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Our Ref: LASER – S20 Consultation
Date: 19/11/2020

RE: Notice of application to First Tier Tribunal, under s20ZA of the Landlord and Tenant Act 1985

This letter is to inform you that the Council has entered into another long-term contract for the bulk purchase and supply of gas and electricity and to inform you of the Council's application to the First-tier Tribunal (Property Chamber) (the "FTT") for dispensation from the usual consultation requirements.

As part of its services as your landlord the Council provides:

- communal electricity through the lighting in blocks, estate lighting, etc. which is recharged through the annual service charge, and;
- communal gas through the district and communal heating networks in some blocks where district / communal heating is provided and that is recharged as a service charge.

Best practice recommends that the public sector aggregate their buying power through consortia in a risk managed approach to minimize exposure to unfavourable pricing, and that this is what the Council has done and will continue to do. To achieve this objective, the Council has entered in to a contract with LASER, which is an organisation operated by Kent County Council (KCC) – –and that manages a consortium comprising 115 local authorities and aggregates members' energy volumes to deliver better value contracts for councils. KCC operate a framework agreement with energy suppliers that enables them to continuously purchase energy through the wholesale energy market at very competitive rates. The Council has been purchasing supplies from LASER since 2009 and considers this has benefitted the Council by allowing it to purchase electricity and gas supplies at a competitive price.

Before entering in to a new contract for these services the Council would normally have to carry out full statutory consultation pursuant to s20 of the Commonhold and Leasehold Reform Act 2002 in any cases where the annual cost of the service could exceed £100 per annum for any one leaseholder. Although this is less likely for the cost of communal electricity, it could be relevant for the cost of communal gas, via the provision of domestic hot water and heating, in this contract.

However, a landlord such as the Council can apply to the FTT for dispensation from these consultation requirements, which the Council did in 2016 for its previous contracts with LASER and for which dispensation was granted by the FTT. The Council therefore decided to submit a new application for dispensation for its updated contracts with LASER, which it sent to the FTT in [month] 2020.

The Council is still awaiting an update on this application from the FTT and it is pursuing this as a matter of urgency. Once directions are received from the FTT, the Council will share this with all affected residents.

Due to the delay in receiving a response from the FTT and the expiry of the Council's 2012 contracts with LASER, new contracts were signed between the Council and LASER to ensure that the Council and its residents continued to benefit from competitively priced gas and electricity supplies without interruption,

Please see below table showing benchmarking performance figures which analyses LASER's Purchase In Advance ("LASER PIA") performance vs Market Average prices:

1 Year
Benchmark

	Electricity			Gas		
	LASER PIA prices	%	Market Average prices	LASER PIA prices	%	Market Average prices
2016-17	39.65	1.08%	39.22	37.77	1.99%	37.03
2017-18	41.44	-6.81%	44.47	41.99	-8.02%	45.65
2018-19	46.11	-11.24%	51.95	49.78	-9.01%	54.71
2019-20	49.48	-10.00%	54.98	53.80	-0.64%	54.15
	Avg	-6.74%	47.65	Avg	-3.92%	47.89

Therefore, through its 2016 contracts with LASER the average cost to the Council for gas and electricity supplies has been lower than the market average price, which is to the benefit of its residents and leaseholders.

The Council is and has always been committed to keeping costs low for its leaseholders and is using the LASER contract with the best interests of tenants and leaseholders at heart.

Please note that this letter is for information purposes only and you are not required to submit any comments and observations at this time. As indicated earlier, further information will be provided after we have heard back from the FTT.

Yours sincerely,

K.Omo

Kevin Omo
Leasehold Coordinator
Leasehold Services