

**NOTTING DALE HEAT NETWORK LTD****(Company Number 13882225)**

Minutes of a meeting of the board of directors of Notting Dale Heat Network Ltd (**Company**) held online on Monday 6 February 2023 at 5pm.

**PRESENT:**

<b>NAME</b>	<b>POSITION</b>
Faisal Butt	Director
Liam McCusker	Director
Susan Al-Safadi	Director
Daniel Chin	Director
Heidi Hellmann	Director

**IN ATTENDANCE:**

<b>NAME</b>	<b>POSITION</b>
Jeff Laidler	Heat Network Programme Manager
James Caspell	Strategic Advisor and Project Sponsor
Janet Hall	Resident Engagement Manager
Mike Read	Finance lead for the heat network
Abbas Dadou	Chair of Lancaster West Residents Association
Stuart Hall	Vice-Chair of Lancaster West Residents Association
David O'Connell	Treasurer of Lancaster West Residents Association
Michelle Active	Secretary of Lancaster West Residents Association

**APOLOGIES:**

Terry Oliver	Interim Chair
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## 1 CHAIR

Faisal Butt was appointed chair of the meeting pursuant to article 15.4.1 of the articles of association of the Company (**Articles**).

Everyone was welcomed to the Board meeting and asked to turn on their cameras for filming for a heat network explainer video. It was noted that the meeting was being recorded.

## 2 NOTICE AND QUORUM

The chair reported that due notice of the meeting had been given and that a quorum was present. Accordingly, the chair declared the meeting open.

## 3 BUSINESS OF THE MEETING

3.1 The chair reported that the business of the meeting was to:

3.1.1 provide a heat network update;

3.1.2 approve the previous minutes; and

3.1.3 consider the Company's draft Business Plan (**Business Plan**)

3.1.4 and, if thought fit, approve the Policy Matrix (**Policy Matrix**)

## 4 DECLARATIONS OF INTEREST

4.1 There is a Conflicts of Interest Register, in which each director present has declared the nature and extent of their interest in the arrangements to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Articles.

4.2 Liam McCusker noted that he will not be a Director of the Council owned housing company.

4.3 Accordingly, it was noted that the directors had no direct or indirect interest in any way in the proposed business of the meeting and could vote and count in the quorum at the meeting.

AND

4.4 As such, it was noted that the directors could vote and count in the quorum at the meeting.

## 5 DOCUMENTS PRODUCED TO THE MEETING

5.1 The following documents were produced to the meeting:

5.1.1 the draft Business Plan; and

5.1.2 the Policy Matrix

## 6 PREVIOUS MINUTES

6.1 The previous minutes from the Board meeting on 22 November 2022 and actions were confirmed by the Directors as being correct, with no updates. Jeff Laidler confirmed that all previous actions were completed.

## 7 HEAT NETWORK UPDATE

The chair reported that the heat network continues to generate momentum and that the Company has four principal workstreams, the status of which is as follows:

**Workstream 1: Commercialisation of the core scheme at Lancaster West Estate (Phase 1)**

- Received five bids for the Design, Build, Operations and Maintenance (DBOM) contract. With valuable input from residents on the Evaluation Panel, three bids have been shortlisted for Stage 2 negotiation. The Invitation to Submit Final Bids (ISFT) will subsequently be issued and the preferred bidder selected.
- Received three bids for the Design and Build (D & B) contract. Shortlisted three bids through to Stage 2. Again residents have been closely involved with the procurement, joining an experienced team of heat network and sector specialists on the Evaluation Panel.
- Undertook the first three public consultation events for the renewable energy centres both in terms of appearance and the location of the Renewable Heat Store. 112 people attended the exhibition, with 80 adults and 32 children. 47% of residents came from W11, and 74% from the local area (W10, W11, W12 and W14). 90% of 33 responses said they would like to connect to the heat network.
- Specifically with regard to the Renewable Heat Store, 61% supported the idea of an outside heat store, rather than it forming part of an existing building. Option 3 next to the southern entrance to Kensington Leisure Centre and Avondale Park Road is emerging as the preferred location for the heat store, subject to additional local consultation. 100% (of 33 people) liked the lighting, with 71% (of 26 people) liking a sculpture, 67% (of 22 people) liking the educational opportunity and 61% (of 20 people) liking the use of the heat store as a gathering place.
- With the Renewable Boiler Room, there was support for the chimney stack removal, extending the Moroccan garden, improving the local landscape, lighting effects, the screen pattern and finish, viewing windows and educational boards.
- Following feedback from the Council's Social Investment and Property team about difficulties locating ASHP 1 on the roof of Kensington Leisure Centre. the heat network team has reassessed 20 potential locations across Lancaster West Estate. Of these, three have been shortlisted for further investigation for co-location of ASHP 1 and the electric boilers:
  - 1) Renewable Boiler Room and roof of Camelford Walk
  - 2) Kensington Aldridge Academy roof
  - 3) Extension to or flat roof on the northern side of Kensington Leisure Centre.

All of these locations are subject to structural surveys; space constraint considerations with the 3 shortlisted DBOM bidders; power upgrade considerations; and liaison with both residents, planners and other interested stakeholders.

- UKPN and power upgrades: on the back of Lancaster West residents suffering a 20-hour power cut in early December 2022, the Council successfully lobbied UKPN. As a result and as a gesture of goodwill, UKPN will honour the existing electrical power upgrade quote for both the Renewable Boiler Roof of £1.7 million + VAT, and for Kensington Leisure Centre for £125,000 + VAT, both of which it had previously confirmed were likely to increase. In addition, UKPN has extended both of these quotes by 6 months to 30 June 2023, creating budget certainty for a significant line item at Final Investment Decision. The quotes will now be reviewed in light of the 3 shortlisted site options.
- A Planning Performance Agreement has been signed with the Council's Planning team. This provides certainty regarding the timeline for submitting the planning application in July 2023, noting that Final Investment Decision is now scheduled for 9 June 2023. This is because the Company needs all planning assessments, the final public consultation and the Quality Design Review to have been completed before Final Investment Decision. Only with these milestones complete, will the Company have sufficient confidence in a positive determination of the planning application.
- First Heat On is now scheduled for December 2024 for Kensington Leisure Centre, Kensington Aldridge Academy and Baseline Studios. This will enable the Company to fully test the system and build up to first 'Heat On' for the bulk of the residential properties by April 2025, six months later than initially forecast. Having missed the start of the 2023/2024 heating season, it would be unwise to connect homes during cold weather, when the heat network is going to be under its peak operating conditions. Rather the Company will start to supply heat when it is warmer and build up to supplying winter heat in 2025/2026.
- The aim is to connect all 80% of the homes that are on the two existing heat networks to the new heat network by April 2025. Individual heat metering will follow as and when the refurbishment of each block takes place. For the 20% of homes with individual gas combi boilers, Treadgold House will connect first. Homes at Verity Close and Cambourne Mews will follow later.

## **Workstream 2: heat network expansion into Notting Dale ward (Phase 2)**

- Having successfully determined provisional routes and the preferred technological solution, the Company has postponed Phase 2 stakeholder engagement until after Final Investment Decision. Potential heat network customers will be more likely to commit time and resource if they know that Phase 1 is definitely happening. In addition, it will be easier to engage potential strategic customers through the Cross Borough Energy Masterplan, and to then discuss with them Phase 2 connection opportunities.

## **Workstream 3: setting up a local energy company**

- Appointed Womble Bond Dickinson as the company's lawyers, successfully negotiating an increase in the limit of liability from £10 million to £15 million.
- Shareholder Committee approval will be sought to appoint Womble Bond Dickinson as the Company Secretary.
- Drafted the 3-year Business Plan for review by the Company's Board and Shareholder Committee, providing the main mechanism for the effective management and oversight of the Company and its business. Additional explainer videos are also being developed, to help make this information as accessible as possible to residents and other interested parties.

## **Workstream 4: Cross Borough Energy Masterplan**

- Appointed the Centre for Sustainable Energy (CSE) as lead partner, together with the Centre for Sustainable Energy Ltd (SEL) as heat network engineers. This important piece of work started in January 2023 and is due to be completed by September 2023. It will enable prioritisation of heat network opportunities across both boroughs, providing a route map to decarbonise heating and hot water in Council homes and buildings. It will also help inform planning policy and the potential development of 'Heat Zone(s)' in both boroughs.

In response the Board extended its thanks to the heat network team and in particular, Janet Hall, for the work undertaken to date.

[Action 1: heat network team to discuss back-up for the commercial loads if there are any issues at first 'Heat On' in the Christmas holidays.](#)

## **8 CONSIDERATION OF MATTERS (PART A)**

### **8.1 DRAFT BUSINESS PLAN**

- 8.1.1 Jeff Laidler presented an overview of the Draft Business Plan, noting that Appendix 4 on Risks has been excluded as a Part B item. Jeff also noted that prior to issuing to the Shareholder Committee, the Executive Summary requires review and approval by both Cllr Kim Taylor-Smith and Terry Oliver, with additional quotes from Daniel and Susan.
- 8.1.2 It was agreed that an Away Day is arranged in the next few weeks, to enable the Board to consider different parts of the Business Case in more detail, taking account of several factors:
- It creates more time for Board approval of the Business Plan, as the Shareholder Committee has been postponed. This is to allow more time for informal Member engagement and to ensure that the 'Final' Business Plan is subsequently endorsed by the Board.
  - The Business Plan is a big document and it was circulated at short notice. It's worth spending the time to ensure the Board is happy with it.
  - It gives time for the Executive Summaries to be finalised and approved for publication.

- The Council's corporate priorities are about to be updated, which impacts the Business Plan. It's worth holding back publication for a few weeks, so that Notting Dale Heat's new Business Plan doesn't become immediately outdated.

8.1.3 The Board noted that the Company requires the approval of the sole shareholder of the Company (**Shareholder**) to adopt and implement the Business Plan pursuant to article 6.1.6 of the Articles.

## 8.2 POLICY MATRIX

8.2.1 Jeff Laidler presented the Policy Matrix for information, which has been prepared by Maria Martinez-Alvarez to help Notting Dale Heat understand its legal duties; how these fit with the policies mentioned in the Articles of Association and Shareholders Agreement; and to ensure that the policies are developed in priority order.

8.2.2 The directors reviewed, considered and confirmed their understanding of the Policy Matrix, noting that the Board's Top Priorities are the Health and Safety Policy; Staff Policy (including disciplinary, code of conduct, whistleblowing, gifts & hospitality and grievance); Equality, Diversity and Inclusion Policy; Sustainability Policy; Financial Policy; Remuneration Policy; Data Protection Policy; and Procurement Policy.

## 9 RESOLUTIONS (PART A)

9.1 After careful consideration, including consideration of the matters referred to in section 172(1) of the Companies Act 2006, **IT WAS RESOLVED** to:

9.1.1 approve with immediate effect use of the Policy Matrix;

9.1.2 [arrange an Away Day in the next few weeks to enable the Board to consider different parts of the Business Case in more detail \(Action 2\)](#),

## 10 CONSIDERATION OF MATTERS (PART B)

10.1 See separate Part B papers on Risk Register within the draft Business Plan.

## 11 RESOLUTIONS (PART B)

11.1 See separate Part B report.

## 12 ANY OTHER BUSINESS

12.1 None

## 13 CLOSE

There was no further business and the chair declared the meeting closed.

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**Chair**

14 April 2023

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Date

*Yasser Butt*