



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

Case Reference	: HAV/43UF/LSC/2025/0685
Property	: Flat 21, Stirling House, Garlands Road, Redhill, Surrey, RH1 6PR
Applicant	: Mr G M Randall
Representative	: None
Respondent	: Southern Land Securities Limited (“SLSL”)
Representative	: Mr B Milward, SLSL Legal Department
Type of Application	: Determination of liability to pay and reasonableness of service charges, section 27A of the Landlord and Tenant Act 1985
Tribunal Member(s)	: Judge D Gethin
Date and Venue of Hearing	: On the papers – 17 December 2025
Date of Decision	: 18 December 2025

DECISION

Summary of the Decisions of the Tribunal

1. **The Tribunal determines that the Applicant is not liable to pay the sum of £140.17 plus VAT in respect of “Administration fee for major works consultation and oversight” incurred during the period 2024-25 as this sum has never been demanded.**
2. **The Tribunal determines that the Applicant is liable to pay a management fee of 3.75% of the costs of the Works during the period 2025-26.**
3. **The Tribunal has made no determination on whether the costs of the Works are reasonable or payable.**
4. **The tribunal does not make an order under section 20C of the Landlord and Tenant Act 1985, or for reimbursement of the application fee.**
5. **The Tribunal does make an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002.**

The Application

6. The Applicant made an application dated 5 May 2025 for determination of the liability to pay and the reasonableness of service charges with respect to the “Administration fee for major works consultation and oversight” for the service charge year 25 June 2024 to 24 June 2025 in the sum of £140.17 plus VAT. The major works are external repairs and redecoration works (“the Works”) at Stirling House, Garlands Road, Redhill, Surrey, RH1 6PR (“the Property”).
7. The Respondent is the freehold owner of the Property. The Property is described by the Applicant at Section 2.3 of the Application [6] as:

Block of 21, one-bedroom flats built in 1980s under leasehold management.
8. The Applicant is the current leaseholder of Flat 21, Stirling House (“the Flat”). The original lease was granted on 29 July 1988 (“the Lease”) with the Applicant acquiring the leasehold interest at some later point which is registered at HM Land Registry under title number SY551302.
9. The sum of £140.17 plus VAT is the proportion of a fee attributable to the Flat, being one twenty first part of the Respondent’s costs incurred

in respect of the managing agent's fees for managing the Works (clause 21 of the Sixth Schedule of the lease of the Flat).

10. The Applicant has further sought orders pursuant to section 20C of the Landlord and Tenant Act 1985 ("the 1985 Act") and paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002 ("the 2002 Act").
11. Directions were issued on 24 July 2025 ("the First Directions"), the Tribunal having determined that the application would benefit from a case management hearing ("CMH"). Amended Directions ("the Amended Directions") were issued on 7 August 2025 confirming the CMH would be by way of Cloud Video Platform ("CVP") Hearing and took place on 17 September 2025.
12. At the CMH on 17 September 2025, the parties put forward their respective statements of case and confirmed their position. The areas of disagreement remained, and it was deemed there was no prospect of the matter being settled. The Parties expressed a preference for the application to be determined by the Tribunal on the papers alone without a hearing.
13. The Tribunal agreed at the CMH hearing that the Application was likely to be suitable for determination on the papers alone without an oral hearing and therefore would be so determined in accordance with rule 31 of the Tribunal Procedure Rules 2013 unless a party objects in writing to the Tribunal within 28 days of the date of receipt of these Directions.
14. If no objection was received, the Tribunal would upon receipt of the bundle, review the bundle and confirm if the matter remained suitable for determination on the papers alone.
15. Further to the Directions of 17 September 2025, no party has objected to the matter being determined on the papers alone and no parties has requested an oral hearing. On 1 December 2025 the Applicant submitted the bundle as directed. The bundle is 184 pages and in the required PDF format.
16. The Tribunal reviewed the hearing bundle and decided that the application is suitable to be dealt with on the papers. The bundle is properly paginated and indexed and the dispute between the parties remains narrow as set out above. There appears to be no substantive challenge on the facts, and it is proportionate for the Tribunal to determine the matter on the papers.

17. As a result of the above review, Judge Skinner confirmed in the Directions dated 8 December 2025 that the Tribunal shall determine the case on the bundle supplied as set out in paragraph 15 above.

The Hearing

18. The matter was determined by way of a paper hearing which took place on 17 December 2025.

The Law

19. Section 27A of the 1985 Act reads 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.*

20. Section 19 of the 1985 Act reads as follows:

19 – Limitation of service charges: reasonableness

- (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.*

Determination

21. The Tribunal was provided with an electronic bundle of 184 pdf pages which contained amongst other things copies of the Lease [36-56], the Management Agreement dated 25 June 2024 between the Respondent and its managing agent, Together Property Management Ltd (“the Managing Agent”) [57-71], the section 20 consultation notices [86-89 and 104-135], and the Service Charge Demand dated 20 May 2025 [99-100]. References in [] are to pages within that bundle.
22. The Application is straight forward. The Applicant is seeking a determination of his liability to pay a service charge set out within the Application as broken down at paragraph 6 above.
23. The Applicant set out carefully within his Statement of Case dated 28 October 2025 [76-78] the basis upon which the Applicant believes he is not liable to pay the Managing Agent’s fee. The Applicant submits that:
 - a. the Managing Agent already receives an annual management fee;
 - b. professional fees such as Surveyors and Principal Designer mean that professional oversight of the Works is already costed;
 - c. Clause 21 of the Sixth Schedule to the Lease does not permit a ‘second fee’ to be added;
 - d. the section 20 consultation process is already covered by the annual management fee;
 - e. the Management Agreement does not permit a separate fee under Appendix III unless Heads of Terms are in place;
 - f. the fee is arbitrary;
 - g. the Respondent had not demonstrated evidence that the Works will incur further work for the Managing Agent;
 - h. the section 20 consultation does not justify a new fee.
24. Mr Millward is described as a paralegal within the Respondent’s Legal Department. He has drafted the Respondent’s Statement of Case dated 12 November 2025 [101-103].
25. There is no evidence that this document has been reviewed by a member of supervising staff in the Respondent’s Legal Department. It is somewhat unhelpful in that the Respondent relies on Clause 12 of the Seventh Schedule to the Lease as permitting the Respondent to recover a management fee, when the evidence is that the management fee relates to the Managing Agent. The Respondent also seeks to rely on the Leasehold Reform (Reasonableness of Service Charges) Bill [HL] 2022 (“the 2022 Bill”) which “*confirms that landlords are not obliged to justify such charges by reference to time spent.*” [102]. The 2022 Bill

was a Private Member's Bill that did not proceed past First Reading; it has no statutory effect and is of no relevance to this appeal.

26. Otherwise, the Respondent submits that:
 - a. the Applicant has covenanted under Clause 21 of the Sixth Schedule to the Lease "*to pay a proportion of the landlord's costs, charges, and expenses incurred in fulfilling its obligations, including the cost of employing managing agents and surveyors*" [101];
 - b. the section 20 process requires specialist skills and experience and creates additional work;
 - c. the management fee is reasonable and at a reduced rate of 3.75% is below the standard industry rate "*demonstrating a conscious effort to keep costs fair and proportionate*" [102] and reducing the fee is not evidence that it is arbitrary;
 - d. there is no duplication of charges as the Managing Agent allows for additional charges for major works administration.
27. The Tribunal carefully considered the parties' Statements of Case and the submissions contained therein.
28. The Tribunal notes that the parties do not oppose the position that the sum in dispute is £140.17 plus VAT. However, it is unclear if that sum was demanded but given the amount it would not be consistent with the overriding objective to enable the Tribunal to deal with cases fairly and justly under rule 3 of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 ("the 2013 Rules") to adjourn to allow the parties to make further submissions.
29. According to paragraph 13 of the Directions of Mr J Wilson MRICS FRIArb dated 23 September 2025 following the CMH on 17 September 2025 [31], the sum of £140.17 plus VAT is derived from the Statement of Estimates dated 24 January 2025 [88-89, also to be found at 119-120].
30. The Statement of Estimates is not a service charge demand. It is an indication to leaseholders of the likely costs of the Works which gives as a separate line item "*Administration Fee 3.75% [sic]*" of £2,943.74 together with VAT of £588.74 for administering the Works rather than for administering the consultation process.
31. The fee inclusive of VAT is £3,532.48 which represents 3.75% of the subtotal of £97,732.22 comprising the McCloughlin Group tender amount of £71,362.20, the Chartered Surveyors Fees of £6,422.59 and the Principle [sic] Design Fee of £715.00.

32. Subsequently, the Managing Agent issued a demand for *Anticipated Service Charge Expenditure* for the period *25 Jun 2025 – 24 Jun 2026* dated 20 May 2025 [99-100] which included a line item of £93,450.00 for Qualifying Works. There is no further breakdown of this amount, or separate line entry for any Administration Fee, but it is noted that this ‘global’ amount is less than the subtotal described above from the Statement of Estimates [88-89, also to be found at 119-120].
33. The Tribunal is then left with how to deal with the Application. From the evidence before it, the Respondent, or its Managing Agent, has not demanded the administration fee in dispute.
34. There is a demand dated 20 May 2025 [99-100] for an “on account” contribution towards Qualifying Works in 2025-26. The Applicant’s contribution is calculated as £4,450.09.
35. There is no further breakdown of that contribution, and so the Tribunal cannot say whether the administration fee is part of that amount or, if it was, how much the Applicant is being asked to pay towards that administration fee. The Applicant has not sought to amend the grounds of the Application to include the service charge period 2025-26.
36. However, the Tribunal considers that the underlying submissions made by the Applicant should be addressed. The Tribunal is satisfied that the Applicant is liable, in principle, to pay a management fee for the Managing Agent’s administration of the Works for the following reasons.
37. The Applicant has covenanted to pay under Clause 21 of the Sixth Schedule to the Lease as follows:
- “The Lessee shall keep the Lessor indemnified from and against one twenty first part of all costs charges and expenses incurred by the Lessor in carrying out its obligations under the Seventh schedule hereto including the cost to the Lessor of employing Managing Agents and an Accountant or Surveyor to determine the Lessor’s costs and the proportion payable by the Lessee in respect thereof” [51].*
38. The Applicant has clearly covenanted to pay the costs of Managing Agents if employed by the Respondent in carrying out the Respondent’s obligations under the Seventh Schedule to the Lease which include at Clause 4:

“The Lessor shall keep the Reserved Property and all fixtures and fittings therein and additions thereto in a good and full state of repair decoration and condition...” [54].

39. The Works falls within the Respondent’s obligations.
40. Clause 12 of the Seventh Schedule to the Lease is not relevant in this application. It provides that *if* the Respondent had not employed the Managing Agent, it was “*entitled to charge a management fee of fifteen per centum per annum of the amount being due from the Lessee to the Lessor under Clause 11 of this Schedule for Administration*” [55]. The 15% is a cap if the Respondent were to undertake the work itself, but it would still be subject to the statutory protections of sections 19 and 27A of the 1985 Act that such management fee be reasonably incurred and be of a reasonable amount.
41. The next question is whether the Managing Agent is entitled to demand an additional management fee in respect of the Works.
42. The Applicant appears to have laboured under a misunderstanding that the fee in dispute relates solely to the consultation that took place, rather than being connected to the entire management of the Works. The Tribunal does not find that to be the case.
43. The fee was clearly calculated as a percentage of the tendered costs of the Works and is not arbitrary. It is common industry practice for a management fee to be calculated on the basis of a percentage of the wider costs incurred. The Tribunal is satisfied that a percentage can be charged, if the Lease and the Management Agreement permit it.
44. Turning to the Management Agreement [57-71], it is unfortunate that the Appendix Headings all appear at the bottom of the page before the appendix it relates to. However, Appendix III lists *Additional Charges* which do not fall within the Managing Agent’s ordinary Services.
45. There is no evidence that the Managing Agent has sought to separately charge for “*Consultation with the Client on management matters (and qualifying works)*” [67]. That item falls within *The Services* listed under Appendix II, and so falls within the ordinarily recoverable annual management fee. It relates to generalised advice provided directly to the Respondent on such matters.
46. Appendix III includes the item “*Preparing and monitoring major building works not covered by annual contracts, dealing with s20 consultations, including serving the required notices, instructing and*

liaising with specialist Consultants, inspecting works in progress and handling retentions” [68-69].

47. The proposed administration fee clearly falls within this line item. Appendix III states that the parties to the agreement should refer to the *Heads of Terms Letter* for the charging basis. The Tribunal is satisfied that notwithstanding the absence of a *Heads of Terms Letter*, the Respondent and the Managing Agent have reached agreement that the costs incurred by the Managing Agent in addressing all matters to do with the Works, including dealing with the consultation process and preparing the requisite statutory notices, should be 3.75% of the associated costs incurred.
48. The Tribunal is satisfied that 3.75% of the costs of the Works would be a reasonable amount for an Administration Fee in principle, notwithstanding the involvement of Chartered Surveyors, as the Managing Agent will still have needed to liaise with leaseholders and professionals and oversee the general progress of the Works which, the Tribunal notes, have reached practical completion according to the Managing Agent’s letter dated 1 October 2025 [167].
49. The Tribunal notes that the demand dated 20 May 2025 was an “*on account*” demand. Once the surveyors have re-inspected the Works and if they are satisfied, the retention monies will be released to the contractor and the Managing Agent will send out completion statements.
50. If the Applicant is of the view that the Works were not reasonably incurred, were not done to a reasonable standard or the costs were not reasonable in themselves, a further application could be made once the ‘actual’ costs have been demanded. The Tribunal has made no determination on whether the costs of the Works are reasonable or payable. The 3.75% administration fee will be determined based on whatever the ‘actual’ costs of the Works were, and revised accordingly if the ‘actual’ costs differ from the anticipated £93,450.00 figure given in the Demand dated 20 May 2025 [99-100].

Costs

51. According to paragraph 12 of the Directions of Mr Wilson MRICS FRIArb dated 23 September 2025, the Applicant seeks that the Respondent or the Managing Agent should not be allowed to pass its costs of the proceedings through the service charge further to s.20C of the 1985 Act, or to demand them as an administration charge further to paragraph 5A, Schedule 11 to the 2002 Act. The Applicant also seeks reimbursement of the application fee on the basis that he has “*brought*

this case in good faith to clarify the terms of my lease. The dispute arose entirely from the Respondent's interpretation of the lease" [78].

52. The Respondent submits that the Tribunal should *"Dismiss the Applicant's request for reimbursement of the application fee and any order under section 20C"* [103].

53. Section 20C of the 1985 Act provides:

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 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.

54. The Applicant has been wholly unsuccessful on the application. There was no evidence for £140.17 plus VAT having been determined during 2024-25 and, in any event, the Tribunal has found that the Applicant is liable to pay the Managing Agent's Administration Fee in the sum of 3.75% of the costs of the Works.

55. It is regrettable that the Respondent's submissions were not clearer or had not recognised that the sum in dispute had not even been demanded, but there is no evidence to suggest that the Applicant would not have brought this application in any event.

56. The Tribunal therefore makes no order under s.20C of the 1985 Act or for the reimbursement of the Applicant's fees.

57. The Applicant has also made an application under paragraph 5A, Schedule 11 to the 2002 Act. The only provision which would permit the Respondent to recover the costs is Clause 25 of the Sixth Schedule to the Lease which provides that:

"The Lessee shall pay all expenses (including Solicitors' costs and Surveyors' fees) incurred by the Lessor incidental to the preparation and service of a notice under section 146 of the Law of Property Act 1925 notwithstanding forfeiture is avoided otherwise than by relief granted by the Court"

58. The Applicant brought the application so the Respondent cannot rely on Clause 25, and so the Tribunal therefore makes the order under paragraph 5A, Schedule 11 to the 2002 Act.

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 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. Where possible you should send your further application for permission to appeal by email to **rpsouthern@justice.gov.uk** as this will enable the First-tier Tribunal to deal with it more efficiently.
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.