

# Equalities Impact Assessment:

## Full Assessment

Before completing this form you should have completed an Equalities Screening Tool and had sign off from your Head of Service and the Strategy, Equalities and Communities service.

This Equality Impact Assessment should be completed where the Screening Tool identifies a potentially negative impact on one or more specific groups, or there is a large-scale proposal or impact, but it can also be used to highlight positive impacts.

However, please also note that you can assume that large-scale projects in terms of cost or impact on residents and/or staff will require this full EQIA to be completed and in this case you can skip the Screening Tool. This is due to the fact that a screening tool is not a legal document, while the full EQIA is. We advise that any project involving costs over £500,000, or over £1 million for capital projects, will require a full EQIA for instance. In terms of staff, we would typically consider more than 25+ staff members being affected, for example by redundancy, as a large-scale impact requiring a full EQIA. If you are unsure, you can check in with the Strategy, Equalities and Communities service for guidance.

## Summary of proposal

Name of proposal	Procurement of a single Bunhill Heat Network Operations and Maintenance Contract
Reference number (if applicable)	
Service Area	Energy Services
Date assessment completed	04/06/2024

Before completing the EQIA please read the guidance and FAQs. For further help and advice please contact [equalities@islington.gov.uk](mailto:equalities@islington.gov.uk).

# 1. Please provide a summary of the proposal.

Please provide:

- Context on how the service currently operates (if relevant) and the scope of suggested changes
- The intended beneficiaries and outcomes of the proposal
- Reference to any savings or income generation

We are looking to procure a single Operations and Maintenance (O&M) contract for the Bunhill District Heat Network.

The O&M procurement strategy seeks to procure a single contractor for a duration of 24 months with the option to extend for an additional 12 months.

The strategy recommends a single contractor is procured, on the basis that this will provide greater resilience and be more cost effective for the council considering the numerous mitigations needed by alternatives in the options appraisal.

## **The Bunhill Heat Network**

Located in the south of the borough (Bunhill and St Peter's and Canalside), Bunhill provides heat for space heating and hot water to two leisure centres, a primary school and 1,362 residential customers across council and private residential properties. The heat generated by the network helps meet both the heating and hot water requirements for these connections, allowing sites to rely on the network rather than the existing communal boiler systems, which is less carbon intensive. The scheme has also historically provided heat at a discounted rate compared to those only using communal boiler systems.

The networks first phase has been in operations since 2013, this included one energy centre (now referred to as EC1). Later the network was extended to include further connections and a new energy centre (EC2), this of which began full operations in October 2023. The contractor which designed and built the original Bunhill Heat and Power network, have also been an operation and maintenance provider for EC1 and the connected substations for the last 10 years. Their initial contract has been extended to end 31 July 2024. In 2015 a separate contractor was appointed to design and build an extension to the network (i.e. Bunhill 2), which involved extending the pipe network, building a new energy centre (EC2) and connecting multiple sites to the network. The contractor was also awarded a three-year maintenance contract that would start when construction was complete, with the aim that the EC1 and EC2 contracts would terminate at the same time, at which point a single contract could be arranged for the whole network. The Bunhill 2 contractor did not meet contractual requirements and the Council started operating the network directly from 6 March 2023. A new specialist controls contractor was brought in to rectify issues, which necessitated the replacement of the control system. This was completed in September 2023, which enabled the network to start operating as designed.

Following the resolution of these issues, the Council is now seeking to procure new main contractor for the operation and maintenance arrangements for the network.

## **The key financial elements to this decision are:**

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- Context on how the service currently operates (if relevant) and the scope of suggested changes
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- **O&M costs for the network are covered by the network's various revenue streams, which includes:**

- Sale of heat to connected sites (council housing, private housing, leisure centres and Moreland School).
  - Sale of electricity produced by the CHPs into the grid.
  - Sale of electricity produced by the EC2 CHPs to London Underground (to power their fan) and Kestrel House (for the landlord supply).
  - Renewable Heat Incentive payments from Ofgem (a subsidy for heat produced by the heat pump).
  - **Based on the value of existing arrangements and initial quotes from current contractors it is estimated the total cost of the new contract will be £1.5m. This is based on the following:**
- Estimated that annual revenue spend on a single operation and maintenance contract would be approximately £200-300k per annum. Therefore, over a maximum of 36 months, total estimated spend is up to £900k.
  - This cost does not include the replacement of unrepairable equipment. As several years have passed since installation, none of the installed equipment remain under warranty. The contract will include an agreed Schedule of Rates (SoR) which details the costs to repair, purchase and install routine equipment. This function will speed up timelines, provide cost certainty and remove the need for quotations for the repair of equipment.
  - Where quotations are required outside the Schedule of Rates, the contractor is to provide a quote to the Council before carrying out any work by which the council is to agree. Should a major failure take place (such as the CHP or heat pump requiring replacement), one-off costs could be over £100k. In the very worst-case scenario (with several major pieces of equipment failing in one year), it is estimated that these costs could amount to £200k capital costs per annum. It is proposed this is budgeted for as a contingency.

**This proposal aims to deliver:**

- An Operations and Maintenance (O&M) Contract for a duration of 12 months with the option to extend for an additional 12 months. The total contract term will be 24 months.

Please provide:

- Context on how the service currently operates (if relevant) and the scope of suggested changes
  - The intended beneficiaries and outcomes of the proposal
  - Reference to any savings or income generation
- 
- Procuring a single O&M contract will allow the network to be operated by a single provider, their responsibility will be operating and maintaining the network in a way that maximises equipment performance and longevity., in turn alleviating fuel poverty.
  - District heating networks connect multiple users to a heat network which supplies heat from a centralised source. This removes the need to use individual heating systems located in homes or communal boiler systems. In turn, this helps the council reduce their carbon emissions, improve air quality, and make the borough more self-sufficient in energy. This in turn supports the council's Net Zero Carbon (NZC) strategy, Vision 2030.
  - Overall, the long-term impacts of continuing this service are positive for residents connected to the network. Council tenants and residents will continue to benefit from using the network, where the tenants receive discounted bills at certain levels and the residents will receive a small discount off their energy bills.
  - There will be no significant impact on current and future private connections as their heat supply agreement ties their price for heat to national electricity and gas prices, thus their charges for heat will remain in line with market prices.
  - Having the overall responsibility for managing the network and provide simpler contract management arrangements for the council. This does not require any changes to the internal resource of the operations team and is thought to be more cost effective for the council.
  - Procure and award a contractor who is familiar with Bunhill through an existing framework agreement. The Lexica Net Zero Carbon Delivery framework agreement has been identified as the most suitable option. We propose to issue a direct award of contract pursuant of this framework agreement to the incumbent contractor Vital Energi. This recommended on the basis that using a contractor who has worked on the network for a full heating season will ensure greater resilience for the network and the council. Given the relatively short duration of the contract (to accommodate for potential network configuration changes and expansion opportunities) and due to the network still being in a commissioning phase after its issues were resolved, it would be both impractical and undesirable for new contractors that have not had any involvement with the network to date to take on the operations and maintenance at this stage.

## 2. What impact will this change have on different groups of people?

This section of the assessment looks at the broad impacts of the proposed changes on different groups of people such as service users, local communities and businesses.

## 2A. What impact will this change have on different groups of people?

Please consider:

- Whether the impact will predominantly be external or internal, or both?
- Who will be impacted – residents, service users, local communities, businesses, visitors to the borough or others? Please note impact on staff will be assessed separately below.
- Broadly what will the impact be – reduced access to facilities or disruptions to journeys for example?

The new O&M contract will impact both internal and external, including staff, residents (1,362), some businesses (2 leisure centres) and a local school who are connected to the network.

Broadly, the impact of the contract will be continued operation of the Bunhill Heat Network. For Bunhill to remain in operation and continue to meet the bulk heat and hot water requirements of connections it needs to be operated and maintained. A new contract will cover both preventative and reactive maintenance of the equipment in the energy centres, the pipe network, substations, and control system, as well as supervising the network's operation and responding to any issues within defined response times. The network is currently maintained but rather than having two separate O&M arrangements for each part of the network there will be one overarching contract.

Bunhill remaining in operation allows connections to be supplied low carbon heat from centralised plant at EC1 and EC2. In addition to the initial network that uses Combined Heat and Power (CHP), the Bunhill extension, has been helping to reduce emissions by utilising waste heat from the London Underground in conjunction with a heat pump to heat residents' homes. This is less carbon intensive than using existing communal boiler systems.

There will be no significant impact on current and future private connections as their heat supply agreement ties their price for heat to national electricity and gas prices, thus their charges for heat will remain in line with market prices.


## 2B. What impact will this change have on staff?

Please consider:

- Who will be impacted? For example, which services, teams or buildings?  
How many staff?
- Broadly what will the impact be? For example, changes to organisational structure, changes to reporting lines, changes to staffing levels, changes to responsibilities, relocation, changes to access to facilities, new ways of working, development opportunities. This should be a broad overview, the specific impact on people with protected characteristics and/or from disadvantaged groups will be assessed later in the form.

NB: EQIAs should be completed as part of the council's [Organisational Change process](#). Please contact your [Strategic HR Business Partner](#) to discuss organisational change.

There will be no impact on staff, this contract gives one contractor the overall responsibility for managing the network and provides simpler contract management arrangements for the council. This does not require any changes to the internal resource of the operations team and is thought to be more cost effective for the council.

## 3. What impact will this change have on people with protected characteristics and/or from disadvantaged groups?

This section of the assessment looks in detail at the likely impacts of the proposed changes on different sections of our diverse community.

### 3A. What data have you used to assess impacts?

Please provide:

- Details of the evidence used to assess impacts on people with protected characteristics and from disadvantaged groups (see guidance for help)
- A breakdown of service user demographics where possible
- Brief interpretation of findings

3B: Assess the impacts on people with protected characteristics and from disadvantaged groups in the table below.

Please first select whether the potential impact is positive, neutral, or negative and then provide details of the impacts and any mitigations or positive actions you will put in place.

Please use the following definitions as a guide:

Neutral – The proposal has no impact on people with the identified protected characteristics

Positive – The proposal has a beneficial and desirable impact on people with the identified protected characteristics in relation to other people.

Negative – The proposal has a negative and undesirable impact on people with the identified protected characteristics in relation to other people

Characteristic or group	Positive/ Neutral/ Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
Age (for example, young people under 25, older people over 65)	Neutral		



Characteristic or group	Positive/ Neutral/ Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
<p>Disability (include people with physical disabilities, people with learning disabilities, blind and partially sighted people, Deaf or hard of hearing people, neurodiverse people. This also includes carers.)</p>	<p>Neutral</p>		

Characteristic or group	Positive/ Neutral/ Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
<p>Gender reassignment and identity</p> <p>(include people who identify across the trans* umbrella, not only those who have undergone gender reassignment surgery. This is inclusive of girls and or/women, men and/or boys, non-binary and genderfluid people and people who are transitioning)</p> <p>*Trans is an umbrella term to describe people whose gender is not the same as, or does not sit comfortably with, the sex they were assigned at birth.</p>	<p>Neutral</p>		

Characteristic or group	Positive/ Neutral/ Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
Marriage and Civil Partnership	Neutral		
Pregnancy and Maternity (include people who are pregnant in or returning to the workplace after pregnancy. Could also include working parents.)	Neutral		

Characteristic or group	Positive/ Neutral/ Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
Race or ethnicity (include on the basis of colour, nationality, citizenship, ethnic or national origins)	Neutral		
Religion or belief (include no faith)	Neutral		

Characteristic or group	Positive/ Neutral/ Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
<p>Sex (include trans girls and/or women and trans boys and/or men. Under the Equality Act 2010 a person's legal sex is their sex as recorded on their birth certificate. Someone can change their legal sex by obtaining a Gender Recognition Certificate.)</p>	<p>Neutral</p>		
<p>Sexual Orientation (include people from across the LGBTQ+ umbrella, for example, people who identify as lesbian, gay, bisexual, pansexual or asexual.)</p>	<p>Neutral</p>		

Characteristic or group	Positive/ Neutral/ Negative	What are the positive and/or negative impacts?	How will potential benefits be enhanced or negative impacts be eliminated or reduced?
<p>Other (e.g. people on low incomes, people living in poverty, looked-after children, people with care experience, people who are homeless, people who are prison leavers, people affected by menopause, people affected by menstruation and/or period poverty)</p>	<p>Positive</p>		

## 4. How do you plan to mitigate negative impacts?

Please provide:

- An outline of actions and the expected outcomes
- Any governance and funding which will support these actions if relevant

## 5. Please provide details of your consultation and/or engagement plans.

Please provide:

- Details of what steps you have taken or plan to take to consult or engage the whole community or specific groups affected by the proposal
- Who has been or will be consulted or engaged with
- Methods used or that will be used to engage or consult
- Key findings or feedback (if completed)

If you are planning or completing key strategic participation and engagement work or if you need guidance and support, please get in touch with the Participation and Engagement team at [engagement@islington.gov.uk](mailto:engagement@islington.gov.uk).

If you have **not** completed any engagement activity and do not plan to, you should outline why this decision has been made.

- The Energy Operations team have already been liaising with the councils Housing department regarding the proposed procurement strategy for the operations and maintenance of the network. Bunhill provides a bulk supply of heat and hot water from which the equipment beyond the initial connection (district heating skid) will not be the responsibility of the appointed contractor. The new contract does not include maintenance beyond this equipment, all other equipment in the plant room and individual properties and buildings is managed under a separate contract and team.
- Bunhill also provides a bulk supply to private connections. The Energy Operations team will engage via email with the management companies / building premise managers of these connections. As Bunhill is the bulk supply we are not responsible for billing residents directly, the connection customer is billed in line with the terms of their Heat Supply Agreement and any billing to residents is done by a separate provider to the resident. Similarly to that of council's sites, this contract is not inclusive of any maintenance outside of the initial district heating connection into the building.
- Previous engagement with both private connection and the council's housing department have not fed into this decision making.
- Billing for both Heat and Electricity Sales will continue to be completed through the council's Energy Operations team (Energy Services) on a quarterly basis, this new contract does not change to this process. Billing to private connections will continue in line with the terms of each signed Heat Supply Agreement. The Housing Revenue Account (HRA) will also be charged for the bulk heat supply in each residential council building.
- As the procurement strategy recommends that the contract be awarded to the current provider (Vital Energi), through a direct award on an existing framework agreement, this contractor already routinely accesses and completes maintenance on the



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equipment so there will be no change in contractor access. However, before the new contract term begins the council will notify and make note of any updated contacts, this will be issued to the council's housing team to share with their incumbent and to private connections the same.

- There are currently no plans to consult residents of this contractor, considering this contract is only responsible for bulk heat supply and in addition to Bunhill each building has their own boiler system, should Bunhill ever fail to supply heat boilers will provide the heating and hot water requirements needed.
- It has been identified that the contract qualifies under section 20 of the Landlord and Tenant Act 1985, the council will therefore need to comply with the leaseholder consultation requirements. Council Housing leaseholders will be contacted through the Section 20 consultation.

## 6. Once the proposal has been implemented, how will impacts be monitored and reviewed?

Please provide details in the table below.

Action	Responsible team or officer	Deadline

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Please send the completed EQIA to [equalities@islington.gov.uk](mailto:equalities@islington.gov.uk) for quality checking by the Strategy Equalities and Communities service. All Equality Impact Assessments must be attached with any report to a decision-making board and should be made publicly available on request.

You are legally required to monitor and review the proposed changes after implementation to check they work as planned and to screen for unexpected equality impacts. In general, we expect that EQIA documents are revisited and reviewed between every 6 to 12 months. If you have additional information or unexpected impacts are found, you can update your EQIA and send to the Strategy, Equalities and Communities service again for quality checking and guidance.

This Equality Impact Assessment has been completed in accordance with the guidance and using appropriate evidence.

Member	Name	Signed	Date
Staff member completing this form	Isabelle Macfarlane	<i>ICM</i>	04/06/2024
Strategy, Equalities and Communities service	Hezi Yaacov-Hai	<i>Hezi Yaacov-Hai</i>	04/06/2024
Director or Head of Service	Andrew Walker	<i>Andrew Walker</i>	04/06/2024