

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 Monday 22 July 2024 at 2pm.

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

Terry Oliver

Director and Interim Chair

Liam McCusker

Director

Susan Al-Safadi

Director

Daniel Chin

Director

Faisal Butt

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:

Janet Hall

Resident engagement lead
(heat network team)

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 Performance Dashboard Report for June 2024 (Part A)

3.1.2 Note the Shareholder Committee Report (Part A)

3.1.3 Note the Overview and Scrutiny Report (Part A)

3.1.4 Review the Finance update (Part B).

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

The following documents were produced to the meeting:

5.1.1 Performance Dashboard Report for June 2024 (Part A)

5.1.2 Shareholder Committee Report for 15 July (Part A)

5.1.3 Overview and Scrutiny Report for 17 July (Part A)

5.1.4 Finance update (Part B)

6 PREVIOUS MINUTES

6.1 The previous minutes from the Board meeting on 8 May 2024 and actions were confirmed by the Directors as being correct, with no updates suggested.

	Previous Action	Update
1	Update overall risk rating of heat network programme to Amber	Completed
2	Incorporate Heidi Hellmann's feedback into the next update on the Performance Report	Completed
3	Add Contract Variation summary into next Performance update	Ongoing – Andros Loizou.
4	Update residents on timing issues linked to the lack of decants and the funding	See Part B.

	shortfall in the Refurbishment Programme.	
5	The Council's Sustainability team will explore the use of the £800k Salix funding that has been awarded for Kensington Aldridge Academy, to see if it can be used to future proof the Academy for heat network connection.	Terry Oliver – ongoing.
6	Check with design team to ensure that with 100% heat supply to Kensington Leisure Centre from 2025, that there is still sufficient heat capacity built in, both in terms of annual and peak load.	Completed. Capacity considerations form part of Vital's RIBA 4b design.
7	Investigate if Salix funding for commercial buildings can be utilised for the new secondary heating system at Baseline Studios, thereby releasing some of the Council's Green Fund to be used to fund double glazing the few remaining single-glazed business units.	Completed. Not possible as it's restricted to schools.
8	Provide summary paper for next NDH Board meeting on commercial contracts, focussing on the must sign contracts.	Delayed due to Options Analysis.
9	Review how the Notting Dale Heat agenda is structured, with input from Womble Bond Dickinson	Ongoing – Shaun Haden is engaging Womble Bond Dickinson
10	Share new Resident Price Promise slide deck with the Board	Completed
11	Arrange an informal Board meeting if required, following informal Shareholder Committee's review of the Options Analysis	Completed. This Board meeting directly follows the Shareholder Committee
12	Double check with Mike Curtis if a Local Government Pension for NDH employees is a definite no, and then develop a preferred option and Board recommendation with Yusuf Erol.	Completed – confirmed that a Local Government Pension isn't possible. Other options to be reviewed based on cost effectiveness, transparency, ease of use and ethical investment.
13	Update Terms of Reference for NDH Sub-Committees to reflect Heidi Hellmann's written comments. Also confirm the purpose of each sub-committee, where further detailed consideration will be given to specific items.	Completed
14	Book in the first Finance & Operations Sub-Committee meeting for mid to late June, so that Daniel and Liam can review the draft contracts. Book in the Risk & Commercial Sub-Committee to first meet in August.	Outstanding – Shaun Haden.

15	Update Options Analysis to highlight the pre and post 2030 KLC options, sunk costs; potential loss of government's HNIP grant + reputational risk linked to resident commitments, the Mayor of London's Future Neighbourhoods fund and reverting back to gas (fire risk and goes against Goodbye to Gas). Highlight the wider benefits of the heat network + energy retrofit linked to comfort, resident control of their energy bills and health. Confirm that KLC is paying its fair share and also isn't cross-subsidising the housing stock. Highlight the resident co-design story. Create a KLC infographic.	Completed
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7 HEAT NETWORK UPDATE

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

Heat Network Programme Management

A Strategic Risk and Opportunities Register has been developed and is integrated with the monthly Performance Dashboard for the Notting Dale Heat Board, Shareholder Committee, the Project Sponsor and senior Council officers.

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

The Board viewed the Performance Report for June 2024 (as attached), which includes updates on programme, progress and strategic risks & opportunities. The Board pack also includes the

- 1) Shareholder Committee Report, following the Notting Dale Heat Board meeting in February 2024;
- 2) Housing Overview and Scrutiny Committee Report, which is reviewing the Notting Dale Heat Network project and its Business Plan.

The Resident Transition is working closely with colleagues across Lancaster West Neighbourhood Team to put processes in place for contractors starting engagement with residents.

Design & Construction

- **Cenergist** have begun preliminary work in the Communal areas of the Walkways. They have completed 106 surveys of resident's homes.
- **Vital Energi** are due to begin site set-up in September 2024. They have recently appointed a new RLO, Majid Sufyaan.
- **Heat Network Programme:**
 - This is the hardest part, as the most complex issues, risks and interdependencies need resolving, to enable construction to start on site. In addition, we're in peak holiday season and have had understandable scrutiny on the back of losing Kensington Aldridge Academy as an anchor heat load.
 - Almost half of the 30 items that were rated as Red and potential blockers to construction starting on site have now dropped to Amber. However, any of the remaining red items still have the capability to slow down the heat network programme. The next couple of months is critical.

- In response, Terry Oliver commented that the progress being made is extremely impressive. With such a complex project and with so many interdependencies, it's a credit to the heat network team for the programme to only be rated Amber at this stage.
- **Planning conditions**, pre-commencement planning conditions must be fulfilled before starting work on-site. This includes traffic management and an environmental management plan. Work is ongoing to discharge these conditions.
- **Planning application**, an additional Section 73 planning application variation is about to be made to RBKC, due to changes in the pipe network route and height of the heat pump system enclosure. Part of the route will now go through Lancaster Green. This will help prevent disruption to Kensington Leisure Centre and surrounding paths.
- **Salix grant funding for Kensington Leisure Centre**: £3.8m is in principle available. A Salix Change Request is being prepared to ensure best use of this grant funding, with the potential to use any underspend to decarbonise additional Council buildings. This will enable the technical design to be finalised, from which we can then rerun the financial model and set the final energy tariffs. In the background, work is ongoing to determine the optimum split between the Standing Charge and Variable Charge.
- **Interdependency with Kensington Leisure Centre roof**: if additional funding isn't there, the heat network continues to reinforce and replace the section of brown roof directly under the new Heat Pump system. We've managed to separate the heat network from this bigger interdependency, with ongoing roof leaks. This ensures that the heat network project isn't held up by wider roof repairs, with the associated risk of contract prolongation costs. At the same time, we're willing to work closely with Council colleagues, if there is an opportunity to repair the entire brown roof at the same time.
- **Interdependency with contaminated land remediation at Lancaster Green**: the heat network pipe route is now going across Lancaster Green. We're working with several Council departments to ensure that we're fully joined up, again with the aim of avoiding any delays and the risk of contract prolongation costs, whilst doing what we can to enable a joined up approach (subject to additional capital funding).
- **Overview and Scrutiny**: to await formal feedback, including suggestions around additional Non-Executive Director appointments to provide additional scrutiny on such an important project, as such a sensitive location.
- **Notting Dale Heat's Risk Sub-Committee**: this is arranged for 6 September 2024 with Terry Oliver, Heidi Hellmann, Jeff Laidler and Shaun Haden. It's where the company's and Council's strategic risks, ratings and mitigation measures will be considered and reviewed in more detail.

Metering & Billing

- **Guru** will provide heat meters for the new Heat Interface Unit to be installed in each home. The meters will send data using radio frequency, every 5-minutes. They will be pre-installed within the Heat Interface Unit and rely on a hard-wired power source.
- **Heat tariffs**: financial modelling for the heat tariff is ongoing. A potential Standing Charge subsidy is being considered.
- **Energy monitoring**: quotes have been received to install a further 24 heat meters across the Estate. Recruitment letters have been issued to residents whose homes were previously surveyed by Cenergist. This campaign will be opened out to all residents, pending the uptake amongst this group.

Consultation & Communications

- **Section 20**, the final stage, a Schedule 3 Notice for Cenergist and Vital is to be issued shortly, with enough flexibility to account for Barrister feedback regarding our ability to recharge the Standing Charge. The Barrister is being asked to sign off the Notices and answer a series of other queries.
- Daniel Chin offered to review the leaseholder communications ahead of the Council issuing the Schedule 3 Notice.
- **Monthly energy diary**: the first monthly energy diary is due to be published next week. This will provide an overview of how much heat and hot water is used in homes.
- **Construction news**: a webpage has been set-up to provide construction progress news for the heat network. It will be updated weekly.

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 Blechyndon and Whitworth blocks, with 51 Council-owned sheltered housing that are undergoing a major refurbishment and located directly to the north of Kensington Aldridge Academy.

3 primary schools are also near the Lancaster West Estate and have been retrofitted by the Council's heat network team using Public Sector Decarbonisation Scheme funding. As a result, these schools are 'Heat Network Ready.'

Setting up Notting Dale Heat

Recruitment has taken place for Notting Dale Heat's Operations and Programme Manager. A preferred candidate has been selected and offered the role. This is now on hold, whilst we work through practical items linked to the pension scheme and Employer's Liability Insurance.

Terry Oliver expressed his thanks on behalf of the Board to Jeff Laidler, James Caspell and Shaun Haden for the huge amount of hard work that has gone into this complex project.

	Action	Owner
1	Work with the team to develop a Plan B, in case 'Heat On' slips into winter 2025.	Jeff Laidler
2	Bring the full suite of GLL documents to the next Board meeting and/or Sub Committee, of if approval is required before then, arrange an ad hoc Board meeting.	Jeff Laidler
3	Follow up with Daniel Chin about the review the leaseholder communications ahead of the Council issuing the Schedule 3 Notice	Jeff Laidler
4	Provide a brief monthly update to the Board, noting how much is happening and that construction is about to start on site.	Shaun Haden
5	Review the use of the NDH company brand during construction.	Shaun Haden

8 CONSIDERATION OF MATTERS (PART A)

8.1 Jeff Laidler presented the Performance Dashboard Report for June 2024 (Part A)

8.2 Jeff Laidler presented the Shareholder Committee Report, which related to Notting Dale Heat's February Board meeting and was for information only (Part A).

8.3 Jeff Laidler presented the Housing Overview and Scrutiny Report (Part A). Lots of queries were raised. They were all questions that have been already considered by the team, which hopefully gave lead Members assurance that the heat network project is being delivered with an appropriate level of rigour.

9 RESOLUTIONS (PART A)

9.1 Note, review and approve the Performance Dashboard Report for June 2024 (Part A)

9.2 Note the Shareholder Committee Report (Part A).

9.3 Note the Overview and Scrutiny Report (Part B).

10 CONSIDERATION OF MATTERS (PART B)

Refurbishment Programme Update

See Part B.

Financial Update

See Part B

11 RESOLUTIONS (PART B)

11.1 Note the Refurbishment Programme update.

11.2 Note, review and approve the Finance update.

12 NEXT STEPS¹

THE CHAIR REPORTED THAT THE NEXT STEPS TO BE ACTIONED BY THE COMPANY ARE TO:

12.1.1 Review, and if through fit, approve the commercial Heat Supply Agreements with Kensington Leisure Centre, and the Bulk Supply Agreement (including the Baseline Studio Heat Supply Agreement) with the Council.

12.1.2 Review, and if thought fit, approve the Service Level Agreement, DBOM Contract Novation and Funding Agreement.

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.

12.1.5 Remobilise work to develop the Outline Business Case for heat network expansion.

13 ANY OTHER BUSINESS

13.1 None

14 CLOSE

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

A handwritten signature in black ink, appearing to be 'Terry Oliver', with a long horizontal flourish extending to the right.

Terry Oliver

Chair

28.10.2024