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**Nottingham
City Council**

Nottingham City Council Commissioning and Procurement Executive Committee

Date: Tuesday, 11 October 2022

Time: 10.00 am

Place: Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG

Councillors are requested to attend the above meeting to transact the following business

Director for Legal and Governance

Governance Officer: Mark Leavesley

Direct Dial: 0115 8764302

1 Apologies for Absence

2 Declarations of Interests

3 Minutes 3 - 8

Last meeting held on 13 September 2022 (for confirmation)

4 EE Monitor & Customer Relationship Management Systems Tender - key decision 9 - 54

Report of Corporate Director of Growth and City Development

5 Domestic and sexual violence and abuse and violence against women and girls commissioning framework - key decision 55 - 66

Report of Corporate Director of Resident Services

6 Adult Social Care pricing 2022-23 - key decision 67 - 74

Report of Director of Commissioning and Procurement

If you need any advice on declaring an interest in any item on the agenda, please contact the Governance Officer shown above, if possible before the day of the meeting

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**Nottingham City Council
Commissioning and Procurement Executive Committee**

Minutes of the meeting held in the Ground Floor Committee Room, Loxley House, Station Street, Nottingham, NG2 3NG on Tuesday 13 September 2022 from 10:00am to 10:30am

Membership

Present

Councillor Adele Williams (Chair)
Councillor Cheryl Barnard (Vice Chair)

Absent

Councillor Sally Longford
Councillor Toby Neal
Councillor Linda Woodings

Colleagues, partners and others in attendance

Terry Cooper	- Business Performance Manager
Louise Graham	- Voluntary and Community Sector Partnerships Manager
Helen Johnston	- Consultant in Public Health
Adrian Mann	- Governance Officer
Steve Oakley	- Head of Contracting and Procurement
Ceri Walters	- Head of Commercial Finance

Call-in

Unless stated otherwise, all decisions made by the Commissioning and Procurement Executive Committee are subject to call-in. The last date for call-in is **Friday 23 September 2022**. Decisions cannot be implemented until the next working day following this date.

22 Apologies for Absence

Councillor Sally Longford	- personal reasons
Councillor Toby Neal	- personal reasons
Councillor Linda Woodings	- on leave

23 Declarations of Interests

None.

24 Minutes

The Committee confirmed the minutes of the meeting held on 12 July 2022 as a correct record and they were signed by the Chair.

25 Theatre Royal and Concert Hall Asset Management Plan and Restoration Levy Reserve

Terry Cooper, Business Performance Manager, presented a report on the proposed use of the Theatre Royal and Royal Concert Hall (TRCH) Restoration Levy Reserve. The following points were discussed:

- (a) the Restoration Levy Reserve has been established for use for repairs, refurbishments, structural maintenance and development of the THRC and its

associated assets. An Asset Management Plan has been developed to set out a programme of works from 2022/23 to 2027/28, costing up to £2.786 million. It is anticipated that these works will be fully funded from the Reserve, whilst at the same time allowing the Reserve to grow to provide match funding for major work required in 2028/29. This programme of works continues to be reviewed by the Capital Board;

- (b) due to the post-Covid recovery and supply chain issues, there are inflationary pressures in the construction and building sector. As such, contingencies have been included to ensure that the spending plan is affordable. However, unless the TRCH were to actually enter a derelict state, it is unlikely that any temporary delays to the repairs programme on the basis of cost would affect ticket sales;
- (c) the Committee noted that, in the decisions submitted for its approval, the ‘Social value considerations’ section of the report should not only consider the value provided by the asset or service in question, but also how the needed commissioning and procurement process itself will contribute to the social value. The Committee requested that, as part of the general decision-making process, reports should seek to provide assurance that goods and services will be procured locally (wherever possible and appropriate, under the required frameworks), and in a way that reduces the environmental impact and promotes sustainability, and supports local employment.

Resolved:

- (1) to approve the spend of the Theatre Royal and Royal Concert Hall (TRCH) Restoration Levy Reserve on repairs, refurbishments, structural maintenance and development of the THRC and its associated assets;**
- (2) to delegate authority to the TRCH Venue Director to review and update the Restoration Levy as and when required, taking into account inflation, market tolerance and industry benchmarking;**
- (3) to approve the use of existing framework contractors, or to undertake procurement processes as required, for the work identified in the TRCH Asset Management Plan;**
- (4) to delegate authority to the Corporate Director for Resident Services to award and sign the contracts for successful contractors identified following the completion of any tender process;**
- (5) to note the addition of up to £2.786 million to the Capital Programme 2022/23 to 2027/28;**
- (6) to note that whilst TRCH will build up its Restoration Levy Reserve, significant additional funds will need to be secured for the major works required in 2028/29.**

- **Reasons for the decision**

In 2018, a survey was commissioned to provide information on the physical, mechanical and electrical conditions of the TRCH. This survey has been used to inform the creation of an Asset Management Plan that prioritises a schedule of maintenance, repairs and refurbishments at the venue, with an estimated spend of up to £2.786 million over the next 6 years. In order to help fund these works, a Restoration Levy was introduced in 2019, to be included in the face value of the majority of tickets sold at the venue to deliver an annual income value of approximately £500,000. This income is placed in the Restoration Levy Reserve, which is ring-fenced for repairs, refurbishments, structural maintenance and development of the TRCH and its associated assets.

- **Other options considered**

To not spend the Restoration Levy Reserve: this option is rejected as the reserve would continue to grow and not be used for the purposes for which it was established. Works identified in the Asset Management Plan would either have to be funded from elsewhere or not be undertaken, putting the future operation of the venue at risk.

To not review the Restoration Levy: this option is rejected as inflation will gradually reduce the value of the reserve and its ability to fund the works required in the Asset Management Plan in the future.

26 Joint Commissioning Partnership Agreement for Domestic and Sexual Violence Services

Louise Graham, Voluntary and Community Sector Partnerships Manager, presented a report on the proposed new Partnership Agreement with the Office of the Police and Crime Commissioner (OPCC) and the NHS Nottingham and Nottinghamshire Integrated Care Board (ICB) for the commissioning of Domestic and Sexual Violence and Abuse (DSVA) services. The following points were discussed:

- (a) the current Partnership Agreement with the OPCC and the ICB for the funding and commissioning of DSVA services is coming to a close. It is proposed to enter into a new and revised Partnership Agreement, so that the Council can continue to receive funding for these DSVA services from the OPCC and the ICB;
- (b) the commissioning of services will be carried out through local framework agreements so that the Council can react quickly as new funding becomes available. It is important to ensure that there are as many providers as possible in the local frameworks, covering a wide range of required services, to ensure the greatest flexibility in the commissioning process whilst avoiding the need for urgent commissioning decisions to be exempted from the normal Contract Procedure Rules;
- (c) the local frameworks have been established to be fully open and transparent in demonstrating how best value is tested and achieved through an evidenced, equitable commissioning process. A market development function to support local providers is in place, and it is intended to develop this further in the future;

(d) the Committee noted that officers should carry out the annual review of the Partnership Agreement for the DSVA services in consultation with the Portfolio Holder with the appropriate remit. It considered that the transparent local frameworks are very positive, and that steps should be taken to achieve local and in-house service provision wherever possible.

Resolved:

- (1) to approve entering into a new Partnership Agreement with the Office of the Police and Crime Commissioner (OPCC) and the NHS Nottingham and Nottinghamshire Integrated Care Board (ICB), to enable the Council to commission Domestic and Sexual Violence and Abuse (DSVA) services for citizens;**
- (2) to delegate authority to the Corporate Director for Residents Services to:**
 - (i) sign the new Partnership Agreement for 2022;**
 - (ii) carry out the annual review of the Partnership Agreement;**
 - (iii) confirm by agreement in exchange of correspondence the future amounts of funding from the OPCC and the ICB, subject to the threshold specified in Recommendation 3;**
 - (iv) accept additional funding over and above the threshold specified in Recommendation 3 that is offered on an ad hoc basis by the OPCC and the ICB under the Partnership Agreement, to enable the Council to commission additional DSVA services for citizens;**
 - (v) agree the spend of funding for DSVA services in Nottingham;**
- (3) to approve the receipt by the Council of up to £5 million of partnership funding from the OPCC and ICB annually, for the commissioning of DSVA services.**

• Reasons for the decision

A Partnership Agreement has been in place between the Council, the OPCC and the NHS Nottingham and Nottinghamshire Clinical Commissioning Group (now the ICB) since 2013. It sets out the terms by which the partners have agreed to collaborate, the extent of the DSVA services included within such collaborative working, the responsibilities of the Council as the Lead Partner for commissioning, and the responsibilities of the ICB and OPCC as funding partners for those services. As a result of new legislation and local governance structure changes, a revised Agreement is necessary that takes account of the legislative developments and is agile enough to support dynamic service provision and variations in future funding contributions. The OPCC will lead on the Sexual Violence and Abuse commissioning, with a Partnership Agreement including Nottinghamshire County Council and the ICB to ensure full coverage for Nottinghamshire, and the Council will lead on Domestic Violence and Abuse commissioning, with a Partnership Agreement to cover the City.

• Other options considered

To not enter into a new Partnership Agreement: this option is rejected as the DSVA services for Nottingham are commissioned by the Council on behalf of the

Partnership, recognising that this gives best value for money for the commissioners and also the services, and ensures a coherent and joined-up approach to DSVA services in the City. To not sign the new Partnership Agreement would result in the Council not receiving funds for DSVA services from both the OPCC (including from the Home Office and Ministry of Justice) and the ICB in the future.

27 Rough Sleeping Drug and Alcohol Treatment Grant 2022/23 and 2023/24

Helen Johnston, Consultant in Public Health, presented a report on the proposed use of funding received from the Office of Health Improvement and Disparities (OHID) under the Rough Sleeping, Drug and Alcohol Treatment Grant (RSDATG) scheme. The following points were discussed:

- (a) the allocation for the ring-fenced RSDATG was first awarded in Autumn 2021, with funding allocated until March 2023. The OHID has subsequently confirmed an increased allocation within 2022/23, and a further allocation for 2023/24. The increased grant will be used in line with the existing spending plans, and within the current services in place, to ensure that vulnerable people receive the right treatment;
- (b) the service has an embedded trauma-based approach to delivery, engaging with vulnerable people to seek to address contributing factors such as childhood trauma. There is a strong, integrated focus on severe multiple disadvantage, and mental health requirements are addressed alongside the physical health needs;
- (c) the existing contracts will be extended, and work is underway to seek to future-proof future commissioning so that there is effective provision within contracts for their extension in the event of additional funding becoming available. It is important that the frameworks used enable the commissioning of the right provider at the right time, as funding opportunities arise;
- (d) in terms of budgeting in the medium- to long-term, it is important that the right data is collected and analysed to seek to understand the impact of one-off funding like the RSDATG on future budget pressures within services. This would enable more effective budget forecasting and planning to take place for the service if the RSDATG provision ends at the current cut-off in March 2025;
- (e) the Committee considered that it is vital for there to be a strong Public Health involvement in the Nottingham and Nottinghamshire Integrated Care Partnership, to ensure that an effective partnership approach is taken to addressing joint issues. It advised that the ability for citizens to access early support in addressing trauma and when at risk of homelessness is important, with preventative approaches leading to better outcomes, particularly when there are close links with the community and voluntary sector for service delivery. The Committee noted that it is also important that support remains accessible to people once they have been housed, following a period of homelessness.

Resolved:

- (1) to approve the receipt of funding of up to a total of an additional £1,284,042 from the Office for Health Improvement and Disparities, for the delivery of a**

- range of additional drug and alcohol treatment activity for people sleeping rough (or at risk of sleeping rough) to 31 March 2024;**
- (2) to approve the spend of £71,221 to increase substance misuse commissioning staffing resource, in line with the grant conditions;**
- (3) to approve the spend of £546,725 from 1 July 2022 to 30 June 2023 via a contract variation to the Nottingham Recovery Network contract for the provision of substance misuse treatment services, in accordance with Article 18.99 of the Council's Contract Procedure Rules;**
- (4) to approve the spend of £665,096 from 1 July 2023 to 31 March 2024 within the newly commissioned substance misuse treatment services (for which authority to develop a model has been delegated to the Director for Public Health through a previous decision of the Commissioning and Procurement Executive Committee on 12 July 2022).**

- **Reasons for the decision**

In May 2021, the Council was invited to apply for funding through the RSDATG scheme for services to be delivered in 2021/22 and 2022/23, receiving funding of £1,016,044 to 31 March 2023. In April 2022, it was confirmed that the scheme would be extended until the end of March 2025. The Council was invited to undertake a review of its current staffing model and associated project costs to deliver the scheme, and to submit a revised proposal for a period of 21 months (1 July 2022 to 31 March 2024). In July 2022, the Council received notification of its allocation for 2022/23 and 2023/24, receiving an additional £1,283,042 in funding.

- **Other options considered**

To not accept the additional funding from the RSDATG scheme: this option is rejected on the basis that to not take receipt of the funding will lose the opportunity to assist more people to recover from drug and alcohol use and to move towards settled accommodation.

To procure activity for service delivery from 1 July 2022 to 31 March 2023 through a new competitive tender: this option is rejected on the basis that the activity to be funded is to be integrated within existing provision, in order to improve the outcomes for rough sleepers. The existing service has been assessed as performing well and delivery of the additional activity funded through the grant scheme under the infrastructure of the existing service will offer value for money by avoiding duplication of these arrangements. The variation of existing contracts will also allow for the immediate mobilisation of the programme, in order to maximise the use of funds awarded by the OHID. This activity will be integral to the newly-commissioned substance misuse services, which will go live in July 2023 and, as such, will be awarded via competitive tender.

Subject:	EE Monitor and Customer Relationship Management Systems	
Corporate Director/ Director:	Sajeeda Rose – Corporate Director, Growth and City Development Wayne Bexton – Director, Carbon Reduction, Energy & Sustainability	
Portfolio Holders:	Councillor Sally Longford – Energy, Environment and Waste Services Councillor David Mellen - Leader of the Council	
Report author and contact details:	David Nicoll - CRES Customer Service and Transformation Manager David.nicoll@nottinghamcity.gov.uk 07548 159143	
Other colleagues who have provided input:	Sherise Spencer - Senior Transformation Officer Sherise.spencer@nottinghamcity.gov.uk Cassie Twentyman - Senior Transformation Officer cassie.twentyman@nottinghamcity.gov.uk	
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Significant impact on communities living or working in two or more wards in the City	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Total value of the decision:	£6,779,000	
• EEM Manufacture, Supply and Development - £3,579,000		
• Customer Relationship and Management System - £3,200,000		
•		
Wards affected:	All Wards	
Date of consultation with Portfolio Holder:	TBC	
Relevant Council Plan Key Outcome:		
Clean and Connected Communities	<input checked="" type="checkbox"/>	
Keeping Nottingham Working	<input checked="" type="checkbox"/>	
Carbon Neutral by 2028	<input checked="" type="checkbox"/>	
Safer Nottingham	<input checked="" type="checkbox"/>	
Child-Friendly Nottingham	<input type="checkbox"/>	
Healthy and Inclusive	<input type="checkbox"/>	
Keeping Nottingham Moving	<input type="checkbox"/>	
Improve the City Centre	<input type="checkbox"/>	
Better Housing	<input checked="" type="checkbox"/>	
Financial Stability	<input checked="" type="checkbox"/>	
Serving People Well	<input checked="" type="checkbox"/>	
Summary of issues (including benefits to citizens/service users):		
EE Monitor Manufacture, Supply and Development		
Nottingham City Council owns and operates the largest district heating network in the UK. The network serves circa 5000 domestic properties and circa 120 commercial properties. 95% of the domestic properties on the Nottingham heat network currently have an outdated prepayment solution installed, this solution is over 18 years old, parts to repair the systems are now obsolete and the software is no longer supported. The customers only have a small number of shops in the area in which they can top up, this is leading to customers having to travel some distance just to top up their prepayment device.		

The decision by the Executive Board to hive up Enviroenergy Ltd in to the Council, recognised a requirement to upgrade this domestic metering and billing system and funding was allocated within the Council's capital programme, enabling commencement in 22/23 to deliver this transition.

Nottingham City Council has worked with a supplier to develop prepayment metering solution for heat networks, this solution is called the EE Monitor. Nottingham City Council has successfully helped other local authorities and housing associations across the UK purchase and install the EE Monitor solution into properties they are the supplier of heat for. The EE Monitor has become a commercial success since its inception being fitted in 3000 homes across the UK at present. As the demand for more heat networks across the UK grows, so does the opportunity for NCC to provide billing services alongside monitoring, utilising the expert teams within Nottingham City Council's Enviroenergy department. The EE Monitor is currently installed at Bentinck, Manvers and Kingston Courts in Nottingham and has proved a success.

There is now a need for us to procure the manufacturer, supplier and developer of the EE Monitor product on a long-term contract basis of 10 years, also enabling the roll out across the district heating estate within Nottingham (circa 5,000 properties).

The existing prepayment metering system on Nottingham Estate is outdated and provides no control to us in managing debt and customer accounts.

There are multiple benefits that the installation of an EE Monitor will have to our citizens and services, the key benefits are listed below:

- Full control over the customers heating accounts, enabling the Council to clawback existing debt and reduce the number of tenants who can get into debt.
- Better top up options:
 - There are several tenants who require an engineer to manually top their meter up by £250 in order for them to not be allowed to get into debt. This is very inefficient, and tenants shouldn't require a visit from an engineer every few months;
 - Nottingham One and Victoria Centre have dedicated top up machines which are out of use and cannot be fixed due to requiring obsolete parts;
 - The EEMonitor device will offer all the options you expect to see in 2022 such as direct debit, online, over the phone and a card in any shop. The payments are added to the account instantly and automatically which will allow tenants to be able to manage their heating accounts better.

Customer Relationship and Management System

We are also seeking approval to procure a Customer Relationship Management System for a 10-year period to ensure Nottingham City Council can meet the regulatory requirements for 'Heat Network Metering and Billing' legislation.

The current Customer Relationship and Management system known as DOMMS, is no longer fit for purpose and is running on the Microsoft Access system. The data within the system has become corrupted making billing and account management very difficult. This leads to a delay in bills being sent to customers as billing is performed manually. The system doesn't allow for customers to have an online account to manage their energy usage and check their balance.

The many benefits of a new Customer Relationship and Management system include:

- Online customer account access;
- Multiple payment options;
- Automated billing;
- Monitor usage and payments.
-

Exempt information: None.

Recommendations:

- 1 Approve the tender process for both the manufacture, supply and development of the EE Monitor and the Customer Relationship Management (CRM) System.
- 2 Delegate authority to the Director of Carbon Reduction, Energy and Sustainability to procure and execute the contracts in accordance with the Council's constitution for both items after successful tender processes have concluded.

1. Reasons for recommendations

- 1.1 The current supplier has been engaged with NCC since 2015 in the production of a heat metering and billing solution. After the delivery of a successful prototype EE Monitor, the relationship with the supplier has continued. The sale of EE Monitors is a profitable business proposition offering a good return on sales and ongoing billing services. The EE Monitor is currently installed in 3000 properties across the UK. It is recognised as a very reliable cost-effective prepayment solution. It is recommended that approval to proceed with this tender is given and that the Director of Carbon Reduction, Energy & Sustainability has approval to procure and execute the contract in accordance with the Council's constitution for this item after a successful tender process has been concluded.
- 1.2 The current DOMMS CRM utilised by Nottingham City Council's Enviroenergy Department for their heat network customers is constantly failing and unable to produce bills. The system is Access based and previous attempts to "fix" the system have failed. The DOMMS system offers no online customer account capability and is very outdated. Customers have in some instances not received automated bills since 2014 due to the system failures. Based on the value and length of the contract it is recommended that a tender exercise is completed to source a CRM solution offering best value. It is also recommended that the Director of Carbon Reduction, Energy & Sustainability has approval to procure and execute the contract in accordance with the Council's constitution for this item after a successful tender process has been concluded.

2. Background (including outcomes of consultation)

- 2.1 Development and production of the EE Monitor is delivered through a long-standing relationship with the current supplier of the EE Monitor. The current supplier has delivered the EE Monitor product from inception through to product on the wall. There is now a need to secure a new long-term contract for the Manufacture, Supply and Development of the EE Monitor. The development of the EE Monitor V2 will see NCC keep abreast of technological advancement and continue to offer a market leading prepayment solution to

the heat network market. The EE Monitor has been a commercial success for NCC for many years, and it is part of our business plan to enable continual growth through sales and installation of the EE Monitor. Approval to proceed to follow the tender process will enable us to secure a long-term commitment from the successful tenderer. Securing a long-term contract with the supplier of the EE Monitor will enable us to upgrade the systems on the Nottingham District Heating Network which are now in need of replacement.

- 2.2 The current Customer Relationship and Management system is called DOMMS, the system is now over 15 years old and contains corrupt data meaning billing of customer accounts is very difficult without manual intervention. This is a timely process and has no automation. Securing a long-term contract for a Customer Relationship and Management system will enable automated billing and offer many technologically advanced benefits to the customer including paperless billing, tracking energy consumption and payments.

3. Other options considered in making recommendations

- 3.1 Do nothing – If we choose to do nothing, we will not be able to meet our targeted business growth and financial targets for EE Monitor sales. Nottingham City Council residents will face a complete failure of the prepayment metering infrastructure, meaning they may see a loss of the heat and hot water supply.
- 3.2 Do Nothing – If we do not source a new CRM, NCC is at risk of fines due to regulatory failures for not issuing a minimum of one annual statement per year to customers on the District Heating Network as per the Heat Network, Metering & Billing Regulations 2014 (Updated 2020). Customer billing is currently done via a manual process, this process is a time consuming process adding additional cost to the operation of the Nottingham City Council district heating network. An automated billing system will see a reduction in FTE time spent on billing of the equivalent of 1 FTE per annum.

4. Consideration of Risk

- 4.1 The risks are as follows:

Risk	Impact	Mitigation
Lead times for parts and components may increase due nature of current economy.	Estate upgrade will be delayed. Costs increase for NCC.	Ensure that tenderers are able to send a test unit within 30 days of contract award and commit to a minimum number of units within a timeframe to be outlined.
Tenants continue to have outdated systems in their homes, continuous system failures are leading to customer dissatisfaction.	Customers are unhappy with the service received from Nottingham City Council. The system is constantly failing with no parts available to repair the infrastructure.	Complete the procurement process to award a contract to the successful supplier and proceed to migrate accounts to the new CRM system.

Debt levels increase.	Failure to provide accurate bills may see residents unaware of a debt balance on their account.	Award a contract to the successful suppliers to enable a successful metering upgrade and migration of accounts to the new CRM at the earliest opportunity.
Failing to provide tenants with bills and/or statements – Breach of regulations could lead to fines.	Breaching Heat Network Metering & Billing Regulations 2014 (Amended 2020)	Award a contract to the successful tenderer and migrate accounts to the CRM enabling automated billing.

5. Finance colleague comments (including implications and value for money/VAT)

Capital Implications

The projects within this decision were added to the capital programme following the 2022/23 prioritisation process, with a capital budget of £2.425m. The decision to add these projects to the Capital Programme was endorsed by the Capital Board and added to the Capital Programme as part of the 2022/23 Capital Budget, which was approved at Executive Board February 2022.

It is anticipated that elements of the CRM system will not meet definition of capital expenditure. All CRM costs that don't meet the definition of capital will be charged to revenue. These revenue costs will be funded from revenue resources within the Capital Programme ensuring that this project doesn't have a negative effect on the General Fund balance.

The project manager is required to ensure the approved budget is not exceeded, as the Council has allocated secured funding of £2.425m for this project. Any requirement over this will create a pressure in the Capital Programme.

Tom Straw, Senior Accountant (Capital Programmes) - 26 September 2022

Revenue Implications

This Report seeks to approve a total spend of £6.779m over a 10-year contract; with 3.579m relating to a Prepayment device and 3.200m relating to a new CRM system.

However, as detailed above the current level of funding approved is £2.425m, therefore further funding will have to be identified and appropriately approved to enable the project to commit beyond the current approval.

This spend is supported as this will allow Enviroenergy to provide improved and more modern levels of service, to keep growth on track and avoid any fines from possible breach of regulations. This update will enable a better visibility of the accounts; Therefore, payments and aged debts will be more

clear to the customer and Enviroenergy enabling better collection rates and less aged debt.

Paul Rogers, Commercial Finance Business Partner - 26 September 2022

5.1 EE Monitor Manufacture, Supply and Development –

Item	Total 10 year contract value
Prepayment Device	£3,579,000.00

5.2 CRM Billing System -

Item	Total 10 year contract value
CRM Billing system	£3,200,000

6. **Legal colleague comments**

- 6.1 This decision seeks approval to undertake a tender process for both the manufacture, supply and development of the EE Monitor and the Customer Relationship Management (CRM) System.
- 6.2 On the basis that a route to market that complies with the Council's Constitution and the Public Contract Regulations 2015 will be followed, there are no significant legal concerns at this stage. Legal Services will work alongside procurement colleagues to support the arrangements as necessary.
- 6.3 Appropriate contractual arrangements detailing the Council's expectations and ensuring full access to market in the future should be established with the chosen provider and monitored accordingly during the contract term.
- 6.4 Anthony Heath, Senior Solicitor, Contracts/Commercial – 26 September 2022.

7. **Other relevant comments**

Procurement Colleague Comments

The procurement team will work with the client department and legal colleagues to ensure that both elements of the project are procured in compliance with our Contract Procedure Rules and the Public Contract Regulations 2015.

Paul Ritchie, Procurement Category Manager - 27 September 2022.

8. **Crime and Disorder Implications (If Applicable)**

- 8.1 Not Applicable

9. **Social value considerations (If Applicable)**

- 9.1 Procuring best value and best quality for residents will ensure that we are enabling residents to manage their energy usage better, and also manage their money better by delivering a new more technologically advanced prepayment system. This will aid NCC in our goal to tackle fuel poverty across the City. Securing these contracts will also ensure we can maintain our goal of local jobs for local people, as we seek to grow our heat network offering and secure new work streams.

10. Regard to the NHS Constitution (If Applicable)

10.1 Not Applicable

11. Equality Impact Assessment (EIA)

11.1 An EIA is not required because the report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council.

12. Data Protection Impact Assessment (DPIA)

12.1 A Data Protection Impact Assessment will be completed on the approved commissioning model, and due regard will be given to any implications identified within it.

13. Carbon Impact Assessment (CIA)

13.1 A Carbon Impact Assessment will be completed on the approved commissioning model, and due regard will be given to any implications identified within it.

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 The Heat Network (Metering and Billing) (Amendment) Regulations 2020

15. Published documents referred to in this report

15.1 None.

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Office for Product
Safety & Standards

GUIDANCE

HEAT NETWORK (METERING AND BILLING) REGULATIONS 2014 (AS AMENDED IN 2015 AND 2020)

November 2020

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Summary

Purpose	The purpose of this Guidance is to help heat suppliers and other relevant parties understand the requirements under the Heat Network (Metering and Billing) Regulations 2014, as amended in 2015 and 2020.
Intended use	The Guidance is intended to aid understanding of the Regulations. It provides examples and further explanations of the Regulations and aims to help suppliers comply with the specific requirements. It is not a prescriptive or exhaustive list of examples, and if in doubt, you should contact the Office for Product Safety and Standards (OPSS).
Regional coverage	The United Kingdom
Status	Non-statutory Guidance, includes amendments up to and including November 2020.

In this guidance:

- ‘must’ indicates a legal obligation;
- ‘should’ indicates good practice; and
- ‘may’ indicates discretionary actions in the light of the context and circumstances.

For clarity, legal requirements and good practice are set out in separate paragraphs.

1 Background

- 1.1 The purpose of the Heat Network (Metering and Billing) Regulations 2014 is to drive energy efficiency and reduce carbon emissions from heating. The energy efficiency is achieved through the installation of metering devices and billing based on consumption, which will decrease the use of energy and reduce consumer bills, and result in associated carbon emission savings. Metering also supports fair and transparent billing on customers on heat networks.
- 1.2 The purpose of this Guidance is to help heat suppliers comply with the Regulations, by explaining the regulatory requirements and providing examples of compliance to various provisions.
- 1.3 This Guidance replaces the previous Scope Guidance (initially published on 30 January 2015 and subsequently updated in 2019) and Frequently Asked Questions (initially published on 4 February 2015 and updated in 2019). The aim of this document is to produce comprehensive guidance that merges the previous guidance documents with changes brought in by November 2020 amendments.
- 1.4 Some of this Guidance will sound familiar as some obligations have been in force since 2014 and have been previously covered in Scope Guidance and FAQ documents. Some of it will be new, in particular sections that cover the regulatory change that came into force in November 2020.
- 1.5 This Guidance was produced by Office for Product Safety and Standards (OPSS) in collaboration with the Department for Business, Energy and Industrial Strategy (BEIS) Heat Network policy team.

Legislation

- 1.6 The Heat Network (Metering and Billing) Regulations 2014 implemented the heat network specific requirements of Articles 9-11 and 13 of the Energy Efficiency Directive (2012/27/EU). The Regulations came into force in December 2014 and were subsequently amended in 2015 and 2020.
- 1.7 The amended Regulations are from this point onwards referred to as ‘the Regulations’.

Future changes

- 1.8 The Heat Network (Metering and Billing) (Amendment) Regulations 2020 came into force on 27 November 2020. No further changes are anticipated in the near future.
- 1.9 There are no changes to the requirements of the Regulations as a result of the UK leaving the EU.
- 1.10 The Regulations are a building block of the wider work to introduce a legislative Heat Network Market Framework by 2022. This will drive further consumer protection, a sustainable market and decarbonisation of the sector.

Scope of the legislation

- 1.11 The Regulations cover district and communal heat networks (as defined in Regulation 2) in England, Scotland, Wales and Northern Ireland. This includes residential, commercial, industrial, public sector and other networks.
- 1.12 For the purposes of this Guidance, reference to heat and heating also means cooling and the supply of hot water.

Scope of the Guidance

- 1.13 This Guidance is not intended to provide complete legal advice on the interpretation of the Regulations. It is non-statutory guidance produced to help heat suppliers navigate through the requirements of the Regulations, by providing further explanations and examples of how compliance can be achieved.

2 Summary of requirements

- 2.1 This chapter (Table 1) provides a breakdown of legislative requirements. These requirements are covered in more detail in Chapter 4.
- 2.2 The requirements cover both the existing obligations, and obligations introduced by amendments that come into force from 27 November 2020.
- 2.3 The Regulations place various responsibilities on anyone supplying and charging for heating, cooling or hot water (the “heat supplier”).

Regulation	Requirement	Details of the requirement
Regulation 3	Duty to notify	<ul style="list-style-type: none"> - duty to submit a notification for each heat network before or on the date it starts operating - duty to submit an updated notification (renotify) for an existing network every four years following the initial notification
Regulation 4	Duty to install meters	<ul style="list-style-type: none"> - duty to install building level meters in district networks - duty to install final customer meters in buildings in the viable class - duty to install final customer meters in buildings in the open class, where it is cost-effective and technically feasible to do so - duty to install temperature control devices where meters are installed
Regulation 5	Requirements relating to meters	<ul style="list-style-type: none"> - requirements for all installed meters to be accurate and correctly display readings
Regulation 6	Duty to install heat cost allocators, thermostatic radiator valves and hot water meters	<ul style="list-style-type: none"> - duty to install heat cost allocators, thermostatic radiator valves and hot water meters for final customers in buildings in the open class, where it's cost-effective and technically feasible to do so - requirements for all installed heat cost allocators to be accurate and correctly display readings
Regulation 7	Replacement of existing meters	<ul style="list-style-type: none"> - duty for replacement meters to be accurate and correctly display readings
Regulation 8	Ongoing obligations in relation to meters and heat cost allocators	<ul style="list-style-type: none"> - obligation that meters and heat cost allocators must be continuously operating correctly, maintained and checked for errors
Regulation 9	Billing	<ul style="list-style-type: none"> - duty to ensure customers' bills are accurate, based on actual consumptions and comply with minimum requirements, where meters or heat cost allocators are installed

Table 1 – summary of regulatory requirements

3 Core concepts in the Regulations

- 3.1 The Regulations cover most district heat networks and communal heating systems in England, Scotland, Wales and Northern Ireland. This includes residential, commercial, industrial, public sector and other networks.
- 3.2 For the purposes of this Guidance, reference to heat and heating also means cooling and the supply of hot water.

What is a heat network?

- 3.3 Heat networks are shared heating systems which provide a more energy efficient alternative to individual boilers. On a heat network, water is heated or chilled at a central source of production (such as a large boiler or energy centre incorporating a number of technologies) and distributed to customers through pipework for heating, cooling or hot water use.
- 3.4 The main components that constitute a heat network as defined in the Regulations are:
 - The network provides a shared source of heat for multiple users;
 - The heat transfer medium must be water, steam or chilled liquids;
 - The heat must be used for heating/ cooling, hot water use or processes, and;
 - The heat must be sold to final customers by heat suppliers.
- 3.5 For the network to be in the scope of the Regulations, the heat must be transferred by water, steam or chilled liquids. However, the central heat source itself can employ any type of technology including (but not limited to):
 - Boiler (running on gas, electricity, oil, biomass, waste heat or another fuel)
 - Combined Heat and Power (CHP) plant simultaneously generating electricity
 - Shared air source / ground source / water source heat pumps.
- 3.6 Individual systems where users generate their own heat rather than receiving heat from a central system via pipes are not heat networks. Examples of individual systems include:
 - Individual boilers;
 - Electric radiators;
 - Overnight storage heaters;
 - Individual heat pumps.

What is a district heat network?

- 3.7 District heat network means the distribution of thermal energy in the form of steam, hot water or chilled liquids from a central heat source through pipework to multiple buildings or sites for the use of space or process heating, cooling or hot water.

- 3.8 The minimum criteria for an installation to be considered a district heat network are two buildings being supplied with heat and at least one final customer. A heat supplier cannot be their own final customer. Therefore, where a heat supplier is supplying heat for its own use in building A but is also supplying heat to a second party in building B, this is sufficient to meet the criteria of a district heat network.
- 3.9 The heat source can be located inside one of the buildings that makes up the district heat network or in an external energy centre.

What is a communal network?

- 3.10 Communal heating involves the distribution of thermal energy in the form of steam, hot water or chilled liquids from a central heat source through pipework to a single building with multiple final customers, for the use of space or process heating, cooling or hot water. It is not necessary for the heat source to be within the building it serves, only that a single building makes use of the heat.
- 3.11 All communal heating serves only one building. The minimum criteria for an installation to be considered communal heating is two final customers within that building. The most common example of communal heating is a block of flats (considered to be one building in its entirety) with a central boiler or plant room serving all of the flats.

Examples of heat networks

- 3.12 District heat networks or communal heating to which the Regulations apply include, but are not limited to:
 - Single residential building with multiple final customers;
 - Sub-let spaces such as fitness centres in hotels, private enclosed offices or third-party dry cleaners in supermarkets;
 - Industrial sites where a contract exists for the supply of heat through a network;
 - Shopping centres;
 - Residential buildings or estates with sub-let spaces for shops, restaurants, or any other goods selling or service providing business unit;
 - Sheltered and social housing (where these are provided as separate homes with a networked heat supply, and not as part of e.g. a communal nursing home);
 - Assisted living (where residents are responsible for paying other bills).
- 3.13 The examples of district heat networks or communal heating to which the Regulations normally do not apply include (but are not limited to):
 - Hotel rooms (due to transitory nature of the arrangement);
 - Nursing homes where washing and/or food preparation facilities are provided communally (as it does not fulfil its normal role as a residence);
 - Hospitals with multiple buildings where heat supplier and final customer are the same legal entity, or single hospital buildings where there is one final customer (no parts of the building are sublet by that one final customer);
 - Prisons (no financial arrangement between the heat supplier and user);

- Industrial site where heat is generated and distributed within the site as part of the industrial process (as there are no final customers being supplied with heat).
- 3.14 The main criteria considered when determining whether a heat network with a central heating source is in the scope of the Regulations is whether a purchase of heat takes place between the supplier and final customers. For example, a prison will have a network supplying heat, but prisoners are not considered to be final customers under the Regulations as they do not purchase this heat. However, prison operators can be a final customer if their site is connected to a wider district scheme and the prison operator purchases heat supplied through that wider scheme.
- 3.15 Where different departments or organisational units within a company are registered as separate legal entities, they constitute separate final customers for the purpose of these Regulations. As such, even though it may appear that one company occupies a building, the heat network will fall into the scope of the Regulations in the scenario above.
- 3.16 Apart from the examples listed above, there may be a number of different arrangements between the final customer and the heat supplier which would determine whether the network would fall within the scope of the Regulations. If uncertain whether the network falls with the scope of the Regulations, please contact OPSS to discuss.

Who are heat suppliers?

- 3.17 Heat supplier means any legal entity (person or organisation) that supplies and charges for the supply of heating to a final customer, through a communal (single building) or district (multi-building) heat network.
- 3.18 This includes the supply of heat as part of a package, paid for indirectly through rent, ground rent, a service contract or other means. Such a payment does not need to explicitly mention the supply of heat but there will be a reasonable expectation by the final customer that heat supply is part of the payment.

Who are final customers?

- 3.19 The final customer is a person who purchases heating for their own end consumption from a heat supplier. The final customer can also be an organisation that purchases heat on behalf of a collective.
- 3.20 Where a heat supplier supplies and charges heat to a housing association that then passes the heat and charges on to its tenants, these are two heat networks because there are two heat supplier final customer arrangements in place. The first is between the heat supplier and the housing association, while the second is between the housing association and the tenants. For illustration purposes, a detailed diagram explaining this relationship is presented in Appendix A.
- 3.21 The requirement for someone to be considered a final customer is that a payment is made for the heat used. The Regulations do not explicitly require a contractual arrangement between the heat supplier and the final customer. The term final customer does not refer to every person located in a building but to the number of heat bill payers. In a block of 20 flats, there will be one billpayer per flat and therefore 20 customers regardless of the number of occupants.

- 3.22 For the purposes of domestic heat supply, a user is considered a final customer where they occupy a partitioned private space which is intended to be used as a domestic dwelling and has the following¹:
- Bedroom
 - Bathroom
 - Kitchen
- 3.23 For the purposes of non-domestic heat supply, a user is considered a final customer where they have access to a partitioned private space for the purposes of carrying out their activity. In this case, some services such as sanitary or reception areas may be shared.
- 3.24 Sites with no partitioned space, such as open plan areas serving multiple tenants, are not considered part of a network for the purposes of the Regulations. Sites where only communal areas (stairwells, corridors etc) are heated are also discounted.

Cooling

- 3.25 The systems where chilled water or liquids pass through multiple heat exchangers to supply more than one customer are in the scope of the Regulations.
- 3.26 Air-conditioned systems relying on local compressors, purely ducted air or variable refrigerant volume/flow (VRV/VRF) are not in the scope of the Regulations.

Building classes

- 3.27 The 2020 Amendments have seen the introduction of an important new concept, that of a building class. The Regulations describe the criteria for buildings in each building class while the building class determines the metering requirement for the building.
- 3.28 There are three building classes: viable, open and exempt. All buildings on heat networks in scope of the Regulations **must** be correctly classified into an appropriate building class.
- 3.29 It is important to determine the building class in order to determine whether to carry out an analysis of the technical feasibility and cost-effectiveness of installing final customer meters or heat cost allocators.
- 3.30 Building class and cost-effectiveness assessment are explained in detail elsewhere in this Guidance (most importantly in Chapter 6, which relates to Regulation 4 requirements on meter installs), alongside with processes to be followed and timelines for meeting the obligations.

¹ Users who do not have all of these facilities for their exclusive use, such as those in houses of multiple occupancy (HMOs) or most university halls of residence – where facilities such as cooking are shared – are not considered to be customers under the Regulations.

4 Regulatory requirements

- 4.1 The subsequent chapters look at each of the regulatory requirements in detail and provides instructions and advice on how to comply with them.

5 Regulation 3 (Duty to Notify)

- 5.1 Regulation 3 places a requirement on heat suppliers to submit a notification for each network they operate to OPSS.
- 5.2 The notification must include the following information:
 - The location of the heat network that the heat suppliers operate;
 - The total per calendar year of each of the following:
 - The total heating capacity installed on the network
 - The total heat generated by the technology on the network
 - The total heat supplied to final customers on the network;
 - The number and class of each building supplied by the network;
 - The number of buildings in each building class supplied by the network;
 - The number of meters or heat cost allocators installed in any buildings supplied by the network;
 - The number of final customers supplied by the network;
 - The name and address of the heat supplier;
 - The results of any analysis carried out in accordance with Schedule 1 of the Regulations to determine the technical feasibility and cost-effectiveness of installing meters or heat cost allocator, and details of those metering devices if the installation is required (the cost-effectiveness assessment tool is available at [OPSS Heat Network compliance website](#));
 - The expected frequency and content of billing information provided by the heat supplier to final customers supplied by the network;
 - Any other information that is reasonably required by OPSS for the purpose of determining if the heat supplier has complied with the duties in the Regulations.
- 5.2 Heat suppliers **must** provide the above information on the day or before the heat network becomes operational.
- 5.3 Following this initial notification, the heat supplier **must** submit an updated notification within four years of the date of the previous notification. This is an ongoing requirement. For example, if the initial notification was submitted in 2016, the renotifications are due in 2020, then 2024 and so forth.
- 5.4 Transitional arrangements have been put in place from when the amendments come into force on 27 November 2020 until 1 September 2022. For any heat network that is due to be re-notified during this transitional period, a heat supplier may renotify the network at any time before the end of that period. This additional time is granted to allow heat suppliers to fully comply with all regulatory requirements and include the relevant information with the updated notification.
- 5.5 The transitional arrangements will not apply to heat networks that were due to be re-notified before 27 November 2020. Any such network will need to be notified as soon as possible to be compliant with Regulation 3.

- 5.6 Any overdue submissions will need to comply with requirements in force at the time of submitting a renotification. For example, if the initial notification was submitted on 1 June 2016, and heat supplier failed to submit a renotification by 1 June 2020, and having realised the omission, is submitting the renotification on 1 December 2020, the renotification will need to be done on the new template (in use from 27 November 2020) and comply with requirements in force as of 27 November 2020.
- 5.7 The change of a heat supplier does not alter the period in which the heat supplier must renotify the network. It is best practice to inform OPSS of the change as soon as possible so we can update our records. This can be done by contacting OPSS by email at: heatnotifications@beis.gov.uk
- 5.8 The notifications and re-notifications **must** be submitted in the form approved by the OPSS (available at [OPSS Heat Network compliance website](#)). If a notification is not submitted in this format, OPSS will reject this notification and require the heat supplier to resubmit the notification in the correct format.
- 5.9 Where any of the buildings in a heat network fall in the open class, the heat supplier **must** complete the assessment on whether it is technically feasible and cost-effective to install metering devices and submit the results of analysis carried out in accordance with Schedule 1 of the Regulations.
- 5.10 The approved format for the notification and the cost-effectiveness assessment tool is available on the [OPSS Heat Network compliance website](#).
- 5.11 Detailed user guides for the notification template and the cost-effectiveness assessment tool are also available alongside the notification template and the tool. The suppliers are strongly encouraged to consult the user guides as they fill in the templates, as this will ensure that the supplied information is of good quality and in the correct format. The link to the user guide is also provided on the OPSS website referred to in the previous paragraph.
- 5.12 All notifications should be submitted to OPSS using the following email address: heatnotifications@beis.gov.uk
- 5.13 Once heat suppliers send the notification to OPSS, they will receive an automated response from the mailbox, but may not receive personalised acknowledgement from OPSS. The notification will go through a Quality Assurance process, where the submitted information will be checked for errors and data quality. If information needs verification, OPSS will contact the heat suppliers to confirm or amend the information, as appropriate. If the information passes the Quality Assurance process, the notification will be uploaded to the database.

6 Regulation 4 (Duty to Install Meters)

- 6.1 Regulation 4 explains the circumstances in which heat suppliers need to install heat meters on networks they operate.
- 6.2 There are different requirements related to meters which measure the heating, cooling and/or hot water at a building level and those that measure heating, cooling and/or hot water consumption by a final customer. Regulations 4(1) and 4(2) refer to the building level meters, which measure the supply of heat to a building. The remainder of Regulation 4 refers to final customer meters.

Building level meters

- 6.3 A building level meter is used by a heat supplier to measure the heat consumption of a single building on a district (multi-building) network. The purpose of building level meters is to help heat suppliers monitor network efficiency and identify the source of suspected inefficiencies, such as heat loss through pipework. They are not used to measure final customers' heat consumption, nor to bill customers based on consumption.
- 6.4 Regulation 4(1) requires heat suppliers to install a building level meter in every multi-occupancy building on a district network. This is a mandatory requirement that has been in place since 2014 when the Regulations came into force and is not contingent on any prior assessment of suitability.
- 6.5 Building classes (as described below) do not apply to building level meters.
- 6.6 Where a district network has a mixture of buildings, the requirement applies only to the multi-occupancy buildings. For example, a 10 building district network comprised of three apartment blocks (each with multiple final customers) and seven detached houses (each with one final customer) would require three building level meters, one for each of the blocks, and none for the detached houses.
- 6.7 Regulation 4(2) prescribes that building level meters **must** be situated either at a heat exchanger within the building or at the point of entry of the district network pipes into the building.

Final customer meters

- 6.8 A final customer meter (typically but not always installed within a customer's partitioned premises) is used to measure the consumption of heating, cooling or hot water by that final customer.
- 6.9 To determine whether or not they are required to install final customer meters, heat suppliers **must** first determine the building class (viable, open, exempt) for each building on their system:
 - Viable class: customer meters are always mandatory;
 - Open class: metering devices (meters or heat cost allocators) are required if it is assessed to be technically feasible and cost-effective); and
 - Exempt class: no requirement to install metering devices for customers (no assessment of technical feasibility and cost-effectiveness is required as the outcome is expected to be negative).

6.10 Building class determinations are made at the building, not the network level. This means that the suppliers may have different building classes and different metering requirements and arrangements for different buildings on the same (district) heat network.

6.11 Building classes are explained in detail further down in this chapter.

Viable class

6.12 Table B1 in Appendix B lists the buildings that fall into the viable class.

6.13 Final customer meters **must** be installed for each customer in viable class buildings.

6.14 The buildings in the viable class **must** be declared as such in the notification template available at the [OPSS Heat Network compliance website](#), and/or in another format requested by the OPSS, and final customer meters will need to be installed in line with the deadlines stated in the Regulations.

6.15 The heat suppliers should not complete cost-effectiveness tool in respect of buildings that are in the viable class.

Open class

6.16 Table B2 in Appendix B lists the buildings that fall into the open class.

6.17 Where a building falls into the open class, the heat suppliers **must** install final customer meters for each customer where it is technically feasible and cost-effective.

6.18 For buildings that fall into the open class before 27 November 2021, heat suppliers **must** complete the cost-effectiveness assessment in respect of (heat) meters by 27 November 2021. If the cost-effectiveness assessment results are positive, they **must** install meters before 1 September 2022.

6.19 Where a building first falls into the open class between 27 November 2021 and 1 September 2022, the cost-effectiveness assessment **must** be made for that building and the installation be complete before 1 September 2022.

6.20 Where a building first falls into the open class on or after 1 September 2022, a cost-effectiveness assessment **must** be made, and, if required, meters installed, at that time.

6.21 To assess whether it is cost-effective to install meters, heat suppliers should use the cost-effectiveness tool, which is available on the [OPSS Heat Network compliance website](#).

6.22 Where the initial cost-effectiveness assessment result is negative, the assessment **must** be repeated within four years.

6.23 Where a future cost-effectiveness assessment of an existing heat network returns a positive outcome, indicating that it has now become cost-effective to install final customer meters, the heat supplier **must** install the meters within that four year period.

6.24 A failure to complete the meter installations by 1 September 2022 (including those caused by delays in completing the cost-effectiveness assessment or incorrectly completed cost-effectiveness assessment) will **constitute a breach of the Regulations and OPSS will consider the appropriate and proportionate enforcement action to ensure compliance**.

- 6.25 As part of their notification, heat suppliers **must** submit the outcome of the cost-effectiveness assessments for buildings in the open class to OPSS. This may be as part of first-time notifications (for new networks) or all re-notifications (in respect of existing networks) unless meters are installed in the meantime.
- 6.26 Heat suppliers are strongly advised to contact OPSS in advance of the meter installation deadline, and confirm the results of the cost-effectiveness assessment if in doubt. This may prevent the breach of Regulations as described in paragraph 6.24.
- 6.27 Please refer to Chapter 5 in this Guidance, which covers Regulation 3, for further information about notifications.

Exempt class

- 6.28 Table B3 in Appendix B lists the buildings which fall into the exempt class.
- 6.29 Final customer meters do not need to be installed in buildings that fall into the exempt class.
- 6.30 OPSS may request evidence from heat suppliers that a building falls into the exempt class.

Other considerations

- 6.31 Every final customer meter installed under Regulation 4 (whether mandatory in viable class buildings, as a result of a positive cost-effectiveness assessment in open class buildings or existing meters in open class buildings) **must** be accompanied by a temperature control device allowing a customer to control their consumption of heating or cooling supplied through a network.
- 6.32 Heat suppliers with installed final customer meters are further subject to requirements in Regulation 5 (meter accuracy), Regulation 7 (replacement of meters), Regulation 8 (ongoing obligations in relation to meters) and Regulation 9 (billing). This applies equally to existing and newly installed meters.
- 6.33 Following their initial determination, it is possible for buildings to move between classes due to a later change in circumstances. For example, an exempt class building that undergoes a change of use from supported housing to a non-exempt type of residence (or a building with other non-exempt heat use) would move to the open class or an existing building supplied by a district heat network would move to the viable class if it is undergoing major renovations. However, we would expect the class to remain the same for most buildings.
- 6.34 Where a building moves from the exempt class to the open class and where the heat supplier determines it is technically feasible and cost-effective to do so, the heat supplier **must** install meters when the building falls into that class. The same applies to any buildings that subsequently move into the viable class.
- 6.35 A heat supplier whose building changes class is not required to notify OPSS of this immediately but report the correct building class in the next heat network re-notification submission.

7 Regulation 5 (Requirements Relating to Meters)

- 7.1 Regulation 5 sets out requirements relating to the meter accuracy. It states that meters **must** accurately measure, memorise and display the consumption of heating, cooling or hot water by each final customer.
- 7.2 This requirement applies to all installed meters on any heat network that falls within the scope of the Regulations. This includes, meters installed prior to the Regulations first coming into force in 2014.
- 7.3 With regards to meters which were installed before the 27 November 2020 heat suppliers **must** comply with this requirement before 1 September 2022.

Heat meter accuracy

- 7.4 Regulation 5 requires the heat meters in scope of these Regulations to be accurate but is not prescriptive with regard to a standard or accuracy class.
- 7.5 As a matter of good practice and having reviewed similar schemes that require heat to be metered, the OPSS advises the heat suppliers to use the meters that meet established performance standards. For example, this could mean installing meters that comply with 2014 Measuring Instruments Directive (MID) (2014/32/EU) or recommendations in OIML R 75:2002 Heat meters².
- 7.6 OPSS advises that installed meters need to meet the tolerances which are stated as being the maximum permissible errors for each of the accuracy class.
- 7.7 To ensure accuracy and prevent malfunctioning, meters should be installed in line with the manufacturer's instructions. This includes the correct positioning of all meter components (calculator, flow sensor and the pair of temperature probes), correct placement with respect to the pipe (e.g. distance from joints and bands), meter calibration and similar. For complete requirements and instructions, please refer to your meter's manufacturers' documentation.
- 7.8 OPSS advises that all metering equipment is installed by a competent installer.
- 7.9 For meters that are MID compliant, the acceptable proof of accuracy includes a type examination certificate. Another type of evidence that is also acceptable is a photograph of 'MID markings' on the meter body (integrator component), alongside the proof of the meter installed at the declared location (serial number).
- 7.10 MID compliant meters will also contain an indication of an accuracy class on the meter body (integrator part). In most circumstances, the marking will just say 'class 2' or 'cl 2', rather than 'accuracy class 2'. Other applicable meter classes that are visible on the meter body will normally have full denomination, such as environmental class.
- 7.11 For OIML R 75, the acceptable proof of accuracy may include an OIMLCS Certificate and associated type evaluation/ test report from an OIML Issuing Authority.

² <https://www.oiml.org/en>

- 7.12 The sections 7.5 to 7.11 contain recommendations on ways to be compliant, but they are by no means prescriptive or exhaustive. If your meter does not fall into the examples described here, please contact the OPSS Heat Networks team to discuss the specifications of the meter you have or are intending to install, and what evidence can be presented to confirm the meter is accurate.

Hot water meter accuracy

- 7.13 Regulation 5 requires the hot water meters in scope of these Regulations to be accurate but are not prescriptive with regard to a standard.
- 7.14 As a matter of good practice, the OPSS strongly advises the heat suppliers that the hot water meters comply with the established standards, such as 2014 Measuring Instruments Directive (MID) (2014/32/EU) MI-001 or OIML R 49: 2013 (E) Water meters for cold potable water and hot water.
- 7.15 In addition to meeting any required standard, hot water meters need to be installed in line with the manufacturer's instructions.
- 7.16 Hot water meters that do not meet MID or OIML may also be deemed accurate. If this is the case for you, please get in touch with OPSS to discuss the options for evidencing the accuracy requirement.
- 7.17 For meters that are MID compliant, the acceptable proof of accuracy includes a type examination certificate. Another type of evidence that is also acceptable is a photograph of 'MID markings' on the meter body (integrator component),
- 7.18 For OIML R 49, the acceptable proof of accuracy may include an OIML-CS Certificate and associated type evaluation/ test report from an OIML Issuing Authority.

OPSS requirements and evidence

- 7.19 When submitting initial evidence on meter accuracy, if it meets the requirements in paragraph 7.14, you need to confirm the following information:
- Make, model and serial number of the meter;
 - Location of the meter on the heat network;
 - Whether the meter is MID compliant and its accuracy class;
 - If the meter is not MID compliant, further evidence of standards and accuracy class, such as calibration or testing certificates;
 - Declaration that the meter has been installed in line with the manufacturer's instructions; and
 - Installation date, and the date of the latest test and/or calibration.
- 7.20 Where OPSS receives complaints from a customer, further evidence may be required from a heat supplier to evidence that the measuring equipment in scope of these Regulations is compliant with the requirements of Regulation 5. This may include in situ or laboratory tests, or other methods, as deemed appropriate.
- 7.21 In line with the transitional arrangements pertaining to the UK's exit from the EU, CE marking on the hot water meters entering the UK are allowed until 1 January 2022. This page will be updated to reflect any changes ahead of this deadline.

8 Regulation 6 (Duty to install heat cost allocators, thermostatic radiator valves and hot water meters)

Heat cost allocators, thermostatic radiator valves and hot water meters

- 8.1 In certain cases, Regulation 6 requires heat supplier to install heat cost allocators (HCAs), thermostatic radiator valves (TRVs) and hot water meters. This applies where there is:
 - More than one final customer in the building;
 - Both heating and hot water is supplied to that building; and
 - The heat supplier has determined that it is not technically feasible or cost-effective to install final customer meters.
- 8.2 Heat suppliers are required to install heat cost allocators, thermostatic radiator valves and hot water meters only where it is cost-effective and technically possible to do so. The requirement to assess cost-effectiveness of HCA, TRV and hot water meters installed applies only to buildings in the open class, after the technical feasibility and/or cost-effectiveness assessment has been completed in respect of heat meters and the outcome was negative.
- 8.3 For buildings that fall into the open class before 27 November 2021, heat suppliers **must** complete the cost-effectiveness assessment in respect of HCAs, TRVs and hot water meters by 27 November 2021. If the cost-effectiveness assessment results are positive, they **must** install HCAs, TRVs and hot water meters by 1 September 2022.
- 8.4 Where a building first falls into the open class between 27 November 2021 and 1 September 2022, the cost-effectiveness assessment **must** be made for that building and the installation be complete before 1 September 2022.
- 8.5 Where a building first falls into the open class on or after 1 September 2022, a cost-effectiveness assessment **must** be made, and HCAs, TRVs and hot water meter meters installed, at that time.
- 8.6 Where a cost-effectiveness assessment has indicated that it is not cost-effective for metering devices (meters or HCAs, TRVs and hot water meters) to be installed, the heat supplier is required to carry out a further assessment within four years and repeat this within four-year periods thereafter, for as long as those assessments return a negative response and meters or heat cost allocators have not been installed.
- 8.7 Where it is not cost-effective to install metering devices, the heat supplier may use alternative methods to determine charges for customers for heat supplied through a network, including using a building level meter.
- 8.8 Where a repeated cost-effectiveness assessment of open class building that has previously returned negative result subsequently indicates that it has become cost-effective to install HCAs, TRVs and hot water meters, the heat supplier **must** complete this work within that four year period.

- 8.9 Where an assessment has indicated that it is cost-effective to install HCAs, TRVs and hot water meters in a building, the heat supplier is required to install HCAs and TRVs at each room-heating radiator in the premises of each customer, as well as a single hot water meter for each customer.
- 8.10 The heat suppliers with both existing and newly installed HCAs, TRVs and hot water meters in open class buildings need to comply with the requirements of Regulation 5 (accuracy of hot water meters), Regulation 6 (accuracy of HCAs), Regulation 8 (ongoing obligations in relation to meters and HCAs) and Regulation 9 (billing).
- 8.11 For clarity, the devices referred to in this section mean:
- HCA is used to record the consumption of heat by a room-heating radiator within a customer's premises;
 - TRV is used to give a customer control over the consumption of heat by a room-heating radiator;
 - Hot water meter is used to record the consumption of hot water by a customer.

Heat cost allocator accuracy

- 8.12 Heat cost allocators in scope of these Regulations **must** accurately measure, memorise and display the consumption of heat by a room-heating radiator.
- 8.13 Regulation 6(6) requires the heat cost allocators in scope of these Regulations to be accurate but is not prescriptive with regard to a standard.
- 8.14 As a matter of good practice, the OPSS advises the heat suppliers that the heat cost allocators comply with the standard BS EN 834:2013.
- 8.15 In addition to meeting any required standard, the heat cost allocators need to be installed in line with the manufacturer's instructions.
- 8.16 Heat cost allocators that do not meet the BS EN 834:2013 may be deemed as accurate. If this is the case for you, please get in touch with OPSS to discuss the options for evidencing the accuracy requirement.

Evidencing heat cost allocator accuracy

- 8.17 Requirements for evidencing heat cost allocator accuracy will follow the same process previously described for meter accuracy in Chapter 7 on Regulation 5 requirements.
- 8.18 When submitting initial evidence on heat cost allocator accuracy, you will need to confirm the following information:
- Make, model and serial number of the heat cost allocator;
 - Location of the heat cost allocator on the heat network;
 - Whether the heat cost allocator is compliant with BS EN 834:2013;
 - If the heat cost allocator is not compliant with BS EN 834:2013, further evidence of its accuracy, such as technical documentation and/or test results;
 - Declaration that the heat cost allocators has been installed in line with manufacturer's instructions;
 - Installation date, and details of any previous tests.

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- 8.19 If OPSS is not satisfied with the heat cost allocator accuracy following the submission of initial evidence, such as if there are customer complaints, further evidence may be required from a heat supplier. This may include in situ or laboratory tests, or other methods, as deemed appropriate.

9 Regulation 7 (Replacement of existing meters)

- 9.1 Regulation 7 requires the heat suppliers ensure that replacement meters accurately measure, memorise and display the consumption of heating, cooling or hot water by a final customer.
- 9.2 For meter accuracy requirements and how they can be met, please refer to paragraphs 7.5 to 7.11 (Chapter 7 on Regulation 5, meter accuracy sub-heading) of this Guidance.
- 9.3 Replacing meters is expected to be generally possible. However, in cases where it would be technically impossible or the estimated cost would be unreasonable, this **must** be evidenced to OPSS.

10 Regulation 8 (On-going obligations in relation to meters and heat cost allocators)

- 10.1 In accordance with the Regulations, heat suppliers **must** ensure that any installed meters and heat cost allocators are:
 - continuously operating correctly; and
 - properly maintained and periodically checked for errors.
- 10.2 To ensure that the meters and heat cost allocators are properly maintained, heat suppliers should refer to their manufacturers' documentation and comply with maintenance requirements therein, including re-calibration of meters.
- 10.3 Heat suppliers should also periodically visit sites and visually check meters, remotely monitor usage and address any anomalies, conduct periodic checks against warranties and specifications and similar.
- 10.4 Heat suppliers need to keep evidence of maintenance activities, which includes, but is not limited to, invoices, receipts, inspection logs, and testing or re-calibration certificates and reports, and **must** produce them if requested by OPSS.
- 10.5 OPSS strongly advises that any re-calibration or testing activities be carried out by a manufacturer of the relevant meter, or by an organisation accredited by the United Kingdom Accreditation Service (UKAS).

11 Regulation 9 (Billing)

- 11.1 Regulation 9 outlines the billing requirements for heat suppliers when supplying final customers on the networks they operate. Regulation 9 applies where meters or HCAs are installed on the network.
- 11.2 The billing requirements apply to all existing and new meters and HCAs installed on the heat network, regardless of whether they have been installed under a duty in the Regulations or not. Prior to the amendments coming into force on 27 November 2020, the billing requirements applied only to metering devices that have been installed under the obligations of the Regulations, however, they now include all installed metering devices. From 1 September 2022, mandatory billing requirements will apply to metering devices where this requirement did not previously apply.
- 11.3 The heat supplier **must** ensure that bills and billing information for the consumption of heating, cooling or hot water by a final customer are accurate, based on actual consumption and compliant with the requirements outlined in Schedule 2 of the Regulations.
- 11.4 A heat supplier does not need to comply with mandatory billing requirements unless it is technically possible and economically justified to do so. It will be considered technically possible and economically justified to issue bills and billing information to final customers where the estimated reasonable cost of issuing them does not exceed £92 per a final customer per a year (paragraph 6 of Schedule 2).
- 11.5 To estimate this cost, in accordance with paragraph 7 of Schedule 2, the heat suppliers **must** take in to account the costs of:
 - Collecting, storing and processing of the meter readings;
 - Preparation and issuing of the bill and billing information;
 - Processing of payments; and
 - Issuing demands for payment if a bill is not paid.
- 11.6 The mandatory billing requirements **do not apply where** the final customer occupies:
 - Supported housing, almshouse accommodation or purpose-built student accommodation; or
 - a private dwelling or non-domestic premise that is subject to a leasehold interest where the lease began before 27 November 2020 and contains a provision which would prevent billing based on actual consumption.
- 11.7 Schedule 2 details the information that need to be included as part of the billing information. Billing information **must** include the following:
 - Current energy prices charged to the final customer by the heat supplier;
 - Information about the final customer's energy consumption from the heat supplier;
 - Where available, comparisons of the final customer's current energy consumption from the heat supplier with consumption for the same period in the previous year, if possible displayed in a graph;

- Contact information, including website addresses, for organisations from which information may be obtained on available energy efficiency improvement measures and technical specifications for products which use energy. An example of this is <https://www.simpleenergyadvice.org.uk/>
- 11.8 Billing information **must** be issued by the heat supplier at least twice a year and with every bill issued. A bill **must** be issued to a customer at least once per year based on actual rather than estimated consumption.
- 11.9 Where a final customer has opted to receive electronic billing or where a final customer requests, billing information **must** be issued at least quarterly.
- 11.10 A bill may be based on an estimate only if the final customer has not provided a meter reading where they are expected to do so.
- 11.11 A heat supplier's costs of providing bills and billing information may be passed on to final customers provided that no profit is made from such charges. This is the case unless, in buildings with more than one final customer, billing services are undertaken by a third party, in which case reasonable charges may be passed on to final customers.
- 11.12 A heat supplier must not make a specific charge to a final customer for the provision of a bill or billing information other than in respect of the supply of additional copies.
- 11.13 At the request of a final customer a heat supplier must:
- Supply a final customer's billing information to an energy services provider;
 - Provide electronic billing and billing information;
 - Ensure that information and estimates of energy costs are provided to a final customer promptly and in a format, which enables customers to compare charges of different energy suppliers.
- 11.14 Heat suppliers **must** also provide a clear explanation of the information contained in a bill, including how the bill was calculated and specifying fixed and variable charges.
- 11.15 The pricing of heat supply is not in scope of the Regulations.

12 Transitional arrangements

- 12.1 The Heat Network (Metering and Billing) (Amendment) Regulations 2020 come into force on 27 November 2020. The Regulations set out transitional arrangements for heat suppliers who already operate heat networks. The deadlines for compliance with a number of obligations under the Regulations are staggered over a period of time. This chapter describes the various commitments, deadlines and what suppliers need to do to prepare for it.

First deadline – 27/11/2021

- 12.2 Heat suppliers will need to have completed the determination of the building class for each building on all networks they operate. In addition, they need to complete a technical feasibility and cost-effectiveness assessment for all buildings in the open class (where meters or heat cost allocators are not already installed).
- 12.3 There is an obligation to complete the cost-effectiveness assessment by the first deadline but failing to do so does not constitute an offence.
- 12.4 Failing to complete a cost-effectiveness assessment by the first deadline will have an impact on the ability of a heat supplier to meet other obligations. As an example, if a heat supplier fails to complete a cost-effectiveness assessment in time, and subsequently fails to install heat meters or heat cost allocators in time, they will be liable for penalties under Regulation 13, in relation to Regulations 4 and 6.
- 12.5 OPSS urges all suppliers to complete the cost-effectiveness assessment well in advance of the deadline and contact OPSS if they encounter any issues with meeting this requirement.

End of transitional arrangements in respect of the first deadline

- 12.6 Heat suppliers **must** complete and retain copies of cost-effectiveness assessment and submit them to OPSS at request. The tools are available at the [OPSS Heat Network compliance website](#).
- 12.7 OPSS reserves the right to ask for the cost-effectiveness assessment and any other supporting evidence necessary to verify the requirement to install metering devices in due course.
- 12.8 There is no requirement to submit the completed cost-effectiveness assessment to OPSS at this stage (immediately after the first deadline has passed).

Second deadline – 01/09/2022

- 12.9 Heat suppliers **must** comply with all amended and new requirements by the second deadline of 1 September 2022.
- 12.10 Heat suppliers **must** complete the installations of heat meters in all buildings that fall into the open class where it is technically feasible and the results of the cost-effectiveness assessment confirm that it's cost-effective to do so.
- 12.11 Where meters are required by the Regulations, temperature control devices **must** also be installed.

- 12.12 Heat suppliers will also need to comply with requirements on meter accuracy for any meters installed before 27 November 2020. Furthermore, compliance with requirements relating to ongoing obligations (with regards to meters and heat cost allocators) as well as billing will be required for all installed metering devices (not previously covered) by this deadline.
- 12.13 Where it is not technically feasible and cost-effective to install heat meters but it is cost-effective to install HCAs, TRVs and hot water meters as per results of the cost-effectiveness assessment, the heat suppliers **must** do so by the second deadline.
- 12.14 Where heat suppliers were due to re-notify their heat network to OPSS between 27 November 2020 and 1 September 2022, they **must** submit their renotification at the latest by the end of this period with all required information.
- 12.15 From 1 September 2022, final customer meters will be mandatory in almost all newly constructed buildings with communal heating (see building classes in Appendix B).

End of the second deadline and transitional arrangements

- 12.16 The transitional arrangements end on 1 September 2022, and from there on compliance with all requirements in the Regulations will apply.
- 12.17 Not having complied with all transitional requirements is an offence. OPSS will seek evidence that obligations have been met and take action where they have not.

13 Our role

- 13.1 The Office for Product Safety and Standards is part of the Department for Business, Energy and Industrial Strategy (BEIS) and is appointed by BEIS as the enforcement authority responsible for ensuring compliance with the Heat Network (Metering and Billing) (Amendment) Regulations 2020 within the UK.
- 13.2 We operate across a range of sectors with a focus on technical, environmental and product-based regulations. We make regulation work, protecting people and the environment, enabling businesses and maximising the impact of what we do, in partnership with users and stakeholders.
- 13.3 Our approach to carrying out our regulatory activities is explained in our [Service Standards](#). We know that good regulation is proportionate, consistent, targeted, accountable and transparent. We use the full range of tools and powers available to us to promote compliance and enforce the law to maintain protection, fairness and confidence.
- 13.4 We ensure that information, guidance and advice are available to help those we regulate to understand and meet legal requirements. Enquiries and requests for guidance or advice can be made by contacting us:
 - Email (generic): opss.enquiries@beis.gov.uk
 - Email (heat networks team): heatnotifications@beis.gov.uk
 - Online enquiry form: <https://www.rohs.bis.gov.uk/enquiry>
 - Telephone: 0121 345 1201
 - Post: Office for Product Safety and Standards, PO Box 17200, Birmingham B2 2YT
- 13.5 We carry out inspections and other activities to check compliance with legal requirements, in accordance with our legal powers, and we target these checks where we believe they are most needed.
- 13.6 We are committed to dealing with non-compliance with legal requirements in a manner proportionate to the nature, seriousness and circumstances of the offence, as set out in our [Enforcement Policy](#). Our aim is to deliver enforcement that is fair and objective, while also being robust, credible and consistent with the intentions of the legislation. We use compliance advice, guidance and support as a first response to many breaches, where we consider this effective and proportionate. However, we will deal firmly with those that deliberately, persistently or recklessly fail to comply with their obligations, using the powers set out in Schedule 3 in the Regulations.
- 13.7 When we take enforcement action or make a regulatory decision in relation to a business or other body that we regulate, we will always provide a clear and timely explanation of any associated right to appeal. Further information on rights to appeal is available in our [Challenges and Appeals Guidance](#).
- 13.8 Safety and Standards has responsibility for enforcing other regulations which may affect heat suppliers under Heat Network (Metering and Billing) (Amendment) Regulations 2020. These include Measuring Instruments Regulations 2016 (available here: www.gov.uk/government/publications/measuring-instruments-regulations-2016) and guidance on CE Marking (available here: www.gov.uk/guidance/ce-marking).

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- 13.9 Further information on OPSS and the comprehensive list of regulations that we enforce can be found here: <https://www.gov.uk/guidance/national-regulation-enforcement-services>.

14 Glossary

- 14.1 The concepts used are explained in the Guidance or are otherwise included in definitions in Regulation 2. To avoid duplication, it will not be repeated here.

15 Appendix A – ‘Cascading Responsibilities’

- 15.1 In some situations, there is an intermediary between the heat supplier and the final customer.
- 15.2 In this scenario, company A operates a boiler supplying heat into a district heat network. Building owner B receives heat from company A and rents its building (and sells the heat) to companies C and D.
- 15.3 Building owner B is a final customer on A's district heat network. B is also a heat supplier to C and D, who are B's final customers through communal heating.
- 15.4 Both A and B are heat suppliers and have to meet the duties in the Regulations.

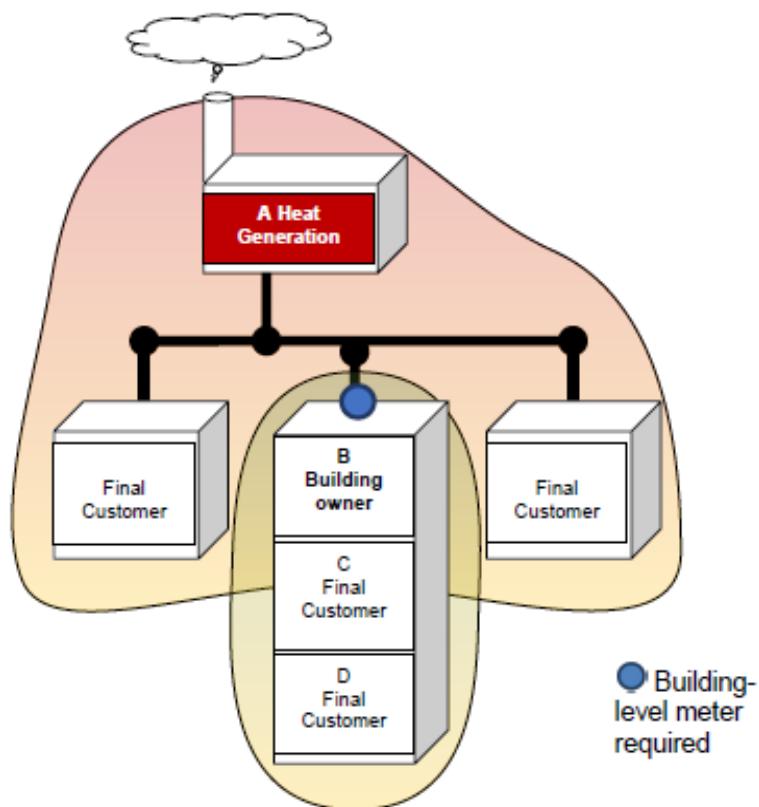


Figure A1

- 15.5 In this situation, OPSS advises that an arrangement is made for A to submit a notification for the network which encompasses both A's and B's information (i.e. the total number of final customers).
- 15.6 If this is not possible, then both parties must submit their own notification. In this case, B should enter '0' for the Heating/hot water capacity (question 3.1) and Heating/ hot water generation (question 3.4) and leave a covering note including A's name and postcode.

16 Appendix B – Building classes

16.1 This Appendix supplements Chapter 6 (Regulation 3 (duty to notify), Regulation 4 (duty to install meters) and Regulation 6 (duty to install heat cost allocators, thermostatic radiator valves and hot water meters)) and summarises building classes in a table format.

16.2 Viable class

Buildings supplied by a district heat network which fall into the viable class	Buildings supplied by communal heating which fall into the viable class
<p>A newly constructed building connected to a district heat network on or after 27 November 2020.</p> <p>This includes new buildings added to existing heat networks as well as those constructed before 27 November 2020 but connected on or after this date.</p>	<p>A newly constructed building (not in the open class or exempt class) connected to communal heating on or after 1 September 2022.</p> <p>This includes buildings which are constructed before 1 September 2022 but connected on or after this date.</p> <p>Some new buildings with communal heating fall into the open class or exempt class (please see relevant tables).</p>
<p>A building that undergoes major renovations relating to the technical services (as defined in the Regulations) on or after 27 November 2020.</p>	No existing buildings.
<p>An existing building where meter installations have previously been mandatory.</p> <p>This includes buildings which during the period between 18 December 2014 and before 27 November 2020</p> <ul style="list-style-type: none"> - were newly constructed and connected to a district heat network; or - underwent major renovations relating to the technical services of that building (as defined in the Regulations). 	No existing buildings.

Table B1

16.3 Open class

Buildings supplied by a district heat network which fall into the open class	Buildings supplied by communal heating which fall into the open class
No new buildings.	<p>A newly constructed building (not in the exempt class) connected to communal heating on or after 27 November 2020 and before 1 September 2022.</p> <p>Some buildings fall into the exempt class (please see the relevant table).</p>
No new buildings.	<p>A newly constructed building (not in the exempt class) connected to communal heating on or after 1 September 2022 where</p> <ul style="list-style-type: none"> - there is more than one entry point for the pipes; or - the building (or any part of the building) is supported housing, almshouse accommodation or purpose-built student accommodation. <p>Some buildings fall into the exempt class (please see relevant table).</p>
An existing building (not in the viable class) where meters or heat cost allocators are installed in all private dwellings or non-domestic premises in that building.	An existing building where meters or heat cost allocators are installed in all private dwellings or non-domestic premises in that building.
<p>Any other existing building that does not fall into the viable class or exempt class (please see relevant tables), this includes but is not limited to:</p> <ul style="list-style-type: none"> - existing buildings which were connected to a district heat network before 18 December 2014 (before meters became mandatory for these buildings). - existing buildings which were not originally constructed to be connected to a district heat network but are connected at a later stage, on or after 27 November 2020. 	<p>Any other existing building that does not fall into the exempt class (please see the relevant table).</p> <p>Existing buildings include those which were not originally constructed to be connected to communal heating but are connected at a later stage, on or after 27 November 2020.</p>

Table B2

16.4 Exempt class

Buildings supplied by a district heat network which fall into the exempt class	Buildings supplied by communal heating which fall into the exempt class
No new buildings.	A newly constructed building, not consisting mainly of private dwellings which is connected to communal heating on or after 27 November 2020 where <ul style="list-style-type: none"> - heat is distributed by means of a system other than hot water; or - the cooling system uses a transfer fluid other than water.
An existing building (not in the viable class), where the building (or any part of the building) is <ul style="list-style-type: none"> - supported housing; - almshouse accommodation; or - purpose-built student accommodation. 	An existing building, where the building (or any part of the building) is <ul style="list-style-type: none"> - supported housing; - almshouse accommodation; or - purpose-built student accommodation.
An existing building (not in the viable class), where more than 10% of the total number of private dwellings and non-domestic premises are <ul style="list-style-type: none"> - subject to a leasehold interest; - the lease began before 27 November 2020; and - the lease contains a provision which would prevent billing based on consumption. 	An existing building, where more than 10% of the total number of private dwellings and non-domestic premises are <ul style="list-style-type: none"> - subject to a leasehold interest; - the lease began before 27 November 2020; and - the lease contains a provision which would prevent billing based on consumption.
An existing building (not in the viable class), not consisting mainly of private dwellings where <ul style="list-style-type: none"> - heat is distributed by means of a system other than hot water; or - the cooling system uses a transfer fluid other than water. 	An existing building, not consisting mainly of private dwellings where <ul style="list-style-type: none"> - heat is distributed by means of a system other than hot water; or - the cooling system uses a transfer fluid other than water.

Table B3

17 Appendix C – Summary changes brought in by the 2020 Amendments

- 17.1 This Appendix sets out main changes brought in by the Heat Network (Metering and Billing) (Amendment) Regulations 2020 (referred to in here as ‘the 2020 Amendments’).
- 17.2 The Appendix is structured so as to note main changes against each Regulation. Each section summarises the main requirements of the Regulation and sets out the changes to the previous version(s) of the Regulations.
- 17.3 This Appendix is aimed at existing heat suppliers who may want a quick overview of what has changed.
- 17.4 This Appendix needs to be read together with main sections of Guidance, which explains the context and requirements of the change.

Regulation 2

- 17.5 Regulation 2 provides for the definitions used in the Regulations.
- 17.6 Several new definitions are introduced, including ‘almshouse accommodation’, ‘social housing provider’, ‘supported housing’, ‘low cost rental accommodation’, and ‘student accommodation’. These are important in relation to the building classes.
- 17.7 A definition of ‘existing building’ has also been included.

Regulation 2A

- 17.8 The 2020 Amendments introduce three building classes, of the viable, open and exempt classes. In this context, the 2020 Amendments introduce changes to the criteria which determine the metering requirements. The building classes are referred to in the context of Regulation 3 section in Guidance main body (relating to the requirement to notify building classes as a part of the notification process), Regulation 4 and 6 (relating to the requirement of assessment of technical feasibility and cost-effectiveness of the installation of metering devices) and in Appendix B (tables setting out criteria for each class).

Regulation 3

- 17.9 The core obligations with regard to Regulation 3 remain around requirement to notify and renotify heat networks.
- 17.10 The changes brought in by the 2020 Amendments cover:
 - Additional information related to building class to be reported as a part of the notification;
 - Prescribed form for submitting the notification to OPSS (available on the [OPSS Heat Network compliance website](#)); and
 - Extension of deadline for submission of an updated notification (renotification) for renotifications due between 27 November 2020 and 1 September 2022.
- 17.11 The requirement to submit information related to the cost-effectiveness assessment as part of the notification is not new, however the information will need to part of the prescribed form for submitting the notification to OPSS.

Regulation 4

- 17.12 Regulation 4 covers the duty to install meters.
- 17.13 The 2020 Amendments describe how heat suppliers comply with the requirements to install meters in their buildings in accordance with the building classes.
- 17.14 Changes to Regulation 4 also provide new timelines within which the cost-effectiveness assessments need to be completed and metering devices be installed.
- 17.15 Regulation 4 also references Schedule 1, which has been amended.

Regulation 5

- 17.16 Regulation 5 maintains that the meters installed under the Regulations must be accurate.
- 17.17 The scope for meters to be accurate has been extended to all meters that are installed on heat networks that are in scope of Regulations, whether or not they were installed as a requirement of the Regulations (or voluntarily, for example).
- 17.18 Through amendment of Regulation 11, non-compliance with Regulation 5 has become an offence.

Regulation 6

- 17.19 Regulation 6 covers the duty to install heat cost allocators (HCAs), thermostatic radiator valves (TRVs) and hot water meters.
- 17.20 The 2020 Amendments describe how heat suppliers comply with the requirements to install heat cost allocators, thermostatic radiator valves, and hot water meters in their buildings in accordance with the building classes.
- 17.21 Changes to Regulation 6 also outline the timelines within which the cost-effectiveness assessments need to be completed and HCAs, TRVs and hot water meters installed.
- 17.22 Regulation 6 also references Schedule 1, which has been amended.

Regulation 7

- 17.23 Regulation 7 covers the replacement of existing meters.
- 17.24 Regulation 7 has been simplified to retain only an obligation for replacement meters to be accurate (in the same way that Regulation 5 covers accuracy of existing and first time/newly installed meters).
- 17.25 The remainder of the previous Regulation 7, which referred to metering requirements for new buildings and major renovations on district heat networks, is now reflected in the metering requirements of the building classes in Regulation 2A.

Regulation 8

- 17.26 Regulation 8 covers ongoing obligations in relation to meters and heat cost allocators.
- 17.27 This requirement has been extended to all meters and heat cost allocators installed on heat networks that are in scope of Regulations, whether or not they were installed as a requirement of the Regulations.

Regulation 9

- 17.28 Regulation 9 covers billing requirements.

- 17.29 One notable change with regard to Regulation 9 is the change of threshold for billing cost that has changed from £70 to £92 per final customer per year. This amendment is contained in Schedule 2, paragraph 6.
- 17.30 The 2020 Amendments also introduce a number of other criteria where billing requirements are not mandatory.
- 17.31 Regulation 9 has been extended to all meters and heat cost allocators that are installed on heat networks that are in scope of the Regulations, whether or not they were installed as a requirement of the Regulations

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Subject:	Domestic and sexual violence and abuse and violence against women and girls commissioning framework		
Corporate Director/ Director:	Frank Jordan – Corporate Director, Resident Services Andrew Errington – Director, Community Protection		
Portfolio Holder:	Cllr Neghat Khan - Neighbourhoods, Safety and Inclusion		
Report author and contact details:	Jane Lewis – Community Safety Strategy Manager Jane.lewis@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Louise Graham – VCS Partnerships Manager louise.graham@nottinghamcity.gov.uk		
Key Decision	X Yes <input type="checkbox"/> No	Subject to call-in	X Yes <input type="checkbox"/> No
Reasons:	X Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision		X Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure:	X Revenue <input type="checkbox"/> Capital		
Total value of the decision: Up to £20 million partnership funding into the DSVA/VAWG system. The Partnership Agreement allows for £5 million per annum, the Framework will be in place for four years.			
Wards affected: All			
Date of consultation with Portfolio Holder: 22.08.2022			
Relevant Council Plan Key Outcome:			
Clean and Connected Communities	<input type="checkbox"/>		
Keeping Nottingham Working	<input type="checkbox"/>		
Carbon Neutral by 2028	<input type="checkbox"/>		
Safer Nottingham	X		
Child-Friendly Nottingham	X		
Healthy and Inclusive	X		
Keeping Nottingham Moving	<input type="checkbox"/>		
Improve the City Centre	<input type="checkbox"/>		
Better Housing	X		
Financial Stability	X		
Serving People Well	X		
Summary of issues (including benefits to citizens/service users):			
This report recommends Nottingham City Council commissions a framework of providers through a tender process to deliver provision for domestic and sexual violence and abuse (DSVA) and violence against women and girls (VAWG) (the DSVA / VAWG Framework) on behalf of the Domestic and Sexual Violence and Abuse Joint Commissioning Group (DSVA JCG).			
The JCG comprises of Nottingham City Council (NCC) Crime and Drugs Partnership & Public Health, Office of the Police and Crime Commissioner, Violence Reduction Unit, Integrated Care Board, Changing Futures and Nottinghamshire County Council.			
The DSVA JCG delivers the commissioning element of the Domestic Abuse Act 2021 Part 4 Statutory Duty for NCC. The DSVA JCG reports to the Local Partnership Board for DVA which is the Crime and Drugs Partnership Board.			

The development of a Public Contract Regulations 2015 regulation 33 framework is recommended in order to ensure that Nottingham City Council is able to select organisations that have been able to demonstrate their qualification to provide specialist DSVA/VAWG services to deliver these services in Nottingham.

A framework will also ensure Nottingham City Council (NCC) will achieve best value (in quality and price) and be compliant with procurement legislation and the Council's internal Contract Procedure Rules.

The DSVA/VAWG Framework will enable Nottingham City Council Crime and Drugs Partnership (CDP) as lead commissioner within the DVSA Joint Commissioning Group to jointly commission DSVA and VAWG services for citizens, the funding for which is provided by NCC Public Health and General Funds, the Office of the Police and Crime Commissioner (OPCC) and Integrated Care Board (ICB) secured under a Partnership Agreement between NCC, OPCC and ICB.

Currently OPCC contribute approximately £1m per year and NCC/Public Health contribute approximately £1 m per year. Department of Levelling Up, Housing and Communities (DLUHC) New Burdens Funding to support NCC compliance with the Statutory Duty under the Domestic Abuse Act 2021 Part 4 fluctuates but is between 800-900K per year and other national funding may become available each year of the framework from government and other sources, to support provision of DVSA services. In the last 4 years, the proposed life of the Framework NCC received approximately £4 Million to commission and grant aid domestic and sexual violence and abuse support services, however the partnership received a greater number over this time. NCC has a partnership agreement with OPCC and ICB.

It is anticipated that the ICB will review its position on funding for DSVA/VAWG services during the lifetime of the Framework and the Partnership Agreement between NCC, OPCC and ICB will enable ICB funding to be incorporated into the Framework.

It is anticipated that the DSVA/VAWG Framework will be for a maximum term of 4 years, during which time contracts will be awarded by way of call-off for services required. The Lots for the framework are outlined in appendix 1.

Exempt information: None.

Recommendations:

- 1 To approve the procurement of a DSVA/VAWG Multi-Supplier Framework of providers of specialist services to ensure compliant future contracting of these services.
- 2 To delegate authority to the Corporate Director of Resident Services to authorise the spend on call-off contracts under the framework.
- 3 To approve receipt and spend under the framework in compliance with grant fund conditions of the annual New Burdens Grant for the Domestic Abuse Act 2021 Part 4 Statutory Duty from DLUHC for DVA services in Nottingham.
- 4 To approve receipt and spend under the framework in compliance with grant fund conditions of national funding for DSVA/VAWG services. Ministry of Justice, Homes England, Home Office, Department of Health and other government departments, during the life of the Framework.
- 5 To approve receipt and spend under the framework in compliance with grant fund conditions of national funding for DSVA/VAWG services. Ministry of Justice, Homes England, Home Office, Department of Health and other government departments, during the life of the Framework.

6 To delegate authority to the Corporate Director of Resident Services to enter into relevant grant funding agreements arising from recommendation 4 and 5 above.

1. Reasons for recommendations

- 1.1 In recent years, the Ministry for Housing, Communities and Local Government now the Department of Levelling Up, Housing and Communities (DLUHC) and other government departments have awarded local authorities short-term funding (typically on an annual basis) to address Domestic Sexual Violence and Abuse (DSVA) and Violence Against Women and Girls (VAWG), most recently for funding to support compliance with the statutory duty to provide safe accommodation under the Domestic Abuse Act 2021 (“the Statutory Duty”).
- 1.2 It is anticipated that this will continue as the means used by DLUHC & other government departments for the administration of funding for specialist DSVA / VAWG services. DLUHC are awarding New Burdens Grant funding for part 4 of the Statutory Duty to all Local Authorities across the UK. The short term nature of the awards and the expectation for delivery has limited the scope to procure the delivery of services through a competitive tender process to date, for example in 2022 the DLUHC award was provided in February for an April start.
- 1.3 On the 12th April 2022 this Committee approved the award of contracts and contract variations for domestic and sexual violence services in 2022-23 and stated that the development of a framework for the commissioning of domestic and sexual violence services to ensure future compliance was required.
- 1.4 The development of a multi-supplier framework (“the DSVA/ VAWG Framework”) will ensure that Nottingham City Council will award contracts to organisations that have demonstrated their suitability through a clear procurement process. The Council’s requirements under a DSVA /VAWG Framework have been organised into lots according to the type of service required. Suppliers may be appointed to a single lot, or more than one lot. (Regulation 46 of the PCR 2015 expressly permits contracting authorities to divide contracts into lots). Each lot requires different Quality Standards, for example a therapeutic service is expected to belong to the British Association of Counselling and Psychotherapy, but a specialist DVA service may require Safe Lives Quality Assurance. To ensure a wide range but appropriate services are able to bid to deliver services, the lots have been clearly defined. This will ensure the most suitable providers will deliver the contracts and the contracts awarded will achieve best value.
- 1.5 The use of a framework to procure services through an open process will also ensure compliance with UK procurement legislation and the Council’s Contract Procedure Rules. At the same time it will help facilitate compliance with the Statutory Duty and enable joint commissioning, funded through money received under a partnership agreement with the OPCC and Integrated Care Board (formerly the CCG) and the DLUHC New Burdens Grant to NCC.
- 1.6 The delegation of authority to the Corporate Director for Residents Services is sought to enable the timely appointment of providers onto the framework and

subsequent award of contracts in accordance with the outcome of the procurement process.

2. Background (including outcomes of consultation)

- 2.1 DSVA AND VAWG services are commissioned jointly on behalf of a number of partners in the DSVA JCG. Funding from the Office of the Police and Crime Commissioner (OPCC) and ICB (formerly the Clinical Commissioning Group) has been provided and administered under the terms of a Partnership Agreement, for these purposes. Nottingham City Council as host of the Crime and Drugs Partnership is the Lead Commissioner for domestic abuse on behalf of these partners. OPCC leads on sexual violence and abuse and both partners manage VAWG at present. The Domestic Abuse Act 2021 introduced a statutory requirement upon Tier 1 local authorities from 1st April 2021 to provide safe accommodation under the Domestic Abuse Act 2021 ("the Statutory Duty").
- 2.2 Grants in the form of 'New Burden' ring fenced funding were provided by DLUHC (formerly MHCLG) to enable Tier 1 authorities to fulfil the functions relating to the provision of support to survivors of domestic violence and abuse and their children residing within safe accommodation. This funding is announced annually with an expectation that it will be spent in a timely manner. The proposed DSVA and VAWG Framework Agreement will enable this and other funding made available to be utilised in the provision of DSVA and VAWG services compliant with financial regulations and the law.
- 2.3 Nottingham City Council's Statutory Duty Needs Assessment, Strategy and spend were submitted to DLUHC in August 2021 in line with statutory requirements of Part 4 of the Domestic Abuse Act 2021.
- 2.4 The precise total overall value of the decision is indicative as it has not been determined what the DLUHC grant will be (between 800-900K) or the national funding identified during the life of the framework. The estimated value is based on the current level of provision and the anticipated future value of funding to be awarded for the commissioning of these services during the life of the proposed framework by DLUHC.
- 2.5 Commissioning proposals and the proposal for a framework is under consultation with partners and key stakeholders.

3. Other options considered in making recommendations

- 3.1 To award contracts through separate procurement processes rather than establishing a framework. This option has been rejected as it will not allow for a compliant process to be undertaken when funding is awarded to the council or other partners and services must be established in a short time scale.
- 3.2 Not to accept funding. This option has been rejected as it will mean NCC is not able to comply with its Statutory Duty under the Domestic Abuse Act 2021.
- 3.3 No other options are being considered as this framework will enable NCC to discharge its Statutory Duty. DLUHC have indicated that failure to spend will result in reduction of future awards. The framework enables NCC to procure qualified providers to deliver DSVA/VAWG services in Nottingham from DLUHC and a range of other funding sources.

4. Consideration of Risk

- 4.1 Demand for DSVA services are increasing, the Domestic Abuse Act Part 4 Statutory Duty for Local Authorities means NCC is due to commission DVA services in a timely manner, failure to do this will mean breach of the Statutory Duty and a reduction in services to citizens. The framework will enable NCC to commission services under the Duty and be compliant with procurement.

5. Finance colleague comments (including implications and value for money/VAT)

- 5.1 This decision seeks to approve the commissioning of a DSVA/VAWG multi-supplier framework and to delegated authority to spend via it over a 4-year period.
- 5.2 The value of the funding to be used through the framework is up to £20m, based on an anticipated annual value of £5.000m. This is supported by previous years funding levels and expected future years' levels.
- 5.3 All funding processed and commissioned through the framework will need to be secured with expenditure needing to be affordable from any existing MTFP budgets. Terms and conditions of funding received need to be adhered to at all times to.
- 5.4 Expenditure via the framework will need to be closely monitored by the service to ensure it remains within the funding envelope and to ensure no financial pressure or future financial liability is placed upon NCC.
- 5.5 The use of a framework will ensure that best value is achieved. All spend should adhere to and be compliant with Finance regulations, procurement legislation and the Council's internal Contract Procedure Rules

Phil Gretton, Strategic Finance Business Partner - 27 September 2022

6. Legal colleague comments

- 6.1 Authority is sought to approve the receipt and allocation of secured funding for DSVA/VAWG services and for the commissioning and award of contracts under a Framework Agreement for these DSVA and VAWG services.
- 6.2 The funding will be used to commission under a compliant procurement process.
- 6.3 Nottingham City Council must ensure that it complies with any conditions of the funding, including where applicable passing on these obligations under the contracts it enters into for service delivery, including reporting requirements.
- 6.4 The DSVA/VAWG services (detailed within the lots) fall within the scope of Chapter 3 of the Public Contracts Regulations (PCR) 2015 as they comprise social services, known as "light touch" arrangements. The value of the procured contracts inclusive of VAT is estimated to be greater than the threshold amount (Regulation 5) of £663,540, so they must therefore be awarded in accordance with Public Contracts Regulation 2015.

6.5 Contracting authorities have a considerable amount of discretion around the design and structure of the award procedures for light-touch services. However, they must ensure transparency and equal treatment of suppliers; that all procedural timescales for suppliers must be reasonable and proportionate; and the procedure may take into account any relevant considerations, including:

- the need to ensure quality, continuity, accessibility, affordability, availability and comprehensiveness of the services;
- the specific needs of different categories of users, including disadvantaged and vulnerable groups;
- the involvement and empowerment of users and innovation.

Legal services will work with procurement colleagues in preparing the relevant contractual documentation to support the procurement process.

Richard Bines, Solicitor - 17 August 2022

7. Other relevant comments

7.1 Procurement

This report proposes the establishment of a framework of providers for the commissioning of DSVA/VAWG services in Nottingham. The proposed framework will provide a mechanism for the compliant award of contracts for the lifetime of the contract, including when grant funding for these services is received at short notice. It will enable providers to be pre vetted for suitability to deliver the services required and ensure best value is achieved through contracts awarded.

The procurement team will support the development of the framework to ensure compliance with the requirements of the UK Procurement Regulations and the Councils Contract Procedure Rules (Article 18 of the Constitution).

Jo Pettifor, Category Manager, Strategy and People - 22 July 2022

8. Crime and Disorder Implications (If Applicable)

8.1 Section 17 of the Crime and Disorder Act requires local authorities to do all they reasonably can to prevent crime and disorder. DVA is a local priority in the Crime and Disorder Plan published by the Crime and Drugs Partnerships on behalf of NCC.

9. Social value considerations (If Applicable)

9.1 Recommendations have been considered in line with the Public Services (Social Value) Act 2012 and the procurement process will have regard to how social value can be maximised through contracts awarded. All services within this report aim to improve the social wellbeing of the client groups they target and provide local employment.

10. Regard to the NHS Constitution (If Applicable)

10.1 Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions we have properly

considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

11. Equality Impact Assessment (EIA)

11.1 An EIA will be completed for each element of the framework as they are developed.

12. Data Protection Impact Assessment (DPIA)

12.1 A DPIA will be completed for each element of the framework as they are developed.

13. Carbon Impact Assessment (CIA)

13.1 A CIA is not required because there are no significant changes to existing services that will impact on the minimal carbon production from delivery.

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 Report – Domestic Abuse Statutory Duty Funding and Commissioning Recommendations.

15. Published documents referred to in this report

15.1 Domestic Abuse Act 2021.
NHS Act 2006.
Public Services (Social Value) Act 2012.
Nottingham City Council – Domestic and sexual Violence and Abuse Safe Accommodation Needs Assessment 2021.

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Appendix 1

Content of Lots and sub lots to be included in the DSVA/ VAWG Framework 2022

Services outlined in the Statutory Duty (DA Act 2021) and NCC DVA Strategy with a gender informed approach to include single sex services. Services for all groups outlined in the Equalities Act 2010 as protected characteristics. Services to include a wide range of topics related to VAWG/ DSVA and where possible emerging issues.

1. Lot	2. Lot	3. Lot	4. Lot	5. Lot	6. Lot	7. Lot
Specialist Community Services For women	Specialist Community Services for Men and LGBT plus	Specialist Community based service for children and young people (including sex/gender based services where appropriate)	Specialist Prevention & Early Intervention Services	Perpetrator Programmes	New Specialist Accommodation based services for men and LGBT plus (gender responsive services)	New and Existing Bedspaces for Specialist Accommodation based services for women
Sub-lots	Sub lots	Sub lots	Sub lots	Sub lots	Sub lots	Sub lots
Specialist community based DVA support services to women with potential to co-locate (including survivor support programmes)	DVA community based support services to men and LGBT plus communities with potential to co-locate (including male/ LGBT teens) Including survivor support programmes	DVA support services to children and young people (including female teens) (including survivor support programmes)	Universal healthy relationship programmes for children and young people in schools and youth settings	DVA perpetrator programmes and services	Refuge & resettlement services for men including specialist services for those with protected characteristics or SMD	Refuges & resettlement services for women including specialist services for those with protected characteristics or SMD
Specialist Services to women at risk of HBV/A, Forced Marriage, FGM	SVA support services to men and LGBT plus communities	SVA support services to children and young people	Targeted healthy relationship programmes for children and young people in schools and youth settings	SVA perpetrator programmes and services	Dispersed refuge accom for, men and LGBT plus, but specifically non binary people	Dispersed refuge accom for women from a wide range of groups

Services to women at risk of stalking and harassment	Services to men and LGBT plus communities at risk of HBV/FM	Survivor engagement roles with child survivors	Healthy relationship programmes and prevention programmes for adults in community	VAWG perpetrator programmes and services	Sanctuary Scheme Support element	Sanctuary scheme support element
Services to women at risk of severe and multiple disadvantage (mental ill health, substance misuse, homelessness, DVA and links to offending) and these elements separately. Including Pet Fostering for survivors	Services to men and LGBT plus communities at risk of slavery and exploitation (including prostitution/ sex work)	Specialist services for children and young people with protected characteristics	VAWG / DSVA Communication, Campaigns and Media services	Healthy Relationship programmes & one to one work (males, females and non binary) together & separate as required	Flexible Housing Fund attached with each new service.	Flexible Housing Fund attached to each new service
Specialist SVA support services	Services to men and LGBT plus communities at risk of stalking and harassment	Specialist VAWG services to girls and young women	VAWG/ DSVA Training / seminars and briefings to professionals and communities & good practice and toolkit development and resource development and promotion accessible through a website with library		Move On Accommodation for men and LGBT plus communities (associated with each new refuge service) support services element	Move On accommodation for women (associated with refuges) support services element
Specialist Services to women at risk of slavery and exploitation (including prostitution/ sex work)	Services to men and LGBT plus communities at risk of SMD and individual elements.	Specialist APVA services for children and young people and families	Research and Evaluation of DSVA / VAWG and services		Children services for survivors in safe accom attached to each service.	Childrens services for survivors in safe accom services attached to each service

Services to women at risk of misogyny as a hate crime	Survivor engagement roles with survivors (men & LGBT plus survivors)	Specialist services for boys and young men	VAWG prevention		Appropriate services for older and disabled people including space for carers	Appropriate services for older and disabled women including space for carers
Survivor engagement roles with women, survivors	Specialist services for male /LGBT survivors with protected characteristics	Services for young people at risk of being sexually harmful				
Specialist services for female survivors with protected characteristics	Helpline for men and LGBT communities					
24 hour freephone helpline for women and girls & professionals	Specialist services					
Specialist VAWG services						

Specialist Therapeutic Services

8. Lot	9. Lot	10. Lot
Specialist Therapeutic services to women	Specialist Therapeutic services to men and LGBT communities	Specialist Therapeutic Service for children and young people
Sub lots	Sub lots	Sub lots
Specialist DVA therapeutic services to women	Specialist DVA therapeutic services to men and LGBT plus communities	Specialist DVA therapeutic services to children and young people
Specialist SVA therapeutic services	Specialist SVA therapeutic services to men and LGBT plus communities	Specialist SVA therapeutic services to children and young people
Specialist VAWG therapeutic services		Specialist CSE/CCE therapeutic services to children and young people

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Commissioning and Procurement Executive Committee – 11 October 2022

Subject:	Impact of Inflation on Adult Social Care Pricing 2022-23		
Director:	Katy Ball - Director of Commissioning and Procurement		
Portfolio Holder:	Councillor Linda Woodings - Adult Social Care and Health		
Report author and contact details:	Jo Pettifor, Category Manager – Strategy & People, jo.pettifor@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Steve Oakley, Head of Procurement		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Significant impact on communities living or working in two or more wards in the City	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Total value of the decision:	£2.33m		
Wards affected:	All		
Date of consultation with Portfolio Holder:			
Relevant Council Plan Key Outcome: <ul style="list-style-type: none"> <input type="checkbox"/> Clean and Connected Communities <input checked="" type="checkbox"/> Keeping Nottingham Working <input type="checkbox"/> Carbon Neutral by 2028 <input type="checkbox"/> Safer Nottingham <input type="checkbox"/> Child-Friendly Nottingham <input checked="" type="checkbox"/> Healthy and Inclusive <input type="checkbox"/> Keeping Nottingham Moving <input type="checkbox"/> Improve the City Centre <input type="checkbox"/> Better Housing <input type="checkbox"/> Financial Stability <input checked="" type="checkbox"/> Serving People Well 			
Summary of issues (including benefits to citizens/service users):			
<p>This report proposes to apply a further temporary increase to the rates paid for adult social care services in 2022-2023, effective from 1 October 2022. This is in response to the current impact of inflationary pressures upon these services and the adult social care market overall. A cost of care exercise is currently underway with the aim of establishing a sustainable position for the funding of this market for the longer term. The proposed increases will be paid in part from the Market Sustainability Funding allocated to Nottingham City Council by the Department of Health and Social Care (DHSC).</p>			
Exempt information: None			
Recommendations:			
<ol style="list-style-type: none"> 1 To agree temporary increases of up to 4.25% for residential and nursing care services and 2.99% for community services to the rates paid for all commissioned adult social care services in 2022-23, backdated to take effect from 1 October 2022. 2 To approve expenditure of up to £2.33m on the proposed increases in 2022-23, funded in part from the DHSC Market Sustainability Fund allocation to the Council. 			

- 3.** To note that this is a temporary increase for a 6-month period in 2022-23 and that the high level of inflation will be factored into future processes for reviewing pricing from April 2023.

1. Reasons for recommendations

- 1.1 Nottingham City Council is obliged to consider the fee rates it pays for its commissioned social care services, and in doing so to take into account a number of factors, within the context of the wider financial position of the Council. Section 5 of the Care Act 2014 obliges Local Authorities to promote the efficient and effective operation of the market for adult social care as a whole. They must have regard to the need for sufficient services to be available in the area and the importance of sustainability in this market.
- 1.2 The pricing of all adult social care services for 2022-23 was set in March 2022 based on proposals developed during the autumn 2021. These rates were based upon inflationary pressures in November 2021 and therefore did not provide for the significant inflationary increase now being experienced. General inflation is currently having a significant impact upon the care sector, causing providers to struggle to meet costs.
- 1.3 To develop a detailed understanding of the impact of inflation on this market, specific elements of the Consumer Price Index have been applied to the pricing tools that were previously developed to calculate annual inflationary increases. The biggest impact is from energy and fuel, with inflation on these items running at between 17 and 80%. Food inflation is also high at 8.6%. Wage inflation is likely to impact on the longer term National Living Wage (NLW) set annually by government, with wage inflation currently at over 7% in the private sector.
- 1.4 These inflationary pressures mean that some providers are struggling to provide services and a number have requested additional funding to maintain service provision. Wage inflation is impacting on the availability of staffing and providers are finding it difficult to recruit. Some services such as home care that were previously under pressure are now failing to keep up with demand.
- 1.5 The proposed increases are based upon local provider prices for standard residential care, including top up fees; and for homecare, the impact of wage inflation as the tool calculates rates based upon the hourly rate paid to the worker.
- 1.6 For community-based services such as homecare and care, support and enablement, provision has been made for travel costs which will increase from 30p to 40p per mile to reflect increased costs. Providers may use this funding as they decide best to deliver the service; for example by increasing the overall hourly rate paid to staff, or by increasing the travel allowance.
- 1.7 It is anticipated and providers will be encouraged to pass on part of these increases directly to staff to support recruitment and retention at this difficult time.
- 1.8 It is considered that a fair, balanced and informed approach has been adopted in developing these recommendations and that the proposed increases aim to support a sustainable, efficient and effective market across all areas of adult social care, within the available resources.

2. Background (including outcomes of consultation)

- 2.1 Fee rates for adult social care services are reviewed annually and decisions are based on an established methodology for calculating inflationary increases. An evidence base for pricing was originally developed based on the UK Homecare Association model for Care at Home type services and an independent review of residential care pricing. These tools have been adjusted to account for current factors including the current market position, current cost of living indices and Office of National Statistics data.
- 2.2 In December 2021 the DHSC announced the new Market Sustainability and Fair Cost of Care (FCOC) Fund, available to support local authorities to begin preparing local care markets for reform and moving towards sustainable funding for this market. In 2022-23 Nottingham City Council has received an allocation of £1.043m. Local authorities are expected to use this funding for activities such as conducting a cost of care exercise; improving data on costs; strengthening capacity for market oversight; and increasing fee rates as appropriate to local circumstances.
- 2.3 Work is currently underway in the City to review of the cost of care using the Market Sustainability funding. The increases now proposed from October 2022 aim to support providers to manage the impact of the current inflationary pressures while this work is completed.
- 2.4 The impact of inflation and the market sustainability work needs to be considered in the MTFP. This decision is for a temporary increase for a six-month period in 2022-23 and the level of inflation will be factored into future processes to review pricing for April 2023 and beyond.
- 2.5 The tables below summarise the increases proposed in 2022-23 to support the market whilst inflation rates are running at the current high levels.

Community Services (includes homecare; care, support and enablement; day services; and extra care)	22/23
2022/23 MTFP originally approved inflation	6.27%
Temporary increase for cost of living and wage inflation	2.99%

Residential and nursing Care Services	22/23
2022/23 MTFP originally approved inflation	4.62%
Temporary increase for cost of living and NLW – up to	4.25%

3. Other options considered in making recommendations

- 3.1 Do nothing. This option was rejected due to the current serious impact of current inflationary pressures on the adult social care market and the associated risks of service and market failure.
- 3.2 Offer different levels of increase. This is not recommended as these proposals are based on modelling using established tools, adjusted to take account of current data on inflation and local market factors.

4. Consideration of Risk

4.1 Affordability

The proposed temporary increases are projected to cost approximately £2.333m. This can in part be met from the Market Sustainability funding allocated to the Council but not yet received – an amount of approximately £0.784m. There will also be an increase of approximately £0.380m in income from health related to joint funded packages. This leaves an in-year pressure of £1.169m in 2022/23 if the proposals are adopted from 1 October 2022.

These proposals take account of the ongoing financial pressures on the Council and are considered to balance the need to sustain service delivery in the adult social care market and alongside the wider budget position.

4.2 Risk of provider or market failure.

Current inflationary pressures are impacting severely on the ability of adult social care providers to maintain service provision. Wage inflation is impacting the availability of staffing and many providers are unable to recruit. Community services are unable to meet current demand due to recruitment issues while older adult residential care has a significant level of vacancies. These market related risks have been considered alongside the need to pay fee rates that support an efficient, effective and sustainable market. The proposals are based on a robust methodology to assess the current impact of the cost of living on the adult social care market and therefore aim to mitigate the risk of provider or market failure.

5. Finance colleague comments (including implications and value for money/VAT)

- 5.1 As outlined by the report author, this decision seeks approval to support external commissioned adult social care (ASC) providers by paying an additional increased fee rate on a **temporary, non-recurrent basis** only from **1 October 2022 until 31 March 2023 only**, to support market sustainability in response to the current inflationary pressures.
- 5.2 **Table 1** summarises the cost of the in year, temporary increase to fee rates (by service type) requiring approval of **£2.333m**:

TABLE 1 – 2022/23 COST IMPLICATIONS OF PROPOSALS		
Social Care Service	Proposal % Increase - Maximum	Proposal Total (Gross Cost) £
Supported Living & Outreach	2.99%	280,622
Day Care	2.99%	28,686
Direct Payments	2.99%	275,862
Extra Care	2.99%	17,446
Home Care	2.99%	264,413
Section 117	2.99%	14
Shared Lives	4.25%	19,783
Transport (includes Big Ticket Saving)	17.00%	143,482
Residential & Nursing	4.25%	1,302,998
Total		2,333,306

- 5.3 Of the £2.333m total cost of this decision, it is proposed that in line with the grant conditions, £0.785m is funded from the non-recurrent Market Sustainability and Fair Cost of Care Fund (FCOC) received by the Department

of Health and Social Care (DHSC) for use in 2022/23. The total of the non-recurrent funding received was £1.046m, the remainder has been utilised to support review and implementation costs in relation to the cost of care exercise which is currently being undertaken. This temporary funding was captured within the MTFP agreed by Full Council in March 2022.

Based on forecast assumptions re the level of chargeable income against gross external care package costs, it is assumed that additional income of £0.379m will be received as a result of the proposals outlined in this decision.

Taking the grant funding and increased income into account, this leaves a total remaining cost of **£1.169m** to be met from existing ASC budget incorporated within the Medium Term Financial Plan (MTFP) and this is summarised in **Table 2** below:

TABLE 2 – 2022/23 PROPOSALS – FUNDING SUMMARY	
Detail	Proposal Total £
Gross cost of proposals (as per Table 1)	2,333,306
<i>Less: Increase in chargeable income</i>	-379,267
<i>Less: Balance of Market Sustainability and Fair Cost of Care Fund (FCOC) funding balance</i>	-784,702
Balance to be met from within ASC existing budget provision	1,169,338

5.4 Assumptions supporting the financial analysis (in addition to those outlined in the exempt appendices) include:

- Fee rates for ASC services are reviewed annually and decisions are based on an established methodology for calculating inflationary increases. An evidence base for pricing was originally developed based on the UK Homecare Association model for Care at Home type services and an independent review of residential care pricing. These tools have been adjusted to account for current factors including the current market position, current cost of living indices and Office of National Statistics data which has formed the basis for the increases proposed by the report author within this decision.
- The financial impact has been modelled on the cost of care services commissioned (with principles applied re the commissioned v actual activity %), taken from the integrated social care and finance system (ContrOCC) and current forecast levels of demographic growth currently included in the MTFP. It should be noted that further growth above this level will increase the cost of this decision.
- The financial impact of the proposals is based on the current mix of citizens and their care needs. Any significant change to this mix will influence the financial impact of this decision.
- The total cost of this decision to be met from existing ASC budgets (£1.169m – as outlined in Table 2 above) is factored within the ASC in year forecast position for 2022/23. It is to be noted that any change to the decision value outlined in this report could impact on the robustness of the

reported in year forecast position. Robust budget monitoring is essential to ensure that costs are reviewed and risks are flagged as appropriate.

- A cost of care exercise is currently underway with the aim of establishing a sustainable position for the funding of this market for the longer term – any increases required in future years will be captured as part of that exercise and therefore not linked to the proposals outlined in this report.

5.5 The proposals contained within this report carry a number of risks, as detailed below:

- Fee increases are not deemed sufficient by providers and some may decide to give notice on contracts.
- The market may become destabilised if sufficient providers are not able to meet demand which will result in an increase in cost and the potential need to fund future top up costs.
- Care at Home fee rates over the past few years have been impacted by pricing decisions taken by Nottinghamshire County Council resulting in mid-year increases to maintain service provision. Their approach in year fee rates increases in 2022/23 may have an impact on the homecare market. Further analysis of any impact arising from such a decision will need to be undertaken post consultation should this be deemed to be a significant risk to the provision of Care at Home Services.
- The proposals outlined in this report are a reflection of the current position within the market and other external factors and therefore do not set a precedent for future years NLW proposals.
- Clear communication is critical with providers to ensure expectations are clear and that it is clearly understood by providers that the proposals outlined in this report are temporary only and will not revise the starting base position for which any fee rate increase is calculated or applied for 2023/24 onwards.
- The ASC in year forecast position is based on the assumptions outlined by the report author, due to the risks and context outlined in this report, any changes to the decision value could impact the in year forecast position.

Due to the nature of the proposals and the number of services included, it is not possible to assess and quantify the financial value of the risks identified, however, it is to be noted that there is no contingency included in the proposals to mitigate such risks.

- 5.6 If subsequent changes are required to the fee rates proposed within this report which impacts on the overall value of the decision, further approval through the appropriate process will be required, including the identification of additional funding where required.
- 5.7 Once finalised, the proposals outlined in this report will be subject to regular and robust monitoring and reporting processes to ensure that the costs are contained within the total decision value and no financial pressure arises as a result of the recommendations.

6. Legal colleague comments

- 6.1 The proposals in this report seek to provide support to adult social care (ASC) providers in the means of a temporary increase in costs to take account of the inflationary pressures in the market.
- 6.2 The rates for ASC contracts are reviewed annually and were set in March of this year. The unprecedented inflationary increases now facing the market were not known at that time and so the Council acknowledges that additional support is required and is able to part use the Market Sustainability Funding allocation.
- 6.3 The additional funding is only to be provided for a temporary 6-month period after which a further review will be required. The approach taken in identifying the allocations builds on the previous calculations, seeking to provide a fair and balanced allocation to all providers within the funding sources available.

Dionne Screamton, Senior Solicitor, Contracts & Commercial – 26/09/2022

7. Other relevant comments

7.1 Procurement colleague comments

There are no procurement implications arising from this decision. Commissioned adult social care services are contracted through open and compliant procurement processes, and the temporary increases proposed are based on a methodology which has considered relevant factors and data on current inflationary pressures. The proposals aim to be fair and consistent across all providers.

Nicola Harrison, Lead Procurement Officer - 06/09/2022

8. Crime and Disorder Implications (If Applicable)

- 8.1 Not applicable.

9. Social value considerations (If Applicable)

- 9.1 Commissioned adult social care services in the City are predominantly delivered by providers with a local operating base, therefore these proposals will support local employment and investment in the local economy.

10. Regard to the NHS Constitution (If Applicable)

- 10.1 Not applicable.

11. Equality Impact Assessment (EIA)

- 11.1 An EIA is not required because the decision relates to a short term increase in the funding and does not involve changes to policy, practice or services.

12. Data Protection Impact Assessment (DPIA)

- 12.1 A DPIA is not required because this decision does not involve personal data. The data protection implications of the contracted services involved is addressed in the existing contractual arrangements.

13. Carbon Impact Assessment (CIA)

13.1 A CIA is not required because there are no carbon implications arising from this decision as it relates to the funding levels of existing contracted services.

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 None.

15. Published documents referred to in this report

15.1 None.