




Report to:	Sutton Shareholdings Board	Date:	1 May 2019
Report title:	Sutton Decentralised Energy Network Business Performance Update		
Report from:	Mary Morrissey - Strategic Director Environment, Housing and Regeneration		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Sunita Gordon		
Author(s)/Contact Number(s):	Amanda Cherrington, Head of Economic Renewal and Regeneration, 0208 770 5530		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • Living well independently • Smarter ways of working 		
Open/Exempt:	Open with the exception of Appendices B and C which are exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.		
Signed:		Date:	16 April 2019

1. Summary

- 1.1 This report is presented for noting the update contained in the Sutton Decentralised Energy Network Performance Report, Budget Variance and the un-amended Risk Register.

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.
- 2.2 Note the Sutton Decentralised Energy Network Risk Register in exempt Appendix B.
- 2.3 Note the Sutton Decentralised Energy Network Budget Variance for Q4 2018/19 in exempt Appendix C.

3. Background

- 3.1 The Sutton Decentralised Energy Network was established in 2016 with the aim of being a sustainable energy supplier that will provide low-carbon energy to homes and businesses in Sutton. SDEN is currently providing heating and hot water to residents on the New Mill Quarter site in Hackbridge.

4. Issues

Risk Register

- 4.1 The Risk Register is attached at exempt Appendix B. Please note there have been non-material amendments to this Risk Register since the previous Sutton Shareholdings Board on 5 February 2019.

5. Options Considered

Performance Update

- 5.1 The performance update is attached at Appendix A – Sutton Decentralised Energy Network Performance Report dated January-March 2019.

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 the likely costs and revenues. As a result of the revisions the model shows a revised loan requirement of £2.6m and an improved net positive cash flow on core assumptions of £1.64m. A review of the revised model by KPMG has taken place and no material issues were raised.
- 6.4 A financial monitoring report for Q4 2018/19 has been prepared and is attached in exempt Appendix C.
- 6.5 The final financial position for 2018/19 is currently being prepared with the company's accountants Turpin, Barker and Armstrong. The accounts will be finalised by the end of April 2019 to be consolidated into the accounts of Opportunity Sutton Limited.



Legal

- 6.6 There are no legal implications. The purpose of this report is to provide an update to the Shareholder as to the risk register and company performance.

7. Appendices and Background Documents

Appendix letter	Title
A	Sutton Decentralised Energy Network Limited Performance Report
B	Sutton Decentralised Energy Network Limited Risk Register (<i>exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972</i>)
C	Sutton Decentralised Energy Network Budget Variance Q4 2018/19 (<i>exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972</i>)

Background documents

None

Audit Trail

Version	Final	16 April 2019
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Consultation with other officers

Finance	Yes	Lyndsey Gamble
Legal	Yes	Fabiola Hickson
Equality Impact Assessment required?	No	N/A

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