

**EXECUTIVE BOARD – 28 June 2016**

<b>Subject:</b>	EE Monitor Replacement Programme		
<b>Corporate Director(s)/ Director(s):</b>	David Bishop, Deputy Chief Executive/Corporate Director Development and Growth Andy Vaughan, Corporate Director Commercial and Operations Gail Scholes, Director of Energy Services		
<b>Portfolio Holder(s):</b>	Councillor Alan Clark Portfolio Holder for Energy and Sustainability  Councillor Jane Urquhart Portfolio Holder for Planning and Housing		
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<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<b>Subject to call-in</b>
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			Revenue <input type="checkbox"/> Capital <input checked="" type="checkbox"/>
Significant impact on communities living or working in two or more wards in the City			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>Total value of the decision: £1.916m</b>			
<b>Wards affected:</b> St. Ann's, Bridge, Dales & Mapperley	<b>Date of consultation with Portfolio Holder(s):</b> Councillor Alan Clark - 01/03/2016 Councillor Jane Urquhart – 15/3/16		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input checked="" type="checkbox"/>
Cut crime and anti-social behaviour			<input checked="" type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input checked="" type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input checked="" type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input checked="" type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b> This report outlines the proposal for the City Council to put in place a programme for replacing heat meters with newly developed Enviroenergy (EE) monitors in domestic properties served by its green district-heating			

scheme.

The existing meter system is no longer fit for purpose and is causing issues for both residents and Enviroenergy. The current meters are no longer in production, hardware is not available to purchase for repairs and software support is out-dated.

A monitor replacement programme is essential for all domestic properties served by the district heating system to provide quality service provision, a more accessible and user-friendly system and to allow effective management of customer billing.

Currently NCC tenants who receive heat from the Enviroenergy District heating scheme must go to very limited point of sale shops to purchase credit for their energy. In some instances, tenants must travel significant distances to purchase credit, particularly if point of sale units stop operating temporarily.

The EE Monitor has already been successfully installed within 270 flats in Bentinck, Manvers and Kingston Courts. The new monitor provides tenants with several options for how they purchase energy including;

- Paypoint
- Paypal
- Website
- Phone

Installing these 'Smart' monitors allows NCC tenants to manage their energy and budgets more effectively, tackling fuel poverty and providing an improved customer experience.

The maintenance of the district heating system is the responsibility of Enviroenergy; however, the equipment beyond the meter is maintained by Nottingham City Homes in 2611 council owned properties and funded through the Housing Revenue Account (HRA). The scheme can be financed by the Public Sector Housing Programme by utilising existing scheme budgets within the "Secure, Warm, Modern" section of the programme, therefore there is no increase to the programme.

Many properties covered by the district heating system have been purchased under 'right to buy' (1150 dwellings); the replacement of the monitors in these properties is the responsibility of the householder. However, in light of these properties being transferred with district heating infrastructure it is proposed to seek a funding solution for the installation of EE Monitors to these dwellings in conjunction with the Enviroenergy Board.

There are also 981 housing association properties on the system and it will be necessary to engage with landlords to fund a scheme of monitor replacement in these properties.

This report seeks to access funding from the HRA for the installation programme as detailed, which will be delivered over a 24 month period.

**Exempt information:**

An appendix to this report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose the information because it may offer a competitive advantage to other companies tendering for future Council contracts.

<b>Recommendation(s):</b>
1. To approve expenditure of <b>£1.916m</b> from the Public Sector Housing Capital Programme (HRA) to procure and install monitors to <b>2611</b> properties managed by Nottingham City Homes.
2. To approve the management and delivery of all works through the Highway & Energy Infrastructure in-house delivery team.
3. To approve use of the existing established NCC 5 year product development contract with UK based Teddington's Ltd, to manufacture and supply up to 4800 new EE monitors to NCC in order to fulfil the programme requirements.
4. To approve the Director of Energy Services, in consultation with the Portfolio Holder for Energy & Sustainability, to place orders for materials up to a value of <b>£1.600m</b> (orders to be placed only once funding has been secured as below) to Teddington's Ltd and other suppliers for the manufacture & supply of up to 4,800 new EE monitors and other ancillary equipment to fulfil the expanded programme comprising of; <ul style="list-style-type: none"> <li>• Council Owned properties: £0.881m (funded via HRA)</li> <li>• Private/Right to Buy: £0.388m (proposals to be agreed by Enviroenergy Board)</li> <li>• Housing Associations: £0.331m (proposals to be agreed via relevant Housing Associations)</li> </ul>

## **1. REASONS FOR RECOMMENDATIONS**

- 1.1 The current arrangement in properties is pre-payment devices and these have been in place for over 12 years. These units are no longer manufactured and are dependent on legacy support systems.
- 1.2 The existing arrangements necessitate district heating customers having to contact the Enviroenergy Customer Services Centre directly or visit a limited number of shops, which have Points of Sale Units (POS), to "top up" their district heating account. There are 7 POS units in the St Ann's area. The provision of POS units is also onerous for NCC to manage and stringent control measures are needed to ensure accounts are kept up to date and to avoid debt accumulation. The monitor programme will ultimately remove the need for these providers and substantially de-risk this process by the introduction of remote payment/monitoring and provision through Pay Point /Pay Pal arrangements.
- 1.3 The implemented programme will support a stable customer database platform for Enviroenergy. This will ensure a professional customer experience including accurate billing and individual resident data.
- 1.4 The proposed replacement device is known as the "EE Monitor" (EEM). This is a unique product, owned by NCC and specifically developed for this purpose. The unit will offer flexible payment options for the occupiers from their own home, either directly on the device or via an online tool. This programme has immediate benefits in reducing the need for citizens to leave their homes to go to specific POS Units. Further, by introducing this improved device there are better control measures on customer bill management for both the citizen and the City Council. The EEM has a number of SMART features including a built in tamper alert which acts as a safeguard against loss of income. This supports citizens in reducing the opportunity for accumulating account debt and generates clear markers for the provision of support when required by vulnerable users.

1.5 The EEM has been piloted locally at the BMK flats in Sneinton. 270 NCH tenants, in addition to other energy efficient measures, have been connected to district heating and all properties are served with the new monitors.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

2.1 District Heating services 4,770 homes in the St. Ann's area across a portfolio of properties and tenures. These properties are off gas and therefore have not been subject to a boiler replacement programme.

The current district heating pre-payment meters were installed over 12 years ago and are now proving to be inefficient. The hardware for repairs of the meters is also now unavailable due to the age of these appliances. Additionally Enviroenergy are highly reliant on a single provider for software support.

This current manual system requires an engineer to go out to each property to repair errors or take meter readings. This is a very ineffective and expensive approach to continue implementing.

The EE Monitor replacement programme will have a significant positive impact on the residents supplied by district heating and facilitate the alleviation of fuel poverty. Benefits include:

- Multiple payment options including the facility to pay on the device.
- Clear and concise instructional video.
- Energy saving recommendations.
- Tailored emergency credit per resident.
- Individual data report.

2.2 The district heating scheme is at the heart of public service provision, supporting our role as a leading Energy City, whilst meeting the needs of citizens and commercial customers who rely on district heating for the provision of heat and hot water.

The district heating scheme supports City policy commitments to reduce the authority's CO<sub>2</sub> emissions by 31% by 2020 which forms part of the delivery of the Council's Carbon Management Plan. District heating is not regulated and as such not subject to the same regulations that apply to gas and electricity.

2.3 The EEM has a number of SMART features including:

- Date, Time, Temperature
  - Visual display of amount of credit remaining to assist occupants to manage their heat budget
  - Estimated Days Remaining – based on the last 24 hours and 7 days of usage
  - Alerts - provide occupants with regular reminders to 'turn down room thermostat' to elicit behavioural change
  - Remote consumption monitoring capability for energy suppliers / eliminating need for meter readers
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- Remote diagnostics capability to swiftly diagnose problems and route issue to the correct area of expertise minimising disruption to the occupant / eliminating engineer call out / cost
- Online video – to provide visual user guide instructions
- 5 Flexible top- up options
- Warnings - low credit / no credit remaining
- Consumption / Transaction Reports

2.4 It should be noted that the properties on the district heating system do not require boilers. As a result, HRA investment via the decent homes programme on this element has not been required.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 Do nothing: Rejected because not progressing a replacement programme creates future risk of service failure which will have an impact on citizens

3.2 Use a different monitor other than EEM: Rejected as this conflicts with the Council's "make or buy" policy, and a further advantage of this product is that it can be shaped to our specific service requirements.

3.3 Rather than invest HRA funds, seek to recover the cost of the programme via increased customer payments: rejected because there is a commitment to not increase district heating customer bills at a time when other fuel users' bills are falling.

### **5 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

#### Council owned (HRA) residential properties

The replacement of energy monitors serviced by the council's District Heating scheme in council owned homes is a total cost of £1.916m for 2,611 properties. This includes the purchase of the monitors for £337 per monitor plus installation costs. The cost of the scheme can be funded by the Public Sector Housing Capital Programme from existing underspends within the 'Secure, Warm & Modern' lines of the programme, so no increase in the value of the programme is required. The scheme profile will be as follows:

2016/17 £0.636m  
 2017/18 £0.640m  
 2018/19 £0.640m

#### Residential properties not owned by the council

The purchase cost of the monitors required will be as follows:

Council owned homes (HRA)	£0.881m
Right to buy homes (former council owned homes)	£0.388m
RP owned homes (Housing Association)	£0.331m
Total cost of monitors	£1.600m

### **6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

The legal advice is contained in an exempt appendix.

## **7 SOCIAL VALUE CONSIDERATIONS**

Much of the delivery of the essential works identified is to be undertaken in-house with no procurement implications. The provision of monitors is by an external partner, Teddington's, under an established 5 year development contract with NCC.

A forward investment programme for monitor provision will support the overall condition of the district heating scheme, a Council owned asset.

Highway & Energy Infrastructure have an established delivery model and through this broadened scope to actively support the Councils "Make or Buy" Policy focusing on energy infrastructure activity including mechanical & electrical works. This in turn has resulted in local work opportunities and supported the apprenticeship scheme.

This programme actively supports a number of Council Plan objectives including helping to tackle fuel poverty and use of remote control technology to help keep energy bills down for their customers and citizens. The remote facility of the new product reduces the need for citizens to leave their homes to pay bills and in doing so provides safeguarding measures.

## **8 REGARD TO NHS CONSTITUTION**

Not applicable.

## **9 EQUALITY IMPACT ASSESSMENT (EIA)**

(A) Not needed as the report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about the implementation of policies development outside the Council.

## **8 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

None

## **9 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

None

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## 10 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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