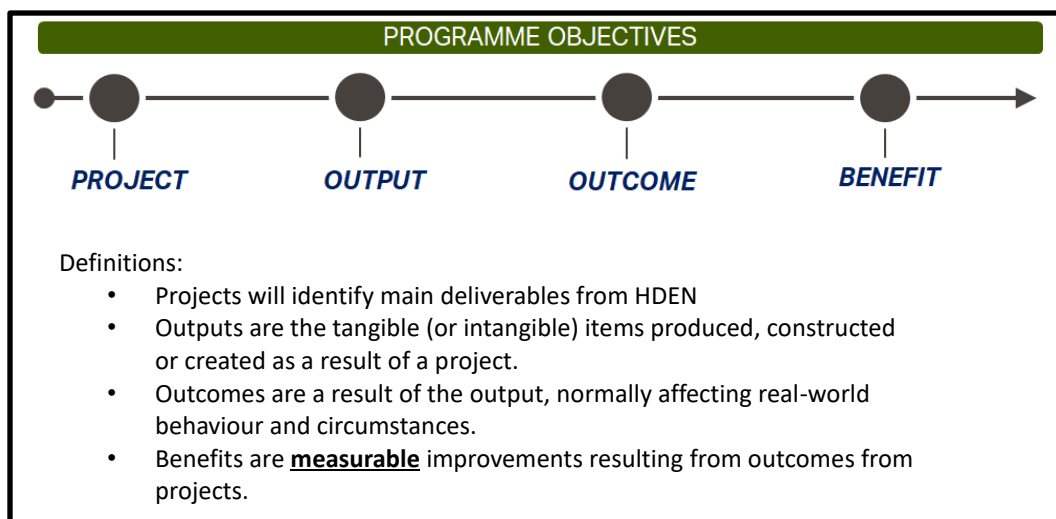


# APPENDIX C: Benefits Realisation Strategy

- 1.1 This Benefits Realisation Strategy (BRS) sets out the framework that the Haringey Decentralised Energy Network (HDEN) Programme will use to manage the delivery and realisation of benefits. The BRS provides direction and information in terms of:
  - 1.1.1 The purpose of benefits management;
  - 1.1.2 The approach to benefits planning, which includes how benefits are identified, defined and prioritised.
  - 1.1.3 The approach for the benefits realisation management process (after benefits planning), and the criteria against which the effectiveness of that process is to be measured.
  - 1.1.4 The functions, roles and responsibilities of those involved in benefits planning and benefit realisation.
  - 1.1.5 When and how reviews and assessments concerned with measuring benefit realisation will be carried out, and who is to be involved.
  - 1.1.6 Measurement methods and steps that will be used to monitor and assess the realisation of benefits.
  - 1.1.7 The baseline of information that may be used to enable benefit measurement.
  - 1.1.8 The use and definition of any benefits management terminology that is specific to the HDEN Programme and the context.
- 1.2 This document provides an outline of the BRS and identifies the benefits of HDEN primarily in a qualitative manner. The benefits of the scheme (and the BRS) should be defined (qualitatively) as the project matures.
- 1.3 **This BRS is to be reviewed twice per year to aid its development into a complete document.**
- 1.4 **The BRS will be further developed during the Full Business Case and as the project progresses.**



## Benefits Management:

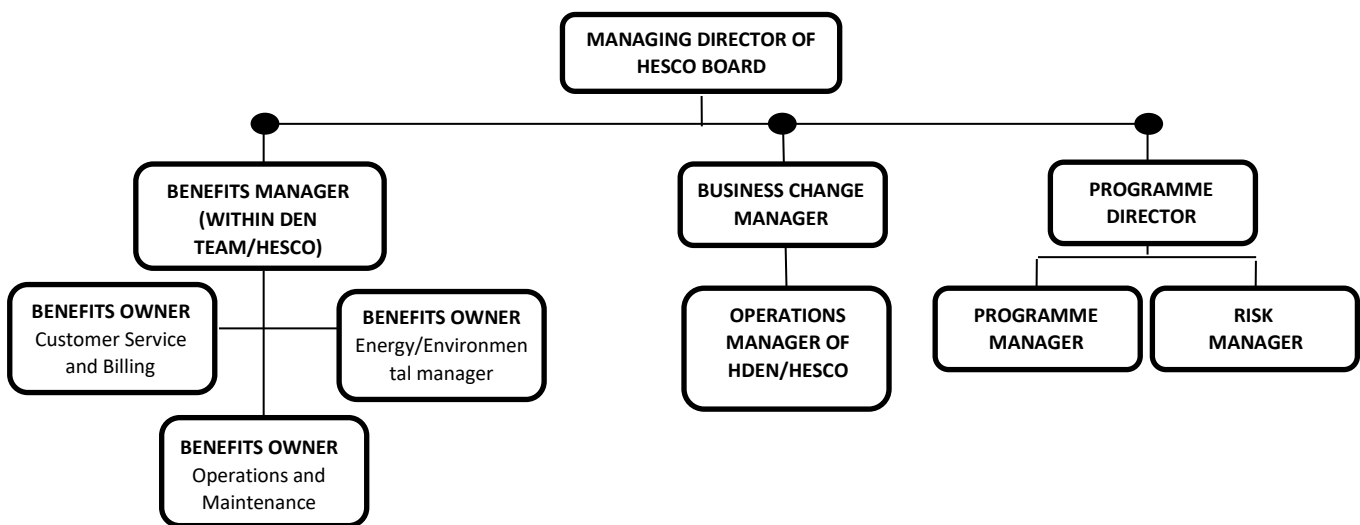
- 1.5 Benefits management is a structured approach for maximising good business outcomes for an organisation as a result of change. It is fundamental to effective programme and project management and successful delivery. It ensures that a project or programme remains focussed on the desired benefits and outcomes as it progresses over time.
- 1.6 Desired benefits are specific, measurable, agreed, realistic and time bounded. The term benefits management is often used interchangeably with the term benefits realisation.
- 1.7 The HDEN Programme is to manage, track and control the realisation of benefits through the programme's BRS. The BRS can best be thought of as a schedule of resourced activities focused on achieving the benefits and the transition that needs to occur in the operational areas. This differs to the Programme Level 1 Schedule which is focused on the delivery of the Programme.
- 1.8 The HDEN BRS will hold the organisation accountable for the delivery of the benefits, with the management strategy defining who is responsible. Within HDEN it is proposed the Managing Director of HESCO (or of the HDEN Board in the interim) is ultimately accountable for the realisation of benefits, although they will be supported by other members of the HESCO Board.
- 1.9 Benefits will be managed on a day-to-day basis by the Benefits Manager (within the DEN project team) the working in conjunction with the identified Benefits Owners who are responsible for tracking, measuring and claiming identified benefits as they are realised.
- 1.10 A detailed BRS is required to contain and provide information on:
  - 1.10.1 Governance structure and mandate for benefits realisation.
  - 1.10.2 A benefit tracker that details when each benefit or groups of benefits (including any dis-benefits) will be realised.
  - 1.10.3 Milestones for the conduct of benefits reviews, to determine progress and inform questions about the likelihood of ongoing success in the future.
  - 1.10.4 Dates when specific outcomes (i.e. business transition(s)) that will bring about benefits, are planned to be achieved.
  - 1.10.5 Details of the necessary handover and embedding activities necessary to realise any benefits occurring after the programme has close.

## Roles and Responsibilities:

1.11 The Benefits Realisation Group will be the forum responsible for the ongoing management of benefits. It would be led by the Managing Director of HESCO who will be supported by the Benefits Manager, Programme Director, a Risk Manager and the Business Change Manager. The team, with support from the Programme Manager, will provide a seamless transition from project delivery to Business as Usual activities, track benefits and monitor risks during the benefits realisation period and claim and sustain the benefits.

Note the roles identified above may change depending on the long-term organisational structure of the HDEN Board, Project team and eventually HESCO and the Shareholder Group. The roles stated above are based upon the assumption that HDEN uses a conventional programme management structure.

1.12 The proposed BRS roles and responsibilities are as follows.



Role	High Level Responsibilities
<b>HESCO/HDEN Board</b>	<ul style="list-style-type: none"> <li>Supports the Managing Director by offering suitable Benefit Owners from within the Council and the DEN team</li> <li>Ensures strategic alignment of benefits realisation</li> <li>Ensures commitment to benefits realisation from all relevant stakeholders</li> </ul>
<b>Managing Director</b>	<ul style="list-style-type: none"> <li>Owens the business case and the programme risk register</li> <li>Accountable for the effective identification, quantification, management and communication of benefits throughout the project</li> <li>Accountable for the realisation of benefits</li> </ul>
<b>Programme Director</b>	<ul style="list-style-type: none"> <li>Responsible for day to day management of delivering the project, ensuring benefits management products being completed accurately and timely, and are signed off by relevant stakeholders</li> <li>Responsible for the effective identification, quantification, management and communication of benefits throughout the project</li> </ul>

<b>Benefits Manager</b>	<ul style="list-style-type: none"> <li>▪ Usually a permanent appointment sitting in the business separately from the programme</li> <li>▪ Maintain a permanent ‘centre of expertise’ in benefit realisation within the business.</li> <li>▪ Provide objective challenge of benefits, dependencies, measures, targets and the programme’s approach to benefits realisation</li> <li>▪ Supporting the MD, the Programme Manager and the Benefits Owners in executing their benefit realisation responsibilities</li> </ul>
<b>Benefits Owners</b>	<ul style="list-style-type: none"> <li>▪ Responsible for the realisation of benefits assigned and handed over to them (as well as signing off the appropriate Benefits Profiles and Benefits Handover Certificates)</li> <li>▪ Responsible for ensuring the appropriate metrics are assigned to benefits and measurement and reporting is undertaken as agreed</li> <li>▪ Responsible for undertaking appropriate investigation to assess benefits performance and identify appropriate mitigation actions if benefits realisation is not on track</li> </ul>
<b>Programme Manager</b>	<ul style="list-style-type: none"> <li>▪ Develop the Benefits Realisation Strategy on behalf of the Managing Director with the Business Managers and relevant stakeholders</li> <li>▪ Develop, own and maintain the Benefits Realisation Schedule in consultation with the Business Change Manager, relevant stakeholders and the project teams</li> <li>▪ Initiate benefit reviews as part of the Benefits Realisation Schedule or in response to any other triggers</li> </ul>
<b>Business Change Manager</b>	<ul style="list-style-type: none"> <li>▪ Delivers benefits as profiled: this extends to ensuring that commitments and actions that have been attributed to an operational network are delivered</li> <li>▪ Provides information to support the creation and delivery of the benefits realisation plan</li> <li>▪ Develops and maintains the benefits profiles</li> <li>▪ Ensures there is no double counting of benefits</li> <li>▪ Maintains engagement with key individuals responsible for benefits delivery within the operation of the HDEN network</li> <li>▪ Sets benefits performance deviation levels and early-warning indicators to support realising benefits</li> <li>▪ Indicates benefits reviews after the programme is closed.</li> </ul>
<b>HDEN Network Operations Team</b>	<ul style="list-style-type: none"> <li>▪ Work with the project team to capture appropriate documentation of requirements, business need and business change to ensure delivery and optimisation of benefits once the project is operational</li> </ul>

## Identified Benefits

- 1.13 The key outcomes of the HDEN programme of works are the long-term reduction of the council’s carbon footprint, and cost-efficiency (compared to other decarbonisation options) and improved air quality for its residents.
- 1.14 To achieve this the following objectives have been identified within the Strategic Case which capture these outcomes:
- **Environmental** – project should reduce carbon emissions and improve air quality in both new and existing buildings within Haringey in line with the Climate Emergency, emerging Climate Action Plan, Borough Plan, planning policy and wider national and international policies
  - **(Financial) Viability** – the project should be financially sustainable for the investor (the Council)
  - **Customer First** - Be affordable for the residents and businesses of Haringey, whilst also delivering high quality customer service.
  - **Programme/Disruption** - minimise disruption to residents and the local community and avoid clashes with concurrent delivery programmes compared to alternative decarbonisation options.
  - **Community Engagement** – Improve reputation and confidence in the Council’s ability to deliver infrastructure and energy projects in support of community and developer needs.
  - **Community Wealth** - to provide a stimulus to the local economy by retaining wealth locally, building the local supply chain and by providing job opportunities throughout construction and operation.
  - **Capacity Building** – to act as a catalyst for the development of an organisation capable of delivering further decarbonisation projects in the Borough and in neighbouring boroughs through in-house capacity and knowledge building.
- 1.15 Identified outcomes and benefits should be technology agnostic allowing the Council to fairly compare other solutions which might be preferable to the ERF in future but also deliver the above outcomes and benefits.
- 1.16 While specific targets have not been set for these benefits; the table below shows the benefits aligned with the project objectives and how they may be measured. This will be developed further as the project matures and should be clearly defined as the project approaches the FBC Stage. These benefits may be split further to allow appropriate assignment of benefits owners.

Objectives	Outcomes	Benefit	Potential Benefit Metric
<b>1. Environmental</b>	Reduction in carbon emission associated with heat for connected buildings	Reducing Haringey’s dependence on natural gas by utilising low carbon heat (from ERF) in major regeneration projects. This will yield a significant reduction in carbon emissions.	It is targeted that 85% of heat of connected buildings would be provided a low carbon heat (the ERF).
	Reduction in NOx Emissions from provision of heat in connected buildings	Local air quality improvement should also be measurable although local air quality is dependent on numerous factors.  The air quality benefit can be quantified through calculating the reduction in NOx emissions compared the emissions to gas boilers would have produced.	It is targeted that 85% of heat of connected buildings would be provided by a source which does not produce local NOx emissions (the ERF).
<b>2 Financial Viability</b>	To maximise income and minimise cost and risk so that the scheme is affordable (to investors) / investible and	Financial viability can be measured in a number of ways. The beneficiaries are the investors in the project (although, of course, none of the other objectives can be achieved if the project does not proceed)	Post-tax, post-finance revenues from the projects.  Projected IRR remains above borrowing rate.

	financially sustainable.	This should be achieved without compromising objective 3.	
<b>3 Customer First</b>	<p>Whole life cost to residents and other customers remains below current levels.</p> <p>High quality service provided to residents.</p>	<p>The Council need to ensure that energy infrastructure is put in place is considerably lower cost than alternative methods of decarbonising heat leading to lower energy costs for local residents and businesses in the long-term.</p> <p>The target is for residents to retain the same whole life cost of energy as their present-day costs (gas boilers).</p> <p>This includes delivering commercial arrangements ensure checks and balances are in place on monopoly heat suppliers (prior to the government introducing regulation) and provides residents most in need have additional protection.</p> <p>Customers, and residential customers in particular, benefit from these areas. There are also reputational benefits for the scheme.</p>	<p>Benchmarking of costs against conventional heating technologies.</p> <p>Compliance with Heat Trust requirements over consumer protection.</p> <p>The level of complaints and compensation paid to customers.</p> <p>Lower levels of service interruption/high levels of fault rectification.</p> <p>Surveys showing above average levels of customer satisfaction.</p>
<b>4 Programme / Disruption</b>	<p>Alignment with wider Haringey Programme and reduced disruption to residents and the local community from decarbonisation projects (compared to alternative solutions).</p>	<p>During and post construction HDEN must manage its programme of works to minimise disruption and align itself with the wider Haringey development plan. This will enable cost efficiencies, reduction in abortive or wasted works and a reduction in disruption.</p> <p>It is difficult to evidence how well the projects avoids clashes with other ongoing developments and the extent to which the projects manage to minimise disruption or reduces avoided costs.</p>	<p>Logging when the Council has either succeeded or failed to minimise disruption to the local community by realising opportunities or failing to mitigate Risks.</p> <p>Including cost savings as part of business plans</p>
<b>5 Community Engagement</b>	<p>Build trust in council's ability to deliver infrastructure in support of community and developer needs</p>	<p>To increase confidence in council led infrastructure schemes local buy in and engagement is required.</p> <p>It is society in general that benefits from improved engagement as it should help lead to better project implementation and less conflict with stakeholders.</p>	<p>Monitoring numbers of attendees at events, analysis of participants</p> <p>Surveys of residents to understand e.g. levels of trust, extent to which issues are understood, etc.</p> <p>Monitor number of complaints and time to resolve issues</p>
<b>6 Community Wealth</b>	<p>Increased employment opportunities for local people in low carbon jobs.</p>	<p>The project should increase employment opportunities within Haringey both directly (by employing local people) and indirectly through additional council revenues and the promotion of low carbon job opportunities within the sector.</p> <p>The benefits of community wealth flow primarily to residents in Haringey. This</p>	<p>Number of apprenticeships and creation of additional local jobs</p> <p>Proportion of turnover which is in-sourced</p> <p>Closer working between supply chain and local schools/community groups</p>

		could be captured through the procurement process.	DEN representation at local careers events.
<b>7 Capacity Building</b>	Ability to deliver other district energy decarbonisation projects.	<p>To date the Council has a limited experience and capacity to deliver decarbonisation projects the size of HDEN. Following the completion of this project the council will have a workforce and organisational structure capable of delivering other decarbonisation projects.</p> <p>The Council is the primary beneficiary from a more skilled work force but also creates opportunities for local workers.</p>	<p>Continued exploration, investment, and delivery of DEN expansions (and other low carbon energy projects)</p> <p>Number of apprentices employed by HESCO</p> <p>Number of employees with professional membership of energy or engineering institutes</p> <p>Recognition in energy project awards</p> <p>Structures embedded within HESCO to enable it to support other council led schemes</p> <p>Development of a local supply chain.</p>

## Benefits Profiling

- 1.17 The Economic Case and Financial Case set out the future performance of the DENs across Haringey, looking at the potential for deploying DENs in Tottenham Hale and Wood Green.
- 1.18 The key drivers of the HDEN programme of works are to enable the borough wide reduction of both whole life costs and carbon emissions, while greatly improving air quality.
- 1.19 The OBC sets out the preferred way forward for the provision of heating for both Tottenham Hale and Wood Green and introduces a link to the ERF in Enfield, providing access to low carbon heat.
- 1.20 Each project undertaken by the HDEN Team will contribute to the realisation of benefits in some way. The target values will be derived from the outputs that each project generate that contribute towards the realisation of benefits. Progress will be measured through the selected metric for each benefit.
- 1.21 A critical requirement during the execution of the Benefits Realisation Strategy is to track the performance of each benefit through its defined measurement. The taking of measurements allows the HDEN Board to determine the extent to which benefits are being realised, and to also identify any issues that may be stopping them from happening. These measurements will be recorded in the benefits realisation tracker and all projects that share similar benefits will be consolidated and aggregated to avoid double counting. This is a key responsibility of the Benefits manager.
- 1.22 To be effective, measurements are taken before and after the transition (for example carbon emissions will be compared against a baseline prior to the connection of the ERF). In some cases, where agreed, “post measurements” may occur after the programme has closed. This recognises that some benefits may take a few years to fully realise. Where this happens, the responsibility for measurement will be handed from the delivery team to the relevant business area (operations or billing for example) , as part of its programme closure/handover activities.
- 1.23 The measurement approach to be used to measure benefits is clearly explained in the Benefit Profiles in which clarity around tools, systems, information sources (and responsibilities) are provided to perform the measurements.
- 1.24 In addition to doing “ongoing measurements” of each benefit, the Programme will perform formal reviews and assess benefits realisation across the projects within HDEN. These benefit reviews will include milestone-reviews, which will be conducted at the end of specified milestones. Where a gap between relevant milestones is expected to exceed 12 months in duration, a separate review will be required.

## Next Steps

- 1.25 Upon completion of the OBC and in the leadup to the FBC the following steps need to be undertaken.
  - 1.25.1 Define how benefits are identified, defined and prioritised.
  - 1.25.2 Define the benefits realisation management process
  - 1.25.3 Confirm the functions, roles and responsibilities of those involved and map this across HESCO officers
  - 1.25.4 Define gateways and assessment periods
  - 1.25.5 Define the baseline of information to enable benefit measurement and begin measuring metrics which are not currently monitored.
  - 1.25.6 Define handover and embedding activities necessary to realise any benefits occurring after the programme has close.
  - 1.25.7 Develop identified benefits, measurement metrics and baselines
  - 1.25.8 Define the measurement methods that will be used to monitor the metrics evidencing the realisation of benefits.