Report for:	**Special Overview and Scrutiny Committee on 9th November 2026**
Title:	**Call-in of Cabinet's decision relating to Selby Urban Village – award of contracts for heat supply arrangements**
Report Authorised by:	**Jess Crowe, Corporate Director of Culture, Strategy & Communities**
Lead Officer(s):	**David Sherrington, Head of Estate Renewal**
Ward(s) affected:	**Bruce Castle (LB Haringey), Upper Edmonton (LB Enfield)**
Report for Key/ Non Key Decision:	**Key Decision**

1. DESCRIBE THE ISSUE UNDER CONSIDERATION

1.1. The purpose of this report is to provide further information to support the Overview and Scrutiny Committee's consideration of the issues raised in the 'call-in' of the Cabinet decision of 20th October 2026 in relation to the awarding of contracts to a third-party heat supplier for the heat connection agreements and supply agreements (including management/ maintenance of residential secondary network) for 40 years for the Selby Urban Village development, N17.

2. CABINET MEMBER INTRODUCTION

2.1. My introduction to the original report considered by Cabinet on 20th October 2026 set out the case as I see it for that decision. This report deals with the specific points raised in the call-in, and I confirm my view that nothing raised in the call-in or set out in this report changes my view that the decision taken on 20th October 2026 was the correct one.

3. RECOMMENDATIONS

3.1. It is recommended that the Committee take into account the information in this report when considering its decision on this matter.

4. BACKGROUND

The decision and the call-in

4.1. At its meeting on 20th October 2026, Cabinet made a number of decisions relating to the awarding of heat connection and supply contracts for the Selby Urban Village development. The decisions and the report are published on the Council's website and are accessible at the link provided in Section 8 below.

4.2. Following the publication of the draft minutes of the meeting on 20th October 2026, a 'call-in' of the decision was received and deemed valid in line with the criteria set

out in Part Four, Section H of the Council's Constitution. Accordingly, the matter is now to be considered by the Overview and Scrutiny Committee.

Reasons for the call-in

4.3. The call-in form gives four reasons for the call-in:

1. **Exempt Information:**
   The decision report relies on significant amounts of exempt information regarding the costs and terms of the contract. Exempt information includes the total value of the contract, costs to the council and crucially risks related to the contract, and the council's assessment of risks and mitigations. This deprives members and residents of the information needed to scrutinise and assess this decision.

   The council's constitution sets out that decision making should take "a presumption in favour of openness". Exempting the council's assessment of the risks associated with Energetik contradicts this principle

2. **Changed policy context:**
   Since the decision of 8 January 2026 to engage in a direct procurement exercise with Energetik, there have been significant changes to Energetik's financial position and outlook.

   The current report highlights that "Energetik is fully owned by Enfield Council as the sole shareholder". However, in June 2026, Enfield Council's cabinet agreed in principle to the sale of Energetik, whilst retaining a "golden share". The decision leaves Haringey Council entering a forty-year contract shortly before a change in Energetik's ownership posing significant risk to future tenants at Selby Urban Village.

   A recent report to Enfield Council further highlights the need to closely monitor Energetik's 'liquidity position' in light of slower progress expanding the network.

   The Cabinet decision should therefore be reconsidered in this new context.

3. **Affordability for residents:**

   This decision would lock future Haringey Council tenants into a supply arrangement with Energetik as a monopoly.

   Most of Haringey's current tenants have the ability to choose energy supplier and switch in response to competitive tariffs and consumer offers. This decision would not be equitable and leave future tenants at Selby Urban Village without the same consumer freedoms as other Haringey tenants.

4. **Sustainability:**

   The proposal is not in line with the council's net-zero commitments. Currently, the Energetik network is supplied by gas, with "classified low carbon heat" not expected to be available until July 2029, after the first tenants should have moved on site. This is liable to further delays and relies on the North London

Waste Authority's ongoing construction programme. The public report does not set out what mitigations are in place to prevent delay.

The report also fails to explain why more sustainable options, such as Air Source Heat Pumps and Ground Source Heat Pumps, were not chosen over energy generated through the incineration of waste.

4.4. The report also requests a revised report to be taken to the relevant scrutiny panel including:

- Transparent consideration of the financial risks arising from this decision, including the liquidity issues facing Energetik
- Transparent consideration of the changed policy context and the risk to Haringey's residents, including the proposed sale of Energetik to a private provider
- Consideration of alternative energy suppliers for the Selby Urban Village Development
- Consideration of an open procurement exercise prioritising affordability for council tenants
- Options for alternative energy sources, including heat pumps.

4.5. This report provides an officer response to the given reasons for call-in, and the proposed variations to the decisions made by Cabinet on 20th October 2026. The report of the Monitoring Officer and Section 151 Officer, which is also presented as part of this item, makes recommendations about whether any of the decisions fall outside the financial and policy framework.

4.6. **REASON 1: Exempt Information**

"The decision report relies on significant amounts of exempt information regarding the costs and terms of the contract. Exempt information includes the total value of the contract, costs to the council and crucially risks related to the contract, and the council's assessment of risks and mitigations. This deprives members and residents of the information needed to scrutinise and assess this decision.

The council's constitution sets out that decision making should take "a presumption in favour of openness". Exempting the council's assessment of the risks associated with Energetik contradicts this principle."

Response

4.7. The use of exempt information was necessary and consistent with Schedule 12A of the Local Government Act 1972**,** which permits local authorities to withhold commercially sensitive information relating to their own financial affairs and those of third parties where disclosure would be likely to prejudice commercial interests.

4.8. This information was not withheld from decision-makers; Cabinet Members received and considered the full reports including the exempt appendices and exempt risk register, which contained detailed information on contract costs, commercial terms, value-for-money assessments, legal advice and risk mitigation measures. The decision was therefore made on the basis of all relevant information and was

subject to the Council's established decision making and governance arrangements.

4.9. The purpose of using exempt information was to protect the Council's negotiating position and financial interests in relation to the contracts being awarded. Publishing commercially sensitive information such as pricing mechanisms, contract values and negotiating assumptions regarding a supplier named in the public report (due to the direct procurement route), could undermine the Council's negotiating position and potentially result in poorer value for money for the Council and residents.

4.10. The public interest test was applied, in determining whether information should remain exempt. The outcome of that was that whilst there is a public interest in transparency concerning council decision making, that interest was outweighed in the this case by the need to protect the Council's commercial position and ensure value for money for residents. Only information meeting this test for exemption was withheld from publication. In preparing the Cabinet report, care was taken to ensure that the public report summarised the rationale for the recommendations, allowing members and the public to understand the basis of the decision, including the planning requirements, appraisal of alternatives, value-for-money assessment and strategic considerations.

4.11. The Oversight and Scrutiny committee will have access to the Cabinet reports and appendices, public and exempt, as part of this call in process.

4.12. **REASON 2: Changed policy context**

"Since the decision of 8 January 2026 to engage in a direct procurement exercise with Energetik, there have been significant changes to Energetik's financial position and outlook.

The current report highlights that "Energetik is fully owned by Enfield Council as the sole shareholder". However, in June 2026, Enfield Council's cabinet agreed in principle to the sale of Energetik, whilst retaining a "golden share". The decision leaves Haringey Council entering a forty-year contract shortly before a change in Energetik's ownership posing significant risk to future tenants at Selby Urban Village.

A recent report to Enfield Council further highlights the need to closely monitor Energetik's 'liquidity position' in light of slower progress expanding the network.

The Cabinet decision should therefore be reconsidered in this new context."

Response:

4.13. The public report remains correct in stating that Energetik is fully owned by Enfield Council as the sole shareholder. The possibility of a change in ownership was considered as part of the due diligence process and was addressed in the independent commercial advisor's report. This was in part because of the Enfield Cabinet Report in June 2026 which indicated that Enfield had a preference to pursue a full sale to a strategic partner for Energetik to secure additional investment, expertise and delivery capacity for future growth.

4.14. If ownership changes, the contracts between Haringey and Energetik would continue unchanged. Energetik would remain bound by its obligations to supply heat and meet service standards, irrespective of who owns the company. Should Haringey consider that Energetik is not meeting its contractual obligations following any ownership change, it would retain contractual rights to require performance, pursue remedies and escalate disputes.

4.15. The Enfield Council report published by Enfield Council in June states that a proposed sale would be supported by a "Golden Share" arrangement, intended to maintain oversight of affordability, decarbonisation and service quality. It also states that no immediate changes to customer service arrangements are proposed.

4.16. The independent assessment therefore concluded that the decision to seek a sale does not introduce significant additional risks. However, as any final sale structure is not yet known, this risk is further mitigated by:

- Existing contractual protections.
- Regulatory oversight through Ofgem's heat network regime.
- Requirements for financial resilience and continuity of supply.
- MutualCo and step-in arrangements designed to protect customers if a heat network operator gets into financial difficulty.

4.17. The report note that heat networks will become regulated by Ofgem from January 2027. This regulatory regime will introduce consumer protections, service standards, dispute resolution processes and supplier-of-last-resort arrangements. These protections apply irrespective of ownership changes.

4.18. In relation to Energetik's liquidity position, the Council's commercial advisers and officers reviewed financial and commercial information, including financial resilience and credit checks. Financial resilience was identified at as risk and this is reflected in the exempt risk register, along with mitigation measures and ongoing monitoring arrangements.

4.19. **<u>REASON 3:</u> Affordability for residents**

“This decision would lock future Haringey Council tenants into a supply arrangement with Energetik as a monopoly.

Most of Haringey’s current tenants have the ability to choose energy supplier and switch in response to competitive tariffs and consumer offers. This decision would not be equitable and leave future tenants at Selby Urban Village without the same consumer freedoms as other Haringey tenants.”

<u>Response</u>

4.20. District heat network customers do not have the same supplier-switching arrangements as individual gas or electricity customers; this is an inherent characteristic of heat networks nationally and not unique to Selby Urban Village. However, the requirement to connect to a District Heat Network is part of the project’s planning approvals and obligations with Enfield, Haringey and the GLA, and connecting to a district heat network has been part of the project’s energy strategy since 2024.

4.21. From January 2027, heat networks will be regulated by Ofgem, bringing consumer protections comparable to those available in other energy markets, and ensuring that heat networks will have to comply with fair pricing, as set by Ofgem. The regulatory oversight includes pricing transparency, service standards, complaint handling and supplier-of-last-resort arrangements. These protections significantly strengthen safeguards for residents compared with previous heat networks delivered.

4.22. The Council also undertook extensive commercial due diligence before recommending entering into agreements, in considering affordability and value for money. Independent advisers benchmarked the proposed arrangements against comparable heat networks and concluded that the contractual terms was consistent with market practice and represented fair and reasonable terms. Energetik reviews its heat charges on an annual basis, increasing charges by CPI. This approach provides a transparent and standardised basis for uplift and is in line with approaches taken on other heat networks. This provided assurance that residents would not be exposed to terms that were not aligned with the wider heat network sector.

4.23. In considering affordability, the Council reviewed whether the proposed terms are fair when compared with the realistic alternatives available to the development. The Council assessed comparators and obtained independent advice to conclude that connection to the heat network represented an acceptable and deliverable solution that was broadly consistent if not better than on site air source heat pumps. The decision was taken on the basis of benchmarking, professional advice and a detailed assessment of value for money.

4.24. **REASON 4: Sustainability**

“The proposal is not in line with the council’s net-zero commitments. Currently, the Energetik network is supplied by gas, with “classified low carbon heat” not expected to be available until July 2029, after the first tenants should have moved on site. This is liable to further delays and relies on the North London Waste Authority’s ongoing construction programme. The public report does not set out what mitigations are in place to prevent delay.

The report also fails to explain why more sustainable options, such as Air Source Heat Pumps and Ground Source Heat Pumps, were not chosen over energy generated through the incineration of waste.”

Response

4.25. The development was designed to connect to a district heat network in accordance with planning policy and the site's approved planning and energy strategy. Connection to a heat network forms part of London's strategic energy hierarchy and supports future decarbonisation at network scale.

4.26. Although the Energetik network currently uses gas-fired energy generation, the reports identify a pathway to decarbonisation through future connection to currently classified low-carbon energy sources. The risk of delays to decarbonisation programmes is identified and assessed in the exempt risk register.

4.27. The Council tested alternative solutions, including air source heat pump arrangements. Independent analysis concluded that moving away from the approved district heat network solution would result in significant additional capital expenditure for the project, which is not within the development budget, therefore making the project unviable.

4.28. This would also delay delivery and require significant redesign and planning amendments which are not guaranteed to be acceptable in planning terms. These programme risks would also put the project's grant funding at risk (see paragraph 4.33). The additional costs and programme delay risk depriving the council of delivering new Council homes and community facilities. Details on the cost of alternative solutions can be found in the 20 October 2026 Exempt Report para 5.1.

4.29. The Council therefore concluded that district heat network connection remained the most viable route to delivering the approved development while maintaining programme certainty and achieving long-term decarbonisation objectives.

SECTION 2 of Call-In form: Variation of Action Proposed:

4.30. Officers have considered the proposed section 2 of the Call-in form: Variation of Action Proposed:

4.31. **ACTION PROPOSED: "Do not take this decision forward"**

Response

4.32. Officers do not consider that the proposed alternative represents a viable option in the context of the Selby Urban Village programme. To not take this decision forward would have serious programme and financial implications, putting at risk the viability and delivery of the Selby Urban Village development. A delay to the award of the heat supply contracts would prevent the progression of the heat network design and installation on the live site, requiring the main works contractor to suspend or defer critical elements of their work. This would impact the wider delivery programme and resequencing, delaying the overall development.

4.33. Delays would give rise to significant financial risk to the council. A Phase 1 programme delay would put the £20m MHCLG Local Regeneration Funding at risk as the project would not meet external grant funding requirements associated with the funding award (completion by March 2028) and would require an application for extension of grant programme deadlines with MHCLG. In addition, the Council would be exposed to substantial loss and expense claims from the contractor due to delay on site, should the decision not be taken forward.

4.34. **ACTION PROPOSED:**

"**Refer a revised report to the relevant scrutiny panel including:**

- **Transparent consideration of the financial risks arising from this decision, including the liquidity issues facing Energetik**
- **Transparent consideration of the changed policy context and the risk to Haringey's residents, including the proposed sale of Energetik to a private provider**
- **Consideration of alternative energy suppliers for the Selby Urban Village Development**
- **Consideration of an open procurement exercise prioritising affordability for council tenants**
- **Options for alternative energy sources, including heat pumps.**"

Response

4.35. These reports which has been referred to the Overview and Scrutiny Committee seeks to address the points noted above.

4.36. **Consideration of financial risks, including liquidity issues:** See response above in paragraph 4.18.

4.37. **Consideration of changed policy context:** See response above in paragraphs 4.13-4.18.

4.38. **Consideration of alternative suppliers:** As noted in the 8 January 2026 Cabinet Report approving the procurement exercise, and the 20 October 2026 Cabinet report for awarding contracts, Energetik is currently the only viable district heat network provider capable of serving the development due to geographical location, and meeting planning requirements.

4.39. **Open procurement exercise:** The January 2026 Cabinet decision considered procurement options and approved direct negotiations because Energetik was identified as the only viable provider with an existing and expandable network capable of serving the site. An open procurement exercise would not be expected to generate alternative heat network providers where no alternative district heat network exists. This would not be an appropriate use of the Council's resources and finances.

4.40. **Alternative energy sources:** Alternative energy solutions, particularly air source heat pumps, were considered and costed. They were assessed as more expensive in capital and consumer pricing terms and would lead to delay to delivery of much-needed council homes and community and sports infrastructure. Details relating to alternatives are available within the 20 October 2026 Exempt Report in para 5.1.

5. CONTRIBUTION TO STRATEGIC OUTCOMES

5.1. The contribution of the decision in question to strategic outcomes was set out in the report on 20th October 2026.

6. STATUTORY OFFICER COMMENTS

Finance – General Fund / HRA

6.1. The Section 151 Officer has been consulted in the preparation of this report.

6.2. The financial implications of the decisions taken by Cabinet were detailed in the 20th October 2026 cabinet report.

Legal

6.3. The Director of Legal and Governance has been consulted in the preparation of this report, and their views are as set out in their Monitoring Officer report. The legal comments made in the 20th October 2026 Cabinet report are unchanged.

Equalities

6.4. The Equalities implications of the decisions taken by Cabinet were detailed in the 20th October 2026 cabinet report.

Procurement

6.5. The Procurement implications of the decisions taken by Cabinet were detailed in the 20th October 2026 Cabinet report and 8th January 2026 Cabinet report approving the procurement exercise.

7. USE OF APPENDICES

7.1. N/A

8. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Report to 20th October 2026 Cabinet regarding the Selby Urban Village Heat Supply Arrangements Cabinet's decisions:
https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MId=11441&Ver=4