Main route creating a long-term decarbonisation asset*

Vattenfall will develop and expand the heat network in Bristol to the greatest extent possible whilst ensuring that it offers value to customers and is in line with overall decarbonisation plans for the city – in other words where heat networks are the most appropriate solution for decarbonising heat for a given building or area.

In practice we will seek to connect new and existing buildings, within the defined Heat Priority Area in Bristol (Figure 6), and wherever technically and commercially viable. Bristol Planning Policy BCS14 expects new developments in the heat priority area to connect to a heat network where technically and financially feasible or where a heat network is not being installed to be 'District Heating ready' to enable connection at a later date.

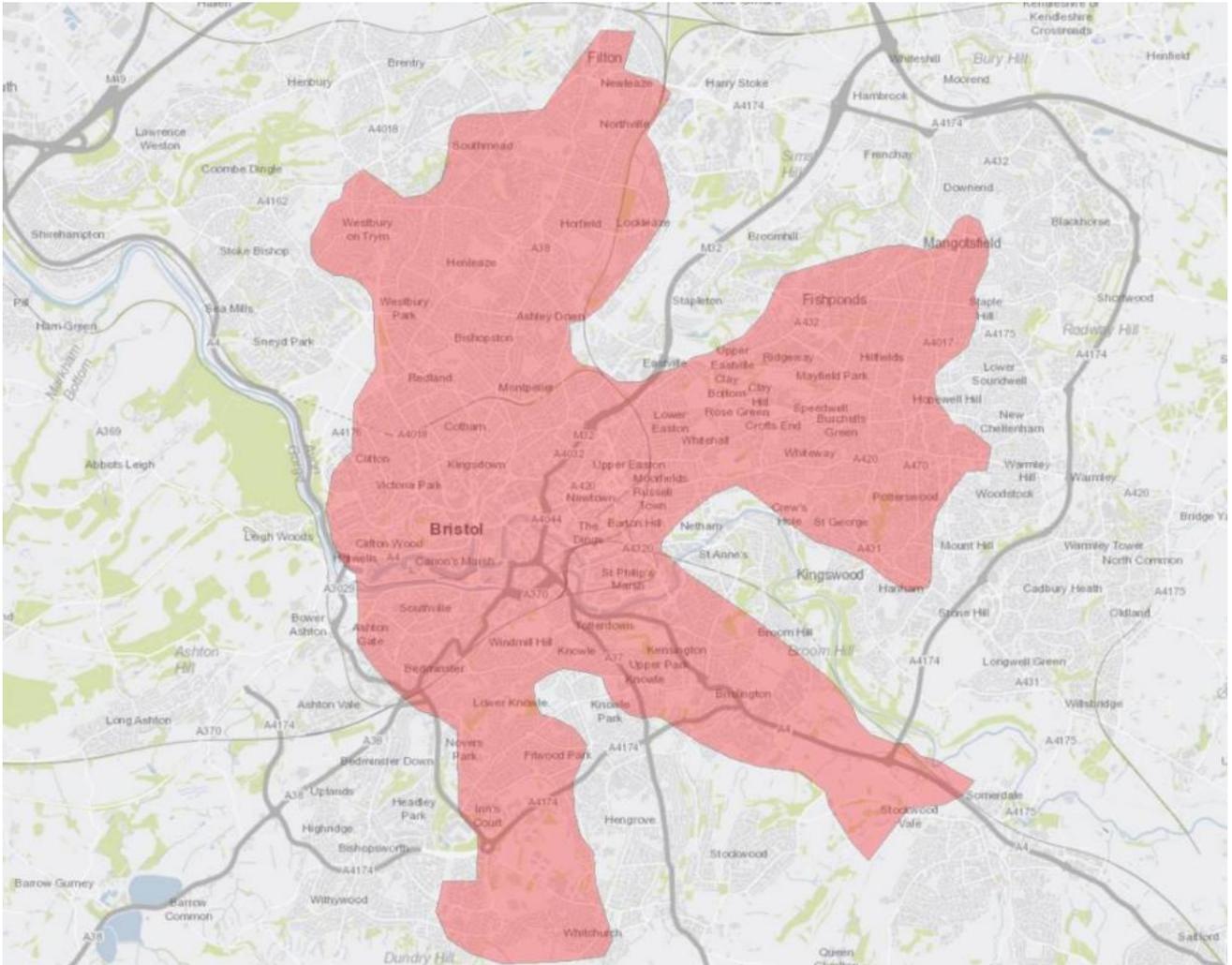


Figure 6. Bristol's Heat Priority Area which has been developed through feasibility work undertaken by BCC.

In early 2023, we will own and operate two City centre heat networks at Redcliff and Old Market, with a third under construction in Bedminster. These networks supply over 15GWh/year of heat across 14 operational connections.

In addition, BCC has carried out feasibility studies for further networks in Temple, City Centre, Spike Island, Frome Gateway, Ashton Gate and has identified and commenced discussions with several prospective customers in these areas.

We intend to develop and expand all these heat network areas and, ultimately, to interconnect them to form a single City-wide Bristol Heat Network.

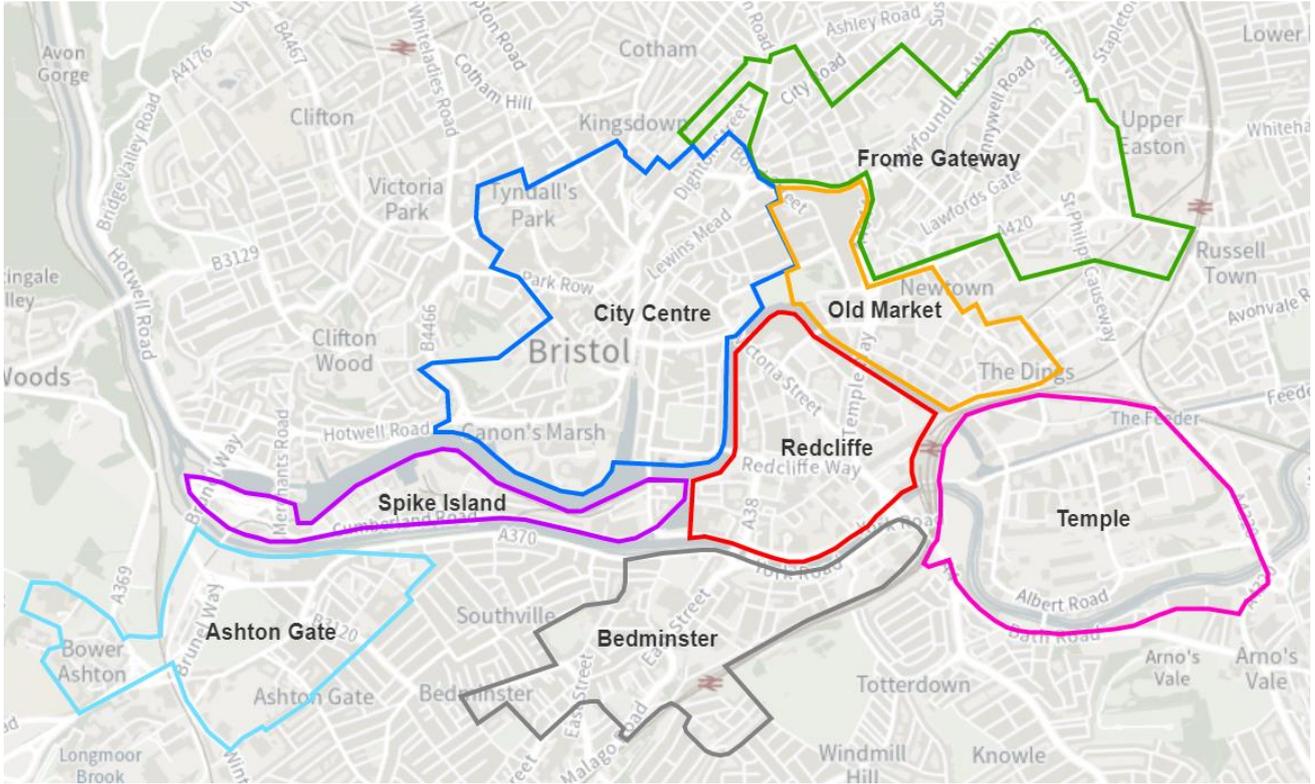


Figure 7. Map showing areas for heat networks to be delivered and expanded under this Initial Business Plan

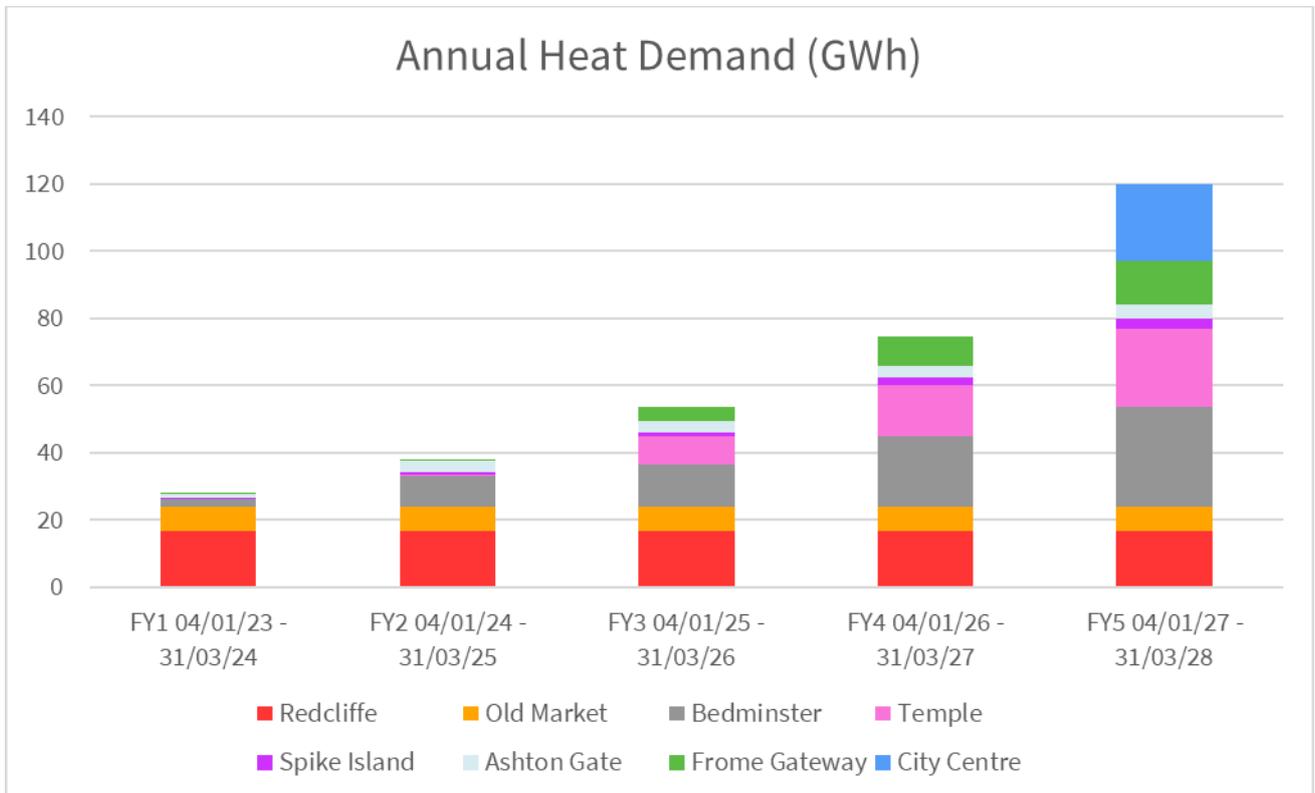


Figure 8. Modelled heat demand build up over Initial Business Plan period

We will remain open to further opportunities to develop heat networks in Bristol outside these areas, whether physically connected to each other or not.

Our strategy to deliver the vision for heat networks in Bristol includes the following elements.

### **Building on the Work Done by BCC to Date**

BCC has done considerable work to develop the Heat Network to date and to plan for the growth of the Heat Network in the City. We intend to use that work and broadly follow the same approach. Key to this is the successful integration of the BCC heat networks team within Bristol City Leap to benefit from the institutional memory and knowledge of the city.

### **Run the Existing Networks Well**

Ensuring the existing Heat Networks are run well and that a smooth transition is achieved will be essential to maintaining the reputation of the Bristol Heat Network. This means avoiding outages, ensuring excellent customer service, and demonstrating that we will grow and decarbonise the Heat Network from some early wins.

### **Build a Supportive Policy Environment**

Bristol City Leap is well positioned to use the Bristol Heat Network as an exemplar project to inform and influence policy development, particularly, UK Government plans to introduce statutory undertaker rights for heat network operators and heat zoning to help drive growth in the heat network.

Statutory undertaker rights would bring heat networks in line with other utilities, providing land and access rights, permitted development rights and street work permits.

Heat zoning would identify and designate areas where heat networks are the lowest cost low carbon solution for decarbonising heating. Measures would be introduced to facilitate the development and delivery of heat networks in the designated zones.

### **Develop the Strategic Heat Main**

Work has already begun on developing the Strategic Heat Main as the primary route to decarbonise the heat network by 2030. At the same time, we will be developing low carbon heat sources in the City to ensure that carbon is reduced in the short term.

### **Set a Strong Health and Safety Performance and Culture**

We will establish a high performing health and safety culture within the team and across our network of partners to ensure a safe working environment.

## Service

Vattenfall will provide heat reliably, with excellent standards of service, at an affordable price.

This is underpinned by contractual commitments covering:

### Heat Trust Accreditation

It is expected that retail of heat will become a regulated activity, under Ofgem, during the period of this business plan. We are supportive of this step, to protect customers and enhance the maturity of the market.

Prior to regulatory consumer protection, we will register applicable networks with the Heat Trust, an independent, non-profit consumer champion for heat networks that holds suppliers to account for the benefit of everyone involved. In some cases, for example when domestic customers are billed by a third party such as the building owner, we will work with those third parties to uphold standards to that level.

### Heat Availability

We will provide a robust and resilient supply of heat to buildings. In the event of outages, vulnerable customers will be provided with alternative heat supply to maintain their wellbeing as soon as possible. We will also aim to restore supplies for all customers as quickly as we can. In all cases we will meet or exceed the minimum requirements under the Heat Trust scheme and any future regulation.

### Fair and Transparent Pricing

Through the City Leap Partnership, we are committed to maintaining a fair, transparent and clear pricing structure for all our customers. To clearly demonstrate value for money, we will maintain a low carbon 'counterfactual' that shows customers what they would otherwise be paying for a similar service to supply and maintain heat.

The heat network tariffs will be clearly communicated on our website along with appropriate low carbon counterfactual information, and any changes will be communicated to customers with no less than 31 days written notice.

It is recognised by all parties that this partnership is being launched at a volatile time in global energy markets. That backdrop means that price fluctuations are anticipated. Our approach is to procure commodities and run assets in a manner that maintains fair value for customers and protects them from short term wholesale price shocks.

## Alternative Routes to Fund Projects

### Introduction

There are several commercial models which may be attractive to BCC and other customers from a performance risk and funding strategy perspective.

The Energy as a Service (EaaS) model may be well suited for large building infrastructure projects within the Council's operational estate, and other potential Commercial and Industrial (C&I) customers, as they can support multiple types of efficiency measures under a single contract. These models generally offer long-term stability over energy costs and carbon savings which is particularly important in the current volatile energy climate.

During the lifetime of the agreement, Measurement and Verification (M&V) will be provided for the assets and is essential to ensure the assets are performing optimally and meeting their energy efficiency and low carbon goals.

### The Energy as a Service (EaaS) Model

The EaaS commercial model assets are fully funded and owned by the Strategic Partner over the term of the contract. This includes the upfront project costs, asset procurement and installation.

BCC pays the Strategic Partner for service through fixed annual payments or on a pay-for-performance basis, as determined through the contract. The fixed annual payment arrangement is pre-determined as the "deemed savings" of the project, providing stability for BCC's cost over the long term, while the pay-for-performance arrangement is measured through M&V and represents the realised savings of the project. A similar model, the Power Purchase Agreement (PPA), could also be utilised in which the cost is recovered on a kWh metered basis.

### Reverse Auction Opportunity for Able-To-Pay Residences

Within the residential target group, there may be a reverse auction opportunity with the able-to-pay market for residential solar PV. A reverse auction is intended to drive up the volume demand as the City Leap Energy Partnership brand can provide comfort to homeowners on the quality of procurement and installation. Further, there are opportunities of economies of scale, offering better pricing to homeowners.

Should the homeowner not want to own the assets and incur its performance risk, there are commercial models available, such as a Power Purchase Agreement (PPA), which would transfer the asset and risk to the City Leap Energy Partnership entity responsible for supplying energy at an agreed competitive cost.

Other innovative models can be explored to maximise the generation of the able-to-pay market's solar PV including hybrid solutions, where an oversized solar PV could be installed along with a battery to sell the excess generated energy to other users or the Council.

## Communications & Engagement

Our communications strategy is intended to support the Bristol City Leap business plan by creating the optimal environment to develop and deliver our decarbonisation strategy through maintaining awareness of Bristol City Leap to Bristolians.

The communication plan will highlight the core benefits of Bristol City Leap to the diverse, segmented audiences within the city, supporting the principles of a just transition to the low carbon economy.

Awareness of Bristol City Leap will be maintained throughout the partnership, highlighting the achievements and successes of the programme.

All our communications will be clear and transparent with a strong call to action to Bristol’s residents, communities, and businesses to how they can become involved and benefit from the Bristol City Leap activities.

We intend to maintain existing relationships and build new ones with stakeholders at all levels across the city, including our City Partners, to support the delivery of City Leap objectives, and ensuring that all groups are aware of the opportunities for involvement in the future City Leap Energy Partnership.

An awareness campaign will be managed by the City Leap Energy Partnership, supported by a local, Bristol based PR company. The communications and public affairs activity will be proactive locally, nationally, and internationally highlighting the lessons of delivering a city-scale decarbonisation programme.

### Initial Audiences for Bristol City Leap

Bristol City Leap’s audience has been broken down into several identified groups with specific targeted outcomes from the communications.

Audience	Outcomes
<b>All residents in the city</b>	<ul style="list-style-type: none"> <li>• Awareness of City Leap and its objectives</li> <li>• Buy in to City Leap and the need to decarbonise Bristol</li> <li>• Acceptance of disruption and understanding of the benefits and mitigation</li> <li>• Understanding how to access services – these communications will be segmented by housing type and location to address residents’ needs and solution availability (see below)</li> </ul>
<b>Social housing residents</b>	<ul style="list-style-type: none"> <li>• Appreciation of benefits of proposed improvements to housing, including the reduction of their energy bills to address fuel poverty and improve quality of life and wellbeing through warmer, dryer homes</li> <li>• Understanding of the timescales and their role in the City Leap transformation</li> </ul>
<b>Private tenants</b>	<ul style="list-style-type: none"> <li>• As above, plus awareness of the Minimum Energy Efficiency Standards</li> </ul>

<b>Owner occupier</b>	<ul style="list-style-type: none"> <li>• Desire to decarbonise their home and participate in City Leap; this is a diverse group and as such a variety of messages will be employed, emphasising the lifestyle benefits, economic case (including to the value of the house), improved comfort as well as pride in their home, city and the contribution they make to combat climate change.</li> </ul>
<b>Residents affected by City Leap projects</b>	<ul style="list-style-type: none"> <li>• Awareness of the project(s), timescales, disruption and benefits</li> <li>• Ability to participate in consultation where appropriate and influence planning</li> <li>• Full understanding of the changes for them and their families</li> <li>• Proportion to become advocates for decarbonisation and City Leap</li> </ul>
<b>Prospective customers: building owners / operators (residential and commercial), developers</b>	<ul style="list-style-type: none"> <li>• Desire to decarbonise their buildings.</li> <li>• Awareness of the propositions available to them through City Leap, tailored to zoning approach (e.g., heat network or heat pumps).</li> <li>• Proportion to become advocates for decarbonisation and City Leap.</li> <li>• Appreciation of the Minimum Energy Efficiency Standard, deadline of 2030 for EPC “C” rating and how City Leap can help</li> </ul>
<b>Political</b>	<ul style="list-style-type: none"> <li>• Ensure that City Leap engages with elected representatives and political leadership at a local, regional and national level to ensure a strong understanding of new developments and opportunities to shape policy, build advocacy and collaborate.</li> </ul>
<b>Area Community Groups</b>	<ul style="list-style-type: none"> <li>• Understand how to access City Leap to support their own objectives, leading to advocacy and referrals</li> </ul>
<b>Community groups</b>	<ul style="list-style-type: none"> <li>• Win the support of groups such as Bristol Energy Network, Bristol Green Capital Partnership (BGCP) and Action Net Zero (ANZ), ensuring they understand the City Leap objectives and high-level programme</li> <li>• Identify opportunities and make referrals</li> <li>• Ability to participate in decision making and project delivery</li> <li>• Access support to develop their own decarbonisation projects</li> </ul>
<b>Local supply chain</b>	<ul style="list-style-type: none"> <li>• Awareness of the City Leap pipeline, procurement requirements and how to join the suppliers list</li> <li>• Highlight opportunities to supply to City Leap projects and services through forums such as Business West</li> </ul>
<b>City Leap partners</b>	<ul style="list-style-type: none"> <li>• Advocacy for City Leap</li> <li>• Ability to participate in decision making and project delivery</li> <li>• Identify opportunities and make referrals</li> </ul>
<b>Innovators</b>	<ul style="list-style-type: none"> <li>• Understanding of needs of City Leap that they can respond to, and knowledge of how to approach City Leap with ideas</li> </ul>
<b>Special interest groups</b>	<ul style="list-style-type: none"> <li>• Ensure City Leap enhances the wider Bristol City community through alignment with the missions of groups such as WECIL, the Bristol Disability Equality Forum, the Black South West Network and many other similar groups.</li> </ul>

Table 2. Segmentation of the City Leap audiences with specific communications outcomes.

## Marketing and Sales

As well as keeping Bristol informed through our communications and engagement activity, Bristol City Leap will also need to ensure that residents and businesses have access to the various offers that will be available through the delivery of our projects.

Marketing and sales activity will be underpinned by an integrated sales strategy which identifies various market segments and the decarbonisation initiatives available to them. Sales activity will not be required for projects relating the Council's estate and social housing due to close collaboration with BCC service areas and the Council's City Leap Client Function.

A Salesforce based Customer Relationship Management (CRM) System will be employed to support and track the sales process as well as provide valuable management information on the sales pipeline looking forward.

Bristol City Leap's sales strategy will be established to cover the following:

- Large scale renewables - working with local landowners to identify opportunities to deliver large scale renewable projects such as wind turbines and ground mounted solar PV arrays on privately owned land.
- Public sector - continue engagement with the City's Universities and Hospitals to understand how City Leap can best help and support their decarbonisation journeys.
- Residential (owner occupied and private rented) - Seek to maximise grant funding opportunities in collaboration with partners to deliver schemes targeting this sector.
- The Industrial and Commercial sector (I&C) - Commence engagement with this sector in 2023 and scale up activity over the duration of the concession.

## Social Value

The City Leap Energy Partnership is committed to delivering £61 million of social value over the first five years which will be verified through the [Social Value Portal's](#) National Themes, Outcomes and Measures (TOMS) framework. Endorsed by the Local Government Association (LGA), TOMS is used by many public sector organisations across the UK.

Social Value will be reported quarterly through the Social Value Portal. There are two KPI reporting dates, at the end of year three and year five, for social value as set out in *Table 3* below.

Social Value KPI	Unit	31st March 2026	31st March 2028	Total in first 5 years
Social Value	£	<b>£22,737,000</b>	<b>£38,798,000</b>	<b>£61,535,00</b>

*Table 3. Committed City Leap social value target KPIs.*

The majority of this is expected to be achieved through ensuring that over £50 million is spent with the local supply chain, including over £7 million with the micro, small and medium enterprise (MSME) sector. Also included in these figures is a commitment to a minimum of 410 Bristolians being employed on various Bristol City Leap projects. Everyone working on Bristol City Leap, including the wider supply chain, will be paid at least the 'Real Living Wage'. The City Leap Energy Partnership will sign the Bristol Equality Charter and commit to paying the Real Living Wage. We will also make it a requirement of our supply chain to do the same as a condition of being part of the City Leap delivery team. Our community outreach programme will include encouraging both young and unemployed people into gainful jobs through mentoring support, schools / college visits, work placements and over 700 weeks of apprenticeships. Schools' visits will highlight the many opportunities for quality employment in the "green economy".

Bristol City Leap will sign up to government's Disability Confident scheme and will work with the Council's Skills and Employment team, specifically through City initiatives including:

- The One City Economy and Skills Board.
- Building Bristol.
- On site Bristol.
- One Front Door.
- Bristol Works Programme.

Bristol City Leap is engaged with Business West on multiple levels including:

- Engagement with their members to become part of the City Leap supply chain.
- Supporting their members on their carbon reduction journey.
- Working with their innovation initiative in relation to low carbon technologies.
- Supporting their development of the local skills plan.

The jobs and careers created by Bristol City Leap will not be exclusively STEM based engineering jobs. There will be a wide range of range of good quality long term opportunities for low carbon careers and jobs, including project management, commercial and finance, business development and administration.

## Additional Social Value Commitments

The City Leap Energy Partnership is committed above and beyond the Social Value Portal commitments to supporting several other initiatives including:

- A Community Energy Development Fund (£1.5 million in the first five years) will be established to support community energy projects get to financial close.
- A further £500,000 R&D fund will support Bristol's innovation sector in developing low carbon technologies.
- Create a Community Benefit Fund based on the level of heat sales, match funded by Ameresco, which is estimated to generate a value of £2.8 million over the lifetime of the partnership.
- Crowd funding of up to 10% of the capital investment requirements of non-heat network projects will be made available to Bristolians as an opportunity to invest an estimated £6m in the success of Bristol City Leap.
- Production of Bristol City Leap Equalities Diversity and Inclusivity (EDI) Strategy, the publication of an annual EDI Impact Report and the commitment to several EDI-related KPIs.
- Supporting Bristol Green Capital Partnership and their Climate Action Programme with a minimum of £30,000 per annum.
- Action Net Zero, to work with them on their initiatives focusing on decarbonising the built environment and electric vehicle charging infrastructure with £30,000 per annum.
- Bristol Grass Roots Communities, with financial support of £6,500 a year with additional mentoring support for young people from lower socio-economic areas of the City.
- The creation of a tranquil and educational place to engage with Bristolians on the benefits of biodiversity and decarbonisation with a grant of £5,000 per year.
- Engagement with the Bristol Disability Forum, recognising that c42,000 households in Bristol have at least one disabled resident, to ensure they are not excluded from City Leap opportunities.
- We will work with the Centre for Sustainable Energy (CSE) and other partners to support the development and finalisation of the No Cold Homes strategy to support a reduction in fuel poverty in Bristol.

## Skills and Employment

Of the 1,000 jobs committed to through the Social Value Portal, 410 jobs will be City of Bristol-based (within BS1-BS16 postcodes). Using a simple metric of 1 FTE for every £75,000 Capital employed it is anticipated that a significant number of quality jobs will be created by the activity undertaken by City Leap. Heat network projects will contribute substantially to Bristol City Leap's social value targets, principally through significant infrastructure investment that will drive spend in the local supply chain and create well-paid local jobs. We will work closely in partnership with the supply chain to help them grow with us and enable the delivery of real local economic benefits.

We will work with Bristol's Higher and Further Education colleges to ensure that the right training is in place to be able to support this demand in the jobs market. One of the advantages of the 20-year length of the concession is Bristol City Leap's long-term view, meaning that this job demand will not be at the mercy of short-term grant funding initiatives, but part of a long-term strategy. This in turn will give confidence to the local supply chain that they can invest in growing their businesses because the demand will be there, and the Colleges in turn can invest in developing the required training.

As part of the school and college outreach programme we will hold recruitment events, highlighting the range of opportunities of good quality long term employment in the green economy. This will also help match the new workforce to the appropriate training courses and potential employers.

## Thank You

Thank you for reading our Initial Business Plan.

Bristol City Leap is a world first, game-changing approach towards decarbonisation at City-scale. The City Leap Energy Partnership is a twenty-year joint venture between BCC and Ameresco Ltd which will enable the delivery of over £1 billion of investment into Bristol's energy system. Put simply, this means a massive boost in the amount of renewable energy and decarbonised heat powering our city, which in turn means a cleaner, greener and healthier place to live, learn, work and play.

This Initial Business Plan was published in December 2022 to support the formation and launch of the City Leap Energy Partnership. This is a rolling five-year plan which will be updated on an annual basis. As part of the annual update of the business plan, Bristol City Leap is committed to consulting with residents, City Partners, Community Energy Groups, businesses, and other key stakeholders. Bristol City Leap's next Annual Business Plan is expected to be released in the second quarter (Q2) of 2024.

A summary of the Annual Business Plan will be published on the [Bristol City Leap website](#) alongside other associated data such as progress against the Key Performance Indicators (KPIs) and individual social value metrics such as number of jobs created.

Stay up to date with the latest projects and developments on the City Leap Energy Partnership website: [www.bristolcityleap.co.uk](http://www.bristolcityleap.co.uk) or via our social media channels below.



Facebook: [BristolCityLeap](#)



Twitter: [@BristolCityLeap](#)



Instagram: [@BristolCityLeap](#)



LinkedIn: [Bristol City Leap](#)

## Appendix C: Summary of any Engagement with Scrutiny

City Leap’s approach towards engagement with Scrutiny has been a proactive one with our first contact being made during the Expression of Interest window in the summer of 2018.

For note for the 2022 12 06 City Leap Energy Partnership Cabinet Report, please see the following dates of engagement with both Growth and Regeneration Scrutiny Commission and Overview and Scrutiny Management Board (OSMB):

Date	Scrutiny Commission	Scrutiny Report
29 November 2018	G&R	<a href="#">City Leap Project.pdf (bristol.gov.uk)</a>
21 February 2019	OSMB and G&R	<a href="#">City Leap - Exempt Item Cover Report.pdf (bristol.gov.uk)</a>
1 April 2019	OSMB	<a href="#">0. 20190401 OSMB City Leap Cover Sheet 3.pdf (bristol.gov.uk)</a>
8 July 2020	OSMB	<a href="#">2020 09 08 City Leap Energy Partnership OSMB Update</a>
3 September 2020	OSMB	City Leap Update exempt session
30 November 2020	OSMB	<a href="https://democracy.bristol.gov.uk/documents/s54757/City_Leap_cover_report_OSMB_30-11-20.pdf">https://democracy.bristol.gov.uk/documents/s54757/City Leap cover report OSMB 30-11-20.pdf</a>
5 March 2021	OSMB	<a href="https://democracy.bristol.gov.uk/documents/s58032/2021_03_05_OSMB_City_Leap_PUBLIC.pdf">https://democracy.bristol.gov.uk/documents/s58032/2021 03 05 OSMB City Leap PUBLIC.pdf</a>
12 July 2021	OSMB	<a href="https://democracy.bristol.gov.uk/documents/s62089/City_Leap.pdf">https://democracy.bristol.gov.uk/documents/s62089/City Leap.pdf</a>
29 March 2022	OSMB	<a href="#">(Public Pack)Link to City Leap Cabinet Report Agenda Supplement for Overview and Scrutiny Management Board, 29/03/2022 17:00 (bristol.gov.uk)</a>
26 September 2022	Members Briefing	City Leap Update
17 October 2022	Members Briefing	City Leap JVCo
29 November 2022	OSMB	City Leap Cabinet Report



# Equality Impact Assessment [version 2.9]

Title: Establishing the City Leap Energy Partnership	
<input type="checkbox"/> Policy <input type="checkbox"/> Strategy <input checked="" type="checkbox"/> Function <input type="checkbox"/> Service <input type="checkbox"/> Other [please state]	<input checked="" type="checkbox"/> New <input checked="" type="checkbox"/> Already exists / review <input type="checkbox"/> Changing
Directorate: Growth and Regeneration	Lead Officer name: Pete Anderson
Service Area: Energy Services/City Leap	Lead Officer role: Director, Property Assets & Infrastructure

## Step 1: What do we want to do?

The purpose of an Equality Impact Assessment is to assist decision makers in understanding the impact of proposals as part of their duties under the Equality Act 2010. Detailed guidance to support completion can be found here [Equality Impact Assessments \(EqIA\) \(sharepoint.com\)](#).

This assessment should be started at the beginning of the process by someone with a good knowledge of the proposal and service area, and sufficient influence over the proposal. It is good practice to take a team approach to completing the equality impact assessment. Please contact the [Equality and Inclusion Team](#) early for advice and feedback.

### 1.1 What are the aims and objectives/purpose of this proposal?

Briefly explain the purpose of the proposal and why it is needed. Describe who it is aimed at and the intended aims / outcomes. Where known also summarise the key actions you plan to undertake. Please use [plain English](#), avoiding jargon and acronyms. Equality Impact Assessments are viewed by a wide range of people including decision-makers and the wider public.

In April 2019, Cabinet approved City Leap, a new approach to delivering low carbon energy infrastructure, such as solar PV, heat networks, heat pumps and energy efficiency measures at scale.

City Leap is an energy partnership between the council and a private sector Strategic Partner. The council will grant access to its estate to deliver low carbon energy infrastructure and facilitate delivery in the wider city, including with existing community energy groups and networks. The Strategic Partner will contribute capital funding, capacity and expertise in the delivery of low carbon energy infrastructure projects.

Following the approval by Cabinet in July 2020 of the Cabinet Report, 'Revised City Leap Energy Partnership', the procurement of the Strategic Partner commenced on 3 August 2020. In its final stage, the procurement process identified three shortlisted Bidders to move into the final stage, as follows:

- Ameresco Limited, with Vattenfall Heat UK Limited as an Essential Sub-Contractor;
- E.ON UK PLC and Marubeni Corporation (acting as a consortium);
- ENGIE Services Holding UK Ltd and Sumitomo Corporation (acting as a consortium)

Following the shortlisting, the next stage of the Procurement commenced in November 2020 which involved weekly dialogue meetings with each of the shortlisted Bidders. The council's City Leap team, supported by colleagues from across the council and external advisors, met with each of the Bidders for over 150 hours to discuss a wide range of issues, including the opportunities for low carbon energy

infrastructure projects on the council’s estate, community energy, local job creation, social value and legal matters.

The Invitation to Tender was published on 16 August 2021 and two bidders subsequently submitted Tenders on 17 December 2021. These bids were evaluated over the course of January and February 2022, a process that involved 16 evaluators, 15 internal subject matter experts (SMEs) and five external SMEs, as well as independent verification of the social value and carbon savings proposed in each bid.

Bidders were required to provide a response to a number of questions across Strategic, Financial and Social Value themes. One of the eight social value question related specifically to Equalities, Diversity and Inclusivity and required the Bidders to respond with their commitments to building EDI into the governance of City Leap, ensuring compliance with PSED 2011 and ensuring that opportunities were created to “actively address inequality and exclusion to enable all of Bristol’s citizens to realise their potential and live safely” throughout the joint venture’s activities. This section of the procurement was co-evaluated with the Head of Equalities and Inclusion.

Upon completion of the evaluation process, the winning Bidder has been confirmed as being Ameresco Limited and the approval to appointment Ameresco Limited as the Preferred Bidder was sought from Cabinet on 5 April 2022. Approval to enter into contracts with Ameresco is now sought at 1 November Cabinet.

For clarity, this assessment covers the council entering into contract with Ameresco Limited as the Preferred Bidder for the City Leap Energy Partnership, and the considerations arising from this partnership and the future launch of the City Leap Energy Partnership all of which is the subject of Cabinet approval in December.

### 1.2 Who will the proposal have the potential to affect?

<input checked="" type="checkbox"/> Bristol City Council workforce	<input checked="" type="checkbox"/> Service users	<input checked="" type="checkbox"/> The wider community
<input checked="" type="checkbox"/> Commissioned services	<input checked="" type="checkbox"/> City partners / Stakeholder organisations	
Additional comments:		

### 1.3 Will the proposal have an equality impact?

Could the proposal affect access levels of representation or participation in a service, or does it have the potential to change e.g. quality of life: health, education, or standard of living etc.?

If ‘No’ explain why you are sure there will be no equality impact, then skip steps 2-4 and request review by Equality and Inclusion Team.

If ‘Yes’ complete the rest of this assessment, or if you plan to complete the assessment at a later stage please state this clearly here and request review by the Equality and Inclusion Team.

**Yes**                       **No**                      [please select]

Engagement	Relevance for the Public Sector Equality Duty	Consideration given to reducing discrimination and advancing equality of opportunity
Governance	Medium	Proposed City Leap Board-level ownership of equalities and a named Senior Manager, with

		responsibility for Equalities Strategy and day to day operations who will feed into the Board with EDI being set as a standing item for each meeting.
Political engagement	Medium	The EqIA is updated for each report to elected members and an annual EDI report to be published for the public and elected officials to show progress on KPIs, social value etc.
Pipeline of opportunities as described in the original City Leap prospectus but refreshed as part of the winning Bidder's business plan commitments and KPIs.	Medium	<p>The City Leap Energy Partnership includes a recommendation to continue with a range of energy related services, and their associated contributions to city sustainability, whilst removing the need for the council to fund projects and services.</p> <p>Good detail is gathered on needs of customers from different socio-economic backgrounds. Targeted approach proposed to focus early initiatives on areas of greater deprivation.</p>
Marketing and Website	Medium	<p>This will be relevant to some of the City Leap offers, for energy efficiency schemes for citizens, low-carbon projects for local business, the publication of annual reports etc. Some customers will need more support to understand their options. Council tenants and those living in fuel poverty are a priority group to benefit information is designed to be accessible. Will be in-line with the council's adopted standards of accessibility. Future website updates will maintain a commitment to providing a website that is accessible to the widest possible audience, regardless of technology or ability. We are actively working to increase the accessibility and usability of our existing website and the future City Leap website will adhere to the standards set out by the council.</p>
BCC Staff Transfer	Medium	The Joint Venture which will be established following the City Leap procurement stage will develop a full EDI strategy, equalities

		policies for staff and customers within the first six months of operations.
BCC Asset transfer	Low	Transfer of biomass boilers, heat network assets, etc.
ICT Systems	Medium	Need to be accessible for the customer but minimum ability to influence as there is only one energy ICT system available on the market, which can be purchased. Need to provide accessibility systems to staff as part of reasonable adjustments.
Staff Training	Medium	Staff need to be trained to handle enquiries from people with complex needs and commitments have been made to provide all staff with a range of equalities related training including unconscious bias, diverse recruitment, etc.
Premises	Medium	New office premises for Bristol City Leap will be accessible to ensure disabled staff can work for the company or disabled partners can attend meetings at the company as needed
Supply Program	Low	Continuation of existing activities
Investment Program	Medium	Continuation of existing activities.
Environmental Performance	Low	Continuation of existing activities
Operations Program	Medium	Dedicated marketing and communication will support potential customers to understand their options.
Infrastructure program	Medium	Continuation of existing activities

## Step 2: What information do we have?

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

Please use this section to demonstrate an understanding of who could be affected by the proposal. Include general population data where appropriate, and information about people who will be affected with particular reference to protected and other relevant characteristics: <https://www.bristol.gov.uk/people-communities/measuring-equalities-success>.

Use one row for each evidence source and say which characteristic(s) it relates to. You can include a mix of qualitative and quantitative data e.g. from national or local research, available data or previous consultations and engagement activities.

Outline whether there is any over or under representation of equality groups within relevant services - don't forget to benchmark to the local population where appropriate. Links to available data and reports are here [Data, statistics and intelligence \(sharepoint.com\)](#). See also: [Bristol Open Data \(Quality of Life, Census etc.\)](#); [Joint Strategic Needs Assessment \(JSNA\)](#); [Ward Statistical Profiles](#).

For workforce / management of change proposals you will need to look at the diversity of the affected teams using available evidence such as [HR Analytics: Power BI Reports \(sharepoint.com\)](#) which shows the diversity profile of council teams and service areas. Identify any over or under-representation compared with Bristol economically active citizens for different characteristics. Additional sources of useful workforce evidence include the [Employee Staff Survey Report](#) and [Stress Risk Assessment Form](#)

<b>Data / Evidence Source</b> [Include a reference where known]	<b>Summary of what this tells us</b>																																																		
<p>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 older people, 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 have 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.</p> <p>Bristol’s Quality of Life Survey 2021-22 gives us a view of the percentages of residents that are concerned by climate change and this can be broken down by characteristic to better understand engagement within equality groups.</p> <p><i>Three quarters (75.4%) of disabled people aged 16 and over are economically inactive compared to a quarter (24.9%) of those not disabled. This suggests that disabled people in this band could benefit greatly from employment opportunities generated by City Leap and its supply chain, as well as community investment initiatives.</i></p>	<p>As this is a citywide programme, there is potential for all residents to be affected. Sources of data and evidence specific to people with particular protected characteristics are included in Section 3.1.</p> <table border="1" data-bbox="842 1025 1517 2033"> <thead> <tr> <th data-bbox="842 1025 1262 1095"><b>Characteristic</b></th> <th data-bbox="1262 1025 1517 1095"><b>% concerned about climate change</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="842 1095 1262 1137"><b>Bristol Average</b></td> <td data-bbox="1262 1095 1517 1137"><b>86.7</b></td> </tr> <tr> <td data-bbox="842 1137 1262 1173">Most Deprived 10%</td> <td data-bbox="1262 1137 1517 1173">74.4</td> </tr> <tr> <td data-bbox="842 1173 1262 1211">16 to 24 years</td> <td data-bbox="1262 1173 1517 1211">89.5</td> </tr> <tr> <td data-bbox="842 1211 1262 1249">50 years and older</td> <td data-bbox="1262 1211 1517 1249">82.9</td> </tr> <tr> <td data-bbox="842 1249 1262 1288">65 years and older</td> <td data-bbox="1262 1249 1517 1288">83.2</td> </tr> <tr> <td data-bbox="842 1288 1262 1326">Female</td> <td data-bbox="1262 1288 1517 1326">89.9</td> </tr> <tr> <td data-bbox="842 1326 1262 1364">Male</td> <td data-bbox="1262 1326 1517 1364">83.5</td> </tr> <tr> <td data-bbox="842 1364 1262 1402">Disabled</td> <td data-bbox="1262 1364 1517 1402">81.0</td> </tr> <tr> <td data-bbox="842 1402 1262 1440">Black, Asian and minority ethnic</td> <td data-bbox="1262 1402 1517 1440">80.6</td> </tr> <tr> <td data-bbox="842 1440 1262 1478">Asian/Asian British</td> <td data-bbox="1262 1440 1517 1478">79.1</td> </tr> <tr> <td data-bbox="842 1478 1262 1516">Black/Black British</td> <td data-bbox="1262 1478 1517 1516">67.0</td> </tr> <tr> <td data-bbox="842 1516 1262 1554">Mixed/Multiple ethnic groups</td> <td data-bbox="1262 1516 1517 1554">92.4</td> </tr> <tr> <td data-bbox="842 1554 1262 1592">White</td> <td data-bbox="1262 1554 1517 1592">87.7</td> </tr> <tr> <td data-bbox="842 1592 1262 1630">White Minority Ethnic</td> <td data-bbox="1262 1592 1517 1630">85.9</td> </tr> <tr> <td data-bbox="842 1630 1262 1668">White British</td> <td data-bbox="1262 1630 1517 1668">88.0</td> </tr> <tr> <td data-bbox="842 1668 1262 1706">Christian</td> <td data-bbox="1262 1668 1517 1706">82.6</td> </tr> <tr> <td data-bbox="842 1706 1262 1744">Other religion</td> <td data-bbox="1262 1706 1517 1744">84.4</td> </tr> <tr> <td data-bbox="842 1744 1262 1783">No religion or faith</td> <td data-bbox="1262 1744 1517 1783">89.5</td> </tr> <tr> <td data-bbox="842 1783 1262 1821">Single parent</td> <td data-bbox="1262 1783 1517 1821">87.2</td> </tr> <tr> <td data-bbox="842 1821 1262 1859">Two parent</td> <td data-bbox="1262 1821 1517 1859">86.8</td> </tr> <tr> <td data-bbox="842 1859 1262 1897">No qualifications</td> <td data-bbox="1262 1859 1517 1897">68.4</td> </tr> <tr> <td data-bbox="842 1897 1262 1935">Owner Occupier</td> <td data-bbox="1262 1897 1517 1935">88.2</td> </tr> <tr> <td data-bbox="842 1935 1262 1973">Rented from housing association</td> <td data-bbox="1262 1935 1517 1973">78.2</td> </tr> <tr> <td data-bbox="842 1973 1262 2011">Rented from the council</td> <td data-bbox="1262 1973 1517 2011">68.3</td> </tr> </tbody> </table>	<b>Characteristic</b>	<b>% concerned about climate change</b>	<b>Bristol Average</b>	<b>86.7</b>	Most Deprived 10%	74.4	16 to 24 years	89.5	50 years and older	82.9	65 years and older	83.2	Female	89.9	Male	83.5	Disabled	81.0	Black, Asian and minority ethnic	80.6	Asian/Asian British	79.1	Black/Black British	67.0	Mixed/Multiple ethnic groups	92.4	White	87.7	White Minority Ethnic	85.9	White British	88.0	Christian	82.6	Other religion	84.4	No religion or faith	89.5	Single parent	87.2	Two parent	86.8	No qualifications	68.4	Owner Occupier	88.2	Rented from housing association	78.2	Rented from the council	68.3
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	Rented from private landlord	88.1
	Non degree qualifications	79.5
	Degree qualifications	91.8
	Part-time carer	83.1
	Full-time carer	77
	Carer (All)	81.7
	Parents (All)	86.8
	Lesbian, Gay or Bisexual	87.6

**Additional comments:**

- Cabinet approval will not result in any groups being disadvantaged and through the procurement’s focus and scoring on social value, the winning Bidder was deemed to score 75% (Good) for the Equalities, Diversity and Inclusivity response of their bid.
- The council, led by the Head of Equalities and Inclusion and via the City Leap Client Function, will ensure the Bidder and future JVCo is held to commitments and KPIs as part of the company setup.
- Each delivery activity of the strategy, i.e. individual project, will undertake its own impact assessment to ensure due regard and that opportunities for tackling inequality are maximised. These impacts will be addressed and planned for within the planning stages of the delivery activity.
- Data will be collected across City Leap and used for reporting, highlighting negative trends and driving improvements in services. Equalities data will be published in an annual report to show progress on key EDI related KPIs and interventions.
- We will consider the end user and accessibility from the start of the planning process, any assistance needs will be designed and developed into applications before they are delivered.
- EDI related issues will be escalated to JVCo management and Board along with mitigating actions for approval and implementation. Further, EDI breaches will be investigated and remedial action taken where necessary.
- The JVCo will ensure that a formal EDI policy will be implemented for staff.
- Over the first five years of the Partnership, building on the council’s Energy Service’s existing portfolio of low carbon energy projects to deliver or facilitate:
  - £424m in low carbon energy infrastructure, including heat networks, renewable energy, heat pumps, energy efficiency and EV charging;
  - c140,000 tonnes of carbon savings;
  - c182MW of zero carbon energy generation.
  - c£61m of social value, including c£50m of contracts to be delivered by local suppliers.

**2.2 Do you currently monitor relevant activity by the following protected characteristics?**

<input checked="" type="checkbox"/> Age	<input checked="" type="checkbox"/> Disability	<input checked="" type="checkbox"/> Gender Reassignment
<input checked="" type="checkbox"/> Marriage and Civil Partnership	<input checked="" type="checkbox"/> Pregnancy/Maternity	<input checked="" type="checkbox"/> Race
<input checked="" type="checkbox"/> Religion or Belief	<input checked="" type="checkbox"/> Sex	<input checked="" type="checkbox"/> Sexual Orientation

**2.3 Are there any gaps in the evidence base?**

Where there are gaps in the evidence, or you don’t have enough information about some equality groups, include an equality action to find out in section 4.2 below. This doesn’t mean that you can’t complete the assessment without the information, but you need to follow up the action and if necessary, review the assessment later. If you are unable to fill in the gaps, then state this clearly with a justification.

For workforce related proposals all relevant characteristics may not be included in HR diversity reporting (e.g. pregnancy/maternity). For smaller teams diversity data may be redacted. A high proportion of not known/not disclosed may require an action to address under-reporting.

Internally there are no gaps in staff data and the JVCo will monitor and evaluate HR data going forward, identifying future gaps and working to address these. There are however some gaps in our diversity data for some protected characteristics citywide, especially where this has not historically been included in census and statutory reporting e.g. for sexual orientation and gender reassignment.

## 2.4 How have you involved communities and groups that could be affected?

You will nearly always need to involve and consult with internal and external stakeholders during your assessment. The extent of the engagement will depend on the nature of the proposal or change. This should usually include individuals and groups representing different relevant protected characteristics. Please include details of any completed engagement and consultation and how representative this had been of Bristol's diverse communities. See <https://www.bristol.gov.uk/people-communities/equalities-groups>.

Include the main findings of any engagement and consultation in Section 2.1 above.

If you are managing a workforce change process or restructure please refer to [Managing change or restructure \(sharepoint.com\)](#) for advice on consulting with employees etc. Relevant stakeholders for engagement about workforce changes may include e.g. staff-led groups and trades unions as well as affected staff.

This proposal has been informed by previous engagement and consultation with Bristol citizens that was conducted as part of the establishment of the Energy Service company between 2016 and 2018. Continued engagement with Community Energy Groups and communities has continued as part of collaborative working across a number of area-based initiatives up to the present.

Through City Leap, we are committed to building strong links with communities and groups with protected characteristics and showing due regard for all communities where any future projects may be located as well as broader participation on city-wide initiatives.

Furthermore, the winning Bidder has outlined a number of activities to enhance community involvement either through direct funding or through engagement in communities where projects may take place as well as consultations and public forums and steering groups. There is also commitment to engagement with equalities leadership through Bristol's Commission for Race Equality and One City Boards.

## 2.5 How will engagement with stakeholders continue?

Explain how you will continue to engage with stakeholders throughout the course of planning and delivery. Please describe where more engagement and consultation is required and set out how you intend to undertake it. Include any targeted work to seek the views of under-represented groups. If you do not intend to undertake it, please set out your justification. You can ask the Equality and Inclusion Team for help in targeting particular groups.

City Leap Energy Partnership will establish an EDI strategy (both internally and externally focussed) as well as a community engagement plan to ensure the ongoing involvement of local communities and equalities groups.

### Step 3: Who might the proposal impact?

Analysis of impacts must be rigorous. Please demonstrate your analysis of any impacts of the proposal in this section, referring to evidence you have gathered above and the characteristics protected by the Equality Act 2010. Also include details of existing issues for particular groups that you are aware of and are seeking to address or mitigate through this proposal. See detailed guidance documents for advice on identifying potential impacts etc. [Equality Impact Assessments \(EqIA\) \(sharepoint.com\)](#)

#### 3.1 Does the proposal have any potentially adverse impacts on people based on their protected or other relevant characteristics?

Consider sub-categories (different kinds of disability, ethnic background etc.) and how people with combined characteristics (e.g. young women) might have particular needs or experience particular kinds of disadvantage.

Where mitigations indicate a follow-on action, include this in the ‘Action Plan’ Section 4.2 below.

<b>GENERAL COMMENTS</b> (highlight any potential issues that might impact all or many groups)	
<ul style="list-style-type: none"> <li>The approval to appoint the preferred bidder for City Leap will not result in any groups being disadvantaged but will present an opportunity for the council to engage and advise on the setup of the JVCo so that equalities can be built in as a cornerstone of the future company, shaping its interaction with the people of Bristol as well as its internal staff.</li> <li>A robust EDI strategy will be developed in collaboration with the council but each individual project will also undertake its own impact assessment to determine any negative impacts that it may have and the mitigations that will be needed to turn these into enhanced opportunities.</li> <li>These impacts will be addressed and planned for within the planning stages of the delivery activity.</li> <li>We will consider the end user and accessibility from the start of the planning process, any assistance needs will be designed and developed into applications before they are delivered.</li> </ul>	
<b>PROTECTED CHARACTERISTICS</b>	
<b>Age: Young People</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	<ul style="list-style-type: none"> <li>Younger families often discouraged to undertake service offers due to the disturbance caused by home improvements needed to improve energy efficiency (noise, dust, disruption etc.).</li> <li>Younger families generally spend longer in their home than the “average” householder</li> </ul>
Mitigations:	<ul style="list-style-type: none"> <li>The provision of energy efficiency and renewable energy measures can make a significant difference to making their home warmer and reducing fuel bills.</li> <li>Methods of behavioural support within the home will need to be explored within the business model.</li> <li>Explore how contractors working under the company’s brand can minimise disturbance especially for vulnerable households.</li> </ul>
<b>Age: Older People</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	<ul style="list-style-type: none"> <li>Poorer older people generally spend longer in their home than the “average” householder.</li> <li>The vast majority of households have little or very basic understanding about how to control or adjust their heating systems.</li> <li>Most households do not like the disturbance of building works, in general older people often put off work because of the disturbance factor.</li> <li>Many older and disabled people are put off the government’s energy efficiency programmes because of their complexity and fear of taking on debt.</li> </ul>

	<ul style="list-style-type: none"> <li>Sources: Department of Energy &amp; Climate Change (2012) <i>Annual Report on Fuel Poverty</i>; National Energy Action (2012) <i>Focus groups of older people, families and households with disabilities and long-term health conditions</i>.</li> </ul>
Mitigations:	<ul style="list-style-type: none"> <li>The provision of energy efficiency and renewable energy measures can make a significant difference to making their home warmer and reducing fuel bills.</li> <li>Methods of behavioural support within the home will need to be explored within the business model with guidance available.</li> <li>Explore how contractors working under the company’s brand can minimise disturbance especially for vulnerable households.</li> </ul>
<b>Disability</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	<ul style="list-style-type: none"> <li>Disabled people are likely to spend longer in their home than non-disabled people and require higher levels of heat.</li> <li>Economic activity levels are much lower for the disabled people in Bristol than for non-disabled 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.</li> <li>The vast majority of households have little or very basic understanding about how to control or adjust their heating systems. People with learning difficulties may experience additional barriers to accessing information and advice about energy or utilising their heating systems efficiently resulting in higher costs or living in cold homes.</li> <li>Many older and disabled people are put off the government’s energy efficiency programmes because of their complexity and fear of taking on debt.</li> <li>Most households do not like the disturbance of building works, in general households with disabled persons have a greater requirement to minimise disturbance and greater occupants needs than the “average” household.</li> <li>Sources: Census (2011), Department of Energy &amp; Climate Change (2012) <i>Annual Report on Fuel Poverty</i>; National Energy Action (2012) <i>Focus groups of older people, families and households with disabilities and long-term health conditions</i>.</li> </ul>
Mitigations:	<ul style="list-style-type: none"> <li>The provision of energy efficiency and renewable energy measures can make a significant difference to helping disabled people make their home warmer and reducing fuel bills.</li> <li>Methods of support within the home will need to be explored within the business model.</li> <li>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.</li> <li>Explore how contractors working under the company’s brand can minimise disturbance and meet expectations of disabled households.</li> <li>Funding and encouraging the use of trusted, local community organisations for project engagement could support people to access offers, products and services.</li> </ul>
<b>Sex</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	Positive Impact
Mitigations:	<ul style="list-style-type: none"> <li>Explore within the business model, recruitment and through procurement how the number of female participants can be increased within this sector</li> </ul>

	<p>through recruitment and training. This will assist with communication and engagement with the single parent households where the women are in the majority as well as addressing an imbalance within the local industry.</p> <ul style="list-style-type: none"> <li>• KPIs listed include commitments to increasing % of women in management positions within the JVCo as well as the implantation of supportive policies like flexi time etc.</li> </ul>
<b>Sexual orientation</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	<ul style="list-style-type: none"> <li>• Some LGBTQ+ households value their home as a safe space and may be reticent about granting access for works. Source: <a href="http://www.shu.ac.uk/assets/pdf/ceir-LGBTcommunities-executive-summary-Nov2012.pdf">http://www.shu.ac.uk/assets/pdf/ceir-LGBTcommunities-executive-summary-Nov2012.pdf</a></li> </ul>
Mitigations:	<ul style="list-style-type: none"> <li>• Explore how contractors working under the company’s brand can minimise disturbance, meet customer expectations of respect and inclusivity.</li> </ul>
<b>Pregnancy / Maternity</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The likely disturbance of building works should be considered.</li> </ul>
Mitigations:	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Gender reassignment</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	No Impact
Mitigations:	<ul style="list-style-type: none"> <li>• As sexual orientation Some trans people may be reticent about granting access to their property for works.</li> <li>• Engagement and consultation with trans and gender diverse communities will be an essential approach for minimising any potential negative impacts.</li> </ul>
<b>Race</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	<ul style="list-style-type: none"> <li>• The vast majority of households have little or very basic understanding about how to control or adjust their heating systems. This is particularly compounded where there may be a language or cultural barrier to the householder understanding their heating system. For example 5.1% of households in Bristol do not have anyone living in them who had English as a main language.</li> <li>• Some Black, Asian and minority ethnic households have cultural and /or language issues leading to these homes paying the highest fuel costs and not accessing support.</li> <li>• Most households do not like the disturbance of building works, in some Black, Asian and minority ethnic communities this may be compounded by language barriers.</li> <li>• Sources: <ul style="list-style-type: none"> <li>– Kensington &amp; Chelsea Community Enterprises CIC (2012) <i>Switching household energy tariffs – an action research study</i></li> <li>– Centre for Sustainable Energy (2005) <i>Developing effective energy advice for BME Communities</i>, <a href="http://www.cse.org.uk/pdf/pub1042.pdf">http://www.cse.org.uk/pdf/pub1042.pdf</a></li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>– Damon Gibbons &amp; Rosanna Singler (2008) <i>Cold Comfort: A review of coping strategies employed by households in fuel poverty</i></li> <li>– Equality &amp; Human Rights Commission (2009) <i>Race discrimination in the construction industry</i></li> </ul> <ul style="list-style-type: none"> <li>• Many Black, Asian and minority ethnic households live in the most poor quality housing that costs more to heat than the “average” home.</li> </ul>
Mitigations:	<ul style="list-style-type: none"> <li>• The provision of energy efficiency and renewable energy measures can make a significant difference to making their home warmer and reducing fuel bills.</li> <li>• Methods of support within the home will need to be explored within the business model.</li> <li>• 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.</li> <li>• Explore how contractors working under the company’s brand can minimise disturbance and meet cultural expectations.</li> <li>• Explore within the business model, recruitment and through procurement how the number of minoritised ethnic participants can be increased within this sector.</li> </ul> <p>This will assist with communication and engagement with Black, Asian and minority ethnic households and there must be an understanding of some cultural differences in visiting many households.</p>
<b>Religion or Belief</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	<ul style="list-style-type: none"> <li>• 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 in Bristol’s communities.</li> </ul>
Mitigations:	<ul style="list-style-type: none"> <li>• Religious communities can provide support at a practical level, such as identifying households that require special assistance, distribution and endorsement of literature / information, etc.</li> </ul>
<b>Marriage &amp; civil partnership</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	No Impact
Mitigations:	N/A
<b>OTHER RELEVANT CHARACTERISTICS</b>	
<b>Socio-Economic (deprivation)</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	<u>Gypsies &amp; Travellers</u> Gypsy & Traveller communities 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.
Mitigations:	Guidance and links with the council’s Gypsies & Travellers Team will be a necessity for realising positive outcomes for residents.
<b>Carers</b>	Does your analysis indicate a disproportionate impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Potential impacts:	As above – people with unpaid caring responsibilities for children and older adults may incur disproportionately high heating costs.
Mitigations:	As above

<b>Other groups</b> [Please add additional rows below to detail the impact for other relevant groups as appropriate e.g. Asylums and Refugees; Looked after Children / Care Leavers; Homelessness]	
Potential impacts:	
Mitigations:	

### 3.2 Does the proposal create any benefits for people based on their protected or other relevant characteristics?

Outline any potential benefits of the proposal and how they can be maximised. Identify how the proposal will support our Public Sector Equality Duty to:

- ✓ Eliminate unlawful discrimination for a protected group
- ✓ Advance equality of opportunity between people who share a protected characteristic and those who don't
- ✓ Foster good relations between people who share a protected characteristic and those who don't

The installation of energy efficiency and renewable technologies typically employs manual and skilled trades as part of our contract terms we will seek a proportion of these to be from underrepresented sections of the communities.

## Step 4: Impact

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

What are the main conclusions of this assessment? Use this section to provide an overview of your findings. This summary can be included in decision pathway reports etc.

If you have identified any significant negative impacts which cannot be mitigated, provide a justification showing how the proposal is proportionate, necessary, and appropriate despite this.

<b>Summary of significant negative impacts and how they can be mitigated or justified:</b>
This is a new activity for the Council, and therefore any Joint Venture entity is seeking to build the required effective reporting structures to ensure excellent customer satisfaction across the work projects and to ensure that all the demographic groups have access to services and are being reached.
<b>Summary of positive impacts / opportunities to promote the Public Sector Equality Duty:</b>
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 and that the City Leap JV works closely with the council's Equalities and Inclusion team for best practice.
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 Action Plan

Use this section to set out any actions you have identified to improve data, mitigate issues, or maximise opportunities etc. If an action is to meet the needs of a particular protected group please specify this.

Improvement / action required	Responsible Officer	Timescale
<p>No action required at this stage for Cabinet but detailed work within the JVCo will need to take place to turn bid commitments into an action – this activity commenced following April Cabinet as part of the “Preferred Bidder” stage and will continue following the launch of the JVCo in December.</p> <p>This will include the council’s Head of Equalities and Inclusion to ensure alignment with the council’s own policies and objectives.</p> <p>Key activities will include:</p> <ul style="list-style-type: none"> <li>○ Monitoring the contractually binding KPIs for EDI so that the JVCo can be accountable for commitments.</li> <li>○ Establishing a robust EDI strategy in readiness for May 2023 (in liaison with BCC Equality and Inclusion Team)</li> <li>○ Establishing a community engagement plan through the governance structure of the new JV company, which taps into existing networks and establishes new networks where required.</li> <li>○ Continued collaboration between the council and JVCo to ensure alignment on data collection and reporting, maximising opportunities for residents and building a best practice organisation with regards to EDI.</li> </ul>	James Sterling	November -May 2022

### 4.3 How will the impact of your proposal and actions be measured?

How will you know if you have been successful? Once the activity has been implemented this equality impact assessment should be periodically reviewed to make sure your changes have been effective your approach is still appropriate.

The monitoring arrangements will be developed as part of a consultation process and then embedded into standard operational procedures.

## Step 5: Review

The Equality and Inclusion Team need at least five working days to comment and feedback on your EqIA. EqIAs should only be marked as reviewed when they provide sufficient information for decision-makers on the equalities impact of the proposal. Please seek feedback and review from the Equality and Inclusion Team before requesting sign off from your Director<sup>1</sup>.

<sup>1</sup> Review by the Equality and Inclusion Team confirms there is sufficient analysis for decision makers to consider the likely equality impacts at this stage. This is not an endorsement or approval of the proposal.

<p><b>Equality and Inclusion Team Review:</b></p> <p><i>Reviewed by Equality and Inclusion Team</i></p>	<p><b>Director Sign-Off:</b></p>  <p>Director Property, Assets &amp; Infrastructure</p>
<p>Date: 11/10/2022</p>	<p>Date: 16/11/2022</p>

## Eco Impact Checklist

<b>Title of report: Establishing the City Leap Energy Partnership</b>				
<b>Report author: Peter Anderson</b>				
<b>Anticipated date of key decision: 6 December 2022</b>				
Summary of the Proposals				
To seek authority from Cabinet to: <ul style="list-style-type: none"> <li>finalise arrangements for the City Leap Energy Partnership with Ameresco Limited to implement City Leap, and</li> <li>approve matters in relation to the transition phase of the City Leap Energy Partnership.</li> </ul>				
Over the first five years of the Partnership, delivering or facilitating [a minimum of]: <ol style="list-style-type: none"> <li>£424m in low carbon energy infrastructure, including heat networks, renewable energy, heat pumps, energy efficiency and EV charging;</li> <li>c140,000 tonnes of carbon savings;</li> <li>c182MW of zero carbon energy generation.</li> </ol>				
Will the proposal impact on...	Yes/No	+ive or -ive	If Yes...	
			Briefly describe impact	Briefly describe Mitigation measures
Emission of Climate Changing Gases?	Yes	+ive	This is the largest carbon reduction project ever undertaken by the city council.  The first 5 years of the partnership will save a predicted 140,000 tonnes of carbon emissions from Bristol.	
Bristol's resilience to the effects of climate change?	No		The partnership is not anticipated to have a material effect on the city's resilience to the impacts of climate change such as hotter weather or flood risk.	The assets created by the partnership will factor in future climate change and be designed to be resilient
Consumption of non-renewable resources?	Yes	+ive	The partnership plans to invest £424m in low carbon energy infrastructure which will reduce the use of fossil fuels.  In developing this infrastructure there will be carbon emissions, for example steel to produce district heating pipes.  The net effect will be positive.	The partnership should actively manage the resource consumption and embodied carbon footprint of its construction.
Production, recycling or disposal of waste	Yes	-ive	The construction of infrastructure will generate waste.	The partnership should actively manage and minimise the waste

				produced from its construction
The appearance of the city?	Yes		The installation of new energy infrastructure and improvement of buildings may lead to changes in the appearance of the city. It is not possible to say if these are positive or negative.	Significant visible changes are only likely to arise from projects which will require planning permission and visual changes can be managed through this process.
Pollution to land, water, or air?	Yes	+ive	The reduced burning of gas to heat buildings will reduce air pollution in the city. The reduced extraction of fossil fuels will reduce pollution at those extraction locations, processing facilities and from transportation.	
Wildlife and habitats?	Yes	+ive	As above, the reduced use of fossil fuels will benefit wildlife and some infrastructure projects will result in biodiversity net-gain, either through the legal requirements of the planning system or through the voluntary action of the partnership.	Significant adverse impacts on wildlife and habitats are only likely to arise from projects which will require planning permission and impacts can be managed through this process.
		-ive	Some construction projects may result in damage to wildlife and habitats.	

**Consulted with:** Alex Minshull, Sustainable City and Climate Change Manager

**Summary of impacts and Mitigation**

The significant impacts of this proposal are...

The construction of a substantial amount of new low carbon energy infrastructure which will generate waste and consume non-renewable resources. The overall effect of the proposals will be a substantial reduction in carbon dioxide emissions from the burning of fossil fuels which we would anticipate being much greater than the impacts from construction.

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

Since projects undertaken by the City Leap Energy Partnership will not require approval by Cabinet, unless involving Council expenditure of more than £500k, the city council will ensure that appropriate mechanisms are in place through the Council's Client Function to ensure that the negative environmental impacts of the Partnership are effectively identified, minimised and managed. This will include managing the environmental impacts of construction in line with good industry practice and where relevant the council's planning policies.

This is the largest carbon reduction project the city council has undertaken. The net effects of the proposals are very positive.

<b>Checklist completed by:</b>	
Name:	David White
Dept.:	Energy Service
Extension:	
Date:	18/10/22
Verified by Sustainable City and Climate Change Manager	Alex Minshull 18/10/22

## 2022 12 06 Establishing the City Leap Energy Partnership – Appendix G – Financial Advice

### Background

1. Following the successful procurement to appoint a Strategic Partner (SP) and approval by Cabinet in April 2022 to appoint Ameresco / Vattenfall as the Preferred Bidder, following a six-month mobilisation phase, where all parties have worked collaboratively, the Authority now plans to enter into a Concession Agreement with the SP for a term of 20 years to implement low carbon energy infrastructure technologies and exploit the wider opportunities across the Council's estate and wider Bristol community.
2. As part of the procurement, and as approved by Cabinet in July 2022, the Council's Heat Network Assets (HNA) will transfer to Bristol Heat Networks (BHNL), the Council's wholly owned company, which will be acquired by Vattenfall under the terms of the Share Purchase Agreement (SPA).
3. A Joint Venture company (JVCo) will be established between the parties (Ameresco and Bristol City Council), and which will focus primarily on project origination to deliver the SP's business plan.
4. The value of the assets to be transferred is set out below, and the purchase consideration is based on the level of debt owed to the Council by BHNL at the point of transfer, predominantly arising as a result of the Asset Transfer and working capital requirements of the company. The share consideration will be £1.
5. Following a successful period of consultation with the Energy Services staff, most of the existing workforce will transfer to the City Leap Joint Venture Company under TUPE, with a small team remaining with the Council to manage the Council's energy budget and non-heat network assets.
6. A new Client function is intended to be created, which will be a key interface between the Strategic Partner and the Council, with its primary aim to effectively manage the relationship, facilitate delivery of the business plan in accordance with the terms of the Concession Agreement, monitor the Strategic Partner's performance to ensure that maximum value is delivered for all stakeholders and customers and ensuring that the latest technologies/ innovative solutions are deployed to deliver the City Leap outcomes.
7. As part of the requirements of the Invitation to Tender (ITT) Bidders were asked to submit three pricing elements, in addition to the payment for the HNA via the acquisition of BHNL:
  - a. The Concession payments are guaranteed payments, albeit variable across the 20-year timeframe.
  - b. The Authority Share Payments are not guaranteed and are based on a revenue share formula (% of capital deployed in relation to non-heat assets and new connections on the Heat Networks).
  - c. No Authority Contribution to JVCo was sought by the Preferred Bidder (PB).
8. The phasing of these payments over the initial five-year period is set out in the CBA in Annex A and has been updated for refreshed Initial Business Plan (see Appendix A (ii)).

## Financial Assessment

9. As part of the Report to grant the twenty-year concession to the Preferred Bidder, to be presented to Cabinet on 6 December 2022 and to aid in that decision, the following high-level Financial Assessment of the overall Cost-Benefit to the Authority has been set out, alongside key financial highlights of the SP's Initial Business Plan (see Exempt Appendix I (i)).
10. The timeframe for the analysis is a five-year period, commencing Financial Year 22-23
11. The financial analysis and tables set out within this document is based on available data, some of which is evolving and therefore should be considered at a "Draft" status.
12. In arriving at the overall cost-benefit analysis (CBA), certain assumptions and varying degrees of judgement have been used. The underlying cost base is reasonably understood, however areas such as the Heat Model future income generation, which remains subject to current pressures and volatility on utility costs, inflation, and financing costs should be considered indicative only. This is not considered to have a material impact on the overall CBA as the assumptions are largely consistent with previous analysis undertaken and is therefore excluded from the CBA.
13. All figures are presented in 2022 values with the HM Treasury discount rate of 3.5% + inflation at 5% (nominal) used to calculate a Net Present Value (NPV)
14. Costs to date in procuring the City Leap Partner are a sunk cost and are deemed not relevant to the decision and therefore only noted in this report for completeness.
15. Other than non-guaranteed Income to the Authority, no adjustment has been made for optimism bias, on the basis that the figures are Indicative and are presented based on a reasonable level of analysis of data submitted by the Preferred Bidder, and existing financial models maintained by the Authority.
16. Budget data for the financial year 22-23 is used to capture indicative financial benefit to the Council arising from the transfer of staff and related activities to JVCo. This may not be reflective of the current cost base as for example it excludes recent 22-23 pay awards which are averaging at 6.2% for the Council.
17. The overall cost and re-charging of utility costs, remains the responsibility of the Council and will be managed by the remaining Energy Services staff. These costs are not relevant to this decision and are therefore not included in this assessment.
18. The CBA excludes any specific risks noted elsewhere within the documents, specifically Appendix D (Risk Assessment), and Appendix H (Legal Commentary), though any quantifiable indemnities are included, noting final agreement has yet to be reached as part of finalising the suite of legal agreements.
19. The wider economic benefits and carbon emission reductions are not addressed as part of the financial assessment and commentary, though overall Co2 savings are noted, as set out in the SP's Initial Business Plan.
20. The Initial Business Plan submitted by the Preferred Bidder and to be appended to the Concession Agreement is subject to a separate summary and is only shown here as an aide memoire and is not assessed as part of this commentary.

### **Preferred Bidder Revised Business Plan (BP) highlights**

21. An Initial Business Plan has been submitted by the Preferred Bidder, segregated between Non Heat Assets (deployment of low carbon energy infrastructure assets, the responsibility of Ameresco) and the build out and operation of the Heat Network via BHNL being acquired by Vattenfall.
22. The Initial Business Plan shows an acceleration in the rollout of infrastructure across the Council's estate, though the funding arrangements, including the use of further grant income, has yet to be determined.
23. A list of identified Projects on the council's estate is included within the Initial Business Plan, noting sources of funding have yet to be secured and Project Acceptance Criteria (PAC) met to enable proposals to proceed.
24. The Initial Business Plan also shows an acceleration of capital investment in the Heat Networks.
25. It should be reiterated that the Council is not seeking approval for new council capital funding for City Leap projects in delivery of the Initial Business Plan appended to this Cabinet Report and as such should be considered an illustration only. Any and all future capital funding contributions made by the Council to City Leap projects will be subject to the usual decision-making and scrutiny processes of the Council.
26. See Exempt Appendix (i) – Detailed Financial Commentary for a detailed analysis of the Initial Business Plan.

### **City Leap Project Budget**

27. The City Leap Project Forecast from inception is set out below and shows that forecasted expenditure is expected to be contained within the approved budget envelope to December 2022.
28. However, additional external advisors' fees of circa £180k over and above previously approved levels will likely be incurred by this date, requiring formal extension and approval in line with the Council's procurement rules. These sums are included in the forecast.
29. As there will be a requirement to conduct final reconciliations and prepare Completion Accounts post the completion date, the identified contingency of £56k will be used for this purpose, with any additional spending requirements funded via other savings arising as a result of the transaction.

City Leap Budget - £k	Procurement Phase	Mobilisation Phase *	Total
Core team - BCC staff	713	187	900
Core team - Agency	459	8	468
Core team - Internal professionals	1,473	655	2,129
External Advisors - Financial	1,147	209	1,356
External Advisors - Legal	1,369	232	1,601
Client Function mobilisation	42	198	240
External Advisors - Commercial energy	694	-	694
Marketing & Travel	141	25	166
Internal recharges - other	12	230	242
Energy innovation services	1,187	-	1,187
Contingency		56	56
<b>TOTAL</b>	<b>7,238</b>	<b>1,800</b>	<b>9,038</b>

*\* To 31 December 2022*

### The Council's Energy Service's (ES) Budget

30. The Council's Energy Service's Budget comprises both Revenue and Capital items. The assets include Heat Networks, Wind Farm, Solar Park, Rooftop PV and Biomass Boilers.
31. Only the Heat Network assets will transfer to BHNL, as approved in the July 2022 Cabinet report.
32. The existing ES team manages all low carbon energy assets, alongside managing the Council's overall utility costs, including some schools.
33. An analysis of the ES Revenue Budget 22-23 has been provided to determine the underlying cost base and revenue streams, both pre and post City Leap.
34. Under the terms of the Concession Agreement most of the ES team will transfer to the Joint Venture Company, with a small team remaining with the Council to manage the Council's non Heat Network Assets and utility costs.
35. The current number of employees is 33 of which 27 will transfer under TUPE.
36. It is anticipated that all associated costs of the client function will be contained within the resulting base budgets for the ES service post transfer to city leap and it should be noted that there is no growth provision for the Client Function in the current medium term financial planning assumptions.
37. The Client Function Budget is currently being worked-up and indicative costs through to 31 March 2023 amount to circa £260k. A number of posts will be created and the annualised costs are reflected within the £378k outlined in the table below.

## The ES Revenue Budget

Service Budget £k		Pre-Transfer	BCC	Client Function	City Leap
Category					
1	Employees	2,399	293	378	1,728
2	Premises-Related Expenditure	6,997	6,922	-	75
3	Transport-Related Expenditure	1	1	-	-
4	Supplies & Services	349	349	-	-
5	Third Party Payments	250	250	-	-
7	Support Services	237	137	-	100
8	Depreciation and Impairment Losses	(471)	(471)	-	-
9B	Income - Other Grants/Reimbursements and Contributions	(265)	(10)	-	(255)
9C	Income - Customer and Client Receipts	(4,866)	(4,646)	-	(220)
9E	Income - Recharges	(4,238)	(2,814)	-	(1,292)
X	Capital Financing Costs	744	744	-	-
<b>Net Total</b>		<b>1,137</b>	<b>755</b>	<b>378</b>	<b>136</b>
<b>Total</b>					<b>514</b>

## The ES Capital Budget

38. The Council's current ES Capital Budget is shown below, together with the main sources of funding.

39. The level of approved PWLB borrowing is £22.7m, and as noted in the July 2022 Cabinet report, the estimated funding requirement to 31 December 2022 was £24m. The Heat Network Budget has been revised accordingly with the additional £1.3m being funded from the Council's Capital Contingency Budget.

40. An overspend of £2.3m is forecast against Old Market, Redcliffe and PSDS programmes and it is anticipated that this additional spend will be absorbed by a slower rate of spend on Bedminster, though this is a timing issue only and would have to be addressed if the appointment of the SP did not proceed.

Scheme	Budget / Forecast £k				Funding Sources £k			
	Budget	Spend to date (P7)	Forecast to Mar 2023	Variance	PWLB	Grant	Connection Fees	Total
Redcliffe Phase 2 & Old Market	26,300	26,000	27,600	(1,300)	12,597	10,159	3,544	26,300
Bedminster	11,685	3,961	6,800	4,885	5,707	1,348	4,630	11,685
Temple *	1,796	539	-	1,796	-	1,796	-	1,796
PSDS	6,900	7,000	7,900	(1,000)	-	6,938	-	6,938
Phase 1 - Assets transferring	6,663	6,663	6,663	-	4,438	2,226	-	6,663
<b>Total</b>	<b>53,344</b>	<b>44,163</b>	<b>48,963</b>	<b>4,381</b>	<b>22,742</b>	<b>22,467</b>	<b>8,174</b>	<b>53,382</b>

\* Commercialisation Phase only

41. The analysis undertaken of historic assets identified that up to £500k may be attributed to initial feasibility studies for the initial phases of the city centre heat network, for which no physical asset exists. This will therefore need to be reversed from capital (revenue reversion) and a charge will need to be made to the revenue budget funded by general reserves.

## Pension Obligations for Transferring Employees

42. The new employer assumes the ongoing financial responsibility to provide the pension benefits under the Local Government Pension Scheme in respect of those employees in the fund whose employments transfer (note the fund will be closed to new employees). Any pension liabilities accrued prior to the

start of the agreement will not be charged to the new employer and as such the new employer commences on a '100%' funded status on inception. Previous estimate provided by the Avon Pension Fund estimated the value of the fund to be £2.864m as at the 31 March 2021. This will be matched by assets of the same value being transferred from BCC's fund in APF to City Leap's fund in APF, this way City Leap commences with no deficit and any variation will be subsumed into BCC's fund. As the contract progresses, a surplus or deficit may emerge and this will be managed at triennial valuations.

43. The Council will require the City Leap entity to guarantee the liability in respect of all amounts due from it and protect the fund against any identified risks. The potential funding risks and guarantee / bond requirement was assessed with an initial value of c.£0.190m. The guarantee will only become valid if the admitted body ceased to exist (if they went into liquidation, for example) and the Fund will attempt all possible ways of receiving any deficit from the admitted body first.
44. The triennial valuation is currently underway following conclusion of which the calculations will be updated to reflect current market conditions and changes in underlying assumptions. As such the figure above are subject to change.

### **Contingent Liabilities**

45. Under the terms of the Share Purchase Agreement and Concession Agreement, standard Warranties have been given, and these are set out in Exempt Appendix I (ii).
46. Certain obligations remain with the Council which were negotiated as part of the procurement. These are limited to pension obligations for transferring employees as noted above, and a share of redundancy and pension strain costs if any of the transferring employees are made redundant by the SP within the first three years. This could range from £167k to £213k based on 22/23 pay rates.
47. One indemnity is being provided in respect of land ownership which parts of the heat network cross.
48. The S151 Officer will need to determine the appropriate level of provision against the contingent liabilities outlined above and captured in the CBA in Annex A

### **Value of Assets transferring to City Leap**

49. Under the terms of the Share Purchase Agreement (SPA), the consideration payable will fully recover the non-grant funding cost incurred by the Council in building the networks, up to the point of signing the SPA.
50. Final reconciliations will need to be prepared to ensure all costs are fully captured and included in the final Completion Accounts to be completed in accordance with the terms of the SPA.
51. The estimated value of the assets being transferred are set out below, showing the expected value at month-end through to 31 March 2023, noting that contract close is expected in early January 2023.
52. This forecast has been shared with the Preferred Bidder, and whilst subject to their due diligence, is not expected to alter significantly, though is subject to normal variation for actual costs incurred.

File 8.31

Network	EIF Forecast - 09.11.22 - Gross Cost to 31.03.23							Total
	Actual YTD Sep	Fcst Oct	Fcst Nov	Fcst Dec	Fcst Jan	Fcst Feb	Fcst Mar	
Phase 1 *	6,663,399							6,663,399
Redcliffe Phase 2	8,224,461	225,032	239,794	127,479	121,855	264,143	92,301	9,295,064
Old Market	17,191,742	(38,160)	111,911	358,900	246,112	41,120	77,384	17,989,009
Bedminster	3,526,464	462,514	490,962	350,595	356,057	283,452	440,772	5,910,816
PSDS	6,924,542	151,813	158,637	251,353	264,064	61,430	2,263	7,814,103
<b>Asset Value</b>	<b>42,530,608</b>	<b>801,199</b>	<b>1,001,304</b>	<b>1,088,327</b>	<b>988,088</b>	<b>650,146</b>	<b>612,720</b>	<b>47,672,391</b>
Temple	544,224	17,542	22,884	35,417	58,398	143,269	73,736	895,469
<b>Asset + Deferred Grant</b>	<b>43,074,832</b>	<b>818,741</b>	<b>1,024,188</b>	<b>1,123,743</b>	<b>1,046,486</b>	<b>793,414</b>	<b>686,456</b>	<b>48,567,860</b>

\* Net of adjustment NBV

Network	EIF Forecast - 09.11.22 - Net Cost to 31.03.23							Total
	Actual YTD Sep	Fcst Oct	Fcst Nov	Fcst Dec	Fcst Jan	Fcst Feb	Fcst Mar	
Gross Cost	43,074,832	43,893,573	44,917,761	46,041,504	47,087,990	47,881,404	48,567,860	48,567,860
Grant Income	(22,467,071)	(22,467,071)	(22,467,071)	(22,467,071)	(22,467,071)	(22,467,071)	(22,467,071)	(22,467,071)
Phase 1 adj (Incl Above)	(215,552)	(215,552)	(215,552)	(215,552)	(215,552)	(215,552)	(215,552)	(215,552)
<b>Net Cost 31.03.23</b>	<b>20,392,209</b>	<b>21,210,950</b>	<b>22,235,138</b>	<b>23,358,881</b>	<b>24,405,367</b>	<b>25,198,781</b>	<b>25,885,237</b>	<b>25,885,237</b>

53. EY were commissioned to advise on all tax related matters in connection with City Leap and the transfer of assets and have advised that the transfer of these assets would not be subject to VAT, as it would fall under the Transfer of a Going Concern principle (TOGC).

54. Accordingly, no VAT will be applied to the initial transfer, but will apply to any additional costs incurred post 7 December 2022 (see BHNL Cash Flow under para 58).

### Protecting for the Council - Determination of Contractual Liabilities & Closing Accounts

55. As part of the transfer to BHNL work is ongoing to agree all contractual commitments, and cost incurred, at the point of novation with the principal suppliers (contractors). The work is nearly complete and, to provide an indication of scale, seven contractors account for 80% of all external third party spend forecast to be circa £4.3m for the period October to March (see summary below).

HNA Forecast x Suplier - October 2022 - March 2023			Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Total	% Total
ID	Network	Novate / Assign	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23		
<b>Total</b>										
1	3D-Technical Design Limited	Yes	8,434	77,649	44,414	6,500	48,000	32,000	216,996	4.0%
36	CSW Process Ltd	Yes	488,254	499,868	322,123	154,359	383,718	327,783	2,176,105	40.1%
44	F P Hurley & Sons Ltd	Yes	43,991	-	-	-	-	-	43,991	0.8%
52	Goram Homes Limited	Yes	(117,832)	-	-	191,758	-	-	73,926	1.4%
58	Heat Network Associates Limited	Yes	180,571	-	74,031	74,031	42,587	42,587	413,807	7.6%
63	Jewsons Ltd	Yes	-	-	257,734	-	-	-	257,734	4.8%
92	Therma-Mech LTD	Yes	88,134	241,819	305,319	279,509	192,241	51,263	1,158,285	21.4%
<b>Total</b>			<b>691,551</b>	<b>819,336</b>	<b>1,003,622</b>	<b>706,157</b>	<b>666,545</b>	<b>453,633</b>	<b>4,340,845</b>	<b>80.0%</b>

56. It is expected that all liabilities and obligations will pass to BHNL via the novation / assignment of relevant key contracts.

### Funding Requirements of BHNL

57. As a risk mitigation in the event the transaction is delayed, BHNL have set out a high-level Cash Flow, based on the forecast noted above, and are seeking an extension to the existing facility of £2m.

58. The analysis shows that this extension will be required to meet a funding requirement of £1.1m in January rising to £1.6m in March over the currently approved facility of £24m, if the deal is delayed for any reason. This would contain the costs in the revised funding envelope for 22-23 and as the issue is expected to be one of timing only, and there is no expectation from the Preferred Bidder that work is put on hold, any increase in funding, arising from delays in the transaction, would be recoverable under the terms of the SPA, subject to due diligence.

File 22.1BP....

**BHNL CASH FLOW FORECST to 31 March 2023**

£'000	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Opening Cash	1,378	(162)	289	(1,141)	(654)	1,378
Revenues, Connection Fees, A/R	1,585	211	236	1,561	378	3,971
VAT	5	-	-	390	-	395
Loan Drawdown *		23,700				23,700
Asset Transfer (less deferred grant) **		(21,211)				(21,211)
SDLT		(500)				(500)
Opex, A/P	(1,743)	(255)	(266)	(381)	(357)	(3,001)
Ongoing Capex + VAT	(1,229)	(1,348)	(1,256)	(952)	(824)	(5,609)
Loan Interest	(159)	(145)	(145)	(131)	(145)	(724)
<b>Closing Cash *</b>	<b>(162)</b>	<b>289</b>	<b>(1,141)</b>	<b>(654)</b>	<b>(1,601)</b>	<b>(1,601)</b>
<b>Loan Facility Utilised / Required</b>	<b>300</b>	<b>23,711</b>	<b>25,141</b>	<b>24,654</b>	<b>25,601</b>	
* Non Cash Drawdown						
** Forecast October		24,000				

Approved Level of Borrowing July 2022 Cabinet

### Indicative Capital Investment

59. The Table below sets out an extract from the Illustrative Heat Model (v 3.1) to show the investment that has been made, and which would have to continue to be made, to complete the networks still under construction.

60. For clarity, this does not represent the planned investment by the Council.

61. It should be noted that approval for the Temple Network has not been subject to Cabinet approval, save for the commercialisation phase which is fully grant funded.

EIF Live 221102	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Old Market	17,987,775	980,429	-	-	-	-	18,968,204
Redcliffe Phase 2	9,299,087	-	-	-	-	-	9,299,087
PSDS	7,814,332	-	-	-	-	-	7,814,332
Bedminster	5,910,817	190,000	2,759,984	3,100,956	-	-	11,961,757
Temple	896,269	1,915,037	3,177,190	5,791,317	4,735,610	3,818,250	20,333,673
Redcliffe / Temple Phase 1	6,663,399						6,663,399
<b>Total</b>	<b>48,571,679</b>	<b>3,085,466</b>	<b>5,937,174</b>	<b>8,892,273</b>	<b>4,735,610</b>	<b>3,818,250</b>	<b>75,040,452</b>
Excl Temple	47,675,410	1,170,429	2,759,984	3,100,956	-	-	54,706,779

## Cost-Benefit Analysis

62. Annex A sets out the Indicative Cost-Benefit Analysis to the Authority of appointing a City Leap Strategic Partner.
63. It shows for the initial five-year period an overall Indicative NPV of just under £1.9m
64. Whilst it is acknowledged that financial returns can be made beyond the initial 5-year period, the overarching objective of City Leap, beyond bringing private sector expertise and funding to the table, is to assist the Council in achieving its net zero targets by 2030.
65. Furthermore, the scale of investment required as set out in the SP's Tender bid submission is not insignificant and by appointing a Strategic Partner, the Authority:
  - a. Frees-up capital for investment in other key Council initiatives
  - b. Removes the need for the Council to deploy and manage large-scale commercial deployment of low carbon infrastructure, and the risks that go with that
  - c. Enables the Council to focus on other social and economic areas of need in the community and just transition
  - d. De-risks the large-scale investment that is required to deliver the City Leap outcomes
  - e. Flexible and agile delivery platform and funding models which can be layered in an integrated placed based manner across multiple asset classes
66. Additional wider economic and social value benefits are also delivered, though outside the scope of this commentary.

### **P Keegan**

Finance Business Partner, City Leap

25 November 2022

## Annex A – Cost Benefit Analysis

Indicative Cost-Benefit Analysis of granting the Concession to the City Leap Preferred Bidder - £m							25-Nov-22 PK
5 Year MTFP Indexed		FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total
<b>Savings / Benefits</b>							
Concession Payment	Guaranteed	1.42	0.07	0.16	0.23	0.18	2.05
Authority Share Payment	Not Guaranteed	0.12	0.22	0.45	0.64	0.65	2.09
Risk adjust Non guaranteed Payments	Delayed Income / Capex	(0.02)	(0.04)	(0.09)	(0.13)	(0.13)	(0.42)
Savings ES Budget	Yr 1 assumes 3 months	0.13	0.51	0.51	0.51	0.51	2.18
<b>Total Incremental Income / Savings</b>		<b>1.64</b>	<b>0.77</b>	<b>1.03</b>	<b>1.26</b>	<b>1.21</b>	<b>5.91</b>
<b>Offset by:</b>							
Mobilisation Costs	To 31 March 2023	-	-	-	-	-	-
Client Function	-	(0.26)	(0.51)	(0.51)	(0.51)	(0.51)	(2.32)
In demnities	Pension Strain costs 50%	(0.05)	-	-	-	-	(0.05)
In demnities	Redundancy 50%	(0.17)	(0.02)	(0.02)	-	-	(0.21)
In demnities		(0.30)	-	-	-	-	(0.30)
Write-Off Phase 1 Assets	-	(0.50)	-	-	-	-	(0.50)
<b>Total Incremental Costs / Lost Income</b>		<b>(1.28)</b>	<b>(0.54)</b>	<b>(0.54)</b>	<b>(0.51)</b>	<b>(0.51)</b>	<b>(3.38)</b>
<b>Net (Cost) / Benefit</b>		<b>0.36</b>	<b>0.23</b>	<b>0.49</b>	<b>0.74</b>	<b>0.70</b>	<b>2.53</b>
NPV @ HM Treasury Real + Inflation @ 5% (Nominal)		0.34	0.20	0.38	0.53	0.46	1.91
Estimated Capital Investment Saving (from January 2023)		2.25	1.17	2.76	3.10	-	9.28
Estimated tCO2 Saving	Per Revised Business Plan Nov'22	17,955	13,798	36,931	42,471	41,736	152,891

END

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