

Commissioning and Procurement Executive Committee – 11 October 2022

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 <ul style="list-style-type: none"> • 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: <table style="margin-left: auto; margin-right: auto;"> <tr><td>Clean and Connected Communities</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>Keeping Nottingham Working</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>Carbon Neutral by 2028</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>Safer Nottingham</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>Child-Friendly Nottingham</td><td><input type="checkbox"/></td></tr> <tr><td>Healthy and Inclusive</td><td><input type="checkbox"/></td></tr> <tr><td>Keeping Nottingham Moving</td><td><input type="checkbox"/></td></tr> <tr><td>Improve the City Centre</td><td><input type="checkbox"/></td></tr> <tr><td>Better Housing</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>Financial Stability</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>Serving People Well</td><td><input checked="" type="checkbox"/></td></tr> </table>						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"/>
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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.