

Heat Networks Policy Unit
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Dear Heat Networks Policy Unit,

ADEPT submission to Heat Network Zoning consultation

The Association of Directors of Environment, Economy, Planning & Transport (ADEPT) is the voice of place directors in county, combined and unitary local authorities. We develop, support, and represent our members to make their places more resilient, sustainable, inclusive, and prosperous.

Place directors are at the very heart of place-shaping, delivering universal services and leading partnerships to support their local environment, economy, and communities. They are responsible for providing day-to-day services such as local highways, waste and recycling, and planning. They develop the longer-term strategies, investment and infrastructure needed to make their places resilient, sustainable, inclusive, and prosperous. Place services are universal and are of critical importance to the wider prosperity and wellbeing of communities. They have high public visibility and value, and they deliver critical co-benefits to other council services.

General remarks

We strongly support all efforts to help meet the net zero 2050 target. As set out in our Strategic Plan for 2023-26, [Placing Communities First](#), the UK's legally binding carbon reduction targets can only be reached with the contribution of local authorities working at the local level. Properly empowered and resourced local authorities working with a wide variety of partners within their areas - including local people, businesses, community and voluntary groups - can support delivery of the necessary carbon reductions, improve climate resilience and help levelling up.

Along with our partners in the [Blueprint Coalition](#) we want to see a place-based approach to net zero that is underpinned by co-ordinated leadership, support and resource from central government. The net zero ambition must run through every strategy, policy and delivery plan, with no diluting of the scale and pace needed to reduce emissions rapidly now to avoid the need for costly remedial action in the future.

We support the ambition to develop heat networks as an essential part of the path towards decarbonising heat and thereby helping reduce emissions overall. We support the principle of identifying zones suitable for heat networks in order to give clarity, help to de-risk investment in

developing heat networks, and help to overcome the barriers to constructing and operating them. Heat networks are place-based and it is essential that local authorities have a recognised role in the identification, planning, construction and operation of heat networks in their area. However, we have some concerns about the wide range of proposed roles and responsibilities of Zone Co-ordinators, as described below. Whatever is decided, in order for heat networks to be successful, local authorities must have the additional funding, skills and capacity to undertake new roles effectively.

Some local authorities are already exploring the potential for heat networks in their area. For example, South Gloucestershire Council in partnership with the South West Net Zero Hub have just commenced a heat mapping study of existing residential areas to ascertain if a heat network or [heat networks](#) would be feasible, with heat sources potentially including former mine workings in the area, waste heat from Avonmouth and the energy from waste plant at Severnside.

Key issues in the consultation for local authorities are:

- Ensuring that the heat network policy and delivery aligns with other government policies and initiatives that impact locally – these include Local Plans, Local Area Energy Plans, levelling up, devolution deals and the simplification of local government funding
- the role and funding of the local Zone Coordinator
- the commercial delivery models for developing heat networks locally
- the implications for connecting the local authority's own buildings to a heat network.

Set out below are some observations on these, referenced where appropriate to the questions in the consultation document.

Policy alignment

The success or otherwise of heat networks will depend on a robust planning system requiring new developments to connect to, or be ready to connect to, the local heat network. The National Planning Policy Framework and emerging planning reforms should ensure that local authorities are able to require new development to connect to a heat network where one exists, or is proposed within the construction timetable for the development within a clear planning policy framework. This would provide clarity and assurance for building developers, and be reflected in land values when sites are acquired for development. Developers would then submit their proposals and planning applications with heat network connection (or being heat network ready for when a local network has been built) being the default position.

Many local authorities are developing Local Area Energy Plans (LAEPs). LAEPs do not have a formal place in the local planning system, unlike other mandated plans and strategies such as Local Plans, Local Transport Plans, and Local Nature Recovery Strategies. The consultation document (page 16) recognises 'policy interaction' here but does not go into detail other than referring to work in progress with Ofgem, DLUHC and others. Some existing LAEPs explicitly reference heat networks e.g. the [Greater Manchester LAEP](#) sets an ambition to connect an additional 8,000 homes to a network

within the next five years. When heat network zones are being developed, the Zone Co-ordinator consulting on the designation and boundaries of the zones should be required to demonstrate how they align with the LAEP, where one exists or is being prepared.

The government is continuing to negotiate devolving powers and funding to various local authorities and this has been given further statutory backing by the Levelling Up and Regeneration Act. We suggest that heat networks should be considered within the context of these devolution deals so that in addition to the designation of individual heat network zones there can be a strategic approach across a wider area. This would also mean that heat network proposals could be aligned with LAEPs and wider local climate action plans.

Role and funding of the Zone Co-ordinator

We agree that the Co-ordinator role should be voluntary and that there is no duty to do so in any circumstances. However, there is a danger that the proposed roles and responsibilities of the Zone Co-ordinator (page 20) are so wide-ranging and unclear that local authorities will be deterred from volunteering to be appointed (question 3).

Designation of heat network zones: it is proposed that Zone Co-ordinators designate zones and register them with the Central Authority (page 20). With a national zoning model that has already been applied, it would be preferable for the Central Authority to formally designate zones having first consulted local authorities and other statutory consultees on the proposed boundary of the zone and the proposed timetable for delivering it (question 4).

Zone delivery: this section of the proposal describes a procurement process from developing a prospectus to stimulate market interest through to awarding developer rights to a successful bidder and finalising the contractual agreements. There would be significant challenges for any local authority undertaking this part of the Zone Co-ordinator role. The proposal seems to be that the local authority/Co-ordinator should run a competitive process where different parties are bidding for the exclusive right to build and operate a heat network in a defined area. Elsewhere, it is suggested that this is a relatively quick and light touch process that doesn't require bidders to do prepare detailed designs and costings (page 64).

This seems a potentially fraught role requiring some level of technical expertise and capacity to evaluate bids and appoint a developer, and will be even more complex if the local authority wants to bid itself and/or if there is already an existing heat network operating within the area or part of it. If Zone Co-ordinators are required to take the lead in the procurement/delivery process it will be necessary to have clear evaluation and award criteria to mitigate the risk of challenges from unsuccessful bidders.

It might be preferable for the Central Authority to take the lead in the procurement process, using a standard contractual model but consulting the local authority/ies on specific local requirements to meet local needs. This would ensure a consistent approach across the country with a clear and co-

ordinated pipeline of projects coming to the market, enabling potential developers to identify when and where to bid and to propose potential economies of scale. One suggestion is that the Central Authority creates a framework or Dynamic Purchase System (DPS) that would allow the Zone Co-ordinators to make direct awards at different thresholds. This would ensure consistency of process and alignment with procurement regulations and value for money.

We understand that all local authorities within the area where the Central Authority identifies an indicative heat network zone will be notified approximately 12 months in advance of zone designation and asked whether they wish to become the Zone Co-ordinator. Where the proposed zone crosses two or more local authority boundaries, they will be required to nominate a lead authority (page 21).

Where there is no Zone Co-ordinator appointed and the Central Authority takes on this role in the local area, there should be an explicit requirement for the Central Authority to have regard to the views of the local authority(ies), and ensure that the development of the heat network aligns with local development, transport, and climate action plans. Just as it is being proposed that potential Zone Co-ordinators must meet minimum criteria before appointment ('fitness to operate assessment'), so the Central Authority must meet the same standards of governance – independence, accountability, engagement, transparency, and so on – in carrying out the role (question 5).

Funding: we welcome the recognition that Zone Co-ordinators will require extra funding (page 25). Given the extreme financial pressures that local authorities are now facing it is unlikely that any will ask to be appointed as a Zone Co-ordinator unless this is fully funded for the long term. Recent experience of new burdens funding in other policy areas is that funding is allocated too late, with unrealistic conditions and time constraints, and with no guarantee that ongoing funding will be provided in future years. Funding for the early stages of the heat network cycle – identification, designation, and delivery – will have to come from government. We agree that once networks are operational a greater proportion of the costs of the Zone Co-ordinator should come from the operator (question 7).

Commercial delivery models

The development of heat networks will require significant public, private and joint investment and there are a number of commercial delivery models (page 72). We recognise that in the current financial climate local authorities are unlikely to come forward to develop networks themselves but we do not think that option 4 'local authority delivered' should be ruled out as proposed (question 69). While local authorities are not in a position to use their general funds on heat network investment it is possible that some may wish to use innovative and specific funding to do so, such as crowd-funding or municipal bonds.

Local authority buildings

Local authorities will be keen to ensure that heat networks in their area are as comprehensive, low carbon, and efficient as possible and will therefore generally be willing to connect existing public buildings to the networks where this is technically feasible to do so (question 12). Where there are additional costs involved in making this feasible, this burden should not fall on local taxpayers but should be fully funded centrally. Similarly, new and refurbished public buildings should be 'heat network ready'. Again, where there are additional costs involved in making this feasible, this burden should not fall on local taxpayers but should be fully funded centrally.

I hope that these comments are helpful, we would be pleased to discuss any of these points in more detail.

Yours sincerely,



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