



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

<b>Case Reference</b>	<b>:</b>	<b>LON/00AY/LDC/2025/0606</b>
<b>Property</b>	<b>:</b>	<b>7 Cannon House, Beaufoy Walk, London SE11 6HU and other properties as specified in Appendix 1 of the application</b>
<b>Applicant</b>	<b>:</b>	<b>Watmos Community Housing Ltd</b>
<b>Representative</b>	<b>:</b>	<b>Capsticks Solicitors LLP</b>
<b>Respondents</b>	<b>:</b>	<b>The long residential leaseholders named in the application</b>
<b>Representative</b>	<b>:</b>	<b>Not Represented</b>
<b>Type of Application</b>	<b>:</b>	<b>For the determination of an application for dispensation from the statutory consultation requirements</b>
<b>Tribunal Member</b>	<b>:</b>	<b>Judge S.J. Walker</b>
<b>Date and venue of Hearing</b>	<b>:</b>	<b>Decided on the Papers</b>
<b>Date of Decision</b>	<b>:</b>	<b>28 May 2025</b>

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**DECISION**

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**Decision of the Tribunal**

**The Tribunal determines that the statutory consultation requirements shall be dispensed with in respect of a qualifying long term agreement with ESPO for the supply of gas to the properties for the period from 1 April 2023 to 31 March 2027.**

## **Reasons**

### **The application**

1. The Applicant seeks a determination pursuant to section 20ZA of the Landlord and Tenant Act 1985 (“the 1985 Act”) dispensing with the statutory consultation requirements which apply by virtue of section 20 of the 1985 Act in respect of a qualifying long term framework agreement with the Eastern Shires Purchasing Organisation (“ESPO”) for the supply of gas to the properties for the period from 1 April 2023 to 31 March 2027.
2. The application was made on 24 December 2024, when the application was received by the Tribunal. It states that a previous framework agreement – in respect of which a similar application was made and granted – ran until March 2023. The Applicant had intended to consult with its leaseholders about a renewal of this agreement but failed to do so because of an administrative oversight.
3. Directions were made on 31 January 2025 by Judge Mohabir. They required the Applicant, among other things, to write to all leaseholders informing them of the application, advising them that a copy of the application would be available on the Applicant’s website – the URL of which was to be provided - and, advising them how to obtain printed copies of the application. I am satisfied that this was done (see pages 87 to 93 of the bundle). The Applicant was also to notify the Tribunal that the directions had been complied with. This was done on 24 February 2025 (page 85).
4. The directions provided that those leaseholders who opposed the application were to complete a reply form and return it to the Tribunal by 4 April 2025.
5. The directions further provided that the application would be determined on the papers in the week commencing 26 May 2025 unless by 4 April 2025 any party requested a hearing.
6. The Tribunal has received no request for an oral hearing.
7. I am satisfied that the Respondents have been given notice of the application and how to object to it and that they have been given notice that it is intended to deal with the application without a hearing. In the absence of any request for a hearing this determination is made on the papers which have been provided by the parties pursuant to rule 31(3) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013.
8. The relevant legal provisions are set out in the Appendix to this decision.
9. Neither party requested an inspection, and the Tribunal did not consider that one was necessary, nor would it have been proportionate to the issues in dispute.

10. The applicant prepared a bundle consisting of 134 numbered pages. References to page numbers throughout this decision are to the printed page numbers of this bundle.

### **The Background**

11. The properties comprise 78 leasehold flats in a variety of purpose built blocks each of which is attached to a district heating network.

### **The Lease**

12. No evidence of title was produced. However, no issue has been raised as to the right of the Applicant to make this application.
13. A copy of a sample lease was provided to the Tribunal (pages 44 - 61). I am satisfied that it contains an obligation on the tenants to pay for the cost of gas required for the boilers supplying the heating and domestic hot water systems serving the properties (clause 2.2 and para 3 of Part 1 of the Fourth Schedule).

### **The Issues**

14. The only issue for me is whether or not it is reasonable to dispense with the statutory consultation requirements. I am not concerned with the issue of whether any service charge costs or legal costs will be reasonable or payable.

### **The Applicant's Case**

15. The Applicant's case is set out in their statement of case (pages 12 to 18) and the witness statement of Nathan Liptrot (pages 66 to 72).
16. In short, their case is that, as a commercial customer, the Applicant does not benefit from the price cap on the supply of gas to domestic premises. ESPO are a bulk buyer of gas who, through their increased purchasing power, are able to obtain savings on the cost of gas supplies which the Applicant alone would not be able to achieve. ESPO buy gas in advance. Although the gas market is volatile and there are occasions when the advance purchase of gas by ESPO can result in the price paid being higher than that being charged at the time of use, overall, the purchase of gas from ESPO has resulted in savings for the Applicant and, therefore, for the Respondents.

### **The Respondents' Case**

17. The Tribunal has received no responses from any of the leaseholders.
18. In the bundle the Applicant has included correspondence between the Applicant and various leaseholders (pages 94-134). Much of this correspondence consists of leaseholders seeking clarification about what the application entails. Whilst there is a small number of leaseholders who appear to express an objection to the agreement with ESPO, no substantive grounds for such an objection have been provided.

### **The Tribunal's Decision**

19. I am satisfied that the consultation requirements should be dispensed with. I am satisfied that in view of the savings that can be obtained by means of the agreement with ESPO, it is appropriate to grant a dispensation.

20. I am satisfied that the leaseholders have been notified of the application and bear in mind that there has been no substantive objection from any of them to it. I also bear in mind the limited scope of the issue before me. The purpose of the consultation requirements is to protect tenants from paying for inappropriate services and from paying more than would be appropriate for such services. It follows that the issue when considering dispensation is the extent to which the tenants are prejudiced as regards these two protections. There is nothing before me to suggest that the leaseholders would suffer any prejudice if this application were granted.
21. In all the circumstances I am satisfied that it is reasonable to dispense with the consultation requirements.

**Name:** Judge S.J. Walker                      **Date:** 28 May 2025

### **ANNEX - RIGHTS OF APPEAL**

- The Tribunal is required to set out rights of appeal against its decisions by virtue of the rule 36 (2)(c) of the Tribunal Procedure (First-tier Tribunal)(Property Chamber) Rules 2013 and these are set out below.
- If a party wishes to appeal against 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.

### **Appendix of relevant legislation**

#### **Landlord and Tenant Act 1985 (as amended)**

##### **Section 18**

- (1) In the following provisions of this Act "service charge" 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.
- (2) The relevant costs are 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.
- (3) For this purpose -
  - (a) "costs" includes overheads, and
  - (b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.

### **Section 19**

- (1) 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 provisions 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.
- (2) Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise

### **Section 20**

- (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) the appropriate 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.]

## **Section 20ZA**

- (1) 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.
- (2) 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.
- (3) The Secretary of State may by regulations provide that an agreement is not a qualifying long term agreement –
  - (a) if it is an agreement of a description prescribed by the regulations, or
  - (b) in any circumstances so prescribed.
- (4) In section 20 and this section “the consultation requirements” means requirements prescribed by regulations made by the Secretary of State.

- (5) Regulations under subsection (4) may in particular include provision requiring the landlord
  - (a) to provide details of proposed works or agreements to tenants or the recognised tenants' association representing them,
  - (b) to obtain estimates for proposed works or agreements,
  - (c) to invite tenants or the recognised tenants' association to propose the names of persons from whom the landlord should try to obtain other estimates,
  - (d) to have regard to observations made by tenants or the recognised tenants' association in relation to proposed works or agreements and estimates, and
  - (e) to give reasons in prescribed circumstances for carrying out works or entering into agreements
- (6) Regulations under section 20 or this section
  - (a) may make provision generally or only in relation to specific cases, and
  - (b) may make different provision for different purposes.
- (7) Regulations under section 20 or this section shall be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.