

Part 1: who holds Significant Managerial Responsibility or Influence in a council

The definition. Under Condition A3 of the authorisation conditions, a person holds SMRI where they play a role in deciding how — or in actually managing or organising how — “the whole or a substantial part” of the authorised person's activities are run. This assessment addresses the common case where the local authority itself is the authorised person (arm's-length structures are covered below). For most authorities the heat network is not a substantial part of the council's activities. Read literally, that drafting maps poorly onto a council — it was written for entities whose business *is* the heat network. Our interpretation is therefore purposive: the SMRI population is those with **effective decision-making authority over the regulated activity itself**. Ofgem's Registration Guidance supports that focus — SMRI holders may include not only directly employed staff but also certain advisors or consultants with effective decision-making authority.

TYPICALLY IN	TYPICALLY OUT	SPECIAL CASES
The delegated authority holder — the head of service or manager who holds delegated authority for the heat network under the scheme of delegation The accountable chief officer — the director above them (e.g. Director of Place, Environment or Housing) Contractors and managing agents — with effective decision-making authority over the regulated activity — on many LA networks the most significant SMRI holder is not a council employee at all	The ‘golden triangle’ — the Head of Paid Service, Section 151 Officer and Monitoring Officer are not ordinarily SMRI: their roles concern the governance of the authority as a whole, not the management of the regulated activity. They come into scope only if the network is a substantial part of the authority’s activities, or if they exercise direct managerial responsibility or effective decision-making authority over the regulated activity Elected members — oversight, policy and budget-setting through democratic processes is not managerial responsibility; authorities should record the rationale in the SMRI policy where members have been considered and determined not to fall within SMRI	Arm’s-length and wholly-owned energy companies — the company is the authorised person, and its board members are within SMRI scope for that company... ...including elected members appointed to that board — a councillor can be out of scope for the council and squarely in scope for the ESCO

Sources: Ofgem, Heat Networks Authorisation Conditions — decision (13 January 2026), Conditions A3 and A8; Ofgem, Heat Networks Registration Guidance v1.0 (23 January 2026), paras 3.37–3.42; Heat Networks (Market Framework) (GB) Regulations 2020 (S.I. 2020/1062), para 10.18; L1 and Paper 18.38. Policy generated in minutes Consistent with the Fit and Proper Persons Policy template (v9.6), HNC Policy Generator. © Sorted-IT (UK) Ltd 2026 · Heat Network Compliance · Opinion and general guidance, not legal advice · July 2026

Local Authority Governance vs Authorisation Condition A8

Part 2: mapping existing statutory controls to Ofgem's requirements — officer-level SMRI basis

Reading the table. Coverage records how far each A8 requirement is already met by controls the authority routinely operates today: **COVERED** — met by an existing control; cite it in the SMRI policy. **SUBST. COVERED** — substantially covered: the existing control meets most but not necessarily every element of the requirement as it applies to SMRI specifically; cite it and confirm its application to the SMRI roles. **PARTIAL** — met in part, at one point in time only, or for some officers only. **GAP** — not addressed by any routine control. **Residual action** is the additional step the authority must take, on top of its existing controls, to reach full compliance. Where a row refers to 'the SMRI policy', this means the fit and proper persons policy that AC A8 requires the council to hold — the document that names the SMRI roles and records how each criterion is checked against each officer. In every case the action is a declaration form entry, a register check, or a citation in that policy — **not a new HR process**.

A8 requirement	Existing LA control	Coverage	Residual action — what is actually needed
A8.2 — SMRI identification process	Constitution and scheme of delegation (LGA 2000 executive arrangements); officer delegations recorded	COVERED	Name the SMRI roles in the SMRI policy by reference to the scheme of delegation; record the elected-member exclusion rationale; review the population at each reassessment and on any restructure
A8.2 — robust appointment processes	Appointment on merit (LGHA 1989 s7); standing orders for chief officer appointment/dismissal (SI 2001/3384, incl. independent panel)	SUBST. COVERED	Cite the statutory basis in the SMRI policy and confirm it is applied to SMRI appointments specifically
A8.2 — governance and oversight	Monitoring Officer (LGHA 1989 s5); s151 duties (LGA 1972; LGFA 1988 s114); audit committee; internal audit	SUBST. COVERED	Cite as contributing governance in the SMRI policy, supplemented by the fit-and-proper-specific governance the policy itself establishes
A8.3.1 — Serious misconduct or mismanagement in any regulated sector	Disciplinary procedures address conduct in post; nothing examines conduct in prior regulated-sector roles elsewhere	PARTIAL	Add a declaration question covering responsibility for, contribution to, or facilitation of serious misconduct or mismanagement in any regulated activity, in any sector or jurisdiction
A8.3.2 — Unspent criminal convictions (esp. fraud, money laundering)	Pre-employment checks at recruitment only; DBS rarely applicable to these roles	PARTIAL	Add a self-declaration to the SMRI policy's assessment form, repeated each cycle. Lawful: ROA 1974 protects spent convictions only — A8 asks about unspent ones
A8.3.3 — Insolvency history (bankruptcy, debt judgments, CCJs)	s151 officer's professional body rules capture insolvency; no check for other officers	PARTIAL	Self-declaration plus a check of the public Individual Insolvency Register (bankruptcy and debt relief restrictions) for each SMRI officer
A8.3.4 — Director disqualification (CDDA 1986)	None — disqualification does not bar council employment, so HR never checks	GAP	Check each SMRI officer against the Companies House disqualified directors register — free, public, minutes per person; record a nil return
A8.1/A8.2 — Honesty, integrity, conduct (general fitness)	Officer code of conduct; pecuniary interest rules (LGA 1972 s117); Nolan principles; disciplinary procedures	PARTIAL	Cite codes of conduct and disciplinary record as evidence, and add an ongoing honesty and integrity limb to the periodic assessment — conduct frameworks are not, by themselves, an ongoing fitness assessment
A8.1/A8.2 — Professional competence (general fitness)	LGFA 1988 s113 (s151 professional membership); JNC terms; appraisal	PARTIAL	Evidence via appointment records, professional memberships, appraisal, and any role-specific qualifications where applicable; hold on the individual's assessment record
A8.3.5 — Last Resort Supply Directions	None	GAP	Add a declaration question: has the individual held SMRI in a supplier subject to an LRSD? No public register exists — self-declaration is the practicable check
A8.3.6 — Special Administration Orders	None	GAP	Add a declaration question: has the individual held SMRI in a person subject to an SAO? Rare events — self-declaration is proportionate
A8.3.7 — Tribunal-appointed manager (LTA 1987 ss24/24ZA)	None	GAP	Add a declaration question: has the individual been a relevant person in respect of premises to which a tribunal has appointed a manager under s24 or s24ZA of the Landlord and Tenant Act 1987?
A8.3.8 — Rogue landlord database	None — councils administer the database but never check their own officers against it	GAP	Where the authority has lawful access and an appropriate legal basis, undertake a database check or obtain confirmation from the relevant housing enforcement function; record the outcome
A8.3.9 — Relevant Orders under the Housing Act 2004	None — the authority issues these orders to others but does not screen its own officers	GAP	Declaration question using the condition's defined term: owned or managed premises made the subject of a Relevant Order — a prohibition order (ss20–21), demolition order (s46), or interim or final management order (ss102–103) of the Housing Act 2004 — plus a check of the authority's own enforcement records where lawfully available
A8.3.10 — Regulatory action history	None	GAP	Declaration question: any authorisation refused, revoked, restricted or terminated, or any disciplinary, compliance, enforcement or regulatory action — any regulator, any sector or jurisdiction
A8.2.2 — Periodic reassessment (3-year declaration expiry)	None — appraisal and disciplinary processes are not fitness reassessment	GAP	Adopt a maximum 3-year reassessment cycle with trigger events (role change, adverse information); apply it to serving officers with SMRI, not only new appointments (AC A8.2.2; Reg. Guidance para 3.40 — declarations expire after 3 years)

Most requirements are already met in whole or substantial part through existing local authority governance arrangements; the remaining gaps are principally addressed through declarations, register checks and periodic reassessment. **Local authority governance is the foundation of A8 compliance, not a substitute for it:** in our view no new HR policy is required, but the SMRI policy document, the sector-specific checks and the reassessment cycle must be added.

Classification tally: one covered, two substantially covered, five partial, eight gaps. Coverage is assessed against what an authority routinely does, not what it could lawfully do. Basis: the SMRI population identified on page 1 — officers holding delegated authority for the regulated activity, the accountable chief officer above them, and any contracted operator with effective decision-making authority; elected members excluded via a documented scheme-of-delegation rationale, reviewed each cycle.