

Date: 26th July 2011

Your Reference:

Our Reference: Communal Fuel (11/059)

Contact: 020 7974 5107

The Leaseholder  
Flat  
Goldthorpe  
Camden Street  
London  
NW1



London Borough of Camden  
Home Ownership Services  
Ground Floor  
Bidborough House  
38-50 Bidborough Street  
London WC1H 9DB

Telephone: 020 7974 5107  
Fax: 020 7974 3929  
Web: [camden.gov.uk](http://camden.gov.uk)

Dear The Leaseholder,

**Re: Flat Goldthorpe, Camden Street, London, NW1**

**Qualifying Long Term Agreement for the Supply of Fuel to Communal Heating Systems**

All leaseholders who pay heating charges were sent a letter enclosed with their annual service charge actual in September 2010. This letter advised that it was Camden's intention to make an application to the Leasehold Valuation Tribunal (LVT) to seek dispensation from the Notice of Proposal aspect of the legislative requirements.

We have now successfully gained dispensation from Section 20 of the Landlord and Tenant Act 1985 as amended by Section 151 of the Commonhold and Leasehold Reform Act 2002 to award this fuel contract without delay. The LVT requested that we send out a Notice of Intention to all affected leaseholders and freeholders to advise you of our intention regarding this fuel contract.

Therefore please find enclosed our Notice of Intention to enter into a qualifying long term agreement for the supply of fuel. The contract period will be up to five years.

If you wish to view the full LVT decision you can do so by visiting the following website: <http://www.lease-advice.org/lvtdecisions/> and by searching for LON/00AG/LDC/2010/0104

Additional information can be found on Camden's website: <http://www.camden.gov.uk>

**Which Properties are Affected by this Contract?**

This contract will affect all properties that have communal heating systems across the London Borough of Camden

**Background**

Camden has now been awarded a dispensation for a five year period to use a specialist Central Purchasing Body (CPB) to buy gas and electricity through the wholesale energy market. This is in line with Best Practice recommended by the London Energy Project (LEP) and former OGC Energy Strategy Team (Treasury) advice. Camden is committed to keeping costs low for its leaseholders and freeholders, and continues to review its energy purchasing arrangements.

**Project Context and Scope**

The contract for the supply of fuel is tendered in accordance with the European Union (EU) procurement laws, and with Council policies.

All licensed suppliers across the EU are given the opportunity to tender for the supply of fuel.

Camden's energy supplies are aggregated with other Public Sector supplies to enable access to the wholesale energy market. The CPB is given delegated authority to make purchase decisions on behalf of all Customers and each transaction is completed within minutes. It is therefore not possible to consult with leaseholders in relation to each purchase.



Independent evidence produced by the LEP and the Cabinet Office has shown that this type of flexible contractual arrangement delivers best overall value.

### **Financial Considerations**

The estimated annual cost of this contract is £10.68 million

We now invite you to make any observations that you have regarding Camden's decision to enter into this qualifying long term agreement using the enclosed observation form. You are also invited to inspect our proposals and any related documents in Committee Room 2, in Camden Town Hall on Judd Street WC1H 9JE, on **11<sup>th</sup> August 2011** between the hours of **3pm – 7.30pm**.

Please note that this agreement will not affect the way you will be billed for your communal heating. You will still be invoiced through your annual service charges in the usual way.

Should you have any questions regarding this letter or its enclosures please do not hesitate to contact Home Ownership Services using the contact details above.

Yours sincerely



Jo O'Donnell  
On behalf of London Borough of Camden  
[capitalservices@camden.gov.uk](mailto:capitalservices@camden.gov.uk)

### **Enclosed:**

- Statutory notice of intent
- Observation form



**NOTICE OF INTENTION TO ENTER INTO A LONG TERM AGREEMENT FOR WHICH A PUBLIC  
NOTICE IS REQUIRED**

**Section 151 Commonhold and Leasehold Reform Act 2002 - Schedule 2**

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

This notice is with respect to gas and electricity supplies to communal heating systems and bulk gas supplies.

The Communal Heating Systems comprise of 180 boiler houses serving approximately 12,300 dwellings and can supply a combination of heating, hot water or gas for cooking which can vary between dwellings.

The type of heating dwellings receive (full, partial, background or warm air units), the number of weeks it is provided (52 weeks or heating season; October to May inclusive), and the number of hours a day it is provided (24 hours, night set back or night shut-down) can also vary between properties supplied from the boiler. A communal boiler can also serve part of an estate, block or a combination of these.

1. It is the intention of London Borough of Camden to enter into an agreement with a specialised Central Purchasing Body (CPB) to access a framework agreement for flexible contracting of gas and electricity supplies. The gas and electricity is used for supplying Camden's Communal Heating systems.
2. This qualifying long term agreement is with a CPB who will enable Camden to procure through flexible energy supply contracts via the wholesale energy markets by aggregating the usage of other Public Sector organisations over a period of time (currently five years).

The flexible supply contracts will be compliant with the Office of Government Commerce Energy Strategy Team standard and the procurement approach is in line with Best Practice Guidance issued by the London Energy Project. This contract will enable Camden to better manage risk in the volatile energy market and achieve better prices overall. Independent evidence shows that this type of contractual arrangement delivers best value.

In order to secure the most economical tender, the framework contract is tendered by the CPB in accordance with the European Union (EU) procurement laws, and with Council policies.

All licensed suppliers across the EU are given the opportunity to tender for the supply of fuel.

Under the framework, the CPB will make multiple purchases on behalf of its customers throughout the period of the Agreement. Decisions to make purchases are made quickly and transactions are completed within minutes. Prices cannot be held.

3. You are invited to inspect our proposals and any related documents in Committee Room 2, in Camden Town Hall on Judd Street WC1H 9JE, on **11<sup>th</sup> August 2011** between the hours of **3pm – 7.30pm**.
4. In this instance Camden will not be inviting leaseholders and recognised tenants' associations to nominate a firm. This is because the total value of this agreement exceeds the notional value of the European Union procurement rules.
5. We invite you to make written observations by sending them to:

**Jo O'Donnell**  
**London Borough of Camden**  
**Home Ownership Services**  
**Ground Floor**  
**Bidborough House**



**38-50 Bidborough Street  
London  
WC1H 9DB**

Or email: [capitalservices@camden.gov.uk](mailto:capitalservices@camden.gov.uk) quoting 11/059 in the subject line.

Observations must be made within the consultation period of 30 days from the date of this notice. The consultation period will end on **29<sup>th</sup> August 2011** and all observations need to be received by this date.

Please note that the Leasehold Valuation Tribunal have already allowed Camden to dispense with the requirement to delay entering into an agreement with a supplier while a Notice of Proposal is served due to the unique market in which we are tendering. Please take this into account when making any observations.

6. Camden estimates that the annual value of this agreement to be £10.68 million and the contract term will be up to five years.

Signed on behalf of London Borough of Camden:



Jo O'Donnell  
Consultation and Final Account Principal  
26<sup>th</sup> July 2011



