

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 at Baseline Studios, Whitchurch Road, London, W11 4AT on Friday 9 February 2024 at 3.30pm.

PRESENT:**NAME****POSITION**

Terry Oliver

Director and Interim Chair

Liam McCusker

Director

Susan Al-Safadi

Director

Daniel Chin

Director

Heidi Hellmann

Director

IN ATTENDANCE:**NAME****POSITION**

Jeff Laidler

Heat Network Programme
Manager

James Caspell

Strategic Advisor and Project
Sponsor

Shaun Haden

Head of Strategic Programmes
and Innovation

Yusuf Erol

Financial Controller (interim)

APOLOGIES:

Faisal Butt

Director

Abbas Dadou

Chair of Lancaster West

Residents Association

1 CHAIR

Terry Oliver was appointed chair of the meeting pursuant to article 15.4.1 of the Articles of Association of the Company (**Articles**).

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 Review the Heat Network Programme Forward Plan.

3.1.2 Review the draft Service Level Agreement between NDH and the Council.

3.1.3 Consider the DBOM contract and overview for information.

3.1.4 Review the Finance update.

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 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.

5 DOCUMENTS PRODUCED TO THE MEETING

5.1 The following documents were produced to the meeting:

5.1.1 Heat Network Programme Forward Plan (Part A)

5.2.2 Draft Service Level Agreement between NDH and the Council (Part B).

5.1.2 DBOM contract and overview (Part B)

5.1.3 Finance update (Part B)

6 PREVIOUS MINUTES

6.1 The previous minutes from the Board meeting on 29 September 2023 and actions were confirmed by the Directors as being correct, with no updates suggested.

	Previous Action	Update
1	Share a sample illustration of proposed leaseholder recharges for repairs with the Board, as part of the bigger picture of improvements and grants for both the heat network and Refurbishment Programme	Completed
2	Organise a breaking ground photo opportunity for Lead Members	Hold until next Board meeting, with a hold in diaries

3	Share link to Cross Borough Energy Masterplan final report	Completed
4	Add resident co-design overview into Branding Guidelines	Completed
5	Share DBOM contract with the Board	Completed
6	Determine how to formally gain Council approval for the SLA	Completed
7	Aim for an update on variations in the Management Accounts for the next Board meeting	Completed
8	Organise a Risk Workshop ahead of construction start date and appointment of NDH Staff, to set the baseline for different risks and review the overall Risk Diagram	Completed
9	Check on Capital Programme update regarding the Leisure Centre roof, including cost breakdown	Shaun Haden to provide update to NDH Board
10	Share monthly performance reports with the Board, which are then reviewed at quarterly Board meetings	Shaun Haden to share with the Board

7 HEAT NETWORK UPDATE

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

Phase 1 of the Notting Dale Heat Network, Design & Construction

The Early Works contracts with both Cenergist and Vital Energi have been completed, ensuring that the heat network stays on programme.

- Cenergist's work focussed on using surveys of residential properties to confirm the desktop heat load calculations, with minimal variations.
- Vital Energi's work focussed on progressing the first part of the RIBA Stage 4 design and associated support for the Council's heat network planning application, which was successfully submitted on 20 December 2023.

The Council's determination of the heat network planning application is scheduled for Planning Applications Committee on 29 February 2024. To date, we are not aware of any significant issues. Tonkin Liu has worked closely with residents and the Council, to design a heat network to provide a positive statement of a zero-carbon future. The heat network team continue to work closely with residents and the Council's planning department through a Planning Performance Agreement.

A key issue remains regarding the location of the Thermal Store and whether Thames Water will allow the heat network to build this structure directly above a main trunk sewer. We have successfully engaged Thames Water at both an officer level and via their CEO, with a view to pragmatically reviewing Vital's structural design. If an alternative site is required, a variation to the planning application will be required. We are aiming for clarity ready for Planning Applications Committee, so as to maximise transparency with decision makers, residents and the public.

If the Thermal Store does need to be moved, we are carefully reviewing the pros and cons of a Plan B location immediately to the east of Treadgold House, which is just a few metres further west than the proposed location in the planning application. The aim is to avoid use of Lancaster Green if at all possible, noting previous feedback regarding proximity to the Memorial site.

The Cenergist D&B contract for up to £12.5m (£10.47m excluding VAT) to Design and Build the secondary and tertiary heat networks in residential homes and blocks across the Estate was sealed in mid-December 2023.

The Vital Energi DBOM contract was sealed in early January 2024 for:

- Up to £9.91m (£11.89m including VAT) for the Design and Build (D&B) of the primary network and energy centres.
- Up to £1.26m (£1.51m including VAT) for Operations & Maintenance (O&M) for Years 1 & 2.
- Up to £2.13m (£2.55m including VAT) for O&M extension for Year 3, 4 & 5. The O&M extension is subject to satisfactory performance from the Contractor and will only be considered three months prior to the end of the O&M in year 2.

The DBOM contract overview has been shared with the Board for information.

A successful Section 20 Leaseholder consultation resulted in just 6 formal responses, which we have responded to. The main queries related to recharges and what it means for specific households. Informal resident communication for the refurbishment and heat network was issued in advance. A subsequent statutory consultation for Schedule 3 of Section 20 is now about to commence, as leaseholder costs are > £250/annum and both the D&B and DBOM contracts are Qualifying Long-Term Agreements greater than 12 months. This final step is required to be able to recover leaseholder costs.

In December 2023 the Notting Dale Heat Network was featured by government as exemplar case study for its resident co-design and community involvement: [Department for Energy & Net Zero's HNIP Evaluation Report](#)

The Board of Trustees at Kensington Aldridge Academy discussed the commercial principles in the Heat Supply Agreement on 8 February 2024, with the aim of achieving clarity regarding the Academy's heat connection and thus enabling a decision to be taken whether to build the connecting pipe leg. Jeff Laidler reported that on an informal conversation with Laurence Weeks, the Academy's Finance Director, that the Academy intends to sign subject to further discussions regarding the Connection Charge. Bruno Paulsen and Laurence Weeks will draft a short letter confirming this. Heidi passed on her congratulations at this significant milestone.

Work is progressing well to develop three legal agreements for Kensington Leisure Centre:

- Contract 1: Heat Supply Agreement ("HSA") between NDH and GLL. A 10-year contract, with early termination of the HSA in the event of early termination or expiry of the Leisure Operating Contract. NDH to supply heat. GLL to pay for heat.
- Contract 2: Connection and Supply Agreement ("CSA") between NDH and RBKC. A 10-year contract. NDH will be responsible for the design, build, operation and maintenance of the primary network and substation (including the equipment in the substation) on the leisure centre site, excluding any responsibility in relation to the secondary network. RBKC to pay NDH a connection fee (c.£1.14 million).
- Contract 3: Variation to Leisure Operating Contract and/or KLC Lease ("Variation") to implement the heat network arrangements.

A workshop is now scheduled for 26 February 2024 with the heat network team, Council officers and GLL (Kensington Leisure Centre operator) to review Contract 1 and 3, and to discuss plans to minimise disruption for Leisure Centre customers, staff and residents.

The final legal contracts are the Service Level Agreement (which is on today's agenda) and a Bulk Heat Supply, which for procurement reasons also includes the Heat Supply Agreement for Baseline Studios. This agreement has been drafted and will be presented at the next Board meeting.

The Resident Transition is working closely with colleagues across Lancaster West Neighbourhood Team to put processes in place for contractors starting engagement with residents. This includes information pathways, reporting structures and training for all RLOs on the heat network. The team are also in process of installing energy monitors into a small number of homes. The first data

collected from energy monitors is now live and will help with resident communications over the next few months.

There was a discussion regarding residents' general perceptions and views of the heat network on Lancaster West Estate. Daniel reported that in his experience there is natural apprehension about the changes and what it means for individual households. Susan reported that she has not had any specific heat network conversations with residents. Terry summarised that on the face of it, this sounds like good news but is of course a very small sample.

James Caspell provided an update on the Refurbishment Programme, noting that the Lancaster West Neighbourhood team is modelling up a fair offer from the HRA (not NDH) ahead of going live with first Heat On. As gas prices have now changed, the Resident Price Promise will be reviewed to ensure that it's still relevant and protects residents.

The Board viewed the Strategic Risk & Opportunities Register in SharePoint.

Phase 2 expansion of the Notting Dale Heat Network into Notting Dale ward

Work will shortly be undertaken to develop a project plan for the next phase, including engagement with the identified potential heat loads. This is with the aim of engaging interest in connection and completing the Outline Business Case for Phase 2 expansion. In addition, the Council's heat network team is considering the opportunity for early connection of both Blechyndon and Whitworth blocks, which are Council-owned sheltered housing that are undergoing a major refurbishment and located directly to the north of Kensington Aldridge Academy.

Setting up Notting Dale Heat

The Service Level Agreement is on the meetings agenda. In parallel, recruitment is taking place for Notting Dale Heat's Programme and Operations Manager. 21 applications have been received and are now being evaluated, with interviews on 22 February.

Cross Borough Energy Masterplan

This has now been finalised and published. Please see: [Cross Borough Energy Masterplan](#)

Actions

Action #	Description	Owner
1	Produce an extended timeline of activity on the programme	JL
2	Reach out to Amanda Reid about planning committee	JL
3	Contaminated Land – Leisure Centre and Lancaster Green. JL to tie in activity with other activity happening in and around the Leisure Centre – Speak to Becky Brown	JL
4	Review sales pricing/tariff section in the Financial Procedures to ensure it syncs with the heat supply agreements; differentiates between residential and commercial customers; and considers both electricity purchase, the Bulk Heat Supply Agreement and Council risk regarding what it bills residents linked to the HRA Business Plan.	YE
5	Confirm if energy purchase via the Council is covered by the Bulk Heat Supply Agreement or SLA	JL
6	Spend for company to be signed off by Liam going forwards – SH to check in with Liam	SH

7	April 2025 – Check connection points in relation to the revenues	JL
8	Clarify whether there is slippage in the programme regarding Heat On dates for the commercial heat loads	JL
9	Pensions – ask again about NDH being part of Council set up to avoid a two-tier recruitment system	SH
10	Add Health & Safety as a Standing Item to future Board meetings	JL
11	Set up 2 x quarterly Subcommittee meetings for 1) Risks & Commercial, including contract variations (Terry & Heidi) 2) Finance & Operations (Liam & Daniel) Include officer presentations. Report back to the Full Board for decision making, highlighting any concerns and/or recommendations. Business Development Subcommittee to be set up in the future.	SH
12	Organise meet up with Shareholder Committee	SH
13	Consider the opportunity to add St Francis of Assisi school into Phase 1, together with Whitchurch and Blechyndon.	JL
14	Review any updates needed to the Shareholder Agreement	SH
15	Review Resident Price Promise to ensure that it's still relevant and protects residents.	JC
16	Produce an annual cash flow forecast	YE

8 CONSIDERATION OF MATTERS (PART A)

8.5 Yusuf Erol presented a finance update.

9 RESOLUTIONS (PART A)

9.1 Note, review and approve the Heat Network Programme Forward Plan.

10 CONSIDERATION OF MATTERS (PART B)

10.1 Jeff Laidler presented an overview of the variations in the final D&B and DBOM contracts as compared to what was tendered. These changes were made to ensure the contracts are fit for purpose, reflect common market positions and appropriate allocation of risks, to enable contract sealing. See Part B minutes.

10.2 Jeff Laidler presented an update on the Strategic Risks and Opportunities.

11 RESOLUTIONS (PART B)

11.1 Note and review the draft Service Level Agreement.

11.2 Note and review the DBOM contract and overview for information.

11.3 Note and review the Finance Update.

11.4 Note and review the updated Strategic Risk and Opportunity Register.

11 NEXT STEPS¹

12.1 The chair reported that the next steps to be actioned by the Company are to:

12.1.1 review, and if thought fit, approve the commercial Heat Supply Agreements with Kensington Leisure Centre and Kensington Aldridge Academy; the Bulk Supply Agreement (including the Baseline Studio Heat Supply Agreement) with the Council; and the Service Level Agreement between the Council and NDH.

12.1.3 review and, if thought fit, approve Company Policies. In accordance with the Shareholders Agreement, certain of these policies will be subject to Shareholder approval.²

12.1.4 review and, if thought fit, approve the Metering and Billing Options Analysis and preferred option, noting that if the final contract value is greater than £250k it will need to go to the Shareholder Committee for approval.

13 ANY OTHER BUSINESS

13.1 None

14 CLOSE

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



Terry Oliver

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Chair

28/4/24
.....
Date
