COUNCIL'S RESPONSE TO LEASEHOLDERS' OBJECTIONS

Dear Leaseholder,

Case No: LON/00AK/LDC/2026/0233
Applicant: London Borough of Enfield

FIRST-TIER TRIBUNAL PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Thank you for the objections and questions submitted about the Council's application for dispensation from the Section 20 consultation requirements for the communal electricity arrangements.

Before we address the individual questions, we would like to provide a summary, in plain English, to provide a clearer background to this issue. Many apologies for not doing this before.

The leasehold notification letter on the website did not go into much detail but the dispensation is solely about how the Council purchases electricity for communal areas across its housing portfolio, including services such as communal lighting, lifts and other shared facilities. We have been purchasing electricity on an annual basis using a 'spot price' tendering to utility companies to get value for money for our council residents and leaseholders.

While progressing the procurement of this years' electricity and working with energy experts, we saw that energy costs have become more and more volatile over recent years (Ukraine war, blockage of the Strait of Hormuz etc) and so we were keen to move away from the 'spot price' tendering to an approach that would help guard against the risks of these highly volatile prices to provide greater cost certainty and increase the value for money for council residents and leaseholders.

The only way to do this was to enter into our two year 'purchase in advance' council-wide agreement for the purchase of this electricity where we could secure the necessary electricity when the market was favorable, rather than be held to 'spot price' on a particular day.

This change from an annual, to a two-year arrangement, has triggered the consultation threshold required by Leaseholder regulations. However, the timing of this move to provide this less risk and better value for money for our council residents and leaseholders, meant that we didn't have the necessary time to go through the entire consultation process. This is why this application to the Tribunal is for the reduction of consultation.

However, it should be noted that this application does is not asking the Tribunal if the electricity service charge is reasonable or unreasonable. However, through this process, in a market of rising energy prices of around 10-15%, we have kept the electrical costs

overall similar to last year's prices, if we consider the same consumption of electricity. So we hope you agree that the move to a two-year 'purchase in advance' agreement was the prudent and appropriate thing to do in the circumstances.

Apologies for not explaining this clearly in the initial communication. This current two-year approach will end in September 2028, which will give us ample time to provide the necessary consultation period for this next arrangement.

Because many objections raise the same or closely related issues, the Council has grouped them below and provides one detailed response to those common questions. This response is intended to explain the position in plain English and to address the matters raised by objectors. The Council's detailed supporting evidence will also form part of the Tribunal bundle.

1. Why was dispensation necessary, and why was the Section 20 consultation process not started earlier?

Planning for the replacement electricity arrangements began in January 2026. At the outset, the Council expected to continue with its established one-year spot-price approach. During that planning process, the Council reviewed the energy market and available options and concluded that increased market volatility made it appropriate to reconsider the annual approach and move to a purchase-in-advance model.

A one-year arrangement had not required this form of long-term agreement consultation. The change to a two-year arrangement meant that Section 20 consultation was required. By the time that change in strategy had been worked through, including the Council's internal reports, approvals and contract processes, the Council considered there was insufficient time to complete the full consultation before the new supply arrangements were required from 1 October 2026.

LASER advised that this type of flexible arrangement would normally require at least six months' notice. The Council was nevertheless able to join the existing corporate arrangement because the corporate side already had the relevant agreement in place and previous energy purchases had already been made under it. The Council considered this gave the housing portfolio access to a risk-managed arrangement while the market was becoming increasingly volatile.

The Council accepts that this meant leaseholders did not receive the normal consultation before contractual commitment. The Council therefore applied to the Tribunal to decide whether it is reasonable to dispense with that consultation and has considered whether the lost opportunity caused any relevant prejudice.

2. Was an earlier, shorter or partial consultation considered?

No statutory Section 20 consultation had commenced when the application was being prepared.

Shortened consultation- the Council cannot unilaterally shorten the statutory consultation timetable and treat that as full compliance.

Partial consultation- the Council could have carried out whatever prescribed consultation stages remained practicable, but that would not automatically amount to full statutory compliance.

The Council therefore sought Tribunal dispensation rather than delaying the replacement contract. Following the Tribunal's directions, affected leaseholders, residential sub-lessees and recognised residents' associations were notified and were given an opportunity to object before the Tribunal determines the application.

The Council has also learned from this process. As a result work on the next contract, due after September 2028, is already expected to begin well in advance. LASER explained that future procurement can require one year to 18 months of internal work, including business cases and approvals, and the Council's service-charge team intends to undertake a qualifying long-term agreement consultation for the next comparable arrangement.

3. Has the LASER/nPower agreement now been signed, and why did the Council proceed before the Tribunal determined the application?

Yes. The Council now has signed contractual documentation and an approved Key Decision. The housing site schedule identifies nPower as supplier and records a supply period from 1 October 2026 to 30 September 2028.

The contractual mechanism is a variation of the Council's existing corporate LASER access agreement, adding Council Housing electricity sites to the existing corporate arrangement. The Council proceeded because communal electricity supply had to continue from 1 October 2026 and it considered that delay created exposure to a volatile market and potentially higher pricing.

The Council's decision was not an ad hoc operational choice. The procurement rationale, options and considerations were addressed through the Council's formal Key Decision process and supporting contract-modification documentation.

The Tribunal's decision remains important because this application concerns whether the statutory consultation requirements may be dispensed with. The Council does not suggest that signing the commercial arrangement makes the dispensation application unnecessary.

4. How do the previous arrangement, the new arrangement and the alternative out-of-contract position compare?

Please see below headline kWh rates:

Description	Day rate in pence/kWh
October 2026–27	20.22
October 2025–26	20.92
Out-of-contract rates from Total Energies	45.94

These are electricity unit rates and do not represent the final charge to an individual leaseholder. The final charge will depend on the relevant block's actual consumption and will be apportioned in accordance with the lease.

5. Will the new arrangement increase leaseholders' service charges?

In a market of rising energy prices of around 10-15%, we have kept the electrical costs similar to last year's prices, if we consider the same consumption of electricity. We are currently reviewing this with our provider and we'll get respond back to you with more detailed information.

6. How are electricity costs estimated, apportioned and finally recovered through service charges?

Communal electricity is recovered through variable service charges where the lease and block arrangements permit that recovery, with costs apportioned according to the lease. The Council issues estimated service charges at the start of the year and then prepares final accounts based on the actual cost and actual consumption.

When the year-end actual cost is known, the leaseholder account is reconciled. If the actual cost is lower than the estimated amount, the difference is returned or credited through the leaseholder final-account process.

7. Is this a fixed-price or flexible-price contract?

It is best described as flexible procurement leading to a fixed annual price. LASER can purchase energy progressively up to two years in advance of each October-to-September delivery period. Instead of buying the entire requirement on one particular day, purchases are spread across the market with the aim of achieving an overall averaged and favourable price.

Once those purchases are converted into the price for the supply year, the Council receives a fixed 12-month price from October to September. This provides annual budget certainty while the underlying procurement strategy manages market risk over a longer period.

While the arrangement is not guaranteed to produce the absolute lowest price, its aim is to avoid the risk of an annual spot-price tender being fixed on a particularly expensive

day. LASER also purchases in aggregation with other participating local authorities, giving the framework greater collective buying power.

8. Why did the Council use LASER and why does it consider the arrangement value for money?

The only route available for accessing the purchase-in-advance arrangement was to add the Council Housing communal electricity portfolio to the corporate property portfolio, which was already using LASER. The Council considered alternative options before selecting this approach, and the Council's published Key Decision records the procurement considerations and rationale. Please refer to the Key Decision document here: Decision - KD 6054 - Electricity Procurement for Council Housing | Enfield Council.

The LASER arrangement also provides practical oversight beyond purchasing the energy. LASER's Managed Service validates supplier invoices, while its Bureau Service brings together available meter and consumption data within SystemsLink for reporting and dashboards covering consumption, cost and carbon performance. The Council considers those services relevant to value for money because they support checking of bills, monitoring of consumption and identification of unusual usage or potential opportunities to reduce usage and cost.

Under the overall arrangement, LASER provides oversight of billing, validation, data management and energy reporting, while nPower provides the underlying electricity supply, metering and data services.

9. What parts of the arrangement were already set by the LASER framework, and what could leaseholders have influenced?

The LASER framework itself contains terms and structures used by many participating public-sector bodies. Once the Council chose to join the existing corporate arrangement, the framework, supplier-management structure and core arrangement were substantially predetermined. The Council's practical decision was whether to opt into that established route for the housing portfolio.

10. Why does the Council say consultation would not have changed the supplier, procurement route or price?

The Council's position is that the central commercial route was constrained once it chose to access the existing corporate LASER Purchase in Advance arrangement. The housing portfolio was not conducting a new unrestricted stand-alone tender in which leaseholder observations could simply select a different supplier.

11. What opportunity have leaseholders had to make representations and what has the Council done with the objections?

Following the Tribunal's directions, affected leaseholders, residential sub-lessees and recognised residents' associations were notified of the application, given access to the application material and invited to submit objections by 8th October 2026.

The Council reviewed those objections and consolidated repeated questions into common themes so that objectors receive a consistent response. This response is intended for those who objected and will also be capable of being made available online. Further information will be available on our website on 5th November.

The objections prompted further work, to compile this response, provide a clearer plain-English explanation, and we are working on further information for which will be added to the Tribunal Bundle and made available by 5th November.

12. Why does the Council consider that the absence of consultation has not caused relevant prejudice?

The Council accepts that leaseholders lost the normal opportunity to receive information and make observations before the two-year arrangement was entered into. It also accepts that the original communications could have explained the proposal more clearly. The Council has therefore focused on whether that loss caused a real practical disadvantage. The cost evidence presently available shows that leaseholders' service charges for communal electricityare overall in a similar position for the same electricity consumption as compared to last year.

The Council also faced the contrary risk of remaining exposed to a volatile market and potentially to out-of-contract or risk of increased pricing from volatile energy markets. The Council's position is therefore that the primary disadvantage identified by objectors is the loss of information and the earlier opportunity to comment, rather than evidence of a worse electricity purchase. The Council is seeking to remedy that information disadvantage through this response and the fuller evidence to follow in the Tribunal bundle.

13. Can any remaining prejudice be dealt with through information or conditions rather than refusal of dispensation?

The Council considers that information-based disadvantage can be addressed by disclosure and clear explanation. The Council is therefore supplying this response and preparing supporting cost evidence rather than simply relying on the fact that the contract has been signed.

If the Tribunal identifies a remaining disadvantage which can properly be addressed by a proportionate condition, the Council respectfully asks that such a condition be considered rather than refusing dispensation altogether. The Council will comply with any order or condition made by the Tribunal.

Dispensation does not determine whether any subsequent service charge is reasonable or payable. Leaseholders retain the right to challenge the amount, reasonableness, payability or apportionment of their service charges by applying to the First-tier Tribunal (Property Chamber).

14. What information has been provided and what further information will be available?

The Tribunal application, supporting evidence and directions were made available through the notification process and Council website - Leasehold notification letter | Enfield Council .

For the Tribunal bundle due in November, the Council intends to include the documents on which it relies, including the relevant contract and procurement material and more detailed cost evidence.

15. What consultation requirements is the Council asking the Tribunal to dispense with, and how many leaseholders are affected?

The application concerns dispensation from the consultation requirements applicable to the two-year communal electricity qualifying long-term agreement identified in the application. It is not an application asking the Tribunal to decide whether every future electricity service charge is reasonable or payable. The application affects leaseholders who are liable to contribute towards communal electricity costs under the proposed arrangement. Not every leasehold property or block has a communal electricity supply. The precise number affected may change as the Council's leasehold records are updated following Right to Buy sales, completed buybacks and other changes in ownership.

16. How are consumption and billing managed, and what about meter readings, energy efficiency, smart meters and the other conditions requested?

LASER provides the oversight around billing validation, data management and energy reporting, while nPower provides the underlying supply, metering and data services. Together, those services support the process from measuring energy through to billing, reporting and identifying opportunities to manage consumption.

While we appreciate this question, we will need a little more time to answer this in more detail. Therefore, we will include further information about this in the information submitted in the Tribunal Bundle by 5th November 2026.

Leaseholders retain their statutory rights to challenge subsequent service charges, including questions of amount, reasonableness, apportionment and payability.

Council's overall position

The Council accepts that leaseholders did not receive the usual Section 20 consultation before the two-year arrangement was entered into. The Council also accepts that its

original communication could have been clearer. Those matters are not being dismissed.

The Council's evidence is, however, that planning began in January 2026, the procurement strategy changed in response to increasing market volatility, and the Council selected a purchase-in-advance arrangement intended to reduce exposure to a single market point while still giving a fixed 12-month price for each supply year. The Council considered that delaying the procurement to complete consultation risked exposing residents to less favourable market or out-of-contract pricing. Hence this application was made to the Tribunal for the dispensation of consultation.

The Council is therefore not presently seeing evidence that the lack of consultation caused leaseholders a worse overall electricity outcome in those examples. It is continuing to provide the detailed evidence so that both objectors and the Tribunal can see how that conclusion has been reached. However, in a market of rising energy prices of around 10-15%, we have kept the electrical costs overall similar to last year's prices, if we consider the same consumption of electricity.

The Council considers that the main disadvantage identified by many objectors is the loss of the earlier opportunity to receive information and comment. It is seeking to address that through additional explanation and disclosure and, if the Tribunal considers it necessary, any proportionate conditions. The Council therefore maintains its application for dispensation.

Yours faithfully,

London Borough of Enfield