

**Before the First-Tier Tribunal
Property Chamber (Residential Property)**

Ref: LON/00AT/LDC/2023/0291

BETWEEN:

LONDON BOROUGH OF HOUNSLOW

Applicant

-and-

**LONG RESIDENTIAL LEASEHOLDERS
IN THE BOROUGH SUBJECT TO
COMMUNAL ELECTRICITY AND GAS SUPPLIES**

Respondents

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Application for the dispensation of all or any of the consultation requirements provided for by section 20 of the Landlord and Tenant Act 1985

Section 20ZA of the Landlord and Tenant Act 1985

It is important that you read the notes below carefully before you complete this form.

This is the correct form to use if you want to ask the Tribunal to dispense with all or any of the consultation requirements set out in section 20 of the Landlord and Tenant Act 1985 and in the Service Charges (Consultation Requirements)(England) Regulations 2003.

A fee is payable for this application (see section 13 for Help with Fees).

Applications should be sent as a Microsoft Word document by **email** to the relevant regional tribunal address shown in the Annex to this form. You must also send by email **the documents listed in section 13 of this form**. If you cannot access email or find someone to assist you in lodging your application by email, then a paper application will be acceptable although there may be a delay in dealing with this. Sending an application on paper will not be suitable in urgent cases.

You can now pay the **the fee (if applicable) by an on-line banking payment or by cheque/postal order enclosed with the application form.**

If you want to be sent online banking payment details by email, please tick this box

Please make sure a copy of the application is served on the other party/parties to the application. If you are unable to serve a copy on the other party/parties, please bring this to the tribunal's attention in the covering email or if sending by post in a covering letter.

Please do not send any other documents. When further evidence is needed, you will be asked to send it in separately.

If you have any questions about how to fill in this form, the fee payable, or the procedures the Tribunal will use please contact the appropriate regional office.

If you are completing this form by hand please use **BLOCK CAPITAL LETTERS**.

1. DETAILS OF APPLICANT(S) (if there are multiple applicants please continue on a separate sheet)

Name: London Borough of Hounslow

Capacity: Landlord

Address (including postcode):

London Borough of Hounslow, Hounslow House, 7 Bath Road, Hounslow TW3 3EB

Address for correspondence (if different from above):

As above

Telephone:

Day: 0208 583 3787 Evening: Mobile:

Email address: leaseholdservices@hounslow.gov.uk Fax:

Representative name and address, and other contact details: Where details of a representative have been given, all correspondence and communications will be with them until the Tribunal is notified that they are no longer acting for you.

Name: Hayley Cooper

Reference no. (if any)

Address (including postcode):

London Borough of Hounslow, Hounslow House, 7 Bath Road, Hounslow TW3 3EB

Telephone:

Day: 0208 583 3787 Mobile:

Email address: leaseholdservices@hounslow.gov.uk Fax:

2. ADDRESS (including postcode) of SUBJECT PROPERTY (if not already given)

All Council Leaseholders in the London Brough of Hounslow

3. DETAILS OF RESPONDENT (S) the person against whom an applicant seeks determination from the tribunal – this will only be the landlord’s managing agent if they are a party to the lease. If there are multiple respondents, please continue on a separate sheet.

Name:

Capacity:

Address (including postcode):

Reference no. for correspondence (if any)

Address for correspondence (if different from above):

Telephone:

Day: Evening: Mobile:

Email address: Fax:

Note: If this is an application by a landlord, then usually all tenants liable to pay a service charge for the costs in question should be joined as respondents. If tenants are not joined in this way, the landlord should provide the Tribunal with a list of the names and addresses of service charge payers. If this is not possible or is impractical, then a written explanation must be provided with this application.

If you are the landlord/management company making the application please omit, if known, the telephone/fax numbers and email address of the respondent(s) when completing Box 4 and include them on a separate sheet. This is because the application form may be copied by the tribunal to other appropriate persons (e.g. other service charge paying leaseholders in the building or development).

4. BRIEF DESCRIPTION OF BUILDING (e.g.2 bedroom flat in purpose built block of 12 flats)

5. DETAILS OF LANDLORD (if not already given)

Name:

Address (including postcode):

Reference no. for correspondence (if any)

Telephone:

Day:

Evening:

Mobile:

Email address:

Fax:

6. DETAILS OF ANY RECOGNISED TENANTS' ASSOCIATION (if known)

Name of Secretary

details of recognised Residents Associations are attached to this application

Address (including postcode):

Telephone:

Day:

Evening:

Mobile:

Email address:

Fax:

7. DISPENSATION SOUGHT

Applicants may seek a dispensation of all or any of the consultation requirements in respect of either qualifying works or long-term agreements.

Does the application concern qualifying works?

Yes No

If Yes, have the works started/been carried out?

Yes No

Does the application concern a qualifying long-term agreement?

Yes No

If Yes, has the agreement already been entered into?

Yes No

For each set of qualifying works and/or qualifying long-term agreements please

complete one of the sheets of paper entitled '**GROUNDS FOR SEEKING DISPENSATION**'

8. OTHER APPLICATIONS

Do you know of any other cases involving either: (a) related or similar issues about the management of this property; or (b) the same landlord or tenant or property as in this application? Yes No

If Yes, please give details

The Council received dispensation from the tribunal in respect of the previous two contracts with LASER in 2016 (case reference LON/00AT/LDC/2015/0121) and 2021 (case reference LON/00AT/LDC/2020/0243). We are seeking dispensation on the same grounds.

9. CAN WE DEAL WITH YOUR APPLICATION WITHOUT A HEARING?

If the Tribunal thinks it is appropriate, and all the parties and others notified of their right to attend a hearing consent, it is possible for your application to be dealt with entirely on the basis of written representations and documents and without the need for parties to attend and make oral representations. ('A paper determination').

Please let us know if you would be content with a paper determination if the Tribunal thinks it appropriate. Yes No

Note: Even if you have asked for a paper determination the Tribunal may decide that a hearing is necessary. Please complete the remainder of this form on the assumption that a hearing will be held. Where there is to be a hearing, a fee of £200 will become payable by you when you receive notice of the hearing date.

10. TRACK PREFERENCES

We need to decide whether to deal with the case on the Fast Track or the Standard Track (see Guidance Note for an explanation of what a track is). Please let us know which track you think appropriate for this case. Fast Track Standard Track

Is there any special reason for urgency in this case? Yes No

If Yes, please explain how urgent it is and why:

Note

The Tribunal will normally deal with a case in one of three ways: on paper (see section 10 above) or 'fast track' or 'standard track'. The fast track is designed for cases that need a hearing but are very simple and will not generate a great deal of paperwork or argument. A fast track case will usually be heard within 10 weeks of your application. You should indicate here if you think your case is very simple and can be easily dealt with. The standard track is designed for more complicated cases where there may be numerous issues to be decided or where for example, a lot of documentation is involved. A standard track case may involve the parties being invited to a Case Management Conference which is a meeting at which the steps that need to be taken to bring the case to a final hearing can be discussed.

11. AVAILABILITY

If there are any dates or days we must avoid during the next four months (either for your convenience or the convenience of any expert you may wish to call) please list them here.

Please list the dates on which you will NOT be available:

24th December 2023 to 11th January 2024, 14th - 16th February 2024

12. VENUE REQUIREMENTS

Please provide details of any special requirements you or anyone who will be coming with you may have (e.g. the use of a wheelchair and/or the presence of a translator):

Applications handled by the London regional office are usually heard in Alfred Place, which is fully wheelchair accessible. Elsewhere, hearings are held in local venues which are not all so accessible and the case officers will find it useful to know if you or anyone you want to come to the hearing with you has any special requirements of this kind.

13. CHECKLIST

Please check that you have completed this form fully. The Tribunal will not process your application until this has been done. Please ensure that the following are enclosed with your application and tick the appropriate box to confirm:

A copy of the lease(s).

A statement that service charge payers have been named as respondents or a list of names and addresses of service charge payers

EITHER

A crossed cheque or postal order made out to HM Courts and Tribunal Service for the application fee of £100 (if applicable) is enclosed. **Please write your name and address on the back of the cheque or postal order. Please also send a paper copy of your application with your cheque or postal order, regardless of whether you have already emailed the application.**

OR

You have ticked the box at the top of this form to say you want the relevant regional tribunal office to send you details on how to pay the application fee of £100 by on-line banking. **The unique payment reference the tribunal office supplies MUST be used when making your on-line banking payment.**

DO NOT send cash under any circumstances. Cash payment will not be accepted.

Please note where there is to be a hearing, a fee of £200 will become payable by you when you receive notice of the hearing date.

Help with Fees

If you think you may be entitled to a reduced fee, the guide EX160A 'Apply for help with court, tribunal and probate fees' outlines how you can submit an application for Help with Fees.

You can submit your Help with Fees application online at www.gov.uk/help-with-court-fees or by completing the form EX160 'Apply for help with fees'. You can get a copy of the 'Apply for help with fees' form online at www.gov.uk/government/publications/apply-for-help-with-court-and-tribunal-fees or from your regional tribunal office.

Leasehold 5 Application for the dispensation of all or any of the consultation requirements provided for by section 20 of the Landlord and Tenant Act 1985 (08.20)

If you have completed an online application for Help with Fees please enter the reference number you have been given here.

H	W	F	-				-			
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If you have completed form EX160 "Apply for Help with Fees" it must be included with your application.

The 'Apply for help with fees' form will not be copied to other parties

14. STATEMENT OF TRUTH

The statement of truth must be signed and dated.

I believe that the facts stated in this application are true.

Signed: Hayley Cooper _____ **Dated:** 24/11/23 _____

GROUND FOR SEEKING DISPENSATION

Please use the space below to provide information mentioned in section 7 of this form.

You will be given an opportunity later to give further details of your case and to supply the Tribunal with any documents that support it. At this stage you should give a clear outline of your case so that the Tribunal understands what your application is about. Please continue on a separate sheet if necessary.

1. Describe the qualifying works or qualifying long-term agreement concerned, stating when the works were carried out or planned to be carried out or in the case of a long-term agreement, the date that agreement was entered into or the proposed date it is to be entered into.

The Council provides communal electricity through landlords lighting in blocks, estate lighting etc which is recharged through the annual service charge. The Council also provides communal gas through the district heating and communal heating networks in some blocks where district/communal heating is provided which is recharged through the annual service charge.

The Council has had a long-standing arrangement with LASER (Local Authority Energy Buying Group) who purchase energy on the Council's behalf under a framework agreement. LASER currently manages the energy procurement for 160 local authorities with a total annual spend of £500 million. The Council has participated in this flexible energy procurement arrangement for several years under a Framework contract with LASER (a Public Sector Buying Organisation). The current contract is now due for renewal and it is proposed that a similar arrangement should continue.

The Council uses insufficient energy to effectively access wholesale markets individually and therefore needs to be part of a consortium for the purchase of utilities. Best practice recommends that the public sector aggregate their buying power through consortia in a risk managed approach to minimise exposure to unfavourable pricing, and that this is what the Council has done.

LASER provides the aggregated, flexible and risk-managed approach route to procurement in line with the Government's guidelines for energy-buying by local authorities. In effect LASER acts as a buying club whereby Hounslow joins together with other authorities with optimum prices achieved by pooling their energy requirements. This application proposes the Council's continued participation with LASER over the next contractual period running from 1st April 2025 to 31st March 2029. The contractual arrangements would cover the supply of gas and electricity to the Council's housing, operational buildings, and street lighting (effectively a corporate Council utility procurement) – which has consistently achieved significant savings for the Council over previous contractual periods.

Kent County Council (KCC) – through LASER - manages a consortium of 160 local authorities and aggregates members' energy volumes to deliver better value contracts for councils. KCC operate a 4-year framework agreement with energy suppliers that enables them to continuously purchase energy

through the wholesale energy market at very competitive rates.

Going through the wholesale market is in line with Best Practice as recommended by the OGC Energy Strategy Team (Treasury) advice. This wholesale flexible procurement framework contract/s enables LASER to buy energy up to four years before it is used. This forward buying means that LASER can secure prices for the future whenever the market looks favourable. Gas and electricity is bought in 'clips', energy prices are fixed for 12 months from each April and the prices are based on the average price from all the clips bought in the previous years. The arrangement removes the risk of settling a LASER Member's requirement on a single day. Aggregating the volumes of members within the arrangement enables effective market hedging.

Buying energy in this way can 'smooth' the market so that the prices paid don't swing so far from year to year. The smoothing effect does mean that at times the market may fall below the prices achieved by LASER, but taking a longer view flexible procurement has delivered prices around 4% below the market average.

To procure the Councils Energy Team have commissioned (along with another 8 local authorities) consultancy support from Cornwall Insight to carry out an in depth study into procurement of energy, to assess the current energy purchasing approach 2020-2024 with the purpose to provide insight into the market landscape, trends, providers, and services offered by Third Party Intermediaries (TPIs) - also called brokers and Public Buying Organisations (PBOs) - operating in the energy market of Great Britain.

Working collaboratively with other local authorities enables a combination of annual spending power, so authorities get more for less from the supplier dominated utilities market. This is a stable and long-term approach to intelligently navigate rapid change in the authority business environment and corresponding volatility in the commercial utilities market – both of which signal unwelcome cost pressure and unprecedented demands on authority management. Other CPBs offering energy supply procurement options which are available for the Council to access have been evaluated and none offer any advantages over the LASER offer. See App1. Cornwall Insight Energy Procurement Report and Recommendations.

Given the predicted savings and the flexible procurement strategy, it is recommended that the Council continue its arrangement with LASER and participate in the framework contract for the 4 year period from 1st April 2025 to 31st March 2029. This commission is effectively a renewal of an existing contract and provides and supports the Council in managing billing, a resource the Council does not have internally.

LASER benchmarks its purchasing performance each year and shares this information with its customers. This benchmarking exercise indicates that LASER has continued to deliver prices to customers at a significant percentage below the market average over the last 4 years. See App 2. Independent Benchmarking Report.

The Council has approximately 3200 leasehold properties in its stock. This procurement contract constitutes a Qualifying Long-Term Agreement (under Commonhold Leasehold Reform Act 2002) because the fee that is paid to LASER for its service and fuel costs (resulting from the contract) are service chargeable to leaseholders. This application is necessary to comply with the Service Charges (Consultation Requirements) (England) Regulations 2003, for the proposed contract for 2025 – 2029.

2. Describe the consultation that has been carried out or is proposed to be carried out.

No consultation has been undertaken regarding this contract. The Council would normally carry out full statutory consultation following the Commonhold and Leasehold Reform Act 2002 (section 20 as amended) 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.

The Council is unable to comply with the full requirements to consult on the LASER proposals in view

of a new contract coming into place on 1st April 2025 and therefore applied for dispensation from the First Tier Tribunal. Similar to the consultation undertaken by the Council in 2015 and 2020, if this dispensation is granted, we will circulate a copy of that decision. 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. Leaseholders have not been prejudiced by the Council using the LASER contracts'

3. Explain why you seek dispensation of all or any of the consultation requirements.

The current contract expires 31st March 2025. See App 3. CEX435 Energy Purchasing Cabinet Report. The Laser Framework provided all LA's (public organisations) the option to extend by 6 months - to align commissions with LA's financial year cycles.

LASER requires an early commitment from authorities wishing to participate in the new contract due to its nature which involves energy purchasing on the wholesale market 12 months or more prior to the contract start date 1st April 2025. LASER cannot commence forward purchase on behalf of Council sites until a commitment to join the framework contract has been received. Apart from savings, LASER had also been recommended because of the fully managed option (includes consolidated billing, one of many associated aspects). This is an invaluable service to London Borough of Hounslow as is the case across most London boroughs, not many PBO's offer this.

Government policy recommends that to spread market risk, and avoid buying during periods of peak market pricing, "all public sector organisations adopt aggregated, flexible and risk-managed energy procurement" as provided under the LASER framework. LASER also offers full flexibility to secure energy in line with the Council's policy to reduce its carbon footprint. LASER's current flexible frameworks have performed extremely well against market averages.

Given the need to commit to LASER immediately for the proposed contract, the Council is seeking the dispensation from the Tribunal for all schedules of the section 20 consultation requirements.

The Council is unable to fully comply with the process for appointing a PBO, provide the leaseholders with a statement as to the actual or estimated unit cost or hourly or daily rate of charge for the electricity and gas supply or an estimate of the extent of each of the leaseholder's contributions or of the total expenditure.

As the Council is unable to comply with Schedule 2 Paragraphs 4(4), 4(5), 4(6) and 4(7) of the Service Charge (Consultation Requirements (England) Regulations 2003; it therefore seeks dispensation under section 20ZA Landlord and Tenant Act 1985 from Schedules 1, 2, 3 of The Service Charges (consultation requirements) (England) Regulations 2003 for the proposed contract (to run from 2025 - 2029)

ANNEX: Addresses of Tribunal Regional Offices

NORTHERN REGION

HM Courts & Tribunals Service
First-tier Tribunal (Property Chamber) Residential
Property, 1st Floor, Piccadilly Exchange, Piccadilly
Plaza, Manchester M1 4AH

Telephone: 01612 379491

Fax: 01264 785 128

Email address: RPNorthern@justice.gov.uk

This office covers the following Metropolitan districts: Barnsley, Bolton, Bradford, Bury, Calderdale, Doncaster, Gateshead, Kirklees, Knowsley, Leeds, Liverpool, Manchester, Newcastle-upon-Tyne, Oldham, Rochdale, Rotherham, St. Helens, Salford, Sefton, Sheffield, Stockport, Sunderland, Tameside, Trafford, Tyneside (North & South), Wakefield, Wigan and Wirral.

It also covers the following unitary authorities: Hartlepool, Middlesbrough, Redcar and Cleveland, Darlington, Halton, Blackburn with Darwen, Blackpool, Kingston-upon-Hull, East Riding of Yorkshire, Northeast Lincolnshire, North Lincolnshire, Stockton-on-Tees, Warrington and York.

It also covers the following Counties: Cumbria, Durham, East Cheshire, Lancashire, Lincolnshire, Northumberland, North Yorkshire and West Cheshire.

MIDLAND REGION

HM Courts & Tribunals Service
First-tier Tribunal (Property Chamber) Residential
Property, Centre City Tower, 5-7 Hill Street,
Birmingham, B5 4UU

Telephone: 0121 600 7888

Fax: 01264 785 122

Email address: RPMidland@justice.gov.uk

This office covers the following Metropolitan districts: Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.

It also covers the following unitary authorities: Derby, Leicester, Rutland, Nottingham, Herefordshire, Telford and Wrekin and Stoke-on-Trent.

It also covers the following Counties: Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire.

EASTERN REGION

HM Courts & Tribunals Service
First-tier Tribunal (Property Chamber) Residential
Property, Cambridge County Court, 197 East Road

Telephone: 01223 841 524

Fax: 01264 785 129

Cambridge, CB1 1BA
DX 97650 Cambridge 3

Email address: RPEastern@justice.gov.uk

This office covers the following unitary authorities: Bracknell Forest, West Berkshire, Reading, Slough, Windsor and Maidenhead, Wokingham, Luton, Peterborough, Milton Keynes, Southend-on-Sea and Thurrock.

It also covers the following Counties: Bedfordshire, Berkshire, Buckinghamshire, Cambridgeshire, Essex, Hertfordshire, Norfolk, Northamptonshire, Oxfordshire and Suffolk.

SOUTHERN REGION

HM Courts & Tribunals Service
First-tier Tribunal (Property Chamber) Residential
Property, Havant Justice Centre, The Court House,
Elmleigh Road, Havant, Hants, PO9 2AL

Telephone: 01243 779 394

Fax: 0870 7395 900

Email address: RPSouthern@justice.gov.uk

This office covers the following unitary authorities: Bath and Northeast Somerset, Bristol, North Somerset, South Gloucestershire, Bournemouth, Plymouth, Torbay, Poole, Swindon, Medway, Brighton and Hove, Portsmouth, Southampton and the Isle of Wight.

It also covers the following Counties: Cornwall and the Isles of Scilly, Devon, Dorset, East Sussex, Gloucestershire, Hampshire, Kent, Somerset, Surrey, West Sussex and Wiltshire.

LONDON REGION

HM Courts & Tribunals Service
First-tier Tribunal (Property Chamber) Residential
Property, 10 Alfred Place, London WC1E 7LR

Telephone: 020 7446 7700

Fax: 01264 785 060

Email address: London.RAP@justice.gov.uk

DX 134205 Tottenham Court Road 2

This office covers all the London boroughs.

The Ministry of Justice and HM Courts and Tribunals Service processes personal information about you in the context of tribunal proceedings.

For details of the standards we follow when processing your data, please visit the following address <https://www.gov.uk/government/organisations/hm-courts-and-tribunals-service/about/personal-information-charter>

To receive a paper copy of this privacy notice, please call 0300 123 1024/ Textphone 18001 0300 123 1024.



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case reference : LON/00AT/LDC/2023/0291

Applicant : The London Borough of Hounslow

Respondent : All leaseholders of the council in the London Borough of Hounslow – list attached to the application notice dated 24 November 2023

Property : All leasehold properties where the London Borough of Hounslow is landlord in the borough

Tribunal : Ms Erewele – Senior Legal Officer

Date of directions : 02 February 2024

**DIRECTIONS ON AN APPLICATION UNDER SECTION 20ZA OF
THE LANDLORD AND TENANT ACT 1985**

The parties may agree between themselves any reasonable change to the dates in these Directions EXCEPT for the date of sending the bundles and the hearing date/s.

Communicating with the Tribunal

- Unless directed otherwise, all communications to the tribunal, including the filing of documents and bundles, should be by **email ONLY**, attaching a letter in Word format. Emails must be sent to London.RAP@justice.gov.uk and all communications must be copied to the other party or parties at the same time. The attachment size limit is 36MB. Larger files should be uploaded to a secure file sharing website and a web link provided.
- If a party does not have email, access to the Internet and/or cannot prepare digital documents, they should contact the case officer about alternative arrangements.
- Documents prepared for the tribunal should be easy to read. If possible, they should be typed and use a font-size of not less than 12.

Background to the application

- A. The Applicant/landlord has applied for dispensation from the statutory consultation requirements under section 20ZA of the Landlord and Tenant Act 1985 in respect of its proposal to enter into a new agreement for the supply of communal electricity in blocks and estates and recharged through the annual service charge and communal gas through the district heating and communal heating networks in some blocks where district/communal heating is provided which is recharged through annual service charge, as set out in the application. The Applicant has approximately 3,200 leasehold properties in its stock.
- B. The Applicant intends to procure the new contract making use of a framework established by the public sector central purchasing authority known as LASER. The benefit of using LASER is said to be that it allows the Borough to work collectively with others to buy energy on the wholesale market when market conditions are favourable, and to secure lower prices than the Borough could secure on its own. The proposed new contract will run from 1 April 2025 for four years, after the current contract has expired in March 2025.
- C. The only issue for the tribunal is whether it is reasonable to dispense with the statutory consultation requirements. **This application does not concern the issue of whether any service charge costs will be reasonable or payable.**
- D. The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 give guidance on how the application will be dealt with.

DIRECTIONS

Service of documents

1. The Applicant/landlord must take the following steps **Friday 16 February 2024**:
 - Write to each of the leaseholders and to any residential sub-lessee and to any recognised residents' association concerned by email, hand delivery or first-class post, setting out the following:
 - a) Informing them of the application;
 - b) Advising them that a copy of the application (**excluding** any respondents' telephone numbers or email addresses, or any separate list of respondents' names and addresses), statement of case, supporting documents and a copy of these directions will be available on the applicant's website, advising them of the URL address, and notifying them that any response to the application should be made by **08 March 2024**;

- c) Informing the leaseholders that if they wish to receive a printed copy of the application and these directions they should write to the applicants, who will then send printed copies (again, **(excluding** any respondents' telephone numbers or email addresses, or any separate list of respondents' names and addresses);
 - d) Advise the leaseholders that as the application progresses additional documents will be added to the website, including the final decision of the tribunal, stating clearly that the final decision is likely to be uploaded on or after 13 May 2024.
- Confirm to the tribunal by email that this has been done and stating the date(s) on which this was done.
2. Those leaseholders and sublessees who **oppose** the application shall by **4.30pm on Friday 08 March 2024**:
 - Complete the attached reply form and send it **by email** to both the Applicant/landlord and to the tribunal at London.Rap@justice.gov.uk; and
 - Send to the Applicant/landlord a statement in response to the application with a copy of the reply form, by email or by post. They should send with their statement copies of any documents upon which they wish to rely.
 3. The Applicant/landlord may send to the Respondents/leaseholders a brief reply to any statements in opposition received, by **4.30pm on Friday 05 April 2024**.
 4. The Applicant/landlord shall then by **4.30pm on Friday 26 April 2024**:
 - Prepare a single, digital, indexed and paginated Adobe PDF bundle of all relevant documents for use in the determination of the application. If this is not possible, they should notify the tribunal's case officer immediately.
 - The bundle should contain:
 - the application form and accompanying documents,
 - these and any subsequent directions,
 - Any statement from the Applicant/landlord to explain the reasons for the application,
 - documents upon which the Applicant/landlord relies,
 - copies of any replies from the Respondents/leaseholders and their evidence **OR** confirmation that there were no responses,
 - specimen copies of their leases, and
 - any relevant correspondence.
 - Upload a copy of the bundle to their website;

- Write to each of the leaseholders who have sent a reply form to oppose the application, by email and/or post, providing them with a link to the uploaded bundle or, if they request one, a paper copy of the bundle;
- Also send a copy of the bundle to the tribunal **by email** at London.Rap@justice.gov.uk. The subject line must read: “BUNDLE FOR PAPER DETERMINATION: [Property address] [Case number]”. Please check for any rejection of the email, in case the attachment is too large for the outgoing or incoming servers.

Determination of the application

5. The tribunal will determine this application during the seven days commencing **Monday 06 May 2024** based on written representations.
6. However, any party may make a request to the tribunal that a hearing should be held. Any such **request for a hearing should be made by 4.30pm on Friday 26 April 2024**, giving an indication of any dates to avoid. The hearing will have a time estimate of two hours, but any party should notify the tribunal if that time estimate is insufficient.
7. If a **hearing** is requested:
 - It shall take place on a **date to be confirmed as a remote video hearing**, making use of the electronic documents received. The parties may if they wish (but are not obliged to) provide the tribunal and the other parties with a concise written summary of their case (referred to as a “skeleton argument”) **three days** before the date of the listed hearing.
 - A party who is intending to rely upon oral witness evidence at a hearing must provide the witness with a copy of the hearing bundle for use at the hearing.
 - Parties may wish to print out a copy of the digital hearing bundle(s) for use at the hearing. The tribunal will be using the digital hearing bundles provided, unless it directs otherwise.
 - Any party may request, from another party, a physical paper copy of a hearing bundle relied upon by that party (this must be provided, free of charge, within seven days of the request).
 - **Evidence from abroad: any party or witness:** If you or your witness intends to give oral evidence at the hearing from somewhere outside of the United Kingdom, you must:
 - i. Follow the guidance provided in the Guidance Note for Parties: Giving Evidence from Abroad, which can be **obtained from the Tribunal’s case officer**.

- ii. Notify the Tribunal by email to London.Rap@justice.gov.uk, within 5 working days of receipt of these Directions, to confirm that you or your witness intends to apply to give evidence from abroad, confirming:
 - (a) the matters set out in paragraph 7 of the Guidance Note, **and**
 - (b) the witness's citizenship or permitted residence status in the country in question.

Failure to follow the Guidance is likely to result in you or your witness being unable to give oral evidence from abroad.

8. **As to any remote hearing:** Full details of how to take part will be sent nearer the time. No specialist software is needed to access the hearing. However, parties will need to have access to a computer, connected to the Internet, with a webcam and microphone, or a similarly enabled smartphone or tablet device. If a party does not have suitable equipment to attend a video conference, they must notify the tribunal promptly, and consideration will be given to alternatives.
9. The Applicant must either send a copy of the tribunal's decision and appeal rights to all leaseholders, or upload a copy of the tribunal's decision and appeal rights on their website, if they have one, or on a web-based document storage site **within 7 days of receipt** and shall maintain it there for at least 3 months, with a sufficiently prominent link to both on their home page, or (if longer) until the new contract is entered into.
10. In addition, the tribunal will send a copy of its eventual decision on dispensation to the representative of every represented Respondent/leaseholders and to any unrepresented leaseholders, who have completed and returned the reply form attached to these directions.

Applications

11. Applications for further directions, interim orders, variations of existing directions, or a postponement of the final hearing/determination must be made using form Order 1¹.

Non-Compliance with Directions

12. If the **applicant** fails to comply with these directions the tribunal may **strike out** all or part of their case pursuant to rule 9(3)(a) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 ("the 2013 Rules").

¹ Form Order 1 is available at <https://www.gov.uk/government/publications/ask-the-first-tier-tribunal-property-chamber-for-case-management-or-other-interim-orders>

13. If any leaseholder fails to comply with these directions the tribunal may bar them from taking any further part in all or part of these proceedings and may determine all issues against it pursuant to rules 9(7) and (8) of the 2013 Rules.

Name: Judge Foskett

Date: 23 January 2024

Attached: Reply Form for Leaseholders

Reply Form for Leaseholders

Case Reference: LON/00AT/LDC/2023/0291
Property: [insert the address of the Property of which you are a leaseholder]

ONLY COMPLETE AND RETURN THIS FORM IF YOU OBJECT TO THE APPLICATION

If you do object please complete and return this form to:

First-tier Tribunal Property Chamber (Residential Property) **by email** to:
London.Rap@Justice.gov.uk

and send/email a copy to the landlord/applicant or their representative (Hayley Cooper, London Borough of Hounslow, Hounslow House, 7 Bath Road, Hounslow, TW3 3EB, leaseholdservices@hounslow.gov.uk).

	Yes	No
Have you sent a statement in response to the landlord?	<input type="checkbox"/>	<input type="checkbox"/>
Do you wish to request an oral hearing?	<input type="checkbox"/>	<input type="checkbox"/>
Name address of any spokesperson or representative appointed for the leaseholder:		

Please also complete the details below:

Date:	
Signature:	
Print Name:	
Address of affected property:	
Your correspondence address (if different):	
Telephone:	
Email:	



HM Courts
& Tribunals
Service

**Property Chamber
London Residential Property
First-tier Tribunal**

10 Alfred Place, London, WC1E 7LR
Telephone: 020 7446 7700
Facsimile: 01264785060
E-mail: London.RAP@justice.gov.uk
DX: 134205 Tottenham Court Road 2

Direct Line: 020 7446 7703

London Borough of Hounslow
Hounslow House
Leaseholderservices@hounslow.gov.uk

Your ref:
Our ref: LON/00AT/LDC/2023/0291

Date: 02 February 2024

Dear Sirs

RE: Landlord & Tenant Act 1985 - Section 20ZA)

PREMISES: All Council Leaseholders in the, London Brough of Hounslow

Following recent correspondence the Tribunal has issued the attached directions.

Yours faithfully
Ms Kim Harry
Case Officer

«DEBTOR_NAMES»
Or current Owners
«PROPERTY»
«PROPERTY_ADDR2»
«PROPERTY_ADDR3»
«PROPERTY_POST_CODE»

**Phil Cresswell, Executive Director of
Regeneration and Housing**

London Borough of Hounslow
Hounslow House, 7 Bath Road
Hounslow TW3 3EB

Your contact is: Hayley Cooper
Direct Line: 020 8583 3787
E-mail: leaseholdservices@hounslow.gov.uk
Your Ref: LON/00AT/LDC/2023/0291
Date: 15 February 2024

Dear «DEBTOR_SHORTNAMES» or current owners,

**Re: Application to the First-tier Tribunal (Property Chamber),
Bulk purchase and supply of gas and electricity**

We are writing to you to advise that the Council is intending to enter 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.
- 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 minimise exposure to unfavourable pricing, and this is what the Council has done and will continue to do so. To achieve this objective, the Council will be entering into a contract with LASER, which is an organisation operated by Kent County Council (KCC) and that manages a consortium comprising 160 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 benefited the Council by allowing it to purchase electricity and gas supplies at a competitive price.

Before entering into a new contract for these services, the Council would normally have to carry out full statutory consultation pursuant to Section 20 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 it did for its previous contracts with LASER and for which dispensation was granted by the FTT. The Council therefore submitted a

new application for dispensation for the new contract with LASER, which it sent to the FTT in November 2023.

We have now received a response from the FTT and, in accordance with their directions, a copy of the application, statement of case, supporting documents and a copy of the FTT's directions are available for you to view on the Council's website. You can view all these documents using the website address below.

https://www.hounslow.gov.uk/info/20067/council_leaseholders_freeholders_and_shared_owners/2552/first_tier_tribunal

If you would like to receive a printed copy of the application, statement of case, supporting documents and directions, please contact us using the details at the top of this letter.

As the application progresses additional documents will be added to the website, including the final decision of the tribunal which is likely to be uploaded on or after **13th May 2024**.

If you would like to respond to the application this should be made by **8th March 2024**.

If you wish to oppose the application then I refer you to paragraph 2 of the FTT's Directions that states you must by **8th March 2024**:

- complete the reply form enclosed with the Directions, and send it, by email, to the tribunal. The email address for the tribunal is London.RAP@justice.gov.uk and you should quote the FTT's reference number LON/00AT/LDC/2023/0291.
- send to the Council, by email or post, a statement in response to the application with a copy of the reply form mentioned in the above paragraph. Your statement should include copies of any documents on which you wish to rely.

If you have any questions regarding the contents of this letter, please do not hesitate to contact me.

Yours sincerely



Hayley Cooper
Leasehold Services Co-ordinator
London Borough of Hounslow

**Phil Cresswell, Executive Director of
Regeneration and Housing**

London Borough of Hounslow
Hounslow House, 7 Bath Road
Hounslow TW3 3EB

Your contact is: Hayley Cooper
Direct Line: 020 8583 3787
E-mail: leaseholdservices@hounslow.gov.uk
Your Ref: LON/00AT/LDC/2023/0291
Date: 13 February 2024

Dear

**Re: Application to the First-tier Tribunal (Property Chamber),
Bulk purchase and supply of gas and electricity**

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https://www.hounslow.gov.uk/info/20067/council_leaseholders_freeholders_and_shared_owners/2552/first_tier_tribunal

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If you wish to oppose the application then I refer you to paragraph 2 of the FTT's Directions that states you must by **8th March 2024**:

- complete the reply form enclosed with the Directions, and send it, by email, to the tribunal. The email address for the tribunal is London.RAP@justice.gov.uk and you should quote the FTT's reference number LON/00AT/LDC/2023/0291.
- send to the Council, by email or post, a statement in response to the application with a copy of the reply form mentioned in the above paragraph. Your statement should include copies of any documents on which you wish to rely.

If you have any questions regarding the contents of this letter, please do not hesitate to contact me.

Yours sincerely



Hayley Cooper
Leasehold Services Co-ordinator
London Borough of Hounslow

London Borough of Hounslow

Leasehold Service

Hayley Cooper

Hounslow House

7 Bath Road

Hounslow

TW3 3EB

22/2/2024

MAILBOX INTAKE
26 FEB 2024

Dear Hayley Cooper

Re: Application to the First-tier Tribunal (Property Chamber)
Bulk Purchase and supply of gas and electricity.

I would like to respond and go with London Borough of Hounslow, to enter into another long-term contract with LASER, for the bulk purchase and supply of gas and electricity in our leasehold property.

Thank you

Yours sincerely

[Redacted Signature]

[REDACTED]

**Phil Cresswell, Executive Director of
Regeneration and Housing**

London Borough of Hounslow
Hounslow House
7 Bath Road
Hounslow
TW3 3EB

Your contact is: Leasehold Services
Direct Line: 0208 583 3787
E-mail: leaseholdservices@hounslow.gov.uk
Your Ref: [REDACTED]
Date: Monday 4th March 2024.

Dear [REDACTED]

**Reference: Application to the First-tier Tribunal (Property Chamber),
Bulk purchase and supply of gas and electricity**

Thank you for your letter dated 22nd February 2024.

The Council acknowledges your response that you are in support of the Council entering another long-term agreement. This agreement will be with LASER for the Communal electricity for the lighting in blocks, estate, etc and the Communal gas through the district and communal heating networks that are in some of the blocks.

Yours sincerely,



Susan Chick
Consultation and Liaison Officer
Leasehold Services



Contains Confidential or Exempt Information	No
Title	Energy Purchasing Corporate Contract
Member Reporting	Cllr Rajawat
Contact Details	Charles Pipe - Energy Manager charles.pipe@hounslow.gov.uk Tel: 020 8583 2485
For Consideration By	Cabinet
Date to be Considered	21/01//2020
Implementation Date if Not Called In	1/10/2020
Affected Wards	All
Keywords/Index	Energy Purchasing

1. Details of Recommendations

To enter into a Pan-London Energy Project Framework Agreement for Flexible Procurement and supply with Kent County Council via LASER using Npower Ltd. for green electricity and Corona Energy for gas effective from 1st October 2020.

If the recommendations are adopted, how will residents' benefit?	
They will continue to benefit from reduced pence per unit rates derived from purchasing of aggregated energy volumes	01/10/2020

2. Report Summary

2.1 Setting out a strategy for purchasing energy for the period 2020 – 2025 based on utilisation of LASER as the Central Purchasing Body (CPB) for procurement of energy supplies. It sets out the contractual agreement, the procurement options and projected costs over the period.

2.2 To re-procure the Council's operational portfolio half hourly, non-half hourly metered, unmetered electricity and gas requirements through a CPB – the LASER Energy Buying Group.

2.3 The Council's operational portfolio consists of approximately 1148 metered supplies including most schools. Council Buildings - total annual cost of electricity £1,382,182.30 and gas £422,425.50. Schools - total annual cost of electricity £1,041,151.16 and gas £435,226.41 Hounslow Housing - total annual cost of electricity £1,294,184.76 and gas £1,544,675.88. Street lighting annual cost of electricity £630,252.48. *Based on expected 2019/2020 consumption

2.4. The renewal of these gas and non-half hourly electricity contracts will directly

affect leasehold housing tenants (*n. b. it must be noted that in terms of volume, leaseholders' energy demand is very small*), the Energy Team will liaise with Asset Management & Leasehold Services, who will lead on the statutory consultation notifications and / or dispensations S20 required and allow sufficient time to complete this process before committing to these contracts.

2.5. In line with the stipulations contained within report CEX 440 (Climate Emergency Action Plan), it is proposed that 100% of the council's electricity usages is to be procured from renewable sources from the commencement of this contract. This is estimated to reduce our direct council carbon emissions by around 16%. It is also intended that we will work with our gas supplier to ensure that energy is generated and supplied in a sustainable way.

3. Reason for Decision and Options Considered

3.1 The current LASER flexible supply framework used for the Council's metered, and unmetered electricity and gas supplies' requirements is due to expire on 30th Sept 2020. LASER has renewed the flexible framework to start from 1 October 2020 and is seeking commitment in order to forward purchase the Council's energy requirements for the 2020 start date.

3.2 To forward purchase energy ahead of the required supply period is a key part of a risk managed energy strategy. Purchasing in Advance (PIA) of delivery is vital to protecting the Council against adverse wholesale market price changes. The current wholesale market conditions are in a period of extreme political uncertainty, which is undoubtedly driving price volatility and confidence. Prices are looking to increase across most fundamentals. PIA presents the best opportunity for securing the value for money 2020+ energy requirements.

3.3 Alternatively there is the option to 'Purchase within Period' (PWP) – which involves setting a reference price for a 6-month period and at the end of this period a reconciliation takes place between the reference price and the final (achieved) purchase price. This is not the preferred choice, as it does not provide budget certainty due to the increased risk of impact of global volatility to price fluctuation.

3.4 The Council has four main utility contracts procured through LASER – one for gas and three for electricity – that cover the bulk of the Council's property portfolio. The electricity provision is currently split into three contract groups, the half hourly (over 100kW) contract relating to large sites, the non-half hourly (sub 100kW) contract relating to smaller sites and Street Lighting contract relating to unmetered electricity supplies.

3.5 The unmetered street lighting supply has historically been procured through the Laser framework. Current spend on this contract is £630,252.00 The unmetered electricity contract has been evaluated and provides value for money so will remain with Laser under the POSO option. The prices under this contract will be reviewed annually.

3.6 Academies sites and their consumptions are not included they as they are no longer underwritten by the Local Authority. They will be contacted directly by LASER to see if they would like to remain on the contract. By remaining, they will still benefit from the savings made by utilising the Flexible Purchasing strategy, invoice validation and query management services, but will be moved across to a LASER Independent

PIA fully managed contract once an agreement document has been signed by the site. If they would prefer to leave LASER, they are permitted to do so once their current contract expires 1st October 2020 and notice of termination has been provided.

4. Key Implications

4.1 Under these frameworks LASER aggregates London Energy Project Customer volumes and flexibly purchases energy under a risk strategy in a complex, fast moving marketplace. The framework governs the supplier arrangement and the services delivered. These frameworks are bespoke to meet the business and technical service requirements of the LEP group, and its member organisations' wider environmental, social and value for money objectives.

4.2 As part of the London Energy Project SoR and agreed in the new pan London Energy Purchasing Framework 2020-25, Npower utilise renewable generators for no additional management fee. This gives Hounslow a route to obtain renewable generation through our contract that can be directly linked back to a named generator. There is also the option to ask Npower to only facilitate local generators with specified technologies (e.g. solar) if preferred. If we elect not to use such a route, we can take a Renewable Energy Generation Option backed green tariff through Npower for up to 100% of Hounslow's requirements for a price premium of ~0.5% compared to conventional energy sources

4.3 LASER's flexible procurement model aggregates the energy volumes of all its customers comprising 115 local authorities. LASER closely monitor energy market prices and drivers, purchasing energy requirements in multiple blocks over a period of time prior to the point of use. Gas and electricity market prices are highly volatile and price movements of more than 10 percent in a week are not unprecedented.

4.4 By aggregating energy spend with other local authorities, delivered energy costs are significantly lower than any one customer can achieve independently. This reduces the risk to the Council of price fluctuations within the utility market through increased flexibility in purchasing as well as being part of a large bulk buying consortium offering economies of scale.

4.5 Laser have proved to have the capability and capacity, along with competencies and experience in buying performance.

5. Sustainability Impact Appraisal

5.1 The LASER frameworks have been purposely set up to assist customers to meet their Carbon reduction targets in as an effective way as possible. In terms of Renewable Energy, the frameworks allow LB Hounslow to:

- 1) Take 100% green electricity tariffs and (gas tariffs when available) from the suppliers. (The uplift on conventional electricity in terms of cost would be an extra £20k per annum over the (2y term +1+1+1 rolling) - 5-year contractual period. Currently, REGO backed green electricity can be purchased for ~£0.60/MWh, which equates to ~0.5% of delivered electricity spend).
- 2) Take a 'deeper green' electricity product through a Power Purchase Agreement established by Npower. This involves Npower sourcing renewable contracts on LB Hounslow's behalf directly with a renewable generator.

Subject to availability, LBH could also limit this to local generation (e.g. sourcing contracts through renewable generators in and around London).
3) Import into the Npower framework electricity that LBH produces from our own generation sources, or from generation sources the customer nominates. As an example, if LBH were to construct or invest in, say, a solar farm, we could sell the exports through the framework or allocate the exports to offset some of our import requirements at other sites.

5.2 In addition, LASER and the energy frameworks can compliantly assist with:

- 1) Consultancy support around projecting carbon emissions and identifying opportunities to reduce emissions in order to hit targets.
- 2) Implementation of energy efficiency and renewable energy opportunities to meet targets.
- 3) Ongoing monitoring and reporting of progress towards meeting carbon targets.

5.3 Separately, LASER is also procuring a standalone framework of renewable energy generators to give customers further flexibility as to how we can contract with, say, a new build wind farm. It is expected that this framework will be operational from mid-2020.

5.4 The requirement to forward purchase energy ahead of the required supply period is a key part of a risk managed energy strategy. Purchasing well in advance of delivery is vital in protecting the Council against adverse wholesale market price changes. Forward purchasing presents an excellent opportunity for securing the value for money 2020+ energy requirements.

6. Financial Details

6.1 The initial contract term expires 31st March 2022 but will roll over annually until 31 March 2025 unless terminated in accordance with contract provisions. This provides for the Council's large (over 100kW), small non-half hourly (sub 100kW), street lighting and other unmetered (UMS) electricity and gas supplies through a flexible framework agreement. The council seeks to procure £6,119,846.00 / 116,936,756.00 kWh of energy each year. Electricity cost £3,717,518.23pa with gas £2,402,327.79pa. Consumption is made up of 21% electricity and 79% gas.

6.2 Comments of the Executive Director Finance & Resources

This report requests cabinet approve the re-procurement of the Council's electricity and gas through LASER from 1 October 2020 for the next 5 years.

The current contract has helped enable some considerable cost avoidance. It is hoped that the Council's energy costs are kept low through effective contract management coupled with ongoing energy reduction initiatives. The re-procurement with LASER also allows the Council to purchase energy sourced from renewable generation, which facilitates an appropriate Council response to the Climate Emergency declared at the Borough Council in June during the year.

6.3 Comments of the Head of Governance

The purchase of electricity is subject to the Public Contracts (Utilities) Regulations. Purchasing through the LASER framework will comply with the Regulations, and the Council's Contract Procedure Rules.

7. Value for Money

7.1 LASER's frameworks were established through an open OJEU procurement process which gave all energy providers the opportunity to participate in the tender. Suppliers were awarded a place on the framework on a Most Economically Advantageous Tender basis to ensure that there was a sufficiently high combination of quality and price. In total 9 providers were awarded a place on the gas and electricity frameworks. The London Energy Project then set an enhanced specification for its member authorities (typically London Boroughs) and the LEP contracts were awarded under the LASER framework to Npower (electricity) and Corona (Gas). The supplier management fees equate to ~0.5% of delivered spend.

The London Energy Project conducted a review process on the most appropriate routes to market for its member authorities and, based on service specification, quality and price, recommended that LASER is the sole provider to deliver the London Energy Project contracts. LASER has a strong track record in delivering energy cost avoidance through effective flexible procurement and associated contract management.

7.2 Contracting through a Central Purchasing Body (CPB) offers the Council the best value procurement route.

7.3 Following an evaluation of the currently available CPB frameworks the LASER CPB is considered to offer the best route for purchasing the Council's flexible half-hourly (HH), non-half hourly (NHH), street lighting and other unmetered electricity supplies (UMS) and gas requirements from 2020 onwards.

7.4 The supplier margin for Pan-LEP electricity for arranging Power Purchase Agreements with renewable generators is zero. Alternatively, we can request that Npower source REGO backed green energy for a price premium of ~0.5%

7.5 The LASER Pan-LEP CAA, SLA and call-off contract has increased protection, commercial, social and environmental benefits for authorities than standard fare

7.6 Simple transition from October 2020 through to March 2025, on a rolling contract basis until terminated by the Council.

7.8 LASER's current flexible frameworks have performed extremely well against the Major Energy Users Council MEUC. For the contract year October 2018 to September 2019; our portfolio (*Corporate & Housing*) for electricity is -15% below MEUC market average with gas -12.5% below market average. This equates to avoided costs of £256k/pa for Corporate stock council building/schools/street lighting and & £245k/pa for Housing stock.

**The MEUC is the Major Energy Users Council who are an independent body, providing benchmarking reports for large energy buyers & consumers*

7.9 Other CPBs offering energy supply procurement options which are available for the Council to access have been evaluated and none offer any

advantages over the LASER offer:

7.10 Social Value – London Living wage, apprenticeships – Added Value - funded energy management training for authority staff

7.11 The Energy Team has appraised the most appropriate purchasing option and has split the portfolio, in order to maximise opportunities within the market prices and to minimise risk in those areas that most need it. From 2020, the Council should remain within the ‘fully managed’ service for all (commercial, housing, schools) sites and revert to the ‘procurement only’ (POSO) option for Street Lighting and High consuming HH sites. The Energy Team are able to offer the full invoice validation and query management function in house.

8. Risk Management

8.1 Laser have proved to have the capability and capacity, along with competencies and experience in buying performance. Especially in the volumes required for effective risk management and help manage the benefits of aggregation that can deliver value for money in the future.

8.2 Procurement ‘Basket’ Options; The Council, faced with the choice of their preferred forward purchasing method within the LASER flexible framework (dependent on appetite for price risk and requirement for budget certainty), has chosen the option of ‘Purchase in Advance’ (PIA) as opposed to ‘Purchase within Period’ (PWP) as this option provides the best value for money while minimising price risk and fortifying budget certainty.

- **Purchase in Advance (PIA)** – involves purchasing all energy requirements for that given year in advance of the contract start date.
- **Purchase within Period (PWP)** - involves setting a reference price for a 6-month period. At the end for this period a reconciliation takes place between the reference price and the final (achieved) purchase price

9. Links to Council Priorities

9.1 This project supports the objectives of Hounslow’s Corporate Property Strategy & Local Plan and its Climate Emergency Strategy which aims to be carbon zero by 2030.

10. Equalities, Human Rights and Community Cohesion

10.1 The Council has to give due regard to its Equalities Duties, in particular with respect to general duties arising from section 149 of the Equality Act 2010. Having due regard to the need to advance equality involves, in particular, the need to remove or minimize disadvantages suffered by equalities groups.

10.2 The Council has considered the relevance of the proposal to the provisions of the Equality Act 2010, in particular for those with the following protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and the Human Rights Act 1998 .The assessment concluded that Equalities Duties are not engaged by this proposal. The proposal is also compatible with Human Rights Articles and as the report does not

have any significant bearing on the substantive equality duty it is not considered necessary to undertake an Equality Analysis.

11. Staffing/Workforce and Accommodation implications:

11.1 The Energy Purchasing contract includes actions that relate to reducing emissions from the council's estate and interventions that target staff and workforce

12. Property and Assets

12.1 The Energy Purchasing contract includes actions that relate to reducing cost and emissions from the council's estate.

13. Any Other Implications

None noted

14. Consultation

14.1 This contract will directly affect leasehold housing tenants; therefore, the Energy Team will liaise with Asset Management & Leasehold Services, who will lead on the statutory consultation notifications and / or dispensations S20 required for renewal of these contracts

14.2 Procuring directly with a utility company: the risk of market volatility is reduced by opting for procurement through a CPB which is also proven to represent best value for money due to economies of scale and the CPB's purchasing power.

14.3 Procurement through a Private Sector based provider

The Council could tender for a private sector Third Party Intermediary (TPI) and subsequently use the broker to tender and 'trade' its energy supplies. This loses the benefits of a truly aggregated, flexible contract and often, the full price transparency of all costs, including TPI fees and any commission paid by suppliers to the TPI for all tradeable elements and sell-back, etc. The TPI could access the wholesale market on our behalf, but we may only receive prices based on the supplier's view of the market. A full OJEU tender process may also be required to appoint the TPI with all the associated resource and time implications. TPIs may have issues regarding business continuity in the present economic climate are unlikely to be able to aggregate the Council's volume with other customers in an OJEU compliant manner or to the same level or offer the same additional and social value as the Pan-LEP contracts. Due to this level of complexity and lack of in-house resources to deliver this, this option was discounted at this time. However, this option or 'energy as a service', a closer to the market approach, with Suppliers offering a full-service wrapper may be possible in the next 2 to 3-year horizon through a pan-LEP route, whereby true aggregation and full transparency and governance is achieved through the use of a public sector intelligent client function. CPB's do everything that independent energy brokers do, but with the added benefit of aggregating large Local Authority, London NHS portfolios.

14.4 Collaborative procurement with other authorities: The Council have led on an exercise to establish the added benefits of procuring its energy supplies jointly with other members of the LEP. London and peripheral authorities who expressed an interest in pursuing this all were already with the LASER CPB and conclusion was that the maximum benefit of joint procurement was already being realised

15. Timetable for Implementation

15.1 The Energy Purchasing contract is to be considered at the January 2020 meeting of the council's Cabinet.

15.2 The contract is effective from 1st October 2020

16. Appendices

None

17. Background Information

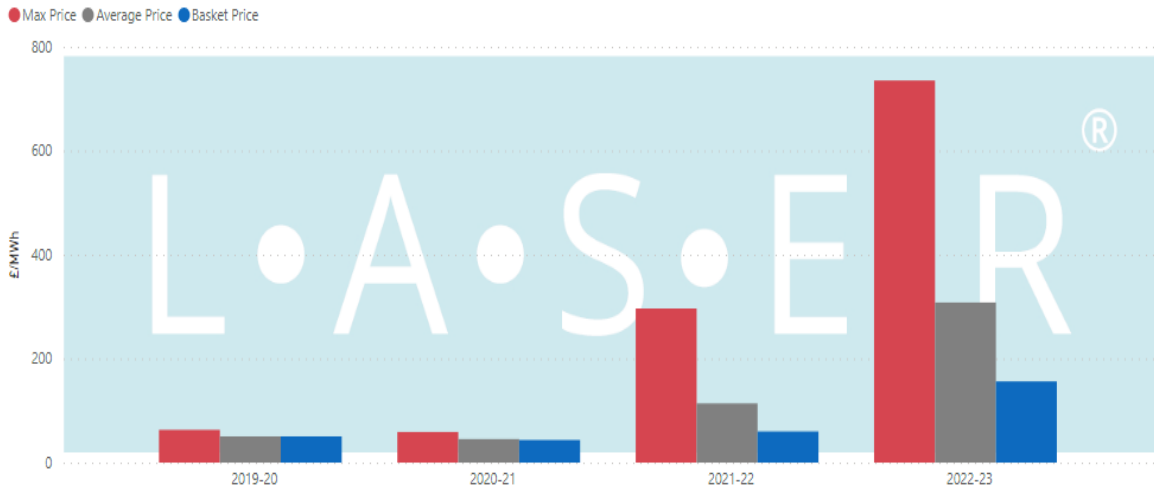
REPORT ENDS

Independent Benchmarking Report

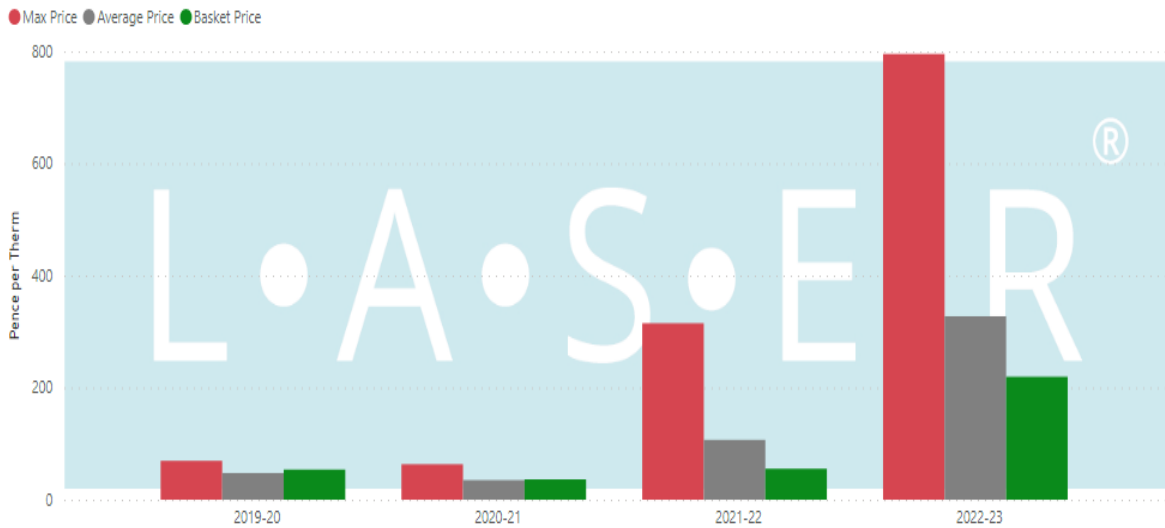
LASER baskets performance v the market, for both Gas & Elec.

The below provides an indication of the “Market Highs, Market Averages & The LASER Basket over the last 4 years.

Annual Electric Basket Performance vs Market Max & Market Average



Annual Gas Basket Performance vs Market Max & Market Average

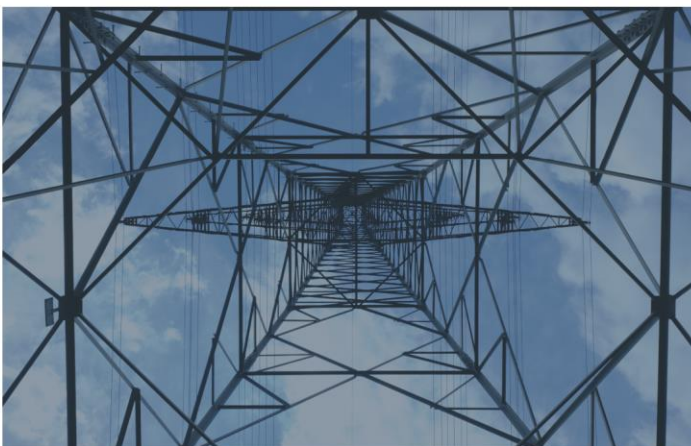


London Borough of Hounslow:

Review of the energy TPI market on behalf of London Local Authorities

August 2023

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London Borough of Hounslow

About Cornwall Insight

Getting to grips with the intricacies embedded in energy and water markets can be a daunting task. There is a wealth of information online to help you keep up to date with the latest developments, but finding what you are looking for and understanding the impact for your business can be tough. That's where Cornwall Insight comes in, providing independent and objective expertise. You can ensure your business stays ahead of the game by taking advantage of our:

- **Publications** Covering the full breadth of the GB energy industry, our reports and publications will help you keep pace with the fast moving, complex and multi faceted markets by collating all the "must know" developments and breaking down complex topics
- **Market research and insight** Providing you with comprehensive appraisals of the energy landscape helping you track, understand and respond to industry developments; effectively budget for fluctuating costs and charges; and understand the best route to market for your power
- **Training, events and forums** From new starters to industry veterans, our training courses will ensure your team has the right knowledge and skills to support your business growth ambitions
- **Consultancy** Energy market knowledge and expertise utilised to provide you with a deep insight to help you prove your business strategies are viable

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2. Executive Summary

This report presents the findings from energy market research conducted by Cornwall Insight (“Cornwall”, “we”, “us”) on behalf of a consortium of Local Authorities (the “Local Authorities”) including the London Borough of Hounslow. This research was commissioned to provide insight into the market landscape, trends, key players, and services offered by Third Party Intermediaries (TPIs) - also called brokers and Public Buying Organisations (PBOs) - operating in the energy market of Great Britain (GB). The report aims to assist the London Borough of Hounslow in making informed decisions about energy procurement.

Amid a rapidly evolving global energy landscape, the role of TPIs is transforming. Energy users are increasingly motivated by decarbonisation goals, in addition to traditional factors such as budget certainty and risk management. The aim of achieving net zero emissions has prompted a seismic shift across the energy industry, affecting how energy is sourced, distributed, and consumed. Energy brokers traditionally facilitated transactions within conventional energy supply markets, now recognise they will need to play a new role. Some TPIs already offer adapted products, helping energy users navigate the complex interplay of renewable technologies, decentralised processes and dynamic policy frameworks. A common message from TPIs is they expect to make further changes, introducing more products within the next 12-24 months.

Local Authorities have the flexibility to choose their procurement provider or may utilise internal procurement facilities provided they comply with the relevant rules and regulations. This flexibility enables Local Authorities to tailor their procurement approach to their specific needs and strategic requirements.

The number of TPIs offering energy services is substantial with some estimates indicating there to be more than 4,000 companies or individuals engaged in sourcing non domestic energy contracts. The majority of these will be sole traders securing their energy products via one or more aggregators rather than directly from suppliers. Cornwall Insight profiles what we believe to be the most notable TPI competitors in a range of markets on an ongoing basis. This report utilises our existing market knowledge, supplemented by customer interviews and information from the public domain including TPI websites, Companies House, public sector tender notices, TPI marketing material, TPI terms and conditions, social media outlets, trade press and the Utilities Intermediaries Association (UIA).

As each Local Authority has distinct portfolios, objectives, and priorities, what may be suitable for one authority may not necessarily be the best fit for another. Factors such as geographical location, energy demands, budget constraints, sustainability goals, and available resources can vary significantly among Local Authorities. The public sector’s collective demand for PBOs and TPIs has remained consistently high given the need to secure energy contracts in a way that ensures value for money. In recent years the public sector has also sought advice from PBOs to facilitate net zero strategies.

Cornwall Insight research indicates that public sector spend with energy intermediaries on fees was £25mn in 2022, an increase from £20mn in 2020. Our research suggests 77% of this was with PBOs, and while this is a high proportion, it is on a sustained downward track as private TPIs win over customers, sometimes at higher commission rates. The tendency to use a TPI rather than PBOs is particularly increasing in the education and care sectors as private TPIs look to target these sectors.

When considering a new procurement partner, a Local Authority must assess the resources needed for transitioning. Moving from one energy supplier to another can be challenging and may deter authorities if the expected benefits are minimal. Changing providers involves costs for transitioning data, training staff, and managing the overall process. These costs vary based on the complexity and support required. Despite these considerations, it is crucial to evaluate the long-term benefits and potential cost savings. This evaluation includes improved procurement efficiency, access to

specialised expertise, and aligning strategies with specific Local Authority needs.

While intended to inform the Local Authority's choices, this report is not part of a formal public procurement process. Local Authorities should conduct a comprehensive cost benefit analysis that incorporates the information provided in this report. This analysis will allow them to compare the expected costs of transitioning with the potential service improvements. By carefully considering these factors, Local Authorities can make informed decisions that balance cost considerations with long-term strategic goals.

The wholesale energy market has seen unprecedented levels of volatility in recent periods, leading to a significant increase in uncertainty surrounding energy prices. This volatility continues to persist in the market, posing challenges for local councils when assessing risks associated with energy procurement and supply contracts. The challenge of securing good value has become increasingly complex due to increased exposure to risks within the energy market, requiring a careful examination of procurement strategies to ensure the best outcomes for billpayers.

Wholesale gas and electricity markets have been dominated by concerns about gas supplies in the EU and Britain following the Russian invasion of Ukraine, with gas pricing for winter 2022-23 rising to all-time highs. Despite Great Britain not being directly connected to Russia via pipelines, the global competition for natural gas and demand from European interconnectors have exposed the country to record-breaking gas prices.

High gas prices have driven up electricity prices, due to the reliance on gas-fired power stations and the marginal nature of the pricing structure. During the winter of 2022-23, the pressure on electricity prices was intensified by nuclear capacity outages in France which meant Great Britain became a net exporter of electricity for the first time. Gas and electricity prices are expected to remain high compared to historical levels, at least until the end of this decade.

Record high consumer bills prompted heightened levels of government intervention across Europe. These range from short-term interventions such as subsidies via bills, to increased support for more fundamental reforms, the impact of which is uncertain. Winter 2022-23 was one of the warmest on record, making it difficult to assess the impact of the short term measures, with the longer term reform in the initial stages.

Selecting a dependable energy buying partner has become increasingly crucial for Local Authorities as it offers the potential to achieve cost savings and valuable guidance. With the complexities of the energy market, having a reliable TPI or PBO can make a significant difference in managing costs effectively and receiving sound advice to support decision-making processes. Overall trends towards improved regulation of the TPI market have yet to materially impact larger energy users, such as Local Authorities, but are indicative of the increased appetite for reliable and well governed energy buying partners in the non domestic market.

The consortium of Local Authorities provided a Statement of Requirements (SoR), creating a framework against which the TPIs services were assessed. When assessing the TPI market we used a multi-step process to filter the most suitable TPIs for selection, creating a long list, developing a shortlist, and scoring the shortlisted offerings against the Local Authorities' SoR. The names of the Local Authorities were not disclosed to the TPIs to avoid any bias or advantage for incumbent providers.

Cornwall Insight is an independent energy consultant and has relationships with parties across the energy market, including TPIs. This research has been designed and carried out in manner to ensure impartiality. The team leading this research is separate to those involved in ongoing service provision in the TPI markets to ensure that the assessment remains objective and free from any undue influence.

- Our research finds that for Local Authorities already supplied by the PBO LASER, there is unlikely to be a material advantage to be gained from moving to another provider
- Several other providers offer similar products to LASER, but none with features that would

be expected to outweigh the disruption and cost of resourcing change

- For comparison we have included information about one PBO and two alternative private TPIs who did not match the SoR as closely, but who may provide an alternative approach for a Local Authority seeking a service that differs from the SoR.
- For Local Authorities not currently supplied by LASER, evaluation of all proposed options should factor in the anticipated disruption and the costs associated with implementing change

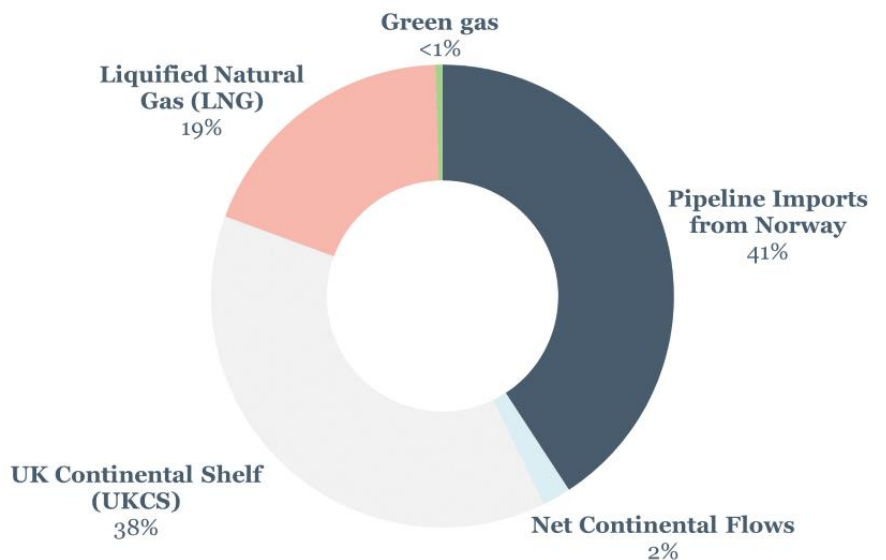
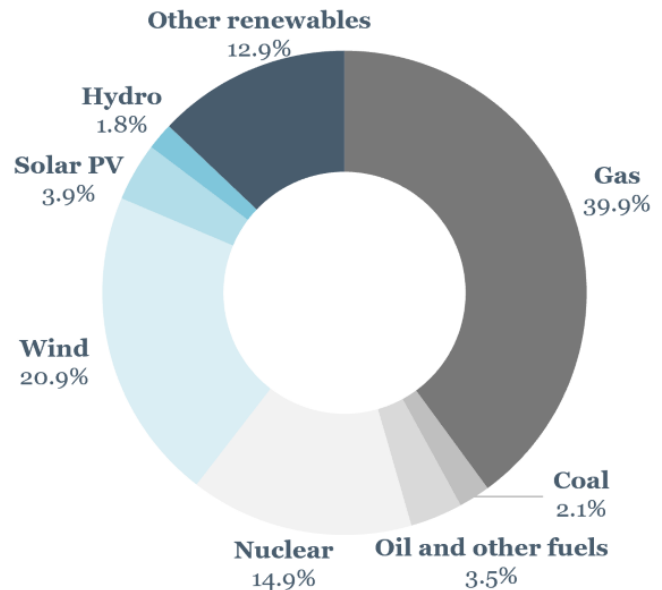
3. Energy market overview

Wholesale price volatility and shifting macroeconomic conditions have exacerbated energy bill uncertainty over the last 18 months. These conditions, combined with the long-term nature of energy contracts, indicate that wholesale energy prices may not revert to their 2020-21 levels until around 2030, according to our recent forecasts. This projection underscores the need for effective energy management strategies to navigate the ongoing volatility and mitigate the potential impact on energy bills.

Volatile gas prices have had a direct impact on electricity prices, particularly as gas fuelled power stations play a significant role in electricity generation. This dependency means the all-time high gas prices have subsequently driven up wholesale electricity prices.

Just under 40% of the UK's electricity is generated using gas, shown in **Error! Reference source not found.**. The remainder is primarily derived from three different generational sources – renewables, nuclear, and coal. The use of these fuels is determined by several factors, including price (influenced by fuel costs, global markets, and the balance of supply and demand amongst other drivers), weather (influences the ability to generate and level of demand), and policy (some policies drive towards low-carbon fuels for electricity generation).

Gas is sourced from global markets, including pipeline imports from Norway and Liquefied Natural Gas (LNG), alongside gas from the UK Continental Shelf (UKCS). The sources of gas used in the UK are shown in Figure 1. The locational range of sources means prices faced by Local Authorities in the UK are influenced by factors such as geopolitical events, weather conditions, demand dynamics and policy impacts. The fluctuations in energy prices have implications to a supplier's risk management activities, in turn affecting a Local Authority's risk assessment and decision making processes, particularly for Local Authorities involved in flexible supply contracts.



3.1. International impact on energy supply

Wholesale gas and power markets have been dominated by concerns about gas supplies in the EU and Britain following the Russian invasion of Ukraine, with gas pricing for winter 2022-23 rising to all-time highs. While GB is not directly connected by pipeline to Russia, the increased global competition for natural gas and demand from European interconnectors has seen record high gas prices to which Britain is exposed.

In response to the invasion of Ukraine, demand for liquified natural gas (LNG) imports significantly increased. Liquefying gas enables the fuel to be easily transported across larger distances by ship, and accounts for roughly one fifth of British gas supply. In 2021, Britain sourced its LNG from nine countries, primarily from Qatar with smaller volumes from the USA and Russia. According to [reported energy trends](#), the UK has since ceased imports of Russian LNG, with the last cargo arriving in March 2022. Instead, the UK has increased imports of LNG from other countries and provided gas via pipeline to continental Europe. Overall British imports of LNG in 2022 rose by 37% compared to 2021. This included a sharp rise in imports from the USA. Gas exports from GB through gas interconnectors to mainland Europe reached a record high in 2022 and the production of UKCS natural gas increased by 55% compared with 2021 according to data published by the Department for Energy Security and Net Zero ([DESNZ](#)). Despite this increase in British production, prices remained high as sanctions on Russian limits global access to a historically key exporter.

High gas prices have driven up electricity prices, due to the marginal nature of the pricing structure and the reliance on gas-fired power stations. Gas power stations can quickly respond to fluctuations in electricity demand and generation. Until alternative sources of dispatchable generation and storage are developed at scale, gas powered electricity generation will be used alongside variable renewable sources like wind and solar.

Great Britain is connected to other countries through a series of interconnectors, which are large cables linking electricity transmission across countries. Britain and France are connected by interconnectors and electricity flows to and from the two countries. Previously, France was a net exporter to Britain because of the large volume of electricity generated by its nuclear power stations. However, in 2022-23 there were significant outages across the French nuclear fleet. Several reactors were offline for overdue maintenance and checks related to corrosion issues in older reactors. Over the 2022-23 winter, this created a large generation gap in France and impacts capacity coming into Britain. In Britain, this increased upward pressure on electricity prices, as there was uncertainty around the reduction of electricity imported via the interconnector. The reactors are now back online but the event raised concerns about security of electricity supply in Britain.

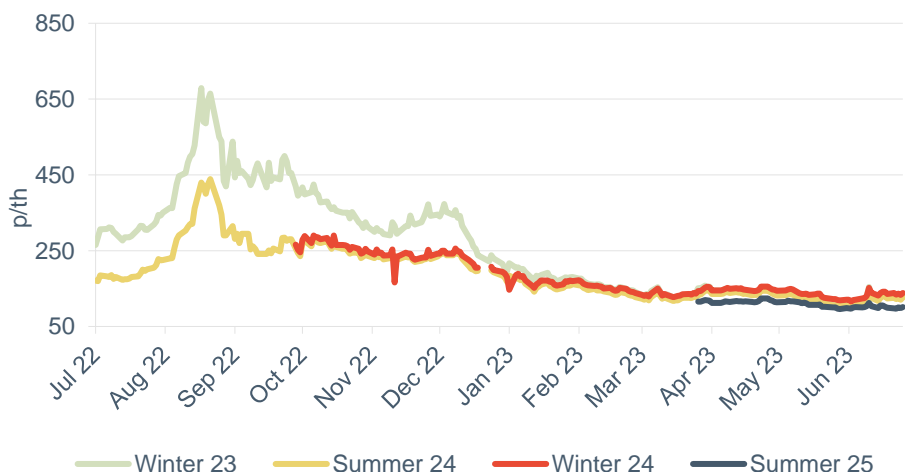
3.2. Short term pricing view

Gas prices have continued to fall as Winter 2022-23 passes and proved to be relatively mild, alleviating concerns over security of supply. EU gas storage levels are currently above 80% (August 2023) which is higher than usual for this time of year, bringing down prices in the short term.

Despite this, traded prices for upcoming winters remain elevated as Britain and the EU have become more dependent on the international gas markets via LNG shipments. This elevated price compared to pre-pandemic levels is the result of economies recovering from the pandemic and from the EU diversifying supply away from Russia which has led to an increase in demand for LNG products globally.

EU countries have increased the volume of LNG capacity available in particular with the use of floating storage regasification units in Holland, Spain, Germany, Italy and France so that import capacity, which was an issue last year, is no longer a real concern.

Figure 2: seasonal gas prices (July 2023)



Source: Cornwall Insight Benchmark Power Curve

Gas storage is often used across Europe to meet peak demand during the winter period, and plays an influential role in energy security and the energy price. Injections of gas into storage usually occurs during the summer months when demand (and therefore prices) are lower, and withdrawn during the winter period when demand for gas rises. For this year, in general EU gas storage stocks are ahead of filling schedules and above the five-year average.

Asian gas demand has been weak over the summer leading to spare LNG volumes, further aiding the re-filling of EU gas storage inventories and creating opportunities for floating LNG storage. This is where, subject to shipping availability, an LNG cargo is loaded and kept offshore (i.e. floating) until needed usually in the months of October and November. Comparatively Great Britain (GB) has low national gas storage available. Instead, there is a diversified range of gas sources, including longstanding bidirectional interconnector pipeline capacity and LNG import terminals. Price dynamics for the remainder of the summer will be largely driven by EU gas storage re-filling considerations with prices rising if constraints are anticipated (unlikely in our opinion) and otherwise if the re-filling programme remains on track.

Concerns will remain for the upcoming winter period, which will be expected to be colder than last year and more in line with seasonal normal temperatures. Currently annual prices are forecasted to remain relatively flat in the short term as a result however the risk of UK prices rising is real and will depend on outturn winter weather.

Figure 3: Near term drivers for gas prices

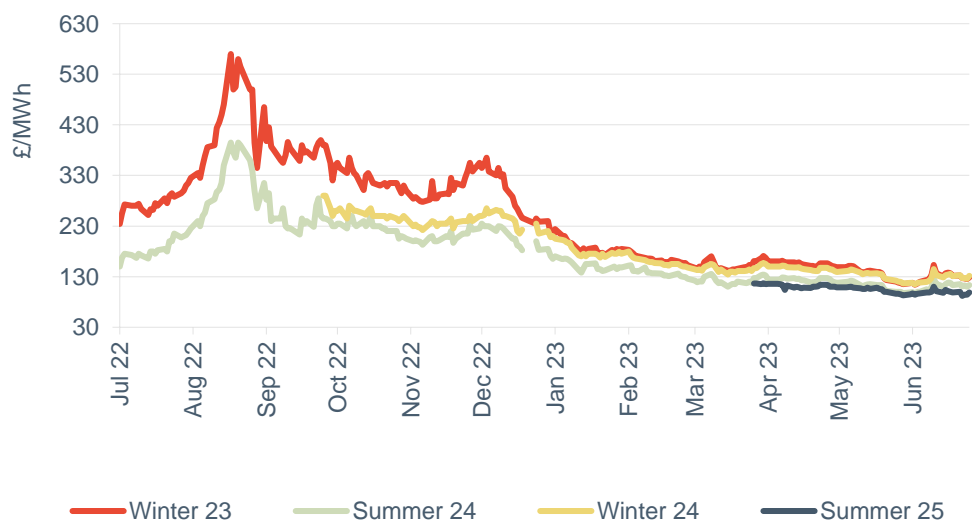
Drivers over the next quarter	Impact on prices
High European gas storage and mandated targets in place ahead of November 2023 to avoid price spikes during the winter.	↓ Decrease
Increased reliance on global LNG market to meet demand, with increased competition as China returns to pre-COVID economic growth	↑ Increase
Warmer weather will act to reduce heating demand into the summer 2023 period even after allowing for additional air con demand in case of a hot summer	↓ Decrease

Source: Cornwall Insight

In the short-term, electricity prices are expected to remain elevated following the Russian invasion of Ukraine, and are susceptible to market shocks and pricing volatility.

High gas prices and expectations of a low supply surplus have kept electricity prices high compared to pre-2022 levels; traded prices for winter 2023-24 have fallen as we get closer to delivery, but remain elevated compared to historical averages. By winter 2024, prices will remain above historical levels but are expected to fall to between £104/MWh and £150/MWh.

Figure 4: seasonal power prices (July 2023)



Source: Cornwall Insight Benchmark Power Curve

Figure 5: Near term drivers for power prices

Drivers over the next quarter	Impact on prices
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Developments in gas & commodity markets will continue to be the main driver of prices. Gas prices could rise in the winter but are lower than winter 2022. → Neutral

Natural drop in demand in summer, but energy crisis could weigh further in the winter 2023/24 period ↓ Decrease

Interconnectors to export lower levels than seen in summer 2022, but still higher than historical rates → Neutral

High prices and supply uncertainty related to conflict in Ukraine will make the export pattern across Europe potentially unpredictable ↑ Increase

Source: Cornwall Insight

3.3. Long term pricing view

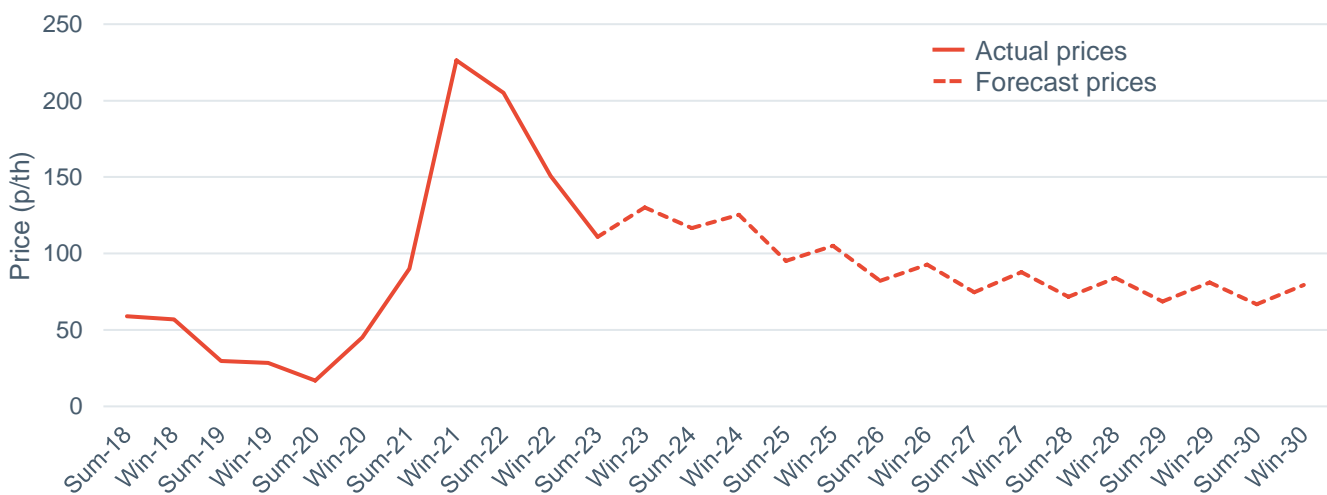
The longer term outlook for gas is uncertain. German gas demand is currently reduced by circa 15% from pre-pandemic levels to cater for the challenges in diversifying away from Russian gas supplies, with German industry taking the brunt of this reduction. How and when this demand returns are subject to debate. In general European demand for gas is likely to permanently reduce parallel to a rising focus on electrification, although this could be offset by increased demand for gas in other markets, including China.

Weather plays an important role in gas consumption and availability. Wind, rainfall and temperature will impact gas demand levels and how tight the supply-demand picture outturns. While this is not expected to change significantly in impact on long term prices, it can have significant bearing on prices in the short term each winter. For example, mild temperatures and steady wind across Northern Europe would minimise reliance on fossil fuels for heating and power in a given period.

Figure 6 shows our forecast annual average power price out to 2030 from our latest Benchmark Power Curve (BPC). This is based on comprehensive market and asset-level power price modelling that delivers long-term power price forecasts. The assumptions made in this forecast are that:

- Net Zero ambitions from the Climate Change Act are delivered by 2050. The model has a carbon target it must adhere to when planning capacity and running generation
- Security of supply is consistent with government targets, by dispatching generation in cost order to meet demand
- Every option aims to achieve lowest cost possible to minimise system costs
- All coal fired capacity is closed by 2024
- The Government target to procure 50GW of offshore wind by 2030 is achieved.

Figure 6: Average actual and forecasted gas prices per fiscal year (broken down by summer and winter seasons)



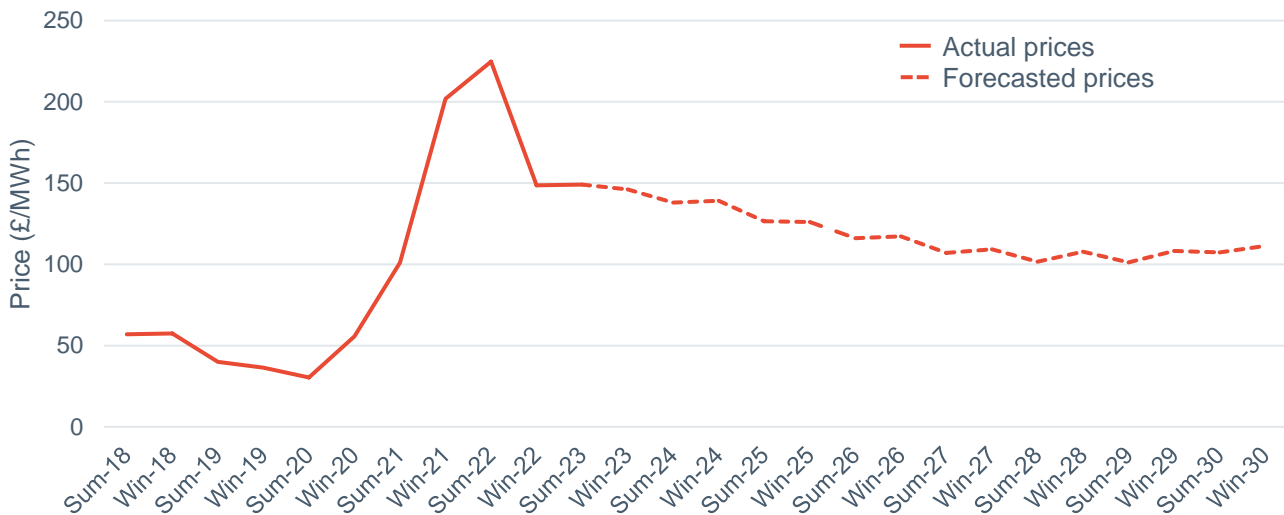
Source: Cornwall Insight Benchmark Power Curve



Electricity prices are expected to remain above 2020 values for the rest of the decade. There has been a policy push from the UK Government to electrify heat, transport and industry in response to net zero targets which will increase Britain's demand for electricity. However, Britain's goals to deploy renewables alongside EU goals, are expected to reduce the reliance on gas to produce electricity. With policy to increase renewables capacity and reduce carbon emissions, the demand growth is met predominately by low marginal cost generators, which do not have to pay carbon prices, and as a result, power prices do not significantly increase.

Electricity prices are expected to drop in the mid-2020s as higher marginal cost coal-fired plants retire, and new offshore wind turbines are built to meet the government's 2030 wind generation target. The zero marginal cost of wind turbines, due to there not being a cost to fuel turbines, means that when they are generating, prices tend to fall and electricity prices become less impacted by gas prices.

Figure 7: Average actual and forecasted power prices per fiscal year (broken down by summer and winter seasons)



Source: Cornwall Insight Benchmark Power Curve

As well as coal-fired plants retiring, Britain's combined cycle gas turbine (CCTG) power stations are coming towards the end of their lifespan with some being converted to open-cycle gas turbines (OCGT) through the mid-2020s. Converting CCTGs to OCGTs allows them to operate more flexibly in a market. Older nuclear power plants are also expected to retire from operation reducing generating capacity further. However, when Hinckley Point C's reactors are commissioned (expected in 2026-27), nuclear capacity will increase again.

Another large change to the energy generation mix is the increasing use of battery storage to underpin flexibility and balancing services. Longer duration flexibility options are expected to be relied on during times when low carbon power is unavailable.

Outside of Britain, there have been increased commitments from the European Commission to deploy renewables as part of the [European Green Deal](#) to reduce the impact on gas and electricity prices as a result of the invasion of Ukraine.

As we approach 2030, the deployment of low marginal cost generators is met by demand growth from the electrification of the economy, increasing production of green hydrogen and increased power exports to Europe, resulting in the levelling of prices above pre-pandemic levels.

3.4. Regulatory horizon scan

The regulatory framework in Britain's energy market is comprised of complex industry codes that outline the responsibilities and requirements for effective operation of the energy system and functioning of the market. Companies operating in the energy sector are typically required to hold licences to ensure compliance with these regulations. The supply licence, in particular, aims to protect customers and ensure fair treatment.

Ofgem can take action to amend the supply licence to deliver better outcomes, and there has been a growing level of intervention from government on pricing, including the introduction of bill support. While programmes to support the energy transition are already in train, and will impact pricing, government has also taken action to address volatility in the market. These range from short-term interventions to more

fundamental reforms, the impact of which is more uncertain and will be dependent on the approaches taken, the implementation timescales and the effectiveness of the changes.

3.4.1. Government energy bill support

As a result of the all-time high energy prices, a series of support schemes were offered by the GB government for both households and businesses. The [Energy Bill Relief Scheme](#) (EBRS) was announced by the government on 21 September 2022, ending in March 2023. The scheme was designed to support businesses and public sector organisations in Great Britain and Northern Ireland (NI) by providing a discount on wholesale gas and electricity prices to allow businesses to adapt to the increasing prices over winter. The original forecast for the cost of EBRS was £18bn however a [statement](#) published in June 2023 revealed that £5.5bn was spent on EBRS.

The EBRS came to an end in January 2023 after concerns about the budget available for bill support. As a result, scaled back support was put in place. The [Energy Bills Discount Scheme](#) (EBDS) was announced on 9 January and is a per unit discount running from 1 April 2023 to 31 March 2024, applying to eligible non domestic consumers. The support is offered as part of the new EBDS capped at £5.5bn. As part of the scheme, Energy and Trade Intensive Industries (ETII) will be able to apply for a higher level of support. The [list of ETIIs](#) was published on 9 January, including the top 20% of energy intensive sectors and the top 40% of trade intensive sectors. This includes libraries, archives, museums and other historical sites.

Figure 8: Energy Bills Discount Scheme prices

Fuel	Max. discount (ETII)	Price threshold (ETII)	EBRS max. discount	EBRS government supported price
Electricity	£19.61/MWh (£89/MWh)	£302/MWh (£185/MWh)	£345/MWh	£211/MWh
Gas	£6.97/MWh (£40/MWh)	£107/MWh (£99/MWh)	£91/MWh	£75/MWh

Source: [DESNZ](#)

Councils may be eligible for support via the EBDS, however, eligibility will be determined on a site by site basis. Local Authorities would have to declare that at least 50% of the use of the premises is for operations under an eligible sector such as libraries, archives, and museums.

Local Authorities that secured energy under purchasing in advance contracts were largely ineligible for the EBRS due to the time bound nature of the support, although in this instance they would have also avoided exposure to the extremely high market prices seen during this period.

3.4.2. Rebalancing policy costs

There are a range of policy levies that are funded through consumer bills. These include Renewables Obligation (RO), Feed in Tariff (FiT) and Contracts for Difference (CfD), and some precursor schemes. These are supported through obligations on, or cost recovery from, domestic and business electricity suppliers. They in turn recover these costs in the tariffs they offer their customers. These costs are not negotiable as part of an energy contract and are paid by all consumers.

Policy costs were initially allocated solely to the electricity bill, rather than split across electricity and gas, for three main reasons:

- Because the levies were paying for the decarbonisation of electricity generation
- Because all energy consumers in Britain take power, while only some take gas – particularly on the non-domestic side
- To increase the cost of electricity, and therefore make electricity-saving investments more economically beneficial

Since 2020, to support the government’s pursuit of its net zero agenda, the government has suggested that it would look to reallocate green policy levies from electricity to gas. This would support the decarbonisation of heat through methods such as heat pumps, with the intention of levelling the operational costs of gas

boilers and heat pumps

- The [Heat & Buildings Strategy](#) set out an intention to make heat pumps “no more expensive to buy and run than gas boilers by 2030” and setting an intention to rebalance energy prices, including a “look at options to shift or rebalance energy levies...away from electricity to gas over this decade.”
- This was also called for in HM Treasury’s [Net Zero Review](#) in October 2021

In May 2023 fuel price rebalancing was highlighted as a way to incentivise the switch to electrification in [the Powering Up Britain report](#). The report has indicated that the government is willing to consider rebalancing some or all of the existing low carbon levies from electricity to gas. This is intended to reduce the total cost associated with electricity (thereby supporting electrification of heat and transport) and increasing the cost of natural gas. The government has committed to outlining a rebalancing approach in 2023/24 with impacts seen in energy prices by the end of 2024.

For an organisation with an electricity-heavy portfolio, rebalancing policy costs from electricity into gas would result in lower electricity prices per unit. For organisations more reliant on gas, unit prices would be expected to increase and for organisations with a mixed portfolio, an assessment of the impact would need to be undertaken. Other options may be considered going forward.

3.4.3. Market wide half hourly settlement

The Significant Code Review (SCR) to deliver [Market-wide Half Hourly Settlement](#) (MHHS) was launched by Ofgem in July 2017. In its launch statement Ofgem set out that settling all customers using half hourly consumption data would expose suppliers to the true cost of supplying customers in any given half hour, increasing the incentives to help customers move their consumption to periods when electricity is cheaper or export when it is beneficial to the system, reducing the need for additional generation capacity and network reinforcement to manage peak system demand. Larger businesses are already settled on a half hourly basis, but the move to settle all customers could open up additional offerings provided by suppliers. Implementation is expected to be completed by December 2026.

3.4.4. The introduction of a hydrogen levy

In the [Energy Security Bill](#), government has announced that from 2025 low carbon hydrogen production will be levy funded through the [Hydrogen Production Levy](#). The levy is still subject to consultation; however implementation would add an additional cost to energy bills.

The Hydrogen Production Levy is expected to have no impact on consumer bills until after 2025. However, it could be beneficial to track the progress of any consultation to gather an understanding of what price increases could be likely in the future and when changes to energy bills could occur.

3.4.5. Review of Energy Market Arrangements (REMA)

The Review of Electricity Market Arrangements (REMA) is a workstream from DESNZ which aims to identify and implement the reforms needed in Britain’s electricity market, to drive the necessary investment in and efficient operation of a secure low carbon electricity system by 2035.

DESNZ has put forwards a very wide range of potential long term reform options. The main options of reform proposed in REMA are:

- Splitting the markets – in which wholesale prices are split into two; one reflective of renewable assets/assets with limited operating costs and those driven by fuel costs
- Locational Marginal Pricing (LMP) and zonal pricing – in which the prices applicable for assets are split by location, producing different rates for assets in different areas
- Evolutionary reform of existing markets – incremental change to existing markets and processes, including the CfD, Capacity Market, and system operation

The retail market, and by extension, consumers are not included within the direct scope of REMA for reform. Instead, any consumer impacts from REMA will be felt through reforms in the wholesale market, which could have significant implications for energy procurement – either through changing wholesale prices, additional complexity, behavioural signals, or attitudes to the technology mix. Consultation on REMA is ongoing, and it is unlikely that any impacts will be felt in the short-term, as they are likely to require legislative change.

4. The TPI and the PBO market

4.1. Market Overview

Third Party Intermediaries (TPIs) give energy related guidance to organisations and can include, brokers, switching sites, public buying organisations (PBOs) and any other organisation that supports energy procurement.

Businesses use TPIs to source their energy contract for four main reasons:

- Independence – TPIs present offers from a range of different energy suppliers, and TPIs position themselves as independent from energy suppliers
- Complexity – the energy markets are seen by many consumers as complex, with specialist knowledge required to understand the main terms and charges that apply to non domestic customers. Energy markets are also volatile, and can require detailed explanation to understand large changes in bills or contract disputes
- Specialist resource – TPIs can offer quick and timely access to competing offers providing a choice for consumers. TPIs may also provide access to lower-priced offers than those available directly with a supplier. Some TPIs promote additional services alongside procurement
- Specialist assistance – TPIs often provide a named contact or team to handle any queries that arise. This can provide reassurance that any unexpected change or contractual change would be discussed

As customer needs have evolved, TPIs have expanded their services beyond procurement and contract negotiation. They have transformed into broader energy consultants, offering access to a range of additional services including (not exclusively):

- Procurement and tendering services
- Market Intelligence (pricing reports, industry news)
- Bureau services (invoice/billing, other)
- Risk management
- Usage/management monitoring and analytics (online interface, audit, other)
- Efficiency audits
- Flexible services (DSR, site optimisation, aggregation, other)
- Metering services
- Infrastructure development support (generation, lighting, building services)
- Water services (bureau, water usage)
- Water procurement
- Other business brokerage/procurement (telecoms, insurance, other), and
- Other business services (facilities management, other)

In addition, there are organisations which serve in a non-procurement intermediary capacity, providing a specific aspect of energy services, e.g. heat networks, which can be referred to as service companies. Collectively, these three groups of companies can be referred to as Agents.

The non domestic TPI sector has seen a large amount of growth in the last eight years with market value doubling from £232mn in 2014 to £425mn in 2022. Much of the growth has been driven by the growing role of TPIs in the SME market, where they have increased their involvement in energy procurement and contract renewal. TPIs now negotiate around 41% of SME energy contracts (2022), compared to around

13% in 2014.

The larger energy bills of industrial organisations in the Industrial and Commercial (I&C) market means that there is a requirement for businesses to be more knowledgeable and engaged in the energy market. As a result, more businesses in the I&C sector engage in the market by using the services of TPIs. Consistently, there has been a high level of TPI penetration in the I&C market which is currently saturated, as TPIs negotiated 84% of electricity contracts and 77% of gas contracts in 2022.

There are perhaps as many as 4,000 entities providing TPI services in the British energy industry. The majority are individuals working with larger TPIs that manage their interface with energy suppliers. During recent years an increasing number of TPIs have been turning to aggregators in order to provide their customers with prices from the majority of suppliers (full-market coverage).

4.2. TPI Regulation

Although TPI regulation has been explored by Ofgem, TPIs operating in the energy sector are not directly regulated. TPI conduct is managed indirectly through the sales provisions on suppliers through their licences or voluntarily by TPIs themselves, through trade groups and voluntary codes of practices, such as the Utilities Intermediaries Association (UIA) and individual suppliers' codes of conduct.

This "regulation-by-proxy" is reflected in changes proposed by the energy regulator, Ofgem. Compliance would be managed through the supply licence standard licence conditions placing responsibility for ensuring standards by TPIs in non domestic markets. TPIs are obligated to inform microbusiness customers of any commission payment they receive from energy suppliers and obtain consent as per the Standard Licence Condition (SLC) 7A. The proposed introduction of a voluntary [*Code of Practice for Non-Domestic Third Party Intermediaries*](#) via the Retail Energy Code would expand a number of principles to all non domestic energy suppliers. A suppliers would be expected to ensure any TPI they engaged with acted in a transparent, accurate and fair manner, although non compliance would be difficult to police due to the voluntary nature of the code.

As of 1 December 2022, energy suppliers are prohibited from working with TPIs that are not signed up to an approved Alternative Dispute Resolution (ADR) Scheme. Currently, only one such scheme is in place, [*facilitated*](#) by the Energy Ombudsman. In a March 2023 letter to Ofgem the Energy Ombudsman noted "surprise[...] and delight" at the levels of engagement they have had from TPIs and that it is "clear that many in the sector are keen to improve standards and the professionalism of energy brokers and TPIs".

A small number of high profile cases of fraud and poor practice at TPIs has increased consumer appetite for robust governance and transparency across the energy market.

- Marcus Parker, a London-based commercial litigation firm, has launched legal action against several energy suppliers alleging that they have historically added commissions to bills for TPIs without customers' knowledge and without obtaining the correct consent. A second law firm, Leigh Day, is also known to be looking into this matter. An early example of this type of claim - [*The Dark Blue Pig vs ENGIE Power*](#) – was unsuccessful and resulted in the claimant (the customer) paying towards the defendant's (the supplier's) costs.
- A criminal case was brought against several parties associated with fraudulent trading and mis-selling at Business Energy Solutions Ltd and linked companies. In 2023 [*Andrew Pilley was sentenced to 13 years in prison*](#), including an additional year for false representation based on posts on well known consumer websites which falsely purported to be made by customers and contained fabricated content.

Calls for improvements have come from a range of stakeholders, including [*consortiums of energy users*](#). TPIs are seeking ways to help consumers chose reputable and reliable partners. One group of consultants, the Energy Consultants Association (ECA), set out to [*challenge the 'Rogue Energy Brokers' narrative*](#) in a recent article, and has called on Ofgem to investigate [*reports of poor practices*](#).

4.3. The public sector and Public Buying Organisations (PBOs) market

In the public sector, a series of aggregated contracts have been procured through processes compliant with applicable procurement law, which are promoted through specialist agencies referred to as Public Buying Organisations (PBOs). PBOs are viewed as deep specialists with regard to public sector procurement, often

being owned by Local Authorities.

With some notable exceptions, central and local government organisations within Great Britain are able to select their procurement provider or undertake the function themselves, given compliance with the above. A number of specialist PBOs and public sector purchasing groups have evolved to meet these needs, alongside competition from TPIs.

A Local Authority is seen as a relatively low risk counterparty to an energy contract for licenced energy suppliers and TPIs, helping make them appealing customers. However, some private TPIs choose to not serve the public sector, or specifically Local Authorities. When interviewed reasons for not engaging with the public sector and/ or Local Authorities included; the resource intensive procurement processes, lower potential for profit margin, expectation of payment delays, lack of inhouse experience, or a perception that they would not be interested in innovative or non-low-risk products in which they specialised.

Many of the framework arrangements in the public sector mirror the aggregated contracts in the I&C market with users asked to:

- Commit to a contract for the PBO to purchase their energy for periods, typically matching the length of the supply contract that the PBO has set
- Delegate their authority for the PBO to nominate purchase prices on their behalf at any time during the life of the contract. The PBO may operate more than one contract for a fuel employing different purchase strategies from simple fixed price to complex flexible market structures. Users may periodically be offered a choice between these contracts by the PBO
- Pay all charges arising, including the PBO’s fees, either direct to the supplier or in some cases to the PBO for transfer on to the supplier

The public sector’s collective demand for PBOs has remained consistently high given the need to secure energy contracts in a manner consistent with the Public Procurement Regulations. In recent years it has also sought advice from PBOs to enable them to underpin their net zero strategies through the provision of energy services. There is also an implicit expectation within the public sector that PBOs should be used in the first instance for procurement.

PBOs can be segmented by service levels, into three categories:

- Basic service – this would include limited services beyond procurement, but is likely to include some form of supplier management and price validation
 - PBOs offering a basic service usually focus on lower fees and scale
- Typical service – this would include further services beyond the basic service, such as access to portals, regular meetings with customers and suppliers to review performance, and query management
- Premium service – on top of the typical service provided by PBOs, this would include much closer ties with customers. Additional services may be included, such as managing payments to suppliers, and analysis of customer sites Maximum Import Capacity

Figure 9: PBO segmentation

	Basic service	Typical service	Premium service
High volume >2TWh elec, >5bn th gas	Scottish Procurement	CCS	None
Typical volume 0.8 2TWh elec, 1 5bn th gas	WPC	TEC YPO, ESPO	LASER
Lower volume <0.8TWh elec, <1bn th gas	None	NEPO	WME

Source: Cornwall Insight analysis

TPIs accrued around £25mn in revenue from the public sector in 2022, holding steady from 2021 (£25mn) and up from £20mn in 2020. Cornwall Insight research indicates that 77% of public sector spend on TPIs is via PBOs. While this is a high proportion, it is on a sustained downward track as private TPIs win over customers, sometimes at higher commission rates. The tendency to use a TPI rather than PBOs is increasing in the education and care sectors as private TPIs look to target these sectors more.

The public sector's collective demand for PBOs and TPIs has remained consistently high given the need to secure energy contracts, but in recent years the public sector has also sought advice from PBOs to underpin net zero strategies.

4.4. Energy purchasing options


An overview of typical purchasing options available to Local Authorities is shown in Figure 10. Individual TPIs may have different names for similar products such as Purchase in Advance or Purchase Within Period, although they likely function in equivalent ways.

A typical TPI's approach to risk will prioritise creating a clear framework of control, ensuring any necessary delegated authority is granted by the customer and managed in line with best practice. The trading of energy is a complicated field, intersecting with strict financial and energy regulations, and potentially creating significant exposure to a customer. As such, in relation to energy supply purchasing options a TPI should offer a Local Authority,

- Transparency of process
- Underpin approach to budget certainty
- Development of a forward hedging plan
- Clarity in responsibility
- Formal review process
- Formal reporting procedures

We would not expect that any approach to risk management be mechanistic, as it should be responsive to market developments as required, whether in terms of increasing or decreasing the volumes that should be hedged, or bringing forward or postponing hedges.

Figure 10: High level summary of risk and opportunity associated with main purchasing options

Strategy	Summary	Advantages	Disadvantages	Comment	
 <p>Decreasing ability to offer annual budget certainty</p>	Purchase in Advance (PIA)	A flexible contract is effectively run as a fixed price contract, with all exposure fixed prior to the start of the annual contract period	<ul style="list-style-type: none"> Well-established approach Budget certainty Limited wholesale price exposure Limited ongoing management requirements 	<ul style="list-style-type: none"> No benefit seen if wholesale market falls Year-on-year step changes in energy spend 	Enables annual budget setting in a comparatively straightforward and transparent manner
	Purchase Within Period (PWP)	Tranche purchasing of defined blocks undertaken in line with agreed trading strategy	<ul style="list-style-type: none"> Well-established approach Interim budget certainty Avoids peaks and troughs. 	<ul style="list-style-type: none"> Price not known until final transactions made. Does not support annual budget certainty given seasonal trading and price setting Resource intensive, as requires ongoing monitoring of contracted position Difficult to retain in a volatile market 	Difficult to retain in a rising wholesale market, noting that trading strategy should allow for exceptional or emergency purchases to mitigate potential risk
	Flexible Set and Reset (FSAR)	Budget defence (largely fixed position) but with sell-backs used to improve this baseline position	<ul style="list-style-type: none"> Well-established approach Budget certainty 	<ul style="list-style-type: none"> Price not known until final transactions made Does not support annual budget certainty given seasonal trading and price setting Resource intensive, as requires ongoing monitoring of contracted position and dedicated personnel May be incorrectly perceived as market speculation 	Perceived to provide the best of both worlds in terms of budget certainty and being able to tap into falling market prices, although resource intensive
	Price Certainty (PC)	Longer-term budget defence approach intended to budget certainty	<ul style="list-style-type: none"> Budget certainty Achieves budget certainty while Risk Policy and controls determine when or if exposure is taken to take advantage of a falling market 	<ul style="list-style-type: none"> Retrospective reconciliation implies cashflow considerations to be managed Resource intensive, as requires ongoing monitoring of contracted position and dedicated personnel May be incorrectly perceived as market speculation Five-year trading horizon extends beyond the current wholesale market, therefore liquidity considerations may be an issue 	Perceived to provide the best of both worlds in terms of budget certainty and being able to tap into falling market prices, although resource intensive
Change provider	Seek new suppliers and partners, exploring alternative offerings	Access to alternative support services which may be better aligned with the Local Authority's	Timescales involved in procurement, the tender process, securing contract, and the advance purchasing requirements would necessitate a	The procurement exercise is resource and time intensive, and may	

Increasing complexity and resource considerations

environmental objectives	decision up to approximately two years ahead of delivery	ultimately deliver marginal benefits against the Council's objectives
Alternative purchasing options may be possible which may allow for greater flexibility and/or budgetary control	Procurement process is resource and time intensive ensuring the Local Authority's exposure to risk is minimised, and may ultimately deliver marginal benefits	

In response to market volatility, variations on the above strategies are emerging. These options can be similar, and are reportedly being offered to existing customers with a view to rolling out to wider base. We have not identified any universal features, but typically involve setting out more detailed pre-agreed triggers for purchasing and selling relating to volume and market trends.

The Local Authorities in the consortium described largely using PIA-type strategies, progressively purchasing volumes to meet forecast demand, under which the price paid is a volume weighted average of the prices at which the trades were made (the trade "strike price"). This tranche purchasing approach is intended to yield a volume weighted wholesale energy cost in line with the progressive purchasing of volume to meet forecast demand. Based upon controlling budgets and minimising costs, PIA does not contain an objective to outperform the market, and will usually be underpinned by a risk policy and associated set of metrics used to determine when and in what volume trades are made

Some Local Authorities will use PWP strategies as an alternative and as means by which to take advantage of wholesale market opportunities (falling prices). Wholesale market volatility is such that such an outcome is not guaranteed and that higher prices could in fact be incurred – as by its very nature the PWP strategy accords less budget certainty than its PIA counterpart, and may therefore be seen as higher risk.

Unmetered supply – e.g. for street lighting - is typically treated separately to metered supply points within a portfolio, and priced on a fixed basis.

Local Authorities may use different purchasing options for different parts of its estate, although the portfolio is managed to achieve the best possible outcomes for the whole organisation. Operational and costs efficiencies have been derived from combining the portfolio into a streamlined number of suppliers. Assessing the current market we would not anticipate any immediate commercial benefit from separating a combined portfolio, managing energy procurement through an increased number of different providers. As TPI offerings continue to diversify, benefits may emerge to support partial portfolio splitting in future.

On the assumption of economies of scale being present due to the size of the energy portfolio, isolating individual parts of the estate and tendering them separately may result in the loss of these and higher costs overall. In addition, the increased overall administrative costs and resourcing associated with dealing with multiple service providers must also be considered, as this may also result in a loss of overall benefit to a Local Authority.

There has been a growing emphasis on wider energy management, reporting, and efficiency considerations. This has resulted in the emergence of energy-as-a-service offerings from PBOs, private TPIs, and energy suppliers. These offerings encompass a range of services, including energy efficiency audits and support for on-site investment in generation assets.

While energy-as-a-service offerings have historically been compliance-focused - such as ensuring compliance with the Energy Savings Opportunity Scheme (ESOS) - there is an increasing recognition of the value in broader energy efficiency and auditing capabilities. The focus on energy use in homes and buildings includes energy efficiency, decarbonisation of transport, and the expansion of renewable energy provisions. An energy partner should be capable of supporting these objectives.

4.5. Decarbonisation strategies

The recent period of high and volatile energy prices have highlighted the importance of securing cheaper reliable energy supply from low-carbon sources. There are increasing pressures from stakeholders, and via legislation, for public sector bodies to decarbonise. Possible pathways for this decarbonisation of electricity include on-site generation, on-site storage, private wire arrangements, Corporate Power Purchase Agreements (CPPAs) and the use of schemes such as Renewable Energy Guarantee of Origin (REGO)

certification. Increased priority of decarbonisation objectives may result in different choices being made compared to prior energy procurement rounds.

The Mayor of London has set a target for London to be net zero carbon by 2030, and nationwide the government has required the electricity system be decarbonised by 2035. The United Kingdom has legally binding commitments to achieve net zero across the economy by 2050. Individual Local Authorities have declared climate emergencies, and developed net zero strategies, which are expected to be dynamic documents that will be revised in response to changing opportunities and risks. The importance of energy efficiency, and decarbonisation of transport are recognised as key elements to overall strategies. TPIs and energy suppliers working with the Local Authority must be capable of supporting achieving these goals.

From a national perspective, energy procurement has often focused on renewable energy tariffs supported by REGO certificates. These tariffs demonstrate support for low-carbon energy and help fulfil mandatory and voluntary financial reporting requirements. Though this is not the original intention of the REGO scheme, REGOs have increasingly become seen as a mechanism to provide support to increase the build-out of renewable generation in GB.

REGO prices have increased over recent years, and we forecast them to remain at levels many multiples higher than historical norms as demand outstrips supply in the near and medium term. REGO costs vary by period, and trading method – e.g. spot prices vs sold with PPA agreements - and are subject to potential legislative reform which may result in significant changes to prices.

Alternatives to REGOs, such as Corporate Power Purchase Agreements (CPPAs) are a way for end-users – usually large energy users such as Local Authorities – to contract directly with generation to obtain power, stabilising the wholesale power price which they will pay.

CPPAs can facilitate long-term fixed energy price security with little or no upfront capital expenditure. Agreements are usually contracted for longer than five years, with 15 years as a typical period. Because most CPPAs use the public network, the pricing differential will be focused on the controllable wholesale energy component costs.

CPPAs can involve complex contract negotiations and are generally restricted to organisations with higher credit ratings. Contract negotiations tend to take from around six months to two years. Currently, a relatively small number of UK organisations have a credit rating suitable for a CPPA, with this proportion likely to further shrink if the macroeconomic outlook remains poor.

Some generators have chosen to engage with the volatile wholesale market in the near-term, seeking the benefits of record high prices rather than the security of lower longer term returns. However, the future outlook for CPPAs is thought to be positive. Available renewable energy generation in the UK is expected to outdo demand in the medium and longer term. This could potentially expand opportunities for parties seeking a CPPA. Many organisations are using high energy prices as an opportunity to revisit decisions to invest in energy efficiency measures, as the time to see a return on investment may be substantially reduced.

On-site generation allows organisations to reduce their dependence on energy supplied by networks and avoid importing energy at peak times when energy is most expensive. The main limitation of on-site generation is the need for suitable space and upfront capital. Space requirements vary between generation and storage assets and could be avoided by setting up a private wire arrangement where the assets are located in close proximity to the offtake.

Carbon offset markets are growing rapidly, but there remain questions on what constitutes a good quality scheme, in terms of longevity and permanence of removal, additionality, and avoidance of wider societal harms. Several suppliers are using offsets in green gas tariffs.

The national energy system context will likely see the use of renewable energy tariffs supported by REGO certificates included in a Local Authority's energy mix for some time, combined with the provision of energy-as-a-service offerings that encompass energy efficiency audits, and investment in additional renewable generation in some format.

Multiple PBOs and TPIs have described plans to provide PPA services. This could include securing individual CPPAs for customers in a more streamlined way, or basket purchasing but where energy purchases come via CPPAs. Although we find these plans credible, we have not identified any party who is providing integrated CPPA services, or a CPPA basket deal, "off the peg".

4.6. Structure and level of charges

PBO and TPI fees vary in structure and scale, with TPIs typically offering volumetric (p/kWh) charges, with a mixed approach observed from PBOs between volumetric and £/meter fees. Some TPIs and PBOs advised they could vary the fee structure depending on customer preference. The fee will also depend on the service offered by the TPI. While some focus on service, others focus on lower fees and scale. For example, CCS is by far the largest PBO, but is understood to have historically offered a more basic service compared to its competitors.

We note that while PBO and TPI fees typically represent a small (less than 2%) of the delivered energy cost, they are used as a benchmark for the respective organisations. However, given the total absolute cost associated with PBO and TPI fees (and the number of such organisations available from which to choose), their use as a comparator is appropriate.

This section sets out our benchmark fees for both TPIs (across different sectors) and PBOs (which focus almost exclusively on the public sector). It also provides commentary on the structure of fees seen in the PBO market. TPI commissions and PBO charges are typically opaque, so benchmarks are sourced through our extensive regular research into the sector, including:

- Engagement with TPIs, suppliers and end users
- Analysis of public statements made by TPIs, PBOs and suppliers
- Analysis of procurement documents from public sector customers, such as councils
- Assimilating our wider market intelligence and research, testing this with informed parties, and taking on board feedback

Our benchmark commissions for TPIs used in this analysis are shown in Figure 11. These commissions are for procurement services only (excluding additional services such as bill validation, supplier management and portfolio reporting). For TPIs, we expect these charges to be volumetric, as per the benchmarks shown.

We have highlighted “very small I&C” and “public sector” as the most relevant sectors, with “very small I&C” considered similar to the part of the public sector that would likely demand fixed contracts only.

Figure 11: Cornwall Insight benchmark TPI commissions – procurement only

I&C sector	2022 Electricity volume under control (TWh)	Electricity commission (p/kWh)	2022 Gas volume under control (TWh)	Gas commission (p/kWh)
Very small	17	0.15	30	0.05
Public sector	19	0.11	25	0.04

Source: Cornwall Insight analysis

5. Assessment of TPI market

Using the stated requirements of the Local Authorities we developed an assessment framework to evaluate the suitability of TPI offerings.

The majority of the ~4,000 TPIs providing generalised energy procurement and advisory services in GB would not be suitable for the Local Authorities. A good TPI for a Local Authority will have deep expertise, clear processes and knowledge of the energy industry, and an equivalent expertise in providing services to public sector organisations in order to meet additional criteria specific to Local Authorities.

5.1. Market intelligence

Cornwall Insight has been assessing TPIs for the purpose of producing a TPI Index since 2014. The Indexes identification and assessment of the leading TPIs, and how these companies have developed over time. Monitoring and engagement are based upon who we believe to be the most notable TPIs from our existing knowledge, supplemented by information from the public domain including TPI websites, Companies House, public sector tender notices, TPI marketing material, TPI terms and conditions, social media, customer feedback, the trade press and the Utilities Intermediaries Association (UIA). Where possible we have contacted TPIs to provide them the opportunity to comment on the information and amend where appropriate as part of the annual cycle of reporting and for the purposes of this report.

5.2. Assessment methodology

We used a three-step process to filter and evaluate the options. These steps involve creating a long list, creating a shortlist, and finally assessing and scoring the shortlisted offerings for suitability.

The Local Authorities provided a provisional Statement of Requirements containing 92 business needs which we developed using current market conditions for guidance. For reasons of space, this report includes abbreviated and simplified versions of the requirements that were used to assess the suitability of candidate TPIs. The long list of criteria is available as an appendix to this document.

A standard approach was developed to meet the overall needs of the Local Authorities. As a result some elements of the Statement of Requirements and individual customer characteristics were deprioritised or updated. The requirement for unmetered gas is not in the final assessment criteria for example, and references to now obsolete “LECs” and the “CRC” have been refreshed.

Some requirements are potentially subjective, such as the terms surrounding contract call-off. Where candidates meet all other criteria this is explored in the detailed third stage analysis.

References to OJEU and current procurement legislation are assumed to mean existing and planned relevant UK specific procurement legislation and rules as they are adopted - e.g. the developing [Procurement Bill 2022-23](#).

5.3. Step 1: Compile longlist

Using our ongoing market intelligence, desktop research and additional information provided by Local Authorities, a long list of potential candidates were identified.

The number of TPIs in the market is vast with some estimating there to be more than 4,000 companies or individuals engaged in sourcing business energy contracts. The vast majority of these are individuals working from home and securing their energy products via one or more aggregators rather than directly from suppliers. In order to ensure the focus of this report remains on the main players in the market and avoids double counting of TPIs where contracts are routed to market through aggregators, our analysis focuses on TPIs that,

- Provide related services beyond energy brokerage
- Have been established/ operational longer than one year
- Are currently active in the market and not dormant companies.

Our analysis incorporated 137 TPIs serving customers with very large energy requirements. We sought to

identify TPIs that performed best against the Statement of Requirements. The longlist includes the following TPIs offering services suitable for large energy users.

- Accenture
- Affiliated Utilities
- Alfa Energy Group
- Amber Energy
- Ameresco
- Annex Solutions
- Apollo Energy
- Approved Energy Solutions
- Argyle Energy
- Armstrong Bell
- Arrow Business Communications Group
- Auditel
- Axiom Utilities
- Bespoke Utilities Ltd
- Bill Identity
- Bionic
- Black Sheep Utilities
- Blizzard Utilities
- Brownlow Utilities
- Business NRG
- Business Utilities UK
- Businesswise Solutions
- Carbonxgen
- Catalyst Commercial
- CEC
- Central Power (Bnorth)
- Clifford Talbot
- Concise Energy Brokers
- Consultus International Group
- Cost Advice Services
- Cost Reduction Services
- Crown Commercial Service (CCS)
- CUB UK
- Data Energy
- DB Group
- Direct Power Associates
- e2 services
- Eastern Shires Purchasing Organisation (ESPO)
- Eden Utilities
- eEnergy (formerly Beyond)
- EDW Technology
- EG Group
- Emcon Utility Management
- Energy Buyers Network
- Energy Contract Renewals
- Energy Cost Advisors
- Energy Exchange
- Energy ImPact
- Energy Management LLP
- Energy Plus Management
- Energy Renewals
- Energy Services (Business Power)
- Energy Support Team
- ENGIE Impact
- Envolve
- ESS Energy
- European Utility Consultants
- Eutility
- Expense reduction analysts
- Eyebright
- Fairnet Commercial Services
- Fidelity Energy
- Fortis Energy
- Great Annual Savings
- Green Energy Consulting
- Greener Solutions Group
- Ignite Energy
- Inenco Group
- Innovative Energy Consultancy
- Inspired Energy
- Ista Energy Solutions Ltd
- Jutton Associates Limited
- Kinect Energy Group
- Laser Energy Buying Group (LASER)
- LG Energy Group
- Logical Utilities
- Love Energy Savings (I&C Love Energy Solutions)
- Lumina Energy
- Manchester City Council
- Maxim Eyes
- Maxwell Grant
- Mitie Energy
- NFU Energy
- North Eastern Purchasing Organisation (NEPO)
- Northern Gas & Power
- Northern Utilities
- Novo Energy
- NUS Consulting
- Octego

- Open Energy Market
- Optima Energy Services
- Paragon Energy
- Professional Energy Purchasing
- Refresh Now
- Resolve Energy
- Safe Switch Utilities
- Sanctus Consulting
- Save on my Power
- Schneider Electric
- Scottish Procurement
- Senco Energy
- Smarter Business
- SMS Plc
- South Pole
- Stadia Utilities
- Start Energy
- Suffolk Vertas
- Sustainable Advantage
- Sustainable Energy First
- Taurus Utility Consultants
- Thames Utility Brokers
- The Electric Board
- The Energy Company
- The Energy Consortium (TEC)
- The Energy Desk
- The Energy Hub
- The Energy Network
- The Finance House
- The Green Energy Advice Bureau
- The Monarch Partnership
- Total Energy Solutions
- Touchstone Services
- Trident Utilities
- UPA Energy
- Utel Audits
- Utilico Energy
- Utilicomm
- Utility Advice Bureau
- Utility Alliance
- Utility Assist
- Utility Bidder
- Utility Team
- Welsh Purchasing Consortium (WPC)/Welsh Procurement Alliance
- West Mercia Energy (WME)
- Yorkshire Purchasing Organisation (YPO)
- Zenergi
- Zero Trace Procurement

5.4. Step 2: Develop shortlist

The shortlisting process is a necessary step to efficiently narrow down the pool of potential service providers and focus on a more detailed evaluation of the most suitable candidates during the final stage review. This allows for a timely review ensuring that the most promising providers are given further consideration in the selection process.

Measures used to determine which TPIs were included in the shortlist,

- The Local Authorities' Statement of Requirements included 26 pass/fail criteria
- Market research, including customer feedback and satisfaction surveys relating to supplier and TPI performance. Where providers offered very similar services, those with relevant differentiating services were progressed.
- Availability of a product with focus on public sector specific needs and tendering process
- TPIs providing services to Local Authorities in the consortium to allow for useful comparison of current and future services

The review at this stage is non-exhaustive, meaning that it does not encompass all the details and comprehensive evaluations that would be conducted in the final stage review when comparing service providers.

It is important to note that the shortlisting process is not necessarily a reflection of the quality of service provided by an individual TPI. The consortium's criteria are specific requirements and thresholds created to identify TPIs that meet their immediate needs. For customers with different needs, different TPIs may be worthy of further exploration.

Figure 10: The Local Authorities' Statement of Requirements include:

The organisation carrying out the energy supplier selection and managing overall service delivery is a central purchasing body (CPB) operated by another public sector contracting authority or by an 'agent' that has been appointed to act on behalf of public sector contracting authorities and has been selected in accordance with EU procurement legislation to act in such a capacity, either an OJEU process was followed or an 'agent' was procured from a suitable framework that has been established in accordance with procurement legislation.

Where the organisation carrying out buying and risk management activities is not a public sector authority or where it is a CPB but does not have an independent buying and risk management governance panel, the organisation should be signed up to the Ofgem TPI Code of Practice (or equivalent) and be Financial Conduct Authority (FCA) accredited.

Provide fully and partially flexible risk products with the ability to fix volumes over a series of purchases. Products must have direct and continuous access to the wholesale market and enable forward purchasing of between 6 to 36 months. Various trading instruments; seasons, quarters, months, day ahead market and spot indices by accessing live prices may be utilised to suit varying risk appetites and budget pressures, e.g. secure lowest price, minimise annual inflation, deliver target price(s) within an agreed tolerance to meet the varying portfolio needs (e.g. street lighting, landlord lighting).

Offer flexible products that are specific to the customer authority (subject to sufficient volumes) without the loss of aggregation benefits. Strategies should be scalable for individual customer authorities and/or sites, conceptual examples, 80% volume forward hedged to meet budget cap with 20% volume exposed to day ahead to take advantage of market opportunities, the ability to lock 40% of annual baseload at a specific price point (cap/collar) of its choosing.

Provide products with budget protections (such as capped product or stop/loss) and the facility to unlock/unfix the price of purchased energy and allow re-purchasing to optimise traded positions, ensuring that this activity is conducted in a manner that for local government would not be considered ultra vires.

Provide adequate systems, processes and resources including dedicated and appropriately trained/skilled/experienced trading, risk management and compliance teams working to clearly defined standards and performance metrics for core business activities.

Ensure the process of measuring, monitoring, controlling and reporting risk exposure is managed separately from those who generate the activities that bring about the risk, i.e. trade execution is separated from trade confirmations, trade recording, position valuation and risk management. Reasons and approvals for deviation and/or amendment to strategy, risks and issues logs are maintained to a high standard and to meet audit requirements.

Ensure all trades are executed in accordance with agreed risk management strategies and to deliver against target/stops. All necessary records of risk management strategy, purchasing tactics, authorisations, trade execution, dates, volumes, values and total volumes/values are regularly reviewed by compliance/risk team against the suppliers' records of purchases/volumes to ensure no discrepancies exist.

Provide risk assessments, trading updates, open positions, key market issues, authorisation, deviation, monitoring and audit reports including current performance information (against agreed benchmarks) to an independent governance panel.

Ensure a Governance Panel reviews and approves current and future buying and risk management strategies, including the development of appropriate products and setting of risk limits, tactics and market instruments. If a panel comprising customers is not in place, within the duration of the framework such a panel should be established.

Provide customer authorities with independently verified assessment(s) of the performance of the buying and risk management strategies against agreed market benchmarks and an assessment of performance in executing the strategy.

Utilise transparent pricing mechanism(s) for wholesale/traded and residual volumes and demonstrate the ability to validate these values against the energy element of the supplier's built-up (delivered) prices. For risk products where energy volumes are traded into the supply period, reconciliation process and values are clear to support monthly pricing, reference price reconciled in-month billing, periodic reconciliation for lump sum return/additional charging or recovery/return through future year contract prices on a pro-rata basis.

Aggregate customer authority volumes to a single portfolio, split into separate purchasing baskets according to defined risk management strategies, providing site specific pricing and preventing cross-subsidisation of sites. Each customer authority volume should be separately defined and accounted for within each risk product and within the overall aggregated framework volume. Agree with PSP and/or energy supplier the aggregated portfolio volumes, the declared contract volumes and structure of tradable blocks, split into separate purchasing baskets according to defined risk management strategies.

The energy supply frameworks comply with Public Contracts Regulations 2015, i.e. the types of energy supplies are clear, contracting authorities using the Framework are immediately identifiable in the OJEU, either named individually or identified as a recognisable class e.g. 'London Local Authorities' and were tendered by a Central Purchasing Body, operated by another public sector contracting authority or by a 'Provider' that has been appointed to act in that capacity on behalf of a public sector contracting authorities.

Monitor and meet all utility supply licence conditions and any other regulatory requirements and/or codes of practice (inc. voluntary) relevant to the supply contract, e.g. production of HMRC compliant invoices, issuing of supplier statements, meeting minimum read frequency/safety inspections of all meters, installation of mandated metering/upgrading. Ensure that any regulatory aspects that must be discharged by the customer are identified and effectively communicated.

Ensure KPIs covering core services described within the SLA(s) and/or framework are reported to customers at both framework and contract operation levels. A robust and effective monitoring, management, rectification and reporting process is in place, which ideally includes auditing of performance standards by an independent party (e.g. Local Authority delivery team) for transparency and assurance.

Supplier must disclose fees for all/any services, including any that it pays to the TPI to the customer authority upon request (at a reasonable frequency and within reasonable timescales).

Twelve TPIs participated in interviews at this stage, supplementing established market information. When evaluating service providers we include information gathered via confidential surveys with stakeholders across the energy value chain. Respecting confidentiality is vital in maintaining trust with respondents and ensuring unbiased feedback. Conversations identified avenues of enquiry for the interview process and topics for the TPIs to engage with, and ultimately helped determine those best placed to provide services, reducing the longlist.

We can report high levels of engagement from the majority of TPIs during the initial research period. TPI representatives answered questions about their services in interviews and emails. Where supporting information was made available – for example via contractual terms and conditions, marketing collateral, email confirmation – higher scores were awarded. Some TPIs did not provide additional information where asked, possibly due to this process not being part of formal procurement activity and not being prioritised.

Where the TPI did not have a framework arrangement in place, or did not meet material pass/fail criteria in the Statement of Requirements, the offerings were examined to capture any innovations or potential outperformance factors that might be relevant to Local Authorities or illustrate market trends.

As noted elsewhere in the report, and stated during the interviews, a TPI not being included in the shortlist is

not a criticism of their products or services. In many cases the reason for non-progression to the shortlist were relatively minor, particularly where several TPIs offered very similar products.

Example reasons for non progression,

- Example A – Was assessed to match well for bureaux services and data-led offerings, lacked robust experience in aspects of public sector procurement
- Example B – Unable to commit to direct award option for duration of contract period
- Example C – TPI acknowledged products and strategy were undergoing change ahead of relevant supply period, leaving them unable to commit to public sector specialism continuing, unable to confirm future risk management approach at this time
- Example D – Provides service very similar to another provider, with less developed approach to supporting relevant decarbonisation strategies
- Example E – Reduced billing options - e.g. no consolidated billing option as standard
- Example F – Framework holder communicated limited interest in expanding beyond specific regional or sectoral focus

5.5. Step 3: shortlist results

Of the TPIs and products assessed LASER services were shown to mirror the Statement of Requirements most closely.

Three alternative options have been included. They do not match the Statement of Requirements as well as the LASER package. Local Authorities seeking something different to the core requirements may wish to explore these alternative options.

A summarised version of the assessment criteria based on the Statement of Requirements is included here for reasons of space. The assessment utilised the long form business requirements.

Regulatory compliance

- The energy supplier selection and service delivery will be carried out in accordance with relevant procurement laws, energy regulations, supply licensing conditions, HMRC requirements, TPI Code of Practice (or equivalent), UKETS (as relevant).
- Social value assessment in supply award process (10%)
- Experience with public sector compliance

Product options

- Four-year energy supply frameworks
- Gas, half-hourly & non-half hourly electricity, and unmetered electricity supplies (UMS)
- Price risk management
- Separate contracts and liabilities for customer
- Options for 'green' energy, PPA Inc. sleeving, interim contracts, fixed price
- Onsite generation and demand response
- options
- Pass-through costs
- Renewable tariffs
- Direct award possible
- Promote innovation, partnerships

Contract details

- Statement of services
- Framework Terms and Conditions
- Report KPIs at framework and contract levels
- Adequate financial protections

Cost transparency

- All costs and fee details available to customers
- Inc. fees from supplier to

broker

- Pricing accuracy verified via independent audits

- Trading fees transparency

Contract operation

- Dedicated customer service team with defined SLAs, effective monitoring and reporting
- Managed, tracked queries
- Escalation and dispute resolution processes

- Service credits
- Clear processes and documentation for contract duration
- Secure online platform for accessing information and submitting meter reads

- Communication & education
- Flexible invoice options
- Consumption and supply data contract & portfolio
- Appreciation of public sector standards and ways of working

Energy purchasing options

- Fully and partially flexible risk products
- Fix volumes via multiple purchases
- Continuous access to live prices on wholesale market(s), Day Ahead, spot indices
- Forward purchasing 6 to 36 months

- Seasons, quarters, months
- Suitable for customers with different risk appetites and budget pressures, e.g. secure lowest price, minimise annual inflation, deliver target price(s) within an agreed tolerance
- Aggregate customer

- volumes into a single portfolio with separate purchasing baskets based on defined risk management strategies
- Optimise portfolio volumes for benefits such as access to wholesale markets, load shaping, and minimising balancing risks

Trading controls

- Sufficient controls for systems, processes, KPIs
- Independent auditing of trades

- Dedicated teams for core business activities
- Separate risk management to trade execution

- Governance panel oversight
- Regular reporting to customer

Information accuracy

- Manages customer authority schedules
- Accurate and complete pricing
- Aims to minimise rebilling - e.g. prompt address updates
- Facilitates contract

- renewals and site additions. Distributes contract price schedules within 30 days of contract commencement
- Standardised information exchange processes - e.g. change of tenancy
- Standard reports for

- contract operations
- Manage integration or removal of customer sites/volumes with appropriate strategies to minimise risk
- Reviews and updates estimated annual consumption quantities

Credit and debt management

- Offers flexible payment terms and methods, including prompt payment discounts,

- BACs, direct debit, and cheques.
- Effective debt management processes,

- including regular information on debts, credits, and payments
- Repay customer

authority credit balances promptly according to payment terms

- Address site-specific invoice payments and debt recovery, with clear

communication to the customer authority

- Collect and reconcile customer authority rebates, offering various options for distribution

- Ensure transparent and timely adjustments to energy costs - e.g. FIT contributions - with reconciliation and information reviewed before issue

Onsite activities

- Works with customer agents e.g. facilities management
- Ensure compliance with industry standards for meter reading frequency
- Provide comprehensive metering services, including installation, maintenance, and removal of meters and

associated devices, with accurate billing following installation.

- Transfer and accept read data between suppliers, meeting relevant codes of practice
- Deliver meter read data to customer at their preferred frequencies through web-based

platforms or regular email reports

- Manage site works programs, from application to completion, with dedicated project managers coordinating all aspects of the work
- Easy options for minor works such as AMR installations and infrastructure upgrades

Additional services

- Provide annual energy consumption data at the site level to support carbon reporting and comply with relevant schemes and regulations
- Identify gas meters with an annual consumption close to 73,200 kWh that haven't been read to minimize CRC costs.
- Offer energy efficiency and management services, including

consumption benchmarking, site surveys, emissions trading schemes, and monitoring and targeting services with recommended action plans.

- Provide bill validation and energy operations services, including checking unit rates, consumption, meter reads, half-hourly data,

and identifying cost avoidance opportunities

- Enable compliant procurement of energy efficiency, renewable energy, and decarbonisation services through a pre-procured framework of providers
- Ability to provide prior input into TPI/supplier system developments
- Other

5.5.1. Primary option – LASER

Established in 1989, LASER Energy is wholly owned by Kent County Council (KCC) and procures energy for public sector bodies as a Central Purchasing Body (CPB).

LASER Energy

[Redacted]

[Redacted]

[Redacted]

Summary

Regulatory compliance	Strong recognition of compliance requirements and risk appetite of public sector bodies	Trading controls	Trading position report Market reports (Monthly) Multi party governance board, customer representation
Product options	Electricity - NHH, HH, UMS Gas - NDM, DM Frameworks – inc direct award,	Information accuracy	Supplier bill validation – non exhaustive No bespoke option for invoicing format
Contract details	Statement of services, SLAs, KPIs,	Credit and debt management	Can bill to site Invoice portal HMRC registration, billing efficiency
Cost transparency	Fees Trading and position reporting	Onsite activities	LED lighting Site services framework
Contract operation	Manage supplier engagement SLAs, managed tracked queries	Additional services	Net zero roadmap ESG services Water Owns solar farm EVs
Energy purchasing options	Purchase in Advance (PIA) Price Certainty (PC) Purchase within Period (PWP) Flexible Set and Reset (FSAR) Developing additional services, <i>Flex+ is</i>	Social Value	Up to £130k p.a. for customer nominated initiatives, can be locationally based Included in supplier award



Commentary: During this market research several PBOs and TPIs brought up plans to introduce products that were intended to be "more like LASER's", or noted that they had recruited former LASER employees, supporting the perception LASER are seen as one of the established providers others needed to beat.

Several TPIs described planned services that would likely outperform the current LASER services, but as they were unestablished or unevidenced they were scored accordingly.

5.5.2. Alternative option A – CCS

The UK Government’s procurement body, Crown Commercial Services (CCS), has actively traded energy since 1998. Offering a simplified service, the CCS is the UK’s largest procurement organisation with well established framework services acting on behalf of the public and third sectors.

CCS

Total energy contracts 1,104 customers (2022-23 supply year)

22 TWh

Summary

Regulatory compliance	Strong recognition of compliance requirements and risk appetite of public sector bodies	Trading controls	Trading position report Weekly supplier engagement External Risk & Governance Committee (ERG) includes Local Authority representation
Product options	Electricity - NHH, HH, UMS Gas - NDM, DM Frameworks – inc direct award to previously nominated supplier	Information accuracy	No bespoke option for invoicing format
Contract details	Statement of services, SLAs, KPIs	Credit and debt management	Can bill to site Invoice portal
Cost transparency	Fees Trading reporting	Onsite activities	Site services framework
Contract operation	Manage supplier engagement SLAs, managed tracked queries	Additional services	All government procurement Carbon reduction guidance PPAs, export agreements and Balancing Services accommodated Peer to peer (P2P) energy trading platform
Energy purchasing options	Locked – similar to PIA, L6 has 6 month buying window, L12 10 month, L24 22 months Short Term Variable and Long Term Variable (LTV) similar to Purchase within Period (PWP) – SVT 18 month purchase window, LTV 42 months Fixed price options Developing additional services, <i>PPA focused services are pending</i>	Social Value	Included in supplier award

Commentary: CCS are confident that their fees are the lowest in the market, charged on a per meter per year cost, collected monthly.

CCS is by far the largest PBO and is understood to offer a more basic service compared to some of its competitors.

5.5.3. Alternative option B - Inspired Energy

Established in 2000, Inspired Energy is the top performing private TPI in the Cornwall Insight TPI Index for providers of I&C services. Presented here as an alternative to the PBO options that more closely align with the SoR.

Part of Inspired PLC, positioned as “the UK’s leading commercial energy & sustainability advisor” with a focus on energy, ESG and software solutions.

Inspired PLC	
Customers	2,900
Company number	07639760
TPI CoP signatory	Yes
Directors	David Cockshott, Paul Connor, Mark Dickinson, Richard Logan, Sangita Shah, Dianne Walker, Peter Tracey
Total volume	>20TWh
Total meters	>50,000
Employee numbers	506 (2022, energy procurement)
Profit	£14mn (2022, adjusted, group)
Revenue	£88.8mn (2022, group)
Cornwall Insight I&C TPI Ranking	First place

- **Company developments**

Inspired PLC is listed on the FTSE AIM (INSE). In

recent years it has acquired a range of TPIs to “strengthen” its position in software-enabled services. The TPI acquired Businesswise Solutions, General Energy Management and LSI Energy. The TPI received London Stock Exchange’s Green Economy Mark in 2020 in recognition of its environmental and strategic advice, service and support to customers. In July 2020 it successfully raised £31.3mn in order to expand via further acquisitions, subsequently acquiring the remaining 60% stake in Ignite Energy, having acquired an initial 40% in August 2019. The Group launched its ESG disclosure service division during 2020.

Key services breakdown

Pricing reports and industry news

Energy & environmental accounting services

Procurement & risk management services

Optimisation services

Water services

Site services

Public sector procurement

Net zero carbon solutions

ESG disclosure Services

Other: forensic cost audits, renewable energy projects, demand side response, environmental and sustainability reporting. ESOS, metering solutions

5.5.4. Alternative option C - Inenco Group

Inenco achieved a high ranking in the Cornwall Insight TPI Index for services for larger energy users. Presented here as an alternative to the PBO options that more closely align with the SoR.

Inenco Corporate forms part of the Inenco Group Limited that serves both SME and I&C markets. The company is one of the longest established energy consultancies with a heritage stretching back to 1968. The Group is wholly owned by ICG, a leading private equity investor.

Inenco Group	
Customers	8,000
Company number	02435678
TPI CoP signatory	Yes
Directors	Stephen Cargill, Gareth Knight, Daniel Simon
Shareholders	Inenco Holdings Limited (100%)
TPI CoP signatory	TPI CoP
Total volume	>20TWh
Total meters	140,000
Employee numbers	251-500
Revenue	£10mn-£20mn £5.4bn energy under management
Cornwall Insight I&C TPI Ranking	Second place

- **Major developments**

In June 2022, Inenco received a “Highly

Commended” Award at the BusinessGreen Leaders Awards under the Net Zero Strategy of the Year category. It was also shortlisted under the Net Zero Initiative category at The Energy Awards in April 2022. At the beginning of 2020 the Group also announced that it had become officially carbon net zero by utilising a carbon offsetting scheme endorsed by the UN World Food Programme and had achieved ISO 14001 Environmental Management accreditation

Key services breakdown
Procurement & utilities trading
Environmental sustainability strategies
Decarbonisation planning & implementation
Bill validation
Risk management services
Energy management / usage
Water management

Other: site optimisation, demand side response, renewable generation, energy legislation, energy monitoring & targeting, utility revenue recovery, ESOS, CCA management, CRCCHP, environmental sustainability, metering, SECR, pricing and industry news, compliance

Sample customers: Sainsburys, Compass Group, Stagecoach, Ibstock Brick, JLL

6. Recommendations

This research has shown LASER's service proposition is most closely aligned to the Local Authorities' Statement of Requirements. The fully managed service attracts higher fees than their procurement only support, but most closely reflects the requirements of the SoR. Where other Public Buying Organisations (PBOs) offer similar services, no overall packages were identified that would be likely to offer a material benefit to Local Authorities already being served by LASER.

Private TPIs offer alternative services to those offered by PBOs. Two high scoring providers with active Framework arrangements have been included to illustrate the range of services available in the rest of the market for any Local Authority interested in services that differ to those established in the Statement of Requirements (SoR).

Should a Local Authority wish to move to a new partner consideration should be given to lead time required for a change of provider, and the internal resource requirements that would be necessary, as part of any wider risk assessment.

- Alternative option A – CCS

A PBO, the UK's largest procurement organisation and principal buyer for the UK Government. Historically dominant for energy purchasing, offers a simplified services compared to LASER's fully managed service. If a Local Authority moves from a fully managed service, to a more simplified services, they may need to consider what additional internal resource would be required to deliver to their energy strategy.

Indicative charges are per meter HH £240, PC 01 and 02 £5, PC 03 and above £24, gas > 0.5GWh £240, gas <0.5GWh £36

- Alternative option B – Inspired Energy

The top performing private TPI in Cornwall Insight's assessment of brokers offering services to large energy consumers (TPI Index). Inspired were undergoing a tender award during the period, inhibiting some aspects of research, although substantial deviation from historical approach and performance was not expected to be an outcome.

- Alternative option C - Inenco Group

Highly placed in Cornwall Insight's assessment of brokers offering services to large energy consumers (TPI Index), and undergoing a growth focused on public sector bodies. Inenco have described a range of approaches to risk and portfolio management that could be compatible with a portfolio undergoing substantial change during the contract period.

Public sector entities contracting with a private sector TPI is a well-established practice, provided that the company in question can demonstrate its compliance with public procurement legislation.

6.1. Future market trends

The research has revealed a TPI industry in the process of responding to the energy transformation. The majority of TPIs communicated an inherent understanding of their role to support customers navigating the challenges and opportunities presented by national and organisation-level decarbonisation goals.

TPIs were invited to describe innovations as well as products under development, with many noting plans for introducing services that cater to emerging net zero needs. Particularly noteworthy are initiatives centred around CPPAs. Assuming these products reach the market, they will likely herald further divergence of offerings which could lead to heightened competition and an expanded array of options for Local Authorities. However, while these product descriptions appear promising they will need to be fully evaluated when live.

The extreme wholesale gas and electricity price volatility seen in 2021, 2022 and 2023 has resulted in enduring changes to some TPIs risk strategies. Several TPIs described processes that would allow faster changes to their trading approach and non-fixed price products.

Where TPIs expressed a view on supply contract volume tolerances, the expectation was that they were more likely to be enforced by suppliers in the coming period, even if there had been a laissez faire seeming approach historically. This was described as being as a result of tight supplier margins and difficult trading conditions in recent years in the non domestic supply space. Compounding this risk over the upcoming period is the expectation that energy efficiency measures will reduce demand, along with budget cuts and increasing access to onsite generation and CPPAs/Private Wire arrangements leaves Local Authorities more likely to need flexibility in volume

As the energy market becomes more complex, the importance of trust will only increase. The initial steps towards energy supply regulations by Ofgem will likely be followed by refinement of the rules as the generation and demand side markets mature. A strong reputation fosters credibility among customers, suppliers, and other stakeholders. TPIs who have a proven track record of integrity, transparency, and ethical practices will be rewarded with enduring and mutually beneficial relationships.

This research highlights that TPIs are actively adapting to the energy transformation, with increasing focus on supporting customers through decarbonisation challenges. Many TPIs are introducing innovative services, particularly around CPPAs, which could lead to increased competition and options for Local Authorities; however, these new offerings need thorough evaluation as they appear to ensure they meet the organisation's needs.

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DATED

2019

THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF HOUNSLOW

- and -

[REDACTED]

L E A S E

of [REDACTED]
in the London Borough of Hounslow

Peter Large
Head of Legal and Monitoring Officer
Hounslow House
7 Bath Road
HOUNSLOW
TW3 3EB

Ref:

LR1 Date of Lease	2019
LR2 Title Number(s)	<p>LR2.1 Landlord's title number(s)</p> <p>[REDACTED]</p> <p>LR2.2 Other title numbers</p>
LR3 Parties to this Lease	<p>Landlord THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF HOUNSLOW of Hounslow House, 7 Bath Road Hounslow Middlesex TW3 3EB</p> <p>Tenant: [REDACTED] of [REDACTED]</p>
LR4 Property	<p>In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.</p> <p>The Premises as defined in Schedule One</p>
LR5 Prescribed statements, etc.	<p>LR5.1 Statements prescribed under rules 179 (dispositions in favour of a charity), 180 (dispositions by a charity) or 196 (leases under the Leasehold Reform, Housing and Urban Development Act 1993) of the Land Registration Rules 2003.</p> <p>None</p> <p>LR5.2 This Lease is made under, or by reference to, provisions of:-</p> <p>Housing Act 1985</p>
LR6 Term for which the Property is leased	<p>The term is as follows:</p> <p>125 years from the date of this Lease</p>
LR7 Premium	<p>£[REDACTED] (WORDS)</p>

LR8 Prohibitions or restrictions on disposing of this lease	This lease contains a provision that prohibits or restricts dispositions
LR9 Rights of Acquisitions, etc.	<p>LR9.1 Tenants contractual rights to renew this lease, to acquire the reversion or another lease of the property, or to acquire an interest in other land</p> None <p>LR9.2 Tenants covenant to (or offer to) surrender this lease</p> None <p>LR9.3 Landlord’s contractual rights to acquire this lease</p> Clause 2
LR10 Restrictive covenants given in this lease by the Landlord in respect of land other than the property	None
LR11 Easements	<p>LR11.1 Easements granted by this lease for the benefit of the property</p> Second Schedule <p>LR11.2 Easements granted or reserved by this lease over the property for the benefit of other property</p> Third Schedule
LR12 Estate rent charge burdening the property	None
LR13 Application for standard form of restriction	The Parties to this lease apply to enter the standard form of restriction against the title of the property as set out in Clause 11 of this Lease
LR14 Declaration of trust where there is more than one person comprising the Tenant/ Tenant	The Tenant is more than one person. They are to hold the property on trust for themselves as joint tenants. OR The Tenant is more than one person. They are to hold the property on trust for themselves as tenants in common in equal shares OR The Tenant is more than one person. They are to hold the property on trust (complete as necessary)

H.M. LAND REGISTRY
Land Registration Acts 1925 to 2002
Housing Act 1985 (As Amended)
PARTICULARS

THIS LEASE is made the day of 2019
BETWEEN

- (1) **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF HOUNSLOW** of Hounslow House, 7 Bath Road Hounslow TW3 3EB (hereinafter called "the Landlord") of the one part; and
- (2) [REDACTED] of [REDACTED] (hereinafter called "the Tenant") of the other part

W H E R E A S :

- (1) In this Lease unless the context otherwise requires:
- (a) "the 1985 Act" means the Housing Act 1985 (as amended) and includes any statutory amendment, statutory instrument or re-enactment thereof for the time being in force save as otherwise stated herein
- (b) "the Building" means the building of which the Flat forms part and any outbuildings used exclusively by the Building which comprises of [REDACTED] and is shaded yellow on the Plan
- (c) "the Commencement Date" means the date hereof
- (d) "Commencement of the Reference Period" means the date six months after the Landlord's Section 125 offer notice served on [DATE OF S125] to the Tenant pursuant to the 1985 Act or such other date as may have been notified to the Tenant

- (e) "the Discount" means the discount applicable to this sale calculated in accordance with the provisions of the 1985 Act namely the sum of £[]. This is the actual monetary discount awarded.
- (f) "the Discount Percentage" []%. This is the percentage the above discount figure forms of the market value and not the maximum discount entitlement.
- (g) "Financial Year" means any year commencing 1 April and ending 31 March
- (h) "the Flat" means the parcels hereby demised as described in the First Schedule of this Lease and edged red on the Plan
- (i) "the Landlord" includes the persons or body for the time being entitled to the reversion immediately expectant on the determination of the term hereby granted
- (j) "the Market Value" means the full market value of the Flat
- (k) "the Plan" means the plan annexed hereto showing the Premises the Building and the Flat
- (l) "the Premises" means the Building and the outbuildings gardens and grounds thereof (if any) and any other neighbouring building for the time being managed by or on behalf of the Landlord as a single administrative unit together with the Building all of which (as at present constituted) is edged blue on the Plan
- (m) "the Premium" £[] (WORDS) being the Market Value less the Discount
- (n) "the Service Charge attributable to the Flat" bears the meaning ascribed to it in the Sixth Schedule hereto

- (o) “the Service Installations” means cisterns tanks water and gas supply pipes tubes meters soil pipes waste water pipes and also wires or cables used for the conveyance of electrical current and all valves traps and switches appertaining thereto but shall not extend to or include any wires cables or apparatus belonging to British Telecom or any public utility supply authority
- (p) "the Services" means such of the services listed in the Seventh Schedule hereto as are at the date hereof being provided by the Landlord or may be provided by the Landlord from time to time appurtenant to the Flat
- (q) “the Structure” includes the main concrete decks beams timbers and joists of the Building and the internal load bearing walls and party walls therein the structure of the balconies and also the structural parts or railings of any balconies (except the internal surfaces of such balconies) the entirety of the window casement and door frames and external doors including any doors leading directly to any balcony but which shall exclude all window or door glass comprised in such windows and doors that are located in the internal and external walls that bound the Flat
- (r) “the Tenant" includes their successors in title and where the Tenant is two or more individuals covenants herein expressed to be made by the Tenant shall be deemed to be made by such persons jointly and severally
- (s) “the Term ” is 125 years from the Commencement Date
- (t) Words importing only the masculine gender shall include the feminine and the singular number shall include the plural and vice versa
- (u) All references to costs fees charges expenses outgoings or other sums

payable or repayable by the Tenant to the Landlord shall include value added tax or any other tax of a similar nature payable thereon where applicable

- (2) The Landlord [is registered at H.M. Land Registry as the [freehold][leasehold] proprietor comprised in the title above referred to] [is seised in fee simple in possession of the property comprised in a conveyance] which includes the Premises
- (3) The Landlord has previously granted or intends hereafter to grant leases of the flats in the Building other than the Flat and the Landlord has in every lease imposed and intends in every future lease to impose the restrictions set forth in the Fourth Schedule hereto to the intent that any tenant for the time being of any part of the Premises or any flat therein may be able to enforce the observance of the said restrictions by the tenants or occupiers for the time being of the other flats
- (4) Pursuant to the provisions of the 1985 Act and all other powers the Landlord has agreed with the Tenant for the grant to the Tenant of a lease of the Flat for the consideration at the rent and on the terms and conditions hereinafter appearing
- [(5) If and whenever the Landlord is itself a tenant of the Premises:
- (a) wherever consent is required under this Lease the approval of any superior landlord shall also be required to the extent required under any superior lease and any such consent shall be subject to the need for the approval of the superior landlord where appropriate;
 - (b) nothing in this Lease shall imply that the superior landlord's approval will not be unreasonably withheld;

- (c) the rights reserved by this Lease are also reserved to any superior landlord in accordance with any superior lease and references to any right of (or covenant to permit) the Landlord to enter the Premises shall extend to any superior landlord and to anyone authorised by it or otherwise entitled;
- (d) this Lease shall take effect subject to the rights excepted and reserved by any superior lease (which are by virtue of this provision reserved to the Landlord as well as any superior landlord);
- (e) any covenant required to be given for the benefit of the Landlord shall also be given (if required by the Landlord or any superior landlord) for the benefit of the superior landlord.

NOW THIS DEED WITNESSETH as follows:

1. In pursuance of the said agreement and in consideration of the Premium paid to the Landlord by the Tenant (the receipt whereof the Landlord hereby acknowledges) and of the covenant for repayment of the Discount hereinafter contained and of the rent and covenants hereinafter reserved and contained on the part of the Tenant to be paid observed and performed the Landlord HEREBY DEMISES unto the Tenant ALL THAT property more particularly described in the First Schedule hereto with full title guarantee TOGETHER WITH the easements rights and privileges mentioned in the Second Schedule hereto subject as therein mentioned EXCEPT AND RESERVING the easements rights and privileges as mentioned in the Third Schedule hereto TO HOLD the said property hereby demised unto the Tenant for the Term YIELDING AND PAYING therefore the yearly ground rent of £10 (subject to review from time to time by the Landlord) in advance on the first day of April

in every year free of all deductions whatsoever the first payment thereof being a proportionate part of the said annual sum calculated from the date hereof to the day preceding the next ensuing payment date to be made on the grant of this Lease

2.(1) The Tenant acknowledges that the Premium for this Lease is the Market Value less the Discount pursuant to the provisions of the 1985 Act

(a) The Tenant for himself and successors in title covenants with the Landlord in accordance with s155 of the 1985 Act to pay the Landlord on demand the amount specified in this clause in the event of disposal that occurs within five years of the date hereof that is a relevant disposal (as defined by Section 159 of the 1985 Act) (“relevant disposal”) which is not an exempt disposal (as defined by s160 of the 1985 Act) of the Flat the Tenant shall pay to the Landlord on demand a such sum as may be demanded by the Landlord in accordance with the provisions of the 1985 Act PROVIDED THAT if there should be more than one Relevant Disposal that is not an Exempt Disposal within the aforesaid period the said amount shall only be payable on the first such disposal.

(b) The liability that may arise under the said covenant shall be a charge on the Flat in accordance with the provisions of sections 156(1) &(2) and 36(1) & (2) of the 1985 Act and the Landlord and Tenant hereby apply to the Registrar to enter on the register such easements rights exceptions reservations covenants conditions and stipulations herein contained as are capable of registration together with a notice of the charge herein mentioned

(c) The maximum amount which may be demanded by the Landlord is the percentage of the of the resale value of the Flat at the point of the disposal which is equal to the Discount Percentage pursuant to s155A of the 1985 Act

- (d) The calculation of the resale value of the Flat for the purposes of calculating the discount repayable should disregard any increase in value attributable to improvements made to the Flat since the grant of the lease and by the person by whom the disposal is to be made pursuant to s155C of the 1985 Act
- (e) The amount calculated as payable under the covenant at clause 2(2) shall be reduced by 20% for each complete year which shall elapse between the date hereof and the date of the said Relevant Disposal
- (f) The Tenant for himself and his successors in title hereby further covenants with the Landlord that no disposal shall take place within the five year period therein mentioned unless the Landlord has been given written notice of the date fixed for the completion thereof
- (g) The provision of Section 163A of the 1985 Act causes all deferred re-sale agreements (defined at 163A(3) of the 1985 Act) entered into on or after 18 January 2005 to be a Relevant Disposal giving rise to discount repayment under this Clause at the date the agreement is entered into
- (2) The Tenant for himself and successors in title further covenants with the Landlord that until the end of the period of ten years from the date hereof there will be no Relevant Disposal which is not an Exempt Disposal unless the “prescribed conditions” (defined at Section 156A(3) of the 1985 Act) have been satisfied in relation to that or a previous such disposal pursuant to Section 156A of the 1985 Act
- (3) The provisions of Section 38, 159 and 163A and the 1985 Act apply to the foregoing covenant and accordingly the Landlord and Tenant apply to the Registrar to enter the appropriate restriction to the register of title pursuant to Section 156A(12) of the 1985 Act:

3. The Tenant hereby covenants with the Landlord:
- (a) To pay the rent during the said term at the time and manner aforesaid without any deduction setoff or counterclaim whatsoever and for the avoidance of doubt any payments due and reserved hereunder to be paid by the Tenant shall be reserved as additional rent and payable in the manner and at the times herein provided
 - (b) To pay without any deduction whatsoever the Landlord's expenses and outgoings as set out in the Sixth Schedule hereto (hereinafter together called "the Service Charge") at the times and in manner stipulated in this Lease
 - (c) To pay interest on any rent or other sum due under this Lease which is not paid within twenty one days of the date on which payment is due whether formally demanded or not from the date on which the rent or other sum is due to the date of payment (before or after any judgment) accruing on a daily basis at the rate of 4% above the base lending rate of the National Westminster Bank or such other bank as the Landlord may from time to time nominate in writing
 - (d) To pay all rates taxes assessments charges impositions and outgoings whatsoever (whether parliamentary parochial local or otherwise) which are now or may at any time hereafter during the said Term hereby granted be charged or imposed on the Flat or any part thereof or the owner or occupier in respect thereof and in the event of any rates taxes assessments charges impositions and outgoings being assessed charged or imposed in respect of premises of which the Flat forms part to pay the proper proportion of such rates taxes assessments charges impositions and outgoings attributable to the Flat such proportion to be

determined by the Landlord

- (e) To pay for all gas electricity or other illuminant or source of power consumed in the flat and all charges for the hire of meters in respect thereof and to observe all regulations and requirements of the relevant authorities
- (f) To pay a yearly sum equal to the proportionate amount which the Landlord shall pay by way of annual premium (including any increased or additional premium payable by reason of any act or omission of the Tenant or other occupier for the time being of the Flat) for keeping the Building the Landlords fixtures and fittings and / or the Premises insured
- (g) To pay all the costs and expenses incurred in carrying out any improvements to the Flat or a proper proportion of the costs of carrying out any improvements to the Premises or Building or any common parts pursuant to clause 8 of this lease including any improvements as carried out by the Landlord prior to the date of this lease provided that the Tenant has had prior notice thereof in accordance with section 125 of the Act
- (h) To the satisfaction of the Landlord to keep in good and substantial repair and condition and properly cleansed throughout the Term all fixtures and fittings in the Flat (to include the internal surfaces of the door, door frames and window frames fitted in the internal and external walls that bound the Flat and the glass fitted therein) and all additions thereto including window catches door locks and similar fitments and whenever necessary (except in the case of risks to be insured by the Landlord in accordance with the provisions of this

Lease) and in respect of any boiler located in the Premises, the Tenant shall provide evidence to the Landlord of annual servicing and inspections upon request

- (i) Not to make any structural alterations or structural additions to the Flat nor to erect any new buildings thereon or remove any of the Landlord's fixtures and fittings without the previous consent in writing of the Landlord
- (j) To pay the Landlord on demand all reasonable costs charges and expenses (including solicitors' costs and surveyors' fees):
 - (i) incurred by the Landlord or otherwise becomes payable by the Landlord for the purpose of or incidental to the preparation and service of a notice under section 146 of the Law of Property Act 1925 notwithstanding that forfeiture is avoided otherwise than by relief granted by the Court; and
 - (ii) incurred by the Landlord or otherwise becomes payable by the Landlord for the purpose of and incidental to the preparation and service of a Schedule of Dilapidations at the end or sooner determination of the Term hereby granted in respect of the Flat
- (k) Forthwith after service upon the Tenant of any notice affecting the Flat served by any person body or authority (other than the Landlord) to deliver a true copy thereof to the Landlord and if so required by the Landlord to join with the Landlord in making such representations to any such person body or authority concerning any proposals affecting the Flat as the Landlord may consider desirable and to join with the Landlord in any such appeal against any order or direction affecting the Flat as the Landlord may consider desirable

- (l) Within one calendar month after every assignment transfer underletting subletting vesting deed assent charge mortgage or devolution of the Flat or on the grant of probate of the Tenant's will or on the grant of Letters of Administration to his / her estate to produce notice of the same to the Landlord for registration and to pay to the Landlord a fee of £50 in respect of each such notice so produced or such other fee as may from time to time be determined by the Landlord acting reasonably
- (m) Not at any time to assign part only of the Flat
- (n) Not to sublet the Property without the written consent of the Landlord such consent not to be unreasonably withheld.
- (o) Upon any assignment hereof or subletting or underletting wholly or in part to obtain if the Landlord shall so require a direct covenant by the assignee or subtenant with the Landlord in such terms as the Landlord shall require to observe and perform the covenants and conditions of this Lease and to pay to the Landlord its costs properly incurred in the negotiation and completion of the same
- (p) At the expiration or sooner determination of the Term peaceably to surrender and yield up unto the Landlord the Flat with vacant possession together with all additions thereto and all Landlord's fixtures and fittings (if any) in good and tenantable repair and condition
- (q) The Leaseholder or if more than one person comprises the Leaseholder at least one person comprising the Leaseholder hereby declares that the Leaseholder is a qualifying Leaseholder for the purposes of the Act and without prejudice to the foregoing that the Leaseholder occupies

the Flat as the Leaseholder's only or principal home at the date hereof
in accordance with s 118 and 119 of the Act

4. The Tenant further covenants with the Landlord to:
- (a) Keep the Flat and every part thereof (except such parts as are affected by the Landlord's covenants in clauses 6(b) and (c) hereof) and all non load bearing walls party walls cables wires and appurtenances thereto belonging in good and tenantable repair and condition including the renewal and replacement of all worn or damaged parts and in particular (but without prejudice to the generality of the foregoing) so as to support shelter and protect the parts of the Building other than the Flat
 - (b) Paint the interior of the Flat with two coats at least of best quality paint and well and sufficiently paper and plaster the interior of the Flat and all additions and improvements thereto as are usually or ought to be painted papered and plastered and generally to decorate and redecorate the Flat in every sixth year of the Term hereby granted and in the last year of the term hereby granted (however determined)
 - (c) Pay to the Landlord in every Financial year a sum on account of the Service Charge attributable to the Flat in that Financial year demanded by the Landlord in accordance with the provisions of the Sixth Schedule hereto by equal monthly instalments in advance on the first day of each month such sum to be apportionable from day to day and the first such instalment (being an apportioned part from the date hereof to the day preceding the next payment date) to be paid on the execution of this Lease
 - (d) Pay to the Landlord whenever demanded in accordance with the provisions of the Sixth Schedule hereto a sum equal to the excess of

the sum paid on account pursuant to sub-clause 4(c) for the Service Charge attributable to the Flat in any Financial Year to be payable on demand and not to be apportionable

- (e) Not do or permit to be done any act or thing which may render void or voidable the policy or policies of insurance of the Building and / or the Premises or any policy or policies of insurance in respect of the contents of any of the flats comprised in the Premises or which may cause any increased premium to be payable in respect of such policy
- (f) Permit the Landlord with or without workmen and all other person authorised by it with all necessary appliances at reasonable times and upon reasonable notice (except in emergency) during the Term to upon and inspect and examine the condition of the Flat and the Landlord may thereafter serve upon the Tenant notice in writing specifying any repairs or works necessary to be done for which the Tenant is liable hereunder and require the Tenant forthwith to execute them and if the Tenant does not within three months after service of such notice or sooner if required proceed diligently with the execution of such repairs or works then the Landlord may enter upon the Flat and execute them and the cost (including any legal or surveyors' cost of the Landlord incidental to the preparation of such aforementioned notice or of any statutory notice relating to any breach of covenant) shall be a debt due to the Landlord from the Tenant and shall be recoverable forthwith by action as if it were rent in arrear
- (g) Upon receipt of reasonable notice (except in case of emergency) permit the Landlord and the tenants of the other flats in the Building to have access to and enter upon the Flat or any part thereof as often as it may

be reasonably necessary for them to do so in fulfilment of their obligations or the exercise of their rights hereunder or under any covenants relating to any other flat and similar to those herein contained

- (i) Not to do or permit anything to be done in or upon the Flat or Building which may be or become a danger or nuisance or annoyance or cause damage or inconvenience to the Landlord or to any adjoining owners or occupiers
- (j) To make good all damage caused through the act or default of the Tenant or of any servant or agent or visitor of the Tenant to:
 - (i) to any part of the Building or the fixtures and fittings thereof; and
 - (ii) to any other adjoining or neighbouring property at the Building and in each case to keep the Landlord indemnified from all claims expenses and demands in respect thereof
- (k) To observe and perform any covenants restrictions and stipulations referred to in the Landlord's title so far as the same are still subsisting and capable of taking effect insofar as they affect the Flat and to indemnify and keep indemnified the Landlord from and against all claims damages costs and expenses in any way relating thereto
- (l) Observe the restrictions and stipulations set forth in the Fourth Schedule hereto
- (m) Comply with and observe such regulations as the Landlord may from time to time make for the benefit of the owners and occupiers of the said flats and in particular but without prejudice to the foregoing to comply with the regulations set out in the Fifth Schedule hereto

5. The Tenant hereby further covenants with the Landlord:
- (a) by way of indemnity only to observe and perform the covenants and stipulations affecting the Flat or the Premises contained or referred to in this Lease
 - (b) to indemnify the Landlord against any damage caused to the Flat and/or Premises or any part thereof by the Tenant or his family or visitors
6. The Landlord HEREBY COVENANTS with the Tenant as follows:
- (a) That the Tenant paying the rent hereby reserved and performing and observing the several covenants and conditions and agreements herein contained and on the Tenant's part to be performed and observed shall and may peaceably and quietly hold and enjoy the Flat during the said Term without any interruption or disturbance from or by the Landlord or any person or persons rightfully claiming under or in trust for it
 - (b) That the Landlord will keep in repair renew and redecorate when necessary the Structure and exterior (excluding the glass fitted in the internal and external doors and window frames that bound the Flat) of the Flat and Building including the drains gutters and external pipes thereof and will make good any defect affecting the Structure and this obligation includes an obligation to rebuild or reinstate the Flat or the Building if either of them is destroyed or damaged by any of the risks against which the Landlord hereinafter covenants to insure
 - (c) That the Landlord will keep in good repair and condition all other property located in the Premises over or in respect of which the Tenant has been granted rights under the Second Schedule hereto
 - (d) That the Landlord will so far as practicable provide the Services to or

in respect of the Flat and the Building at a reasonable level and will keep in repair all machinery installations and apparatus at the Premises connected with the provision of the Services Provided That the Landlord shall not be liable to the Tenant for any interruption in any of the Services caused by necessary repairs or maintenance of any such machinery installations or apparatus or the destruction thereof or damage thereto by fire water act of God or by mechanical or other defect or breakdown or frost or other inclement conditions or unavoidable shortage of fuel materials water or labour or by any other circumstances beyond the Landlord's control

- (e) That the Landlord will at all times during the said Term insure and keep insured (unless vitiated in whole or in part by act or default of the Tenant) the Flat against loss or damage by fire tempest flood and such other risks (if any) as it is normal practice to insure against and the rest of the Building against flood fire and explosion in the full reinstatement value thereof together with architect's and surveyor's fees and in the event of the Building or any part thereof being damaged or destroyed by fire or other insured risk as soon as reasonably practicable as necessary to repair rebuild or reinstate the Building or the damaged part thereof and to lay out the insurance moneys received (other than for architect's and surveyor's fees and demolition and clearance expenses) in such repair rebuilding or reinstatement and to make up any shortfall in insurance monies received in respect of the building due to insufficient cover or non cover of such risks as in normal practice to insure against
- (f) That in the event of any grant of a long lease of any flat comprised in

the Building such grant shall be effected by means of a grant of a lease of the same in form similar to these presents (mutatis mutandis) and containing the like covenants on the part of the Tenant and exceptions and reservations and provisos as are herein contained and until such leases shall have been granted or in the event of any such leases being determined in any way the Landlord hereby covenants with the Tenant that it the Landlord will observe and perform all the restrictions and covenants in respect of such flat for the time being as from time to time as if the Landlord were a tenant thereof [and as if the Tenant was the Landlord]

- (g) (That if so required by the Tenant) the Landlord will at the request and cost of the Tenant enforce against the Tenant of any flat comprised in the Building such covenants similar to those herein contained entered into or to be entered into by the Tenant of any flat comprised in the Building (the Tenant indemnifying the Landlord against all costs and expenses of such enforcement)
- (h) That the Landlord shall at all times during the Term hereby granted manage the Premises in a proper and reasonable manner and the Landlord shall be entitled
 - (i) To appoint if the Landlord so desires managing agents for the purpose of managing the Premises and to remunerate them properly for their services
 - (ii) To employ architects surveyors solicitors accountants contractors builders gardeners and any other person firm or company properly required to be employed in connection with or for the purpose of or in relation to the Premises or any part

thereof and pay them all proper fees charges salaries wages costs expenses and outgoings

- (iii) To delegate the performance of any of its obligations under this Clause or otherwise to any firm or company whose business it is to undertake such functions upon such terms and conditions and for such remuneration as the Landlord shall think fit

7. PROVIDED ALWAYS and IT IS HEREBY AGREED that if the rents hereby reserved or any part thereof shall be unpaid for twenty-one days after becoming payable (whether formally demanded or not) or if any covenant on the part of the Tenant herein contained shall not be performed or observed then and in any such case it shall be lawful for the Landlord at any time thereafter to re-enter upon the Flat or any part thereof in the name of the whole and thereupon this demise shall absolutely determine but without prejudice to any right of action or remedy of the Landlord in respect of any antecedent breach of any of the Tenant's covenants or the conditions herein contained
8. PROVIDED ALWAYS and IT IS HEREBY AGREED that nothing in this Lease shall impose any obligations on the Landlord to provide or install any system or service not in existence at the date hereof or to alter or improve the Building or Premises or any part thereof or any system or service in existence at the date hereof but the Landlord may in its absolute discretion provide install alter or improve any such system or service or the Building or Premises or any part thereof for the benefit of the Tenant and other occupiers of the Building or other occupier on the Premises in pursuance of the provisions as contained at section 187 of the 1985 Act
9. The following provisions apply where the Tenant consists of two or more persons:

- (a) All covenants by the Tenant are binding on all such persons jointly and severally
- (b) All such persons hereby declare that they hold this Lease and the Term upon trust to sell the same and that they hold the net rent and profits until sale and the net proceeds of any such sale upon trust for themselves as [joint tenants][tenants in common in equal shares]
10. It is hereby certified that there is no Agreement for Lease to which this Lease give effect
11. The Chief Land Registrar must enter the following restriction in the register of title pursuant to Section 156A of the Housing Act 1985:-
- "No transfer or lease of the registered estate dated before 2029 by the proprietor of the registered estate or by the proprietor of any registered charge is to be completed by registration unless accompanied by
- (a) a certificate given by The Mayor and Burgesses of the London Borough of Hounslow that the transfer or lease complies with the requirements of Section 156A of the Housing Act 1985 or that the transfer or lease is an exempted disposal or is not a relevant disposal or
- (b) a certificate given by a person who confirms that he is the person in whom the reversionary interest is now vested (if that person is not the original disposing authority), and that the transfer or lease complies with the requirements of Section 156A of the Housing Act 1985 or is either an exempted disposal or is not a relevant disposal"

12. Nothing contained or implied in this Lease shall prejudice or affect the Landlord's rights powers duties and obligations in the exercise of its functions as a local authority and the rights powers duties and obligations of the Landlord under all public and private statutes bylaws orders and regulations may be as fully and effectually exercised in relation to the Property as if it was not the Landlord of the Property and this Lease had not been executed by it

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FIRST SCHEDULE

The Flat

ALL THAT flat known as [REDACTED] in the London Borough of Hounslow situate on the [ground]/[first]/[top] floor of the Building which is shown for the purpose of identification only [REDACTED] on the Plan TOGETHER with:

- (a) the internal plastered coverings and plaster work or other wall finishes of the internal walls and partitions and external walls bounding the Flat;
- (b) the plaster coverings and plaster work or such other finishes of the ceilings and the surfaces of the floors of the Flat;
- (c) the doors and door frames fitted in internal walls and partitions lying within the Flat;
- (d) notwithstanding any contrary provisions in this lease, all fixtures and fittings in or about the Flat; and
- (e) all Service Installations in the Building which exclusively serve the Flat (but no others) [AND TOGETHER with the garden (if any) shown hatched green on the Plan and/or a storeroom (if any) shown [REDACTED]]

EXCEPT AND RESERVING from the demise:

- (f) the Structure and exterior of the Building including the roof foundations external parts and the interior and exterior surfaces of the doors, door frames and window frames fitted in internal or external walls that bound the Flat (but not the glass fitted therein);
- (g) any Service Installations which do not exclusively serve the Flat in the Flat or Building
- (h) any part of the Building (other than Service Installations expressly included in the demise) that lie above the said surfaces of the ceiling or

below the said surfaces of the floor PROVIDED THAT all internal non load bearing walls bounding the said flat shall be party walls severed medially and shall be used repaired and maintained accordingly

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SECOND SCHEDULE

Rights and easements granted to the Tenant

The following rights are included in the demise and shall be exercisable for the Term hereby granted by the Tenant and all persons authorised by him at all reasonable times and for all purposes connected with the proper use and enjoyment of the Flat and for no other purpose hereunder in common with all other persons entitled to exercise like rights PROVIDED THAT (1) all the said rights are conditional upon due observance by the Tenant of all his covenants and obligations contained in this Lease (2) no other rights shall be included by implication other than those that the Landlord is capable of granting that the Tenant enjoyed as a secure tenant of the Flat:

1. The right in common with the Landlord and those authorised and / or those lawfully entitled to go pass and repass over and along all such parts of the Building and the Premises as afford access to the Flat for the purposes only of access to and egress from the same;
2. The right to use the recreation areas and gardens (if any) comprised in the Premises
3. The right to park or permit any vehicle to be parked within the Premises which if specified by the Landlord can only be parked in a space designated by the Landlord;
4. The right to use the refuse chute on the landing of the Building adjacent to the entrance to the Flat (if any) and the drying area (if any);
5. The right to use the laundry room in the Building (if any) for washing clothes and linen; and
6. The right in common with other tenants of the Building to use the passenger lift in the Building (if any) for access to the Flat.
7. All rights of support and other easements and all quasi-easements rights and

privileges now enjoyed or intended to be enjoyed with the Flat as at the date hereof

8. Subject to the rights reserved in the Third Schedule of this Lease the free and uninterrupted passage and running of water soil gas and electricity from and to the Flat through the sewers drains and watercourses cables pipes and wires which now are or may at any time hereafter be in under or passing through the Premises or any part thereof
9. The right at all reasonable times on at least 48 hours' notice (except in the case of emergency) to enter into and upon other parts of the Premises so far as may be necessary for the purpose of complying with any of the Tenant's obligations herein causing as little disturbance as possible and making good any damage caused
10. The benefit of the covenants and restrictions contained in the Leases of the other flats comprised in the Premises granted or to be granted so far as they are intended to benefit the Flat
11. The right to connect a television set in the Flat with an aerial erected by or on behalf of the Landlord Provided That nothing herein contained shall oblige the Landlord to erect any such aerial
12. Subject to the Landlord's rights and obligations contained in this lease, the right to cleanse, redecorate and enjoy use of the door, door frames and window frames fitted in the internal and external walls that bound the Flat to include the right to replace and repair the glass fitted in the internal and external doors and window frames that bound the Flat in exercise of the tenants obligation to repair and maintain such glass under the provisions of this lease making good any damage caused to the reasonable satisfaction of the Landlord whose decision is final

THIRD SCHEDULE

Rights and easements reserved to the Landlord

Without prejudice to any rights reserved by statute or otherwise the following rights are reserved out of the demise to the Landlord and those deriving title under the Landlord appurtenant to the Building and the Premises and each and every part thereof capable of benefiting therefrom:

1. All rights of support and other easements and all quasi-easements rights and privileges now enjoyed or intended to be enjoyed by any other part of the Building or the Premises over or in respect of the Flat
2. The right for the Landlord and those deriving title under it (including tenants of any other flat in the Building) with servants workmen and others at all reasonable times on at least 48 hours' notice (except in the case of emergency) to enter into and upon the Flat so far as may be necessary for the purpose of complying with any of their obligations or exercising any of their rights herein or otherwise affecting any part of the Building or the Premises causing as little disturbance as possible and making good any damage caused
3. The right for the Landlord with servants workmen agents contractors and others at all reasonable times on notice to enter upon the Flat for the purpose of effecting structural repairs to the Flat any adjoining or neighbouring flats or any part or parts of the Building causing as little disturbance as possible and making good any damage caused thereby
4. The right to rebuild reconstruct build on or otherwise develop any part of the Premises other than the Flat or any of the neighbouring or adjoining land in such manner as the Landlord shall think fit notwithstanding any interference thereby occasioned to the access of light or air to the Flat to the intent that the

Tenant shall be deemed to enjoy the access and use of light and air to the property with the consent and by the leave and licence of the Landlord and shall not by the enjoyment thereof acquire any absolute or indefeasible or other right thereto from and over the Premises or the said adjoining or neighbouring land nor acquire any right to restrain impede or control the erection of any building or the alteration of or reconstruction of any building upon the Premises or such neighbouring or adjoining land as aforesaid or to damages in consequence of or arising from such operations or user

5. The right for the Landlord with servants workmen agents and contractors to enter upon the Flat for the purpose of installing and the right to install and connect a separately metered supply of hot water for the working of a central heating and domestic water installation
6. The right to sell lease or otherwise deal with any of the adjoining or neighbouring land free from any restrictions as to the user thereof or otherwise as the Landlord may decide and subject to the right to release waive or modify either wholly or in part all or any stipulations or regulations imposed upon any of the said adjoining or neighbouring lands and so that the Landlord shall not be bound to impose or enforce any such stipulations or regulations as aforesaid
7. Any right to the benefit of any covenants or other restrictions and stipulations which may heretofore have been or may hereafter be imposed by the Landlord on the sale of any adjoining or neighbouring land
8. The right to Cleanse, repair, maintain and replace the glass fitted in the external windows and doors.

FOURTH SCHEDULE

Restrictions and Stipulations

1. Not to use or permit the Flat to be used for any illegal or immoral purpose or otherwise than as a private self-contained residential flat in single occupation
2. Not to do or keep or permit to be done or kept in the Flat any act or thing which may be or become a nuisance or an annoyance or cause inconvenience to the Landlord the tenants and occupiers of other flats in the Premises or the owners and occupiers of any neighbouring property or which may tend to lessen or depreciate the value of the Premises or any part of them or any other property in the neighbourhood and not to keep or permit to be kept on the Flat any cat or dog [without the Landlord's consent in writing]
3. No name writing drawing signboard plate or placard of any kind shall be put on or in any window on the exterior of the Flat or so as to be visible from outside the Flat
4. Not to erect place or fix or allow to be erected placed or fixed any satellite dish or receiver or wireless or television aerial shall be erected on the Building
5. Not to keep or permit to be kept in the flat for heating cooking or lighting purposes any substances of a volatile or inflammable nature in particular but without prejudice to the generality of the foregoing petrol paraffin and liquefied petroleum gas

FIFTH SCHEDULE

Regulations

1. Not to beat or shake carpets rugs or mats nor hang out washing on or over landings staircases balconies or corridors or from any window of the Flat nor in the garden or forecourt
2. To keep clean and tidy such part of the landings staircases balconies and corridors as may be specified by the Landlord from time to time
3. Not to obstruct the landings staircases balconies corridors or lifts and not to park any vehicle within the Premises except in the parking areas designated on the Plan
4. To use the laundry room (if any) only in accordance with the rota from time to time in force
5. To provide and maintain a dustbin for use in connection with the Flat and comply with the arrangements for collection of refuse made by the Landlord and not to use the refuse chute, if any between the hours of 7.30pm and 7.00am
6. Not to and to ensure that no occupier of the Flat does
 - (a) park a commercial vehicle on any highway or road or any accessway within the Premises ; nor
 - (b) park any mechanically propelled vehicle or caravan on any access or road courtyard verge or upon any land within the Premises not set aside for parking purposes or (except with the Landlord's written consent which may be given subject to conditions) in the garden of any Landlord property
 - (c) park any vehicle or obstruct by other means any shared path or driveway

7. Any other regulations made by the Landlord from time to time and notified to the Tenant

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SIXTH SCHEDULE

Service Charge

Part I

The Service Charge attributable to the Flat for the Financial Year shall be a proportionate part of the costs charges or expenses or estimated costs charges or expenses (including overheads) reasonably incurred or expended or estimated to be incurred or expended in that year or future years by or on behalf of the Landlord in connection with the carrying out or furtherance of or intended pursuance or furtherance of the obligations and rights of the Landlord under this Lease in relation to the Building and Premises (and / or any other areas or structures used or capable of being used by the Tenant in common with others) and in particular but without prejudice to the generality of the foregoing including:-

- (a) the costs of complying with the Landlord's covenant in clauses 6(b) and (c) of this Lease and with any similar obligations in the Lease affecting any part of the Premises;
- (b) all costs of complying with the Landlord's obligations and / or exercise of the Landlord's rights pursuant to this Lease and with any similar obligations in this Lease affecting any part of the Premises including the costs of all fuels oil, electricity gas water power machinery equipment and materials supplied or used in the provision of the Services
- (c) the administrative costs of managing the Premises including the costs of employing and paying professionals agents contractors or employees in connection with the performance of any of the Landlord's said covenants
- (d) the costs of providing a reasonable reserve to finance future capital costs falling within sub-paragraphs (a) (b) and (c) hereof
- (e) costs falling within sub-paragraphs (a) (b) and (c) hereof incurred between the

Commencement of the Reference Period and the date hereof

- (f) all charges taxes rates levies impositions and assessments and other outgoings (if any) payable by the Landlord in respect of the Building or Premises
- (g) The cost of the Landlord complying with and making representations of the provisions of any legislation or orders or statutory requirements concerning town planning public health highways streets drainage or other matters relating or alleged to relate to the Building or Premises where the Tenant nor any other tenant is not directly liable
- (h) the costs and expenses incurred by the Landlord in providing the Services
- (i) the cost of carrying out works or services of any kind whatsoever which the Landlord may in its reasonable discretion deem desirable or necessary for the purpose of maintaining or improving the services in or for the Building and the cost of any other services reasonably provided by the Landlord from time to time for the better enjoyment or use of the Premises or Building
- (j) the costs and expenses incurred by the Landlord of complying with clause 8 of this Lease

Part II

1. The Landlord shall annually serve on the Tenant before the first date for payment thereof on or any part thereof a written demand signed by the Borough Treasurer for a sum representing the Landlord's estimate of the Service Charge attributable to the Flat in that Financial Year Provided That during the Financial Year ending on 31 March 2019 the sum so estimated shall be deemed to have been £[] which shall be payable as hereinbefore provided without the need for any demand
2. After the end of each Financial Year:
 - (a) if the sum demanded under paragraph 1 hereof proves to be less than

the Service Charge attributable to the Flat in that Financial Year the Landlord may serve a written demand on the Tenant signed by the Borough Treasurer for a sum equal to the deficiency

(b) if the sum demanded under paragraph 1 hereof proves to exceed the Service Charge attributable to the Flat in that Financial Year the Landlord shall credit the surplus against the next demand under the said paragraph

3. Time shall not be of the essence of the provisions of this Schedule and if on any date for payment of the Service Charge attributable to the Flat no written demand has been served hereunder the Tenant shall be bound to make a payment at the rate applicable under the last estimated demand and upon the demand being subsequently served any deficiency or surplus shall be payable or repayable immediately

SEVENTH SCHEDULE

The Services

1. The supply of the following facilities elsewhere in the Building or in relation to the Premises:
 - (a) maintaining cleaning repairing or replacing the lift
 - (b) maintaining cleaning repairing or replacing the covered space available for pram storage
 - (c) lighting cleaning repairing renewing or replacing and maintenance of all internal parts of the Building used in common with other occupants
 - (d) cleaning of exterior of the Building
 - (e) lighting cleaning and maintenance of all recreation areas gardens (including but not limited to grass cutting and grounds maintenance) parking spaces and other external parts of the Premises used in common with other occupants
 - (f) repairing renewing or replacing door entry system or any security machinery or equipment installed at the Building or Premises
 - (g) cleaning maintaining repairing operating and replacing the refuse chute
 - (h) cleaning maintaining repairing operating and replacing the laundry room
 - (i) cleaning maintain repairing and replacing any lighting and Service Installations in the Building or Premises
 - (k) any other service or amenity that the Landlord may in its reasonable discretion provide for the tenants and occupiers of the Building or Premises at any time
2. The employment of gardeners caretakers porters cleaners and any other persons necessary for the continued supply of any of the said services

IN WITNESS whereof the Landlord has caused its Common Seal to be hereunto affixed and the Tenant has hereunto set his hand and seal the day and year first before written

THE COMMON SEAL OF THE MAYOR)
AND BURGESSES OF THE LONDON)
BOROUGH OF HOUNSLOW was)
hereunto affixed in the presence of:)

Mayor

Head of Legal and Monitoring Officer

SIGNED AS A DEED)
By)

in the presence of:-)

Name:

Address:

Description or occupation:

SIGNED AS A DEED)
By)

in the presence of:-)

Name:

Address:

Description or occupation:

SIGNED AS A DEED)
By)

in the presence of:-)

Name:

Address:

Description or occupation:

DRAFT