



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

**Case Reference** : **MAN/30UL/LSC/2023/0048**

**Property** : **6 Spring Meadows, Clitheroe, Lancashire,  
BB7 2BU**

**Applicant** : **David Hardie**

**Representative** : **In person**

**Respondent** : **Pimlico Management Company Limited**

**Representative** : **Alan Rowlandson**

**Type of Application** : **Section 27A Landlord and Tenant Act 1985  
– Service charges**

**Tribunal Members** : **Tribunal Judge J. E. Oliver  
Tribunal Member A. Davis**

**Date of  
Determination** : **9<sup>th</sup> December 2024**

**Date of Decision** : **10th December 2024**

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**DECISION**

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## **Decision**

1. The disputed items for the 2023 as set out below are reasonable and payable:

a. General repairs	£738
b. Fire Alarm Servicing	£772
c. Fire Alarm Monitoring	£1238
d. Smoke Vent Maintenance	£166
e. Directors and Officers Insurance	£232
f. Fire Risk Assessment	£303
g. Communal Fire Door Audit	£936
h. Apartment Door Audit	£672

## **Application**

2. This is an application by David Hardie (“the Applicant”) for a determination as to the reasonableness and payability of service charges for 6, Spring Meadows, Clitheroe (“the Property”) for the year 2023.
3. The Property is part of a development of 3 blocks, each containing 8 flats each having either 2 or 3 bedrooms.
4. The Respondent to the application is Pimlico Management Company Ltd, being the management company for the development and in which each of the leaseholders of the development have one share.
5. Directions were issued by the Tribunal on 30<sup>th</sup> October and 5<sup>th</sup> December 2023 and 9<sup>th</sup> January 2024 providing for the filing of statements by both parties, a schedule of disputed items and for the application to be listed for a hearing on 8<sup>th</sup> October 2024.
6. A video hearing was held on 8<sup>th</sup> October 2024 when further directions were given for the filing of further accounts and information. The application was reconsidered on 9<sup>th</sup> December 2024.

## **The Lease**

7. The Property is held under a Lease dated 30<sup>th</sup> June 2005 and made between Rowland Homes Limited (1) Pimlico Management Company Limited (2) and Milton Berry and Eileen Patricia Berry (3) for a term of 999 years from 1<sup>st</sup> January 2005.
8. Schedule 1 of the Lease describes the Property.
9. The Lease provides for each of the leaseholders to each pay a share of the service charges to varying degrees. However, by an earlier decision of the First-tier Tribunal the Lease was varied such that all leaseholders now pay an equal contribution.
10. Part I of Schedule 6 of the Lease contains the covenant by the leaseholder to pay the service charge and Part II sets out what is included within it.

## The Law

11. Section 27A (1) of the Landlord & Tenant Act 1985 provides:

*An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to-*

- (a) the person by whom it is payable,*
- (b) the person to whom it is payable,*
- (c) the amount which is payable,*
- (d) the date at or by which it is payable, and*
- (e) the manner in which it is payable.*

12. The Tribunal has jurisdiction to make a determination under section 27A of the 1985 Act whether or not any payment has been made.

13. The meaning of the expression “service charge” is set out in section 18(1) of the 1985 Act. It means:

*... an amount payable by a tenant of a dwelling as part of or in addition to the rent—*

- (a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements, or insurance or the landlord’s costs of management, and*
- (b) the whole or part of which varies or may vary according to the relevant costs.*

14. In making any determination under section 27A, the Tribunal must have regard to section 19(1) of the 1985 Act:

*Relevant costs shall be taken into account in determining the amount of a service charge payable for a period-*

- (a) only to the extent that they are reasonably incurred, and*
  - (b) where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard;*
- and the amount payable shall be limited accordingly.*

15. “Relevant costs” are defined for these purposes by section 18(2) of the 1985 Act as:

*the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.*

16. In ***Veena SA v Cheong [2003] 1 EGLR*** Mr Peter May reviewed the authorities dealing with the issue of reasonableness and concluded the word “reasonableness” should be given a broad common sense meaning.

## The Hearing

17. The Applicant attended the hearing in person. The Respondent was represented by Mr Rowlandson, a director.

18. The Applicant advised the service charges in dispute totalled £5328. This amount was based upon the budget provided to the leaseholders, but it was confirmed by Mr Rowlandson the accounts for 2023 were available having been completed in October 2024. The service charge had remained the same for the past 10 years but rising costs had caused an increase to be included when the budget for 2023 had been prepared.
19. The Respondent confirmed it had appointed Complete Property Management as its managing agent.
20. The Tribunal, for the purposes of the hearing, followed the schedule of disputed costs prepared by the Applicant. Whilst Mr Rowlandson was able to give the actual amounts at the hearing, it was acknowledged the Tribunal would require production of the accounts.
21. A schedule was produced that identified the disputed items as follows:

Disputed item	Budget forecast	Disputed amount
General repairs	£1500	£300
Fire Alarm Servicing	£792	£600
Fire Alarm Monitoring	£450	£450
Smoke Vent Maintenance	£216	£50
Insurance D&O	£320	£50
FRA works	£300	£300
Responsible person	£534	£534
Communal Fire Doors Audit	£1800	£1800
Apartment Fire Doors	£825	£825
Interest	(900)	419

### General Repairs

22. The Applicant advised the budget for 2023 proposed an increase of 20% for general repairs from the previous year without any explanation. The Charter of the Association of Residential Managing Agents (ARMA) required reasons to be provided for any increase in the service charge.
23. Mr Rowlandson advised the budget was prepared by Complete but the final decision upon it was taken by the Respondent. This item had not increased since 2012. The development was 20 years old and more general repairs were likely. The actual costs for 2023 were £738.

### Fire Alarm Servicing

24. The budget for this item was £792 of which the Applicant disputed £600. It was confirmed the actual cost was £772.
25. The Applicant submitted an increase from the previous year of 450% was unreasonable; in the past 5 years only 3 items had required attention. A report from Complete in 2020 indicated it did not anticipate further major works for some time.
26. Mr Rowlandson confirmed the budget was reasonable, being near the actual cost for the year.

### Fire Alarm Monitoring

27. In the budget this item was estimated at £450, all of which was challenged by the Applicant. The actual cost for 2023 was £1238. This included the installation costs in addition to the monitoring costs.
28. It was agreed this item had not appeared in any previous budgets and was the cost for the central monitoring of the fire alarms within the Development.
29. Mr Rowlandson advised the Respondent had opted for this system because it had asked for a volunteer in each block of the development to check the fire alarms and none had been forthcoming. A letter had been sent to each of the leaseholders, including the Applicant. Their decision had been done in the interests of safety and considering the directors' liability.
30. The Applicant advised his objection to this cost was that it was incurred without any reasons being given at the time of the budget. The Respondent had later explained it was due to a change in the Fire Safety (England) Regulations 2022 ("Fire Regulations"), but this was untrue. He had previously contacted Lancashire Service who advised the proposed changes were not required under the new regulations and it would not ask for this to be put in place. When the Respondent was advised of this, it still proceeded and did not tell the leaseholders the advice given by the Fire Service. In this, the leaseholders were misled. He also disputed the statement that the Respondent had asked for volunteers.
31. The Tribunal queried with the Applicant whether he felt safer with the new monitoring system, but the Applicant confirmed he no longer lived at the Property.

### Smoke Vent Maintenance

32. The Applicant stated there was a 50% increase in the cost for this item without any explanation. This was in contravention of ARMA. The Tribunal was referred to the 2021 budget where it was said any component parts, including those for detectors and alarm devices, where replaced, had a 10 year guarantee. It therefore followed the proposed increase to the budget to £216 was not justified and challenged £50 of that increase.
33. Mr Rowlandson advised the actual cost of this item was £166.

### Directors and Officers' Liability Insurance

34. The Applicant noted this item had a budget of £320 and disputed £50 of this amount. He stated that since no claims had been made on the policy the broker should be able to negotiate a reduction in the premium.
35. Mr Rowlandson confirmed the actual cost of the premium was £232. He did not believe there was a no claims discount on the policy and any increase was for inflation.

## Fire Risk Assessment

36. The Applicant challenged the sum of £300 being the amount in the budget for undertaking a Fire Risk Assessment at the development. Mr Rowlandson confirmed the actual cost was £303.

## Communal Fire Door Audit /Apartment fire Doors

37. The Applicant disputed these items in the sums of £1800 and £825 respectively.
38. Mr Rowlandson confirmed the actual costs for the audit of the communal fire doors was £936 and for the individual apartment doors was £672. He advised the audits had shown significant remedial work was required to the doors at an estimated cost of £6000 which would fall into the 2024 service charge
39. The Applicant confirmed the issue were the costs of checking the communal and individual apartment fire doors. He advised these were matters dealt with in the Fire Risk Assessment, as had been confirmed by the Fire Authority Further costs, in addition to the FRA, were therefore unnecessary. A copy of the FRA completed on 17<sup>th</sup> November 2017 stated:

*“The uniformity of the fire doors suggest they are original from the time of the build and I am reasonably satisfied, therefore, that they are at least FD30 standard”.*

40. The report also confirmed the assessor had inspected the individual apartment doors and had reported:

*“Attempts to access apartment numbers 1, 2, 4 & 5 were made, in order to check the front doors, but no occupants were available to facilitate this. I have no reason to believe that the apartment doors are not compliant with regards to fire compartmentation.”*

Since that report, only minor works had been required. The Applicant produced a copy of the assessment undertaken by Complete in 2021 in confirmation of this.

41. Mr Rowlandson confirmed the suitability of the doors had never been in dispute, but the Respondent was aware that some of the apartment doors did not meet the requirements for closure. Whilst Complete did undertake the FRA, the assessor was not qualified to assess doors requiring another auditor at an additional cost. It is the Respondent's understanding the Fire Regulations widen its responsibility to both the communal and individual apartment doors. This change was in 2021. Until then there was no requirement for the individual doors to be assessed and no assessment had been carried out at the Development. The Respondent had decided to have all the doors assessed for the safety of the residents. The audit found the majority of the apartment doors requiring work, justifying the cost of the audit. In the budget the Respondent had estimated a cost of £25 per apartment door and

had added a further amount for the communal doors. The anticipated cost of £6000 far exceeded the budget estimate.

### Interest

42. The Applicant advised that when he had been a director of the Respondent, he would invest any surplus in savings accounts to earn interest. This practice had not been followed when he had resigned as a director. There was no provision for interest in the budget.
43. Mr Rowlandson confirmed surplus monies were invested in three separate accounts. Interest from two were reinvested and that from the third account was paid into central funds.
44. The 2023 budget had been set in 2022 at a time of a change in the Prime Minister and under Liz Truss it had been unclear what the trend would be in interest rates.
45. The Tribunal noted the interest earned in 2023 was £1252 compared to £457 in 2022.

### Further Submissions

46. Mr Rowlandson challenged the Applicant's position regarding the increase in the service charge, reiterating there had been no increase for 10 years. However, in 2021, there had been a deficit in the accounts and a further deficit had been forecast for 2022. This resulted in a reduction in the reserve funds, a position that needed rectifying.
47. He also advised the Applicant had previously challenged the budget increase via the dispute procedure within the Lease. However, RCIS had rejected the complaint because Complete was not a party to the Lease.
48. The Respondent has carried out 2 separate votes of the other leaseholders of the development who are all members of it. These votes, being in at the AGM held in 2022 and by a postal vote in November 2022 agreed the increases to the 2023 budget. The votes also confirmed the leaseholders wished the current directors and Complete to continue.

### Determination

49. The Tribunal determines the disputed service charge costs for 2023 were reasonably incurred.
50. It is noted that when the Applicant filed his application he was relying upon the information provided in the budget set by the Respondent for 2023. However, by the time the application was heard the accounts had been produced. The application was adjourned after the hearing to allow for the accounts for both 2022 and 2023 to be filed. Accordingly, the Tribunal can determine the actual amounts relating to each of the disputed service charges and whether those costs, as opposed to the budget figures, are reasonable.
51. In his submissions to the Tribunal, the Applicant disputed some of the service charges upon the basis the Respondent has failed to comply with the ARMA Charter. The Applicant states the Charter requires the Respondent to provide reasons when setting the budget. The Tribunal were not provided with any details of the ARMA Charter.

52. The Respondent challenged this; its position was the ARMA Charter did not apply as it is not the managing agent of the Development. It is ultimately responsible for the setting of the budget.
53. The Tribunal does not consider it is constrained in its decision by determining whether or not the Respondent has complied with the ARMA Charter. Its role is determining the reasonableness and payability of the actual service charges as provided for by section 27A of the Act.
54. In relation to the disputed items it finds as follows:

#### General Repairs

55. The Applicant challenged £300 of the estimated costs of £1500. The actual cost for this item was £738. The Applicant's reasons for challenging the amounts did not appear to be the actual costs, other than the budget represented an increase of 20%. It was the fact that no reasons were given for the increase and that was in contravention of the ARMA Charter.
56. The Tribunal considered the costs of £738 to be reasonable; no evidence was produced to show otherwise. It acknowledged the development is 20 years old and it follows repairs will become more necessary as fixtures and equipment age. This is in addition to general cost increases.

#### Fire Alarm Servicing

57. The actual cost of this item was £772 as opposed to the budgeted figure of £792. The Applicant objected to £600 of the budgeted figure of £792 on the grounds it represented a 450% increase in this cost. Whilst the Applicant had provided a copy of a 2020 report form Complete indicating further work was unlikely for the next 10 years, this specifically referred to the fire sensors and repairs. It did not state there would be no further costs. The cost of £772 is therefore confirmed.

#### Fire Alarm Monitoring

58. The parties accepted this was a new cost. The monitoring of the fire alarms had previously been done by the leaseholders. Mr Rowlandson had explained no volunteers could be found for this role in any of the 3 blocks. He further acknowledged it was not a legal requirement, but the Respondent considered it prudent due to the increasing ages of the leaseholders.
59. The Tribunal noted the Applicant's objections but did not find the Respondent's actions to be unreasonable and ensured the safety of all the residents.
60. The cost of £1238 is confirmed.

#### Smoke Vent Maintenance

61. The Tribunal noted the actual cost was £166, a figure not disputed by the Applicant. This is confirmed.



### Directors and Officers Liability Insurance

62. The Tribunal noted the cost again fell within the range acceptable to the Applicant. In any event, it did not consider it to be unreasonable when taking into account the increased costs in the insurance market.
63. The cost of £232 is confirmed.

### Fire Risk Assessment

64. The Tribunal noted it is a requirement that a Fire Risk Assessment is carried out. The Applicant did not make any submissions to the contrary. The Tribunal did not consider the actual cost of £303 to be unreasonable.

### Communal Fire Door audit/Apartment Fire Door

65. The Tribunal noted the representations made by the Applicant to both these costs. Whilst the fire Authority had said the assessments of the doors formed part of the Fire Risk Assessment, the Respondent had provided an explanation of why further investigations had been undertaken. The Tribunal accepted the reasoning behind the additional costs and considered the steps taken to be reasonable and prudent. The assessments had shown faults with a significant number of doors that will require remedial work.
66. The Tribunal was not provided with any evidence to show the amounts paid were unreasonable. Accordingly, the costs of £936 and £672 are confirmed.

### Interest

67. The Tribunal has no jurisdiction to determine this issue. Interest does not fall within the definition of the service charge within the Lease and is outside the scope of section 27A of the Act.
68. The Tribunal determines the disputed service charges are reasonable and payable.