

Agenda Item No: 9.3 **Report No:** 3/17
Report Title: Joint Venture on Energy & Sustainability
Report To: Cabinet **Date:** 4th January 2017
Cabinet Member: Councillor Giles
Ward(s) Affected: All
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Purpose of Report:

To set up a structure that will deliver potential financial returns to LDC while also ensuring resilience against future energy, food and sustainability and climate change challenges.

Officer Recommendations:

1. Approval for Lewes District Council to join Eastbourne Borough Council in a public procurement process for a joint venture with a private sector partner;
2. Delegated authority to be given to the Director of Regeneration & Planning to take all decisions during the joint venture procurement process, up to and including the selection and appointment of the private sector partner where appropriate in consultation with the Chief Finance Officer and Assistant Director – Legal & Democratic Services.
3. Approval of a budget of up to £60,000 in total to cover technical, financial and internal and external legal fees across 2017/18 and 2018/19, to be funded from the Strategic Change Reserve;
4. Approval to allocate capital for projects subject to the approval of individual business cases by Cabinet;
5. Approval of the Investment Strategy at Appendix C.

Reasons for Recommendations

Setting up a Strategic Partnership Agreement (SPA) joint venture, as described below, is a low cost, low risk option for Lewes District Council and Eastbourne Borough Council, puts both Councils in a strong position to deliver their sustainability ambitions, and invest in future significant projects with potential for good returns - over a period of at least 10 years and up to 30 years.

As the SPA forms and grows, this will be a platform for advice, capacity building and consultancy to other local authorities, something the Department for Business, Energy and Industrial Strategy (BEIS – formerly the Department of Energy and Climate Change) is keen to encourage and see develop. Other public bodies will also be able to join the Joint Venture, subject to the necessary agreements being in place.

Information

1.0 Introduction

- 1.1 Lewes District Council has a good track record of investing and delivering in sustainability, recently underlined with the investment in solar panels on our housing stock. Eastbourne Borough Council has also made a number of positive gains. However in the context of future needs, a more ambitious approach to achieve large scale change is required, with a step change in investment, and working alongside commercial organisations for their specialist skills and experience, is required.
- 1.2 Within the energy sector there are a number of issues around increasing prices, future shortage of supply, and the need to reduce carbon emissions. The food chain faces similar future uncertainty with population growth and major global food regions under threat from extreme weather patterns. There will also be future sustainability issues with transport, waste and water.
- 1.3 This reports sets out how the Councils could take a leading role to develop projects that both tackle those issues and look to provide an income for the Councils. Appendix A lists the types of projects that could be considered, for example, a public sector backed energy supply company, energy generation such as solar or CHP (combined heat and power) and commercial greenhouses. Appendix C contains the draft Investment Strategy for both Lewes and Eastbourne Councils.
- 1.4 Eastbourne Borough Council is leading on the procurement of the joint venture, which has already commenced, and this report was considered by their Cabinet on 25th May 2016, with all of the recommendations of this report being approved. Given that Lewes District Council and Eastbourne Borough Council will shortly be sharing services, Lewes District Council could join the procurement and be a partner in the joint venture.

2.0 Delivering at Scale

- 2.1 To see if there were commercial organisations willing to partner up with Eastbourne Borough Council to deliver large scale change, an early market engagement exercise was carried out via a European wide advertisement in OJEU. The results were

positive.

2.2 Interviews were held with three major companies, which confirmed:

- a desire to work jointly with Eastbourne Borough Council to deliver the long term sustainability aims, including energy and food;
- the costs of development, investment, risk and returns could be shared;
- heat networks, energy generation plant, demand management to balance the national grid, and commercial greenhouses are financially viable and can provide an income;
- the anticipated IRR/ROI threshold ranges between 6-15%;
- there is no need for an expensive upfront masterplan - sites and business plans can be developed jointly as and when required;
- our long term thinking is in line with the need to tackle energy and food supply, waste and sustainability;
- flexibility of approach to structuring the arrangements.

2.3 The market engagement, and advice from external energy consultants Cornwall Energy, also confirmed that the approach should be phased – starting with key projects first and building up capacity and market value over time.

2.4 As an example of scale, the annual electricity market for domestic and non-domestic users in the Lewes district is collectively worth £44m, in Eastbourne it is £47m. If there was a 5% market penetration into the supply to the non-domestic sector (easier and smaller than the domestic market) and within this there was a 5% return, then there could be an annual income of £45k, which in Eastbourne would be £50k. The protected crop market e.g. greenhouses is one of the greatest opportunities as; the UK imports the majority of its protected crop (and from regions that have water stress); there are shorter payback periods; and returns are higher.

2.5 Local energy companies and local energy tariffs are starting to be created by local authorities including Peterborough, Cheshire East, Norfolk, and Bristol. The Bristol Energy and Technology Services Ltd holds a full energy supply licence and so has the most flexibility in generating, trading and selling energy, and subsequently can make the most savings to residents and maximise revenue for Bristol City Council.

2.6 A local energy scheme could also benefit from partnering with Lewes District Council as it would increase the number of potential customers, and the Lewes area has more land available to develop energy generation sites.

2.7 There are a number of key development sites within Lewes district that could be considered for potential energy projects, including the North Street Quarter and the Newhaven Enterprise Zone.

3.0 Department for Business, Energy and Industrial Strategy position

3.1 Officers from BEIS participated in the market testing exercise and have approved of the approach and long-term thinking. They have also been regularly briefed on the various stages of the procurement process.

4.0 Joint Working and Procurement

- 4.1 As part of the market engagement follow-up, discussions have taken place with Councils who are nearing the completion of procurement processes to appoint joint venture partners in relation to energy projects (Cheshire East Council and Newcastle City Council). They have shared their procurement and legal documentation. Each has taken a very different approach to the procurement process and the structure of the commercial arrangements to reflect local objectives. The time taken and costs of setting up the arrangements reflect the approaches taken.
- 4.2 At Lewes and Eastbourne, the optimum route for joint working appears to be a mixture of the two approaches building on well established commercial and procurement methodologies. It is recommended that the Councils set up a joint venture which at its top level is through a 'Strategic Partnership Agreement' (SPA) as this gives the greatest flexibility for the long term aims, and the different needs for each Council. The SPA will act as an enabling body for the individual projects that will sit beneath it.
- 4.3 The SPA will be procured through the Competitive Procedure with Negotiation. Eastbourne Borough Council has commenced the procurement, with the Pre-Qualification Questionnaire and Invitation to Submit Outline Tender stages now completed. Three tenderers and their partner companies remain in the process. The next stage is the Invitation to Submit Detailed Tender and this was sent to the tenderers in late November 2016, with returns due on 20th January 2017. The last stage is the Invitation to Submit Final Tenders, the current timetable is that that will be published on 20th March 2017, with returns due by 1st May 2017. Evaluation of the submissions will be completed by mid-May 2017, and the appointment of the preferred partner will be confirmed in late May 2017.
- 4.4 The three tenderers remaining in the process are significant market players and have a turnover of at least £50 million. One of the tenderers is the one of the companies who expressed an interest in the market engagement exercise in January 2016.
- 4.5 The key elements of the SPA that the Councils are looking to secure are:
- Flexible governance arrangements, providing the Councils with the capability to take forward projects with the private sector partner independently of each other. This would enable each Council to have a direct 50:50 relationship with the private sector partner, but also allowing for a 50:50 public:private split where appropriate;
 - Business plans are jointly developed on a needs basis between all parties or by only one public sector party and the private sector partner. There would be no requirement for either council to proceed with a project under the agreement if that project was not financially viable in its own right;
 - The commercial partner could have conditional exclusivity rights. The Councils will need to be clear as to the extent of any exclusivity so that the Strategic Partnership Agreement/Joint Venture with a private sector partner would not preclude working with other partners where they wish to do so;
 - No need for further procurement so the SPA can choose its own supply chain (subject to usual good value tests);
 - The Councils will be able to turn to the private sector partner to deliver large scale projects e.g. housing and leisure facilities, provided there is an "energy

and sustainability” element which falls within the scope of the original contract notice and the terms of the contract;

- Subsidiary joint ventures (which are likely to be incorporated SPVs) can be set up as and when appropriate e.g. Lewes District Council and the commercial partner may wish to form a North Street Quarter Company. The structure can be determined to suit the project;
- Internal and external capital can be raised as and when required;
- There would be gateways and some exit rights, though as set out above neither council has to proceed with projects that do not work financially;
- Contracts for additional joint ventures and regeneration projects will be drawn up on a needs basis;
- The opportunity to build in potential for other Councils or public bodies to be able to participate and use the business planning process.

- 4.6 The procurement process will not require sample projects to be fully worked up to contract award but will ask for illustrative examples of business models against exemplar sample projects, which will not only help with the selection assessment, but will give an early indication on viability and the income streams that can be obtained from key projects.
- 4.7 Eastbourne’s Cabinet has approved the procurement of the Joint Venture for Energy & Sustainability, and so it is anticipated that the SPA will be in place by June 2017. The purpose of this report is to enable Lewes District Council to join Eastbourne Borough Council in the OJEU procurement to set up the joint venture. Once the SPA has been set up, the next step will be for individual projects to be considered. It is likely that these would be taken forward through SPVs or specific project agreements developed through the business planning process. Each individual project that sits beneath the SPA will be reported to Cabinet to enable approval of a business plan, and the necessary capital allocation. Cabinet will not be compelled to proceed with individual projects.
- 4.8 One of the first tasks of the Joint Venture could be to develop a business case and designs for the North Street Quarter (NSQ). The NSQ project has always envisaged drawing heat and power for the development site from the River Ouse as a way of minimising the environmental impact of the development and also of minimising the running cost of the development and making it more appealing to potential occupiers. Furthermore, BEIS have granted c.£63,000 to look into how that energy source might be expanded to benefit the rest of the town. The development has therefore always assumed an energy services company would contract with the management company to run that combined heat and power facility. The JV set up under this SPA would have the potential to be that energy services company, and as such the NSQ project offers a potential early win for the JV and a source of income. The JV may also look at undertaking and implementing the BEIS study to look at spreading the benefits to the wider town.
- 4.9 Another potential area where the JV could operate is in Newhaven, providing energy services to developers of key sites in the EZ. Newhaven Town Council has recently undertaken a BEIS funded study of how to use surplus heat from the Energy Recovery Facility in an economically viable way, which could also assist in considering the viability of any Newhaven project. However, it should be noted that

LDC is the landowner on only two of the eight EZ sites, so the JV will need to offer a compelling commercial proposition above and beyond what is already in the marketplace to ensure the sign-up of individual landowners.

- 4.10 A draft Investment Strategy has been prepared, and this will be sent to the tenderers at the Invitation to Submit Detailed Tender stage, with the caveat that it has yet to be approved by Lewes District Council.

5.0 Future Governance arrangements

- 5.1 Eastbourne BC has had a Carbon Reduction Board in place for several years, with the membership comprising of two portfolio holders, and the Director with the remit for Energy & Sustainability. The function of the Board is to consider projects that will assist with carbon reduction, and scrutinise business cases. The proposed Joint Venture has already been reported to this Board, which acts as a gate-keeper prior to consideration by Cabinet. LDC will initially report all projects through Cabinet via recommendations from officers, as with the usual working practices. If it is considered appropriate to set up some form of board to undertake that gate keeper role then this will be reported back to Cabinet.

6.0 Financial Appraisal

- 6.1 The majority of the procurement costs are being absorbed by existing Eastbourne Borough Council staff and this has already been built into the planned workload for the coming year/s. Support throughout the process is being provided by an in-house lawyer employed by LDC under the shared services arrangements. External advice may be required for assessing some specialist legal and technical elements of the procurement. £10,000 from the Strategic Change Reserve during the 2016/17 financial year is requested for this. External finance advice will be sought to verify the financial arrangements of the tenderers.
- 6.2 Once the joint venture is set up, external legal advice will be required to verify bespoke contracts. Eastbourne Council has set aside a budget of up to £50,000 each year for the next two financial years to assist with these external costs (technical, financial and legal). It is anticipated that any expenditure will be shared equally between Eastbourne Borough Council and Lewes District Council, hence the recommendation that Lewes District Council sets aside up to £25,000 per annum for the next two years, meaning a total budget of £60,000 allocated in total over 2016/17 and 2017/18 when including the legal costs set out at 6.1. The key principle is that any external costs are split between the two authorities on a 50:50 basis. If the cost of the fees required exceeds this sum, then they will be considered as part of the project approval basis. Lewes District Council's share of the cost can be funded from the Strategic Change Reserve.
- 6.3 Should any other public sector partners decide to take advantage of the Joint Venture, then it is anticipated that there will be a contribution to costs, thus reducing the costs for Eastbourne and Lewes Councils
- 6.4 One anticipated benefit of the joint venture is the ability to work up project documentation using the experience of the private sector partner, and this may

significantly reduce consultancy costs on technical areas in particular.

6.5 A business case will be developed for each individual project, and capital allocations will be required subject to approval.

7.0 Legal Implications

Legal Services have been closely involved with the project from inception, and in particular with the procurement process. The following specific comments have been received:

7.1 Public Procurement

The creation of a joint venture entity between a public and private sector body will not of itself trigger a call for competition under the public procurement rules, though if the opportunity is of cross border interest, contracting authorities may need to comply with the obligation of transparency which entails adequate advertising allowing the opening of the opportunity to competition. If the arrangements also involve the award of works, services or supplies contracts by the public sector to the private sector and/or the joint venture then the public procurement regime may be triggered in relation to those contracts.

Establishing the Strategic Partnership for the Joint Venture on Energy & Sustainability will involve both the selection of a joint venture partner and the award of contracts/concessions. The process undertaken will therefore cover both of these elements to create a long term incremental partnership arrangement.

The nature of this arrangement may entail contracts covered by the Utilities Contracts Regulations 2016 and the Concessions Contract Regulations 2016 as well as the Public Contract Regulations 2015 (PCR 2015). There are rules to govern which procedure should be applied in mixed procurements and in the present case the procurement process will fall under the PCR 2015.

The procurement procedure selected and underway is the competitive procedure with negotiation under the PCR 2015. There are specific situations in which the council may use this procedure and for this project these are:

- the needs of the contracting authority cannot be met without adaptation of readily available solutions;
- they include design or innovative solutions;
- the contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity or the legal and financial make-up or because of risks attaching to them;
- the technical specifications cannot be established with sufficient precision by the contracting authority with reference to a standard, European Technical Assessment, common technical specification or technical reference.

The competitive negotiated procedure involves the publication of a contract notice in OJEU to enable potential suppliers to express an interest to be selected to tender. Negotiations are ongoing with the tenderers who have already submitted tenders to

improve their content. The process ends with a final tender on which the award decision is based.

7.2 Public Services (Social Value) Act 2012

This provides that the Council must consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area; and how in conducting the process of procurement, it might act with a view to securing that improvement. Details of these considerations in relation to the proposed procurements are outlined in this report and further consideration will be given to these matters in the preparation of the detailed procurement process and documentation for the project.

7.3 Powers

When considering a complex or multi layered arrangement, the council is likely to have regard to a number of powers to cover all aspects of the arrangements. It is considered that there are sufficient powers to enable the council to procure and participate in the proposed arrangements. Key powers include:

- Section 1 Localism Act 2011: general power of competence
- Section 11 of the Local Government (Miscellaneous Provisions) Act 1976 (as amended by the Electricity Act 1989) which provides that a local authority may generate and sell heat and electricity, and may also purchase and supply heat.

General Consideration of Council's Fiduciary Duty

In deciding whether and how to exercise its powers in relation to this proposal, Cabinet must consider the council's fiduciary duty to conduct its administration in a fairly business-like manner with reasonable care, skill and caution along with a due and alert regard to the interest of the Council Tax payers.

Local Government Act 1999

Officers will need to have regard to the need for appropriate consultation during the development of this proposal.

7.4 State Aid

Consideration of State Aid rules will clearly be relevant to this proposal, both in the way that it is established but also in relation to each project. This element will be monitored to ensure compliance with applicable

8.0 Risk Management Implications

The table below sets out key risks and mitigation measures.

| Risk | Mitigation |
|-------------------------|--|
| Decision not to proceed | <ul style="list-style-type: none">• Eastbourne has already commenced the |

| | |
|---|---|
| with joint venture | <p>procurement;</p> <ul style="list-style-type: none"> • Lewes District Council can continue to deliver small-scale projects but these will not have the same impact. |
| Fail to find private sector partner | <ul style="list-style-type: none"> • Market testing identified that there is private sector interest; • Invitation to Submit Initial Tender stage has completed, with three tenderers remaining in the process; • Repeat procurement exercise in future when market is better prepared. |
| Failure of joint venture | <ul style="list-style-type: none"> • Expectations to be set out clearly in procurement documentation and subsequent contract; • Private sector partners advised that whilst Councils intend to proceed with large scale transformation of the local energy and sustainability infrastructure, this will be dependent on business cases developed, and therefore the formation of the SPA will be a commercial risk to the eventual SPA private sector partner; • Experience of other local authorities undertaking similar projects has been investigated. |
| Failure of energy & sustainability projects | <ul style="list-style-type: none"> • Separate business case required for each individual project; • Cabinet approval required for each individual project; • Gateways and exit rights to be developed and agreed with private sector partner. |
| Escalation of costs to Councils | <ul style="list-style-type: none"> • Procurement and legal advice to be provided by Council staff; • Budget set aside by both Councils for technical procurement costs; • Costs of development, investment, risk and returns can be shared with private sector partner. |

9.0 Equality Screening

9.1 See Appendix B.

Background Papers

Eastbourne Borough Council Cabinet Report – 25th May 2016 – Joint Venture on Energy and Sustainability

<http://democracy.eastbourne.gov.uk/documents/g1360/Public%20reports%20pack%2025th-May-2016%2018.00%20Cabinet.pdf?T=10>

Bristol Council Cabinet Report– 3rd February 2015 - Establishment of an Energy & Technology

Company and associated companies:

https://www2.bristol.gov.uk/committee/2015/ua/ua000/0203_6.pdf

Cheshire East Council Cabinet Report – 10th November 2015 – District Heating Joint Venture Partner Procurement:

<http://moderngov.cheshireeast.gov.uk/ecminutes/mgConvert2PDF.aspx?ID=43632>

Public tender for the Procurement of an Energy Partner for the City of Newcastle upon Tyne February 2015:

http://england.unitedkingdom-tenders.co.uk/78754_004375_Procurement_of_an_Energy_Partner_for_the_City_of_Newcastle_upon_Tyne_2015_Newcastle_upon_Tyne

Appendices

Appendix A – Potential Concepts and Opportunities

Appendix B – Equality Screening

Appendix C – Investment Statement

Appendix A: Potential Concepts and Opportunities

Potential concepts and opportunities currently technologically available are listed below. This does not represent a list of suggested projects, but some outline information about the types of projects that can be developed, in both Lewes District and Eastbourne Borough.

Energy

As regards Energy, the aim is to reduce demand to its lowest possible level and then utilise local assets to meet this demand - creating self-sufficient neighbourhoods or energy islands. Energy could be decentralised and work to benefit local communities, and for resilience, rely on capacity in neighbouring authorities as opposed to the National Grid.

Fossil fuels should be used as a last resort or for times of emergency. Instead the focus would be on fuels for the future including next generation biofuels (e.g. algae), tidal, hydro and solar. All generation would assume no subsidies from the Government. Each of the potential energy opportunities are summarised below.

| Area | Potential Opportunities |
|------------------------------|--|
| Energy efficiency | Industrial scale retrofit of properties (domestic and non-domestic) to reduce power and heat demand e.g. LEDs, insulation, batteries; Advice and alternative dwelling solutions to Eastbourne Council's housing investment company (EHIC) and other developers e.g. non-brick; |
| Energy generation | The potential for investment in an area-wide network of energy hubs, utilising the area's natural assets, creating energy 'islands'. e.g. solar, CHP using biogas or green gas; Energy centres could be built into new housing and commercial developments e.g. CHP powered by biogas, or electric heating using cheaper electricity; |
| Energy supply | Potential to supply large sections of town/area with a public sector backed supply licence; Investigate the extension of the market through the issue of 'Licence Lite' licences to other Councils in District Network Operator (DNO) region; Utilise Council's broadband company and water deregulation to create a multi-utility platform; |
| Energy demand & distribution | Develop a true, real time smart grid that can balance load, demand, and people's lifestyles, to provide an income stream, reduced DNO reinforcement costs and bills; Manage energy networks and centres; |

| Area | Potential Opportunities |
|-------------------------------|---|
| Energy Research & Development | Bring commercial reality to new technologies that can deliver cleaner cheaper energy e.g. electric based heating for flats using cheaper electricity. |

Food

The aim is to create a network of commercial greenhouses that provides local resilience to future food price increases, creates jobs and brings investment. As the greenhouse will use hydroponics (cultivation of plants by placing the roots in liquid nutrient solutions rather than in soil) a higher yield can be for the same area of land, which is important as land is of a premium.

The UK currently imports 75% of its fresh produce and much this is from regions that have or will have water stress, so there is plenty of scope and potential for growth.

| Area | Opportunity |
|----------------------------------|--|
| Commercial Greenhouses | <p>A network of next generation greenhouses (urban and rural) utilising technologies such as hydroponics to maximise yield and reduce running costs;</p> <p>Combinations of housing, energy centres and greenhouses in communities that have restricted space and areas of poverty;</p> <p>Produce to be sold to supermarkets and/or new local cooperatives;</p> |
| Fresh fish or protein production | <p>Support the greenhouses and the potential threat to fish production with a changing climate, & set up fresh fish aqua-centres;</p> <p>Provide alternative protein supplies to complement the supply chain;</p> <p>Potential to set up aquaculture in lagoon marine space if tidal power is introduced.</p> |

Transport

The aim is to change the focus of how people travel, encouraging more people to cycle and walk, share cars, and use public transport more frequently. This will help tackle health issues such as obesity, give people a better sense of wellbeing, and save them money.

This will be done in consultation with East Sussex County Council (who have the responsibility for transport). Both Councils have produced a Cycling Strategy, soon to be updated with a Walking & Cycling Strategy.

| Area | Opportunity |
|-------------------|---|
| Cleaner transport | Area wide cycle hire and adoption scheme; Improved cycle network and green tourism with links to the South Downs National Park; Investment in infrastructure to supply the range of motorised vehicles (including HGVs) with cleaner fuels i.e. electricity and hydrogen; |
| Vehicle usage | Car sharing and community car clubs to reduce overall vehicle ownership; Insurance backed schemes where people are rewarded for healthier lifestyles. |

Waste

The aim is to adopt a resource-based economy (or Circular Economy), by using waste wisely and for the maximum benefit, & re-thinking waste as an asset.

East Sussex County Council has responsibility for waste disposal, and the districts and boroughs have responsibility for waste and recycling collection. The current Joint Waste Contract for domestic collection expires in 2023 so there are limited opportunities at the present time in Eastbourne . Lewes has an in-house service so it may be possible to explore opportunities sooner. This is an ever-developing field and there will be future waste management opportunities to explore.

Water and adaptation

The aim is to plan and protect against changing weather patterns and build a resilient society. This will involve working with South-East Water and the Environment Agency, to make sure there is enough water during droughts and long periods of dry weather, and to make sure coastal defences remain fit for purpose with the changing sea levels. Tidal energy schemes may play a role in assisting with this.

Appendix B: Equality Analysis Report Template

| | |
|--------------------------------|---|
| Title: | Joint Venture on Energy & Sustainability |
| EA Lead : | Sue Oliver |
| EA Team: | N/A |
| Date Commenced: | 23rd May 2016 |
| Target Completion Date: | 22nd June 2016 |
| Reason for assessment: | The Joint Venture is being set up via OJEU procurement and will be in place in June 2017, so an equality analysis has been undertaken at the earliest stage. |

Context and Scope

1. What are the main purposes and aims of the service/project/decision?

Within the energy sector there is a trilemma of increasing prices, future shortage of supply, and the need to reduce carbon emissions. The food chain faces similar future uncertainty with population growth and major global food regions under threat from extreme weather patterns. There will also be future sustainability issues with transport, waste and water.

Meeting our future needs will require a step change in investment and working with commercial organisations for their specialist skills and experience. Therefore Lewes District Council together with Eastbourne Borough Council is considering setting up a Joint Venture



for Energy and Sustainability which at its top level is through a 'Strategic Partnership Agreement' (SPA), as this gives the greatest flexibility for long term aims and the different needs for each Council. Procurement would be through the OJEU Competitive Procedure with Negotiation.

The key elements of the SPA would be:

- Flexible governance arrangements - the Councils would be able to take forward projects with the private sector partner independently of each other, effectively giving each Council the potential for a direct 50:50 relationship but allowing also for a 50:50 public/private split;
- Business plans are jointly developed on a needs basis between all parties or by only one public sector party and the private sector partner;
- The commercial partner could have conditional exclusivity rights. The Councils will need to be clear as to the extent of any exclusivity so that the Strategic Partnership Agreement/Joint Venture with a private sector partner would not preclude working with other partners where they wish to do so;
- No need for further procurement so it can choose its own supply chain;
- Subsidiary joint ventures can be set up as and when appropriate;
- Internal and external capital can be raised as and when required;
- There would be gateways and suitable exit rights;
- Contracts for additional joint ventures and regeneration projects will be drawn up on a needs basis;
- The opportunity to build in potential for other Councils or public bodies to participate and use the business planning process.



Once the SPA has been set up, the next step will be for individual projects to be considered. It is likely that these would be taken forward through SPVs or specific project agreements developed through the business planning process. Each project will be reported to the respective Cabinets for Lewes and Eastbourne Council, to enable approval of the project, and the necessary capital allocation.

2. What effect does it have on how other organisations operate and what commitments of resources are involved?

Eastbourne Borough Council is leading on the setting up of the Joint Venture, and it has already been approved by their Cabinet in May 2016. LDC can select to join EBC, and this option is to be considered by Cabinet.

3. How does it relate to the demographics and needs of the local community?

Individual projects to deliver energy and sustainability measures will sit under the JV. The policy will have a positive impact for the wider community, and as the joint venture is proposed to be long term (10-30 years), there is the potential to benefit large number of residents across all tenures. In particular it is anticipated those in fuel poverty will benefit from a more sustainable energy supply.

4. How does it relate to the local and national political context?

The project has no local or national political implications, but worth noting that it is supported by BEIS (formerly DECC).

5. Is there any obvious impact on particular equality groups?

| | | | | | | |
|--|--|--|---|--|--|----------------------------------|
| Race (includes ethnic or national origins, colour, & nationality) | Disability (includes mental & physical) | Gender (includes gender reassignment) | Pregnancy (includes maternity & paternity) | Sexual Orientation (includes heterosexual, homosexual & bisexual) | Religion & Belief (includes all faiths, beliefs & agnostic) | Age (includes all age groups) |
|--|--|--|---|--|--|----------------------------------|

| Impact | Positive | Negative | None | Positive | Negative | None | Positive | Negative | None | Positive | Negative | None | Positive | Negative | None | Positive | Negative | None | Positive | Negative | None |
|------------------|----------|----------|------|----------|----------|------|----------|----------|------|----------|----------|------|----------|----------|------|----------|----------|------|----------|----------|------|
| Tick if relevant | ✓ | | | ✓ | | | ✓ | | | ✓ | | | ✓ | | | ✓ | | | ✓ | | |

6. How does it help to us meet our general duties under the Equality Act 2010?

The proposal has the potential to benefit all residents, in particular those on low incomes and in fuel poverty. It will not affect different protected groups differently.

It is considered that the PSED does not have any impact on the proposal to set up a Joint Venture for Energy and Sustainability.

7. What is the scope of this analysis?

The scope of the analysis is the setting up of the JV, i.e. the steps required to go through an OJEU procurement process. Individual projects will then be considered with a full business case for each, and a further EA will be required for each.

Information gathering and research

8. What existing information and data was obtained and considered in the assessment?

No specific data was gathered for the purposes of this assessment.

9. What gaps in information were identified and what action was undertaken/is planned to address them?

N/A

10. What communities and groups have been involved and what consultation has taken place as part of this assessment?

No consultation has taken place with communities and groups in Lewes District, but in Eastbourne, the local Community Environment Partnership (CEPE), Friends of the Earth and Bespoke groups have been consulted about setting up the JV, and all are positive and keen to support and assist the Council's aims in this area of work.

Analysis and assessment

11. What were the main findings, trends and themes from the research and consultation undertaken?

See q 10

12. What positive outcomes were identified?

Reduction of carbon emissions and sustainable energy opportunities.

13. What negative outcomes were identified?

None.

Action planning

14. The following specific actions have been identified: *(see paragraph 25 of the guidance)*

| Issue Identified | Action Required | Lead Officer | Required Resources | Target Date | Measure of Success |
|--|-----------------|--------------|--------------------|-------------|-----------------------------------|
| Equality analysis of each project that sits beneath the JV | Undertake EA | Sue Oliver | To be reviewed | TBC | To be determined for each project |

Summary Statement

Between May and June 2016 an Equality Analysis was undertaken by Sue Oliver on the Joint Venture for Energy & Sustainability.

Due regard was given to the general equalities duties and to the likely impact of the project on people with protected characteristics, as set out in the Equality Act 2010.

The assessment identified: (*delete as appropriate)

*The policy/service/decision/project was found to have positive outcomes for all groups.

Approval



Lewes District Council

| | |
|--------------------------|--|
| Director/Head of Service | |
| Signed | |
| Dated | |