




Report to:	Sutton Shareholdings Board	Date:	14 June 2017
Report title:	Sutton Decentralised Energy Network Business Performance Update		
Report from:	Mary Morrissey, Strategic Director for Environment, Housing & Regeneration		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Simon Wales, Chair of the Sutton Shareholdings Board and Councillor Jayne McCoy, Chair of Housing, Economy and Business Committee		
Author(s)/Contact Number(s):	Mandy Cherrington, Director – Sutton Decentralised Energy Network Limited, 020 8770 5530		
Corporate Plan Priorities:	<ul style="list-style-type: none"> ● An Open Council ● A Green Council ● A Fair Council ● A Smart Council 		
Open/Exempt:	Open		
Signed:		Date:	31 May 2017

1. Summary

- 1.1 This report is presented for noting the update contained in the Sutton Decentralised Energy Network Performance Report.

2. Recommendations

The Sutton Shareholdings Board is recommended to:

- 2.1 Note the performance update contained in the Sutton Decentralised Energy Network Performance Report in Appendix A.

3. Background

- 3.1 Following the Council's decision in July 2014 to establish an Energy Services Company (ESCo), a detailed business model was prepared to demonstrate the commercial viability of the proposed company. The initial business plan was approved by the OSL Sub-Committee (now the Sutton Shareholdings Board) on 4 August 2015, along with the Shareholder Agreement, enabling Sutton Decentralised Energy Network Limited to be established.



- 3.2 Since the approval of the 2016 Business Plan at OSL Sub-Committee (now the Sutton Shareholdings Board) progress has been made on both Phase 1 and Phase 2 of the network.

4. Issues

No amends to Risk Register

- 4.1 There have been no amendments to the Risk Register since the previous Sutton Shareholdings Board on 8 March 2017.

5. Options Considered

Performance Update

- 5.1 The performance update is attached at Appendix A – Sutton Decentralised Energy Network Performance Report dated February 2017 to May 2017.

6. Impacts and Implications

Financial

- 6.1 In July 2013, the London Borough of Sutton's Strategy and Resources Committee (S&R) approved the Conceptual Business Case for the development of a district heating network in Sutton, with funding of £4.5m.
- 6.2 A detailed Financial Model for the Phase 1 Scheme was presented to the Housing, Economy and Business committee in March 2015. This demonstrated a positive cash flow of £1.54m from delivery of the scheme.
- 6.3 The Financial Model has been revised to take account of the latest information on likely costs and revenues. As a result of the revisions the model shows an improved net positive cash flow on core assumptions of £1.64m. A review of the revised model by KPMG is in progress.

Legal

- 6.4 This report seeks to update the Shareholdings Board and the recommendations which are before the Board do not give rise to any specific legal implications.

7. Appendices and Background Documents

Appendix letter	Title
A	Sutton Decentralised Energy Network Limited Performance Report

Background documents
None

Audit Trail		
Version	Final	31 May 2017
Consultation with other officers		
Finance	Yes	Phil Butlin
Legal	Yes	Padma Srinivasan
Equality Impact Assessment required?	No	N/A

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