

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 06 December 2022

TITLE	Establishing the City Leap Energy Partnership		
Ward(s)	City-wide		
Author: Pete Anderson	Job title: Director, Property, Assets & Infrastructure		
Cabinet lead: Cllr Dudd, Cabinet Member for Climate, Ecology, Waste & Energy	Executive Director lead: Stephen Peacock, Chief Executive		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report: Cabinet to approve the council forming the Bristol City Leap Joint Venture and granting the City Leap concession to Ameresco Limited.			
Evidence Base			
1. Background			
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.			
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.			
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.			
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, ' <i>Appointment of preferred bidder for City Leap Energy</i>			

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:
- Delivering c140,000 tonnes of carbon savings;
 - Installing c182MW of zero carbon energy generation; and
 - 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

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

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
Savings / Benefits							
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
Total Incremental Income / Savings		1.64	0.77	1.03	1.26	1.21	5.91
Offset by:							
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)
Total Incremental Costs / Lost Income		(1.28)	(0.54)	(0.54)	(0.51)	(0.51)	(3.38)
Net (Cost) / Benefit		0.36	0.23	0.49	0.74	0.70	2.53
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

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

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

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