Report for: Cabinet – 13 November 2026

Title: Call In – SELBY URBAN VILLAGE - AWARD OF CONTRACTS FOR HEAT SUPPLY ARRANGEMENTS

Report Author: Councillor Luke Cawley- Harrison, Vice Chair of Overview and Scrutiny Committee

Ward(s) affected All

Report for Key/ Non-Key Decision: Key decision

1. Describe the issue under consideration

1.1 This report sets out the outcome of the Overview and Scrutiny Committee's consideration of the Cabinet's decision on Selby Urban Village - Award of Contracts for Heat Supply arrangements.

2. Introduction

2.1 The Overview and Scrutiny Committee considered the Cabinet's decision on Selby Urban Village - Award of Contracts for Heat Supply arrangements at a special meeting on 09 November 2026.

2.2.1 The Committee heard representations from the lead call in signatory, Cllr Ali, who in summary raised the following.

2.2.2 Further scrutiny of the decision to enter a long-term agreement with Energetik was required and that significant risks had not been adequately considered. Cllr Ali's concerns centred on Energetik's uncertain financial future, particularly following Enfield Council's decision to pursue a sale of the company and warnings in Enfield council reports about liquidity pressures, reliance on customer growth, and risks attached to substantial council loans. The call in further argued that the Cabinet report did not sufficiently acknowledge these issues or the implications of a potential change in ownership.

2.2.3 Particular concern was raised about future Selby Urban Village residents being locked into a 40-year heat network via a monopoly supplier without the ability to switch suppliers, potentially exposing them to higher costs despite assurances of affordable energy.

2.4 Further concerns related to the network's environmental credentials. The planned transition to low-carbon heat relied heavily on the North London Waste Authority's Energy Recovery Facility; a project viewed as uncertain and high risk. Until then, the network remained dependent on gas. Alternative technologies, such as air and ground source heat pumps, were suggested as potentially more sustainable options.

2.5 In conclusion, the call-in argued that circumstances had changed significantly since earlier cabinet decisions were taken, particularly Energetik's proposed sale, and Cllr Ali asked that the decision be referred back to Cabinet to reconsider risks and alternative options.

Overview and Scrutiny Committee noted the following information in response to questions to the call in lead signatory

2.6 That changing circumstances, in particular, concerns about Energetik's liquidity and slower-than-expected network expansion, justified revisiting the decision.

2.7 That public documents which outlined these changing circumstances were not referenced in the Haringey Cabinet report, where a 40-year agreement was being pursued with Energetik.

2.8 That the NLWA had confirmed that the incinerator project would would be distributing low carbon heat was delayed and that residents would move into Selby Urban before the revised completion date, meaning that gas heat supply would continue longer than 2029 and should be a key consideration by Cabinet.

2.9 That other partners in the area that had anticipated connecting to the DEN had not yet signing up to Energetik and that the reasons for this and the resulting risks needed to be fully understood by the Cabinet, and that the business model of Energetik seemed to rely on contracts for the Selby Urban area and if other partners were not connecting that this might impact on the financial liquidity of the company. In response officers could not speak for other partners but the concerns on financial liquidity of Energetik had been considered in the exempt part of the report by Cabinet.

2.10 The 2021 Local Plan was being followed which included connection to District Energy Networks.

2.11 The experience of residents reporting charging issues with other DEN heat providers in the borough, with them not being able to change providers, and a need to ensure that there is technical expertise by the provider to fix things in a timely way when things go wrong to support residents in the future.

2.12 Noting that decisions on planning sustainability and affordability for the delivery of the heat network were made in Jan 2026, under the previous administration, and the reason for the call in was a result of recent Enfield cabinet reports on the change in ownership of Energetik and the audit risk report on their financial position.

2.13 Having more public information on the contract in the public a domain was stressed given the impact that the decision would have on the everyday lives of residents.

Response to the Call in from the Cabinet Member for Placemaking and Economy

2.14 Councillor Joseph, Cabinet Member for Placemaking and Economy, presented the response to the call in supporting the Cabinet decision from the 20th of October 2026 and outlining: that the current administration had inherited a heat and energy

strategy requiring connection to a District Heat Network, based on GLA energy requirements and planning obligations agreed by both Haringey and Enfield. Cllr Joseph stated that extensive due diligence had been undertaken to secure fair and reasonable contractual arrangements and safeguard residents' interests. The decision included measures to support a future transition away from high-carbon energy sources and compliance with future home standards. Cllr Joseph also highlighted Ofgem regulation of heat networks from January 2027 as providing stronger consumer protections and fairer pricing oversight. The scheme was presented as essential to delivering new homes and community facilities at Selby Urban Village, bringing long-term benefits to residents and voluntary sector organisations in one of the borough's most deprived areas, while ensuring transparency and accountability in decision-making.

2.15 **The Committee continued to consider the Officer report responding to the call and put forward questions to officers and the Cabinet Member noting the following key information in relation to the grounds of the call in which were the exempt information allocation, changed policy context, financial risks, including liquidity issues with Energetik, sustainability and affordability for residents.**

2.16 There was awareness of concerns raised in Enfield reports about Energetik's financial position and ongoing monitoring by its owner, Enfield Council. These issues formed part of the council's due diligence, including advice from independent commercial advisers. The potential sale of Energetik was recognised as a known risk and was considered when developing the October Cabinet report. It was noted that the agreement was a contractual arrangement with Energetik itself, meaning its obligations would remain enforceable regardless of any future change in ownership. There were also appropriate protections in place to manage these risks and that they had been considered from the outset of the project. The Committee noted that this information had been placed in the exempt part of the report following a public interest test, keeping in mind that negotiations with Energetik involved protecting the Council's commercial position, but the exempt papers were available to the Cabinet and informed their decision making.

2.17 The non-publication of the NLWA report on the incinerator delay as part of the Cabinet report may have been due to the updating of the timetable with the NLWA which was a live issue at the time when report authors were writing the Cabinet report. However, the exempt report considered by Cabinet contained details about how the council had mitigated and managed risk with any potential delay.

2.18 Noted that Ofgem regulations due to take effect from January 2027, largely formalised existing standards Energetik operated under within a statutory regulatory framework. As a result, officers considered that the transition to Ofgem oversight would strengthen enforcement and consumer protection but would not significantly change how Energetik managed or delivers its heat network services.

2.19 Noted that in the event of Energetik becoming insolvent, there was a way in which a supplier would come in and ensure that heat and hot water continued to be provided, meaning that service was always continued. This protection would be coming in as part of the Ofgem regulation.

2.20 Noted that Enfield Council intended to retain a “golden share” if Energetik was sold, allowing it to maintain oversight and protect residents’ interests. It was also explained that the contract included fixed mechanisms for price increases. It was further noted that the availability (standing) charge may only rise by CPI, while the usage charge followed an agreed industry-standard formula linked to inflation and energy costs. Independent advisers had reviewed these arrangements and confirmed they were consistent with normal heat network market practice, providing contractual safeguards against arbitrary price increases.

2.21 Officers explained that the high level of exempt information reflected the fact that negotiations with Energetik were still ongoing and involved a sole supplier, making it necessary to protect both the council’s negotiating position and the company’s commercially sensitive information. Alternative heat solutions, including air source heat pumps and other low-carbon technologies, were assessed by independent advisers. Their benchmarking found that Energetik’s proposed costs were broadly comparable to, and in some cases slightly lower than, alternative options to consumers. Officers therefore considered that available alternatives had been thoroughly evaluated and that the proposed arrangement offered value for money alongside compliance with the existing energy strategy. In terms of standing charge and usage charge was deemed to be fair and reasonable.

2.22 It was noted that 40 years was a standard term for this type of agreement because that is linked to the lifespan of the equipment that was being placed on the site.

2.23 Officers explained that the decision followed a long-established process linked to the Selby Urban Village design and planning work. Under the Greater London Authority (GLA) energy hierarchy and the council’s Local Plan, connection to a district heat network was to be prioritised where available. Independent advisers reviewed the proposed arrangements with Energetik and concluded that the contract terms, pricing and duration were fair and reasonable. While alternative energy options and fallback scenarios were examined throughout negotiations, officers found that connecting to the district heating network remained the most appropriate option. The Committee stated that alternative approaches, associated costs and programme impacts had been explored in detail, ensuring the council understood the consequences should negotiations fail, before recommending approval of the October Cabinet decision

2.24 The reports also indicated that Enfield council would like to still retain some degree of control and influence over the future shape of Energetik as the council had a lot of residents who were reliant on Energetik. Therefore, it was in Enfield Council’s interest to make sure that what Energetik remained reasonable and fair provider of heat in the borough.

2.25 It was noted that there was no practical alternative district heat network available to serve the site, and connecting to another network would be significantly more expensive. The approved planning framework, based on the Greater London Authority (GLA) energy hierarchy, required connection to a district heat network where a fair and reasonable offer exists. Independent assessment confirmed that Energetik's terms met this test. While changing course was technically possible, it would require fresh planning approvals from both Haringey Council, Enfield

Council, and the GLA, creating substantial delays, additional costs, and risks to the project. It was noted there was no guarantee that alternative proposals would secure planning consent, making the existing approach the lowest-risk and most deliverable option.

2.26 The cost of switching to an on-site source heat energy centre would be significantly higher. This suggested option was also outlined to be outside the approved council budget envelope, given the financial pressures on the project. The costs and impacts of changing course were detailed to the Cabinet as part of the exempt papers.

2.27 The Committee heard that resident and commercial heat charges, under the agreement, consisted of a fixed availability charge (effectively a standing charge) and a usage-based consumption charge. The availability charge increased annually in line with CPI, while the consumption charge was linked to the retail gas component of CPI. Tariffs were benchmarked against recognised heat network comparators through Heat Trust, with the benchmarking methodology formally reviewed every ten years. Energetik had committed to charging Selby Urban Village residents the same tariffs as customers in Enfield. It was further explained that while Ofgem would not impose price caps, its regulation from 2027 would require charges to be fair, transparent, proportionate, cost-reflective, and supported by clear tariff-setting processes. These contractual and regulatory protections were presented as important safeguards for residents, although officers acknowledged that no arrangement could fully predict or mitigate pricing risks over a 40-year period.

2.28 Members queried whether district heat networks inherently created a monopoly. Officers responded that this was almost universally the case and that this was understood when the policy framework was established and when previous Cabinet decisions were taken to proceed with connection to a district heat network for this site. Under the London Plan 2021, major developments were to prioritise connection to district heat networks where available. Therefore, as Selby Urban Village was a major development, connection to a district heat network was effectively the preferred and policy-compliant option, reflecting a strategic planning decision that such networks offer the most suitable approach to energy provision for developments of this scale.

Further representations from the Call-in signatory and responses.

2.29 Councillor Ali highlighted concerns from Enfield Council's operating plan, which warned that Energetik's liquidity position would require ongoing monitoring. Cllr Ali noted that financial forecasts relied on drawing down £2.5 million from a £6 million working capital facility and only achieved break-even if all anticipated connection fee income was realised. Cllr Ali's key argument was not the detailed financial assumptions themselves, but that these significant financial risks and concerns about Energetik's future viability were not referenced in the Cabinet report, making it unclear whether Cabinet had fully considered them when reaching its decision.

2.30 It was contended that circumstances had changed materially since the project began. Initially, the council expected to contract with a publicly owned company

capable of delivering decarbonised heat by 2029. However, the prospect of Energetik being sold and the anticipated delay to decarbonised energy until 2032 raised questions about whether the original assessment remained valid. The Call in lead signatory challenged whether the council had adequately reassessed the relative merits of the heat network against alternatives such as heat pumps, suggesting there was a risk that the heat network was being judged on optimistic assumptions while alternative options were assessed based on their potential drawbacks and risks. In response the Committee heard that the key change concerned the source of energy generation rather than the service received by residents. Under the proposed arrangement, consumers would pay the same agreed tariff regardless of whether heat was initially generated from gas, waste-to-energy, or another source. Any additional costs arising from delays to decarbonisation or the use of gas instead of lower-carbon sources would be borne by the supplier, not passed directly to residents through different unit prices. Therefore, it was noted that changes to the energy source did not materially alter the consumer offer, as residents would continue to receive the same heat supply at the same contractual rates. The project was linked to the conditions of the GLA funding and had now reached a stage where implementation was ready to proceed. There were assurances provided by officers, the contractual protections being negotiated with Energetik, and the safeguards intended to protect future residents.

2.33 The Committee noted that moving to an alternative heating solution would have significant consequences for the project. A change of approach was estimated to delay delivery by 10-12 months, creating both direct and indirect costs. Direct costs would arise from programme delays, contractual implications and redesign work. Indirectly, around 100 homes at Selby Urban Village are intended for households in temporary accommodation. Delaying the scheme would mean residents remained longer in expensive temporary housing, where council costs exceed the government subsidy received. Officers therefore concluded that the financial and social costs of changing course were substantial, would be outside the current budgetary envelope and formed an important factor in assessing the risks and benefits of alternative options.

Exempt information

2.34 The Deputy Monitoring Officer advised that all Cabinet reports were reviewed by legal officers, including consideration of exempt information. Exempt material could only be withheld under specific statutory categories, which must be clearly identified in the exempt report. While the required public interest test was undertaken when applying exemptions, it was acknowledged that the rationale was not always explicitly documented in reports. It was suggested that this may be an area where the committee could make recommendations to improve transparency and demonstrate more clearly how decisions to withhold information have been balanced against the public interest.

2.35 It was further noted that Officers initially identify material that they believe was commercially sensitive or otherwise exempt, and legal services would then assess whether it fell within the exemption categories in Schedule 12A of the Local Government Act 1972. The guiding principle was transparency, with only

genuinely exempt information withheld. Legal officers and Democratic services challenged proposed exemptions, sometimes questioning whether information should remain confidential or, conversely, whether publication could undermine the council's negotiating position. The process therefore involved balancing openness against legitimate commercial and legal considerations, with exemptions kept to the minimum necessary.

2.36 It was further noted that there was no public right to challenge the classification of exempt information because ultimately the decision about what was exempt had to first fall into the statutory categories and these were very limited and concerned identifying an individual, or financial and commercial information, union negotiations, or if enforcement action was required. Also, it was not possible to exempt information without applying the reasons above and it had to be justified on a statutory basis.

2.37 It was suggested that officers should provide clearer explanations of why information was exempt, rather than simply citing commercial sensitivity. While the exempt content itself cannot be disclosed, reports could better explain the basis for exemption, an outline of what was being made exempt, and whose interests are being protected, improving transparency and public understanding.

2.38 The Committee were informed that all Cabinet reports, including exempt information, are carefully reviewed by legal officers and Democratic Services, and that proposed exemptions were challenged where necessary to ensure only genuinely confidential information is withheld, usually where disclosure could prejudice ongoing negotiations or reveal commercially sensitive financial details.

2.39 The Committee continued to consider the exempt financial and commercially sensitive information considered by Cabinet on Selby Urban Village - Award of Contracts for Heat Supply arrangements the 20th of October 2026 in the exempt part of the meeting and put forward questions and clarifications before resuming the meeting in public and setting out their decisions

3. Decision and Recommendations

3.1 The Committee firstly agreed that the Cabinet decision on Selby Urban Village - Award of Contracts for Heat Supply arrangements was within the Budget and Policy Framework as set out in the report to the Committee from the Deputy Monitoring Officer and Section 151 Officer.

3.2 Following careful consideration of the information provided to the Committee, from the; written reports from officers submitted as part of the agenda papers; responses from the lead Call-in; and the responses provided by the Cabinet Member and Officers at the meeting, a majority of the Committee determined to refer the decision back to Cabinet for re-consideration. This was to allow Cabinet to reassess the decision with further consideration of the financial risks arising from the decision, including the current financial position of Energetik and potential sale, and from having transparent consideration of the changed policy

context relating to Haringey residents. This was also so that the decision can be made in full light of the most recent information available.

3.3 As part of the decision to refer the decision back to Cabinet for reconsideration, the Committee made the following more detailed recommendations and comments. These were based on considering the following grounds of the call in: the exempt information allocation, changed policy context, financial risks, including liquidity issues with Energetik, sustainability and affordability for residents.

Recommendation 1- Exempt information Allocation

3.4 The Committee had concerns about the information that was contained in the exempt part of the Cabinet report pack and felt that some of the exempt documents contained information that could have been made public. Therefore, the Committee made a recommendation to the Monitoring Officer, that future Cabinet reports are compiled with information that prioritises the public interest, and that exempt information is added as a last resort. This could mean having a document that has redactions of exempt information rather than full exemption of appendices or other papers. However, the Committee did not feel that for this particular decision, that whether the information was public or exempt altered the decision made by the Cabinet.

In response to the above recommendation, the report writing guidance section on exempt information will be refreshed and circulated to all report authors. There will also be manager training workshop organised to further reiterate the prioritisation of public interest when separating information in a report.

Recommendation 2 – Changed Policy Context

3.5 The Committee considered the concerns around the changed policy context to the decision and took into account:

- Information available around Energetik and their future changed ownership,
- Potential delayed completion from 2029 to 2032 of the facility at Edmonton ECO Park to provide low carbon heat in the network as indicated in NLWA published papers for the meeting on the 12th of November.
- Availability of full audit risk assessment table report on the analysis of contract risks with Energetik and the need for more fuller information on the financial risks arising from the decision, including the current financial position of Energetik and potential sale
- The published reports to Enfield Council on the need to closely monitor Energetik's liquidity position.

The Committee agreed that the above information was not presented to Cabinet in the report to them on the 20th of October 2026 when they took the decision. Therefore, a majority of the Committee felt that this information could have materially changed the Cabinet's decision. The Committee therefore recommend that this further information, as outlined above, is provided to Cabinet in an additional report to allow them to reconsider their decision with full information to hand.

Further Overview and Scrutiny comments responding to the call in.

Affordability for residents.

3.6 The Committee considered the concerns raised about the Cabinet decision locking in Haringey Council tenants to an energy provider for 40 years and that the supplier was perceived as a monopoly. The Committee felt that, fundamentally, this aspect of the decision had not changed and was in line with previous Cabinet policy decisions made about this site grant funding requirements and a required connection to the nearest District Energy Network. Therefore, there was no action put forward to Cabinet

Sustainability

3.7 The Committee considered the representations on sustainability and felt again that there had been no material change in the sustainability elements of this Cabinet decision compared to previous decisions made by Cabinet and would not be taking forward the action proposed in the call in to consider alternative energy suppliers or open procurement exercises or options for alternative energy sources through recommendation. However, the Committee encouraged Cabinet Members to ensure that they had explored all options and be confident that they are making a robust and wide-ranging decision.

3.8 Inconclusion, it was not agreed to refer this to a scrutiny panel as requested in the call in and, as set out above, the decision was to refer the key decisions back to Cabinet for reassessment with further information included as part of the Cabinet Report.

4. Appendices

Appendix 1 - Call in submission
Appendix 2 - Officer response to call in
Appendix 3 – Monitoring Officer report
Appendix 4 - Excerpt of Cabinet minutes, 20 October 2026
Appendix 5 - Cabinet report on Selby Urban Village - Award of Contracts for Heat Supply arrangements

Appendix 6 – Exempt Cabinet report on Selby Urban Village - Award of Contracts for Heat Supply arrangements

Appendix 7 - Exempt Cabinet Minutes on Selby Urban Village - Award of Contracts for Heat Supply arrangements