



Energy (Gas and Electricity) Supply Contracts, frequently asked questions

January 2024

Below is a set of frequently asked questions and answers to provide you with further information on the proposed contract for the supply of electricity and gas to relevant Lambeth Housing Buildings.

Why have I received this Section 20 notice?

The London Borough of Lambeth is seeking to enter into a long-term contract for the bulk purchase and supply of gas and electricity.

You have received a S20 notice because you are a leaseholder, and you may incur future service charges in respect of the costs of services this contract will provide which Lambeth will seek to recover.

As part of its role as your landlord, the council provides communal electricity for block lighting, estate lighting, and other purposes, all of which are recharged through the annual service charge. Additionally, communal gas is supplied through district and communal heating networks in certain blocks where such heating is provided, and this is also recharged as a service charge.

Please do take the time to watch a short (5 minute) film which explains what a Section 20 notice is and what this means for you: bit.ly/S20Film.

Can I opt out of receiving these contracts?

No. As your landlord, we have an obligation under the lease to supply gas and electricity where required to our housing estates/buildings. This consultation does, however, give you the opportunity to share your views on the proposed contract award.

What energy supply are you referring to?

Communal Gas is supplied through district and communal heating networks in certain blocks providing heating and hot water. Electricity supplies block lighting, estate lighting, lifts, and other purposes. Both communal gas and electricity are recharged through the annual service charge.

This contract is not applicable to me, so why am I being consulted, and will I be charged?

This is a borough-wide consultation; hence we consult with all homeowners. You will only be charged if you receive this supply.

How will I be charged? Where do these fees show up in our service charge bill? Are they separate?

This is a borough wide consultation on the contract only. If you do not receive the electricity or gas supply covered by the contract, you will not be charged.

If you are eligible to be charged, you will be charged for the services provided by the contract in your yearly service charges (Estimates every March, Actuals every September).

Why are we proposing to enter into a long-term agreement?

A qualifying long-term agreement (QLTA) is one that lasts longer than 12 months. The LASER framework qualifies as a qualifying long-term contract (QLTA) due to its duration exceeding 12 months and the resulting energy supply costs exceeding £100 per annum for leaseholders within council blocks and estates.

Can you explain how Lambeth will be procuring the contract?

Since November 2019, the council has been procuring energy through the LASER framework, which operates as a not-for-profit organisation established by Kent County Council.

LASER leverages both internal and external sources of market intelligence to determine the optimal timing for negotiating prices on behalf of over two hundred public sector customers. This approach allows the council to access wholesale market prices, typically more cost-effective than retail prices. This procurement method was adopted by the council to mitigate the risk of fixing all of the council's fuel costs on a single day at a potentially unfavourable rate.

More information about Laser can be found here: www.laserenergy.org.uk/what-we-do/frameworks/

The Energy Suppliers who will be responsible for the supply and administration of the gas and electricity supplies to council sites have been appointed by LASER onto their frameworks following an Open tender process through the Find a Tender system:

Electricity: Electricity Flex 2024 – 2028 (laserenergy.org.uk)

www.laserenergy.org.uk/what-we-do/frameworks/electricity-flex-2024-2028/

Gas: Gas Flex 2024 – 2028 (laserenergy.org.uk)

<https://www.laserenergy.org.uk/what-we-do/frameworks/gas-flex-2024-2028/>

My estate is managed by a Tenant/Resident Management Organisation (TMO/RMO). Do these contracts apply to me?

This notice is a borough-wide consultation sent to all homeowners from whom Lambeth may seek to recover costs of these contracts.

You may receive some or all these services directly by your TMO or RMO, this depends on the Management Agreement in place between the council and your TMO/RMO.

If all the services within these contracts are currently delivered by your TMO/RMO there is no intention of imposing these services over the current arrangement. Once any proposed new contract(s) go live, you will continue to receive your services via your TMO/RMO as you do now.

In the future event the TMO/RMO wishes to outsource a service, or already does outsource the workstream to Lambeth, then these contracts will be in place for this eventuality.

What is the proposed scope of the long-term agreement?

The council is proposing to continue using the LASER Energy Frameworks. Under the arrangements, Lambeth's energy portfolio is aggregated with that of other public bodies. This enables LASER, and not the energy suppliers, to purchase energy requirements direct from the wholesale market to access reduced traded prices. Through these arrangements the council's energy requirements is purchased in a risk managed manner over a 12-month period enabling it to benefit from any downward movements in the wholesale energy market. This procurement method was adopted by the council to mitigate the risk of fixing all of the council's fuel costs on a single day at a potentially unfavourable rate.

How long will the agreement last?

The framework contracts the council is proposing to enter into run for a duration of 4 years.

Can I nominate a supplier?

No. Under the consultation regulations and due to the value of the contract, you do not have the opportunity to propose the name of a person or company from whom we should try to obtain services.

What is Dispensation, and why is Lambeth Council seeking dispensation?

In this instance, adhering to the consultation regulations as outlined in the legislation is not feasible for these energy QLTA's. This is because the service charge cost of energy is not predetermined, and unit rates are subject to ongoing purchasing for the best prices.

How will the council ensure costs are kept to a minimum and best value for money is achieved?

The proposed contracts enable the council to benefit from economies of scale in collaboration with the public sector customers managed by LASER so energy can be purchased direct from the wholesale market, typically more cost-effective than retail prices.

Through the arrangements the council utilises LASER's expertise, sophisticated tools, and market expertise to enable optimal energy purchasing, providing protection from general market volatility, to benefit from any downward price movements.

The approach seeks to achieve prices for the council that mitigate the wholesale market highs and correlate against the prevailing average wholesale market prices.

Are there any grants available to assist residents with their energy bills?

Further information on support on the Cost of Living, Money and Debt can be found on the council's [website](#).

What energy efficiencies are the council putting in place to reduce carbon emissions and energy consumption?

Separately, the council is rolling out heat metering to twenty estates that were previously on a fixed cost communal heating system. Once installed this will ensure energy usage is kept to reasonable levels as residents will then be responsible for the cost of their individual energy consumption.

The replacement of two thousand old and inefficient domestic boilers every year for new efficient ones that can be converted to a hydrogen blend in the future if needed, as well as replacing some of our older commercial boilers with electric boilers.

All our emergency lighting, block lighting and housing-based street lighting is being replaced by low energy light emitting diodes (LEDs).

How will you ensure the contracts are robustly managed?

The contracts will be managed by the council's Procurement team.

Service Level Agreements and Key Performance Indicators have been established as part of the LASER framework. The council have the right to enforce Poor Performance Remedies (PPRs) for the breach of established service levels.

How does the procurement of new service contracts affect the services I currently receive?

There will be no impact to the services you are currently receiving.

What are the next steps?

The next step is to consult with you about our intention to enter into new gas and electricity supply contracts. Once the observation period is closed and all observations have been responded to with due regard, Lambeth will make arrangements to access the LASER framework to enter into gas and electricity supply contracts with their appointed framework suppliers. You will receive a further Section 20 notice detailing the Suppliers Lambeth is proposing to enter contract with.

Following the observation period, the council will be submitting an application to the First-tier Tribunal (Property Chamber) (the “FTT”) seeking dispensation from the usual consultation requirements. The tribunal is well aware of these circumstances and has been handling energy QLTA dispensation applications for many years.

Who do I contact about the current service providers?

If you wish to speak about your service charge account or leasehold services, please contact Homeownership Services on:

- Phone: 020 7926 1116
- Email: HMHomeownership@lambeth.gov.uk
- Address: London Borough of Lambeth, Homeownership & Rents, PO Box 80771, London, SW2 9QQ

If you would like to discuss this set of frequently asked questions, please contact the S20 Consultation Team (Major Works) on:

- Phone: 020 7926 6521
- Email: S20Consultation@lambeth.gov.uk
- Address: London Borough of Lambeth, S20 Consultation (Major Works), PO Box 80771, London, SW2 9QQ