

District heating update: investment plans and renewal of Local Development Order

Date: 9th February 2022

Report of: Director of Resources/ Director of City Development

Report to: Executive Board

Will the decision be open for call in? Yes No

Recommendation f. will not be open for call in. All other recommendations are open for call in.

Does the report contain confidential or exempt information? Yes No

Appendix 1 – Exempt from publication under the provisions of Access to Information Procedure Rule 10.4(3)

What is this report about?

Including how it contributes to the city's and council's ambitions

- This report will provide an update on district heating progress since the last report was brought to Executive Board in July 2021. It will set out new opportunities to extend the network and to connect more customers, supporting our net zero ambition for the city as well as helping to further improve the financial position of the network. Finally, it will provide an update on how national policy is developing and the requirement to renew our Local Development Order to enable efficient continued development of the network.
- The Leeds PIPES district heating network continued to grow at pace during 2021, with efforts this year focussing on increasing the number of buildings connected to the network. This has been assisted by government funding available to decarbonise public buildings which prioritises connection to heat networks as a cost-effective option to decarbonise heat. We have connected three more significant sites in 2021, including a new secondary school, Quarry House and St George's House. Six more sites will be connected by the end of March 2022.
- In July 2021 Executive Board approved the recommendation to no longer proceed with an extension to the Tetley Brewery site due to the high level of dependency on one customer and as a result the decision was taken to hand back £2.438 million of grant funding to the Heat Network Investment Programme (HNIP). However, the funder was keen to continue to support the growth of Leeds PIPES and as a result the Council has been in on-going discussions to identify other growth opportunities where the original grant funding can be used.
- As well as being offered the opportunity to retain the original funding, HNIP has also offered the Council the opportunity to request a small uplift in the funding.

- A high-level summary of the next stage of investment opportunities is included in the report, with full details included in confidential Appendix 1.
- As with the HNIP funding for Phase 2 of the district heating network the HNIP grant will have to be paid to a SPV. The council established Leeds District Heating Pipeco Ltd for this purpose – this company has a very simple structure and limited financial exposure. The SPV directors are both employees of the council and all decisions related to the district heating network are therefore still subject to the same council decision making and governance rules as any other decision that the council takes.
- Government has stated within the Heat and Buildings Strategy 2021 that 18% of the UK's heat supply will need to come from heat networks by 2050, an increase from the current figure of 3% and to help delivery of this they are creating new requirements and structures for the industry, including the recently consulted on District Heating Zoning policy (due to be introduced by 2025). The council is one of a handful of authorities participating in a pilot of the methodology that will be used to identify the zones. The spikes in wholesale gas prices have also made non-fossil fuelled district heating networks like Leeds PIPES more commercially competitive which is driving interest and many organisations are also attracted by the very low carbon content of the heat that we provide. These factors should help secure additional customers and growth over the coming decade.
- This report also seeks approval to adopt the renewed Leeds District Heating Network Local Development Order 3 (LDO3) (appendix 2), following a public consultation exercise on the draft document. The updated document has a renewed lifespan which extends to 31st December 2025 and includes factual updates to national and local policy. No other substantive alterations have been made to the LDO and its geographic extent and effect remains the same as previously adopted in February 2017.

Recommendations

The Executive Board is asked to approve the following recommendations:

- a) Subject to HNIP funding being secured, approve the injection of £7.188m into the capital programme, funded through £3.863m of supported prudential borrowing, £2.875m of grant from the Government's Heat Network Investment Project (HNIP) and £0.45m of match funding and approve authority to spend of the entirety to deliver the Phase 3 DHN;
- b) Give authority to award contracts to Vital Energi Utilities Limited and authority to procure a NEC3 Project Manager to enable these works to be delivered;
- c) As recommendation a) is subject to the approval of the HNIP grant from the Department for Business, Energy and Industrial Strategy (BEIS), delegate authority to the Director of Resources to conclude negotiations, including minor variations within the framework agreed at Executive Board, in consultation with the S151 officer;
- d) Delegate authority to underwrite the required match funding to the Director of Resources of a maximum of £450k in consultation with S151 officer;
- e) Delegate authority to the Director of Resources to conclude arrangements with Leeds District Heating Pipeco Ltd to deliver this work, including finalising loan arrangements and associated use of system charges, novating contracts to the SPV and providing parent company guarantees, and passporting grant funding with no mark up or deductions to the SPV;

- f) Adoption of the revised Leeds District Heating Network Local Development Order 3, as set out in Appendix 2 of this report, agree that the Chief Planning Officer submits a copy, together with the statement of reasons, to the Secretary of State for Levelling Up, Housing and Communities, and due to statutory time constraints and therefore reasons of urgency as set out in paragraph 41, agree to exempt this decision from call in.

Why is the proposal being put forward?

- 1 District heating continues to be a strategic priority for the city, with £47m invested by the Council in the Leeds PIPES network to date. Phase 1 was completed during 2019 with the Recycling and Energy Recovery Facility (RERF) providing low carbon heat to council tenants in Multi-Storey Flats (MSFs) and the Leeds Playhouse since September 2019. Phase 2 was successfully delivered throughout 2019-20 during the COVID-19 pandemic and is now supplying heat to customers in the city centre.
- 2 The Leeds PIPES district heating network has continued to grow at pace during 2021, with efforts this year focussing on increasing the number of buildings connected to the network. This has been assisted by government funding (PSDS) available to decarbonise public buildings which prioritises connection to heat networks as a low cost option to decarbonise heat. We have connected three more significant sites in 2021:
 - The new Trinity Academy, a secondary school;
 - St George House, serving the Global Banking School Ltd, a private training centre;
 - Quarry House, a shared DWP and DoH office, with a swimming pool. The separate Quarry House nursery is also now connected.
- 3 In addition, the following six sites are all under construction, with completion due prior to the end of March 2022:
 - Major city centre council buildings, comprising: Town Hall, Civic Hall, City Museum and the Art Gallery & Library;
 - The Beckett Wing, St James' Hospital;
 - City campus energy centre, Leeds Beckett University.
- 4 The council has advanced commercial negotiations underway with numerous additional sites, including two that have been offered government funding, together with education buildings, offices, healthcare, and new residential and mixed-use developments. We anticipate that we will continue to connect significant numbers of additional buildings over the next 2-3 years prior to the DH Zoning policy being implemented when demand could rapidly increase.
- 5 We continue to identify numerous opportunities to grow the network and to improve its financial viability. This proposal focuses on the next stages of growth and the further investment that is required to support the expansion.
- 6 Unfortunately, the planned phase 3E extension to the eastern side of the southbank was put on hold due to significant reductions in the anticipated amount of heat to be sold. However, the council has been working closely with the funder and has identified how to repurpose the £2.438m of HNIP funding awarded to the network to support more viable extensions and to increase the grant request to £2.875m.
- 7 In summary the council is proposing that we support 5 new extensions with the HNIP grant funding. The extensions are summarised below with outline details of the connections that they would support. This is supported by the map shown in appendix 4:

| Extension | Length of connection | Potential customers | GWh demand | Estimated year of connection |
|------------------------------------------------|----------------------|-----------------------------------------------------------------------------|------------|------------------------------|
| Rossington Street to Woodhouse Lane junction | 155m | Private residential/mixed use developments | 1.5 | 2023 |
| Bridge Street to Lovell Park Hill | 825m | Social housing (multi storey flats) New build private rented development | 1.7 | 2024/26 |
| Westgate to York Place | 640m | Private developments (mixed use and residential) | 3.4 | 2024/2026 |
| CITU site (Lowfold) | 248m | Mixed use developments | TBC | 2026 |
| Beckett St to St James' Hospital energy centre | TBC | Non-clinical healthcare buildings | 5 | 2023 |

It is estimated that these extensions will contribute over 11.6 GWh of demand per annum by 2026, with all sized to allow future growth.

- 8 Expanding the network will also open up future opportunities that have not been included in the modelling to date. This will be further supported by the changes in policy proposed by government that will provide greater powers to encourage connection if there is a network within the vicinity. A good example of this is the strategic decision to invest in securing the crossing of the River Aire on the CITU site at Lowfold; although this does not immediately deliver customer connections, it opens up development sites in the southbank and secures a route over a major infrastructure barrier, to enable future growth.
- 9 In addition, the council has completed an initial feasibility study for another part of the city centre and applied for HNDU funding to explore connection to the developments planned for the western side of the southbank. We anticipate bringing a further paper to Executive Board in due course when the feasibility study concludes.
- 10 Phase 1 and 2 of the construction of the Leeds PIPES DHN benefited from the existing LDO3 which gives permitted development rights to underground sections of the DHN, and small above ground kiosks, in a similar way to statutory undertaker rights.
- 11 LDO3 was first adopted on 9th March 2016 and revised and readopted in February 2017. It is due to expire on 18th February 2022.
- 12 Government has stated within the Heat and Buildings Strategy 2021 that 18% of the UK's heat supply will need to come from heat networks by 2050, an increase from the current figure of 3% and to help delivery of this they are creating new requirements and structures for the industry. They have recently consulted on a District Heating Zoning Policy to be brought in by 2025 which will give local authorities the power to establish zones where it is mandatory to connect certain buildings to DHNs. Government has also recently consulted on proposals to regulate district heating, in a similar way to gas and electricity. This proposes to confer statutory

undertaker powers on DHNs and is anticipated to be brought in ahead of the Zoning policy in 2025.

- 13 There is therefore likely to be significant amounts of activity to develop new, or extend existing, DHNs within the city over the next few years.
- 14 It is therefore proposed that the current LDO be renewed to extend its time limit to the end of 2025 to coincide with these proposed policy changes, in order to facilitate anticipated DHN development. As shown at appendix 2, the modified LDO also includes minor non-material revisions to the text to ensure that the document remains up to date with regard to the Climate Emergency Declaration and National and Local planning policy.

What impact will this proposal have?

Wards affected: Armley, Temple Newsam, Kirkstall, Hunslet & Riverside, Farnley & Wortley, Beeston & Holbeck, Burmantofts & Richmond Hill, Little London & Woodhouse, Chapel Allerton, Gipton & Harehills, Headingley & Hyde Park, Garforth & Swillington

Have ward members been consulted? Yes No

- 15 The additional investment will extend the reach of the network, allowing the network to connect a further nine sites that have already been identified but also through the expansion will make other developments viable. This has the benefit of not only reducing carbon emissions but also of continuing to improve the financial viability of the network.
- 16 The renewed LDO3 will have a positive impact on development of DHNs in the city and reduces the requirement for the council to assess complex full planning applications over large areas when new networks or large extensions are proposed.
- 17 The potential for negative impacts on residents or businesses is negligible. The LDO provides permitted development rights for DHNs but any DHN developer would still need to seek landowner permission to construct on their land and Highways approval to undertake any works in the adopted highway. As the council and key partners are required to give these permissions, inappropriate DHNs would be refused and approvals can be conditioned to ensure that any residents or businesses that would be affected (for example by construction works) are appropriately consulted and informed.
- 18 An Equality Impact Assessment Screening for the LDO3 can be found at Appendix 3.

What consultation and engagement has taken place?

- 19 The Executive Member for Climate and Infrastructure has been kept updated on the development of the DHN and the recommendations set out within this report.
- 20 The consultation on the renewal of the LDO took place from the 13th December 2021 until the 17th January 2022, in accordance with The Town and Country Planning (Development Management Procedure) (England) Order 2015 Article 38, the Planning and Compulsory Purchase Act 2004 s18 (2) and the Interim Statement of Community Involvement.
- 21 This suite of policy and legislation requires a minimum consultation period of 28 days, for the council to serve written notice on any affected landowners/tenants, to consult with statutory consultees and other relevant bodies, to place an advert in the local newspaper and to display site notices in the area covered by the LDO. As the consultation took place over the Christmas

period it was extended to 36 days to take account of the three bank holidays during this period, as well as the Christmas close down of the Council's main office.

22 12 responses were received to the consultation. A summary of key comments and a consideration of their impact on the draft LDO are provided below:

- a) Canal and Rivers Trust – a) Concerns that the red line boundary of the LDO includes listed buildings. Legislation makes clear that listed buildings should not be the subject of LDOs. b) Concerns that the LDO does not explicitly prevent the erection of external pipe bridges attached to or alongside existing waterway crossings

Response – a) The wording of the LDO makes very clear that the provisions of the LDO will not apply to listed buildings or their curtilage. This wording has been in place within the original LDO, since 2016, and has proven to be effective. No change proposed. b) Any new pipe crossings will likely require the consent of the Trust and can be addressed through this process. LCC will ensure that any applicant under the LDO – or full application – consult Canal and Rivers Trust to ensure compliance with their code of practice. No change proposed.

- b) Environment Agency – welcomes the text of the LDO and has no further comments.
c) An individual respondent to the consultation – detailed matters raised in relation to materials used, ongoing maintenance and alternative energy sources.

Response – The matters raised are of key importance. However, they are not considered appropriate matters for an LDO to contain but can be considered as part of operational matters on a scheme by scheme basis.

- d) National Grid/ Northern Gas Networks/Scottish and Southern Electricity Networks – Provided further guidance on development close to National Grid/Northern Gas Networks/Scottish and Southern Electricity Networks assets.
e) *Response - Any installation of heat network pipes is done so in accordance with full survey work and the necessary licences and permits granted by the local authority. Through this process, any existing services – including gas and electricity networks – are identified in the design stage. No change proposed.*
f) Natural England – no changes requested.
g) Pride of Place Leeds – supports the LDO.
h) The Coal Authority – supports the wording of the LDO, specifically condition 7.
i) The Woodland Trust – Expressed concern that the LDO area includes designated Ancient Woodland and requests a 15-metre buffer is imposed around such sites.
j) *Response - Whilst conditions are in place within the LDO in order to safeguard trees and hedgerows, to ensure that no development affecting trees or hedgerows can commence until these conditions are satisfied, it is considered that these conditions may not provide sufficient protection for Ancient woodland. As such it is proposed to add an additional bullet to the 'development not permitted' section of the LDO to read "within 15 metres of a designated Ancient Woodland".*

23 In conclusion, it is proposed that following a detailed consideration of all consultation comments, one amendment is made to the LDO, relating to ancient woodland, as detailed above.

What are the resource implications?

- 24 The total investment required equates to £7.188 million. HNIP funding requires 60% match funding but this funding can be provided from sources other than the council, including the pipework portions of the connection charges paid by site owners. The council has also already provided authority to spend on £450,000 of further investment as part of July 2021's executive board report and this can also be used as part of the match funding obligation. This means that the council will be required to borrow a total of £3.862m to deliver the connections outlined below but as shown through the confidential appendix 1, the business case shows that this additional investment will result in a more positive long term business case for the network.
- 25 The confidential appendix shows the business case against 3 different groups of connections, reflecting the level of certainty that each building will connect. In summary the modelling shows that the business case would worsen slightly from the current base case, but still remain positive, if only group one sites connect, but would improve as soon as group 2 connections were made. The connections included in the first group are those that are the most likely to proceed as they have either:
- a) already been offered external grant funding, or
 - b) have reached a more advanced commercial position.
- 26 The council still has not had a valuation for business rates so continues to accrue a budget based on a previous quote to pay for this outstanding liability. However, the government announced in the Budget in October 2021 that from 2023 they will introduce a new 100% relief for eligible heat networks, to support the decarbonisation of buildings. It is unclear whether this will also apply retrospectively.
- 27 This extension could replace over 11.6GWh of gas consumption from existing and new buildings. This has a clear carbon benefit, saving 2,429 tonnes of CO₂ each year. It also helps to provide price certainty with the non-fossil generation from the RERF insulating customers from the spikes in gas prices that have hit businesses and residents recently.
- 28 The business case behind the initial council investment in Leeds PIPES was predicated on growth to improve the business case. We have already demonstrated over the two years of operations that there is a strong appetite from both the public and private sector to connect, although connections often take longer than anticipated to materialise. In total, the council has already invested c£47m in district heating (of which c£21m is supported borrowing) which is delivering significant benefits, underpinned by long-term commercial agreements with customers. By making these additional investments to extend the network, the council is preparing for future policy changes (including regulation and Zoning) which is anticipated to significantly increase customer numbers on the network.
- 29 The adoption of the LDO is unlikely to result in any significant resource requirements. Rather, not adopting the renewed LDO would require all relevant subsequent works on the District Heating Network to require individual planning applications, with significant impacts on both Development Management and the PIPES delivery resource.

What are the legal implications?

- 30 The information contained within confidential Appendix 1 to this report is designated as exempt from publication in accordance with paragraph 10.4(3) of the Access to Information Rules and Schedule 12A(3) of the Local Government Act 1972 on the grounds that it contains information

relating to the financial or business affairs of any particular person (including the authority holding that information). The appendix contains detailed pricing information underpinning the Council's heat sales business case which if disclosed could damage the commercial interests of the Council. Disclosure of this information would seriously harm the Council's negotiating position when discussing heat sales with potential customers. Therefore it is considered that the public interest in maintaining the content of confidential appendix 1 as exempt outweighs the public interest in disclosing the information.

- 31 The council was required to establish a SPV (Leeds District Heating Pipeco Ltd) in order to receive the HNIP grant for phase 2. This was successfully achieved by creating a company with a very simple structure and limited financial exposure:
- 32 The PipeCo receives heat from the council at the point of interconnection to the phase 1 network in Mabgate and then transports this heat to points of connection in the vicinity of customers where it is returned to the council. The council then sells heat to customers. The PipeCo makes a use of system charge to the council for this service.
- 33 This is a fixed charge (i.e. it does not vary according to the amount of heat transported) and is the PipeCo's single revenue stream. This is formalised via a Use of System Agreement between the PipeCo and the council. The use of system charge for phase 2 is currently £210k pa, indexed as appropriate. However, the SPV Directors, with the agreement of the council, may change this to reflect any unforeseen change to business rates, interest rates or cost overruns.
- 34 The council intends to use the same SPV established for phase 2 to deliver the extensions set out in this report, with the same overall approach, namely, the council applying for the grant, contracting with Vital Energi, then novating these contracts to the SPV and signing a loan agreement alongside the transfer of grant funding and grant conditions to the SPV.
- 35 Repayment of the additional capital loan will be done via a loan agreement which will be entered into by the council and the SPV. The agreement contains step in rights in favour of the council and staged loan repayments to minimise council risk exposure.
- 36 The interest rate for loan repayments for phase 3 will be fixed at a state aid compliant rate of 4.66% for the length of the loan agreement (36 years). In line with HNIP requirements, it is necessary to account for the costs and income (excluding heat sales) through the SPV in the same way as Phase 2.
- 37 Full details of the SPV set up can be found in the District Heating Phase 3E Extension to the Southbank Executive Board report (20th July 2020).
- 38 The Town and Country Planning Act 1990 (as amended) enables Local Planning Authorities to introduce a Local Development Order ("LDO"). LDOs grant planning permission for specified development in defined areas and can reduce bureaucracy, improve the speed of decision-making and improve certainty for landowners, communities and developers.
- 39 The adopted LDO has a lifespan of 5 years unless the LPA make a decision as to its withdrawal, modification or extension. Schedule 4A of the Town and Country Planning Act 1990 permits the local planning authority the option, at any time, to prepare a revision of a local development order as is the case here.
- 40 The proposed steps to modify and renew the LDO accord with the legislative requirements.
- 41 It is recommended that the decision to adopt the renewed LDO is exempt from call in given the statutory time limits being worked to as set out in the legal implications section of the report and the risk of the LDO lapsing should call in periods be required. The decision could not be made

sooner because of lead-in times and preparation for consultation, which have strict legal requirements. Should a requirement for call in be exercised, the LDO will lapse on the 18th February 2022 without a replacement in place. This could delay future investment decisions in the District Heating Network and risk delaying connections to public and private partners.

What are the key risks and how are they being managed?

- 42 A district heating network is a long-term investment and sufficient customers are required to provide an anchor load with an energy demand that supports the viability of the network. This was always a known risk and the success of the network in securing additional customers, particularly long-term (i.e. 20 year) supply agreements with multiple sites, primarily secure public sector and domestic customers, has significantly reduced this risk already. By April 2022, c65% of the annual supply from the DHN will be to council flats or corporate buildings.
- 43 A key risk with any district heating network is the need to invest before you have absolute certainty of demand. However, the investment set out in this report will improve the business case even if just two of the nine sites were to connect. The worst-case scenario that has been modelled has used the sites that have the most certainty of proceeding because they have already been offered grant funding or they are sites which have more advance commercial proposals. Of the remaining connections, a number have already agreed key elements of commercial proposals and entered into negotiations over heads of terms and, although these are not legally binding, they show that there are no fundamental differences on the key terms such as cost. As mentioned previously the expansion that is being undertaken will also open up other areas of the city to enable further connections that have not yet been identified.
- 44 Cost certainty relating to the construction of Phase 3 will be provided through having a contracted fixed cost with Vital Energi through an NEC construction contract. One key anchor load has an offer of a grant but the council will not commit to construction of that zone until their funding has been secured by contract.
- 45 A long-term Heat Sales Agreement with Veolia for the purchase of heat from the RERF is already in place covering all existing and future phases of the network. To date, the RERF has provided over 95% of the heat supplied via the DHN, insulating the council from the recent utility price spikes. There are multiple contingency plans in place to ensure continuity of supply to our customers, both from the RERF and from back up gas boilers. However, as we are currently supplied low carbon heat by a single site, the risk that the RERF fails catastrophically now carries a higher financial risk for the council due to the changes in the energy market. As a result, we are pursuing a number of mitigation strategies including insurance and identifying alternative heat sources. The connection to St James' Hospital is the first step in this process as the design would allow export of heat from the hospital to Leeds PIPES. Negotiations are also on-going with other potential low carbon heat sources to secure future interconnection for resilience purposes.
- 46 Heat generated at the RERF and supplied to customers is classed as renewable power and is therefore eligible to receive RHIs (Renewable Heat Incentive) revenue for each megawatt hour of heat. RHI accreditation from Ofgem has been received by Veolia for customers connected to the DHN (e.g. Leeds Playhouse). For each customer that connects and is accredited by Ofgem, RHI payments will help subsidise the cost of heat purchased by the council until 2040 when the RHI eligibility period ends. Heat sold to customers on Phase 3 will be registered for RHI payments, supporting the affordability of the extension.
- 47 There have been many highly publicised failures of energy supply companies in the last year, including three council owned companies. However, these are fundamentally different business

models. They have no tangible assets and are constrained by government set price-caps in the face of unprecedented recent spikes in wholesale energy prices. They have been forced to sell energy to customers at a lower cost than they can purchase it, driving the wave of company failures, particularly those without long-term hedged positions. Leeds PIPES by contrast has significant fixed tangible assets, a growing customer base with long-term index linked supply agreements, an index linked long-term heat purchase agreement for low carbon heat and minimal exposure to volatile gas markets.

- 48 It should also be noted that audits are undertaken of the financial model summarised in this appendix at appropriate junctures in the project, to ensure it remains robust. A further audit will be undertaken imminently to continue to mitigate against the risk of inaccurate modelling and confirm that the modelled financial position of the project is correct.
- 49 Due to the level of highways work and transport schemes currently underway across the city, the district heating works will need to be carefully managed so as not to cause delay or disruption to other programmed works. However, occasionally this may not be avoidable due to the required deadlines that the district heating network also has to be meet in terms of grant spending deadlines and meeting customers' "heat on" dates.
- 50 There is also the risk that we may need to lay pipes on routes that are protected by S58 orders, which may cause reputational damage as it will be perceived that the pipes should have been laid at the same time as the highway scheme was completed. Although this would be the ideal situation (and we have in fact done this at the large Headrow extension) this is not always feasible as often there is not sufficient certainty to expand at the point the decision needs to be made and this would create undue financial risk for the council.
- 51 The key risk is that the existing LDO should be allowed to lapse on the 18th February 2022. This is best managed by adopting the renewed LDO as outlined in this report. Due to these timescales this means that the decision must be exempt from call-in.

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 52 The Leeds PIPES district heating network is a major strategic priority for the city and growing the network as proposed directly supports the council's three Key Pillars:
- a) The network provides lower cost heating to both residents and businesses, helping to reduce fuel poverty and improve competitiveness. The presence of the network has been cited by a major utility as one of the reasons that they are seeking to build a private district heating network linked to a new energy from waste plant, securing significant inward investment to the city.
 - b) The network reduces reliance on gas boilers in dense urban areas, helping to improve air quality and improving health. Reducing fuel poverty is also directly linked to improved mental and physical health, particularly amongst the young, the elderly and those with underlying health conditions.
 - c) The network directly reduces CO₂ emissions from heating, which is otherwise difficult and expensive to improve, helping the city to achieve net zero ambitions.

Options, timescales and measuring success

What other options were considered?

- 53 The only other option would be not to proceed with any of the extensions but this would leave the council in a worse financial position as growing the network improves its financial viability.
- 54 We considered allowing LDO3A to lapse. However, this was discounted as the LDO has already facilitated DHN development in Leeds and a renewed LDO will continue to provide this useful service.
- 55 We also considered undertaking a more comprehensive review and rewrite of the LDO but internal consultation and consultation with partners who have used the LDO indicated that it is generally fit for purpose, with some minor amendments required to bring the document up to date.

How will success be measured?

- 56 Success will be measured by realising new DHN connections and increasing the heat demand on the network.
- 57 The addition of new customers will reduce carbon emissions in the city and contribute to the ambition of achieving net zero by 2030.
- 58 Success will be measured by the successful adoption of the LDO renewal and completion of proposed works for the scheme.

What is the timetable for implementation?

- 59 The council has already had to submit an initial change request to transfer the £2.438 million originally allocated for the connection to the eastern side of the Southbank to the 5 new proposed extensions, plus an enhancement of £0.437m to bring total funding to £2.875m, to meet the funder's deadlines. If approval is not received, this variation would be withdrawn.
- 60 To comply with the grant conditions and the construction timetable a contract has to be awarded to Vital Energi in February to enable materials to be ordered. Construction will begin in May and will be completed by December 2022.
- 61 The LDO will be considered adopted when approved by Executive Board and the Chief Planning Officer submits a copy, together with the statement of reasons, to the Secretary of State for Levelling Up, Housing and Communities.

Appendices

- 62 Appendix 1 – Exempt from publication under the provisions of Access to Information Procedure rule 10.4(3).
- 63 Appendix 2 - Leeds District Heating Network Local Development Order 3
- 64 Appendix 3 – Equality Impact Assessment Screening LDO3
- 65 Appendix 4 – District Heating Route Map

Background papers

- 66 None