

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

**LANDLORD AND TENANT ACT 1985 – SECTION 20ZA
ALL LEASEHOLD PROPERTIES OF THE LONDON BOROUGH OF ISLINGTON**

BETWEEN

**THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF ISLINGTON**

Applicant

-and-

**ALL RESIDENTIAL LONG LEASEHOLDERS
OF THE LONDON BOROUGH OF ISLINGTON**

Respondents

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

Case reference : **LON/00AU/LDC/2022/0188**

Properties : **Various residential leasehold properties
in the London Borough of Islington**

Applicant : **London Borough of Islington**

Representative : **Predrag Suzic Legal Services - The
London Borough of Islington
ref: PFS/s.20
email: Predrag.Suzic@islington.gov.uk**

Respondents : **Long residential leaseholders in the
Borough subject to communal
electricity and gas supplies**

Type of application : **To dispense with the requirement to
consult leaseholders about a long-term
agreement for the supply of electricity
to communal areas**

**Tribunal -Legal
Officer** : **Marsha Phillips**

Date of directions : **13 October 2022**

**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.

Covid-19 Arrangements

- For the tribunal's current procedures, please see the Guidance for Users
at: [https://www.judiciary.uk/wp-content/uploads/2021/02/Guidance-
for-Users-February-2021-final.pdf](https://www.judiciary.uk/wp-content/uploads/2021/02/Guidance-for-Users-February-2021-final.pdf)

- 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. The attachment size limit is 36MB. If your attachments are larger than 36MB they must be split over several emails.
- **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.**

Background to the Application

- (A) The Applicant/landlord has applied for dispensation from the statutory consultation requirements in respect of their entering into a new 2 year contract for the supply of energy, to be signed on or around 30 September 2022.
- (B) No consultation was carried with the leaseholders due to the limited time the Landlord had to enter into the contract, in order to benefit from cheaper energy prices. The application is said to be urgent because of this short timeframe.
- (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

1. The Applicant landlord must by **3 November 2022**:
 - 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 (with personal details deleted), 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 **24 November 2022**.
 - (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, with any personal details deleted);
 - (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 **23 January 2023**.
 - Confirm to the tribunal by email that this has been done and stating the date(s) on which this was done.
2. Those leaseholders who oppose the application must by **24 November 2022**:
 - Complete the attached reply form and send it by email to the tribunal; and
 - Send to the Applicant landlord, by email or by post, a statement in response to the application with a copy of the reply form. They should send with their statement copies of any documents upon which they wish to rely.
3. The Applicant landlord must by **15 December 2022**:
 - Prepare a digital, indexed and paginated Adobe PDF bundle of all relevant documents for use in the determination of the application, containing all of the documents on which the Applicant landlord relies, including the application form, these and any subsequent directions, copies of any replies from the leaseholders and any relevant correspondence with the tribunal;

- 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 an email to the tribunal at London.Rap@justice.gov.uk with a similar link to the uploaded bundle, that can be downloaded by the tribunal. The subject line of the email must read: "BUNDLE FOR PAPER DETERMINATION: [case reference number]".

Determination

4. The tribunal will decide the application during the seven days commencing **9 January 2023** based on the documents.
5. However, any party may request a hearing. Any such **request should be made by 8 December 2022**, giving an indication of any dates to avoid. The hearing will have a time estimate of two hours, but either party should notify the tribunal if that time estimate is insufficient.
6. If a hearing is requested:
 - It shall take place on **a date to be confirmed as a face to face hearing, at 10 Alfred Place, London WC1E 7LR**, 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).
7. As the tribunal is working electronically during the current pandemic, the tribunal deciding this application will not have access to a physical file, nor electronic access to documents sent to the tribunal. It is therefore essential that the parties include any relevant correspondence to the tribunal within the digital bundle.
8. The tribunal will send a copy of its eventual decision to the representative of every represented leaseholder and to any unrepresented leaseholders,

who have completed and returned the reply form attached to these directions.

9. Furthermore, 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.

Attached: Reply Form for Leaseholders (to complete)

NOTES

- a. **Whenever you send a letter or email to the tribunal you must also send a copy to the other parties (or, in the case of the applicant, post a copy on their website) and note this on the letter or email.**
- b. **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.**
- c. **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”).**
- d. **If the respondent 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.**

Reply Form for Leaseholders

Case Reference:	LON/00AU/LDC/2022/0188
Property:	Various residential leasehold properties in the London Borough of Islington

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

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

The First-tier Tribunal Property Chamber (Residential Property) **by email** to:
London.RAP@justice.gov.uk

And send a copy to the landlord's representative, Predrag Suzic Legal Services-
Legal Services, 7 Newington Barrow Way, London, N7 7EP (quoting ref:
PFS/s.20) or by email to: Predrag.Suzic@islington.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:	



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PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

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Applicant : **London Borough of Islington**

Representative : **Predrag Suzic Legal Services - The London Borough of Islington
ref: PFS/s.20
email: Predrag.Suzic@islington.gov.uk**

Respondents : **Long residential leaseholders in the Borough subject to communal electricity and gas supplies**

Type of application : **To dispense with the requirement to consult leaseholders about a long-term agreement for the supply of electricity to communal areas**

Tribunal -Legal Officer : **Marsha Phillips**

Date of directions : **26 October 2022**

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

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Covid-19 Arrangements

- For the tribunal's current procedures, please see the Guidance for Users at: <https://www.judiciary.uk/wp-content/uploads/2021/02/Guidance-for-Users-February-2021-final.pdf>

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Background to the Application

- (A) The Applicant/landlord has applied for dispensation from the statutory consultation requirements in respect of their entering into a new 2 year contract for the supply of energy, to be signed on or around 30 September 2022.
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- (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

1. The Applicant landlord must by **7 November 2022**:
 - 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~~ **second class post** setting out the following:
 - (a) Informing them of the application;
 - (b) Advising them that a copy of the application (with personal details deleted), 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 **28 November 2022**.
 - (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, with any personal details deleted);
 - (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 **23 January 2023**.
 - Confirm to the tribunal by email that this has been done and stating the date(s) on which this was done.
2. Those leaseholders who oppose the application must by **28 November 2022**:
 - Complete the attached reply form and send it by email to the tribunal; and
 - Send to the Applicant landlord, by email or by post, a statement in response to the application with a copy of the reply form. They should send with their statement copies of any documents upon which they wish to rely.
3. The Applicant landlord must by **15 December 2022**:
 - Prepare a digital, indexed and paginated Adobe PDF bundle of all relevant documents for use in the determination of the application, containing all of the documents on which the Applicant landlord relies, including the application form, these and any subsequent directions, copies of any replies from the leaseholders and any relevant correspondence with the tribunal;

- 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;
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- d. **If the respondent 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.**

Reply Form for Leaseholders

Case Reference:	LON/00AU/LDC/2022/0188
Property:	Various residential leasehold properties in the London Borough of Islington

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The First-tier Tribunal Property Chamber (Residential Property) **by email** to: London.RAP@justice.gov.uk

And send a copy to the landlord's representative, Predrag Suzic Legal Services-Legal Services, 7 Newington Barrow Way, London, N7 7EP (quoting ref: PFS/s.20) or by email to: Predrag.Suzic@islington.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:	

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:

Capacity:

Address (including postcode):

Address for correspondence (if different from above):

Telephone:

Day: Evening: Mobile:

Email address: 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:

Reference no. (if any)

Address (including postcode):

Telephone:

Day: Mobile:

Email address: Fax:

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

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

PLEASE SEE ATTACHED LIST

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 '**GROUND'S 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

Previous Applications: LON/00AU/LDC/2019/0186, LON/00AU/LDC/2015/0106, LON/00AU/LDC/2013/0067, LON/00AU/LDC/2006/0043.

Other Recent Cases: LON/00AZ/LDC/2017/0093 (London Borough of Lewisham), and
LON/00BJ/LDC/2016/0051 (London Borough of Wandsworth)

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:

The contract will have to be signed by 30.09.2022 so that the Landlord can carry out forward purchasing to achieve the most competitive energy prices for the leaseholders and the Landlord.

The Landlord would respectfully request determination on the dispensation as soon as possible.

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:

n/a

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):

n/a

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 addressess 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.

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.

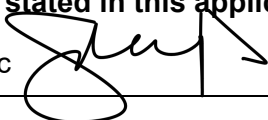
The 'Apply for help with fees' form will not be copied to other parties

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: Predrag Suzic



Dated: 29.09.2022

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 Landlord is responsible for providing communal electricity to leaseholders' blocks and estates, and for providing the gas supply to direct heating systems (where applicable). The costs for these services are included in the leasehold annual service charge.

The existing agreements with gas and electricity suppliers will be brought to an end and new contract will be entered into with another supplier at lower energy prices for both leaseholders and London Borough of Islington. The Landlord is proposing to enter into a 2-year contract from or about 30.09.2022. This will give the Landlord and the leaseholders access to the best energy prices available at the moment.

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

Considering the current fast-changing circumstances in the energy markets and due to a limited window of opportunity to enter into the new energy supply contract for which consultations would be required, there was no time to organise and carry out the consultation process.

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

Due to the urgency and limited time to enter into the new contract, the Landlord is unable to comply with paragraphs 4 to 7 of the Service Charge (Consultation Requirements) (England) Regulations 2003 (SI 2003/1987) ("the Consultation Regulations"), Schedule 2.

In relation to the contract to be entered into, the Landlord seeks dispensation under section 20ZA of the Landlord and Tenant Act 1985, from paragraphs 4 to 7 of Schedule 2 relating to the Landlord's Proposals in respect of the proposed agreements.

This is because there is a very short window of opportunity for the Landlord to sign the contract on or about 30.09.2022 in order to benefit from cheaper energy prices and there is simply no time to carry out the required consultation process beforehand.

The leaseholders would not suffer any prejudice if an unconditional dispensation was granted and would actually benefit from lower energy prices and it would also be to their benefit to dispense with the consultation requirements in this particular case 'if satisfied that it is reasonable to dispense with the requirements'.

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
Cambridge, CB1 1BA

Telephone: 01223 841 524

Fax: 01264 785 129

Email address: RPEastern@justice.gov.uk

DX 97650 Cambridge 3

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.

LANDLORD AND TENANT ACT 1985 – SECTION 20ZA

ALL RESIDENTIAL LEASEHOLD PROPERTIES
OF THE LONDON BOROUGH OF ISLINGTON

BETWEEN

THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF ISLINGTON

Applicant

and

ALL RESIDENTIAL LONG LEASEHOLDERS
OF THE LONDON BOROUGH OF ISLINGTON

Respondents

APPLICANT'S STATEMENT OF CASE

1. This statement is filed by the Landlord in support of its application for dispensation from the consultation requirements contained in Schedule 2 of the Service Charge (Consultation Requirements) (England) Regulations 2003 (SI 2003/1987, ("the Consultation Regulations"). The Landlord relies upon Witness Statements from the following Council officers:
 - a. James Wilson (Head of Energy Services);
 - b. Richard Powell (Leasehold Services Project Manager).
2. The only issue for the tribunal is whether it is reasonable to dispense with the statutory consultation requirements.

BACKGROUND

Gas and Electricity Supply Contracts

3. This Application concerns contracts for the supply of gas and electricity to a range of departments within the Landlord's organisation (e.g. public buildings, social services, schools) and in particular, includes the Landlord's housing stock. The

value of the gas and electricity contracts was usually around £8m per annum. However, the large increase in prices in 2022/23 mean that the annual cost has risen sharply to around £25m.

4. The Landlord has some 9,571 residential long leaseholders (“leaseholders”) of which some 8,336 paid for electricity supplied to their buildings through their service charge and some 1,210 leaseholders paid for gas used for communal heating and in most cases the supply of hot water. Around 90% of leaseholders’ actual communal electricity charges were under £100 for 2021/22.
5. The Landlord’s existing agreements for electricity and gas with Scottish and Southern Energy (SSE) have been terminated and will end on 31 March 2023. The Council has entered into two new agreements for electricity and gas that will start on 1 April 2023 and run for up to two years (the Council has an option to terminate after one year). These will constitute Qualifying Long Term Agreements (“QLTAs”). The contracts had to be entered into by the end of September 2022 in order to secure the Council’s energy supplies for 2023/24.

Energy market volatility

6. The SSE electricity and gas contracts were agreed in 2019 to cover the period 2020 to 2024. The contracts were not for purchasing energy at a fixed price, but allowed the Council access to the commodity markets. The Council made trades on the markets through SSE to purchase volumes of electricity or gas for defined periods.
7. The commodity element of the electricity and gas was purchased flexibly, taking into account market conditions and the Council’s requirements of when the supplies are needed or when the market is low.
8. For 2020/21 and 2021/22, the supplies for both financial years were purchased in full prior to the start of each year by making trades for the full volumes. However, significant volatility and price rises in the energy market from September 2021 onwards meant that the usual strategy of purchasing when the market was low could not be implemented.
9. The Council therefore opted to purchase for shorter periods with the expectation that prices would eventually settle. However, the ongoing war in Ukraine and Russia unilaterally halting the flow of gas through the Nordstream pipeline led to increased volatility and further price rises. This left the Council’s energy portfolio exposed to a high level of risk in terms of costs for 2023/24 onwards.
10. In order to mitigate its exposure to the market for 2023/24 onwards, the Council approached Public Buying Organisations (PBO) to enquire whether they had

secured supplies for 2023/24 in advance, at lower than current market rates, and whether they had sufficient spare capacity for the Council to join. One PBO confirmed that this was the case. The rates they had purchased at were significantly below the market rate, offering a large potential saving for 2023/24. Based on market prices on 17 October 2022, it is estimated that the commodity prices that the council would secure through the PBO for 2023/24 are around 30-35% lower than market rates.

11. The Council also discussed the possibility of an early termination of its supply agreements with SSE, who agreed to do so on the basis that the Council would pay a termination fee. The fee is negligible in terms of the potential saving that could be achieved by switching to the PBO, and will be paid by the Council and not passed onto tenants and leaseholders.

Consultation with Respondents

12. The Landlord was unable to carry out the required consultations due to the short window of opportunity to secure the best priced contracts for the supply of gas and electricity to the benefit of all leaseholders.
13. Pursuant to the tribunals Directions dated 26.10.2022, the Landlord wrote to the leaseholders on 04.11.2022 informing them of the Application and the Landlord's website where copies of all relevant documents can be viewed – please see paragraphs 17-19 of Richard Powel's witness statement dated 07.11.2022.

Award of Contracts

14. Using the chosen PBO is a compliant route to market for the Council as its two relevant Framework Agreements (for electricity and gas) were formally tendered via OJEU and winning bidders appointed accordingly (Regulation 33). This route to market is also compliant with the council's Procurement Regulations and in particular Procurement Regulation 3.1.
15. In September 2022 Islington Council's Executive Committee agreed to enter into new energy supply contracts for electricity and gas with a PBO and to terminate the existing contracts with SSE.
16. The report was taken to the Executive Committee under the council's urgency provisions due to the tight timelines. The PBO required the council to contract with them six months before the start date of the supply contracts. As the supply contracts were due to start on 1 April 2023, this meant signing the contracts with

the PBO by 30 September 2022. The contracts were duly signed on 29 September 2022.

17. Each contract is expressed to last from 1 April 2023 to 31 March 2025, with the option of termination after one year (i.e. on 31 March 2024) if requested by 31 March 2023.

CONSULTATION AND DISPENSATION

18. Each contract is a QLTA for the purposes of Section 20ZA(2) and (3) of the Landlord and Tenant Act 1985. As a Public Notice was required, the relevant consultation requirements were those contained in the Consultation Regulations, Schedule 2. The Tribunal's power to grant dispensation from those consultation requirements is in Section 20ZA(1)) of the Landlord and Tenant Act 1985:
 - a. *“(1) Where an application is made to the leasehold valuation tribunal for a determination to dispense with all or any of the consultation requirements in relation to any qualifying works or qualifying long term agreement, the tribunal may make the determination if satisfied that it is reasonable to dispense with the requirements.”*
19. The Landlord could not comply with the consultation requirements if it was to take advantage of the reduced prices obtainable through the use of flexible purchasing. The Landlord's non-compliance with the Consultation Regulations, Schedule 2, will lead to a direct benefit to leaseholders. In these circumstances, the Landlord contends that it is manifestly reasonable to grant dispensation.
20. In a number of cases, the Tribunal has granted dispensation, recognising the desirability of using flexible purchasing to obtain the best prices for gas and electricity supplies. By earlier decisions in 2006, 2013, 2015 and 2020 dispensation was granted to the Landlord in relation to the flexible purchasing system (Case ref: LON/00AU/LDC/2021/0209, LON/00BJ/LDC/2020/0056, LON/00AU/LDC/2006/0043, LON/00AU/LDC/2013/0067, and LON/00AU/LDC/2015/0106).
21. For a similar recent grant of dispensation, see LON/00AU/LDC/2021/0209 *Notting Hill Genesis v Various Leaseholders*; LON/00BJ/LDC/2020/0056 *The London Borough of Wandsworth v Various Leaseholders*; LON/00AZ/LDC/2017/0093 *Lewisham Homes v Various Leaseholders* and LON/00BJ/LDC/2016/0051 *London Borough of Wandsworth v Leaseholder owners*.

Terms of Application

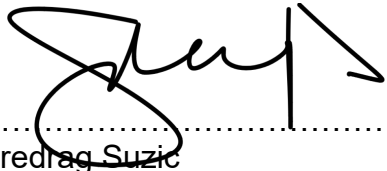
22. The Landlord seeks the Tribunal's determination that it is reasonable to dispense with all and any of the consultation requirements in relation to contracts for the supply of gas and electricity entered into on 29.09.2022.

Dispensation on Terms

23. *Daejan Investments Ltd v Benson* [2013] UKSC 14; [2013] 1 W.L.R. 854 established relevant principles in relation to dispensation on terms as follows:
- a. *The consultation requirements are intended to reinforce and give practical effect to section 19 of the Landlord and Tenant Act 1985, i.e. to ensure that tenants are not required: (i) to pay for works which are unnecessary or provided to a defective standard; or (ii) to pay more than they should for works which are necessary and which are carried out to an acceptable standard [42].*
 - b. *In light of this, the Tribunal should focus on the extent (if any) to which the tenants have been prejudiced by the landlord's failure to comply with those requirements; where the extent, quality and cost of the service is in no way affected, there is no reason not to grant dispensation [44-45].*
 - c. *Dispensation should not be refused merely because the landlord has seriously breached or departed from the consultation requirements; the consultation process is a means to an end, not an end in itself [46].*
 - d. *The Tribunal has power to grant dispensation on such terms as it thinks fit; insofar as the tenants have suffered prejudice as a result of the landlord's non-compliance, the LVT should, in the absence of some good reason to the contrary, require the landlord to reduce the amount claimed as service charges to compensate the tenants for that prejudice; for example, where the tenants can show that the landlord's non-compliance resulted in an increase in cost, dispensation should only be granted on the condition that the landlord reduces the service charge by that amount [54], [57-58].*
 - e. *Although the legal burden is on the landlord to establish that it is entitled to dispensation, the burden is on the tenants to identify some prejudice that they might have suffered as a result of the landlord's failure to comply with the consultation requirements [67].*
 - f. *In granting dispensation, the Tribunal has power to impose a term that the landlord pays the tenants' costs of resisting the application; save where the tenants' costs of investigating any prejudice are self-evidently unreasonable, it is for the landlord to show that those costs were unreasonably incurred before it can avoid being required to repay them as a term of dispensation being granted [61], [68].*

24. Applying the foregoing, the Landlord submits that there is, and can be, no prejudice to the leaseholders. The extent and quality of the electricity and gas supplies are unaffected by the failure to consult. The failure to consult is not going to lead to an increase in cost. On the contrary, by using the flexible purchasing arrangement and overriding the consultation process, the Applicant will be able to purchase gas and electricity supplies at a greatly reduced cost. The leaseholders will not have suffered prejudice, but instead have gained an advantage of much cheaper energy prices.
25. The Landlord proposes to keep the Leasehold Website pages regularly updated on purchases made throughout the contract period.

The Landlord believes that the facts stated in this statement are true.
I am duly authorised to sign this statement of truth of behalf of the Landlord.



.....
Predrag Suzic
Solicitor for the Landlord

Dated: 07.11.2022

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

Ref: LON/00AU/LDC/2022/0188

B E T W E E N:

**THE MAYOR AND BURGESSES
OF THE LONDON BOROUGH
OF ISLINGTON**

Applicant

-and-

**ALL RESIDENTIAL LONG
LEASEHOLDERS OF THE
LONDON BOROUGH OF
ISLINGTON**

Respondents

**APPLICANT'S STATEMENT
OF CASE**

**London Borough of Islington
Legal Services
7 Newington Barrow Way
London N7 7EP**

REF: PFS

ON ESTATE (EST1)

DATED

11th Septembar 1989

THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF ISLINGTON

- to -

[REDACTED]

LEASE

-of-

Premises known as [REDACTED]
in the London Borough of Islington

Commencing 25th Decambar 1982
Term of years 125
Expires 24th Decambar 2107
Rent £10 p.a. and Service Charge

June '99.
1728LW/5N.

H. M. LAND REGISTRY

LAND REGISTRATION ACTS 1925 to 1986
THE HOUSING ACT 1985
AND THE HOUSING AND PLANNING ACT 1986



LONDON BOROUGH OF ISLINGTON:

TITLE NO: LN 245431

PROPERTY: [REDACTED]

THIS LEASE is made 11TH day of September
One thousand nine hundred and eighty-Nine.
BETWEEN THE MAYOR AND BURGESSES OF THE LONDON BOROUGH
OF ISLINGTON of the Town Hall Upper Street London N1 2UD
(hereinafter called "the Council" which expression shall
where the context so admits include its successors in title)
of the one part and the person or persons whose names appear
below in Paragraph 1 of the Particulars (hereinafter called
"the Tenant" which expression shall where the context so
admits include his successors in title) of the other part

PARTICULARS

1. The Tenant: [REDACTED]
2. The demised premises [REDACTED]
3. Floors on which the demised premises are situate THIRD AND FOURT FLOORS
4. Address of the Building: [REDACTED]
5. Address of the Estate: [REDACTED]
6. The Valuation:
SIXTY TWO THOUSAND Pounds (£ 62,000)
7. The Discount:
FORTH THREE THOUSAND FOUR HUNDRED Pounds (£ 43,400)
8. The Net Premium:
EIGHTEEN THOUSAND SIX HUNDRED Pounds (£ 18,600)
9. The value of the stamp duty certificate: £ 30,000
10. Term of years: 125
11. Date of commencement of the Term: 25TH December 1982

JY2BLW

W H E R E A S the Council is or may be required under the provisions of the Housing Act 1985 (hereinafter called "the right to buy provisions") to dispose of certain dwellings in the Building mentioned in Paragraph 4 of the Particulars by means of a lease in substantially the form of this lease or as similar thereto as the circumstances will admit or require (hereinafter called "a Right to Buy Lease ")

NOW THIS DEED W I T N E S S E T H as follows (the meanings specified in the above-written Particulars being herein incorporated) -

1. IN consideration of the Valuation discounted to the Net Premium (receipt whereof the Council hereby acknowledges) being the sum which the parties have agreed (or the District Valuer has determined) is the price payable under the right to buy provisions in the exercise by the Tenant (who is or includes a secure tenant within the meaning of that expression as used in the said legislation) of his right to buy and in consideration also of the rents covenants and conditions hereinafter reserved and contained on the part of the Tenant to be observed and performed the Council hereby demises unto the Tenant ALL THAT the demised premises mentioned in Paragraph 2 of the Particulars in the London Borough of Islington being part of the land comprised in the above-numbered title shown edged red on the location plan and red and green on the floor plan annexed hereto (hereinafter called "the Plans") and forming part of the Building mentioned in Paragraph 4 of the Particulars TOGETHER WITH: (1) the garden land (if any) shown edged green on the floor plan; and (2) the easements rights and privileges mentioned in the First Schedule hereto but subject as therein mentioned EXCEPTING AND RESERVING from the said demise unto the Council:

(1) main structural parts of the Building (including the roof and foundations and external parts thereof the external parts of the windows but not the interior faces of such parts of the external walls as bound the demised premises or the rooms therein) and;

(2) the rights mentioned in the Second Schedule hereto TO HOLD the same unto the Tenant for the Term mentioned in paragraph 10 of the Particulars from the commencement date mentioned in paragraph 11 of the Particulars (determinable nevertheless as hereinafter provided) YIELDING AND PAYING therefor during the said term:

(1) the yearly rent of TEN POUNDS (£10.00) payable in advance without any deductions whatsoever on the usual quarter days in each year the first payment apportioned in

respect of the period from the date hereof to the quarter day next hereafter to be paid on the execution hereof

(2) the service charge (hereinafter called "the Service Charge") payable as provided in Clause 5 hereof

(3) By way of further rent from time to time a reasonable sum or sums of money equal to the amount which the Council may expend in effecting or maintaining the insurance of the demised premises and a proportion of the insurance of the remainder of the Building (calculated in accordance with Clause 5(2)(f)(i)) as specified in Clause 7(2) hereof such further rent to be paid without any deduction on the quarter day next ensuing after the said expenditure has been notified in writing to the Tenant and to be recoverable by distress in the same way as rent in arrear

2. IT IS HEREBY DECLARED that the demise hereby granted shall not be deemed to include and shall not operate to convey or demise (except as hereinbefore provided) any ways watercourses sewers drains rights liberties easements or advantages whatsoever in through over or upon any land of the Council adjoining or near to the demised premises or the Building

3. The Tenant with the intent to bind so far as may be the demised premises and all persons who shall for the time being be the owner of any estate or interest in or occupier of the demised premises or any part thereof hereby covenants with the Council as follows:-

(1) To pay the yearly rent and by way of additional rent the Service Charge and the insurance rent referred to in Clauses 5 and 1(3) respectively hereof (hereinafter collectively called "the Rent") on the days and in manner as provided in Clauses 1 and 5 hereof PROVIDED ALWAYS that (without prejudice to the proviso for re-entry hereinafter contained) if the Rent or any other sums due thereunder or any part or parts thereof shall not be paid within fourteen days of any of the days herein appointed for payment (whether the same shall have been legally demanded or not) the Rent or the part or parts thereof unpaid as aforesaid shall bear interest at 4% above the base-rate of the Co-operative Bank plc for the time being in force or such other bank as the Council may from time to time specify such interest to become payable fourteen days from the date payment of the Rent should have been made until actual receipt and to accrue after as well as before any judgment and should such interest payable hereunder be in arrear at any quarter day it shall be treated as an accretion to the Rent and shall itself bear interest at the rate hereinbefore stipulated accordingly and all such interest whether capitalised or not shall be recoverable

by distress or other process of Law

(2) To pay all rates taxes assessments charges impositions and outgoings which may at any time during the said term be assessed charged or imposed upon the demised premises 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 the Building to pay the proper proportion of such rates taxes assessments charges impositions and outgoings attributable to the demised premises

(3)(a) Except as hereinafter provided to be maintained by the Council pursuant to Clause 7(5) hereof from time to time and at all times during the said term to repair maintain cleanse and keep in good and substantial repair all:-

- (1) ceiling plaster or other surface material of the ceilings but not the joists thereof (if any)
- (2) floor boards or other surface material of the floors but not the supporting joists
- (3) the internal non-structural walls and
- (4) the plaster or other surface material of the walls and partitions lying within the demised premises and the doors and door frames fitted in such walls and partitions and
- (5) the plaster or other surface material applied to the interior faces of the external walls and of all the walls which divide the demised premises from any other dwellings in the Building or any parts of the Building used in common by the Tenant and the Council and other occupiers thereof
- (6) the doors and door frames fitted in such walls
- (7) window glass and the internal parts of the windows
- (8) sanitary apparatus and appurtenances installed therein or affixed thereto
- (9) radiators cisterns tanks boilers pipes wires conduits and drains and other things installed for the purposes of supplying or carrying hot and cold water gas and electricity exclusively

to the demised premises

(10) fixtures and fittings in and about the demised premises

(b) And in particular to keep all internal parts of the demised premises in good decorative repair and properly cleansed painted and papered with good quality materials.

(c) Not to waste or permit to be wasted any water on the demised premises and to keep all water pipes tanks boilers and radiators within the demised premises reasonably protected against frost and to be responsible to the Council for all damage caused through the bursting overflowing or stopping up of any pipes and other fittings in or about the demised premises occasioned by the negligence of the Tenant his family servants or visitors or other occupiers of the demised premises

(4) Within three calendar months from the receipt of written notice given by the Council or sooner if requisite to execute all repairs and works for which the Tenant is liable hereunder and required by such notice to be done

(5) To permit the Council by their Borough Valuer (hereinafter called "the Borough Valuer") or other duly authorised officer or other agent between the hours of 8 a.m. and 6 p.m. upon 48 hours prior written notice to enter the demised premise to examine the condition of the same and to take inventories of the fixtures therein and thereupon the Council may serve upon the Tenant notice in writing specifying any repairs necessary to be done as aforesaid

(6) To permit the Borough Valuer or other duly authorised officer or person with or without workmen at any time during the said term between the hours of 8 a.m. and 6 p.m. upon 48 hours prior written notice (except in case of emergency) to enter into and upon the demised premises or any part thereof for the purpose of executing repairs or alterations thereto or in connection with other parts of the Building or any adjoining premises of the Council or to install meters and to lay or install repair maintain rebuild cleanse and keep in order and good condition all sewers drains pipes cables watercourses gutters wires party structures or other drainage or water apparatus in connection with the services provided by the Council the Council or other persons exercising such right (as the case may be) doing no unnecessary damage and making good all damage thereby occasioned to the demised premises

(7) If the Tenant shall default in any of the covenants

hereinbefore contained for or relating to the repair of the interior of the demised premises it shall be lawful for the Council (but without prejudice to the right of re-entry contained in Clause 9 hereof) to enter upon the demised premises and repair the same at the Tenant's expense in accordance with the covenants and provisions of these presents PROVIDED THAT the expense of such repairs shall be a debt due from the Tenant to the Council and be forthwith recoverable by action

(8) To permit any lessee having the benefit of a Right to Buy Lease or any lease granted by the Council for a term of 21 years or more of any other adjoining or contiguous dwelling in the Building with or without workmen at all reasonable times to enter the demised premises upon 48 hours notice in writing for the purpose of executing repairs to or upon the said lessee's dwelling in performance of their respective covenants and so that all such repairs shall be done with despatch and that such lessees of other dwellings shall make good all damage done in executing the said repairs to the demised premises

(9) Not to use or permit or suffer to be used the demised premises or any part thereof other than for residential purposes and subject to the provisions of Clauses 3(11) and 3(15) hereof not to sublet or otherwise part with possession of any part as opposed to the whole of the demised premises without the written consent of the Council such consent not to be unreasonably withheld

(10) On the expiration or determination of the said term peaceably to yield up unto the Council the demised premises in a good and substantial state of repair and condition in accordance with the covenants by the Tenant herein contained together with all additions and improvements thereto and all landlord's fixtures and fittings of every kind now in or upon the demised premises or which during the said term may be affixed or fastened to or upon the same all of which shall at the expiration or determination of the said term be left complete with all parts and appurtenances thereof and in proper working order and condition PROVIDED ALWAYS that the foregoing covenant shall not apply to any articles held by the Tenant on hire nor to any tenant's fixtures or fittings PROVIDED further that the Tenant may from time to time (but only with the previous written consent of the Council and subject to any conditions thereby imposed) substitute for any of the landlord's fixtures and fittings other fixtures and fittings of at least as good a kind and quality as and not less suitable in character nor of less value than those for which they are respectively to be substituted and in any such case the covenant hereinbefore contained shall attach and apply to the things so

substituted

(11) (A) That subject to the provisions of the Housing and Planning Act 1986 if within three years from the date hereof there shall be a disposal as defined in clause 3(11)(B) hereof the Tenant will pay to the Council on demand by way of cash or banker's draft the Discount referred to in Paragraph 7 of the Particulars reduced by one-third of that amount for each complete year which shall elapse between the date of this lease and the date of that disposal PROVIDED NEVERTHELESS that should there be more than one such disposal the Council shall be entitled to demand payment only on the first one

(B) In this clause disposal includes:-

- (i) an assignment of this lease; and
- (ii) the grant of an underlease (other than a mortgage term) for a term of more than 21 years otherwise than at a rack rent PROVIDED THAT it shall be assumed that any option to renew or extend the underlease (whether or not forming part of a series of options) is exercised and that any option to terminate the underlease is not exercised

PROVIDED THAT -

- (i) such disposal may be of the whole or part of the demised premises; and
- (ii) the following do not constitute disposal for the purpose of this clause -
 - (a) where the assignee or each of the assignees (as the case may be) is a qualifying person as hereinafter defined
 - (b) a vesting of the whole of the demised premises in a person taking under a Will or intestacy
 - (c) a vesting of the whole of the demised premises in pursuance of an order under Section 24 of the Matrimonial Causes Act 1973 or Section 2 of the Inheritance (Provision for Family and Dependants) Act 1975;
 - (d) the demised premises are acquired compulsorily or by a person (whether or not the Council) who has made or would have

made a compulsory purchase order
authorising its compulsory purchase for the
purposes for which it is required
(e) the property disposed of is land included in the
demised premises by virtue of Section 184 of the
Housing Act 1985

- (iii) for the purposes of this clause a person is a
qualifying person in relation to the disposal if he
- (a) is the person or one of the persons by whom it is made
 - (b) is the spouse or a former spouse of that
person or one of those persons; or
 - (c) is a member of the family of that person or one of
those persons and has resided with him throughout
the period of twelve months ending with the
disposal
- (iv) for the purposes of this clause a person is a
member of another's family if he is his spouse
parent grandparent child grandchild brother
sister uncle aunt nephew or niece treating -
- (a) any relationship by marriage as a relationship by
by blood
 - (b) any relationship of the half-blood as a
relationship of the whole blood
 - (c) the stepchild of any person as his child
 - (d) any illegitimate child as the legitimate
child of his mother and reputed father, or
 - (e) if they live together as husband and wife

(12) That the liability of the Tenant and his successors
in title under the covenant in (11) above shall be a charge on
the demised premises taking effect as if created by deed
expressed to be by way of legal mortgage and shall have priority
immediately after any legal charge securing any amount advanced
or left outstanding by the Tenant in exercising the right to buy
or advanced to him by one of the bodies specified in Section
156(4) of the Housing Act 1985 for the purpose of enabling him to
exercise it or further advanced to him by that body AND the
parties hereto hereby apply to the Chief Land Registrar to enter
a Notice on the Charges Register of the title of the demised
premises to this effect and a restriction in the Proprietorship
Register of the Title of the demised premises as follows:-

"Except under an Order of the Registrar no disposition by the

proprietor of the land (except a charge made subsequent to the Charge herein created) is to be registered without the consent of the Mayor and Burgesses of the London Borough of Islington"

(13) To be responsible for and to indemnify the Council against all damage occasioned to the demised premises or any other part of the Building or the Estate or any adjacent or neighbouring premises or to any person caused by the act default or negligence of the Tenant or the servants agents licensees or invitees of the Tenant.

(14) Not to do or permit to be done any act or thing by reason or in consequence of which any increased or additional premium may become payable or by virtue of which the insurance of the demised premises and of the Building may become void or voidable.

(15) Upon any assignment hereof or subletting or underletting wholly or in part to obtain at the Tenant's expense and in a form prepared by the Council a direct covenant by the assignee sublessee or underlessee with the Council to observe and perform the covenants and conditions of this Lease and to pay on the execution thereof the Council's reasonable costs in connection with the preparation and completion of such Deed.

(16) Within one month next after any assignment assurance mortgage or charge or devolution of the Tenant's estate or interest in the demised premises to produce to the Council the original or a certified copy of the instrument of such assignment assurance mortgage or charge or devolution and to pay to the Council such reasonable charges in respect of the registration of such transaction in the Council's records as the Council may from time to time stipulate and in any event not less than twenty five pounds.

(17) Not to do or allow to be done or to bring or allow to be brought on to the demised premises or the Building or any part thereof any act matter or thing of a noisy dangerous noxious offensive inflammable or combustible nature or which may be or grow to be a danger nuisance annoyance or disturbance to the Council or to the occupiers for the time being of any of the other dwellings in the Building or to adjoining or neighbouring premises or to the public including for the avoidance of doubt any such act matter or thing which would or might in the reasonable opinion of the Council amount to racial harassment to such occupiers or the public or whereby any insurance of the demised premises or the Building may be vitiated or lessened in value and on receiving notice from the Council or its duly authorised officer of any thing done or brought on to the demised premises or the Building or any part thereof which in the opinion of the Council shall be inconsistent with this covenant forthwith to discontinue or remove the same and to take to the satisfaction of the Council or its duly authorised

officer as aforesaid all steps necessary to prevent any recurrence of the matter or matters mentioned in any such notice

(18) Not without the Council's written consent to use or allow to be used or to bring or allow to be brought on to the demised premises or any part thereof any calor gas paraffin or other inflammable fuel or liquid

(19) At all times during the said term at the Tenant's expense to comply in all respects with the provisions and requirements of any relevant legislation for the time being in force and in particular the Town and Country Planning Acts 1971 to 1974 or any statutory modification or re-enactment thereof for the time being in force and any orders or regulations made under such legislation and all licences consents and conditions granted or imposed thereunder and to produce to the Council on receipt of notice thereof any notice order or proposal therefor made given or issued to the Tenant under or by virtue of such legislation affecting or relating to the demised premises and at the request of the Council to make or join with the Council in making every such objection or representation against the same that the Council shall deem expedient and to indemnify (as well after the expiration of the said term by effluxion of time or otherwise as during its continuance) and keep indemnified the Council against all liability whatsoever in respect of such matters

(20) To pay all expenses (including legal costs and Surveyors' fees) incurred by the Council

(i) incidental to the preparation and service of a Notice under Section 146 or 147 of the Law of Property Act 1925 notwithstanding that forfeiture is avoided otherwise than by relief granted by the Court

(ii) incidental to the preparation and service of all notices and schedules relating to wants of repair of the demised premises whether the same be served during or after the expiration or sooner determination of the term hereby granted

(iii) including the stamp duty on all or any licences and consents or duplicates thereof resulting from any application by the Tenant for any licence or consent of the Council required by this lease including legal costs and such aforementioned surveyors' fees as shall have accrued when any licence or consent

is refused or any application is withdrawn.

(21) Not to make any structural alterations or additions to the Building whatsoever unless authorised by the said Legislation and first having obtained the Council's prior written consent.

(22) Not to erect or cause to be erected to the exterior of the demised premises or the Building any form of television aerial or receiving device and not to exhibit on the exterior of the demised premises or in the windows thereof any nameplate placard or announcement of any description

(23) Not to use the demised premises or any part thereof nor allow the same to be used for any illegal or immoral purpose nor to hold therein any sale by auction

(24) To keep the floors of the demised premises including the passages stairs and landings (if any) thereof substantially covered with suitable material for reasonably minimising the transmission of noise to other dwellings within the Building

(25) Not to do or permit to be done upon or in connection with the demised premises or the Building anything which shall be or tend to be a nuisance annoyance or cause of damage to the Council the tenants of other dwellings in the Building or to any neighbouring adjoining or adjacent property or the owner or occupier thereof

(26) For a period of six months immediately preceding the determination of the said term to permit an inspection at any reasonable time in the day by any person wishing to inspect the demised premises and so authorised by the Council upon an appointment being made for that purpose

4.

THE Tenant with intent to bind so far as may be the demised premises and all persons who shall for the time being be the owner of any estate or interest in or occupier of the demised premises or any part thereof hereby covenants with each and every lessee of any other dwelling forming part of the Building demised by virtue of a Right to Buy Lease or any lease granted by the Council for a term of 21 years or more for the benefit and protection of the dwelling respectively vested in such Right to Buy lessee and each and every part thereof from time to time and at all times to observe and perform the covenants and conditions on his part in Clause 3(3) (4) (8) (9) (10) (13) (14) (15) (17) (18) (19) (21) (22) (23) (24) (25) and (26) hereof

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5. THE Service Charge referred to in Clauses 1 and 3(1) shall consist of (so far as permitted by the Landlord & Tenant Acts 1985 and 1987 and the Housing Act 1985 as amended by the Housing and Planning Act 1986):

- (1) Expenses which relate solely to the demised premises and referred to in Clause 5(2)(e)(ii) hereof; and
- (2) A proportion of the expenses and outgoings incurred or to be incurred by the Council of those items set out in the Third Schedule hereto and which comprise -
 - (i) the repair maintenance renewal and improvement of the Building and any facilities and amenities appertaining to the Building and the Estate
 - (ii) the provision of services for the Building and the Estate (if any)
 - (iii) other heads of expenditure;

PROVIDED THAT such expenses and outgoings may include expenses and outgoings incurred prior to the grant hereof SAVE THAT SUBJECT to the following :

- (a) The amount of the Service Charge shall be ascertained on an annual basis in accordance with sub-clause (f) hereof and certified by a certificate (hereinafter called "the Certificate") signed by the Council's Director of Finance or some other duly authorised officer (at the discretion of the Council) acting as an expert and not as an arbitrator in manner hereinafter mentioned
- (b) The Council's current financial year (hereinafter referred to as "the Financial Year") shall mean the period from the First day of April in the year preceding the issue of the Certificate to the Thirty-first day of March of the next year or such other period of accounting as the Council may from time to time determine
- (c) The Certificate shall contain a summary of the Council's expenses and outgoings incurred or to be incurred during the Financial Year to which it relates together with the relevant details and figures forming the basis of the Service Charge due credit being given therein for all payments made by the Tenant in accordance with Clause 5(2) hereof in respect of the said year and upon

furnishing such Certificate showing such adjustment as may be appropriate the Tenant shall pay to the Council the amount of the Service Charge as aforesaid or any balance found to be payable or the Council shall allow to the Tenant any amount which the Tenant may have overpaid as the case may require

(d) The Council shall supply a copy of the Certificate for each Financial Year to the Tenant within six months from the end of the Financial Year to which the Certificate relates or as soon as practicable thereafter PROVIDED THAT so often as the Council is requested under Section 21 of the Landlord and Tenant Act 1985 to supply information about the expenditure on services or the Service Charge compliance with that request shall be deemed to fulfil the duty hereunder of the Council to supply any information or accounts relating to the same period

(e) The Tenant shall pay the Service Charge without any deductions whatsoever within 14 days of receipt of the Certificate PROVIDED ALWAYS THAT

(i) the Tenant shall if the Council so requires pay to the Council on each quarter day such sum in advance and on account of the Service Charge as the Council shall specify to be a fair and reasonable interim payment which sum shall not exceed one quarter of the Council's estimate of the likely amount of the Service Charge for that particular Financial Year

(ii) Any expenditure other than insurance under Clause 7(2) hereof which both relates solely to the demised premises and is of a non-recurring nature shall be reimbursed by the Tenant on the quarter day next after such expenditure has been incurred by the Council.

(iii) In the event of the Council giving notice under sub-clause 5(2)(g) hereof the Tenant shall pay the amount of any payments thereunder in advance or in arrear or annually or on any of the usual quarter days or otherwise at the absolute discretion of the Council

(f) The annual amount of the Service Charge payable by the Tenant as aforesaid shall be calculated as follows:-

(i) by dividing the aggregate of the expenses and outgoings incurred or to be incurred by the Council in respect of the matters set out in Part 1 of the Third Schedule hereto in the year to which the Certificate relates by the aggregate of the rateable value (in force at the end of such year) of all the dwellings and other rateable parts in the Building the repair maintenance renewal or servicing whereof is charged in such calculation as aforesaid and then multiplying the resultant amount by the rateable value (in force at the same date) of the demised premises (hereinafter called "the building element")

(ii) by dividing the aggregate of the expenses and outgoings incurred or to be incurred by the Council in respect of the matters set out in Part 2 of the Third Schedule hereto in the year to which the Certificate relates by the aggregate of the rateable value (in force at the end of such year) of all the residential units on the Estate and then multiplying the resultant amount by the rateable value (in force at the same date) of the demised premises (hereinafter called "the estate element")

(iii) a fair and reasonable proportion of the expenses incurred or to be incurred by the Council in connection with the matters set out in Part 3 of the Third Schedule in the year to which the Certificate relates (hereinafter called "the management element")

(iv) by adding together the building element the estate element (if any) and the management element to any expenditure incurred under Clause 5(2)(e)(ii) hereof

PROVIDED ALWAYS :

(A) that the Council shall have the right at any time fairly and reasonably to substitute a different method of calculating the Service Charge attributable to the dwellings in the Building; and

(B) that in the event of the abolition or disuse of rateable values for property the reference herein to the rateable value shall be substituted by a reference to the floor areas of all the dwellings in the Building and on the Estate (excluding any areas and lifts (if any))

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used in common) and calculated accordingly

(g) (i) If the Council in its absolute discretion creates a reserve fund to make provision for any items of expenditure on services of a recurring or non-recurring nature it shall where such provision is commenced after the date hereof if requested inform the Tenant of the items for which it is making provision the amount of that provision and how that amount is calculated

(ii) The total of such provision in any Financial Year shall be deemed to constitute part of the expenditure on services under Clause 5(2)(c) hereof

(iii) The reserve fund so created shall be held by the Council on trust for the lessees of the Building or the Estate as appropriate for the time being and shall be deposited in a bank chosen by the Council at interest which shall be accumulated and added to the reserve fund

(iv) Upon the Council incurring expenditure on any item for which provision has been made it shall withdraw the appropriate sum from the reserve fund and credit the amount withdrawn against the expenditure on services for that Financial Year

(v) On any assignment subletting or transfer of this Lease or on the determination (other than by expiry of the term hereby demised together with any agreed or statutory extension) thereof the Tenant shall not be entitled to any part of the reserve fund PROVIDED THAT if by reason of any of the risks insured against by the Council under Clause 7(2) hereof the Building is destroyed or so damaged that at least three-quarters of it is incapable of use for at least two years the reserve fund shall be distributed to the then lessees who have contributed to the reserve fund of all or any part of the Building in the proportions of their respective liabilities for the Service Charge

(vi) The Council shall not prior to the signature of the Certificate be entitled to re-enter under the provisions in that behalf contained in Clause 9 hereof by reason only of non-payment by the Tenant of the Service Charge or any part thereof PROVIDED THAT nothing herein contained shall preclude the Council from maintaining an action.

against the Tenant in respect of non-payment of the Service Charge or any part thereof as aforesaid notwithstanding that the Certificate had not been signed at the time of the proceedings subject nevertheless to proof in such proceedings by the Council that the amount of the Service Charge or any part thereof or interim payment demanded and unpaid is of a fair and reasonable amount in accordance with the clauses hereinbefore contained

- (3) (i) Any expenses or outgoings (or proportions thereof) recoverable under this Clause may include expenses or outgoings expended paid or incurred by the Council during a period preceding the commencement of the term hereby granted

PROVIDED THAT no such amounts (or proportions thereof) shall be recoverable in relation to such works of repair to the Building as in the Council's opinion were within its obligations under the former tenancy, and necessary for the proper use and enjoyment of the demised premises for the period of the former tenancy, and the costs of such works of repair to the demised premises as in the Council's opinion were within its obligations under the former tenancy being in each case works undertaken by the Council between the date as at which this grant was valued and the date hereof.

(ii) For the purposes of this Clause "former tenancy" means the tenancy or tenancies which subsisted between the date as at which this grant was valued and the date hereof.

6. IT IS HEREBY DECLARED that each of the aforesaid covenants shall remain in full force both at Law and in Equity notwithstanding that the Council shall have waived or released temporarily or permanently revocably or irrevocably or otherwise howsoever a similar covenant or covenants affecting other tenants in the Building or the Estate or adjoining or neighbouring premises for the time being belonging to the Council

7. THE Council HEREBY COVENANTS with the Tenant :

(1) That the Tenant paying the Rent and observing and keeping the several covenants and agreements by the Tenant herein contained may peaceably hold and enjoy the demised premises during the said term without interruption by the Council or any person lawfully claiming through under or in trust for the Council

(2) At all times during the term (except only such times if any as such insurance may be avoided by the act or omission of the Tenant)

(a) to insure the demised premises in the joint names of the Council and the Tenant in the full reinstatement value thereof against loss or damage by fire tempest flood or such other risks which the Tenant and the Council may hereafter agree; and
(b) to keep the remainder of the Building and the Council's fixtures and fittings therein (if any) insured against loss or damage by fire and such other risks as the Council considers applicable;

and in either case such value (including Architects and Surveyors fees and two years loss of rent and service charge) to be conclusively determined by the Council who shall if requested by the Tenant make available for inspection by the Tenant the policy or a suitable abstract thereof

(3) If the demised premises or the Building or any part thereof is destroyed or damaged by fire tempest flood or other cause against the risk of which it is normal practice to insure to rebuild or reinstate the Building or any part thereof so destroyed or damaged and to lay out with all convenient speed any policy moneys which may be received in respect of such destruction or damage in the rebuilding or reinstatement of the Building or any part thereof which has been so destroyed or damaged PROVIDED ALWAYS that if the Building or any part thereof which has been so destroyed or damaged shall not be rebuilt or reinstated for any reason such policy moneys shall belong to the Council and to the Tenant in the proportion which the values of their respective interest in the demised premises and the Building bear to one another

(4) If the demised premises or any part thereof shall at any time during the demise be destroyed or damaged by fire or other risk against which the Council shall have insured so as to be unfit for use and the insurance shall not have been vitiated or payment of the policy moneys refused in whole or in part in consequence of any act or default of the Tenant his family servants and agents or other the person in whom the term hereby granted shall for the time being be vested the Rent or a fair proportion thereof according to the nature and extent of the damage sustained shall be suspended either for the period

(a) until the demised premises shall again be rendered fit for use or

(b) until the expiration of such period after the date of such damage or destruction during which the Council shall receive insurance money equivalent to the Rent (whichever of the said periods shall be the shorter)

PROVIDED THAT in no circumstances shall such Rent suspension exceed two years

(5) Subject to Clauses 3(3) and 8 hereof to repair clean improve redecorate and keep in good repair order and condition:

(a) The structure of the Building and in particular the exterior and interior walls for which the Tenant is not liable under Clause 3(3) hereof and the roofs foundations timbers joists beams chimney stacks gutters and rainwater and soil pipes thereof and the external parts of the windows

(b) The sewers drains channels watercourses gas and water pipes electric cables and wires and supply lines in and upon the Building and the Estate enjoyed or used by the Tenant in common with the lessees or occupiers of the other dwellings in the Building

(c) the boilers and heating and hot water apparatus (if any) serving the Building save and except heating and hot water apparatus (if any) as may be now or hereafter installed in the demised premises serving exclusively the demised premises and not comprising part of a general heating system serving any other part of the Building

(d) the lifts and lift shafts and machinery (if any) and the passages landings and staircases and other parts of the Building enjoyed or used by the Tenant or available for use by the Tenant in common with others

(e) the boundary walls and fences of and in the curtilage of the Building

(6) Subject always as provided in Clauses 3(3) and 8 hereof so far as reasonably practicable and where such services are provided by the Council and to which the Tenant is liable to contribute by way of Service Charge

(a) to keep clean and reasonably lighted the passages landings staircases and other parts of the Building enjoyed or used by the Tenant in common

with others

(b) to tend keep clean and tidy and generally to maintain the gardens forecourt footpaths and roadways used in connection with the Building and the Estate

(c) to maintain any other improvements or services which the Council may from time to time provide for the benefit of the Building and the Estate and which the Tenant enjoys in common with other occupiers of the Estate PROVIDED ALWAYS that nothing in this sub-clause shall operate to prevent the Council from providing additional improvements facilities and services or reasonably withdrawing or amending any such services or facilities at any time

(7) that the Council will require every person to whom the Council shall hereafter grant a lease for a term of not less than 21 years of any of the dwellings in the Building or any of them so far as reasonably practicable to enter into covenants conditions restrictions and agreements similar to those herein contained or as similar thereto as the circumstances will admit or require

(8) that if so requested by the Tenant the Council will take reasonable steps to enforce any covenants to which Clause 4 hereof applies against any other lessee of any part of the Building whose interest arises by virtue of a Right to Buy Lease subject to the Tenant indemnifying the Council against all costs and expenses in respect of such enforcement and providing for the Council such security in respect of costs and expenses as the Council may reasonably require

8. NOTWITHSTANDING anything herein contained the Council shall not be liable to the Tenant nor shall the Tenant have any claim against the Council in respect of any interruption in any of the services set out in Clause 7(5) and (6) and in the Third Schedule hereto by reason of necessary repair improvement or maintenance of any installations or apparatus or damage thereto or destruction thereof by fire water act of God or other cause beyond the Council's control or by reason of mechanical or other defect or breakdown or frost or other inclement conditions or vandalism or labour disputes (whether or not with the Council) or industrial action or unavoidable shortage of fuel materials water or labour or anything covered by insurance.

9. PROVIDED ALWAYS and these presents are upon this express condition that if and whenever the Rent or any part thereof shall be unpaid for fourteen days after any

of the days hereinbefore appointed for payment thereof whether the same shall have been legally demanded or not or if and whenever the Tenant shall not in all things well and truly observe perform fulfil keep and carry out all and singular the covenants and agreements by the Tenant herein contained (except that in Clause 3(12)) then subject to Clause 5(2)(iii)(g) hereof it shall be lawful for the Council to re-enter into the demised premises or into any part thereof in the name of the whole and the same to have again re-possess and enjoy as in its former estate as if this Lease had not been made and thereupon this demise shall absolutely determine but without prejudice to any right of action or remedy of the Council in respect of any breach of any of the Tenant's covenants and agreements herein contained

10. PROVIDED FURTHER and it is hereby agreed and declared as follows:

- (1) Any demand for payment or notice requiring to be made upon or given to the Tenant shall be well and sufficiently made or given if made by an authorised officer of the Council and sent by post addressed to the Tenant at the demised premises or left for the Tenant at the demised premises
- (2) Any notice requiring to be given to the Council (not including their assigns) shall be well and sufficiently given if sent by the Tenant by post addressed to the Deputy Chief Executive Solicitor to the Council at the Town Hall Upper Street London N1 2UD or left for the Deputy Chief Executive at the said Town Hall
- (3) This Lease is granted by the Council as freeholders of the Building and nothing herein contained shall be deemed to affect the powers authorities and rights of the Council as a local authority or as owners of any other property
- (4) In this Lease except where the context does not apply the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa and where there is more than one Tenant all the conditions and obligations entered into by such persons shall be joint and several
- (5) Reference to any statute shall include reference to the same as from time to time amended and to any re-enactment modification or replacement thereof.
- (6) It is hereby certified that the transaction hereby effected does not form part of a larger transaction or of a series of transactions in respect of which the amount

or value or the aggregate amount or value of the consideration (other than as to rent) exceeds the sum specified in Paragraph 9 of the Particulars.

I N W I T N E S S whereof the Council 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 FIRST SCHEDULE

Easements rights and privileges included in this demise

1. Free and uninterrupted passage and running of water and soil gas and electricity from and to the demised premises through the sewers drains channels ducts watercourses cables pipes wires and heating systems and television aerials which now are or may at any time during the term hereby created be in on under or pass through the Building or any part thereof
2. Support and protection for the benefit of the demised premises as now enjoyed from the other parts of the Building
3. The right at all reasonable times with or without workmen upon 48 hours notice in writing to enter the adjoining or contiguous dwellings of any other lessee having the benefit of a Right to Buy lease or any lease granted by the Council for a term of 21 years or more either with a similar covenant as herein contained or granted subsequent to the date of this demise in the Building and the parts of the Building used in common by the occupiers thereof for the purpose of executing repairs to or upon the demised premises in performance of the covenants on the part of the Tenant hereinafter contained and so that all such repairs shall be done with despatch and that the Tenant shall make good all damage in carrying out such repairs to the other dwellings and to the said parts used in common
4. Subject to reasonable regulations made by the Council from time to time liberty for the Tenant and all persons authorised by him (in common with all others entitled to the like right) at all times by day or by night on foot only to go pass and repass over and along the main entrance (if any) of the Building and the common passages landings and staircases thereof and to use (if any of the following exist and are necessary for the full enjoyment of the demised premises by the Tenant) the lifts therein the gardens dustbin area and dustbin hoppers forecourts roadways and pathways in the curtilage thereof where applicable edged blue on the Plans PROVIDED nevertheless

that the Tenant shall not cause or authorise or permit the obstruction of any common parts of the Building or authorise the user thereof by tradesmen of the lifts for the carrying of goods

5. The right of way in common with the Council and others having a like right for the Tenant and all persons authorised by the Tenant with or without vehicles over the Estate roads and on foot only over the Estate footpaths

6. The right to such services and facilities in the Building and on the Estate as are at present enjoyed or may hereafter be enjoyed by the Tenant or other occupiers of the Estate in common PROVIDED ALWAYS that nothing in this sub-clause shall operate to prevent the Council from providing additional improvements facilities and services or reasonably withdrawing or amending any such services or facilities at any time

7. The right to enforce the like covenants as are contained herein against the lessee for the time being of any other dwelling in the Building demised by virtue of a Right to Buy Lease or other lease by the Council for 21 years or more

THE SECOND SCHEDULE

Exceptions and Reservations

1. Free passage and running of water and soil in and through the sewers drains and channels made or to be made upon through or under the demised premises and free and uninterrupted use of all gas electric telephone water and other pipes wires cables heating systems television aerials and flues upon through or under the demised premises

2. All rights of light air and other easements and rights (but without prejudice to those expressly hereinbefore granted to the Tenant) now or hereafter belonging to or enjoyed by the Building from or over any adjacent or neighbouring land or building

3. The right to build or rebuild or alter any adjacent or neighbouring land or building now or hereafter belonging to the Council whether in possession or in reversion (and not hereby demised) at any time for any purpose in any manner and to let the same for any purpose whatsoever notwithstanding that access of light and air to the Building may be obstructed or interfered with or any other liberty easements rights or advantage belonging to or enjoyed by the Tenant is thereby diminished or

prejudicially affected

4. The right for the Council and its duly authorised servants or agents with or without workmen and others upon giving forty eight hours prior notice in writing (except in the case of emergency) at all reasonable times to enter the demised premises for the purposes of carrying out its obligations under Clause 7 hereof
5. Support and protection for the benefit of the other parts of the Building as now enjoyed from the demised premises
6. The right for the Council and its duly authorised servants or agents with or without workmen and others upon giving forty eight hours prior notice in writing to instal and maintain in or upon the Building meters and television receiving aerials electric entry systems (if any) or similar apparatus including self-locking doors to the main entrances and passages of the Building or any other facilities and services to be used in common by occupiers of the Building
7. The right from time to time for the Council or its duly authorised officers or agents with or without workmen to provide additional facilities and services to be used in common by occupiers of the Building or to reasonably alter divert stop-up or otherwise interfere with any rights specified in the First Schedule hereto provided that reasonable alternative rights are or will be made available by the Council

THIRD SCHEDULE

Services where provided and Council's expenses and outgoings in connection with such services of which the Tenant is to pay a proportionate part by way of service charge

PART 1 - BUILDING ELEMENT

- | | |
|---|--|
| (a) Repairs, maintenance, improvements and redecorating | (i) Maintaining redecorating and renewing amending and improving cleaning and re-pointing painting graining varnishing whitening or colouring the Building including the drains gutters and external pipes and all parts thereof more particularly described in Clause |
|---|--|

7(5) and (6) hereof Together with any other works necessary in order to keep the Building in good and tenantable repair and condition and to keep any door portorage scheme (if any) in operation

(ii) Periodically inspecting main-
taining overhauling improving
repairing and where nec-
essary replacing the whole
or any part of the heating
and domestic hot water
system (if any) serving the
Building and the lifts
lift shafts and machinery
therein

(iii) Providing and maintaining
those services supplying
gas electricity water and
television aerals etc.

(i) The oil electricity or
other fuel required for the
boiler or boilers supplying
the heating and domestic
hot water system (if any)
serving the Building and
the electric current for
operating the lifts; and

(ii) installing or renewing any
meters for the supply of
heat water or other services

Lighting the lifts (if any) and
lighting decorating and providing
suitable floor covering to the
passages landings and staircases
and other common areas of the
Building

Running maintaining repairing and
renewing the common refuse disposal
system (if any)

The provision of caretaker services
and portorage (if any) relating
solely to the Building and the cost
of cleaning any parts of the Building
used by the Tenant in common with

(b) Fuel -

(c) Lighting and decoration
of common areas

(d) Refuse disposal

(e) Cleaning and Caretaker
services

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others not otherwise specifically referred to in this Schedule and keeping in good repair and condition

(f) Rectification of defects and carrying out other works of which estimates have been given

(i) Structural defects of which notice has been served on the Tenant prior to the date hereof pursuant to paragraph 18 of Schedule 6 of the Housing Act 1985 (as amended by Section 4(5) of the Housing and Planning Act 1986).

(ii) Carrying out works of which estimates have been given (if any) with the offer notice served on the Tenant under Section 125 of the Housing Act 1985 so far as such works are not included under any other head hereunder.

(iii) all subsequently discovered structural defects other than those discovered within five years of the period mentioned in Section 125 of the Housing Act 1985 as amended by Section 4(2) of the Housing & Planning Act 1986.

(iv) insurance in respect of such defects which the Council is not by statute precluded from charging the Tenant.

(g) Other services improvements or facilities

Any other services improvements or facilities from time to time provided by the Council for the Building which the Tenant enjoys in common with other occupiers thereof

(h) Improvements

All improvements including improved equipment reasonably deemed by the Council to be necessary or desirable for the Building and/or the demised premises.

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PART 2 - ESTATE ELEMENT

- (a) Upkeep of gardens etc. The upkeep of the gardens forecourts roadways and pathways (other than any adopted as public highways).
- (b) Amenity Areas Maintenance of amenity areas including laundry room, drying areas and play areas and the supervision thereof
- (c) Street lighting Providing lighting to the Estate roads and footpaths (other than any adopted as public highways) and the maintenance
- (d) Heating systems The provision and maintenance and renewal of heating systems on the Estate and the cost of the fuel required to provide such heating
- (e) Caretaking services The provision of caretaker services and portorage (if any) and the expense of maintaining redecorating and renewing amending cleaning and painting caretaker accommodation
- (f) Other services improvements or facilities Any other services improvements or facilities provided by the Council from time to time for the Estate which the Tenant enjoys in common with other occupiers
- (g) Improvements All improvements including improved equipment reasonably deemed by the Council to be necessary or desirable for the Estate.

PART 3 - MANAGEMENT ELEMENT

- (a) Collection of rent and Service Charges The administrative and other costs incurred by the Council in the collection of the rents and service charges of the dwellings in the Building (except those let on periodic tenancies)
- (b) Cost of providing annual certificate The administrative and other costs incurred in calculating and providing the annual Certificate and of accounts kept and audits made for the purpose thereof.

(c) General Management costs

Supervision and management of the Building and the Estate including liaison with technical staff within or without the Council concerning repairs maintenance renewals and decorations and all other matters referred to in this Schedule

SIGNED SEALED AND DELIVERED)
by the said THOMAS PATRICK)
PARSONS in the presence of)

Witness Name:
address:

occupation:

SIGNED SEALED AND DELIVERED)
by the said JEAN PATRICIA)
PARSONS in the presence of)

Witness name:
address:

occupation:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Recognised Tenants' Associations

The Secretary	Blackstock TMO	29 Twyford House	Elwood Street	N5 1EJ
The Secretary	Braithwaite House TMO	TMO Office, Ground Floor	Braithwaite House	EC1Y 8NE
The Secretary	Brunswick Close TMO	TMO Office, Ground Floor	London	EC1V 0EL
The Secretary	Dixon Clark TMO	Dixon Clark Court Management Office	Rear of block	N1 2UR
The Secretary	Gambier House TMO	Gambier House	Mora Street	EC1V 8EH
The Secretary	Miranda TMO	Community Hall	Henfield Close	N16 3UW
The Secretary	Pleydell TMO	TMO Office, Ground Floor	Grayson House	EC1V 3SR
The Secretary	Quaker Court TMO	68 Quaker Court	Banner Street	EC1Y 8QB
The Secretary	Redbrick TMO	Vibast Centre	163 Old Street	EC1V 9NH
The Secretary	Spa Green TMO	34 Wells House	Spa Green Estate	EC1R 4TR
The Secretary	Stafford Cripps TMO	1 Parmoor Court	Gee Street	EC1V 3RP
The Secretary	Taverner and Peckett Square TMO	25 Matthews Court	Highbury Grange	N5 2PD
The Secretary	Wenlake TMO	12 Wenlake House	Old Street	EC1V 9JH
The Secretary	Arch Elm Co-op	70 Mowatt Close	London	N19 3XZ
The Secretary	Brooke Park co-op	48 Scholefield Road	London	N19 3EX
The Secretary	Charteris Co-op	94 Moray Road	London	N4 3LA
The Secretary	Elthorne 1st Co-op	158 St John's Way	London	N19 3RL
The Secretary	Halfmoon Crescent Co-op	183 Wynford Road	London	N1 9TZ
The Secretary	Holbrook Co-op	92 Holland Walk	London	N19 3XU
The Secretary	Newbery House Co-op	4 Newbery House	Northampton Street	N1 2HX
The Secretary	Seaview Co-op	55a Hemingford Road	London	N1 1BY
The Secretary	Hornsey Lane EMB	Embay House, Hornsey Lane Estate	Hazellville Road	N19 3DD
The Secretary	Haslam Close Leaseholder Association	41 Winton Avenue	London	N11 2AS

FIRST TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

LANDLORD AND TENANT ACT 1985 – SECTION 20ZA
ALL LEASEHOLD PROPERTIES OF THE LONDON BOROUGH OF ISLINGTON

BETWEEN

THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF ISLINGTON

Applicant

-and-

ALL RESIDENTIAL LONG LEASEHOLDERS
OF THE LONDON BOROUGH OF ISLINGTON

Respondents

WITNESS STATEMENT OF JAMES WILSON

I, James Wilson, will say as follows:

1. I am employed as Acting Head of Energy Services of the London Borough of Islington. I have been employed in my current role for 10 months and have previously worked as Energy, Sustainability and Consulting Manager for seven years.
2. My primary role is to oversee the work of the Energy Services team. This includes the purchasing of gas and electricity for the council, schools, Landlord's portfolio and some external clients. This involves liaising with Strategic Procurement and Legal Services to ensure that all statutory, legal and financial regulations for purchasing within the Public Sector are met.
3. I make this statement from information within my own knowledge except where it appears otherwise. Insofar as the facts deposed of are within my own knowledge, they are true and insofar as they are not within my knowledge and belief, they are derived from the sources identified herein.


4. I make this statement in support of the Council/Landlord's application for dispensation under section 20ZA of the Landlord and Tenant Act 1985 in respect of Qualifying Long Term Agreements ("QLTAs") to be entered into by it for the supply of gas and electricity.
5. In January 2019 Islington Council's Executive Committee agreed to tender for a four year contract to procure supplies for gas and electricity for the period April 2020 to March 2024. I attach a copy of the Executive Report (pages 6 to 16) and Decision (pages 17 to 18) of the attached Exhibit JW-1.
6. The Invitation to Tender documentation was issued on 16 July 2019, with a closing date of 14 August 2019. The evaluation was undertaken on price alone, as the suppliers had to confirm their technical competence via the tender documents submitted.
7. The final end delivered price for gas and electricity can be split into three parts:
 - i) Commodity Charge – the actual cost of getting the gas from the beach and generating the power.
 - ii) Fixed Pass Through Costs – charges made to all suppliers by the companies that own/manage the distribution grid/pipes/meters. These are "passed through" to the end user by suppliers and are non-negotiable.
 - iii) Fixed Costs – Non Pass Through Costs – the profit margins of the supply companies, which are negotiable.
8. Suppliers were instructed to provide prices for the fixed costs elements that make up the final end delivered price, with the lowest being awarded the contracts. Suppliers were instructed to provide prices for elements (b) and (c) from year 2020/21 and (c) for the remaining three years. This was due to the pass-through costs for future years having not yet been set by Central Government. At the time, the costs of elements (b) and (c) made up around 60% of the end electricity cost and 40% of the end gas cost. The remainder was made up of the commodity price.
9. The winning bidder was Scottish and Southern Energy (SSE). In December 2019 the Corporate Director of Environment approved the award of its electricity and gas contracts for the 2020-2024 period to SSE. I attach a copy of the Decision Report marked as Exhibit JW-1, pages 19 to 28.
10. The commodity element of the gas and electricity was to be purchased flexibly after the contracts were awarded, taking into account market conditions and the Council's requirements of when the supplies are needed or when the market is low. This was done by requesting trades for defined volumes and periods through SSE.
11. For 2020/21 and 2021/22, the supplies for both financial years were purchased in full prior to the start of each year by making trades for the full volumes. However,

significant volatility and price rises in the energy market from September 2021 onwards meant that the usual strategy of purchasing when the market was low could not be implemented.

12. The Council therefore opted to purchase for shorter periods with the expectation that prices would eventually settle. However, the ongoing war in Ukraine and Russia unilaterally halting the flow of gas through the Nordstream pipeline led to increased volatility and further price rises. This left the Council's energy portfolio exposed to a high level of risk in terms of costs for 2023/24 onwards.
13. In order to mitigate its exposure to the market for 2023/24 onwards, the Council approached Public Buying Organisations (PBO) to enquire whether they had secured supplies for 2023/24 in advance, at lower than current market rates, and whether they had sufficient spare capacity for the Council to join. One PBO confirmed that this was the case. The rates they had purchased at were significantly below the market rate, offering a large potential saving for 2023/24. Based on market prices on 17 October 2022, it is estimated that the commodity prices that the council would secure through the PBO for 2023/24 are around 30-35% lower than market rates.
14. The PBO is a compliant route to market for the Council as its two relevant Framework Agreements (for electricity and gas) were formally tendered via OJEU and winning bidders appointed accordingly (Regulation 33). This route to market is also compliant with the council's Procurement Regulations and in particular Procurement Regulation 3.1.
15. The Council also discussed the possibility of an early termination of its supply agreements with SSE, who agreed to do so on the basis that the Council would pay a termination fee. The fee is negligible in terms of the potential saving that could be achieved by switching to the PBO, and will be paid by the Council and not passed onto tenants and leaseholders.
16. In September 2022 Islington Council's Executive Committee agreed to enter into new energy supply contracts with a PBO and to terminate the existing contracts with SSE. I attach a copy of the Executive Report (pages 30 to 48) and Decision (pages 49 to 51) marked as Exhibit JW-2.
17. The report was taken to the Executive Committee under the council's urgency provisions due to the tight timelines. The PBO required the council to contract with them six months before the start date of the supply contracts. As the supply contracts were due to start on 1 April 2023, this meant signing the contracts with the PBO by 30 September 2022. The contracts were duly signed on 29 September 2022.

18. The speed at which the matter needed to be progressed meant there was no time to carry out a leasehold consultation. However, the primary aim of the matter was to mitigate energy costs to the Council and Leaseholders for 2023/24, meaning Leaseholders should not suffer financial detriment due to the lack of consultation.

I believe that the facts stated in this witness statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed: 

JAMES WILSON

Dated: 28 October 2022

FIRST TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

LANDLORD AND TENANT ACT 1985 – SECTION 20ZA
ALL LEASEHOLD PROPERTIES OF THE LONDON BOROUGH OF ISLINGTON

BETWEEN

THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF ISLINGTON

Applicant

-and-

ALL RESIDENTIAL LONG LEASEHOLDERS
OF THE LONDON BOROUGH OF ISLINGTON

Respondents

EXHIBIT JW- 1
TO WITNESS STATEMENT OF JAMES WILSON

Signed:



Dated: 28 October 2022

Report of: Executive Member for Finance, Performance & Community Safety

Meeting of:	Date:	Ward(s):
Executive	17/1/2019	All

Delete as appropriate		Non-exempt
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SUBJECT: Procurement Strategy for Gas and Electricity supply 2020 – 2024

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Gas and Electricity supply 2020-2024 – Contract 1819-0150, in accordance with Rule 2.7 of the Council’s Procurement Rules.
- 1.2 The Council needs to procure supplies of Natural Gas and Electricity for its own and external property portfolios. Such sites include, but are not limited to, housing, public buildings, libraries, parks, schools and leisure centres.

2. Recommendations

- 2.1 To approve the procurement strategy for Gas and Electricity supply 2020-2024 – Contract 1819-0150 as outlined in this report.
- 2.2 To delegate authority to award the contract to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Finance, Performance and Community Safety.

3. Background

3.1 Nature of the service

The Council requires gas and electricity for heating, hot water, lighting and power to its own portfolio of sites (Housing, Offices, Libraries, Parks, etc.) as well as for external clients such as Schools, Academies and Leisure Centres.

The current gas contract with Corona Energy and electricity contracts with Scottish & Southern Energy expire on 31st March 2020. In conjunction with Strategic Procurement a project plan has been devised which envisages awarding contracts in the Autumn/Summer of 2019, in order to allow forward purchasing of the gas and electricity commodity elements to take place.

The current purchasing strategy is based on flexible, aggregated (with external clients), risk-managed procurement, purchasing tranches of gas and power on dips in the market. All gas and electricity needs to be purchased in advance of use in order to prevent gas and electricity suppliers imposing punitive default prices. A flexible strategy of buying over a four-year period, with some purchases made near to delivery and some further away, helps to mitigate any sharp increases in market prices.

3.2 Estimated Value

The Council currently buys gas and electricity for its own portfolio, which are directly paid for, and for other sites such as schools, academies and leisure centres who pay their own invoices from within our contract. The costs for electricity and gas for the Council’s own portfolio are funded from the Housing Revenue Account (HRA) and the remainder from the General Fund (GF).

In order to reduce consumption, usage is monitored to identify wastage. Central Government have instructed electricity suppliers to install Smart Metering onto all supplies to improve the accuracy of billing and to allow analysis of consumption data. The table below show the split in terms of consumption and cost over the 12-month period, April 2017 to March 2018:

Lots	Gas Volume kWh	Electricity Volume kWh
Direct Pay (Council)	95,104,300	28,538,000
Indirect Pay (Non-Council)	31,034,600	16,186,000
Total	126,138,900	44,724,000

The annual spend for 2017/18 for these supplies was:

Lots	Annual Gas Cost (£)	Annual Electricity Cost (£)
Direct Pay (Council)	2,273,000	3,125,900
Indirect Pay (Non-Council)	844,000	1,838,000
Total	3,117,000	4,963,900

It is estimated that the total value for gas and electricity for the four-year agreement will be in the region of £32m - £40m (allowing for market fluctuation). This estimate includes the sites mentioned above that are not owned by the Council and are not be paid for by the Council.

Central Government and the Department of Business, Energy and Industrial Strategy (BEIS), along with other organisations procuring in the energy sector recognise and have highlighted the benefits of a flexible purchasing strategy that provides mitigation against the potentially extreme volatility of energy prices.

Price benchmarking has historically proven very difficult due to commercial confidentiality. Price benchmarking against Central Government quarterly statistics for industrial and commercial contracts and direct comparison in gas and electricity prices with another Council which uses a Public Buying Organisation (PBO) has demonstrated that prices obtained via Islington’s current procurement strategy are at least comparable and in some cases lower, although this cannot be a direct comparison due to timings to the markets and volume purchased.

In order to assess the effectiveness of trades, as well as prices being checked against quarterly government statistics and data provided by another Local Authority (in confidence), trades made are checked against current prices to assess their effectiveness. For example, below are shown the current gas and electricity prices for Winter Season 2018 against the prices secured from the Council’s preferred suppliers for the same period:

Winter 2018 (Oct 18 – Mar 19)	Gas	Electricity
Current Prices (Sept 18)	£70.35 p/p/therm	£71.70 MW
LBI Trades	£52.57 p/p/therm	£49.7 MW
Difference %	34%	44%

This shows that prices have risen considerably since the Council purchased trades covering the Winter 2018 period.

The Council receives market intelligence from multiple sources which is analysed closely before any trades are made. Commodity markets are driven by a large number of variable drivers including, but not limited to, oil, coal and carbon prices, weather conditions, international relations, trade disputes, geopolitical unrest, strikes and government regulation. However, the largest effect on prices is currently Brexit, the uncertainty of which has made markets extremely volatile and has had a direct effect on the value of Sterling, reducing it by around 15%-20%. This has made UK commodity costs higher, as we are a net importer of gas and both commodities are traded in US dollars and Euros, both of which have made considerable gains against Sterling over the past 18 months.

3.3 Timetable

Contracts need to be in place at least 3 months before (and preferably earlier) current contracts expire on 31/03/2020 to accommodate a reasonable buying window before the contract start dates to monitor prices and decide on the term of the flexible contracts.

A long lead-in period is to allow for all statutory tender and standstill periods to be observed and in order to consult leaseholders and obtain dispensation from Section 20 of the Landlord and Tenant Act 1985. The Home Ownership Team have been consulted on this and a lead officer appointed.

The timetable for putting contracts in place is as follows:

Begin Leaseholder consultation – Jan 2019
 Advert in OJEU– March 2019
 Invitation to Tender (ITT) – April 2019
 Tender Return – May 2019
 Tender Evaluation – June 2019

A procurement project plan has been produced in consultation with Strategic Procurement.

3.4 Options appraisal

There are other options available to enable energy to be purchased, mainly joining a framework run by a Public Buying Organisation (PBO). These are used by public sector organisations who do not have the in-house resources and expertise to undertake their own energy purchasing. The main PBO is Crown Commercial Services. If we wished to use them to undertake the sole activity of energy purchasing (they do not manage the contracts, this still has to be done in-house), based on our portfolio, the annual cost would be approximately £110,000.

In-house Procurement (Business As Usual)	Using a Public Buying Organisation (PBO)
<p>Positives:</p> <ul style="list-style-type: none"> • Continuity of supplier (same supplier for 4 years) • Full control over whole process • Fully flexible trading • No PBO fees • Single pathway to obtaining Leaseholder Dispensation • Bespoke award criteria • Ability to form relationships with suppliers over 4 years 	<p>Positives:</p> <ul style="list-style-type: none"> • Part of larger Portfolio with potentially marginally lower prices • Experienced Energy Brokers • Greater opportunity for selling back trades/short buying • Reduce Council officer time in making trades • Shorter lead-in time as no OJEU required
<p>Negatives:</p> <ul style="list-style-type: none"> • Greater Council officer time monitoring markets/making trades 	<p>Negatives:</p> <ul style="list-style-type: none"> • High PBO Fees (£110K PA) • No control over energy trades/budgets forecasting setting • No choice over suppliers

PBOs offer an energy buying service from an existing framework where they purchase the gas and electricity from their preferred suppliers using their purchasing strategy (this is a flexible, aggregated and risk-managed procurement). All contract management functions remain with the Council/client. The cost of using this energy purchasing service would be approximately £110,000 per year (£440,000 over the four-year duration of the contract) based on the fee structure provided by Crown Commercial Services (CCS).

By purchasing via a flexible procurement strategy we have the option to buy varying volumes of gas and electricity and different times, accessing any drops in the market that occur. This variable strategy benefits over buying fixed annual amounts on a single day, as on that single day, prices may be high. Buying on multiple occasions using market intelligence spreads the price risk.

The preferred procurement route is to undertake the necessary work in-house, awarding a four-year contract to the winning tenderer.

By adding external clients to the main contract we are purchasing larger aggregated volumes and earning fee income for providing this service. This collaboration has joint benefits for the Council in terms of fee income and for the clients in terms of potentially better prices by being part of a larger contract and mitigating the costs in undertaking separate individual procurements.

By competitively tendering on the fixed price element of the end delivered price and then purchasing the commodity (gas and power) from the winning gas/electricity supplier on the open commodities market as part of a flexible, aggregated procurement strategy, the Council should have access to the most advantageous prices available at any given time (when the markets are low) and can buy volume strategically (monthly, seasonally, annually, over several years).

3.5 Key Considerations

An effective procurement strategy to buy the supply of both Gas and Electricity will have a direct social benefit on the amount residents and leaseholders pay in their rent/leaseholder charges.

Failure to enter into appropriate contracts would lead to default rates being applied at much higher costs, which would have a detrimental effect on residents.

Any supplier appointed will need to provide an Environmental Strategy, showing what they are doing in order to be a responsible, sustainable supplier.

Within the tender, suppliers will be required to agree to the Council's Specification of Requirements which details specific terms and conditions we require to improve the management of the contract and to provide economies such as paperless billing to prevent waste, payment by direct debit to ensure security of supply/reduce finance resources required, dispute management criteria and provision of market intelligence to assist with the general purchasing strategy.

As the procurement methodology is that recommend by the Business, Energy and Industrial Strategy department, we are adhering to best practice principles.

Suppliers will be requested to provide a breakdown of the fuel mix of their offerings (from what sources electricity is being generated from) and whether any of the gas supplied is intended to come from Fracking operations.

There are no TUPE, Pensions and Staffing implications

3.6 Evaluation

The tender will be conducted in one stage, known as the Open Procedure, as the tender is 'open' to all organisations who express an interest. The Open Procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

The award criteria are based on 100% price. This ensures that the supplier with the lowest non-commodity and supplier margin (along with agreement to the Council’s core Specific Requirements) will be awarded the contract(s). This is to reduce the financial burden on residents/leaseholders.

The end delivered electricity and gas prices are made up of many different elements (more than 15 for electricity alone). These can be summarised as:

	Element	Average % of end delivered price
1.	The Commodity costs – the actual price of the electricity generated at the power station/gas from the gas fields	40% Electricity/65% Gas
2.	The Non-commodity costs – environmental taxes levied by Government, use of systems charges levied by National Grid for using wires/pipes and meters	59% Electricity/34% Gas
3.	The suppliers profit margin	Less than 1%

We have no direct control over the second element, non-commodity costs – these are set mainly annually by government and National Grid. The current tender process evaluates the bids made by suppliers for the non-commodity costs and the supplier profit margin elements in order to select a preferred supplier. The commodity costs are bought once contracts have been let, separately by the Council via the preferred supplier’s energy brokers. This allows for multiple, flexible trades to be made in order to make up the total annual volume required. These trades can be monthly, quarterly, seasonal, annual or even longer. Using multiple trades gives a greater chance of accessing dips in the market.

Only gas and electricity suppliers that have a supply license approved by OFGEM (The Office of Gas and Electricity Markets) will be allowed to tender, ensuring a high level of service quality.

3.7 Business Risks

Due to the extreme volatility of energy markets, the larger the forward buying window, the greater opportunity to secure the best price for the supply. Contracts will need to be approved and agreed by December 2019 to allow for a sufficient forward buying window for the commodity elements, hence the long lead-in time for this procurement.

In addition, Housing is the largest service user within the existing portfolio, therefore the risk with regards to consultation with leaseholders needs to be noted and sufficient time allocated to allow Housing Services to request/receive dispensation.

By purchasing flexibly and with options to sell back trades made, the risks of making a single annual (or multi-year) trade on a day when prices are at their highest is reduced.

By including a 20% volume tolerance in contract documentation, we can add additional sites (either our own or external) to either increase fee income or mitigate the costs of new builds.

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-

cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	Procurement of gas and electricity for the period 2020-2024 See paragraph 3.1
2 Estimated value	The estimated value per year is £8-£10 Million, £32-40 Million over the 4-year period. Annual Cost to Council – £5.5-£7 Million Annual Cost to Non-Council £2.5-£3 Million The agreement is proposed to run for a period of 4 years See paragraph 3.2
3 Timetable	Begin Leaseholder consultation – Jan 2019 Advert – March 2019 Invitation to Tender (ITT) – April 2019 Tender Return – May 2019 Tender Evaluation – June 2019 Leaseholder Dispensation – Aug/Sep 2019 Contract Award Report – October 2019 Standstill Period/Award contracts – Dec 2019 See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	In-house managed procurement, 4-year contract using Open Procedure. See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Reduced financial burden to residents LLW not applicable for a supplies contract Flexible Procurement for Best Value No TUPE, pensions and other staffing implications See paragraph 3.5
6 Award criteria	The award criteria are based 100% on price (Non-commodity cost) See paragraph 3.6

7 Any business risks associated with entering the contract	Late contract award/Leaseholder Dispensation See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	None.

4. Implications

4.1 Financial implications:

This report seeks approval for the Procurement Strategy for the supply of electricity and gas for a four-year period between 2020-24. It is estimated that the energy cost during this period will be between £32-£40 million and will be met from existing council budgets and contributions from external clients.

The report recommends procurement option A which continues the current arrangements of using an in-house procurement strategy over the use of a Public Buying Organisation (PBO). Based upon past performance and some limited comparative data option A has a greater financial benefit for the council, however this is no indication of best market performance nor future comparative performance of the two procurement strategies.

4.2 Legal Implications:

The Council has power to procure the supply of natural gas and electricity under section 111 of the Local Government Act 1972 which enables the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The council also has power to purchase these supplies on behalf of third parties under the general power of competence set out in section 1 of the Localism Act 2011. The Council may enter into contracts for such services under section 1 of the Local Government (Contracts) Act 1997.

In relation to the powers for charging third parties in return for purchasing gas and electricity on their behalf the council may rely on:

- A) Local Authorities (Goods and Services) Act 1970 (LAGS) if the third parties are public bodies for purposes of that act; or
- B) The charging power set out in section 93 of the Local Government Act 2003, if the third parties are not public bodies for purposes of LAGS provided that the charge levied is based on cost recovery; or
- C) The trading power set out in section 95 of the Local Government Act 2003 or section 4 of the Localism Act 2011, if the third parties are not public bodies for purposes of LAGS and the charge levied is based on making a profit for the council. In this case the trading activity would need to be conducted through the trading company established by the council, Islington Limited (trading as iCo), in order to comply with these trading powers.

The Executive may delegate authority to award the contract to the Corporate Director of Environment and Regeneration under the Council's Procurement Rule 16.2.

The proposed contract is a contract for supply. The threshold in relation to supply contracts for application of the Public Contracts Regulations 2015 (the Regulations) is currently £181,302. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union and with full compliance of the Regulations. The Council's Procurement Rules also require contracts over the value of £181,302 to be subject to competitive tender. In compliance with the requirements of the Regulations and the council's Procurement Rules the proposed procurement strategy is to advertise a call for competition in OJEU and carry out the procurement using a competitive tender process. On completion of the procurement the contract may be awarded to the highest scoring tenderers subject to the tenders providing value for money for the council.

The contract is for a period in excess of 12 months and therefore will be qualifying long term agreements under section 20 of the Landlord and Tenant Act 1985. Accordingly, the council will need to comply with the leaseholder consultation requirements applicable to long term qualifying agreements set out in the Service Charges (Consultation Requirements) (England) Regulations 2003 (as amended).

4.3 Environmental Implications

Electricity and gas purchasing has a significant environmental impact; for electricity the main impact is during the generation stage and around half of the electricity in the UK is currently produced using coal or gas, although this is reducing steadily as more renewables start supplying the national grid (carbon emissions from electricity production in the UK are down 65% since 1990 despite an 11% increase in use). For gas, the main impact is at the usage (burning) stage, contributing directly to carbon emissions. There are also significant impacts related to the extraction of fossil fuels prior to the production/supply of electricity and natural gas.

As noted above, suppliers will be requested to provide a breakdown of the fuel mix of their offerings (from what sources electricity is being generated from) and whether any of the gas supplied is intended to come from Fracking operations. They will also need to provide an Environmental Strategy, showing what they are doing in order to be a responsible, sustainable supplier.

4.4 Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment was completed on 31st October 2018 and the summary is included below. The complete Resident Impact Assessment is at appendix 1.

- The Procurement Strategy for Gas and Electricity supply (2020-2024) is not likely to be discriminatory in any way for people with any of the protected characteristics.
- The Procurement Strategy for Gas and Electricity supply (2020-2024) is not likely to have a negative impact on equality of opportunity for people with protected characteristics.

There is a potential positive impact for Council leaseholders with the following protected characteristics: age, disability, pregnancy & maternity. This is because leaseholders pay for the amount of heat that they use and that the elderly and very young, pregnant and new mothers and disabled residents are likely to spend more time in the home, therefore require more heating. The Procurement Strategy seeks to obtain the lowest cost gas and will therefore provide a greater saving for those spending more time in the home.

- The proposal is not likely to have a negative impact on good relations between communities with protected characteristics and the rest of the population in Islington. The proposals do not provide any opportunities for fostering good relations.

By looking to purchase gas at the lowest price, heat can be provided to Council leaseholders at a lower cost. This will leave leaseholders more money for other purposes, alleviating poverty for lower income households. Alternatively, low income leaseholders may choose to use cost savings to heat their homes to a higher level reducing the negative impacts of fuel poverty on physical and mental health which affect lower income households disproportionately.

5. Reason for recommendations

5.1 The current contracts for the supply of both Gas and Electricity expire on 31/03/2020. In order to purchase utilities after this date a procurement strategy is required to be in place prior to this date.


By adopting the current existing method of procurement, based on an aggregated, flexible, risk managed strategy, we will have continuity of service and security of future supply without incurring additional costs of using a Public Buying Organisation.

This proposed procurement strategy recommended allows for opportunities in the market to be realised, whilst giving a level of budget certainty and the ability to sell back any trades made.

By entering into contracts for the supply of Gas and Electricity for a four-year contract period, we will be able to maximise the benefits of a flexible procurement strategy and reduce the administrative costs of multiple tenders within a framework agreement.

Appendices

- Appendix 1 - Resident Impact Assessment

Signed by:		8 January 2019
	Executive Member for Finance, Performance & Community Safety	Date

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DECISIONS OF EXECUTIVE - THURSDAY, 17 JANUARY 2019

AGENDA ITEM	SUBJECT	DECISION	ACTION
3	MINUTES OF PREVIOUS MEETING	Noted.	-
4	APPOINTMENTS TO BE MADE BY THE EXECUTIVE	AGREED RECOMMENDATIONS Reason for decision – as specified in the report. Other options considered - none. Conflicts of interest/dispensations granted – none	CDR
5	IMPROVING AIR QUALITY - DIESEL SURCHARGE CHANGES	AGREED RECOMMENDATIONS Reason for decision – as specified in the report. Other options considered - none. Conflicts of interest/dispensations granted – none	CDER
6	FINANCIAL POSITION AS AT 30 NOVEMBER 2018	AGREED RECOMMENDATIONS Reason for decision – as specified in the report. Other options considered - none. Conflicts of interest/dispensations granted – none	CDR
7	BUDGET PROPOSALS 2019-20	AGREED RECOMMENDATIONS Reason for decision – as specified in the report. Other options considered - none. Conflicts of interest/dispensations granted – none	CDR
8	PROCUREMENT STRATEGY FOR SUPPLY OF NATURAL GAS AND ELECTRICITY	AGREED RECOMMENDATIONS Reason for decision – as specified in the report. Other options considered - none. Conflicts of interest/dispensations granted – none	CDER

AGENDA ITEM	SUBJECT	DECISION	ACTION
9	THE COUNCIL'S USE OF SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000	AGREED RECOMMENDATIONS Reason for decision – as specified in the report. Other options considered - none. Conflicts of interest/dispensations granted – none	CDR
10	CONFIRMATION OF THE OFFICE TO RESIDENTIAL ARTICLE 4 DIRECTION FOR THE CENTRAL ACTIVITIES ZONE	AGREED RECOMMENDATIONS Reason for decision – as specified in the report. Other options considered - none. Conflicts of interest/dispensations granted – none	CDER
11	OFFICER DECISION SUMMARY JANUARY 2019 *	AGREED RECOMMENDATIONS Reason for decision – as specified in the report. Other options considered - none. Conflicts of interest/dispensations granted – none	-

NB – Any decision not subject to call-in, in accordance with para 67.1 of the Constitution, is indicated with an asterisk (*)



Key Decision of the Corporate Director of Environment and Regeneration

Officer Key Decision	Date: 12.12.19	Ward(s): All
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Delete as appropriate		Non-exempt
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THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

SUBJECT: Contract Award for 1819-0105 Gas and Electricity supply 2020-2024

1. Synopsis

- 1.1 This report seeks approval to award contracts in respect of 1819-0151 Gas and Electricity supply – 2020-2024 in accordance with Rule 2.7 of the Council’s Procurement Rules.
- 1.2 The Council’s current gas and electricity contracts expire on 31/3/2020. The Council needs to procure supplies of Gas and Electricity for its own and external property portfolios. Such sites include, but are not limited to, housing, public buildings, libraries, parks, schools and leisure centres.
- 1.3 Pre-tender approval for the procurement strategy was agreed by the Executive Committee in January 2019 and a full OJEU compliant tender has been undertaken in order to award gas and electricity contract to replace those expiring.
- 1.4 Delegated authority to award the contracts to the Corporate Director of Environment and Regeneration in consultation with the with the Executive Member for Finance, Performance and Community Safety was agreed by Executive committee in January 2019.

2. Recommendations

- 2.1 To agree the award of 48 month contracts for the period 1st April 2020 to 31st March 2024 to the following energy suppliers:

Gas – Scottish & Southern Energy

2.2 **Date the decision is to be taken: 11.12.19**

3. Background

3.1 Nature of the service

The procurement strategy for the purchase of gas and electricity is based on flexible, aggregated purchasing of the commodity element of both gas and electricity, allied to the tendering of the supplier's profit margin. The final element that makes up the whole delivered price are "pass-through" costs for environmental taxes and the use of the electricity and gas grids. These charges are set by Central Government and other regulatory bodies, charged to energy suppliers and passed on by them to the end user.

It is generally established that the flexible purchasing of gas and electricity is economically preferable to fixed purchasing of utilities. This gives greater opportunity to purchase supplies when market prices are lower and to purchase in smaller amounts if prices are high. In addition, any trades made can be sold back to the market and re-bought at lower rates if available.

The tender focused on the fixed cost element of the gas and electricity price, as the actual cost of the gas and electricity itself would be determined by live trading. These fixed costs covered the suppliers' profit margin as the main element for analysis. Other cost elements including transportation, supply balancing, metering and other pass through costs were also included, enabling an estimated total fixed cost for each contract to be arrived at.

Suppliers were asked to provide their profit margin elemental cost for all four years of the contracts – other selected fixed costs are determined by Central Government/National Grid and are not known and have been estimated to arrive at a total fixed cost for each contract.

All suppliers were requested to confirm that they could provide renewable electricity and gas for the Council's portfolio, if required. The decision whether to procure renewable or traditional grid electricity (which uses fossil fuels for some of its generation), would be made at the time of purchasing the commodity, once contracts have been awarded. Trades (purchases of gas and electricity) are considered by the 4-person Energy Management Risk Committee (ERMC)

Following the Council's declaration of an environmental and climate emergency on 27th June 2019, and commitment to achieving a net zero carbon Islington by 2030, the proposed contracts provide a mechanism to purchase all, none or some of the Council's supplies from renewable sources, whilst factoring in financial considerations (renewable electricity traditionally attracts a premium). Consideration can also be given to the purchase of bio-methane instead of grid gas, although these markets are far less established than renewable grid electricity and prices for bio-methane are considerably higher than those for grid gas.

3.2 Estimated Value

The estimated annual value of the contracts is £8 million and for the four-year agreement proposed for 01/04/2020 to 31/03/2024, this will amount to around £32m. The overall spend is

split approximately 67% Council and 33% external clients, meaning £21.4m Council spend and £10.6 million external client spend over the contract period. As these contracts cover Housing, Councils buildings, schools, Leisure Centres and Academies, the costs are funded from various sources including the HRA.

The spend on these contracts over the last 2 years (2016/17 and 2017/18) has been approximately £9.8 million for electricity and £ 6.0 million for gas across the entire portfolio.

The breakdown of elements which make up the end delivered price can be split into Commodity and Non-Commodity costs. The Commodity costs which make up around 45% of the electricity prices and 65% of the gas price, are extremely volatile, prices are affected by various drivers such as weather, oil, coal and carbon prices as well as government regulation, geo-political conflict, market uncertainty and global demand.

A flexible, aggregated risk-managed procurement strategy allows for dips in the market to be accessed, fixing prices well ahead of delivery, it protects budgets and provides the potential to sell back surplus gas and electricity in reaction to large market moves. These features can all assist in mitigating costs and accessing opportunities to purchase commodities when markets are favourable.

Non-Commodity costs are set by Government and National Grid and in general these are rising, particularly in the electricity market and in the sharp increase in Climate Change Levy (CCL) rates. As the majority of these are charged on a consumption basis, the main method of mitigating these is the management and reduction of energy consumption.

In order to reduce administrative costs, all billing will be electronic.

3.3 Timetable

The current gas and electricity contracts expire on 31st March 2020 and new contracts must be in place no later than 29th February 2020 to allow gas and electricity purchases to be made in good time.

Dispensation has been sought from First Tier Tribunal (Property Chamber) under Section 20ZA to allow residents and leaseholders to be charged in full. The decision is due in December 2019. This has been undertaken in conjunction with Home Ownership and Legal Services.

3.4 Options appraisal

The Executive Report of January 2019 agreed the purchasing strategy of having a 4-year contract. The use of Public Buying Organisations (PBO's) was also considered as part of this report. These are used by public sector organisations who do not have the in-house resources and expertise to undertake their own energy purchasing.

The main PBO is Crown Commercial Services (CCS). If we wished to use them to undertake the sole activity of energy purchasing (they do not manage the contracts, this still has to be done in-house), based on our portfolio, the annual cost would be approximately £110,000 PA, based on their published fee structure.

PBO's offer an energy buying service from an existing framework where they purchase the gas and electricity from their preferred suppliers using their purchasing strategy - this, as with the strategy used by Islington Council is a flexible, aggregated and risk-managed procurement.

By adding external clients to the main contract we are purchasing larger aggregated volumes of both gas and electricity. This collaboration has joint benefits for the Council in terms of fee income and for the clients in terms of potentially better prices through being part of a larger contract and mitigating the costs in undertaking separate individual procurements.

An Open procedure tender was agreed upon, which allowed full exposure to the energy supply community.

3.5 Key Considerations – References to social value and impact on staff

An effective strategy to procure the supply of both Gas, and 100KW and Sub 100KW Electricity will have a direct social benefit on the amount residents and leaseholders pay in their rent/leaseholder charges.

A requirement for the payment of LLW will not be appropriate for these contracts since they are contracts for supplies that are subject to the Public Contracts Regulations 2015 and will be established with advertisement in the Official Journal of the European Union.

By competitively tendering on the fixed price element of the end delivered price and then purchasing the commodity (gas and power) from the winning gas/electricity supplier on the open commodities market as part of a flexible, aggregated procurement strategy, the Council should have access to the most advantageous prices available at any given time and can buy volume strategically (monthly, seasonally, annually over several separate years).

There are no TUPE, Pensions and Staffing implications

3.6 Evaluation

The tender was conducted in one stage, known as the Open Procedure, as the tender is 'open' to all organisations who express an interest. The Open Procedure included minimum requirements which organisations must meet before the rest of their tender is evaluated.

There were 25 expressions of interest received, which resulted in 4 tender returns:

1. Corona Energy – Gas only
2. Haven Power – Electricity only
3. Scottish & Southern Energy – Gas and Electricity
4. Total Gas and Power – Gas and Electricity

From the tenders submitted, all 4 passed the statutory compliance checks. In addition, all 4 passed suitability checks based on technical/industry-specific questions related to the supply of gas and electricity.

The evaluation criteria were based 100% on price.

The tenders were based on certain fixed cost elements such as the supplier's management fee, balancing charges and pass-through environmental and use of system charges and do not include the commodity costs which will be purchased after contract are awarded.

Tender prices and suitability questions were evaluated by a 3-person panel consisting of the following Council officers:

- Energy Management Officer
- Energy Operations Manager
- Energy Sustainability & Consulting Manager

Tender Results

Gas – three suppliers passed compliance and suitability checks. Most economically advantageous tender was received by Scottish and Southern Energy.

Price details are set out in the attached Exempt Appendix.

HH 100KW Electricity - three suppliers passed compliance and suitability checks. Most economically advantageous tender was received by Scottish and Southern Energy.

Price details are set out in the attached Exempt Appendix.

NHH Sub 100KW Electricity - three suppliers passed compliance and suitability checks. Most economically advantageous tender was received by Scottish and Southern Energy.

Price details are set out in the attached Exempt Appendix.

3.7 Business Risks

1. If contracts are not awarded with sufficient time before the expiry of existing contracts for registration of sites and purchase of gas and electricity, current suppliers will impose default "out-of-contract rates" on those supplies. These punitive rates would apply until such time as new gas/electricity contracts have been put in place.
2. Exposure to utility market volatility could lead to higher prices having to be accepted. This will be mitigated by use of trigger values being set and acted upon. These triggers will activate the purchasing strategy in order to protect budgets. Triggers will also be lowered if the market should fall. In addition, any trades made (surplus amounts of gas or electricity) can be sold back to the preferred supplier at market rates – this would only be done if there were a marked drop in the market and that this was maintained.
3. Failure to obtain Dispensation from the First Tier Tribunal (Property Chamber) under Section 20ZA in December 2019, would reduce the amount the Council can charge Leaseholders to £100 per year for gas and £100 per year for electricity.

- 3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.
- 3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	Purchase of gas and electricity. See paragraph 3.1
2 Estimated value	The estimated value per year is £8,080,000. The agreement is proposed to run for a period of 48 months. See paragraph 3.2
3 Timetable	Exec Approval of procurement strategy – Jan 2019 Out to Tender – August 2019 Tender Evaluation – Oct 2019 Leaseholder Dispensation – Dec 19 Contract Mobilisation – Jan 2020 Contract Start – April 2020 See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Four-year contract option adopted See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Obtaining lowest possible prices through energy purchasing strategy representing best value. No LLW, TUPE, pensions or other staffing implications. See paragraph 3.5
6 Award criteria	Award criteria 100% price. See paragraph 3.6
7 Any business risks associated with entering the contract	Award of contracts with sufficient time prior to expiry of existing. Failure to obtain Leaseholder Dispensation See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	None.

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4. Implications

4.1 Financial implications:

The estimated annual cost of the contract is £8 million PA, equating to £32 million over the 4 year period. The direct cost to the Council (excluding external clients such as schools and Leisure Centres who pay their own bills) is estimated to be £5.36 million per year, £21.44 million over the 4 year contract. The award criteria is 100% price, but the suppliers can provide renewable electricity and gas at a premium of c. 5% which if selected as part of the Council's declaration of an environmental and climate emergency on 27th June 2019 would be passed onto residents through rent and service charges. There are a number of unknown fixed costs and variable costs that will impact on the overall cost of the contracts.

4.2 Legal Implications:

The Council has power to procure the supply of natural gas and electricity under section 111 of the Local Government Act 1972 which enables the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The council also has power to purchase these supplies on behalf of third parties under the general power of competence set out in section 1 of the Localism Act 2011. The Council may enter into contracts for such services under section 1 of the Local Government (Contracts) Act 1997. The Executive, in January 2019, delegated authority to award the contracts to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Finance, Performance and Community Safety.

The contract is a contract for supply. The threshold in relation to supply contracts for application of the Public Contracts Regulations 2015 (the Regulations) is currently £181,302. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union (OJEU) and with full compliance of the Regulations. The council's Procurement Rules also require contracts over the value of £181,302 to be subject to competitive tender. In compliance with the requirements of the Regulations and the council's Procurement Rules a competitive tendering procedure with advertisement in OJEU has been used.

Bids were subject to evaluation in accordance with the tender evaluation model and Scottish & Southern Energy were found to have submitted the most economically advantageous tenders for all three supplies and may therefore be awarded the contracts as proposed in the report.

In deciding whether to award the contracts to the recommended supplier the Corporate Director should be satisfied as to the competence of the supplier to provide the supplies and that the tender prices represent value for money for the Council. In considering the recommendations in this report the Corporate Director must take into account the information contained in the exempt appendix to the report.

The contract is for a period in excess of 12 months and therefore will be qualifying long term agreements under section 20 of the Landlord and Tenant Act 1985. Accordingly the council will need to comply with the leaseholder consultation requirements applicable to long term

qualifying agreements set out in the Service Charges (Consultation Requirements) (England) Regulations 2003 (as amended).

In relation to the powers for charging third parties in return for purchasing gas and electricity on their behalf the council may rely on:

- A) Local Authorities (Goods and Services) Act 1970 (LAGS) if the third parties are public bodies for purposes of that act; or
- B) The charging power set out in section 93 of the Local Government Act 2003, if the third parties are not public bodies for purposes of LAGS provided that the charge levied is based on cost recovery; or
- C) The trading power set out in section 95 of the Local Government Act 2003 or section 4 of the Localism Act 2011, if the third parties are not public bodies for purposes of LAGS and the charge levied is based on making a profit for the council. In this case the trading activity would need to be conducted through the trading company established by the council, Islington Limited (trading as iCo), in order to comply with these trading powers.

4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

The purchase (and subsequent use) of electricity and gas is the council's most significant environmental impact and source of carbon emissions. In 2018/19, the emissions related to our electricity use in council buildings (excluding housing and leisure) were around 2,700 tonnes, whilst gas-related emissions were around 2,300 tonnes.

The electricity contract does not specify the type of electricity to be supplied (either from renewable sources or direct from the grid, with a mixture of gas, nuclear, coal and renewables). This will be decided at the time when actual purchases are made, once contracts are in place. However, suppliers were required in their tender submissions to confirm that they are able to provide the council with renewable electricity if requested, although this will likely come at a higher unit price than non-renewable electricity.

The vast majority of the gas supplied from the national grid is standard natural gas, with a tiny proportion of biomethane. There is not sufficient biogas production in the UK for it to be feasible to secure a renewable gas tariff. The only realistic way this can be mitigated is to reduce or eliminate gas consumption by making our buildings more energy efficient or replacing gas heating and hot water systems with electric alternatives such as heat pumps.

4.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment was completed on 31/10/18 and the summary is included below. The complete Resident Impact Assessment is appended.

Equality Impacts

- The Procurement Strategy for Gas and Electricity supply (2020-2024) is not likely to be discriminatory in any way for people with any of the protected characteristics.
- The Procurement Strategy for Gas and Electricity supply (2020-2024) is not likely to have a negative impact on equality of opportunity for people with protected characteristics.
- There is a potential positive impact for council leaseholders with the following protected characteristics: age, disability, pregnancy & maternity. This is because leaseholders pay for the amount of heat that they use and that the elderly and very young, pregnant and new mothers and disabled residents are likely to spend more time in the home, therefore require more heating. The Procurement Strategy seeks to obtain the lowest cost gas and will therefore provide a greater saving for those spending more time in the home.
- The proposal is not likely to have a negative impact on good relations between communities with protected characteristics and the rest of the population in Islington. The proposals do not provide any opportunities for fostering good relations.
- By looking to purchase gas at the lowest price, heat can be provided to council leaseholders at a lower cost. This will leave leaseholders more money for other purposes, alleviating fuel poverty for lower income households. Alternatively, low income leaseholders may choose to use cost savings to heat their homes to a higher level reducing the negative impacts of fuel poverty on physical and mental health which affect lower income households disproportionately.

Safeguarding risks and Human Rights breaches

There are no safeguarding risks for children and vulnerable adults or potential human rights breaches resulting from the proposal.

5. Reason for recommendations

- 5.1 Replacement of expiring gas and electricity contracts to suppliers offering the most economically advantageous non-commodity prices following a full open tender exercise.

Record of the decision:

I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed by:



12.12.19

Corporate Director, Environment &
Regeneration

Date

Appendices

- Exempt Appendix 1 – Tender prices/costs
- Appendix 2 – Resident Impact Assessment

Background papers: None

Final report clearance:

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FIRST TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

LANDLORD AND TENANT ACT 1985 – SECTION 20ZA
ALL LEASEHOLD PROPERTIES OF THE LONDON BOROUGH OF ISLINGTON

BETWEEN

THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF ISLINGTON

Applicant

-and-

ALL RESIDENTIAL LONG LEASEHOLDERS
OF THE LONDON BOROUGH OF ISLINGTON

Respondents

EXHIBIT JW- 2
TO WITNESS STATEMENT OF JAMES WILSON

Signed:



Dated: 28 October 2022

Environment Department
Town Hall, Upper Street

Report of: Cllr Rowena Champion, Executive Member for Environment, Air Quality and Transport

Meeting of: Executive

Date: 9 June 2022

Ward(s): All

The appendix to this report is exempt and not for publication

Subject: Revised procurement spend for the council's 2020-2024 energy supply contract

1. Synopsis

- 1.1. The council's energy supply contracts for the period 2020-2024 were awarded in December 2019, with an estimated total value of £32m over four years. This covers energy supplied to council buildings, landlord supplies in Housing properties, GLL leisure centres and most of the borough's primary schools.
- 1.2. Due to the large increase in energy prices during late 2021 and early 2022, exacerbated by the Russian invasion of Ukraine, it is likely that the £32m threshold will be exceeded before the end of the 2022/23 financial year and therefore a contract modification notice under the Public Contracts Regulations (PCR) 2015 (Regulation 72) Part G Annex 5 will need to be published.

2. Recommendations

- 2.1. To note the increase in energy costs to the council and other organisations the council purchases on behalf of.
- 2.2. To approve the publication of a contract modification notice regarding the increase in value of the energy supply contracts.
- 2.3. To note the budget mitigation measures set out in section 8 for dealing with the cost increase.

- 2.4. To note the proposal to review heating and electricity charges for tenants and leaseholders in section 8.2.
- 2.5. To note the risks related to the energy price increases and demand reduction measures set out in section 9 for mitigating the cost increases.
- 2.6. To support officers to commence commercial discussions and explore options for the existing contract as set out in exempt appendix 1.

3. Background

- 3.1. While the domestic energy market has price caps, the industrial and commercial market in which the council buys its energy does not. Energy is traded on a futures market basis and prices are constantly changing, based on global supply/demand positions and a plethora of other market drivers. As there are no price caps, the council's only method of alleviating higher prices is through the timing of its purchasing and the periods it purchases for. Details of how this works are covered in section 4 below.
- 3.2. A cold winter in Europe in 2020/21 put pressure on supplies leading to stored gas levels being much lower than normal. There has been increased demand from Asia for liquefied natural gas (LNG), which has pushed up wholesale gas prices across the world. In addition, as a net importer of gas, the UK will be reliant on supplies from Norway/Europe and LNG cargoes, all of which will be charged at market rates.
- 3.3. As a result of these factors, energy prices started to increase significantly in September 2021. Although this was followed by a reduction, prices did not fall back to previous levels. During winter 2021, power and gas supplies remained tight and extremely volatile, with another spike in prices happening in December, when prices hit a record high. This was followed by another drop, although again, not to pre-September levels. The Russian invasion of Ukraine in February 2022 resulted in a larger spike and higher level of uncertainty.

4. How the council purchases energy

- 4.1. The council purchases its energy directly from the market via a contract with SSE. Prior to the current energy contract being awarded in 2020, a procurement strategy was approved by Executive in January 2019, which considered the options of continuing to buy directly (via a contract) or to purchase energy via a

Public Buying Organisation (PBO) such as Crown Commercial Service or LASER Energy.¹

- 4.2. It was decided to continue buying in-house due to a range of factors, including the flexibility this offered and the lack of control over timing of purchasing and fees that using a PBO would incur.
- 4.3. The council went on to procure an energy supply contract with SSE for the 2020–2024 period. The contract was not for supply at a specified price but allows the council to purchase through SSE via trades at the time of its choosing. The council can purchase an entire year's supply in a single trade but can also purchase for longer or shorter periods.
- 4.4. The supply contract covers the council's corporate buildings, landlord supplies in council housing (including PFI properties), GLL leisure centres, the Bunhill and Cape energy centres, and most primary schools in the borough. The schools can purchase energy via other means, but nearly all opt-in to the council's energy service level agreement (SLA), as do a small number of non-council schools.
- 4.5. Decisions on when to make trades are made by the Energy Risk Management Committee. Before January 2022 this consisted of four officers in the Energy Services team (the Head of Energy Services, Energy Operations Manager, Energy Sustainability & Consulting Manager, and the Energy Management Officer). In January 2022, the committee was expanded to add representatives from Corporate and Housing finance given the emerging increase in energy prices. An external expert has now been added to the Committee to provide additional market expertise.
- 4.6. In normal circumstances, the group meets every six weeks (or as required dependent on market intelligence) to consider trading options based on market intelligence, with the key aim being to purchase at the lowest possible price for the year ahead. Decisions are therefore always made in the best interest of the council. Trades are recommended by the committee and approved by the Corporate Director of Environment, following consultation with the Corporate Director of Resources.
- 4.7. If there are changes in prices that are advantageous to the council, decisions can be taken on the same day to secure this price. This flexibility allows the council to take advantages of sudden dips in the market. At the start of the first COVID-19 lockdown, there was a significant drop in energy prices, allowing the council to

¹ LASER Energy is part of the Commercial Services Group, a company wholly owned by Kent County Council.

purchase energy for 2020/21 at a prices 21% lower for electricity and 26% lower for gas than in 2019/20, resulting in a saving of over £2 million.

- 4.8. Due to the current price situation, the Energy Risk Management Committee has been meeting weekly, with daily reports provided to Finance on price data.
- 4.9. Governance and assurance have been strengthened by the creation of an Energy Steering Group, attended by service and corporate directors and representatives of the finance and energy teams. This group has been meeting weekly to monitor the situation.

5. Energy prices

- 5.1. The council procured 100% of both gas and electricity for 2021/22 on 4 March 2021 at the following rates:

Utility	Summer 2021	Winter 2021
Electricity	£49.50/MW	£59.1/MW
Gas	46p/therm	46p/therm

- 5.2. However, wholesale energy commodity prices saw significant rises in the second half of 2021. Prices rose steadily during June, July, and August, before a rapid increase in September, peaking when electricity reached £277/MW and gas reached 300p/therm.
- 5.3. This was followed by a fall, but only to levels of early September. Another spike in mid-December saw year-ahead prices hit an all-time high. The December spike was followed by another fall, although not to pre-December levels. Following the Russian invasion at the end of February, prices sharply increased again exceeding the December spike.
- 5.4. The council receives market intelligence from various sources everyday as well as having access to live market prices through the balancing and settlement system Elexon, while additional market information will be provided by the external expert on the Energy Management Risk Committee. The graph below shows how market prices for year-ahead gas and electricity for 2022/23 have changed through the last year, with spikes in September and December 2021, the latter producing historically high prices, and then February/March 2022 due to Ukraine situation.



- 5.5. As of 14 April, gas commodity prices for winter 2022/23 were 443% higher than the 2021/22 purchases and the electricity commodity prices are 282% higher. Once non-commodity costs are taken into account (costs that are added on top of the commodity price to cover the cost of the distribution network, green levies etc.), unit prices for winter 2022/23 are estimated to be around 250% higher for gas and 150% higher for electricity.
- 5.6. The council has already purchased electricity and gas for Q1 2022/23, with electricity at £243/MWh for the whole quarter, and gas at 259/215/231 p/therm for April/May/June. If usage remains unchanged, it is estimated that the cost for Q1 will be around £5.7m, £3.7m higher than 2021/22.
- 5.7. The [approval of the contract award to SSE](#) authorises the council to purchase gas and electricity over a four-year period up to the estimated value of £32m. It was agreed that the initial round of purchasing for 2022/23 could proceed as it still falls within the estimated limits for the year (£8m).
- 5.8. If the council had to purchase for the remainder 2022/23 at the prices as of 14 April, it would have resulted in the following cost increases, assuming no change in usage:

Area	Total		
	2021/22	2022/23	Increase
HRA	£4,352,000	£13,923,000	£9,570,000
GLL	£703,100	£1,948,000	£1,245,000
Schools	£1,538,000	£4,400,000	£2,862,000
General fund	£1,628,400	£4,244,000	£2,716,000
Total	£8,222,000	£24,615,000	£16,393,000

- 5.9. To give some context to the potential cost increases, the table below shows the council's energy costs for the last decade. The highest gas and electricity prices paid previously were in 2019/20, with a total spend of £9.3m, 12% higher than the forecast spend 2021/22. Therefore, any rise above 12% would represent a high point for council spend on energy.

Year	Total spend
2011/12	£6,753,405
2012/13	£8,096,415
2013/14	£8,403,588
2014/15	£8,029,513
2015/16	£7,373,045
2016/17	£6,331,678
2017/18	£7,602,490
2018/19	£8,096,040
2019/20	£9,324,538
2020/21	£7,252,903

- 5.10. Based on the prices as set out in 5.8, this would mean expected spend for the first three years of the contract would be around £40m, above the £32m in the original procurement award report. As a result, the council needs to issue a contract modification notice for this increased spend to remain compliant with Public Contracts Regulations 2015. This allows for a variation in spend of up to 50%.

6. Where the financial liability falls

6.1. Housing Tenants, Leaseholders and the HRA

Most of the energy price increases are rechargeable to tenants and leaseholders, with the remainder (which covers, for example lifts and community centres) met directly from the HRA.

- 6.1.1 Around 4,300 of the 33,900 council tenants and leaseholders with gas heating are on communal heating systems. Most tenants are charged a set rate (the average charge per week is £10.60) in order to even out cost differences between individual estates (the costs across all estates are pooled for this purpose) while leaseholders pay the cost of gas for their estate, and a small number of residents have heat meters and pay based on their usage. The remaining 29,600 have individual gas boilers and therefore pay their own bills (which are subject to the domestic energy bill price caps).
- 6.1.2 Around 80% of tenants pay for communal electricity supplies as part of their service charge, with the communal electricity element making up an average of £2.70 per week.

6.1.3 Leaseholders are required to meet in full any increases in the cost of gas or communal electricity. The impact of increases in costs incurred or anticipated by the council would usually be reflected in the 2022–23 estimated annual service charge bills, due to be issued in September 2022.

6.2. **Leisure Centres and GLL**

GLL as the council's leisure operator are responsible for paying for the energy that the council purchases on their behalf. However, the contract with GLL includes a 50% price risk share on price rises that exceed inflation, meaning the council could be liable for 50% of the cost increase – potentially around £0.6m for 2022/23 at current prices.

6.3. **Schools**

Utility costs for schools are paid from individual school budgets. Most primary schools opt in the council's energy purchasing arrangement, through which they are provided with energy advisory services. The council has recently carried out net zero feasibility studies on 20 schools to identify how their energy demand could be reduced, which funding secured for one school through the Public Sector Decarbonisation Scheme.

6.4. **General fund**

Energy costs are charged to the relevant service budgets and are therefore incurred across the council.

6.5. **Street Lighting**

An additional direct pressure to the general fund is the increase in costs of the street lighting PFI contract. The street lighting energy contract, which is organised by the PFI contractor, was due to be renewed at the start of May 2022. Following quotes obtained on 26 April from potential suppliers for the period May 2022 to April 2023, it was decided to purchase the energy for streetlighting through the council's SSE contract (the council's purchasing volume has a tolerance of around 20%, which the addition of streetlighting supplies comfortably fits within). The quotes were only marginally lower than current prices, and the council expects to be able to purchase subsequent periods at lower prices than present ones. At the prices available on 26 April, the annual cost would be £1.383m, £651k higher than the budget.

7. **Purchasing strategy**

7.1. The council's approach to purchasing energy has worked well for many years because the energy market was relatively stable and price increases tended to last for short periods. While PBOs would have trigger points to purchase volumes

ahead if prices went above certain points, the council would ride these out and be able to take advantage of sudden dips in prices to achieve highly competitive tariffs.

- 7.2. The current situation and purchasing approach mean that the risk is entirely with the council, with SSE purchasing gas and electricity on instruction of the council for a fixed fee per kWh (this fee was market tested as part of the procurement).
- 7.3. Given the current high prices, the purchasing strategy is to buy gas on a monthly basis and electricity on a quarterly basis (electricity cannot be purchased monthly as many sites have quarterly billing) and wait before purchasing for a longer period, in the expectation that prices will gradually fall back to lower levels. This purchasing technique was previously used in 2004 when global energy prices significantly increased due to the tsunami that affected several Asian countries.
- 7.4. An energy purchasing protocol is being developed to support officers to develop 'triggers' to determine the optimal period to purchase gas and electricity over the current financial year.
- 7.5. Consideration will also be given to a purchasing strategy for 2023/24, although the situation on long-term price changes may not become clear until the end of the Ukraine conflict.
- 7.6. Details of the options available to the council and being investigated for energy purchasing are set out in appendix 1.

8. Budget mitigation

- 8.1. Both the HRA and general fund (including streetlighting) budgeted for an increase in energy costs, while schools were advised to budget for increases. However, the budgeted amounts are significantly less than most scenarios being modelled.

8.2. **HRA**

8.2.1 Gas Costs

The unprecedented additional costs anticipated this year are expected to be over and above the 25% increase in charges that were planned for in the charges set for 2022/23, leading to an average increase in weekly charges of £2.12 for heating and hot water. Although the heating charges have been increased by 25%, they are still lower than in 2015/16 (after which prices were reduced due to low gas prices – see table below). The additional charge alongside the surplus in the heating pool was going to be used to smooth the expected increase over a two-year period.

- 8.2.2 With increases being much higher than anticipated, if charges remain unchanged there will be a significant deficit position within the heating pool by the end of the year. Modelled scenarios (based on 21 April prices) indicate a remaining mismatch between both tenant and leaseholder charges and costs for 2022/23 ranging from £0k to £15.9m for gas (heating and hot water).
- 8.2.3 It is therefore inevitable the tenant charges will need to be raised to enable the continued ringfenced approach to these costs. Increased communal gas costs for tenants are not covered by housing benefit (HB) or universal credit (UC), meaning these costs must be met in full by tenants.
- 8.2.4 There are a range of options for the timing and spreading of these additional costs, but charges will need to be increased in order to meet these higher costs. A decision will be needed as to whether to seek to recover costs mid-year, the following year or over a number of years. Spreading this over a longer period can really only be done if the market is expected to be more stable in the coming years. If a change to charges is made, during the year, a decision will need to be made by the Executive and a notification of change of charges will need to be issued to the effected tenants.
- 8.2.5 Electricity costs
These costs are charged to tenants as part of the Estate Services Service Charge, on the basis of estimated costs as part of the budget setting process. Tenants are informed of these charges at the beginning of the year, as part of the rent and service charge increase process. Current housing policy is to set these charges for the forthcoming year based on estimated costs and NOT to adjust future years' charges to reflect prior year under or overspends. As such as it stands any increase in communal electricity would fall to the HRA. 90% of tenants are charged these charges. If this approach was continued, the HRA will have to fund a considerable deficit in charges collected.
- 8.2.6 As part of the 2022/23 budget setting process, it was anticipated that communal electricity were increased by 49%, leading to an average increase in charges 47p for communal electricity.
- 8.2.7 Increased communal electricity costs in respect of tenanted households are covered by HB or UC for those households in receipt of these benefits. Around 75% of tenants living on estates benefitting from a communal electricity supply are in receipt of either HB or UC, which means that any increase in cost should be covered by HB or UC, leaving around 5,000 tenant households who will have to meet the full cost of the increase.

8.2.8 Modelled scenarios (based on 21 April prices) indicate a remaining mismatch between both tenant and leaseholder charges and costs for 2022/23 ranging from £408k to £8.8m for communal electricity.

8.2.9 There is an option to increase the charges for communal electricity part-way through the year, in recognition of the volatile market, meaning that charges are much higher than estimated, correcting the estimate in-line with the costs and increasing charges to cover part or all of the expected under-recovery. If a change to charges is made, during the year, a decision will need to be made by the Executive and a notification of change of charges will need to be issued to the affected tenants.

8.2.10 Leaseholders

Leaseholders are required to meet in full any increases in the cost of gas or communal electricity. The impact of increases in costs incurred or anticipated by the council would usually be reflected in the 2022–23 estimated annual service charge bills, due to be issued in September 2022.

8.3. **Schools**

8.3.1 Based on prices at the time, in November 2021 schools were advised by the school finance team to increase their energy budgets by 78% for gas and 68% for electricity for the forthcoming year. In current discussions they are being advised to budget in line with the 'Back to pre-Ukraine prices' scenario.

8.3.2 There have been further communications with schools during March, including at school budget setting workshops where details of the latest cost pressure projections have been shared at individual school level. Schools have been advised to budget based on the mid-case scenario, and they will be kept informed as projections are updated throughout the year.

8.3.3 Additional funding has been received from the government to support cost pressures in 2022/23 of £4.15m. This covers both maintained schools and academies in the borough - school level allocations are to be confirmed by the DfE, but we have estimated that £3.366m will be allocated to Islington's maintained schools using a methodology likely to be adopted by the DfE. While this is a significant level of funding, the allocation was made by the DfE in the autumn, when energy costs were much lower than they are now. Therefore, it is unlikely to come close to meeting the additional cost pressures that schools will now face in relation to energy, given all the other cost pressures they face. There is no sign from the DfE that they will provide further financial support to schools.

8.3.4 The increase in energy costs comes at a time when school budgets are under increasing cost pressures and balances are in decline. Therefore, increases in

energy costs will put school balances under further pressure. Further communications on energy cost pressures containing advice and guidance will be issued to schools shortly.

8.4. **General fund**

- 8.4.1 As detailed in the table in paragraph 5.8, the utility cost increase in 2022/23 could be around £2.7m, although modelled scenarios give a range of £1.05m to £5.6m. On top of this, there is also the potential 50% share of GLL costs (£245k-£1.3m) and streetlighting (£360k-£1.6m), giving a total range of £1.7m to £8.5m. GLL have not yet advised the council of how they will budget for increased costs, but this is an issue they will be facing across the country.
- 8.4.2 As part of the MTFs budget setting process, £1.5m has been allowed for increased utility costs for the general fund in 2022/23. While the MTFs growth will mitigate against the increased costs, it will not be sufficient to cover the increased cost pressures and current cost and energy usage.
- 8.4.3 Within the council's budget a contingency exists which is to manage unforeseen expenditure. For 2022/23 this is limited to £5m. The council's further sustainability mechanism would be to agree a drawdown of its reserves. In-year, the council would seek to avoid utilising these mechanisms through the reallocation of any underspending resources.
- 8.4.4 The energy price rises will also be impacts for services that commission external service delivery that uses buildings, as the service providers are likely to see an increase in their energy costs. This may result in them facing financial pressures and seeking increased costs from the relevant council departments. Adult Social Care have contracted services of approximately £88m, and it is estimated energy makes up between 2–5% of provider costs, dependent on the type of service. If the providers' energy costs increase in line with forecast increase for the council, this could result in an additional cost of approximately £4.2m, some of which providers may seek to pass on to the council.
- 8.4.5 Adult Social Care providers have yet to approach the council for increases related to energy costs as and when they do these will be dealt in a case-by-case manner with any increase being treated as a one-off increase. Existing market inflation funds will be utilised together with an element of the Market Sustainability and Fair Cost of Care Fund. Additional funding requirements will be sought as when they materialise.

9. Risks and mitigations

9.1. Risks

Cost increases will impact some areas more than others, and also have implications for the council's energy purchasing arrangements.

9.1.1 Leisure centres

9.1.2 Some leisure centres, particularly those with swimming pools, will not be able to significantly reduce their heating costs or close to customers. The leisure centres are already under financial strain due to customer levels being lower than before COVID-19.

9.1.3 Schools

The cost increases may impact how many schools continue to purchase their energy through the council service level agreement (SLA). A very large price increase may lead schools to look elsewhere in 2023/24. If a number of them discontinue with the SLA, this will reduce the council's purchasing volume (currently schools make up 18% of the electricity and 14% of the gas volume). Whilst this drop in volume can be accommodated in the current contracts, it may reduce the council's buying power and will affect the council's ability to move schools over to renewable energy. In addition, if schools opt out of the SLA and enter the market themselves, there is a risk that they could end up on contracts that lead to higher rates in future years, in addition to consultant fees.

9.1.4 Housing

There are risks associated with allowing the heating pool to fall into deficit over any period of time, which will need to be considered and managed appropriately.

9.1.5 While the introduction of heat meters is likely to reduce the energy consumption of communal systems and give residents greater control, it is also likely that this will result in some residents with the lowest incomes having the highest heating costs (those that are at home all day). This may result in vulnerable residents underheating their homes to save money and worsening health conditions that are exacerbated by the cold.

9.2. Mitigations

While the council and affiliated organisations can budget for increased costs and try to reduce potential exposure through the energy purchasing strategy, a direct way to reduce the financial exposure is to reduce energy consumption. Many council and school buildings are not run as efficiently as they could be; heating, lighting and air conditioning systems are left on unnecessarily or are made less efficient by (for example) windows being left open. This means there is the potential to make significant savings, which will offset the price increases to some extent. Some of the mitigation measures will require behaviour change from

facilities managers and staff, which, if made permanent, will reduce the council's future energy demand and costs.

9.3. There are a range of short, medium and long-term measures the council is planning:

9.3.1 Short-term measures

Site managers of council buildings and schools were contacted to inform them of the price rises and the need to tightly manage energy use from 1 April. The communications included a range of suggestions to reduce energy consumption, including avoiding using heating/cooling systems when possible (which will be weather dependent). Given the impact of the price increase on budgets, it has also been recommended that site managers consider temporarily closing or shutting off parts of some buildings, allowing them to shut off both heating and lighting in these areas. Their ability to do this will be dependent on building occupancy levels.

9.3.2 The Energy Services team ran a series of sessions to provide advice for site managers of both council buildings and schools on energy efficiency. The Energy Services team has for many years provided annual reports for larger council buildings, schools and communal heating systems, which set out energy saving proposals for site managers. The most recent reports can be used by site managers for reference. The managers of the largest energy consuming sites (which account for 80% of the council's electricity and gas use) have also been asked to set out specific plans for reducing energy consumption in their buildings.

9.3.3 The Energy Services team are liaising with the Comms team about communications with staff to encourage them to minimise energy use in buildings, and with residents of communally heated estates to encourage them to use less energy.

9.3.4 The Corporate Landlord service is looking at revising building opening times and the possibility of closing floors of some buildings at certain times in order to reduce energy consumption at those sites.

9.3.5 For estates with communal heating systems in which the heating and hot water supplies are separate, heating is operated from 15 September to 24 May. Residents can be very sensitive to changes to their service or the effects of cold snaps outside of the heating season. Therefore, the communal heating team are looking at a number of means to offer services most efficiently and seeking good practice examples used by other landlords, including;

- Closer monitoring of systems to ensure that the optimising systems are working and not overridden following repairs
- Investigating opportunities for increasing levels of sensors in building to more effectively control heating levels in buildings, reducing occurrences of over

- Investigating aligning heating provided more to the meteorological forecasts for greater efficiency
- Piloting a reducing in flow temperatures in a block to see whether this leads to complaints about cold from residents, this could be rolled out further if successful to help manage energy usage

9.3.6 Tenants and leaseholders will need to be consulted on any changes to heating hours, changes to the temperatures at which heating will go off or come on at or a reduction in the number of hours communal lighting is available. Volatility in prices would make consultation with residents more challenging, due to cost estimates for different levels of service being less certain going into the future.

9.3.7 Medium-term measures

Several council buildings have smart meters, which record energy use at half-hour intervals, with the data available to the council via its Systemslink platform. The Energy Services team currently has a project to get smart meters installed on every site (currently around 50% of gas supplies and the 50 largest electricity supplies have smart meters). Installations are carried out for free by SSE, but will need some organising for site access, and in the case of electricity meters, temporarily turning off the site's power supply while the meter is fitted. The Energy Services team are liaising with Corporate Landlord about this.

9.3.8 Site managers will be given access to data for their buildings so that they can monitor their buildings and identify if heating systems or other equipment is being left on at times when the building is not in use. The software also allows for alerts to be set for unusual usage patterns, which will further assist in driving down wasteful energy use.

9.3.9 The borough's streetlighting will continue to be upgraded to LED, with a further £258k budgeted for the next two years.

9.3.10 The council will look for all possible grant funding opportunities to further improve the energy efficiency of the housing stock.

9.3.11 Long-term measures

The council is planning a set of feasibility studies for all corporate buildings with a gas supply to identify how to decarbonise the buildings. These studies will look at all types of potential energy efficiency measures. Once these are completed, they will form the basis of applications to the Public Sector Decarbonisation Scheme for funding to install the measures proposed. The council has already set aside £5.6m of capital funding over the next three years to match fund these works and there has already been a successful bid for works at the WRC and Calshot Community Centre, which will include installing new/additional solar panels. There are also

some other capital works already planned, with solar PV arrays to be installed at four other sites.

- 9.3.12 Feasibility studies have recently been completed for 20 primary schools, which will also form the basis of future PSDS bids. The council has budgeted £4m for these works over the next three years. One successful bid has already been made to the PSDS for New River College.
- 9.3.13 Currently most communally heated properties are unmetered, which does not incentivise energy efficiency. However, individual metering is being rolled out from 2022/23 across some communal blocks, where this is now required under regulation. This is likely to lead to residents being more conscious of energy use, as residents with heat meters will be billed based on heat consumption, rather than paying the flat-rate charge and a possible reduction in gas usage within the communal systems in question.

10. Implications

10.1. Financial Implications

- 10.1.1 The purchase of energy for the 2022/23 financial year will have significant financial implications for the council's general fund, housing revenue account, schools and partners. A range of scenarios have been modelled based upon energy market reactions to the future global situation and different strategies for short or longer purchasing periods, which give a range of total energy prices increase in 2022/23 of between £5.9m to £34.9m compared to the 2021/22 price of £8.2m.
- 10.1.2 The modelled range of energy cost increase for schools is between £1.047m (best case) to £6.049m (worst case) with a mid-case scenario increase of £2.316m. The latest forecast is for school balances to reduce to £5.976m at the end of the 2021/22 financial year, with 14 schools in deficit. A further 13 schools are forecast to have a surplus of less than 5% of their individual school budgets and are therefore particularly vulnerable to increases in costs. It is anticipated that school balances will reduce further in 2022/23 to £3.160m because of energy and other cost pressures. Schools are due to submit ratified budgets for 2022/23 at the end of May where the impact will be better understood. The Council continues to provide support to schools in assessing and managing their cost pressures.
- 10.1.3 There is a forecast pressure on the General Fund of rising and volatile energy prices. This will be managed through in-year efficiencies, management actions and potential use of the council's contingency balance and/or reserves. This will be monitored regularly as part of the in-year monthly monitoring and reporting process. Any ongoing financial implications will be picked up as part of the

council's medium-term budget process.

10.2. Legal Implications

a) By a formal Contract Award decision taken by the Corporate Director for Environment on 12th December 2019 the following three (3) energy contracts were awarded by the council (48-month contracts for the period 1st April 2020 to 31st March 2024):

- Gas – Scottish & Southern Energy
- HH 100KW Electricity – Scottish & Southern Energy
- NHH Sub 100KW Electricity – Scottish & Southern Energy

b) Both the Contract Award Report and the Contract Notice (call for competition) published in the Official Journal of the European Union (OJEU) refer to an estimated total contract value for the three contracts of £32m over the said four-year period (ie 4 years x £8m per annum).

c) This Report identifies certain circumstances which have given rise to unforeseeable energy prices increases and the estimated total contract value over the four-year period has therefore increased from £32m and possibly up to £48m.

d) Regulation 72 (1)(c) of the Public Contracts Regulations 2015 provides as follows:

72.—(1) Contracts and framework agreements may be modified without a new procurement procedure in accordance with this Part in any of the following cases:—

(c) where all of the following conditions are fulfilled:—

(i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;

(ii) the modification does not alter the overall nature of the contract;

(iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement.

e) The increase in the estimated total contract value above £32m and possibly up to £48m is lawful under Regulation 72(1)(c) and will require publication of a Contract Modification Notice on the *Find A Tender* website.

f) Paragraph 16 of the council's Procurement Rules provides:

16.1 The Executive shall:

16.1.1 approve the award or variation of contracts where the value of the contract or variation (to the Council) is estimated to exceed officers delegated authority (in the case of Revenue Spend or Capital Spend)

and

16.2 The Executive may delegate its responsibilities under this Rule 16 to Corporate Directors or the Chief Finance Officer.

- g) Accordingly, the decision to vary these three contracts in relation to the increase in total estimated contract value is a decision for (or as delegated by) the Executive.

10.3. Environmental Implications and contribution to achieving a net zero carbon Islington by 2030

10.3.1 The council switched corporate buildings to a renewable electricity tariff at the start of April 2021 and will switch the GLL Leisure Centres to a renewable tariff from April 2022. The cost increase of doing this was negligible.

10.3.2 The mitigation measures to reduce energy usage identified in this report will have a positive environmental impact, as they will result in reduced carbon emissions. Some of the changes may become permanent, leading to a long-term reductions. However, there is also a risk that in some areas, the increased costs could reduce the funds available to carry out works that will reduce energy consumption.

10.4. Equalities Impact Assessment

10.4.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

10.4.2 An Equalities Impact Assessment is not required in relation to this report, because there are currently no changes to policies, procedures or financial decisions that will directly affect residents. If the HRA proposes to change charging arrangements mid-year, these proposals will go through the resident impact assessment process and be subject to consultation.

11. Conclusion and reasons for recommendations

- 11.1. The council will have increased energy costs this year due to the significantly increased market prices for electricity and gas.
- 11.2. In order to remain compliant with procurement regulations, a contract modification notice needs to be published regarding the increase in value of the energy supply contracts.
- 11.3. Budget mitigation measures were put in place in expectation of increased costs, with additional measures being developed for dealing with the cost increase.
- 11.4. Demand reduction measures are also being implemented to reduce energy consumption and mitigate the cost increases.
- 11.5. Heating and electricity charges for tenants and leaseholders need to be reviewed in order to ensure the HRA can pay the increased energy costs.
- 11.6. The price increases are a particular risk for several areas, as set out in section 9.
- 11.7. The council has some future energy procurement options available to it that may mitigate costs in future.

Appendices:

- Appendix 1 (Procurement Options): Exempt

Final report clearance:

Signed by:



Executive Member for Environment, Air Quality and Transport

Date: 23.5.22

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Legal Implications 10th May 2022

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DECISIONS OF EXECUTIVE - THURSDAY, 1 SEPTEMBER 2022

AGENDA ITEM	SUBJECT	DECISION	ACTION
3	MINUTES OF PREVIOUS MEETING	AGREED.	
4	MONTHLY BUDGET MONITOR, INCLUDING FUNDING ALLOCATIONS AND ADJUSTMENTS TO THE CAPITAL PROGRAMME	<p>AGREED RECOMMENDATIONS</p> <p>Reasons for the decision – to ensure the financial resilience of the Council Other options considered – none Conflicts of interest / dispensations granted – none</p> <p>Link to the report</p>	CDR
5	PROCUREMENT STRATEGY FOR PARKING DEBT RECOVERY SERVICES (CONCESSIONS CONTRACT)	<p>AGREED RECOMMENDATIONS</p> <p>Reasons for the decision – to provide a parking debt recovery service Other options considered – other options included a non-framework approach and in-sourcing Conflicts of interest / dispensations granted – none</p> <p>Link to the report</p>	CDE
6	SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (SEND) TRANSITIONS - REVIEW OF THE CHILDREN'S SERVICES SCRUTINY COMMITTEE	<p>AGREED RECOMMENDATIONS</p> <p>Reasons for the decision – to receive the report of the Children's Services Scrutiny Committee Other options considered – none Conflicts of interest / dispensations granted – none</p> <p>Link to the report</p>	CDCS

AGENDA ITEM	SUBJECT	DECISION	ACTION
7	PROCUREMENT STRATEGY FOR RESIDENTIAL CARE SERVICE FOR OLDER MEN WITH ALCOHOL MISUSE AND MENTAL HEALTH CARE NEEDS	<p>AGREED RECOMMENDATIONS</p> <p>Reasons for the decision – to maintain mental health residential care bed capacity, with alcohol misuse specialism in borough when the current contract comes to an end and deliver better value for money Other options considered – other options included the use of spot contracts, in-house delivery, and collaboration with other boroughs Conflicts of interest / dispensations granted – none</p> <p>Link to the report</p>	DASC
8	MONITORING REPORT - SEPTEMBER 2022	<p>AGREED RECOMMENDATIONS</p> <p>Reasons for the decision – to note the urgent decision taken by officers Other options considered – none Conflicts of interest / dispensations granted – none</p> <p>Link to the report</p>	HoDS&G
9	ENERGY PURCHASING	<p>AGREED RECOMMENDATIONS</p> <p>Reasons for the decision – to achieve a large cost avoidance compared to current market prices. Other options considered – as detailed in the report, two options are available Conflicts of interest / dispensations granted – none</p> <p>Link to the report</p>	CDE

AGENDA ITEM	SUBJECT	DECISION	ACTION
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NB – Any decision not subject to call-in, in accordance with para 67.1 of the Constitution, is indicated with an asterisk (*)

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

**LANDLORD AND TENANT ACT 1985 – SECTION 20ZA
ALL LEASEHOLD PROPERTIES OF THE LONDON BOROUGH OF ISLINGTON**

BETWEEN

**THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF ISLINGTON**

Applicant

-and-

**ALL RESIDENTIAL LONG LEASEHOLDERS
OF THE LONDON BOROUGH OF ISLINGTON**

Respondents

WITNESS STATEMENT OF RICHARD POWELL

I, Richard Powell, will say as follows:

1. I am employed as a Project Manager in the Home Ownership Services Department of the London Borough of Islington. I have been employed in my current role for 4 years and have over 25 years of leasehold management experience.
2. I have management responsibilities for the team within Home Ownership Services that undertake major works consultation, calculation and collection.
3. I make this statement from information within my own knowledge except where it appears otherwise. Insofar as the facts deposed of are within my own knowledge, they are true and insofar as they are not within my knowledge and belief, they are derived from the sources identified herein.
4. I make this statement in support of the Council/Landlord’s application for dispensation under section 20ZA of the Landlord and Tenant Act 1985 in respect of Qualifying Long Term Agreements (“QLTAs”) to be entered into by it for the supply of gas and electricity.

Background

- The Landlord as a local authority landlord is responsible for supplying communal electricity to its residential blocks and estates, for example, for communal lighting and lift electricity and for providing the gas supply to communal heating systems which exist within its residential blocks.

Leaseholder Charges

- Leaseholders pay a proportion of the electricity and gas charges through their annual service charge. Generally, the total cost of electricity for a block/estate is divided by the number of properties within the block/estate. Gas charges are divided by the number of properties that are connected to a communal heating system. The Landlord also takes into account the size of properties to ensure that leaseholders of small flats pay a little bit less while leaseholders of larger flats pay slightly more.
- 8336 leaseholders are charged for communal electricity. This charge only covers electricity costs relating to the communal parts of blocks and estates including communal lighting, door entry systems, fire alarms and lifts. Leaseholders pay energy companies directly for their individual (“domestic”) electricity supply
- 1210 leaseholders are charged for communal heating. The cost covers heating to individual properties and in most cases the supply of hot water.
- 90% of leaseholders’ actual communal electricity charges were under £100 for 2021/22. NB some customers will receive credits or high recharges over £300 – these are mostly cases where the energy company has billed us using estimated meter readings which they’ve later corrected via an actual reading.

£	Bedsit	1 bed	2 beds	3 beds	4 beds	5 beds	6 beds	Total
Credits		21	14	7				42
£0-100	85	2562	2467	2142	405	44	1	7706
£100-200	10	231	300	216	7	5		769
£200-300		23	46	25	13			107
£300-400		7						7
£400-500			4					4
£500-600				1				1
Total	95	2844	2831	2391	425	49	1	8636

Most leaseholders' actual communal heating charges were between £300-400 for 2021/22:

£	Bedsit	1 bed	2 beds	3 beds	4 beds	Total
£100-200	3	44	6	1		54
£200-300	9	122	108	91	1	331
£300-400	4	200	223	200	2	629
£400-500		17	32	82	37	168
£500-600			2	20	4	26
Total	16	383	371	394	44	1208

Relevant Lease Terms

10. A specimen Lease has been provided to the Tribunal and I believe that the service charge provisions are substantially representative of the Right to Buy Leases in the Borough, exhibited at pages **7 to 34** of the attached **Exhibit RP-1**
11. Clause 3 (1) of the Lease requires the tenant to pay the yearly rent and by way of additional rent, the service charge referred to in Clauses 1 and 5.
12. The items to be included in the service charge are set out in Clause 5(3) and include:
 - (3) *A proportion of the expenses and outgoings incurred or to be incurred by the Council of those items set out in the Third Schedule hereto and which comprise-*
 - (i) *the repair maintenance renewal and improvement of the Building and any facilities and amenities appertaining to the Building and the Estate*
 - (ii) *the provision of services for the Building and the Estate (if any)*
 - (iii) *other heads of expenditure*
13. The Third Schedule, Part 1, Building Element includes the following items:
 - (a)(iii) *Providing and maintaining those services supplying gas electricity...*
 - ...(b) *Fuel – (i) The oil electricity or other fuel required for the boilers supplying the heating and domestic hot water system (if any) serving the Building and the electric current for operation the lifts; and (ii) installing or renewing any meters for the supply of heat water or other services.*
 - (c) *Lighting and decoration of common areas. Lighting the lifts (if any) and lighting...the passages landings staircases and other common areas of the Building.*
14. The Third Schedule, Part 2, Estate Element includes the following items:
 - ...(c) *Street lighting Providing lighting to the Estate roads and footpaths (other than any adopted as public highways) and the maintenance.*

(d) Heating systems - The provision and maintenance and renewal of heating systems on the Estate and the cost of the fuel required to provide such heating.

15. Clause 5(3)(e) states that the Tenant shall pay the service charge without any deductions whatsoever within 14 days of the date of the demand.

QLTAs

16. The Landlord's existing agreements for electricity and gas have been terminated and will end on 31 March 2023. The Council has entered into two new agreements for electricity and gas that will start on 1 April 2023 and run for up to two years with an option to terminate after one year. These will constitute Qualifying Long Term Agreements ("QLTAs"). The contracts had to be entered into by the end of September 2022 in order to secure the Council's energy supplies for 2023/24.

Statutory Consultation Requirements from which Dispensation is sought


17. A letter was sent to leaseholders on 04 November 2022 explaining the Landlord would be applying for dispensation from the consultation requirements, pages **34-35** of the attached **Exhibit RP-1**
18. The Landlord has a section on its webpage at where we provide updates in relation to this matter. Leaseholders are aware of this from the letter of 04 November 2022. www.islington.gov.uk/GasElecContractsConsultation
19. Dispensation Application and supporting documents will be uploaded onto the webpage in accordance with the tribunal Directions.
20. The Landlord is unable to comply with the consultation requirements contained in Schedule 2 of the Service Charge (Consultation Requirements) (England) Regulations 2003 (SI 2003/1987, ("the Consultation Regulations") due to the short window of opportunity to secure the best priced contracts for the supply of gas and electricity to the benefit of all leaseholders, the contracts had to be signed by 30 September 2022.

Grounds for Seeking Relief

21. These fuel contracts are unique as they are in relation to services to be provided in a fast moving market and their nature is such that the consultation requirements in this instance do not provide any real value to leaseholders. The cost information is difficult to predict and supplier nominations from tenants and leaseholders are inappropriate.

22. The Landlord's aim to obtain the best value for money for residents and leaseholders and in this instance this conflicts with the Consultation Regulations.
23. The Landlord has applied for dispensation on previous occasions. The responses from leaseholders were generally positive and there was no objection to entering into the contracts.
24. The Landlord proposes to provide updates on the award of contracts and purchases of gas and electricity during the term of the contracts, on its webpage for leaseholders to keep them informed throughout the process.
25. Leaseholders have not been, and will not be, prejudiced in any way. Leaseholders retain the right to challenge the cost of their fuel if they do not consider it to be reasonable and can make an application to the First Tier Tribunal for a determination of their liability.
26. In all the circumstances, in this instance, it is reasonable for the Tribunal to grant a dispensation from the Consultation Regulations.

I believe that the facts stated in this witness statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed: 
.....
Richard Powell

Dated: 07/11/22

FIRST TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

LANDLORD AND TENANT ACT 1985 – SECTION 20ZA
ALL LEASEHOLD PROPERTIES OF THE LONDON BOROUGH OF ISLINGTON

BETWEEN

THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF ISLINGTON

Applicant

-and-

ALL RESIDENTIAL LONG LEASEHOLDERS
OF THE LONDON BOROUGH OF ISLINGTON

Respondents

EXHIBIT RP-1
TO WITNESS STATEMENT OF RICHARD POWELL

Signed: 

Dated: 07.11.2022

ON ESTATE (EST1)

DATED

11th Septembar 1989

THE MAYOR AND BURGESSES OF THE
LONDON BOROUGH OF ISLINGTON

- to -

[REDACTED]

LEASE

-of-

Premises known as [REDACTED]
in the London Borough of Islington

Commencing 25th Decembar 1982
Term of years 125
Expires 24th Decembar 2107
Rent £10 p.a. and Service Charge

June '90.
1728LW/5N.

H. M. LAND REGISTRY

LAND REGISTRATION ACTS 1925 to 1986
THE HOUSING ACT 1985
AND THE HOUSING AND PLANNING ACT 1986



LONDON BOROUGH OF ISLINGTON:

TITLE NO: LN 245431

PROPERTY: [REDACTED]

THIS LEASE is made 11TH day of September
One thousand nine hundred and eighty-Nine.
BETWEEN THE MAYOR AND BURGESSES OF THE LONDON BOROUGH
OF ISLINGTON of the Town Hall Upper Street London N1 2UD
(hereinafter called "the Council" which expression shall
where the context so admits include its successors in title)
of the one part and the person or persons whose names appear
below in Paragraph 1 of the Particulars (hereinafter called
"the Tenant" which expression shall where the context so
admits include his successors in title) of the other part

PARTICULARS

1. The Tenant: [REDACTED]
2. The demised premises [REDACTED]
3. Floors on which the demised premises are situate THIRD AND FOURT FLOORS
4. Address of the Building: [REDACTED]
5. Address of the Estate: [REDACTED]
6. The Valuation:
SIXTY TWO THOUSAND Pounds (£ 62,000)
7. The Discount:
FORTH THREE THOUSAND FOUR HUNDRED Pounds (£ 43,400)
8. The Net Premium:
EIGHTEEN THOUSAND SIX HUNDRED Pounds (£ 18,600)
9. The value of the stamp duty certificate: £ 30,000
10. Term of years: 125
11. Date of commencement of the Term: 25TH December 1982

JY2BLW

W H E R E A S the Council is or may be required under the provisions of the Housing Act 1985 (hereinafter called "the right to buy provisions") to dispose of certain dwellings in the Building mentioned in Paragraph 4 of the Particulars by means of a lease in substantially the form of this lease or as similar thereto as the circumstances will admit or require (hereinafter called "a Right to Buy Lease ")

NOW THIS DEED W I T N E S S E T H as follows (the meanings specified in the above-written Particulars being herein incorporated) -

1. IN consideration of the Valuation discounted to the Net Premium (receipt whereof the Council hereby acknowledges) being the sum which the parties have agreed (or the District Valuer has determined) is the price payable under the right to buy provisions in the exercise by the Tenant (who is or includes a secure tenant within the meaning of that expression as used in the said legislation) of his right to buy and in consideration also of the rents covenants and conditions hereinafter reserved and contained on the part of the Tenant to be observed and performed the Council hereby demises unto the Tenant ALL THAT the demised premises mentioned in Paragraph 2 of the Particulars in the London Borough of Islington being part of the land comprised in the above-numbered title shown edged red on the location plan and red and green on the floor plan annexed hereto (hereinafter called "the Plans") and forming part of the Building mentioned in Paragraph 4 of the Particulars TOGETHER WITH: (1) the garden land (if any) shown edged green on the floor plan; and (2) the easements rights and privileges mentioned in the First Schedule hereto but subject as therein mentioned EXCEPTING AND RESERVING from the said demise unto the Council:

(1) main structural parts of the Building (including the roof and foundations and external parts thereof the external parts of the windows but not the interior faces of such parts of the external walls as bound the demised premises or the rooms therein) and;

(2) the rights mentioned in the Second Schedule hereto TO HOLD the same unto the Tenant for the Term mentioned in paragraph 10 of the Particulars from the commencement date mentioned in paragraph 11 of the Particulars (determinable nevertheless as hereinafter provided) YIELDING AND PAYING therefor during the said term:

(1) the yearly rent of TEN POUNDS (£10.00) payable in advance without any deductions whatsoever on the usual quarter days in each year the first payment apportioned in

respect of the period from the date hereof to the quarter day next hereafter to be paid on the execution hereof

(2) the service charge (hereinafter called "the Service Charge") payable as provided in Clause 5 hereof

(3) By way of further rent from time to time a reasonable sum or sums of money equal to the amount which the Council may expend in effecting or maintaining the insurance of the demised premises and a proportion of the insurance of the remainder of the Building (calculated in accordance with Clause 5(2)(f)(i)) as specified in Clause 7(2) hereof such further rent to be paid without any deduction on the quarter day next ensuing after the said expenditure has been notified in writing to the Tenant and to be recoverable by distress in the same way as rent in arrear

2. IT IS HEREBY DECLARED that the demise hereby granted shall not be deemed to include and shall not operate to convey or demise (except as hereinbefore provided) any ways watercourses sewers drains rights liberties easements or advantages whatsoever in through over or upon any land of the Council adjoining or near to the demised premises or the Building

3. The Tenant with the intent to bind so far as may be the demised premises and all persons who shall for the time being be the owner of any estate or interest in or occupier of the demised premises or any part thereof hereby covenants with the Council as follows:-

(1) To pay the yearly rent and by way of additional rent the Service Charge and the insurance rent referred to in Clauses 5 and 1(3) respectively hereof (hereinafter collectively called "the Rent") on the days and in manner as provided in Clauses 1 and 5 hereof PROVIDED ALWAYS that (without prejudice to the proviso for re-entry hereinafter contained) if the Rent or any other sums due thereunder or any part or parts thereof shall not be paid within fourteen days of any of the days herein appointed for payment (whether the same shall have been legally demanded or not) the Rent or the part or parts thereof unpaid as aforesaid shall bear interest at 4% above the base-rate of the Co-operative Bank plc for the time being in force or such other bank as the Council may from time to time specify such interest to become payable fourteen days from the date payment of the Rent should have been made until actual receipt and to accrue after as well as before any judgment and should such interest payable hereunder be in arrear at any quarter day it shall be treated as an accretion to the Rent and shall itself bear interest at the rate hereinbefore stipulated accordingly and all such interest whether capitalised or not shall be recoverable

by distress or other process of Law

(2) To pay all rates taxes assessments charges impositions and outgoings which may at any time during the said term be assessed charged or imposed upon the demised premises 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 the Building to pay the proper proportion of such rates taxes assessments charges impositions and outgoings attributable to the demised premises

(3)(a) Except as hereinafter provided to be maintained by the Council pursuant to Clause 7(5) hereof from time to time and at all times during the said term to repair maintain cleanse and keep in good and substantial repair all:-

- (1) ceiling plaster or other surface material of the ceilings but not the joists thereof (if any)
- (2) floor boards or other surface material of the floors but not the supporting joists
- (3) the internal non-structural walls and
- (4) the plaster or other surface material of the walls and partitions lying within the demised premises and the doors and door frames fitted in such walls and partitions and
- (5) the plaster or other surface material applied to the interior faces of the external walls and of all the walls which divide the demised premises from any other dwellings in the Building or any parts of the Building used in common by the Tenant and the Council and other occupiers thereof
- (6) the doors and door frames fitted in such walls
- (7) window glass and the internal parts of the windows
- (8) sanitary apparatus and appurtenances installed therein or affixed thereto
- (9) radiators cisterns tanks boilers pipes wires conduits and drains and other things installed for the purposes of supplying or carrying hot and cold water gas and electricity exclusively

to the demised premises

(10) fixtures and fittings in and about the demised premises

(b) And in particular to keep all internal parts of the demised premises in good decorative repair and properly cleansed painted and papered with good quality materials.

(c) Not to waste or permit to be wasted any water on the demised premises and to keep all water pipes tanks boilers and radiators within the demised premises reasonably protected against frost and to be responsible to the Council for all damage caused through the bursting overflowing or stopping up of any pipes and other fittings in or about the demised premises occasioned by the negligence of the Tenant his family servants or visitors or other occupiers of the demised premises

(4) Within three calendar months from the receipt of written notice given by the Council or sooner if requisite to execute all repairs and works for which the Tenant is liable hereunder and required by such notice to be done

(5) To permit the Council by their Borough Valuer (hereinafter called "the Borough Valuer") or other duly authorised officer or other agent between the hours of 8 a.m. and 6 p.m. upon 48 hours prior written notice to enter the demised premise to examine the condition of the same and to take inventories of the fixtures therein and thereupon the Council may serve upon the Tenant notice in writing specifying any repairs necessary to be done as aforesaid

(6) To permit the Borough Valuer or other duly authorised officer or person with or without workmen at any time during the said term between the hours of 8 a.m. and 6 p.m. upon 48 hours prior written notice (except in case of emergency) to enter into and upon the demised premises or any part thereof for the purpose of executing repairs or alterations thereto or in connection with other parts of the Building or any adjoining premises of the Council or to install meters and to lay or install repair maintain rebuild cleanse and keep in order and good condition all sewers drains pipes cables watercourses gutters wires party structures or other drainage or water apparatus in connection with the services provided by the Council the Council or other persons exercising such right (as the case may be) doing no unnecessary damage and making good all damage thereby occasioned to the demised premises

(7) If the Tenant shall default in any of the covenants

hereinbefore contained for or relating to the repair of the interior of the demised premises it shall be lawful for the Council (but without prejudice to the right of re-entry contained in Clause 9 hereof) to enter upon the demised premises and repair the same at the Tenant's expense in accordance with the covenants and provisions of these presents PROVIDED THAT the expense of such repairs shall be a debt due from the Tenant to the Council and be forthwith recoverable by action

(8) To permit any lessee having the benefit of a Right to Buy Lease or any lease granted by the Council for a term of 21 years or more of any other adjoining or contiguous dwelling in the Building with or without workmen at all reasonable times to enter the demised premises upon 48 hours notice in writing for the purpose of executing repairs to or upon the said lessee's dwelling in performance of their respective covenants and so that all such repairs shall be done with despatch and that such lessees of other dwellings shall make good all damage done in executing the said repairs to the demised premises

(9) Not to use or permit or suffer to be used the demised premises or any part thereof other than for residential purposes and subject to the provisions of Clauses 3(11) and 3(15) hereof not to sublet or otherwise part with possession of any part as opposed to the whole of the demised premises without the written consent of the Council such consent not to be unreasonably withheld

(10) On the expiration or determination of the said term peaceably to yield up unto the Council the demised premises in a good and substantial state of repair and condition in accordance with the covenants by the Tenant herein contained together with all additions and improvements thereto and all landlord's fixtures and fittings of every kind now in or upon the demised premises or which during the said term may be affixed or fastened to or upon the same all of which shall at the expiration or determination of the said term be left complete with all parts and appurtenances thereof and in proper working order and condition PROVIDED ALWAYS that the foregoing covenant shall not apply to any articles held by the Tenant on hire nor to any tenant's fixtures or fittings PROVIDED further that the Tenant may from time to time (but only with the previous written consent of the Council and subject to any conditions thereby imposed) substitute for any of the landlord's fixtures and fittings other fixtures and fittings of at least as good a kind and quality as and not less suitable in character nor of less value than those for which they are respectively to be substituted and in any such case the covenant hereinbefore contained shall attach and apply to the things so

substituted

(11) (A) That subject to the provisions of the Housing and Planning Act 1986 if within three years from the date hereof there shall be a disposal as defined in clause 3(11)(B) hereof the Tenant will pay to the Council on demand by way of cash or banker's draft the Discount referred to in Paragraph 7 of the Particulars reduced by one-third of that amount for each complete year which shall elapse between the date of this lease and the date of that disposal PROVIDED NEVERTHELESS that should there be more than one such disposal the Council shall be entitled to demand payment only on the first one

(B) In this clause disposal includes:-

- (i) an assignment of this lease; and
- (ii) the grant of an underlease (other than a mortgage term) for a term of more than 21 years otherwise than at a rack rent PROVIDED THAT it shall be assumed that any option to renew or extend the underlease (whether or not forming part of a series of options) is exercised and that any option to terminate the underlease is not exercised

PROVIDED THAT -

- (i) such disposal may be of the whole or part of the demised premises; and
- (ii) the following do not constitute disposal for the purpose of this clause -
 - (a) where the assignee or each of the assignees (as the case may be) is a qualifying person as hereinafter defined
 - (b) a vesting of the whole of the demised premises in a person taking under a Will or intestacy
 - (c) a vesting of the whole of the demised premises in pursuance of an order under Section 24 of the Matrimonial Causes Act 1973 or Section 2 of the Inheritance (Provision for Family and Dependants) Act 1975;
 - (d) the demised premises are acquired compulsorily or by a person (whether or not the Council) who has made or would have

made a compulsory purchase order
authorising its compulsory purchase for the
purposes for which it is required
(e) the property disposed of is land included in the
demised premises by virtue of Section 184 of the
Housing Act 1985

- (iii) for the purposes of this clause a person is a
qualifying person in relation to the disposal if he
- (a) is the person or one of the persons by whom it is made
 - (b) is the spouse or a former spouse of that
person or one of those persons; or
 - (c) is a member of the family of that person or one of
those persons and has resided with him throughout
the period of twelve months ending with the
disposal
- (iv) for the purposes of this clause a person is a
member of another's family if he is his spouse
parent grandparent child grandchild brother
sister uncle aunt nephew or niece treating -
- (a) any relationship by marriage as a relationship by
by blood
 - (b) any relationship of the half-blood as a
relationship of the whole blood
 - (c) the stepchild of any person as his child
 - (d) any illegitimate child as the legitimate
child of his mother and reputed father, or
 - (e) if they live together as husband and wife

(12) That the liability of the Tenant and his successors
in title under the covenant in (11) above shall be a charge on
the demised premises taking effect as if created by deed
expressed to be by way of legal mortgage and shall have priority
immediately after any legal charge securing any amount advanced
or left outstanding by the Tenant in exercising the right to buy
or advanced to him by one of the bodies specified in Section
156(4) of the Housing Act 1985 for the purpose of enabling him to
exercise it or further advanced to him by that body AND the
parties hereto hereby apply to the Chief Land Registrar to enter
a Notice on the Charges Register of the title of the demised
premises to this effect and a restriction in the Proprietorship
Register of the Title of the demised premises as follows:-

"Except under an Order of the Registrar no disposition by the

proprietor of the land (except a charge made subsequent to the Charge herein created) is to be registered without the consent of the Mayor and Burgesses of the London Borough of Islington"

(13) To be responsible for and to indemnify the Council against all damage occasioned to the demised premises or any other part of the Building or the Estate or any adjacent or neighbouring premises or to any person caused by the act default or negligence of the Tenant or the servants agents licensees or invitees of the Tenant.

(14) Not to do or permit to be done any act or thing by reason or in consequence of which any increased or additional premium may become payable or by virtue of which the insurance of the demised premises and of the Building may become void or voidable.

(15) Upon any assignment hereof or subletting or underletting wholly or in part to obtain at the Tenant's expense and in a form prepared by the Council a direct covenant by the assignee sublessee or underlessee with the Council to observe and perform the covenants and conditions of this Lease and to pay on the execution thereof the Council's reasonable costs in connection with the preparation and completion of such Deed.

(16) Within one month next after any assignment assurance mortgage or charge or devolution of the Tenant's estate or interest in the demised premises to produce to the Council the original or a certified copy of the instrument of such assignment assurance mortgage or charge or devolution and to pay to the Council such reasonable charges in respect of the registration of such transaction in the Council's records as the Council may from time to time stipulate and in any event not less than twenty five pounds.

(17) Not to do or allow to be done or to bring or allow to be brought on to the demised premises or the Building or any part thereof any act matter or thing of a noisy dangerous noxious offensive inflammable or combustible nature or which may be or grow to be a danger nuisance annoyance or disturbance to the Council or to the occupiers for the time being of any of the other dwellings in the Building or to adjoining or neighbouring premises or to the public including for the avoidance of doubt any such act matter or thing which would or might in the reasonable opinion of the Council amount to racial harassment to such occupiers or the public or whereby any insurance of the demised premises or the Building may be vitiated or lessened in value and on receiving notice from the Council or its duly authorised officer of any thing done or brought on to the demised premises or the Building or any part thereof which in the opinion of the Council shall be inconsistent with this covenant forthwith to discontinue or remove the same and to take to the satisfaction of the Council or its duly authorised

officer as aforesaid all steps necessary to prevent any recurrence of the matter or matters mentioned in any such notice

(18) Not without the Council's written consent to use or allow to be used or to bring or allow to be brought on to the demised premises or any part thereof any calor gas paraffin or other inflammable fuel or liquid

(19) At all times during the said term at the Tenant's expense to comply in all respects with the provisions and requirements of any relevant legislation for the time being in force and in particular the Town and Country Planning Acts 1971 to 1974 or any statutory modification or re-enactment thereof for the time being in force and any orders or regulations made under such legislation and all licences consents and conditions granted or imposed thereunder and to produce to the Council on receipt of notice thereof any notice order or proposal therefor made given or issued to the Tenant under or by virtue of such legislation affecting or relating to the demised premises and at the request of the Council to make or join with the Council in making every such objection or representation against the same that the Council shall deem expedient and to indemnify (as well after the expiration of the said term by effluxion of time or otherwise as during its continuance) and keep indemnified the Council against all liability whatsoever in respect of such matters

(20) To pay all expenses (including legal costs and Surveyors' fees) incurred by the Council

(i) incidental to the preparation and service of a Notice under Section 146 or 147 of the Law of Property Act 1925 notwithstanding that forfeiture is avoided otherwise than by relief granted by the Court

(ii) incidental to the preparation and service of all notices and schedules relating to wants of repair of the demised premises whether the same be served during or after the expiration or sooner determination of the term hereby granted

(iii) including the stamp duty on all or any licences and consents or duplicates thereof resulting from any application by the Tenant for any licence or consent of the Council required by this lease including legal costs and such aforementioned surveyors' fees as shall have accrued when any licence or consent

is refused or any application is withdrawn.

(21) Not to make any structural alterations or additions to the Building whatsoever unless authorised by the said Legislation and first having obtained the Council's prior written consent.

(22) Not to erect or cause to be erected to the exterior of the demised premises or the Building any form of television aerial or receiving device and not to exhibit on the exterior of the demised premises or in the windows thereof any nameplate placard or announcement of any description

(23) Not to use the demised premises or any part thereof nor allow the same to be used for any illegal or immoral purpose nor to hold therein any sale by auction

(24) To keep the floors of the demised premises including the passages stairs and landings (if any) thereof substantially covered with suitable material for reasonably minimising the transmission of noise to other dwellings within the Building

(25) Not to do or permit to be done upon or in connection with the demised premises or the Building anything which shall be or tend to be a nuisance annoyance or cause of damage to the Council the tenants of other dwellings in the Building or to any neighbouring adjoining or adjacent property or the owner or occupier thereof

(26) For a period of six months immediately preceding the determination of the said term to permit an inspection at any reasonable time in the day by any person wishing to inspect the demised premises and so authorised by the Council upon an appointment being made for that purpose

4.

THE Tenant with intent to bind so far as may be the demised premises and all persons who shall for the time being be the owner of any estate or interest in or occupier of the demised premises or any part thereof hereby covenants with each and every lessee of any other dwelling forming part of the Building demised by virtue of a Right to Buy Lease or any lease granted by the Council for a term of 21 years or more for the benefit and protection of the dwelling respectively vested in such Right to Buy lessee and each and every part thereof from time to time and at all times to observe and perform the covenants and conditions on his part in Clause 3(3) (4) (8) (9) (10) (13) (14) (15) (17) (18) (19) (21) (22) (23) (24) (25) and (26) hereof

JY2BLW

5. THE Service Charge referred to in Clauses 1 and 3(1) shall consist of (so far as permitted by the Landlord & Tenant Acts 1985 and 1987 and the Housing Act 1985 as amended by the Housing and Planning Act 1986):

- (1) Expenses which relate solely to the demised premises and referred to in Clause 5(2)(e)(ii) hereof; and
- (2) A proportion of the expenses and outgoings incurred or to be incurred by the Council of those items set out in the Third Schedule hereto and which comprise -
 - (i) the repair maintenance renewal and improvement of the Building and any facilities and amenities appertaining to the Building and the Estate
 - (ii) the provision of services for the Building and the Estate (if any)
 - (iii) other heads of expenditure;

PROVIDED THAT such expenses and outgoings may include expenses and outgoings incurred prior to the grant hereof SAVE THAT SUBJECT to the following :

- (a) The amount of the Service Charge shall be ascertained on an annual basis in accordance with sub-clause (f) hereof and certified by a certificate (hereinafter called "the Certificate") signed by the Council's Director of Finance or some other duly authorised officer (at the discretion of the Council) acting as an expert and not as an arbitrator in manner hereinafter mentioned
- (b) The Council's current financial year (hereinafter referred to as "the Financial Year") shall mean the period from the First day of April in the year preceding the issue of the Certificate to the Thirty-first day of March of the next year or such other period of accounting as the Council may from time to time determine
- (c) The Certificate shall contain a summary of the Council's expenses and outgoings incurred or to be incurred during the Financial Year to which it relates together with the relevant details and figures forming the basis of the Service Charge due credit being given therein for all payments made by the Tenant in accordance with Clause 5(2) hereof in respect of the said year and upon

furnishing such Certificate showing such adjustment as may be appropriate the Tenant shall pay to the Council the amount of the Service Charge as aforesaid or any balance found to be payable or the Council shall allow to the Tenant any amount which the Tenant may have overpaid as the case may require

(d) The Council shall supply a copy of the Certificate for each Financial Year to the Tenant within six months from the end of the Financial Year to which the Certificate relates or as soon as practicable thereafter PROVIDED THAT so often as the Council is requested under Section 21 of the Landlord and Tenant Act 1985 to supply information about the expenditure on services or the Service Charge compliance with that request shall be deemed to fulfil the duty hereunder of the Council to supply any information or accounts relating to the same period

(e) The Tenant shall pay the Service Charge without any deductions whatsoever within 14 days of receipt of the Certificate PROVIDED ALWAYS THAT

(i) the Tenant shall if the Council so requires pay to the Council on each quarter day such sum in advance and on account of the Service Charge as the Council shall specify to be a fair and reasonable interim payment which sum shall not exceed one quarter of the Council's estimate of the likely amount of the Service Charge for that particular Financial Year

(ii) Any expenditure other than insurance under Clause 7(2) hereof which both relates solely to the demised premises and is of a non-recurring nature shall be reimbursed by the Tenant on the quarter day next after such expenditure has been incurred by the Council.

(iii) In the event of the Council giving notice under sub-clause 5(2)(g) hereof the Tenant shall pay the amount of any payments thereunder in advance or in arrear or annually or on any of the usual quarter days or otherwise at the absolute discretion of the Council

(f) The annual amount of the Service Charge payable by the Tenant as aforesaid shall be calculated as follows:-

(i) by dividing the aggregate of the expenses and outgoings incurred or to be incurred by the Council in respect of the matters set out in Part 1 of the Third Schedule hereto in the year to which the Certificate relates by the aggregate of the rateable value (in force at the end of such year) of all the dwellings and other rateable parts in the Building the repair maintenance renewal or servicing whereof is charged in such calculation as aforesaid and then multiplying the resultant amount by the rateable value (in force at the same date) of the demised premises (hereinafter called "the building element")

(ii) by dividing the aggregate of the expenses and outgoings incurred or to be incurred by the Council in respect of the matters set out in Part 2 of the Third Schedule hereto in the year to which the Certificate relates by the aggregate of the rateable value (in force at the end of such year) of all the residential units on the Estate and then multiplying the resultant amount by the rateable value (in force at the same date) of the demised premises (hereinafter called "the estate element")

(iii) a fair and reasonable proportion of the expenses incurred or to be incurred by the Council in connection with the matters set out in Part 3 of the Third Schedule in the year to which the Certificate relates (hereinafter called "the management element")

(iv) by adding together the building element the estate element (if any) and the management element to any expenditure incurred under Clause 5(2)(e)(ii) hereof

PROVIDED ALWAYS :

(A) that the Council shall have the right at any time fairly and reasonably to substitute a different method of calculating the Service Charge attributable to the dwellings in the Building; and

(B) that in the event of the abolition or disuse of rateable values for property the reference herein to the rateable value shall be substituted by a reference to the floor areas of all the dwellings in the Building and on the Estate (excluding any areas and lifts (if any))

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used in common) and calculated accordingly

(g) (i) If the Council in its absolute discretion creates a reserve fund to make provision for any items of expenditure on services of a recurring or non-recurring nature it shall where such provision is commenced after the date hereof if requested inform the Tenant of the items for which it is making provision the amount of that provision and how that amount is calculated

(ii) The total of such provision in any Financial Year shall be deemed to constitute part of the expenditure on services under Clause 5(2)(c) hereof

(iii) The reserve fund so created shall be held by the Council on trust for the lessees of the Building or the Estate as appropriate for the time being and shall be deposited in a bank chosen by the Council at interest which shall be accumulated and added to the reserve fund

(iv) Upon the Council incurring expenditure on any item for which provision has been made it shall withdraw the appropriate sum from the reserve fund and credit the amount withdrawn against the expenditure on services for that Financial Year

(v) On any assignment subletting or transfer of this Lease or on the determination (other than by expiry of the term hereby demised together with any agreed or statutory extension) thereof the Tenant shall not be entitled to any part of the reserve fund PROVIDED THAT if by reason of any of the risks insured against by the Council under Clause 7(2) hereof the Building is destroyed or so damaged that at least three-quarters of it is incapable of use for at least two years the reserve fund shall be distributed to the then lessees who have contributed to the reserve fund of all or any part of the Building in the proportions of their respective liabilities for the Service Charge

(vi) The Council shall not prior to the signature of the Certificate be entitled to re-enter under the provisions in that behalf contained in Clause 9 hereof by reason only of non-payment by the Tenant of the Service Charge or any part thereof PROVIDED THAT nothing herein contained shall preclude the Council from maintaining an action.

against the Tenant in respect of non-payment of the Service Charge or any part thereof as aforesaid notwithstanding that the Certificate had not been signed at the time of the proceedings subject nevertheless to proof in such proceedings by the Council that the amount of the Service Charge or any part thereof or interim payment demanded and unpaid is of a fair and reasonable amount in accordance with the clauses hereinbefore contained

- (3) (i) Any expenses or outgoings (or proportions thereof) recoverable under this Clause may include expenses or outgoings expended paid or incurred by the Council during a period preceding the commencement of the term hereby granted

PROVIDED THAT no such amounts (or proportions thereof) shall be recoverable in relation to such works of repair to the Building as in the Council's opinion were within its obligations under the former tenancy, and necessary for the proper use and enjoyment of the demised premises for the period of the former tenancy, and the costs of such works of repair to the demised premises as in the Council's opinion were within its obligations under the former tenancy being in each case works undertaken by the Council between the date as at which this grant was valued and the date hereof.

(ii) For the purposes of this Clause "former tenancy" means the tenancy or tenancies which subsisted between the date as at which this grant was valued and the date hereof.

6. IT IS HEREBY DECLARED that each of the aforesaid covenants shall remain in full force both at Law and in Equity notwithstanding that the Council shall have waived or released temporarily or permanently revocably or irrevocably or otherwise howsoever a similar covenant or covenants affecting other tenants in the Building or the Estate or adjoining or neighbouring premises for the time being belonging to the Council

7. THE Council HEREBY COVENANTS with the Tenant :

(1) That the Tenant paying the Rent and observing and keeping the several covenants and agreements by the Tenant herein contained may peaceably hold and enjoy the demised premises during the said term without interruption by the Council or any person lawfully claiming through under or in trust for the Council

(2) At all times during the term (except only such times if any as such insurance may be avoided by the act or omission of the Tenant)

(a) to insure the demised premises in the joint names of the Council and the Tenant in the full reinstatement value thereof against loss or damage by fire tempest flood or such other risks which the Tenant and the Council may hereafter agree; and
(b) to keep the remainder of the Building and the Council's fixtures and fittings therein (if any) insured against loss or damage by fire and such other risks as the Council considers applicable;

and in either case such value (including Architects and Surveyors fees and two years loss of rent and service charge) to be conclusively determined by the Council who shall if requested by the Tenant make available for inspection by the Tenant the policy or a suitable abstract thereof

(3) If the demised premises or the Building or any part thereof is destroyed or damaged by fire tempest flood or other cause against the risk of which it is normal practice to insure to rebuild or reinstate the Building or any part thereof so destroyed or damaged and to lay out with all convenient speed any policy moneys which may be received in respect of such destruction or damage in the rebuilding or reinstatement of the Building or any part thereof which has been so destroyed or damaged PROVIDED ALWAYS that if the Building or any part thereof which has been so destroyed or damaged shall not be rebuilt or reinstated for any reason such policy moneys shall belong to the Council and to the Tenant in the proportion which the values of their respective interest in the demised premises and the Building bear to one another

(4) If the demised premises or any part thereof shall at any time during the demise be destroyed or damaged by fire or other risk against which the Council shall have insured so as to be unfit for use and the insurance shall not have been vitiated or payment of the policy moneys refused in whole or in part in consequence of any act or default of the Tenant his family servants and agents or other the person in whom the term hereby granted shall for the time being be vested the Rent or a fair proportion thereof according to the nature and extent of the damage sustained shall be suspended either for the period

(a) until the demised premises shall again be rendered fit for use or

(b) until the expiration of such period after the date of such damage or destruction during which the Council shall receive insurance money equivalent to the Rent (whichever of the said periods shall be the shorter)

PROVIDED THAT in no circumstances shall such Rent suspension exceed two years

(5) Subject to Clauses 3(3) and 8 hereof to repair clean improve redecorate and keep in good repair order and condition:

(a) The structure of the Building and in particular the exterior and interior walls for which the Tenant is not liable under Clause 3(3) hereof and the roofs foundations timbers joists beams chimney stacks gutters and rainwater and soil pipes thereof and the external parts of the windows

(b) The sewers drains channels watercourses gas and water pipes electric cables and wires and supply lines in under and upon the Building and the Estate enjoyed or used by the Tenant in common with the lessees or occupiers of the other dwellings in the Building

(c) the boilers and heating and hot water apparatus (if any) serving the Building save and except heating and hot water apparatus (if any) as may be now or hereafter installed in the demised premises serving exclusively the demised premises and not comprising part of a general heating system serving any other part of the Building

(d) the lifts and lift shafts and machinery (if any) and the passages landings and staircases and other parts of the Building enjoyed or used by the Tenant or available for use by the Tenant in common with others

(e) the boundary walls and fences of and in the curtilage of the Building

(6) Subject always as provided in Clauses 3(3) and 8 hereof so far as reasonably practicable and where such services are provided by the Council and to which the Tenant is liable to contribute by way of Service Charge

(a) to keep clean and reasonably lighted the passages landings staircases and other parts of the Building enjoyed or used by the Tenant in common

with others

(b) to tend keep clean and tidy and generally to maintain the gardens forecourt footpaths and roadways used in connection with the Building and the Estate

(c) to maintain any other improvements or services which the Council may from time to time provide for the benefit of the Building and the Estate and which the Tenant enjoys in common with other occupiers of the Estate PROVIDED ALWAYS that nothing in this sub-clause shall operate to prevent the Council from providing additional improvements facilities and services or reasonably withdrawing or amending any such services or facilities at any time

(7) that the Council will require every person to whom the Council shall hereafter grant a lease for a term of not less than 21 years of any of the dwellings in the Building or any of them so far as reasonably practicable to enter into covenants conditions restrictions and agreements similar to those herein contained or as similar thereto as the circumstances will admit or require

(8) that if so requested by the Tenant the Council will take reasonable steps to enforce any covenants to which Clause 4 hereof applies against any other lessee of any part of the Building whose interest arises by virtue of a Right to Buy Lease subject to the Tenant indemnifying the Council against all costs and expenses in respect of such enforcement and providing for the Council such security in respect of costs and expenses as the Council may reasonably require

8. NOTWITHSTANDING anything herein contained the Council shall not be liable to the Tenant nor shall the Tenant have any claim against the Council in respect of any interruption in any of the services set out in Clause 7(5) and (6) and in the Third Schedule hereto by reason of necessary repair improvement or maintenance of any installations or apparatus or damage thereto or destruction thereof by fire water act of God or other cause beyond the Council's control or by reason of mechanical or other defect or breakdown or frost or other inclement conditions or vandalism or labour disputes (whether or not with the Council) or industrial action or unavoidable shortage of fuel materials water or labour or anything covered by insurance.

9. PROVIDED ALWAYS and these presents are upon this express condition that if and whenever the Rent or any part thereof shall be unpaid for fourteen days after any

of the days hereinbefore appointed for payment thereof whether the same shall have been legally demanded or not or if and whenever the Tenant shall not in all things well and truly observe perform fulfil keep and carry out all and singular the covenants and agreements by the Tenant herein contained (except that in Clause 3(12)) then subject to Clause 5(2)(iii)(g) hereof it shall be lawful for the Council to re-enter into the demised premises or into any part thereof in the name of the whole and the same to have again re-possess and enjoy as in its former estate as if this Lease had not been made and thereupon this demise shall absolutely determine but without prejudice to any right of action or remedy of the Council in respect of any breach of any of the Tenant's covenants and agreements herein contained

10. PROVIDED FURTHER and it is hereby agreed and declared as follows:

- (1) Any demand for payment or notice requiring to be made upon or given to the Tenant shall be well and sufficiently made or given if made by an authorised officer of the Council and sent by post addressed to the Tenant at the demised premises or left for the Tenant at the demised premises
- (2) Any notice requiring to be given to the Council (not including their assigns) shall be well and sufficiently given if sent by the Tenant by post addressed to the Deputy Chief Executive Solicitor to the Council at the Town Hall Upper Street London N1 2UD or left for the Deputy Chief Executive at the said Town Hall
- (3) This Lease is granted by the Council as freeholders of the Building and nothing herein contained shall be deemed to affect the powers authorities and rights of the Council as a local authority or as owners of any other property
- (4) In this Lease except where the context does not apply the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa and where there is more than one Tenant all the conditions and obligations entered into by such persons shall be joint and several
- (5) Reference to any statute shall include reference to the same as from time to time amended and to any re-enactment modification or replacement thereof.
- (6) It is hereby certified that the transaction hereby effected does not form part of a larger transaction or of a series of transactions in respect of which the amount

or value or the aggregate amount or value of the consideration (other than as to rent) exceeds the sum specified in Paragraph 9 of the Particulars.

I N W I T N E S S whereof the Council 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 FIRST SCHEDULE

Easements rights and privileges included in this demise

1. Free and uninterrupted passage and running of water and soil gas and electricity from and to the demised premises through the sewers drains channels ducts watercourses cables pipes wires and heating systems and television aerials which now are or may at any time during the term hereby created be in on under or pass through the Building or any part thereof
2. Support and protection for the benefit of the demised premises as now enjoyed from the other parts of the Building
3. The right at all reasonable times with or without workmen upon 48 hours notice in writing to enter the adjoining or contiguous dwellings of any other lessee having the benefit of a Right to Buy lease or any lease granted by the Council for a term of 21 years or more either with a similar covenant as herein contained or granted subsequent to the date of this demise in the Building and the parts of the Building used in common by the occupiers thereof for the purpose of executing repairs to or upon the demised premises in performance of the covenants on the part of the Tenant hereinafter contained and so that all such repairs shall be done with despatch and that the Tenant shall make good all damage in carrying out such repairs to the other dwellings and to the said parts used in common
4. Subject to reasonable regulations made by the Council from time to time liberty for the Tenant and all persons authorised by him (in common with all others entitled to the like right) at all times by day or by night on foot only to go pass and repass over and along the main entrance (if any) of the Building and the common passages landings and staircases thereof and to use (if any of the following exist and are necessary for the full enjoyment of the demised premises by the Tenant) the lifts therein the gardens dustbin area and dustbin hoppers forecourts roadways and pathways in the curtilage thereof where applicable edged blue on the Plans PROVIDED nevertheless

that the Tenant shall not cause or authorise or permit the obstruction of any common parts of the Building or authorise the user thereof by tradesmen of the lifts for the carrying of goods

5. The right of way in common with the Council and others having a like right for the Tenant and all persons authorised by the Tenant with or without vehicles over the Estate roads and on foot only over the Estate footpaths

6. The right to such services and facilities in the Building and on the Estate as are at present enjoyed or may hereafter be enjoyed by the Tenant or other occupiers of the Estate in common PROVIDED ALWAYS that nothing in this sub-clause shall operate to prevent the Council from providing additional improvements facilities and services or reasonably withdrawing or amending any such services or facilities at any time

7. The right to enforce the like covenants as are contained herein against the lessee for the time being of any other dwelling in the Building demised by virtue of a Right to Buy Lease or other lease by the Council for 21 years or more

THE SECOND SCHEDULE

Exceptions and Reservations

1. Free passage and running of water and soil in and through the sewers drains and channels made or to be made upon through or under the demised premises and free and uninterrupted use of all gas electric telephone water and other pipes wires cables heating systems television aerials and flues upon through or under the demised premises

2. All rights of light air and other easements and rights (but without prejudice to those expressly hereinbefore granted to the Tenant) now or hereafter belonging to or enjoyed by the Building from or over any adjacent or neighbouring land or building

3. The right to build or rebuild or alter any adjacent or neighbouring land or building now or hereafter belonging to the Council whether in possession or in reversion (and not hereby demised) at any time for any purpose in any manner and to let the same for any purpose whatsoever notwithstanding that access of light and air to the Building may be obstructed or interfered with or any other liberty easements rights or advantage belonging to or enjoyed by the Tenant is thereby diminished or

prejudicially affected

4. The right for the Council and its duly authorised servants or agents with or without workmen and others upon giving forty eight hours prior notice in writing (except in the case of emergency) at all reasonable times to enter the demised premises for the purposes of carrying out its obligations under Clause 7 hereof
5. Support and protection for the benefit of the other parts of the Building as now enjoyed from the demised premises
6. The right for the Council and its duly authorised servants or agents with or without workmen and others upon giving forty eight hours prior notice in writing to instal and maintain in or upon the Building meters and television receiving aerials electric entry systems (if any) or similar apparatus including self-locking doors to the main entrances and passages of the Building or any other facilities and services to be used in common by occupiers of the Building
7. The right from time to time for the Council or its duly authorised officers or agents with or without workmen to provide additional facilities and services to be used in common by occupiers of the Building or to reasonably alter divert stop-up or otherwise interfere with any rights specified in the First Schedule hereto provided that reasonable alternative rights are or will be made available by the Council

THIRD SCHEDULE

Services where provided and Council's expenses and outgoings in connection with such services of which the Tenant is to pay a proportionate part by way of service charge

PART 1 - BUILDING ELEMENT

- | | |
|---|--|
| (a) Repairs, maintenance, improvements and redecorating | (i) Maintaining redecorating and renewing amending and improving cleaning and re-pointing painting graining varnishing whitening or colouring the Building including the drains gutters and external pipes and all parts thereof more particularly described in Clause |
|---|--|

7(5) and (6) hereof Together with any other works necessary in order to keep the Building in good and tenantable repair and condition and to keep any door portorage scheme (if any) in operation

(ii) Periodically inspecting main-
taining overhauling improving
repairing and where nec-
essary replacing the whole
or any part of the heating
and domestic hot water
system (if any) serving the
Building and the lifts
lift shafts and machinery
therein

(iii) Providing and maintaining
those services supplying
gas electricity water and
television aerials etc.

(b) Fuel -

(i) The oil electricity or
other fuel required for the
boiler or boilers supplying
the heating and domestic
hot water system (if any)
serving the Building and
the electric current for
operating the lifts; and

(ii) installing or renewing any
meters for the supply of
heat water or other services

(c) Lighting and decoration
of common areas

Lighting the lifts (if any) and
lighting decorating and providing
suitable floor covering to the
passages landings and staircases
and other common areas of the
Building

(d) Refuse disposal

Running maintaining repairing and
renewing the common refuse disposal
system (if any)

(e) Cleaning and Caretaker
services

The provision of caretaker services
and portorage (if any) relating
solely to the Building and the cost
of cleaning any parts of the Building
used by the Tenant in common with

others not otherwise specifically referred to in this Schedule and keeping in good repair and condition

(f) Rectification of defects and carrying out other works of which estimates have been given

(i) Structural defects of which notice has been served on the Tenant prior to the date hereof pursuant to paragraph 18 of Schedule 6 of the Housing Act 1985 (as amended by Section 4(5) of the Housing and Planning Act 1986).

(ii) Carrying out works of which estimates have been given (if any) with the offer notice served on the Tenant under Section 125 of the Housing Act 1985 so far as such works are not included under any other head hereunder.

(iii) all subsequently discovered structural defects other than those discovered within five years of the period mentioned in Section 125 of the Housing Act 1985 as amended by Section 4(2) of the Housing & Planning Act 1986.

(iv) insurance in respect of such defects which the Council is not by statute precluded from charging the Tenant.

(g) Other services improvements or facilities

Any other services improvements or facilities from time to time provided by the Council for the Building which the Tenant enjoys in common with other occupiers thereof

(h) Improvements

All improvements including improved equipment reasonably deemed by the Council to be necessary or desirable for the Building and/or the demised premises.

PART 2 - ESTATE ELEMENT

- (a) Upkeep of gardens etc. The upkeep of the gardens forecourts roadways and pathways (other than any adopted as public highways).
- (b) Amenity Areas Maintenance of amenity areas including laundry room, drying areas and play areas and the supervision thereof
- (c) Street lighting Providing lighting to the Estate roads and footpaths (other than any adopted as public highways) and the maintenance
- (d) Heating systems The provision and maintenance and renewal of heating systems on the Estate and the cost of the fuel required to provide such heating
- (e) Caretaking services The provision of caretaker services and portorage (if any) and the expense of maintaining redecorating and renewing amending cleaning and painting caretaker accommodation
- (f) Other services improvements or facilities Any other services improvements or facilities provided by the Council from time to time for the Estate which the Tenant enjoys in common with other occupiers
- (g) Improvements All improvements including improved equipment reasonably deemed by the Council to be necessary or desirable for the Estate.

PART 3 - MANAGEMENT ELEMENT

- (a) Collection of rent and Service Charges The administrative and other costs incurred by the Council in the collection of the rents and service charges of the dwellings in the Building (except those let on periodic tenancies)
- (b) Cost of providing annual certificate The administrative and other costs incurred in calculating and providing the annual Certificate and of accounts kept and audits made for the purpose thereof.

(c) General Management costs

Supervision and management of the Building and the Estate including liaison with technical staff within or without the Council concerning repairs maintenance renewals and decorations and all other matters referred to in this Schedule

SIGNED SEALED AND DELIVERED)
by the said THOMAS PATRICK)
PARSONS in the presence of)

Witness Name:
address:

occupation:

SIGNED SEALED AND DELIVERED)
by the said JEAN PATRICIA)
PARSONS in the presence of)

Witness name:
address:

occupation:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



04 November 2022

Home Ownership Services
222 Upper Street, London N1 1XR

T: 020 7527 8415
E: homeownership@islington.gov.uk
W: www.islington.gov.uk

Name
Address
Address
Address
Address
Postcode

Property ref:

Our reference: DIS-APP

Dear Name

Re: PROPERTY NAME

Have your say: We have changed energy supplier from March 2023 to reduce the impact of rising energy costs

Islington Council is responsible for providing communal electricity to your block and/or estate, and for providing the gas supply to some district heating systems. The costs for these are included in your annual service charge.

We are writing to let you know that from 31 March 2023 we are ending our current agreements with SSE, our gas and electricity supplier, and we have entered into new arrangements with Laser. We have acted quickly to reduce the impact of rising energy costs for all residents.

We are letting leaseholders know because in order to act fast, we were unable to hold the usual Section 20 leaseholder consultation. This means we now need to apply to the First Tier Tribunal (The Tribunal) for dispensation. Islington Council will get dispensation if the tribunal agrees that it was acceptable for us to have taken this action without a Section 20 consultation. In 2015 and 2019 we successfully applied for a dispensation after changing gas and electricity suppliers.

All leaseholders are welcome to read our application to the Tribunal and to make comments before **28 November 2022**.

You can view our application , the Tribunal directions, and documents at www.islington.gov.uk/GasElecContractsConsultation

There is information about our strategy for procuring energy, our rationale for changing suppliers to save residents' money, and information about how to submit a comment to the tribunal. New documents may be uploaded as the application progresses. The Tribunal's final decision will be upload on or shortly after **23 January 2023**.

If you would like paper copies of the tribunal application and other documents, or if you require this information in an alternative format, email Richard.Powell@islington.gov.uk or telephone Richard on 020 7527 8415 or write at the address shown above. Please also get in touch if you have any questions.

Yours sincerely.

A handwritten signature in black ink, appearing to read 'R. Powell'.

Richard Powell
Project Manager

11851



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

Case reference : LON/OOBJ/LDC/2016/0051

Applicant : London Borough of Wandsworth

Representative : Ms E Dring of Counsel
Instructed by Sharp Pritchard,
Solicitors and Parliamentary Agents

Respondents : Leaseholder owners of 14,082 properties

Representative : None

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

Tribunal members : Judge J E Guest
Mr F Coffey FRICS
Mr A Ring

Date of hearing : 25/08/2016

Place of hearing : 10 Alfred Place, London WC1E 7LR

Date of decision : 07/09/2016

DECISION

The Tribunal dispenses with the requirement to consult under section 20ZA of the Landlord and Tenant Act 1985 in relation to the renewal of the agreement with LASER for a four year period with effect from 01/10/2016.

The application

1. On 24/05/2016, the Applicant made an application under section 20ZA of the Landlord and Tenant Act 1985 for dispensation from the consultation requirements in relation to an intended renewal of an agreement with an organisation called LASER (Local Authority South East Region) for the supply gas and electricity for 4 year period from 01/10/2016. A witness statement dated 24/05/2016 by the Applicant's Head of the Design Service, Hussein El Bahrawy, was filed in support of the application.
2. The Applicant had previously made applications under section 20ZA in relation to earlier agreements with LASER that were granted by the Tribunal on 02/06/2009 (in relation to gas only), in June 2010 (electricity only) and on 22/08/2012 (gas and electricity).
3. The current application was first considered by the Tribunal on 14/06/2016 when directions were made. In compliance with those directions, the Applicant: (a) notified all leaseholders of the application by way of a letter dated 17/06/2016 (with a further letter dated 27/06/2016 stating that copies of the application and supporting documents would be provided on request); (b) produced the documents on its website and (c) held four separate public meetings (during the day and in the evenings at Battersea Library and the Town Hall). A witness statement dated 18/07/2016 by the Applicant's Leasehold Services Manager, Elizabeth Parrette, set out the steps taken by the Applicant to notify leaseholders of the application and the responses received.

The leaseholders' responses

4. A relatively small number of leaseholders objected to the application. Mr A Mil wrote a statement on 06/07/2016 stating that the dispensation was "not a democratic means of addressing the matter". Ms H Shroot wrote a statement on 08/07/2016 in which she said, amongst other things, that the consultation requirements were "safer for the tenants and show best value for money". Ms J Poczna jlo signed a statement on 07/07/2016 exhibiting her service charge statements for the period from 2010/11 to 2015/16 and expressing concern that electricity costs were increasing (£25.09 for 2010/11 to an estimated £49.00 for 2015/16).
5. Mr M Tyler attended one of the public meetings and he completed a response form on 08/07/2016 indicating that he opposed the application. He later provided a statement in a telephone call with the Applicant's solicitor on 24/08/2016, which he subsequently amended in a further telephone call on the day of the hearing.
6. A total of 13 response forms were completed at the meetings and exhibited to the witness statement of Ms Parrette. Another two forms were received directly by the Tribunal. Other than Mr Tyler, no leaseholder requested an oral hearing.

7. On 27/07/2016, the Tribunal made further directions. Directions were made for an oral hearing as Mr Tyler requested this. The Tribunal also directed that the Applicant provide evidence to compare the cost of gas and electricity under the LASER agreement to the costs if purchased directly from the energy suppliers. This was because the Applicant's Mr R Holt indicated that a monitoring exercise would be carried out when the Tribunal granted the first application in 2009. A witness statement dated 08/08/2016 by Ian Almeida, the Applicant's Project Officer (Energy Management) was submitted in response to this direction. This stated that Mr Holt had retired in March 2016 and, for various reasons, the Applicant was unable to provide details of any monitoring exercise, although some comparative evidence was provided.

The hearing

8. An oral hearing was held on 25/08/2016. Counsel, Ms E Dring, represented the Applicant. Mr El Bahrawy and Mr Almeida both gave oral evidence. Ms Parrette did not attend (the Tribunal having listed the hearing on a date that the Applicant had specifically requested be avoided) so Mr P Dwyer, the Applicant's Leasehold and Procurement Manager, also gave oral evidence.
9. The Tribunal heard that the agreement enables the Applicant - in conjunction with 39 other local authorities - to bulk buy gas and electricity through LASER. The Applicant prefers this method of procurement as it considers that this results in a saving. The Tribunal was informed that LASER is an expert body that in essence 'plays the market' to obtain what is, on the available evidence, the best wholesale price. LASER bulk buys energy when it appears that the market is offering the best deal and, as offers can change very quickly (even hourly), it is not possible for the Applicant to consult with leaseholders.
10. The Applicant produced documentary evidence that the gas costs obtained by the Applicant during the period October 2009 to January 2012 were cheaper when compared with 'Big Six' domestic energy suppliers. The Applicant's Finance report for 2010/11 stated that there was a 10-15% saving for gas and electricity, the Finance Report for 2011/12 stated that there was a saving of 6-7% against the benchmark price and the Report for 2012/13 referred to a saving of 3-4.8% against the average market price. Information provided to the Applicant by LASER showed an average saving of 29% for gas and 13% for electricity against the rates published by the former Department of Energy and Climate Change (DECC). The Applicant also produced evidence regarding the actual charges for the period October 2015 to October 2016 against DECC's published rates, which showed a saving of 41.8% for gas and 19.4% for electricity. Although required by the directions made on 27/07/2016, the Tribunal accepted that comparisons with the domestic market were not appropriate, as the Applicant is unable to purchase gas and electricity on anything other than a commercial basis.
11. Mr Almeida told the Tribunal that he was present at the meetings when forms were completed by 13 leaseholders. Mr Almeida explained that the

- leaseholders thought that they were consenting to the application, rather than opposing it.
12. The Applicant did not address Ms Poczynajlo's concerns in its written evidence, but Mr Dwyer said in his oral evidence that the increases in her electricity charges may be for reasons unrelated to the method of procurement. Mr Dwyer gave examples, such as a service charge year including only 3 quarterly bills and another including 5 quarterly bills, an increase in usage and an increase in facilities.
 13. Mr Tyler attended the hearing at the conclusion of the Applicant's oral evidence. Mr Tyler made oral submissions to the Tribunal. Mr Tyler appeared to accept that it was very difficult for the Applicant to consult on arrangement with LASER.

The law

14. Section 20ZA(2) of the 1985 defines a 'qualifying long term agreement' as an agreement entered into by a landlord for a term of more than 12 months.
15. Under section 20(1), the service charge a landlord can recover under such an agreement is limited unless the landlord has complied with the consultation requirements set out in Schedule 2 of the Service Charges (Consultation Requirements)(England) Regulations 2003.
16. A landlord may make an application under section 20ZA(1) to dispense with some or all of the consultation requirements and the Tribunal may make the determination if satisfied that it is reasonable.
17. The Supreme Court decision in *Daejan Investments Ltd v Benson and others [2013] UKSC 14* is the leading authority on dispensation and further guidance was given by the Upper Tribunal in the case of *OM Property Management Limited [2014] UKUT 0009*. In summary, the burden rests on a leaseholder to establish the existence of real prejudice resulting from the landlord's failure to comply with the consultation requirements and, if such a prejudice has been suffered, the landlord may be required to effectively compensate by reducing the amount of service charges claimed.

Reasons of the Tribunal's decision

18. The renewal of the agreement with LASER constitutes a 'qualifying long term agreement' as it is for a period of 4 years.
18. The Applicant – like many other local authorities – wishes to purchase energy through a conglomerate that is then able to obtain deals through the wholesale market. It is a matter for the Applicant as to whether it wishes to procure services in such a way. The likely alternative would be for the Applicant to purchase gas and electricity annually at a fixed price, which would not require consultation in any event, as the agreement would be for a period of less than 12 months.

19. All leaseholders were notified of the application. The application and evidence in support was made available, including on the Applicant's website. Four separate public meetings were held. Despite all this publicity, very few leaseholders responded and even fewer objected to the application (less than 0.03% objected). Of that small number, no actual evidence was produced to suggest that the procurement of gas and electricity through a central purchasing body was not appropriate.
20. The Tribunal was somewhat surprised to find that, given that this method of energy procurement has been adopted by the Applicant since 2009, the Applicant had difficulty in producing any analysis of its own to demonstrate the savings achieved over this period by comparison with other procurement options. At the very least, such an analysis may be helpful in addressing the perfectly valid point raised by Ms Pocznyajlo that, from a leaseholder's perspective, electricity costs had increased year on year to the point that they had almost doubled in 5 years. In any future application under section 20ZA, the Tribunal would expect to see some evidence that the Applicant has monitored the benefits of the arrangement with LASER. Also, any leaseholder's specific concerns raised in objections should be addressed.
21. The grant of dispensation does not affect a leaseholder's right to challenge the gas and electricity charges sought through their service charges. The dispensation only relates to the consultation requirements. A leaseholder who considers that the charges have not reasonably been incurred may still make an application to the Tribunal for a determination under section 27A of the 1985 Act.

Dated: 07/09/2016

Judge J E Guest



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

Case reference : **LON/00AZ/LDC/2017/0093**

Property : **Various properties in the London Borough of Lewisham as set out in the schedule attached to the witness statement of Alan O’Connell**

Applicant : **Lewisham Homes on behalf of the London Borough of Lewisham**

Representative : **Clarke Willmott LLP**

Respondent : **The various leaseholders**

Representative : **Not known**

Type of application : **To dispense with the requirement to consult lessees (s20ZA Landlord and Tenant Act 1985)**

Tribunal member : **Tribunal Judge Dutton**

Date of decision : **3rd October 2017**

:

DECISION

DECISION

The Tribunal determines that dispensation should be given from all the consultation requirements in respect of a Qualifying Long Term Agreement (QLTA) with Crown Commercial Services (CCS) for the procurement of energy supplies to the common parts of those properties, which contribute to same by way of service charge payments, under the provisions of s20ZA of the Landlord and Tenant Act 1985 (the Act) for the reasons set out below.

Background

1. The applicant seeks dispensation under section 20ZA of the Act from all of the consultation requirements imposed on the landlord by section 20 of the 1985 Act¹.
2. Previous applications seeking dispensation in respect of this matter have been made and granted by this Tribunal in past years.
3. The application states that the Applicant wishes to enter into a QLTA with CCS, it being “a central Government purchasing department employing commodity brokers to purchase aggregated government energy requirement from the energy market”. The application says that the Applicant, “Lewisham Council has used this arrangement for over a decade with verifiable cost savings in comparison to in-house energy procurement. This form of procurement is considered best practice”.
4. It is intended that the energy purchases will begin on 1st October 2017 and close on 31st March 2018, with supply contracts beginning on 1st April 2018.
5. The reason for the application is set out in the application itself and supported by a witness statement of Alan O’Connell an Energy Officer with the Applicant. The Applicant owns and manages a significant number of properties in the Borough providing heating and lighting to common parts in those properties. The service charge costs are likely to exceed £100 per property.
6. It is the Applicant’s intention to enter into a ‘risk managed flexible purchasing contract’ with CCS, a central government procurement body who comply with the Pan Government Energy Project and fulfil the recommendations that all public sector organisations adopt aggregated, flexible and risk managed energy procurement. This method of procurement means that s20 of the Landlord and Tenant Act 1985 (the Act) cannot be complied with, hence this application.
7. The matter came before me for consideration as a paper determination on 3rd October 2017.

¹ See **Service Charges (Consultation Requirements) (England) Regulations 2003 (SI2003/1987) Schedule 4**

8. I had available to me a bundle of papers, which included the application, the directions and the statement of Mr O'Connell with exhibits. Those exhibits included the details of the leaseholders, a specimen lease, a copy of the Tribunal decision dated 5th December 2013 in case LON/OOAZ/LDC/2013/0100 and specimen letters to leaseholders informing them of this application and the need for same. A copy of what appeared to be a draft contract with British Gas Trading Limited was included
9. The directions included a questionnaire to be completed by any leaseholder who wished to oppose the application. The directions were slightly amended to provide for the application to be put on line with a proviso that any leaseholder who did not have access could ask for a hard copy.
10. There is no evidence on the Tribunal file that any leaseholder has objected although I do note that some have raised queries, which appear to have been answered.
11. The only issue for me to consider is whether or not it is reasonable to dispense with the statutory consultation requirements in respect of the QLTA. This application does not concern the issue of whether any service charge costs are reasonable or payable.

THE LAW (SEE BELOW)

DECISION

12. I have considered the papers lodged. There is no objection raised by any leaseholders although enquires were raised and appear to have answered. Certainly there is no evidence of any leaseholder contacting this Tribunal to object.
13. It appears to me based on the evidence available that the procurement of energy on a Borough wide basis would be beyond the scope of an individual, or indeed a group of leaseholders. It is clearly technical and involves considerable expertise within a volatile market. I have not been made aware of any prejudice that such dispensation would cause to any leaseholder. Indeed I am told that this arrangement has produced "verifiable costs savings in comparison with in-house energy procurement".
14. I am satisfied that it is appropriate to dispense with the consultation requirements as set out in the Regulations¹. My decision does not affect the right of any Respondent to challenge the costs should they so wish, it relates only to dispensation under the provisions of s20ZA of the Act.

Andrew Dutton

Tribunal Judge

Andrew Dutton

3rd October 2017

The relevant law

Section 20 of the Act

- (1) Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsection (6) or (7) (or both) unless the consultation requirements have been either—
 - (a) complied with in relation to the works or agreement, or
 - (b) dispensed with in relation to the works or agreement by (or on appeal from) a leasehold valuation tribunal.
- (2) In this section “relevant contribution”, in relation to a tenant and any works or agreement, is the amount which he may be required under the terms of his lease to contribute (by the payment of service charges) to relevant costs incurred on carrying out the works or under the agreement.
- (3) This section applies to qualifying works if relevant costs incurred on carrying out the works exceed an appropriate amount.
- (4) The Secretary of State may by regulations provide that this section applies to a qualifying long term agreement—
 - (a) if relevant costs incurred under the agreement exceed an appropriate amount, or
 - (b) if relevant costs incurred under the agreement during a period prescribed by the regulations exceed an appropriate amount.
- (5) An appropriate amount is an amount set by regulations made by the Secretary of State; and the regulations may make provision for either or both of the following to be an appropriate amount—
 - (a) an amount prescribed by, or determined in accordance with, the regulations, and
 - (b) an amount which results in the relevant contribution of any one or more tenants being an amount prescribed by, or determined in accordance with, the regulations.
- (6) Where an appropriate amount is set by virtue of paragraph (a) of subsection (5), the amount of the relevant costs incurred on carrying out the works or under the agreement which may be taken into account in determining the relevant contributions of tenants is limited to the appropriate amount.
- (7) Where an appropriate amount is set by virtue of paragraph (b) of that subsection, the amount of the relevant contribution of the tenant, or each of the tenants, whose relevant contribution would otherwise exceed the amount prescribed by, or determined in accordance with, the regulations is limited to the amount so prescribed or determined.

Consultation requirements: supplementary

Section 20ZA

Where an application is made to the appropriate tribunal for a determination to dispense with all or any of the consultation requirements in relation to any qualifying works or qualifying long term agreement, the tribunal may make the determination if satisfied that it is reasonable to dispense with the requirements.

In section 20 and this section—

“qualifying works” means works on a building or any other premises, and

“qualifying long term agreement” means (subject to subsection (3)) an agreement entered into, by or on behalf of the landlord or a superior landlord, for a term of more than twelve months.

The Secretary of State may by regulations provide that an agreement is not a qualifying long term agreement—

if it is an agreement of a description prescribed by the regulations, or in any circumstances so prescribed.

In section 20 and this section “the consultation requirements” means requirements prescribed by regulations made by the Secretary of State.

Regulations under subsection (4) may in particular include provision requiring the landlord—

to provide details of proposed works or agreements to tenants or the recognised tenants’ association representing them,

to obtain estimates for proposed works or agreements,

to invite tenants or the recognised tenants’ association to propose the names of persons from whom the landlord should try to obtain other estimates,

to have regard to observations made by tenants or the recognised tenants’ association in relation to proposed works or agreements and estimates, and

to give reasons in prescribed circumstances for carrying out works or entering into agreements.

Regulations under section 20 or this section—

may make provision generally or only in relation to specific cases, and

may make different provision for different purposes.

Regulations under section 20 or this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).



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

Case Reference	:	LON/00AU/LDC/2019/0186
Property	:	All leasehold properties of the London Borough of Islington
Applicant	:	The Mayor and Burgesses of the London Borough of Islington and
Representative	:	Sachin Israni-Bhatia, Law and Governance Resources Directorate
Respondents	:	All residential long leaseholders of the London Borough of Islington
Representative	:	N/A
Types of Application	:	Dispensation – section 20ZA
Tribunal Members	:	Judge Tagliavini
Date and venue of (paper) hearing	:	13 December 2019 10 Alfred Place, London WC1E 7LR
Date of Decision	:	13 December 2019

DECISION

Decisions of the tribunal

I The tribunal grants the application to dispense with the section consultation provisions of the Landlord and Tenant Act 1985 in relation to the entering into of a qualifying long-term agreement (QLTA) for the flexible supply of gas and electricity on the open market for a four year period with effect from or about 1 April 2020.

The application

1. This is an application dated 28 October 2019 made under section 20ZA of the Landlord and Tenant Act 1985 (“the Act) in which the applicant seeks the tribunal’s dispensation from the consultation provisions required by section 20 of the 1985 Act. The applicants intend to enter into a long-term qualifying agreement (QLTA) with the winning suppliers to flexibly purchase gas and electricity on the open market and that is provided to all departments, (including public buildings, social services and schools) in addition to its housing stock borough wide. The application is considered to be necessary as it is anticipated that these costs are likely to exceed £100 in respect of some leaseholders.
2. In directions dated 31 October 2019 given by the tribunal the applicant was required to notify all the recognised residents’ associations concerned, both in writing and electronically of this application and to place all relevant documents on the appropriate website.

The Applicant’s evidence

3. The applicant provided the tribunal with a paginated and indexed file of documents in support of its application. This bundle included a Statement of Case dated 18 October 2018 in which it was stated that for the year 2017/18 the value of the electricity and gas contracts were £4.96 million and £3.12million respectively. The current contracts are due to end on 31 March 2020 and the applicant intends to enter into three new contracts for the supply of natural gas, large electricity sites and smaller electricity sites that are intended to start on 1 April 2020 and to run for four years. The applicant stated that these contracts will need to be entered into by December 2019 to allow flexible purchasing to the benefit of its leaseholders and necessitating this application to the tribunal for dispensation from the consultation requirements.
4. The applicant also drew the tribunal’s attention to its previous decisions; *LON/00AU/LDC/2006/0043*; *LON/00AU/LDC/2013/0067* and *LON/00AU/LDC/2015/0106* in which the tribunal had granted dispensation to the applicant, recognising the desirability of using flexible purchasing to obtain the best prices for gas and electricity supplies. The applicant also relied upon the decision in *Daejan Investments Ltd v Benson* [2013] UKSC 14 [2013] 1 W.L.R. 854 and submitted that there can be no prejudice caused to the leaseholders as the extent and quality of the gas and electricity supplies are unaffected

by the failure to consult and will not lead to an increase in cost, but is likely to lead to a greatly reduced cost to their advantage. The applicant stated that the contracts will be awarded after a European- wide tendering process and will keep leaseholders informed of the progress made on its Leasehold website page.

5. In support of its application, the applicant relied upon the witness statements of (i) Nicholas Eglinton, Procurement Senior Category Manager in Procurement Services of the London Borough of Islington (LBI) and dated 30 September 2019 and (ii) David Painter, Energy Management Officer in Energy Services of LBI dated 14 October 2019 and which exhibited the LBI Procurement Strategy for Gas and Electricity supply 2020 – 2024. The witness statement of Mr. Painter also provided the tribunal with evidence of the applicant’s compliance with the tribunal’s directions and a schedule of responses received from lessees in the period 17/04/2019 to 14/05/2019 in response to a letter (undated) sent to leaseholders by Home Ownership Services.

The Respondent’s evidence

6. No objection was received by the tribunal from any of the affected leaseholders and there was no request received from any of the parties for an oral hearing of the application.
7. The tribunal noted the 11 comments received by LBI in April/May 2019 from various leaseholders the majority of which stated that the proposed contracts did not affect them as they were not part of any communal areas or they did not receive any gas service. Only one lessee objected to LBI having any control over his/her choice of independent supplier.

The tribunal’s decisions and reasons

8. The tribunal is satisfied that the relevant residents associations and leaseholders have received notice of the applicant’s intentions to enter into the LTQA and of this application. In the absence of request for an oral hearing the tribunal considered it was reasonable and appropriate to determine this application on the documents provided.
9. In reaching its decision the tribunal considered the applicant’s evidence in support of the applicant and the previous decision of the tribunal that it relied upon. The tribunal also considered the absence of any or any substantive objections by any lessee or the identification of any prejudice caused to them due to the failure to consult. Therefore, in all the circumstances the tribunal considers it is appropriate to grant the dispensation sought by the applicant from the consultation requirements of section 20 of the 1985 Act.

Signed: Judge Tagliavini

Dated: 13 December 2019

From: [Powell, Richard](#)
To: [Powell, Richard](#)
Subject: [REDACTED]
Date: 21 November 2022 12:26:00

File note

Spoke to [REDACTED] at 12.20 and explained process. NFA

From: [REDACTED] >
Sent: 20 November 2022 15:24
To: Powell, Richard <Richard.Powell@islington.gov.uk>
Subject: Re: Your email of 14 November 2022 regarding energy supplier

[External]

tomorrow

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From: Powell, Richard <Richard.Powell@islington.gov.uk>
Sent: Sunday, November 20, 2022 1:02:22 PM
To: [REDACTED] >
Subject: Your email of 14 November 2022 regarding energy supplier

Good afternoon [REDACTED]

When is a good time for me to call you tomorrow or Tuesday?

Kind regards

Richard

From: [REDACTED] >
Sent: 14 November 2022 10:21
To: HomeOwnership <HomeOwnership@islington.gov.uk>
Subject:

[External]

Hi
you send me a letter regarding energy
I have tried to phone you but no answer
could you please phone me on

[REDACTED]
My Name is [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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From: [Powell, Richard](#)
To: [REDACTED]
Cc: [HomeOwnership](#)
Subject: Reply to your email of 10 November 2022 : [REDACTED]
Date: 23 November 2022 15:17:00

Good afternoon [REDACTED]
Thank you for your email of 10 November 2022.

Please see response below.

1. Please explain to me the exact contract details LBI had with SSE. The contract was meant to go on to 2024. Was the contract a fixed term with fixed prices? Did LBI buy into a variable rate contract? If yes, why?

The contract was fixed term and enabled purchasing at a variable rate. At the time this enabled the Council to purchase at highly competitive rates.

2. Please can you provide me the reason why Laser was chosen and why you are ending your agreement with SSE, rather than the indication you have provided on the letter being to reduce the impact of rising costs.

The indication is accurate. Following the energy crisis, the Council looked to reduce the impact of rising costs. LASER was chosen as they had already carried out the majority of their energy purchasing for 2023/24 before the sharp rise in prices for that year which occurred over this summer. They had spare capacity within that purchased volume to allow Islington Council to join and access those prices.

3. Please confirm what the cost would have been if we stayed with SSE and what Laser's proposed costs are going to be with you and why Islington council think this is a better option?

An example cost area		SSE (market price 01.09.22)	In LASER	Savings
	Gas		£12,452,468	£7,485,599
Electricity		£9,307,211	£6,791,618	£2,515,592
Total		£21,759,679	£14,277,218	£7,482,461

4. Islington council have been aware for some time as we all have, with the rise in the cost of living and energy being one of the top expenses to have risen. Why did it take Islington council to act now rather than earlier in the year when this was a top priority then? This therefore meaning Islington councils failure to act quicker means you have no time to go through a section 20 agreement and now are going through a tribunal with your leaseholders having no say over what you have agreed and with the company you have chosen.

Following the energy crisis, the Council was looking for cheaper options and earlier in the year moved swiftly to secure its access to LASER. In order to join within the prescribe timeframe, it was not possible to undertake full statutory consultation prior to entering into this new arrangement.

We apologise for any inconvenience this may have caused and hope these replies have resolved your concerns. The Tribunal process does provide for leaseholders to oppose the Application by 24 November 2022. Please refer to Direction 2 of the Tribunal's Directions on the format that this must follow.

I hope the above assists.

Kind regards

Richard

Richard Powell
Project Manager
Home Ownership

-----Original Message-----

From: [REDACTED] >

Sent: 10 November 2022 11:18

To: Powell, Richard <Richard.Powell@islington.gov.uk>

Subject: DIS - [REDACTED]

[External]

Dear Richard,

I have received the letter regarding 'we have changed energy supplier from March 2023 to reduce the impact of rising energy costs'

This is very worrying as a leaseholder due to the council not going through the proper channel of the section 20 agreement with your reason being 'to act fast we have acted quickly...'

Please can you provide me the reason why Laser was chosen and why you are ending your agreement with SSE, rather than the indication you have provided on the letter being to reduce the impact of rising costs.

Please confirm what the cost would have been if we stayed with SSE and what Laser's proposed costs are going to be with you and why Islington council think this is a better option?

Islington council have been aware for some time as we all have, with the rise in the cost of living and energy being one of the top expenses to have risen.

Why did it take Islington council to act now rather than earlier in the year when this was a top priority then? This therefore meaning Islington councils failure to act quicker means you have no time to go through a section 20 agreement and now are going through a tribunal with your leaseholders having no say over what you have agreed and with the company you have chosen.

Please send me the application that Islington council sent to the tribunal so I can make my comments.

Also there is no point providing leaseholders with a contact number that they are unable to reach or leave a message as it is constantly busy.

Thank you

Kind regards,

[REDACTED]
[REDACTED]

[Redacted]

Sent from my iPhone

From: [Powell, Richard](#)
To: [REDACTED]
Subject: Part response to your queries - Energy Supplier Your ref: [REDACTED]
Date: 20 November 2022 12:43:00
Attachments: [LGA PAPER.pdf](#)

Good afternoon [REDACTED]

I have a response below to the first query you raised. I hope to get advice on the second query asap.

Kind regards

Richard

Your queries	Our response
<p>Please explain to me the exact contract details LBI had with SSE. The contract was meant to go on to 2024. Was the contract a fixed term with fixed prices? Did LBI buy into a variable rate contract? If yes, why?</p>	<p>The SSE contract was a flexible purchasing one. Fixed price contracts were not generally seen as good practice at the time we let the contract (in 2019) as they can lock councils into high prices for long periods if the contract is awarded during a market upswing (for example, see p25 of the attached LGA paper). Until the energy crisis, flexible purchasing had allowed the council to get highly competitive rates, with a recent benchmarking exercise against a public buying organisation (which buys for multiple councils) showing that in 2020/21 and 2021/22 the council secured commodity prices 20% cheaper for gas and 10-12% cheaper for electricity.</p>
<p>Why no forward thinking to roll-out Green Energy with future provision through heat pumps, PV and so on throughout the borough with individual local control?</p>	<p>Response to follow</p>

-----Original Message-----

From: [REDACTED]
Sent: 18 November 2022 22:07
To: Powell, Richard <Richard.Powell@islington.gov.uk>
Cc: [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
Subject: Re: Energy Supplier Your ref: [REDACTED]

[External]

Thanks, Richard...will be helpful.
I would appreciate a response to my questions too.
Regards
[REDACTED]

Sent from my iPhone

> On 18 Nov 2022, at 14:36, Powell, Richard <Richard.Powell@islington.gov.uk> wrote:

>
>
> Good afternoon [REDACTED]
>
> I will get these hand delivered on Monday to avoid any post issues.
>
> Hope that is ok.
>
> Kind regards
>
> Richard

> -----Original Message-----

> From: [REDACTED]
> Sent: 17 November 2022 23:40
> To: Powell, Richard <Richard.Powell@islington.gov.uk>
> Cc: [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

> Subject: Re: Energy Supplier Your ref: [REDACTED]

>
>
> [External]
>
> Hello Richard
>
> I have not received any papers to date.
>
> Please explain to me the exact contract details LBI had with SSE. The contract was meant to go

on to 2024. Was the contract a fixed term with fixed prices?

> Did LBI buy into a variable rate contract?

> If yes, why?

>

> Why no forward thinking to roll-out Green Energy with future provision through heat pumps, PV and so on throughout the borough with individual local control?

>

> I like forward to hearing from you by return, given the urgency...!!!

>

> Regards

> [REDACTED]

>

> Sent from my iPhone

>

>> On 14 Nov 2022, at 15:52, [REDACTED] wrote:

>> Dear Richard

>>

>> I have just received your letter and would like to receive paper copies of the Tribunal application and other documents.

>>

>> [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

>>

>> Please note the 'link' you mention is incorrect.

>>

>> I look forward to receiving the papers shortly.

>>

>> Regards

>> [REDACTED]

>>

>>

>>

>> Sent from my iPhone

> This e-mail is intended for the addressee only. If you have received it in error, please contact the sender and delete the material from your computer. Please be aware that information in this email may be confidential, legally privileged and/or copyright protected.

From: [Powell, Richard](#)
To: [REDACTED]
Cc: [HomeOwnership](#)
Subject: Reply to your email of 11 November 2022 - Change of Energy supplier [REDACTED]
Date: 21 November 2022 12:53:00

Good afternoon [REDACTED]

Thank you for your email of 11 November 2022. Sorry for the delay replying to you.

You do not need to change your supplier as that relates to your domestic consumption. The Council is changing its energy arrangements for its buildings, e.g. electricity for lighting and lifts and communal heating systems.

Kind regards

Richard

Richard Powell
Project Manager
Home Ownership

From: [REDACTED]
Sent: 11 November 2022 10:22
To: HomeOwnership <HomeOwnership@islington.gov.uk>
Subject: Change of Energy supplier [REDACTED]

[External]

Hi,

I am a home owner from [REDACTED]. I have got a letter from the council saying that from March 2023 there will be a change in energy supplier from SSE to Laser. Since I am a homeowner will I get switched to Laser energy provider or do I need to sort my energy supplier independently? Can I stay on my current contract with SSE?

Thanks in advance

[REDACTED]

From: [Powell, Richard](#)
To: [REDACTED]
Cc: [HomeOwnership](#)
Subject: Reply to your email of 11 November 2022 -FW: [REDACTED]
Date: 21 November 2022 13:15:00

Good afternoon [REDACTED]

Thank you for your email of 11 November 2022.

I have been asked to reply to the first point. I can advise the Council is changing its energy arrangements for its buildings, e.g. electricity for lighting and lifts and communal heating systems.

Please let me know if you have any further queries.

Kind regards

Richard

Richard Powell
Project Manager
[Home Ownership Services](#)
[Homes & Communities](#)
[Islington Council](#)
[222 Upper Street, London, N1 1XR](#)

-----Original Message-----

From: [REDACTED]
Sent: 11 November 2022 00:52
To: HomeOwnership <HomeOwnership@islington.gov.uk>
Subject: [REDACTED]

[External]

I've received a letter regarding a change in energy supplier.

Can you confirm that this relates to the communal energy supply, eg any communal heating or lighting?

[REDACTED]

[REDACTED]

I look forward to a swift response.

[REDACTED]

Sent from my iPhone

From: [Powell, Richard](#)
To: [REDACTED]
Subject: your email of 09 November 2022 -Tribunal Application
Date: 21 November 2022 12:45:00

Good afternoon [REDACTED]

Sorry for the delay. I will post you a copy of the application, directions from the tribunal, statement of case and a report.

Please let me know if you have any queries.

Kind regards

Richard

Richard Powell
Project Manager
Home Ownership
Islington Council

From: [REDACTED]
Sent: 09 November 2022 00:21
To: Powell, Richard <Richard.Powell@islington.gov.uk>
Subject: Tribunal Application

[External]

Dear Mr. Powell

Property Ref: [REDACTED]

Can you please post me the copy of the tribunal application.
Also can you please send me the annual invoice of the Service Charge.

Thank you
Your sincerely
[REDACTED]

From: [Suzic, Fred](#)
To: Stephen.OMara@justice.gov.uk
Subject: FW: Application for dispensation - London Borough of Islington energy supply s.20
Date: 18 October 2022 15:12:54
Attachments: [13Oct22 Directions in All leaseholds of London Borough of Islington.doc](#)
Importance: High

Dear Mr O'Mara,

The attached Directions require us to write to all leaseholders by 03.11.2022 by email, hand delivery or first-class post. London Borough of Islington normally uses 2nd class post in order to save costs wherever possible – is there any possibility to change directions to allow for 2nd class post service, saving some £2,500 in postage costs?

DIRECTIONS

1. The Applicant landlord must by **3 November 2022**:
 - 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:

Kind regards
Predrag Suzic

London Borough of Islington
Legal Services
7 Newington Barrow Way, London N7 7EP
T: 0207 527 3449
E: predrag.suzic@islington.gov.uk
W: www.islington.gov.uk

From: O'Mara, Stephen <Stephen.OMara@justice.gov.uk>
Sent: 04 October 2022 09:41
To: Suzic, Fred <Predrag.Suzic@islington.gov.uk>
Subject: RE: Application for dispensation - London Borough of Islington energy supply s.20
Importance: High

[External]

Dear Mr Suzic,

Thank you for your email and please see the attached for your attention.

Regards

Stephen O'Mara

Case Officer

First-tier Tribunal (Property Chamber) Residential Property | HMCTS | 10 Alfred Place, | London
| WC1E 7LR

Tel: 020 7446 7708 | Fax: 01264 785 060

Web: www.gov.uk/hmcts

Web: www.gov.uk/hmcts

The following rules are designed to minimise the impact that emails can have on the efficient running of the tribunal office. If you wish to use emails please:

- Prepare a letter to the tribunal in Word format and attach it to the email (**maximum of 5 pages including fax** - longer documents should be sent by post);
- As case officers are sometimes absent, always send or copy the email to the generic office address: London.RAP@justice.gov.uk
- Always copy any email to the other parties, either by email or by post, and confirm in your email/ letter that you have done this;
- Always quote the reference number, property details and case officer's name in the email;
- Email chains, email 'conversations' about the case and bundles attached to emails will not be accepted.

For information on how HMCTS uses personal data about you please see:

<https://www.gov.uk/government/organisations/hm-courts-and-tribunals-service/about/personal-information-charter>

[Here is how HMCTS uses personal data about you](#)

[Dyma sut mae GLITEM yn defnyddio data personol amdanoch chi.](#)

From: [Suzic, Fred](#)
To: London.RAP@justice.gov.uk
Subject: LON/00AU/LDC/2022/0188 RE: Application for dispensation - London Borough of Islington energy supply s.20
Date: 07 November 2022 15:57:50
Attachments: [9 Template - main mail out.pdf](#)

Dear Sirs,

LON/00AU/LDC/2022/0188 RE: Application for dispensation - London Borough of Islington energy supply s.20

London Borough of Islington and Long residential leaseholders in the Borough subject to communal electricity and gas supplies

Pursuant to Directions dated 26.10.2022, we confirm that the Landlord/Applicant complied with paragraph 1 by writing to the leaseholders and recognised tenants associations on 04.11.2022 (copy letter attached for reference) and that the Leaseholder information website where all interested leaseholders/parties can view and download application documents is now active at www.islington.gov.uk/GasElecContractsConsultation .

Yours faithfully,

Predrag Suzic
London Borough of Islington
Legal Services
7 Newington Barrow Way, London N7 7EP
T: 0207 527 3449
E: predrag.suzic@islington.gov.uk
W: www.islington.gov.uk