

**The Current Lessee(s)**

«ADD\_1»  
«ADD\_2»  
«ADD\_3»  
«ADD\_4»  
«ADD\_5»

Property Reference: «PROP\_REF»  
Property Address: «PROPERTY\_ADDRESS»  
Scheme Reference: ENERGY\_SUPPLY\_CONTRACT  
Date: 15 March 2024

Dear Current Lessee(s),

**Energy Supply Contract – more information, please read carefully.**

I wrote to you on the 15 January 2024 to consult with you on the proposal to **enter a new contract** for the supply of electricity and gas on Lambeth Housing Estates and buildings.

This letter is the second and final part of that consultation process and relates to the future service charges which Lambeth may recover from homeowners in respect of the costs of electricity and gas supplied to Lambeth Housing Estates and buildings.

**This letter is not advising that you require major works to your building and/or estate – it is consulting you on a proposed contract only.**

The London Borough of Lambeth proposes to enter into Access Agreements to utilise the LASER Energy Framework Arrangements for a duration of 4 years. As part of the arrangements, we will utilise LASER's appointed energy framework suppliers through the frameworks Call-Off Contracts. This will cover the supply period 1 April 2025 to 31 March 2029.

**Full Details of Proposed Suppliers**

**Electricity: Npower**

The registered office is Westwood Way, Westwood Business Park, Coventry, CV4 8LG.  
The company number is 03653277. Npower is an OFGEM registered Electricity Supplier.

## **Gas: Total Energies**

The registered office is Bridge Gate, 55 - 57 High Street, Redhill, Surrey, RH1 1RX. The company number is 02172239. Total Energies is an OFGEM registered Gas Supplier.

## **Pricing Schedule**

In line with Regulation 5(2) and paragraph 4(7) of Schedule 2 of the Regulations, it is not possible to state a leaseholder's relevant contribution, given the costs ultimately estimated to be incurred will not be determinable until May 2025. We expect to be able to provide the rate in June 2025.

Under the arrangements the Council's rates are renewed each year on the 1 April and fixed for a 12-month duration. To meet the energy requirements for this period, we procure energy in advance over a 12-month window leading up to the start of each contract on 1 April.

Therefore, the fixed rates for the period 1 April 2025 to 31 March 2026, will be purchased during the financial year 2024-2025. The energy purchased over this procurement window needs to be consolidated to determine the unit rates the Council will be charged for the supply period. These rates will be known in May 2025, and therefore the Council will be able to provide this information to residents in June 2025. This cycle of energy purchasing continues up to the 31 March 2028.

## **Connection between London Borough of Lambeth and the Proposed Supplier**

For the purposes of paragraph 4(3) of Schedule 2 of the 2003 Regulations, there is no connection between the Landlord, and Npower, or Total Energies.

## **Observations**

Observations were received in response to the letter dated the 15 January 2024 and a summary of these, along with the responses, are attached.

You may have already been in contact, but now that you have more information, you may wish to get in contact again. If you do, I invite you to send in your written observation in relation to the proposed contract. Your observation (should you choose to send one in) must be delivered to the address below by the 16 April 2024. This allows for 30 days consultation and a further 2 days for postage time. In total, this is 32 days from the date of this letter and when the relevant period ends.



Below are some ways you can send in an observation if you choose to.

- Online via our E-Form: [bit.ly/S20eform](https://bit.ly/S20eform) or alternatively, scan the QR code at the end of this letter.
- Email [S20Consultation@lambeth.gov.uk](mailto:S20Consultation@lambeth.gov.uk)
- Write to: S20 CONSULTATION, London Borough of Lambeth, PO Box 80771, London, SW2 9QQ.

If you choose to contact us, please include reference **ENERGY\_SUPPLY\_CONTRACT** and make it clear you are sending in a Section 20 Observation. By doing this, you are ensuring it gets to the correct team quickly.

Alternatively, you may find it easier to call and speak with someone directly. Our friendly team are here to answer any questions you have. You can call the team directly on 0207 926 6521 Monday to Friday 9am to 5pm.

### More information

A set of updated frequently asked questions can be found here: [bit.ly/S20BoroughwideConsultation](https://bit.ly/S20BoroughwideConsultation). If you do not have access to view documents online, please telephone 0207 926 6521.

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](https://bit.ly/S20Film).

Thank you for taking the time to read this letter carefully.

Kind regards

*Karen Kellaway*

Karen Kellaway  
Major Works Income Team Manager  
Housing Capital and Asset Management

Housing and Adult Social Care  
0207 926 6521  
[S20Consultation@lambeth.gov.uk](mailto:S20Consultation@lambeth.gov.uk)  
[www.lambeth.gov.uk](http://www.lambeth.gov.uk)



## Summary of Observations

Observations were received in response to the letter dated the 15 January 2024 and a summary of these, along with the responses, are below. An updated set of frequently asked questions can be found here: [bit.ly/S20BoroughwideConsultation](https://bit.ly/S20BoroughwideConsultation).

*The Notice of Intention didn't provide enough detail.*

I am sorry to hear you felt the Notice of Intention did not provide sufficient detail for you to comment. Whilst the Notice of Intention does fulfil all of the legislative requirements, I can understand there is a fine balance on providing the required information versus extensive detail, which can often overwhelm residents causing confusion and worry.

*Nothing has been provided regarding proposed changes to the cost of energy.*

At present, this notice is advising the council wishes to enter into a contract with a provider, but at this point in time, we do not know who that provider will be.

However, we understand the importance of openness and would like to direct your attention to the Frequently Asked Questions section, which offers insights into the current contract administered through LASER—a company owned by Kent County Council. LASER is one of the largest energy buying organisations in the UK and has supported public sector organisations with energy procurement for over 30 years.

The Council, worked together with the London Energy Project (“LEP”) who represented its thirty-six member authorities to strengthen purchasing power – and from 2019, established a framework agreement with LASER. The Council, along with the majority of LEP members utilise these arrangements to access pre-negotiated contracts with energy suppliers. Through this arrangement, the Council can directly procure energy from the wholesale market, securing favourable traded prices. By participating in this collective approach, the Council adopts a risk-managed strategy for procuring its energy needs over a 12-month period. This approach allows us to capitalise on downward movements in the wholesale energy market, offering a safeguard against fixing all fuel costs on a single day at potentially unfavourable rates.

As soon as the council has received a unit cost, we will write to you to inform you of this. For the time being, the consultation notice is to consult about entering into a contract to procure a provider.

*Unfortunately both the bit.ly link and the QR code are not working, so recipients are unable to respond.*

All the links within the letter have been checked and residents have confirmed via telephone they were able to access the relevant pages. When using the bit.ly links, it is important the link is copied exactly, this includes capital letters. I have included the links again below for your ease.

[bit.ly/S20eform](https://bit.ly/S20eform)  
[bit.ly/S20BoroughwideConsultation](https://bit.ly/S20BoroughwideConsultation)  
[bit.ly/S20Film](https://bit.ly/S20Film)

S20 Consultation  
London Borough of Lambeth  
PO Box 80771  
London, SW2 9QQ

[S20Consultation@Lambeth.gov.uk](mailto:S20Consultation@Lambeth.gov.uk)  
Telephone: 020 7926 6521  
[Lambeth.gov.uk](https://Lambeth.gov.uk)



INVESTOR IN PEOPLE

*I do not think this letter constitutes a valid Section 20 notice.*

The notice of intention sent aligns with the requirements outlined in Schedule 2 of the Service Charge (Consultation Requirements) (England) Regulations 2003. Please review the regulatory requirements within the below extract, which can also be found on the [legislation.gov.uk](http://legislation.gov.uk) website.

*Notice of intention*

1.—(1) The landlord shall give notice in writing of his intention to enter into the agreement

- (a) to each tenant; and
- (b) where a recognised tenants' association represents some or all of the tenants, to the association.

(2) The notice shall—

- (a) describe, in general terms, the relevant matters or specify the place and hours at which a description of the relevant matters may be inspected;
- (b) state the landlord's reasons for considering it necessary to enter into the agreement;
- (c) where the relevant matters consist of or include qualifying works, state the landlord's reasons for considering it necessary to carry out those works;
- (d) state that the reason why the landlord is not inviting recipients of the notice to nominate persons from whom he should try to obtain an estimate for the relevant matters is that public notice of the relevant matters is to be given;
- (e) invite the making, in writing, of observations in relation to the relevant matters; and
- (f) specify—
  - (i) the address to which such observations may be sent;
  - (ii) that they must be delivered within the relevant period; and
  - (iii) the date on which the relevant period ends.

*I have spoken to a few other people who were equally confused by this letter.*

In the past, notices have been sent containing information and details over and above the information legislatively required; and have been met with high levels of dissatisfaction due to confusion, worry and uncertainty of not being able to understand the contents. To reduce this, the notice has been kept to the legislative requirements, with supporting FAQs on the website. A very small number of observations have been received noting a request for further clarity (0.19% of the correspondents written to), including yours.

UPDATE: This letter resulted in a final resident response rate of 0.30%.

*You have stated that we do not have the right to nominate providers as "public notice has been given", yet you have not provided any information as to where this public notice can be found.*

The information you request on the public notice can be found within the set of FAQs and I have included the links below for ease of reference.



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](http://laserenergy.org.uk))

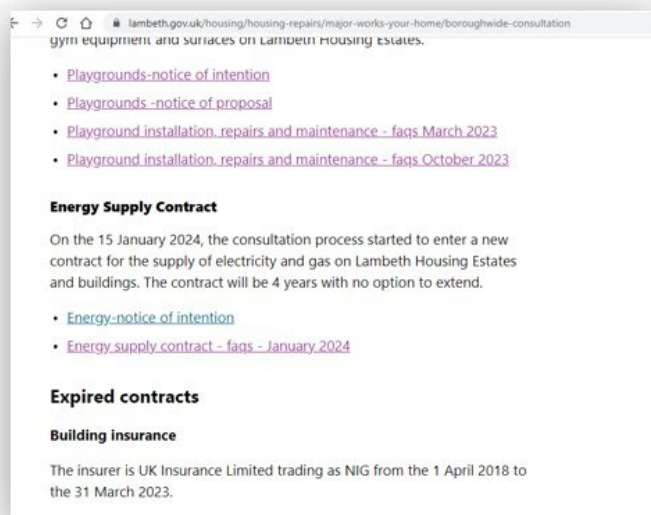
[www.laserenergy.org.uk/what-we-do/frameworks/electricity-flex-2024-2028/](http://www.laserenergy.org.uk/what-we-do/frameworks/electricity-flex-2024-2028/)

Gas: Gas Flex 2024 – 2028 ([laserenergy.org.uk](http://laserenergy.org.uk))

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

*The letter includes a link to frequently asked questions: [bit.ly/S20BoroughwideConsultation](http://bit.ly/S20BoroughwideConsultation), but there is no mention of energy supply contracts.*

The notice includes a link to frequently asked questions which can be found here: [bit.ly/S20BoroughwideConsultation](http://bit.ly/S20BoroughwideConsultation). Please find a screen shot of the section you require.



*I arrange my own electricity and gas supply to my property. How does this contract affect me?*

Having looked at your recent service charge invoice I can see you pay towards block and estate communal electricity and as such, this contract will not affect your own electric and gas supplies to your own meter in your property. The contract does impact on you, in that any future provider will supply the electricity (block and estate) that you will subsequently be charged for within your service charge invoices.

*I would expect that Lambeth Council will be moving to a green tariff with a renewable energy supply for this contract, in line with your climate action plan.*

The Council through its current arrangements with LASER is supplied 100% Renewable Energy Guarantee Origin (REGO) traceable green electricity.



The proposed new contracts will offer the Council several options in relation to the procurement of renewable energy moving forward.

*Why is the new contract proposed 4 years in length given the volatile nature of the energy market and current high prices? Residents could be locked in to paying high prices after potential a potential drop in the future.*

The framework contracts the council is proposing to enter into run for a duration of 4 years. Whilst the gas and electricity suppliers will remain the same for the framework duration - prices are renewed each year on the 1 April, with the energy requirement purchased in advance over a 12-month procurement window (each year) up to the 1 April contract start date.

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. Purchasing in a risk managed manner over a 12-month period enables the Council 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. The energy prices achieved by LASER are then combined with the energy supplier's costs to serve and energy industry charges to determine the fixed rate for each Council supply point for a 12-month period.

*What efforts are being made to drive demand reduction across the area covered by the contract?*

The arrangements will support a number of back-office efficiencies which include electronic consolidated billing to facilitate efficient payment, energy data retention and payment allocation, the availability of supplier online portals for query tracking and resolution, copy invoice availability and reporting. The data held is central in enabling the Council to reduce and report against its Carbon emission targets.

The Council's initiatives in relation to Climate Change and Sustainability can be viewed here: <https://www.lambeth.gov.uk/environmental-services/climate-change-sustainability/council-committments>

*What steps are being taken to install meters for all individual properties where Lambeth is the freeholder in order to all residents full control of their energy use, and therefore help with demand reduction?*

Lambeth may be required to install heat meters in individual properties under the heat metering and billing legislation in communal blocks and we are currently carrying out metering cost effective assessments of our stock to identify what blocks we will be required to have them installed.

*Is Lambeth part of a group purchasing scheme / public buying organisation?*

LASER is a Public Buying Organisation who aggregates Lambeth's energy requirement with that of other public bodies in its portfolio.



*To what extent and how are alternative electricity energy suppliers given access to the LASER framework and what will Lambeth do to promote this?*

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.

*How is Lambeth and the LASER framework leveraging the companies we buy energy from to provide practical and financial help to leaseholders for energy improvements in their homes?*

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.

Energy efficiency assistance for Lambeth residents can be found on the Council's website: <https://www.lambeth.gov.uk/environmental-services/climate-change-sustainability/buildings-energy/save-energy-keep-warm-your-home/energy-efficiency-grants-advice-services>

*What has been the performance of the LASER framework vs spot buying on the market?*

LASER are required to have robust Governance procedures in place to agree, oversee and review purchasing strategies. A Governance Panel operates to ensure LASER develops and executes appropriate buying and risk management strategies for the flexible procurement of its customers' energy requirements. Their trading activity is independently audited.

LASER have demonstrated prices for the council that mitigate the wholesale market highs and correlate against the prevailing average wholesale market prices.

*What other alternatives to LASER are being considered and what are the assessment criteria?*

Lambeth could not procure its energy requirements from the wholesale energy market on the size of its portfolio alone, this option would prevent the Council from the benefits of collaboration and deny the Council accessing the wholesale energy markets where energy is traded at discounted rates. Professional Buying Organisations (PBO's) have been identified as having the capability to meet the authorities risk managed flexible energy procurement requirements, with these routes to market independently reviewed.

The suppliers who tendered for the opportunity were assessed on both their Quality and Price to deliver the required services.

*What will be the Service Level Agreement (SLA) and how are these agreed?*

Service Level Agreements (SLAs) have been drawn up together with Key Performance Indicators (KPIs) to monitor performance as part of the framework arrangements. Regular reviews of supplier operation will be carried out during the framework's lifespan through reporting and regular meetings, as part of the supplier management program.





SLAs used to monitor and measure the arrangements include:

- Customer Portfolio Maintenance
- Registration Process
- Site Addition Pricing
- Price Breakdown
- Query Management
- Meter Readings
- Debt Focus
- Invoicing
- Rebates and Reconciliation
- Management Information

*What will be the process / opportunity to extract ourselves from the 4-year commitment if performance is not meeting the SLA?*

If a Supplier fails in any respect to perform in accordance with this SLA poor performance remedies can be applied. The Council has the ability to terminate arrangements if there is a material breach by the supplier which cannot be remedied.

*Can you please provide more details as to how energy use is measured? For example, under a residential contract, we have to provide regular meter readings to the provider and when we don't, the provider makes an estimate based on past behaviour. How does it work under this contract?*

It will work the same way under the proposed contracts. The energy is measured through meters which energy billing is based upon.

*Is the framework subject to government caps on electricity costs?*

Under the proposed new arrangement, the Council and LASER will continue to ensure any automatically applied caps / discounts are implemented and will apply for discounts / support for qualifying supplies where applicable.

*Under the heading "Procurement" you say: "Under procurement and consultation regulations ..." but you do not tell me under what regulations I "do not have the right to nominate ...." Please inform me of the applicable regulations and how it is that they are applicable.*

The notice of intention sent aligns with the requirements outlined in Schedule 2 of the Service Charge (Consultation Requirements) (England) Regulations 2003.

It is for this reason that the Council has attempted to comply with as much of the relevant parts of the consultation regulations as possible. Notwithstanding this, the Council is alive to the fact that entering into an energy supply contract does not enable the Council to fully comply with the regulations. Therefore, it will have to seek dispensation from the First-tier Tribunal (Property Chamber) from the requirements to have fully consulted.

However, it is crucial to acknowledge that entering into an energy supply contract presents challenges in fully complying with these regulations.



Consequently, the Council is aware that seeking dispensation from the First-tier Tribunal (Property Chamber) will be necessary to address the requirements for full consultation. We understand the importance of this process and are committed to navigating it diligently to ensure transparency and compliance.

The Tribunal have been dealing with this scenario for many years. Please see the below decisions from the Tribunal dated 2009, 2020 and 2023.

<https://www.gov.uk/residential-property-tribunal-decisions/long-residential-leaseholders-in-the-borough-subject-to-communal-electricity-and-gas-supplies-lon-slash-00ag-slash-ldc-slash-2022-slash-0190>

<https://assets.publishing.service.gov.uk/media/5f565955e90e07099c4ba541/LBBarkingDagenham.pdf>

[https://www.wandsworth.gov.uk/media/7087/gas\\_and\\_electricity\\_decision.pdf](https://www.wandsworth.gov.uk/media/7087/gas_and_electricity_decision.pdf)

*How is it that these are “frequently asked questions”? I have made some enquiries and it appears that you have not previously (or at least not for a very long time) consulted leaseholders about gas and electricity QLTA’s.*

The S20 Consultation Team have sent out several borough wide consultation notices which result in commonly asked questions via digital correspondence, letter, and telephone. In preparation for the large mailings and to be as helpful as possible, a set of frequently asked questions is created that pre-empt the most asked questions e.g. Why have I received this Section 20 notice?

*If it is intended that any other parts of or entities in Lambeth will also be supplied by the same gas and electricity contracts, please provide generic descriptions of all those other parts or entities.*

The Council’s corporate gas and electricity contracts cover the supply of gas and electricity to Council office buildings, community centres, parks and open spaces, street lighting, schools, and social housing communal supplies (communal boilers/staircase/corridor lighting and lifts).

*It appears from the answers in the FAQs that the Council has decided to obtain gas and electricity through LASER. Is this correct?*

Yes.

*Can you explain “how” Lambeth will be “procuring” the contract (and I think it is probably more than one contract). This should please include the application of all relevant laws.*

Under the arrangements, Lambeth’s energy portfolio is aggregated with that of other public bodies managed through LASER. This enables LASER, and not the energy suppliers, to purchase energy requirements direct from the wholesale market to access reduced traded prices. Purchasing in a risk managed manner over a 12-month period enables the Council 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. The energy prices achieved by LASER are then combined with the energy supplier's costs to serve and energy industry charges to determine the fixed rate for each Council supply point for a 12-month period.

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. There will be one supplier appointed for the supply of Electricity and one supplier appointed for the supply of Gas.

*Please provide copies of all documents including all internal Council approvals and documents supporting those approvals.*

Under procurement rules this information would be commercially sensitive under S21 of the Public Contracts Regulations and as such, the requested documents are commercially sensitive.

The Cabinet Member Delegated Decision Report detailing the proposed award of the contracts together with the supporting information and reasoning will be published on the Council's website: <https://moderngov.lambeth.gov.uk/mgDelegatedDecisions.aspx>.

*You do not tell me what "Dispensation" is. Please do.*

A party may apply to a court or a tribunal to avoid serving a notice under a legal procedure. If they succeed, the court or tribunal issues a dispensation from serving that notice.

*Under the question, "How will the council ensure costs are kept..." what is meant by the word "correlate". I have checked the meaning of the word and the definition I have seen is "have a mutual relationship or connection, in which one thing affects or depends on another". If this is the meaning you intend please explain how it fits the facts given. If it is not the meaning you intend, please explain what it is that you are trying to say.*

The rates secured by the Council is connected to wholesale market prices. Through the 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, smoothing out energy prices through a series of purchases over the procurement window. 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.

*In yet further answer to your "Next steps..." question you say that you will be seeking dispensation from the usual consultation requirements. As you have said that there will be a "further Section 20 notice", will that "further Section 20 notice" be a third Section 20 notice? I ask this because your letter dated 15 January 2024 seems to be some sort of Section 20 notice; then there is the "next step" consultation which must be some sort of Section 20 notice; and then you also say there will be a "further Section 20 notice". Please explain.*



Pending the current consultation and all Observations being responded to with due regard, the consultation for the Notice of Intention will be formally closed. Residents will receive then receive a Notice of Proposal, which is the next step in this consultation process. The correspondence sent to you dated the 15 January 2024 is a Notice of Intention issued under Schedule 2.

*The last question in the FAQ list is: "Who do I contact about the current service providers?" Please inform me of the gas and electricity prices obtained by the Council throughout the duration of the current LASER arrangement and when each price was set and for what period did it continue.*

Each supply point on the Council's corporate energy supply contract arrangement is uniquely priced. Under the arrangements rates are renewed each year on the 1 April and fixed for a 12-month duration, with the energy requirement for this period purchased in advance over a 12-month procurement window (each year) up to the 1 April contract start date (e.g. the energy requirements are purchased from 1 April 2020 up to the 31 March 2021, to establish the fixed rates for the period 1 April 2021 to 31 March 2022).

*Please also tell me what gas and electricity tariffs or rates applied to leaseholders throughout the duration of the current LASER arrangement and in each case please provide full details of any part of the tariffs or rates that are over and above the cost to the Council of the gas and electricity obtained through the LASER arrangement.*

Each supply point on the Council's corporate energy supply contract arrangement is uniquely priced. Information on the rates and the corresponding service charges for your address can be obtained from Homeownership Services on the contact details provided within the FAQs.

*Where any tariffs or rates are not all the same, please explain the difference(s).*

Each supply point on the Council's corporate energy supply contract arrangement is uniquely priced. In addition to the unit rates for energy, a number of other factors will influence charges including the estimated annual consumption, profile class, and non-commodity industry charges.

*Why do we need to change our present Contractors?*

The Council's current supply arrangements come to an end on the 31 March 2025. The Council is proposing to renew its arrangements with LASER for continued use of their energy procurement and supply frameworks.

*How long have the current providers been employed by Lambeth?*

The Council has utilised LASERS energy procurement and supply contracts since the 1 April 2020.

When does their contract end?

The Council's current supply arrangements comes to an end on the 31 March 2025.



*How many new Contractor(s) Responded?*

This is commercially sensitive information held by LASER.

*How many were chosen and what is the start date of the contract?*

This can be viewed following the links below:

Electricity: Electricity Flex 2024 – 2028 (laserenergy.org.uk):  
<https://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/>

LASER has selected the suppliers on their Frameworks. The Evaluation information commercially sensitive information held by LASER. The framework contracts the council is proposing to enter into run for a duration of 4 years, with the energy supply period commencing on the 1 April 2025.

