Report for:	**Extraordinary Cabinet on 13th November 2026**
Title:	**Officers Response to Overview and Scrutiny Committee recommendations following Call-in 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 a response to the recommendations made by Overview and Scrutiny Committee when they considered 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 a period of 40 years, for the Selby Urban Village development, N17.

1.2. This report is to assist Cabinet's reconsideration of the matter on the 13th November 2026, and seeks to address the recommendations made by the Overview and Scrutiny committee on the 9th November 2026.

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 recommendations of the Overview and Scrutiny Committee, and I welcome the feedback from Overview and Scrutiny Committee, and consider that the information below responds to their recommendations. I also confirm that the information raised in the call-in and set out in this report does not change my view that the decision taken on 20th October 2026 was the correct one.

3. RECOMMENDATIONS

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

4. BACKGROUND

<u>The decision and the Overview and Scrutiny Committees recommendations</u>

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 9 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 was considered by the Overview and Scrutiny Committee (OSC) on the 9th November 2026.

4.3. The OSC considered the reports and information during the meeting and recommended the following:

OSC Decision and Recommendations

4.4. The OSC agreed that the Cabinet decision on Selby Urban Village - Award of Contracts for Heat Supply arrangements were within the Council's Budget and Policy Framework.

4.5. The OSC comments and recommendations in relation to the Call-in reasons were:

1. **Exempt Information:**
   - Concerns about the volume of information contained in the exempt part of the Cabinet report pack, the basis on which such decisions were made, that some of the information in the 20th October report could have been made public.
   - 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.
   - The Committee did not feel that for this particular decision, the exempt information altered the decision made by the Cabinet.

2. **Changed policy context:**
   - The OSC considered the concerns around the changed policy context to the decision and took into account:
     - Information available on 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 its potential sale.
     - The reports published by Enfield Council on the need to closely monitor Energetik's liquidity position.

- A majority of the Committee felt that the above information was not contained in the report considered by Cabinet on the 20th of October 2026. The Committee felt that this information could have materially changed their decision. The Committee therefore recommended that this further information outlined above is provided to Cabinet in an additional report, to enable Cabinet to take this into account when reconsidering their decision taken on the 20th October 2026.

3. Affordability for residents:

- 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 and connected to grant funding requirements and as well as required connection to the nearest District Energy Network. Therefore, no recommendations were made in respect of this aspect of the Call-In.

4. Sustainability:

- The Committee's view was 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 exercise or options for alternative energy sources. However, the Committee encouraged Cabinet Members to explore all options and be confident that they are making a robust and wide-ranging decision.

4.6. The Committee did 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 decisions back to Cabinet.

4.7. The below report provides an officer response to the above recommendations of OSC in relation to exempt information and changed policy context, for Cabinet to consider alongside the Cabinet reports of 20th October 2026.

4.8. **OSC Recommendation on Exempt Information**

Response

4.9. Officers note the OSC's recommendation on favouring redaction rather than full exemption of documents, and of providing clarity in relation to Officers' public interest reasoning when providing exempt reports and information.

4.10. As noted within the Call-in response paper and during the Call in meeting, officers explained the need to strike the appropriate balance between public and exempt information; seeking to protect the Council's commercial and negotiating position, and third party commercial interests as required, while providing rationale, key risks and recommendations in the public report. However, it is recognised that there may be some information within the exempt risk register which could have been redacted rather than wholly exempted. We welcome further training and guidance for officers

to ensure that the presumption remains transparency and openness this in conjunction with our Legal and Democratic Services colleagues.

4.11. **OSC Recommendation on: Changed policy context**

Response:

4.12. The key issues raised by OSC and changed policy context relate to:
- Sale of Energetik by Enfield Council/ change of ownership
- Financial resilience of Energetik
- NLWA ERF completion date slippage and risk to provision of low carbon heat

4.13. Papers referenced during the Call-in and by OSC as providing a changed policy context have been noted below for ease to be fully considered by Cabinet, with links to those that are publicly available. The exempt appendix is to be circulated along with Cabinet papers.

- 'Energetik Strategic Review – Update', Enfield Cabinet Report 24th June 2026: Energetik Strategic Review Update - Cabinet report.
- 'Energetik 2026/27 Operating Plan', Enfield Council Cabinet Meeting, 14th October 2026: Energetik 2026/27 Operating Plan Cabinet Report
- 'North London Heat and Power Project Energy Recovery Facility Contract Update', North London Waste Authority Meeting 12th November 2026: 03 NLHPP Authority Report Nov 2026 - FINAL.pdf
- Exempt Appendix: 'Selby Urban Village – Connection to Energetik's Heat Network, Engagement Overview – Contractual Review & Commercial Negotiations' Independent Commercial Advice Report, July 2026: Exempt Appendix under Paragraph 3, Schedule 12A Local Government Act 1972.

Sale of Energetik by Enfield Council/ change of ownership

4.14. The Enfield Council Cabinet paper from June 2026 set out Enfield Council's preferred option to sell Energetik to a strategic partner, whilst retaining a "Golden Share" to protect key public interests such as affordability, decarbonisation and service quality. A golden share would typically be a special class of share retained by Enfield Council that gives it specific veto or control rights, even if it no longer owns a majority (or any significant proportion) of the company.

4.15. Their report notes that a sale would provide the investment, expertise and delivery capacity needed to grow the heat network across North London, while reducing Enfield Council's future funding requirements and commercial risk.

4.16. External independent commercial advisors were commissioned to review Enfield's options for sale of Energetik as part of our due diligence process. Their full report is now also included as an exempt appendix, for circulation to Cabinet. It is exempt as it contains commercial information throughout, assessment of risks and negotiating positions, relating to the Council's contract negotiations with Energetik. There is no practical way of redacting parts of the report at this stage which would enable it to be placed in the public domain, however we have sought to include relevant

wording below. Cabinet as decision-makers will also have access to the full report as an exempt appendix.

4.17. The Independent Commercial Advice report, in section 4.2 states, 'Energetik Financial Resilience' risks were assessed and mitigations noted associated with a future sale of Energetik and the implications of Enfield Council's in-principle decision to pursue a strategic partner. The Commercial Advice report notes "if Enfield sold Energetik, the agreements between Energetik and Haringey would remain in place, with only the ownership of Energetik changing. Accordingly, the contractual framework governing service delivery would remain unchanged, with Energetik bound to the obligations in the contracts, and there should be little operational impact. If Haringey believed that Energetik's contractual obligations were not being met, Haringey would have the right to require breaches to be remedied, escalate disputes through the agreed contractual processes or exercise more significant rights provided for under the agreements.'

4.18. In respect of the proposed sale, the report concludes the following in respect of the sale of Energetik 'this decision does not introduce significant additional risks regarding the impact of a change in ownership, although the detailed transaction structure remains subject to further development and approval.' This was further supported by information on the proposed robust contractual arrangements and regulatory protections that would continue to apply, providing ongoing safeguards for customers.

4.19. The 20th October Exempt Appendix 1: risk table does reference the risks of a sale of Energetik, although it is not listed as a separate discrete risk. The risk register addresses risks that could materialise from a potential sale, notably; loss of heat supply/ interruption to supply, performance issues as a service provider, seeking to raise energy prices for tenants unreasonably. OSC's view was that this risk needed to be amplified and drawn out within the report as a separate risk, which this report now seeks to do.

Financial resilience of Energetik

4.20. The financial standing of Energetik was reviewed periodically by the Council's finance team and independent advisors, as part of the due diligence, and this was noted in the risk register shared with Cabinet in the 20th October report. The independent commercial advisors were asked to review financial resilience, risks and mitigations in detail and this is summarised below from their report.

4.21. Concerns regarding the long-term financial resilience of Energetik were assessed in section 4.2 of the Commercial Advice report. Specific financial due diligence undertaken on Energetik included review of credit assessments and financial standing. The review contained discussion of Energetik's high-level debt position, financing structure and investment requirements, noting that financing profile is typical for early-stage infrastructure business, where capital investment precedes stable revenue generation.

4.22. The review found no evidence of immediate financial viability risks and identified a range of contractual and regulatory safeguards to protect customers in the event of future financial difficulties.

4.23. Mitigations against Energetik facing financial difficulties include that the master connection agreement contains MutualCo provisions which would enable Haringey and other customers to step in, assume control of relevant assets, and ensure continuity of service.

4.24. The report also notes further mitigation against financial insolvency; within the Ofgem regulations which come into force in January 2027, there is the mechanism to create a Special Administration Regime (SAR) as a backstop mechanism. This is a government backed backstop arrangement - to protect customers in extreme situations, until a company can be rescued, or a transition can occur. This is similar in principle to the 'Supplier of Last Resort' used for other energy suppliers regulated by Ofgem (gas and electricity), and Officers note that this was incorrectly noted as a provision for heat networks in paragraph 6.13 the 20th October Cabinet public report and in the exempt risk register.

4.25. The 14th October Enfield Cabinet paper on Energetik Operating Plan 2026/27, in paragraphs 1.17-1.20 sets out the financial implications of the Operating Plan, noting that Enfield Council will need to continue to monitor Energetik's liquidity position and that further working capital support could be required during 2026/27 if further risks materialise. Officers do not consider that this financial information within this report alters the recommendations of the 20th October Haringey Cabinet report, or the advice received in the Independent Advisors Report regarding financial resilience and mitigations.

NLWA ERF completion date slippage and risk to provision of low carbon heat

4.26. The 20th October Cabinet public report (para 6.12) noted that Energetik expected classified low-carbon heat from the ERF by July 2029 but remained dependent on the NLWA construction programme. The public report also confirmed that safeguards had been negotiated to secure a timely transition to low-carbon heat, with further detail provided in the 20th October exempt report (para. 6.5) and Energetik's Formal Proposal (Exempt Appendix 2). This information remains exempt under Paragraph 3, Schedule 12A Local Government Act 1972, as it forms part of ongoing commercial negotiations between Haringey and Enfield.

4.27. The 12th November NLWA Meeting Report was not available prior to the 20th October 2026 Cabinet meeting, but was published prior to the OSC Meeting on 9th November. The paper identifies ongoing programme, cost and delivery risks associated with completion of the Edmonton Energy Recovery Facility (ERF). It notes the ERF is intended to provide a long-term classified low-carbon heat source for district heating networks, including Energetik, further delays could prolong reliance on interim generation arrangements, which for Selby Urban Village would be gas-fired boilers. The report nevertheless concludes that ERF completion remains the preferred strategic option and proposes contractual changes to improve confidence in delivery and operation.

4.28. In the OSC meeting of 9th November, concern was raised that ERF completion had been pushed back to 2032 based on this NLWA paper, and that this should be considered by Cabinet. However, while paragraph 4.13 of the NLWA report notes that ACCIONA's programme position at the start of negotiations indicated completion in 2032, paragraph 5.4.2 confirms that the subsequently agreed non-

binding Heads of Terms include a revised contractual Take Over Date of 29 December 2029.

4.29. Officers consider that the decarbonisation safeguards negotiated and set out in the 20 October exempt report are sufficient to mitigate the risk of long-term reliance on carbon-intensive heat sources or non-compliance with the Future Homes Standard, whether ERF completion occurs in July 2029, December 2029 or 2032. Accordingly, the NLWA report does not alter the recommendations of the 20th October Cabinet report.

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 financial implications of the decisions taken by Cabinet were detailed in the 20th October 2026 report. The recommendation of this report does not change the advice given in the 20th October 2026 report.

Legal

6.2. Further to a contract award decision made by Cabinet 20th October 2026, the decision was subject to a Call-In as set out in the Council's Constitution at Part Four, Rules of Procedure, Section H – Call in Procedure Rules.

The Call-In meeting took place on the 9th November 2026. The Overview and Scrutiny Committee decided that the decision was within the Budget & Policy Framework and recommended that the decision is returned to Cabinet in accordance with paragraph 10 of the Call in Procedure Rules. Cabinet has 5 working days to reconsider the key decision before taking a final decision. Once a final decision has been made, there is no further right of Call -In.

Equalities

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

Procurement

6.4. 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

- Exempt Appendix: 'Selby Urban Village – Connection to Energetik's Heat Network, Engagement Overview – Contractual Review & Commercial Negotiations' Independent Commercial Advice Report, July 2026

8. BACKGROUND PAPERS

- Development and Progress on the North London Heat and Power Project, NLWA Programme Committee Meeting, 10th September 2026: Development and Progress on the North London Heat and Power Project_Final Draft (002).pdf
- Energetik 2026/27 Operating Plan, Enfield Council Cabinet Meeting, 14th October 2026: Energetik 2026/27 Operating Plan Cabinet Report
- North London Heat and Power Project Energy Recovery Facility Contract Update, North London Waste Authority Meeting 12th November 2026: 03 NLHPP Authority Report Nov 2026 - FINAL.pdf

9. 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