

4th March 2015



NOTICE OF INTENTION TO ENTER INTO A LONG TERM AGREEMENT FOR WHICH A PUBLIC NOTICE IS REQUIRED
Section 151 Commonhold and Leasehold Reform Act 2002 - Schedule 2

To all leaseholders of the London Borough of Camden and all recognised tenants' associations.

Lease Address: Flat 1, Goldthorpe, Camden Street, London, NW1

It is the intention of London Borough of Camden to enter into 2 long term agreements with Procurement Service Providers (agents) for electricity supplies and bulk gas supplies in order to obtain competitive prices for landlord gas and electricity supplies. This contract will affect properties receiving landlord electricity supply and communal gas supplies (including heating, hot water and cooking) across the borough of Camden.

This notice concerns the Gas and Electricity supply to the above leasehold property.

1. This qualifying long term agreement is with LASER (Kent County Council) to procure flexible framework supply contracts from energy suppliers to enable access to the wholesale energy markets for the purchase of gas and electricity. The existing Leasehold Valuation Tribunal decision permits Camden to procure energy suppliers in this way until 30th June 2016.

The flexible supply contracts will meet current Best Practice Guidance recommended by the London Energy Project (LEP). LEP aims to promote best practice energy procurement in the public sector. This contract will enable Camden to operate cost effective risk managed energy supply agreements.

2. In this instance Camden will not be inviting leaseholders and recognised tenants' associations to nominate a firm. This is because the total value of this agreement exceeds the notional value of the European Union procurement rules.
3. We invite you to make written observations by sending them to London Borough of Camden, Camden Town Hall, Judd Street, London, WC1H 9JE, or by emailing: capitalservices@camden.gov.uk quoting **14/214** and [redacted] in the subject line.
4. The Council considers it necessary to enter into the Agreement for the following reasons. As your landlord, the Council has to meet certain obligations under your lease, in particular with regards to the supply of gas and electricity.

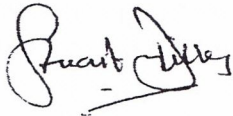
In order to provide these services, the Council needs to ensure that suitable contracts are in place.

Observations must be made within the consultation period of 30 days from the date of this notice. The consultation period will end on **8th April 2015** and all observations need to be received by this date.

Please note that the Leasehold Valuation Tribunal have already awarded Camden Dispensation from the consultation process for 5 years commencing from 30th June 2011.

6. Camden estimates the total value of the agreement with LASER (Kent County Council) to be £467,599 over the proposed 4 year supply period (average cost £116,900 per annum). The LASER service will buy and manage gas and electricity supplies for housing, depots, offices, libraries, schools etc. valued at an estimated £15 million per annum.
7. Leaseholders individual estimated and actual contributions toward communal electrical and gas supplies are invoiced in their annual service charges.

Signed on behalf of London Borough of Camden:

A handwritten signature in black ink, appearing to read 'Stuart Dilley', with a stylized flourish at the end.

Stuart Dilley
Assistant Director HASC

Qualifying Long Term Agreements for Communal Electricity Supplies and Bulk Gas Supplies

Frequently Asked Questions:

1. Will this affect my own electricity supply within my property?

The Notice of Intention sent to you concerns the communal electricity supply, and not the individual supplies to residents' properties. The supply to your property will continue to be your responsibility.

2. During the four year contract is the cost of the fuel fixed? Should the price of fuel go down will leaseholders see it in their service charges?

A consortium can make several purchases over a year thereby reducing risk. Such an approach is deemed to be best practice. Therefore as the consortium will make several fuel purchases over each year if the energy market fuel costs reduce the Council and leaseholders should still benefit from this.

3. What processes are in place to prevent erroneous transactions from being made?

The current buying process is managed for aggregated customers' energy under a procurement and risk strategy which is scrutinised by a Governance Panel. This Panel is made up of Kent County Council officers, purchasing managers, customer representation, and an independent energy consultant.

They meet quarterly to review purchases undertaken and consider amendments to strategy in the light of changing market conditions. All purchases are made within these 'rules' supported by specialised energy trading and monitoring software and energy traders. Every purchase is recorded and audited and telephone calls recorded. The buying team know how much energy has already been bought and what is left to buy and what needs to be bought by certain times to ensure that no out of contract rates are applied. No one can guarantee to 'beat the market' however, this approach has been independently reviewed and found to reflect Best Practice.

Provided this model is adhered to, which is why it is regularly reviewed by the Governance Panel, risk is managed and exposure to the volatility of the wholesale energy market is minimised.