FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	**:**	**CHI/29UN/LSC/2024/0102**
Property	**:**	**2, 3 & 21 Northumberland Court, Cliftonville, Margate, Kent CT9 3BS**
Applicants	**:**	**Philip Porter – Flat 2** **Kirsty McChesney – Flat 3** **Paul Kelleher – Flat 21**
Representative	**:**	**In person**
Respondents	**:**	**(1) Northumberland Court Residents (Cliftonville) Limited** **(2) Mark Blooman**
Representative	**:**	**(1) Nathan Coldwell (Director)** **(2) In person**
Type of Application	**:**	**Application pursuant to section 27A of the Landlord and Tenant Act 1985 to determine the reasonableness of service charges**
Tribunal Members	**:**	**Judge Paul Letman M.B.E.** **Tribunal Member Kevin Ridgway MRICS** **Tribunal Member Jayam Dalal**
Date and venue of Hearing	**:**	**11 July 2025 (Online) and on paper** **Reconvene 01 September 2025**
Date of Decision	**:**	**20 October 2025**

DECISION AND REASONS

Introduction

1. By application dated 17 May 2024 (the Application) the three applicants named above (the Applicants) applied for a determination of liability to pay and reasonableness of service charges pursuant to section 27A of the Landlord and Tenant Act 1985 (the 1985 Act).

Brief Factual Background

2. Northumberland Court (the building) is a block of 42 apartments originally constructed as a hotel in 1935 and converted into flats in the 1960s. The freehold of the building is owned by Northumberland Court (2008) Limited which is registered at HM Land Registry under title number K21230. The First Respondent (Northumberland Court Residents (Cliftonville) Limited) holds a headlease of the property for a term of 999 years from 25 December 1950. The First Respondent granted underleases for terms of 999 years less one day from 25 December 1950 to the owners of the flats.

3. The Applicants are each the current owners of the underleases of their respective flats in the building. Pursuant to each flat underlease, the First Respondent is obliged to insure the building, keep it in a good state of repair and decoration, keep the hall, stairs, landings and passages properly carpeted and cleaned and to keep the lifts in good order. The leaseholders are required to contribute to the costs of the First Respondent by way of a service charge.

4. The Second Respondent, Mr Mark Blooman, was the tribunal appointed manager of the building from September 2019 to September 2023. The circumstances of his appointment and the terms of his appointment are as referred to in a decision of the FTT dated 27 August 2019 (at trial bundle, pages 74-97, i.e. TB[74]-[97]) and Final Management Order of equal date at TB[98]-[105].

5. As well as an annual fee of £20,000 plus VAT, Mr Blooman was entitled to remuneration in accordance with the schedules of fees at exhibit MB6[47]-[49] of his witness statement dated 18 July 2025. At all material times Mr Blooman has been the sole director of and traded as B2 Building Surveyors Limited (presently subject to suspended voluntary strike-off action).

6. The Application seeks a determination of the payability and reasonableness of service charges for the years 2019/20, 2020/21, 2021/22 and 2022/23, reference is also made in the application to 2024. The total value of service charges put in issue is some £923,466. Although this is the total sum demanded from all tenants, not the Applicants' share; two of the Applicants pay 2.60363% and one pays 1.98698%.

7. An application is also made by the Applicants under section 20C of the 1985 Act for an order that costs in connection with proceedings before the tribunal are not to be included in the amount of any service charge payable by them. Similarly, and

application is made by the Applicants for an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 (the 2002 Act) reduce or extinguish any liability to pay such costs by way of an administration charge i.e. contractual costs in a lease.

Procedural History

8. The application came on for remote hearing on 11 July 2025, when the Applicants began the presentation of their case. However, during the course of the hearing it became apparent that some key documents (for example, copy typical flat lease) were not in the bundle, also that the Second Respondent, Mr Blooman, had not responded adequately to the Scott Schedule (the Schedule) prepared by the Applicants setting out each and every item of disputed service charge cost in respect of the 4 years that he was the tribunal appointed manager of Northumberland Court.

9. Further, due to various connectivity and computer issues it was plain that Mr Blooman was not in a position to provide responses at the hearing and in any event to do so would require more than the day listed for the hearing.

10. In the circumstances, Mr Blooman applied for a further opportunity to set out his case in response to the Schedules. This was opposed by the Applicants who argued that he had had more than ample opportunity to do so pursuant to the directions already made herein on 7 February 2025 (see TB[151]-[160].

11. By those directions the Applicants were required to provide to the Tribunal and the Respondents by 14 March a completed Scott Schedule setting out every item in dispute, the amount and reasons why it was disputed. The directions providing that the '*Tribunal will only consider the items, reasons and amounts specified in the completed Schedule as provided to the Tribunal*.' The Applicants were also to provide a statement of case, together with witness statements and relevant documents by 28 March 2025. By 16 May 2025 the Respondents were to provide their statements of case, with the Schedule completed with their responses to the issues raised by the Applicants in relation to the disputed service charge items, together with their witness statements and any documents on which they relied in support thereof. The Applicants were to reply by 16 May 2025 and the hearing was set for 11 July 2025, with bundles by 13 June 2025.

12. The Applicants fully complied with these directions, as did the First Respondent, but plainly the submissions received from Mr Blooman were deficient to the point of non-compliance. It was submitted therefore that no further opportunity should be extended to Mr Blooman to supplement or add to his case or produce further documentation. Mr Blooman asked the indulgence of the Tribunal, emphasizing his involvement had been as Tribunal appointed manager and that he had not fully appreciated the level of further detail required in this matter.

13. In light of the parties submissions and in the circumstances, the Tribunal decided however to grant permission to Mr Blooman, subject to a truncated timetable and peremptory (unless) order, for him to put in further responses and documentation by 18 July 2025, with the opportunity to the Applicants (and in so far as relevant, the First Respondent) to reply by 01 August 2025 (the Tribunal's Order of 11 July 2025 refers). In the judgement of the Tribunal to do so was in accordance with the overriding objective under Rule 3 of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 (the 2013 Rules) and the central requirement to deal with cases fairly and justly.

14. The Tribunal was particularly concerned not to decide the matter without the relevant documentation, including relevant invoices and payment records, where numerous allegations of double or unexplained charging and even fraudulent charges were made against Mr Blooman in the Applicants' evidence and the Schedule. Indeed, even treating the application by Mr Blooman as an application for relief from sanction (to which the principles enunciated in *Denton v White* [2014] 1 WLR 3926 apply), the Tribunal was satisfied that having taken account of (a) the need to conduct cases efficiently and at proportionate cost and (b) the wider interests of justice, nonetheless in these circumstances in order to deal with this application justly the order referred to above was appropriate.

15. Mr Blooman and the Applicants duly complied with the Tribunal's Order of 11 July 2025. The Applicants' Reply dated 01 August 2025, however, led to an application dated 02 August 2025 by Mr Blooman for a further hearing. By order dated 07 August 2025 this application was refused for the reasons set out therein. The Tribunal reconvened (in the absence of the parties) on 01 September 2025 to consider the case further including the further submissions from Mr Blooman and the Applicants. This decision follows those and subsequent deliberations.

Jurisdiction

1) Section 27A

16. As referred to above the present application is made under section 27A of the 1985 Act, which provides as follows:

27A Liability to pay service charges: jurisdiction
(1) 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.
(2) Subsection (1) applies whether or not any payment has been made…
(4) No application under subsection (1) or (3) may be made in respect of a matter which—
(a) has been agreed or admitted by the tenant,

(b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
(c) has been the subject of determination by a court, or
(d) has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.
(5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.
(6) An agreement by the tenant of a dwelling (other than a post-dispute arbitration agreement) is void in so far as it purports to provide for a determination—
(a) in a particular manner, or
(b) on particular evidence,
of any question which may be the subject of an application under subsection (1) or (3).

17. Further, the application engages section 19 of the 1985 Act that establishes a statutory test of reasonableness limiting the recovery of relevant costs making up any service charge as follows:

'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 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.
(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.'

18. The meaning of reasonably incurred was considered by the Upper Tribunal in the lead case of *Forcelux v Sweetman*, where Mr Francis stated that:

'39. ...The question I have to answer is not whether the expenditure for any particular service charge item was necessarily the cheapest available, but whether the charge that was made was reasonably incurred.

40. But to answer that question, there are, in my judgement, two distinctly separate matters I have to consider. Firstly, the evidence, and from that whether the landlord's actions were appropriate, and properly effected in accordance with the requirements of the lease, the RICS Code and the 1985 Act. Secondly, whether the amount charged was reasonable in the light of that evidence. This second point is particularly important as, if that did not have to be considered, it would be open to any landlord to plead justification for any particular figure, on the grounds that the steps it took justified the expense, without properly testing the market.

41. It has to be a question of degree, and whilst the appellant has submitted a well reasoned and, as I have said, in my view correct interpretation of 'reasonably incurred', that cannot be a licence to charge a figure that is out of line with market norm.'

19. More recently this approach was endorsed by the Court of Appeal in *LB of Hounslow v Waaler* [2017] EWCA Civ 45, where Lord Justice Lewison stated '*In my judgment, therefore, whether costs have been reasonably incurred is not simply a question of process: it is also a question of outcome*.'

2) Section 20C and Paragraph 5A

20. As regards the application for a section 20C order, the section itself provides as follows:

20C Limitation of service charges: costs of proceedings.
(1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before a court, residential property tribunal or leasehold valuation tribunal or the First-tier Tribunal, or the Upper Tribunal, or in connection with arbitration proceedings, are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application…
(3) The court or tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.

21. The relevant case law in relation to section 20C was reviewed by the Deputy President in the Upper Tribunal in *Conway v Jam Factory Freehold Ltd* [2013] UKUT 0519 (LC) at paragraphs 51 to 59. His review began necessarily with reference to the Court of Appeal decision in *Iperion Investments Corporation v Broadwalk House Residents Limited* (1996) 71 P & CR 34 and the well known passages from the judgment of Peter Gibson LJ, before continuing with detailed reference to the decision of the Lands Tribunal (HH Judge Rich QC) in *Tenants of Langford Court (Sherbani) v Doren Limited* LRX/37/2000.

22. The Deputy President in *Conway* quoted with apparent approval the following passages from the judgment of HHJ Rich QC in *Doren* relating to the exercise of the 20C discretion:-

"28. In my judgement the only principle upon which the discretion should be exercised is to have regard to what is just and equitable in all the circumstances. The circumstances include the conduct and circumstances of all parties as well as the outcome of the proceedings in which they arise.

29. I think that it can be derived from [Iperion] that where a court has power to award costs, and exercises such power, it should also exercise its power under s20C, in order to ensure that its decision on costs is not subverted by the effect of the service charge.

30. Where, as in the case of the LVT, there is no power to award costs, there is no automatic expectation of an Order under s.20C in favour of a successful tenant, although a landlord who has behaved improperly or unreasonably cannot normally expect to recover his costs of defending such conduct.

31. In my judgement the primary consideration that the LVT should keep in mind is that the power to make an order under s.20C should be used only in order to ensure that the right to claim costs as part of the service charge is not used in circumstances that make its use unjust. Excessive costs unreasonably incurred will not, in any event, be recoverable by reason of s.19 of the Landlord and Tenant Act 1985. Section 20C may provide a short route by which a tribunal which has heard the litigation giving rise to the costs can avoid arguments under s.19, but its purpose is to give an opportunity to ensure fair treatment as between landlord and tenant, in circumstances where even although costs have been reasonably and properly incurred by the landlord, it would be unjust that the tenants or some particular tenant should have to pay them.

32. Oppressive and, even more, unreasonable behaviour however is not found solely amongst landlords. Section 20C is a power to deprive a landlord of a property right. If the landlord has abused its rights or used them oppressively that is a salutary power, which may be used with justice and equity; but those entrusted with the discretion given by s. 20C should be cautious to ensure that it is not itself turned into an instrument of oppression.'

23. The review in *Conway* continued with reference to *Schilling v Canary Riverside Development PTE Limited* LRX/26/2005 where HHJ Judge Rich QC reiterated that the only guidance as to the exercise of the statutory discretion which can be given is to apply the statutory test of what is just and equitable in the circumstances. Noting that the observations he had made in his earlier decision were intended to be "illustrative, rather than exhaustive" of the matters which needed to be considered, and adding significantly (at paragraph 13) that:

"The ratio of the decision [in Doren] is "there is no automatic expectation of an Order under s.20C in favour of a successful tenant." So far as an unsuccessful tenant is concerned, it requires some unusual circumstances to justify an order under s20C in his favour."

24. A similar point was made by the Deputy President in *Re SCMLLA* [2014] UKUT 58 (LC), where it was noted (at [27]) that an order under s.20C '*interferes with the parties' contractual rights and obligations, and for that reason ought not to be made lightly or as a matter of course, but only after considering the consequences of the order for all those affected by it and all other relevant circumstances'*. Whilst in *Church Commissioners v Derdabi [2011] UKUT 380 (LC) it was suggested* that there may be circumstances where the landlord should only be prevented from recovering his costs of dealing with issues upon which the tenant succeeded.

25. More recently in *Bretby Hall Management Co Ltd v Pratt* [2017] UKUT 70 (LC) His Honour Judge Behrens referred to the decision in *Conway v The Jam Factory* [2013] UKUT 0592, which he took to contain a full review of the authorities, and summarised the applicable principles as follows:

"1. The only principle upon which the discretion should be exercised is to have regard to what is just and equitable in the circumstances.

2. The circumstances include the conduct of the parties, the circumstances of the parties and the outcome of the proceedings.

3. Where there is no power to award costs there is no automatic expectation of an order under s 20C in favour of a successful tenant although a landlord who has behaved unreasonably cannot normally expect to recover his costs of defending such conduct.

4. The power to make an order under s 20C should only be used in order to ensure that the right to claim costs as part of the service charge is not used in circumstances which make its use unjust.

5. One of the circumstances that may be relevant is where the landlord is a resident-owned management company with no resources apart from the service charge income."

26. This Tribunal duly relies upon the guidance detailed above in its consideration of the Applicants' application for a direction under section 20C and for completeness in relation to the equivalent and like worded provision in respect of litigation costs claimed as administration charges under paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002.

The Parties' Cases

27. The Applicants' case is set out in the Statement of Case dated 28 March 2023 (TB[887]-[894]) and in their witness statements in support (all of which were presented and spoken to at the hearing), as well as latterly their Reply dated 01 August 2025.

28. As against Mr Blooman, their Statement of Case alleges (at paragraph 8) that he failed to comply with his duties as defined in "The Schedule of Functions and Services" Paragraphs 3, 4 & 6, or to adhere to "Accounts" in the said "Schedule of Functions and Services" paragraphs 13, 14 and 16. In particular, that in breach of paragraph 16 he made no effort to complete his records for the years ending 2022 and 2023 and in the event this was done by Managed Partnership's accountant. For these reasons the Applicants contend that the demands for accounting years 2019 to 2023 are not due and payable.

29. Further, at paragraphs 11 and 12 of their Statement of Case, the Applicants allege that Mr Blooman failed to act fairly and impartially, and did not exercise reasonable skill, care and diligence as manager. For the detail of these allegations, however, they refer to and rely upon the contents of the Scott Schedule. Nonetheless, a summary of the various allegations contained in the Schedule is given at paragraph 14 of the Statement of Case, from unreasonable expenditure and double entries to work that they contend should have been within the scope of his annual management fee,

30. As against the First Respondent, the Applicants contend that the interim service charge demands issued by them on 1 December 2023 were non-compliant with

ss.47 and 48 of the Landlord and Tenant Act 1987 (the 1987 Act) because they did not show the landlord's name (i.e. Northumberland Court Residents (Cliftonville) Limited. The Applicants also 'seek clarity' on the reserve fund collection and whether the issuing of a separate demand for service charge is correct, query the insurance cost of £64,568 and whether it includes commission, covers the garages and holiday lets, and challenge the levying of late payment charges.

31. In support of their case in different respects the Applicants refer to 3 Upper Tribunal cases: *Garside v RFYC Ltd* [2011] UKUT 367 (LC) on factors to be taken into account in determining whether costs have been reasonably incurred, including previous service charges and the need to spread costs; *Spender v FIT Nominee Ltd* [2024] UKUT 175 (LC), where it was held the FTT had erred in concluding that insurance premiums paid by a landlord in respect of a residential estate were reasonably incurred without the landlord proving that the price was reasonable, either by reference to the market or by showing what services were carried out.

32. They also cite three First Tier Tribunal decisions: Wellington Terrace, The Esplanade, Sandgate, Folkestone, Kent CT20 3DY (CHI/29UL/LSC/2021/067), on non-compliant demands; Oaks Court, 226-228 Cann Hall Road, London E11 3NF (LON/00BH/LSC/2023/0140), on section 20B and the '18-months rule'; and, Egmont Road, Sutton, Surrey SM2 (LON/00BF/LSC/2022/0257), where the tribunal made a section 20C in favour of successful lessees.

Determination

(1) The Second Respondent/Mr Blooman

33. Considering firstly the broader points raised by the Applicants, before coming to the detail of the Schedule. The Applicants allege breach by Mr Blooman of the following Management Order obligations (under the Schedule of Functions and Services):

'Service charge

3. Prepare an annual service charge budget and make provision for interim payment in advance, and a balancing payment by, or credit made to, the Tenants at the end of the year as appropriate.

4. Administer the service charge and prepare and distribute appropriate service charge accounts to the Tenants.

6. The Manager shall have the authority to demand payments in advance and balancing payments at the end of the accounting year, to establish a sinking fund to meet the Landlord's obligation under the lease, to allocate credits of service charge due to the Tenants at the end of the accounting year to the sinking fund, and to collect arrears of service charge and insurance that have accrued before *his appointment which includes the interim service charge for the year ended 30 June 2019.*

…

Accounts

13. Prepare and submit to the Landlord and the leaseholders an annual statement of account detailing all monies receivable, received and expended. The accounts to be certified by the external auditor, if required by the Manager.

14. Maintain efficient records and books of account, which are open to inspection by the Landlord and the Tenants. Upon request, produce for inspection, receipts or other evidence of expenditure.

16. All monies collected will be accounted for in accordance with the Code 3rd edition.'

34. Except as set out in the Schedule, which is addressed below, it is not otherwise specified with any sufficient particularity in what respects it is alleged Mr Blooman was in breach of these various obligations. Considering the evidence it is apparent that budgets were set by Mr Blooman for the relevant years (see, for example, TB[70]-[72]), interim payments were duly demanded each September and March during the currency of his appointment (see the demands at TB[63], [64], [65], [66], [67], [68] and [69]) and year end accounts produced for y/e 30 June 2020 at TB[165-171] and 2021 at TB[328-334].

35. It is plain though that there were some deficiencies in Mr Blooman's performance, for example, it does appear to be the case that the June 2022 accounts had to be completed by MPL, so too the 2023 accounts although this was perhaps inevitable given the end of his appointment in September 2023. Further, whilst extensive documentation does appear to have been made available (enabling no doubt the preparation of the Schedule), not all documents have been readily or timeously produced to the Applicants. Some key documents only now being produced to them in Mr Blooman's submission of July 2025.

36. Nonetheless, in our view there is nothing in the allegations made or these failings that means the interim demands were not payable. As discussed in the reasons that follow in respect of the Schedule, the source of Mr Blooman's authority is the management order itself. He is not bound by the strict machinery of the lease and any conditions or pre-conditions it contains for recovery of service charges. Moreover, even if he were, again it is not specified by the Applicants nor is it apparent what if any requirements have not been met that would prevent the recovery of the interim demands. Notably also, in reality matters have been overtaken by the year end accounts and the item by item challenges made to specific charges in the Scott Schedule.

37. Turning then to the Schedule, each item is addressed in the Appendices to this decision. Appendix A lists (from the 4x schedules) each charge in dispute, the invoice reference and amount, the relevant bundle reference and states our conclusion. Our reasons for that conclusion are separately set out in Appendix B, cross referring to the item numbers in each service charge year in Appendix A. Where any item is not separately addressed, this is because our conclusion relies on reasons already stated as noted in Appendix A. In summary, for the reasons set out therein this Tribunal determines that all the challenged sums are payable, save for two sums, one of £400 and the other of £750 as and for the reasons set out in the Appendices.

(2) The First Respondent

38. Turning to the case against the First Respondent, as regards the alleged failure of their December 2023 demand to comply with the 1987 Act, this has been remedied by subsequent statements of account and cumulative applications for payment containing the relevant notice (see TB[991]-[994]). The suspensory effect of non-compliance with ss.47 and 48 has therefore been removed and sums previously demanded have become due and payable.

39. As for the challenge to the insurance cost of £64,568.26, this was the budgeted sum for buildings and terrorism insurance with Allied World for 2024/2025 (see TB[1008]). The primary allegation appears to be that this was unreasonable. However, the Applicants have not produced any evidence in support of this claim; no comparable quotation or rival price. By contrast, in support of the charge, the budget at TB[1008] notes that this cost was a 7.5% increase on the cost for the previous year, but goes on to assert *'is very reasonable in the current climate.'*

40. Mr Coldwell in his statement of case for the First Respondent states that 'the insurance market has been increasing over recent years, the number of insurers prepared to consider Northumberland Court has decreased and [it] has made a number of claims in recent years. All these factors have resulted in a rising premium.' As regards the query over holiday lets, he confirmed that holiday lets are forbidden in the block and not covered by the insurance.

41. The key evidence in this regard, however, comes from Mr Rob Mayo of Insurety, the insurance brokers used by MPL. In his email of 08 April 2025 he confirms that '*It was a real challenge to place cover due to the extremely poor claims experience and very high frequency of claims in previous years. We have access to around 200 Insurers and Allied World were the only insurer willing to offer any terms at the time….The premium paid was £53,800 plus Ipt at 12% which very roughly equated to a £0.20p rate applied by Insurers. The policy came with a very high Escape of Water Excess as expected. Compared to many other sites we insure, I do not feel that this premium was any higher than to be expected.*'

42. On the query over commission, he states that on Northumberland Court Insurety earned a total commission of 5% and that *'no element of that commission was paid*

to any party as a referral fee, the commission was 100% retained in its entirety by Insurety.' The Tribunal accept this evidence. In our experience, this is a low or at least competitive brokerage fee. Further, given that this is simply a broker's fee with no referral fee (to the managing agent or any other) there is nothing that calls for explanation or justification. In light of the foregoing the Tribunal are entirely satisfied that the claimed cost inclusive of commission was within the market norm and that both in terms of process and outcome this premium was demonstrably reasonably incurred and is payable.

43. As for the position on the collection of reserve, this was fully explained in the Managed Partnerships Ltd's letter of 16 September 2024 at TB[979-80]; crediting back unspent reserve as at 30 June 2024 given the fact that the FTT decision on 18 June 2024 permitting a reserve fund was not retrospective and noting that the service charge budget for 2024/25 was being prepared and would allow for a sum to start building a reserve fund for future expenditure. Similarly, the crediting of the 09 October 2024 demands and recharge to correct the period to which the demands related is fully explained by MPL's letter dated 15 November 2024 at TB[990]. The Tribunal can find no fault with MPL's approach in relation to these matters.

44. In terms of the amount of the reserve fund collection, and the allegation that the current interim demands are excessive and in breach of section 19(2) of the 1985 ('*.. no greater amount than is reasonable is so payable*'). Mr Coldwell for the First Respondent explained the level of reserve covers essential works that are needed to the building in line with the planned maintenance program ('PMP') prepared by Price Lilford Building Surveyors. In particular, in the year 2024/25, the urgent need for roof repairs to be carried out (the PMP at TB[1074]-[1105] refers at [1090]-[1092]). Further, he emphasized that the board of the First Respondent had considered the means of tenants and had *'set the budget as sympathetically as possible.'* He also pointed out that the current demand was ameliorated (in the case of tenants who were up to date with their service charges) by the fact that tenants were being credited back the reserve collected in earlier years.

45. In the circumstances the Tribunal is satisfied that the current budgeted reserve in the sum of £249,070 (at TB[983]) though substantial is no more than is reasonable. The Price Lilford PMP dated July 2024 shows total planned major works expenditure for 2024/25, including extensive roof repairs, in the sum of £189,517 including contingency and VAT but excluding professional fees. Notably also this is based on July 2024 prices, with no apparent allowance for inflation, which remains high in the construction sector. Taking all these costs considerations into account, in our judgement the collection is sensibly calibrated and reasonable.

46. Whilst it would not be surprising if there were affordability issues for some tenants with the reserve at this level, as the authorities establish the essential driver must be the need for the works and their cost, neither of which were challenged by the Applicants. Indeed, we note that the FTT hearing the lease variation application in

2024 found that given the history of the property, including no doubt its condition, '*there was a compelling case for the creation of a reserve*.' Nevertheless, to the extent that affordability can be taken into account, we accept that it has been. Factoring this into our own analysis does not lead us to any different conclusion. The mitigating effect of the credit for reserve collected in previous years (in an equivalent sum) only confirming this assessment.

47. Lastly, with regard to any late payment penalties or charges (as opposed to any costs, charges and expenses incurred as a result of any default), no lease term was relied upon by the First Respondent or drawn to our attention, nor can we find any clause of the flat lease (as amended or otherwise and provided under separate cover to the Tribunal) which would entitle such charges to be levied.

Section 20C/Paragraph 5A

48. So far as the costs of these proceedings are concerned, none of the parties have made any submissions regarding the entitlement, if any, of either the First or Second Respondent to recover their costs from the Applicants by way of service charge or an administration charge. In these circumstances, the Tribunal merely observes, without deciding, that it is not obvious that there is any clause of the lease enabling recovery so far as the First Respondent is concerned. As for Mr Blooman, his initial Position Statement itself appears to acknowledge that presently he has no route to recovering his costs by way of service or administration charges, given the expiry of his appointment as manager.

49. Nonetheless, without prejudice to the any issue of entitlement (as referred to at paragraph 48 above) but for completeness, the Tribunal has considered the Applicants' applications under section 20C and Paragraph 5A. In summary, as referred to above, the only principle upon which the discretion should be exercised is to have regard to what is just and equitable in the circumstances, including in particular the conduct of the parties, the circumstances of the parties and the outcome of the proceedings.

50. As regards the conduct of the parties, the Tribunal take note of the fact that Mr Blooman failed initially to respond adequately to the application, concerned as he was to know how his costs of participation in the proceedings might be met. This was unhelpful and misguided. But in terms of reversing, what for present purposes must be assumed to be a contractual entitlement to recover costs, having heard and considered the issues above, the Tribunal detect far greater fault on the part of the Applicants, who it seems to us have sought to challenge multiple charges with a complete lack of discernment.

51. By these means the Applicants have sought, so it appears to the Tribunal and we so find, to pursue their enduring opposition to Mr Blooman's appointment as manager, despite the previous orders made by the FTT appointing him and extending his appointment (TB[94]). Furthermore, in terms of outcome, the Application has been very largely unsuccessful, with only a handful of issues

resolved in favour of the Applicants. In all the circumstances, the Tribunal do not consider that it would be just and equitable to make any order under section 20C or direction under Paragraph 5A and the Applicants' applications under each are dismissed.

Dated as above.

RIGHTS OF APPEAL

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application by email to rpsouthern@justice.gov.uk to the First-tier Tribunal at the Regional office which has been dealing with the case.

2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.

3. If the person wishing to appeal does not comply with the 28 day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.

4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.

Communications to the Tribunal MUST be made by email to rpsouthern@justice.gov.uk. All communications must clearly state the Case Number and address of the premises.