FIRST-TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case reference	**:**	**CAM/00KF/LAM/2025/0001**
Property	**:**	**Audley Court, 1 Forge Way, Southend-on-Sea, SS1 2ZS**
Applicants	**:**	**Various leaseholders of Audley Court, 1 Forge Way, Southend-on-Sea, SS1 2ZS**
Representative	**:**	**Graham Kinch**
Respondent	**:**	**Gateway Holdings (NWB) Ltd**
Representative	**:**	**Kerry Coleman, Group Solicitor employed by the Respondent**
Also Present	**:**	**Marie Corbyn of Hair & Son LLP (Proposed Manager)**
Type of application	**:**	**Appointment of a manager**
Tribunal	**:**	**Judge Bernadette MacQueen, Judge Wendy Banks Gerard Smith, MRICS FAAV**
Date of Hearing	**:**	**9 December 2025**
Date of Decision	**:**	**11 February 2026**

DECISION

Decision

(1) The Tribunal does not make an order for appointment of the proposed manager.

(2) The Tribunal sets out the reasons for this decision below.

Reasons

Audley Court

1. Audley Court, 1 Forge Way, Southend-on-Sea, SS1 2ZS (the Property) was built approximately 22 years ago. It was a purpose-built residential development consisting of 66 apartments with private gated gardens and car parking area.

2. The apartments were subject to long leases for a term of 125 years from 1 January 2003 and required the landlord to provide services and the tenants to contribute towards their costs by way of a variable service charge.

3. The Respondent, Gateway Holdings (NWB) Limited, purchased the freehold and head leasehold interest on 3 May 2013 under title number EX680548 and EX740229 respectively. The Respondent instructed Gateway Property Management Ltd ("GPM") as its managing agent.

The Application

4. The Applicants, leasehold owners of the Property, applied to the Tribunal for an order appointing a manager. The manager that the Applicants named in their initial appointment of manager application was not able to continue, and so by application dated 4 September 2025, the Applicants stated that they sought an order that Marie Corbyn of Hair & Son LLP be appointed as manager.

The Hearing

5. A hearing was held via Cloud Video Platform (CVP). Graham Kinch attended on behalf of the Applicants and Brian Kinch, leaseholder, attended to give evidence. The Respondent was represented by Kerry Coleman, solicitor on behalf of Gateway Holdings (NWB) Limited. Michael Adams, Client Relationship Manager employed by Gateway Property Management Limited (GPM) attended to give evidence. Marie Corbyn of Hair & Son LLP also attended the hearing and gave evidence.

6. The Tribunal had before it a bundle of documents which consisted of 585 pages (the Bundle).

7. 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. The parties produced a significant number of colour photographs within the Bundle.

Notice under Section 22 of the Landlord and Tenant Act 1987

8. Section 22 of the Landlord and Tenant Act 1987 Act ("the 1987 Act") provides that before an application is made for the appointment of a manager under section 24 of the 1987 Act, a preliminary notice must be served. This notice must, amongst other things, set out: (a) the grounds on which the Tribunal would be asked to make the order; and (b) steps for remedying any matters relied upon which are capable of remedy, giving a reasonable period for those steps to be taken.

9. It was not disputed, and the Tribunal was satisfied, that the preliminary notice that the Applicants had served complied with section 22 of the 1987 Act. This notice was dated 4 March 2025, and a copy was at pages 199 to 207 of the Bundle ("the Notice").

10. The Applicants' preliminary notice relied upon three grounds namely:

    a. The Respondent was in breach of obligations owed to tenants under the lease.

    b. The Respondent had made and continued to make unreasonable service charges.

    c. The Respondent was in breach of the Code of Practice approved by the Secretary of State under section 87 of the Leasehold Reform, Housing and Urban Development Act 1993. (RICS Service Charge Residential Management Code of Practice (the "Code")).

11. The Notice stated that, as a result of the above, the Property "has been materially affected, allowing the building fabric and site to become dilapidated, which has had an adverse effect on the leasehold assets of the tenants and additional costs being incurred or unnecessary costs being borne".

12. The Applicants set out within the third schedule the breaches of the lease that they alleged, the service charges that they said were unreasonable and the alleged breaches of the code of practice. Within the fourth schedule the Applicants set out the matters which they said were capable of remedy, and the steps required to remedy the breaches.

13. The Respondent served their response on 2 May 2024 (pages 208 to 217 of the Bundle) in which they submitted that the Respondent had remedied the alleged breaches which were capable of remedy and/or would remedy them within a reasonable period of time. It was therefore the Respondent's position that no application should be made to the Tribunal as the Notice had had the desired effect. Further, the Respondent stated that an application for appointment of manager was an application of last resort.

14. A supplementary response from the Applicants was served dated 20 June 2024 (pages 218 to 233 of the Bundle) and the Respondent provided a further response dated 4 July 2024 (page 234 to 237 of the Bundle).

15. It remained the Respondent's position that they had remedied the alleged breaches which were capable of remedy and/or would remedy the breaches within a reasonable period of time and therefore no application should be made to the Tribunal as the Notice had, in their view, had the desired effect.

Period Prior to the Respondent's ownership

16. The Applicants submitted throughout their application that as GPM was initially appointed by the original freeholder on 1 May 2007 and had continued as managing agents to date, the Tribunal should consider the conduct of GPM from 2007. However, the Tribunal does not accept this argument. The Respondent is Gateway Holdings (NWB) Limited and the relevant period that the Tribunal considers is the point that they acquired the freehold and leasehold interest, namely 3 May 2013. Prior to this date, GPM was instructed by the original freeholder and not by the Respondent.

Grounds under s.24(2) of the 1987 Act

17. Under section 24 of the Act, an application for the appointment of a manager can only be made if the Tribunal is satisfied that a statutory ground exists and that it is just and convenient to make the appointment. The Tribunal considers the statutory grounds relied upon by the Applicants as follows:

That the Respondent was in breach of obligations owed to tenants under leases

18. The Applicants alleged that the Respondent breached their obligations in clauses 6.1.3, 7.1.2, 7.1.4, 7.2.2 and 7.2.3 of the Lease dated 27 January 2006 and made between Forge Developments Limited and Broadfield Properties (Southend) Limited (the Lease).

Clause 6.1.3

> "6. THE Landlord shall prepare or cause to be prepared an annual statement showing the estimated costs during the ensuing financial period (not normally exceeding one year) of meeting the Service Obligations and of providing for:
>
> 6.1 .1...
> 6.1.3 The creation of such reserve funds sinking funds or replacement funds against future liabilities as may seem prudent and desirable and shall deliver or send a copy thereof to the Flat together with a demand for the payment of the Specified Proportion of the Service Charge which shall be due and payable by the Tenant to the Landlord free from all deductions within seven days of demand on account of the service charge ..."

19. The Applicants alleged that an appropriate sinking fund, as proposed in the original service charge proposal, was not established or maintained. It was the Applicants' position that this had resulted in current leaseholders having to pay for certain costs that previous leaseholders should have contributed to. The Applicants clarified that the original service charge proposal that they were referring to was a 2003 service charge budget prepared by Countrywide Property Management. The Applicants included a copy of this document at pages 226 to 233 of the Bundle. This proposal suggested an annual sinking fund contribution of £21,500.

20. Further, the Applicants submitted that the amount that the Respondent described as a reserve fund was "merely either surpluses or deficits in the annual service charges and nothing to do with sinking funds".

21. In reply the Respondent confirmed that they had established a reserve fund and therefore there had not been a breach of clause 6.1.3. At page 213 of the Bundle, the Respondent set out a summary of the reserves over the last 5 years as evidenced by the accounts. The Respondent submitted that the budget included annual provision for transfer of funds to the reserve fund. The Respondent further submitted that the Countrywide Property Management proposal was an

historic document prepared by a third party who has no connection to the Respondent.

Tribunal Decision – Breach of Clause 6.1.3

22. The Tribunal finds that the Respondent has not breached clause 6.1.3 of the Lease. This clause requires the Respondent to create such reserve funds sinking funds or replacement funds against future liabilities "as may seem prudent and desirable". The Tribunal accepts the Respondent's evidence that a reserve fund has been established, and that this is shown within the service charge accounts (pages 453, 459, 465 and 471 of the Bundle).

23. The Applicants have not presented any evidence to the Tribunal to substantiate their claim that the fund established by the Respondent is not "prudent and desirable". The Tribunal does not accept the Applicants' position that the Respondent should have established a reserve fund as proposed by Countrywide Property Management. This proposal dates back to 2003 and was made prior to the Respondent acquiring their interest in the Property in 2013.

Breach of Clause 7.1.2

24. Clause 7.1.2 provides:

> "THE Landlord hereby covenants with the Tenant that provided that the Tenant shall pay the Specified Proportion of Service Charge it will:
> 7.1.1 …
> 7.1.2 Keep the Building the Common Parts (including for the avoidance of doubt the lift or lifts where applicable) and the Development and other buildings within the Development together with the Landlord's fixtures and fittings therein in good and tenantable repair and condition and good working order and properly cleansed and lighted as appropriate and rebuild or replace any parts that require to be rebuilt or replaced."
>
> "Building" is defined as "All of those structures within which the flats are located including but not limited to the bin stores, hallways lifts and lift shafts balcony areas (if any) and archways to include all parts of the common areas forming part of the main structure.
>
> "Common Parts" means the "Accessways the visitors car parking spaces (if any) the Bin Stores the Service Conduits the Lifts (if any) foundations main structure and exterior roof security entry systems of the Building external lighting standpipes television aerials satellite dishes boundary walls railings fences and other parts of the Development not comprised

in this Lease or any other Lease of any other part of the Development granted or to be granted by the Landlord".

"the Estate" means the Landlord's estate known as Land on the South Side of Burnaby Road, Southend on Sea Essex registered at HM Landl Registry with title absolute under title number"

"the Development" means the land parking spaces amenity areas landscaped gardens bin stores bicycles stores (if any) electricity sub-station accessways and the Flats erected or to be erected on the Estate shown within the land edged red on plan 1.

Landscaping - paragraph 1 of the Fourth Schedule to the Lease provides that the landlord must:

"maintain repair renew if necessary landscape and cleanse such of the accessway common areas amenity and garden areas as are not from time to time adopted or otherwise maintained at the public expense".

25. The Applicants had set out within the Notice the matters upon which they relied to allege that clause 7.1.2 had been breached by the Respondent (page 200 of the Bundle). These reasons can be summarised as follows:

    a. there was no evidence of a suitable site maintenance plan, as recommended in the original service charge proposal, including service agreements for specific suppliers;
    b. site cleaning and grounds maintenance were not up to satisfactory standard and there was no evidence of supervision/service level agreements;
    c. building, guttering and downpipes were not cleared or maintained on a periodic basis, leading to blockage/deterioration in performance resulting in water staining and ingress to the building fabric;
    d. site lighting was in a poor state of repair with many items not working for a considerable length of time and, in some cases, lighting removed and not replaced;
    e. communal areas required painting as this was not attended to regularly;
    f. landscaping was not managed properly with no planting scheme in place and dead items not always removed and when removed not replaced;
    g. lifts were not repaired in a timely manner;
    h. communal entry phone systems were not maintained under contract with almost all units not functioning property;

i. front entry gates did not appear to be regularly maintained and had been locked open for over one year (the development was supposed to be gated);
j. bin store areas cleaning was not carried out on a regular basis and cleaning that took place was not effective;
k. bin store 2 had a fundamental design flaw allowing it to continually flood in heavy rain. Despite assurances that the flooding issues would be resolved, no work had ever been carried out, which had resulted in a continual build-up of sludge/water.

26. Regarding the guttering and downpipes, the Applicants produced photographs at pages 122 to 123 of the Bundle, taken on 25 September 2025. The Applicants submitted that these photographs showed staining to both the upper wall and brickwork because the hopper and/or downpipe leaked. The Applicants submitted that this had resulted in damage to the fabric of the building. However, no expert evidence was produced to substantiate the claim of damage to the fabric of the building. Further, the Applicants produced a photograph (photograph 3, page 124 of the Bundle also taken on 25 September 2025), which showed moss/vegetation growth at what the Applicants described as a "faulty joint" in the downpipe. Further, photograph 4, page 124, also taken on 25 September 2025, was produced and the Applicants stated that this showed moss and vegetation growth in a gutter (photograph 4 page 124) because it had not been maintained properly.

27. Regarding the lighting, the Applicants produced two photographs both taken on 25 September 2025 (photographs 5 and 6 at page 125 of the Bundle). The Applicants submitted that photograph 5 showed a "white industrial style light" which was installed in 2023/2024, but, although the photograph was taken in daylight, the light was illuminated. Further, photographs 6 (page 125 of the Bundle) showed what the Applicants described as a pillar light which had lost its head cover seal and had been taped together. The Applicants submitted that, although this fault had been reported, the light had been in this condition since early 2022.

28. The Applicants further submitted that there were several lights not working and no reinstatement of lighting that had been removed. The Applicants stated that on 24 June 2025 there was a failure of a large part of the car park and all of the entrance gate lighting which was reported to the Respondent's property manager. It was the Applicants' position that it was not until 23 July 2025 that Graham Kinch received a reply from the Respondent and that this reply stated that a section 20 process was required. The Applicants submitted that on 1 August 2025 they received a reply from GPM to say that a contractor had attended and managed to mend some lights but would need to return to site. It

was the Applicants' position that there was still no resolution with lights still not working.

29. Regarding landscaping, the Applicants produced at page 126 of the Bundle a photograph of the courtyard garden which was taken in 2006, and another photograph of the Courtyard garden taken on 21 September 2025. The Applicants submitted that the photographs demonstrated that the grass was now in a poor state and the planted bed was overgrown when compared to the photograph taken in 2006. The Applicants submitted that this showed that the landscape management of the area had been poor.

30. The Respondent stated that clause 7.1.2 of the Lease was not breached, submitting that every year a new budget was set which made provision for maintenance. This budget was set in a way that balanced maintenance requirements but also took into consideration the cost to the leaseholders. Michael Adams, Client Relationship Manager of GPM, provided the Tribunal with a site visit report completed on 30 September 2025, which included a series of photographs. Michael Adams told the Tribunal that this report concluded that the Property was mostly in a good standard of repair and condition, was clean and tidy and not dilapidated as the Applicants alleged. The Respondent addressed the specific items of breach that the Applicants alleged as follows.

31. Regarding the site cleaning and grounds maintenance contracts, the Respondent told the Tribunal that a cleaning contract was in place which meant that 6 hours of cleaning per fortnight was completed. Additionally, carpet cleaning to communal areas was carried out annually. Further, the grounds maintenance contract in place meant that 8 hours of maintenance per week was completed. The specification for the cleaning and gardening at the site was at pages 434 to 437 of the Bundle.

32. In terms of the supervision of these contracts, Michael Adams told the Tribunal that GPM used an App called "OptimoRoute" to monitor performance of contractors. Michael Adams' evidence was that this App required 20 photographs to be submitted by a contractor on completion of their work to show what they had done. Additionally, a "flick test" question had to be submitted by the contractor to GPMs Facilities Management Team. The Respondent included at pages 400 to 433 of the Bundle photographs taken after cleaning that was completed on 6 October 2025, and the annual carpet cleaning that was completed on 24 March 2025 to 27 March 2025. The Respondent acknowledged that a flick test was not completed for the 6 October 2025 clean, however stated that this was because of an issue with the App. It was the

Respondent's position that the photographs showed that the contractors' work was supervised and, indeed, the work had been completed to the required standard.

33. Regarding repairs to the lifts, the Respondent told the Tribunal that repairs to the lifts necessitated the instigation of a section 20 consultation process. This was commenced in November 2023, with the second notice period expiring on 26 February 2024. The Respondent confirmed that invoices had been sent to leaseholders with payment due by 28 March 2024. It was the Respondent's position that it had to receive full funds before it could proceed with the works. Michael Adams confirmed in his evidence to the Tribunal that the major works (which had been the subject of the section 20 process) relating to the lifts was now completed (page 246 of the Bundle). Further, in addition, the Respondent confirmed that regular maintenance of the lifts was carried out by a contractor who conducted 10 service maintenance visits per year. Additionally, an out of hours service was operated.

34. With regards to lighting, guttering and downpipes, and redecoration, the Respondent told the Tribunal that, following a health and safety inspection conducted in March 2025 (a copy of which was at pages 507 to 561 of the Bundle), a recommendation was made for further work to be completed under a section 20 consultation process. A First Notice for this work was sent on 1 April 2025 (page 562 of the Bundle) and a second notice was issued on 11 August 2025 (page 567 of the Bundle). Michael Adams told the Tribunal that the work proposed would address the staining to the walls from leaking gutters and downpipes, lighting at site and redecoration.

35. The Respondent did not accept the Applicants' position that GPM had not responded promptly to the lighting failure that was reported on 24 June 2025. The Respondents submitted that they had acknowledged the Applicants' email reporting the fault the following day (25 June 2025 (at 10:04)), and this email had confirmed that arrangements would be made for a contractor to attend as soon as possible.

36. The Respondent confirmed that annual servicing of the intercom system was in place and also told the Tribunal that several blocks had had a new intercom system installed and the intention was to have all of the intercoms upgraded. Michael Adams confirmed that this work was completed in March 2025. Regarding the entrance gates, the Respondent confirmed that they were serviced regularly and that a quotation was being obtained to consider whether to upgrade the system.

37. Finally, with regard to the cleaning of the bin store, the Respondent confirmed that the contractor gathered loose waste and swept the floor. The Respondent stated that they had added jet washing of the bin store to the contractor's work.

Tribunal Decision – Breach of Clause 7.1.2

38. Clause 7.1.2 of the Lease required the Respondent to:

> "Keep the Building the Common Parts (including for the avoidance of doubt the lift or lifts where applicable) and the Development and other buildings within the Development together with the Landlord's fixtures and fittings therein in good and tenantable repair and condition and good working order and properly cleansed and lighted as appropriate and rebuild or replace any parts that require to be rebuilt or replaced."

39. The Applicants identified a number of issues upon which they relied to allege that clause 7.1.2 was breached. However, the Tribunal does not find on the evidence before the Tribunal that this clause was breached. Before turning to the specific points made by the Applicants, the Tribunal notes that, although there were issues with work not being completed in the manner that the Applicants would have liked, this does not mean that clause 7.1.2 has been breached.

40. Further, the Tribunal accepts the Respondent's evidence that they have completed major works at the Property, namely works to the lift and roof, and have begun a further section 20 consultation process. The specification for this consultation work was dated 31 March 2025 and was at pages 141 to 156 of the Bundle. At page 155 of the Bundle, the work to be completed was set out and can be summarised as follows:

    a. Drainage - clean out dirt and vegetation from rainwater gutters, gulleys, downpipes and hoppers, flush through with clean water to ensure clear.
    b. Fenestration and Timber Repairs.
    c. Elevations and external areas – including pointing and repointing as specified.
    d. Electrical works – remove existing lighting , supply and fit new lighting to the fabric of the building. Remove existing landscape lighting and supply and fit new bollard style lighting.
    e. Redecoration – as set out in the specification at pages 155 to 156 of the Bundle.

41. Addressing the points in the order raised by the Applicants, the Tribunal finds as set out below.

42. The Tribunal does not find that the lack of a site maintenance plan means that clause 7.1.2 has been breached. There is no requirement for such a plan within the wording of this clause. The Tribunal accepts the evidence of the Respondent that a maintenance budget is calculated and, in setting this, the Respondent balances the maintenance issues along with the financial burden this would place upon leaseholders. The Tribunal also accepts the evidence of Michael Adams that his site visit on 30 September 2025 showed that the development was in a good standard of repair and condition. The Tribunal has the benefit of a large number of photographs (pages 281 to 392 of the Bundle) taken at this visit which do not support the Applicants' claim that clause 7.1.2 was breached.

43. The Tribunal does not find that the site cleaning and grounds maintenance was of a standard that meant there was a breach of clause 7.1.2. The Tribunal accepts the evidence of the Respondent as to the frequency of the cleaning and grounds maintenance and the supervision that has taken place. Whilst it is clear the Applicants sought a higher level of service, this does not mean, and the Tribunal does not find, that the clause has been breached.

44. Regarding the guttering and downpipes, the Applicants did not provide any evidence to support their claim that there was water ingress into the building fabric. The photographs produced by the Applicants (pages 122 to 123 of the Bundle) show that the walls were stained and clearly this was an issue that needed to be investigated; however, the Tribunal accepts the Respondent's evidence that this would be addressed as part of the major works which are the subject of a section 20 consultation process as set out at pages 141 to 156 of the Bundle. The Tribunal notes that, without sufficient funds, it is not possible for the Respondent to complete the work that is required.

45. The Tribunal accepts the evidence of the Respondent that gutters were regularly cleaned. Further, the Tribunal accepts the evidence of the Respondent that photograph 3, at page 124 of the Bundle, showed moss and vegetation growth in a gutter (photograph 4 page 124) in one section of the gutter only. This was because that section of guttering could not be reached without a boom lift. This resulted in a delay in this work being completed. The Tribunal therefore does not find that clause 7.1.2 has been breached as it is clear that the Respondent is keeping the Property in good tenantable repair by completing this maintenance work.

46. With regard to lighting, clause 7.1.2 requires the Building, the Common Parts, the Development, and other buildings within the Development, to be properly lighted, as appropriate. The Tribunal finds that there was adequate lighting provided. Whilst it is the case that there is an issue with the lighting for which

repairs are needed, the Tribunal accepts the evidence of Michael Adams that work is being completed to resolve the issues. Specifically, several attempts have been made to try to resolve the lighting at the development. However, as the lighting system has multiple components and includes courtyard lighting, car park lighting, and entrance lighting, isolated repairs have not addressed the issues comprehensively. Therefore, lighting is part of the section 20 work so that a more effective and lasting solution can be found. Clause 7.1.2 requires that appropriate lighting is provided. The Tribunal finds that appropriate lighting has been provided and further work is taking place to improve and repair the lighting.

47. Regarding the painting of communal areas, as stated above, the Tribunal accepts the evidence of Michael Adams that his site visit on 30 September 2025 showed that the development was in a good standard of repair and condition. As stated above, the Tribunal has the benefit of a large number of photographs (pages 281 to 392 of the Bundle) taken by the Respondent which do not support the Applicants' claim that clause 7.1.2 was breached. Further, and in any event, the Tribunal accepts Michael Adams' evidence that redecoration was planned following a health and safety inspection and the completion of previously urgent section 20 major works to the lifts and roof. The Tribunal accepts the Respondent's position that work needs to be completed at an appropriate time to ensure that the cost of work is affordable. The Tribunal further notes the comment of one of the Applicants in response to the section 20 consultation that in their view the building and common areas remain in an acceptable condition and therefore such extensive work is not reasonably required at this time (Michael Adams' written statement (page 247 of the Bundle)).

48. Regarding the landscaping, the Tribunal accepts the evidence of the Respondent that a grounds maintenance contract is in place. The Applicants produced limited evidence to support their position that there was a breach of clause 7.1.2 or paragraph 1 of the Fourth Schedule to the Lease. There was no requirement for a planting scheme to be in place under the Lease.

49. Further, other than stating that lifts were not repaired in a timely manner, the Applicants did not produce any evidence that the lifts were not in good tenantable repair and condition in accordance with clause 7.1.2. The Tribunal accepts the evidence of the Respondent that lift repairs were completed as part of a section 20 consultation process.

50. The Tribunal was not presented with evidence from the Applicants to support their claim that there was a breach of clause 7.1.2 because of the condition of the telephone entry system. Further, and in any event, the Tribunal accepts the Respondent's evidence that upgrade work to the intercom system was

carried out in all blocks of the development and that these works were completed by 31 March 2025.

51. With regards to the front gate being locked open, the Applicants did not provide the Tribunal with specific details other than stating that it was their position that the gates did not work for "over one year". The Tribunal accepts the Respondent's evidence that the gates are serviced regularly and have recently been repaired. Further, the Respondent told the Tribunal that quotes have recently been requested to upgrade the system so that the life expectancy of the gates is increased and the cost of ongoing repair reduced. The Tribunal accepts the Respondent's position that, once quotes are obtained, these need to be considered alongside the other work that is required at the Property in order to achieve a balance between required maintenance and reasonable cost to leaseholders.

52. Finally, regarding the bin store area, the Tribunal does not find that clause 7.1.2 was breached. The Tribunal accepts the Respondent's position that a contractor was employed to check the bin store weekly and gather any loose waste. Further, with regard to the bin store 2 area flooding, the Applicants stated that this was the result of a design fault; the Respondent's position in relation to this was that any building warranty had lapsed and in any event the developer had been dissolved. The Tribunal accepts the Respondent's evidence that there may be occasional water logging during periods of heavy rain, this does not result in a breach of clause 7.1.2 of the Lease as the Respondent has in place a contract to ensure that the area is maintained.

Breach of Clause 7.1.4

53. Clause 7.1.4 provided:

> "THE Landlord hereby covenants with the Tenant that provided that the Tenant shall pay the Specified Proportion of Service Charge it will:
> 7.1.1 ...
> 7.1.4 Do such other acts and things and provide and maintain such other equipment as may from time to time be considered reasonably necessary or desirable for the maintenance of the Building and other Buildings within the Development for the security and/or safety and comfort and convenience of the occupiers thereof"

54. It was the Applicants' position that this clause was breached because a fully functioning CCTV system was not in place. The Applicants submitted that this was a requirement of site planning approval and because the system was not maintained, this resulted in an inability to identify theft, vandalism and fly-tipping. Further, the Applicants submitted that this clause was breached

because, although health and safety site inspections were taking place regularly, not all the necessary remedial work was carried out which, in the Applicants' submission, led to potential hazards being unmitigated. Specifically, the Applicants stated that uneven or uplifted paving in the corridor and walkway of flats 37-66 presented a hazard which was exacerbated at night by a lack of or poor lighting.

55. In reply, the Respondent stated that the CCTV system was originally installed at the site but that this system no longer worked. It was the Respondent's position that only the camera at the front gate was a functioning camera. Further, the Respondent stated that they would be prepared to consult with tenants with a view to obtaining quotations for an extended or upgraded CCTV system on site.

56. With regards to health and safety inspections, the Respondent submitted that these were carried out three times a year. As to the specific example given by the Applicants of uneven or uplifted paving, at page 478 of the Bundle the Respondent included the "works order request form" for this work. The date of instruction was 21 October 2025, with the work to be carried out on Monday 27 and Tuesday 28 October 2025. The order also included a repair to a missing cigarette butt box that the Applicants had identified was required.

Tribunal Decision – Breach of Clause 7.1.4

57. The Tribunal does not find that this clause has been breached by the Respondent. The clause requires the Respondent to provide and maintain such other equipment as may from time to time be considered reasonably necessary or desirable for the security and/or safety and comfort and convenience of the occupiers. This clause does not require a CCTV system per se to be installed or maintained.

58. Regarding health and safety inspection work, the Tribunal accepts the Respondent's evidence that they complete health and safety assessments and carry out remedial work. The Respondent demonstrated that they had completed the work to the uneven or uplifted paving, which was the only specific example of work that was required that the Applicants provided under their submissions in relation to clause 7.1.4.

Breach of Clause 7.2.2

59. Clause 7.2.2. provides:

> "THE Landlord hereby covenants with the Tenant that provided that the Tenant shall pay the Specified Proportion of Service Charge it will:

7.1.1 …
7.2.2 To effect such policies of insurance as the insurers may recommend in respect of public liability and consequential loss risks arising therefrom and other insurable items in respect of the Building or the Development as may seem reasonably prudent including to such extent as may be reasonable insurance against damage or destruction of any part of the Common Parts."

60. The Applicants submitted that the Respondent was in breach of this clause because employers' liability cover was included within their insurance policy. It was the Applicants' position that this was unnecessary as there were no directly employed staff at the Property.

61. In the Respondent's reply to the preliminary notice (page 213 of the Bundle), the Respondent submitted that employers' liability cover was required for any outside contractors carrying out work at the Property. Further, and in any event, the Respondent submitted that this cover was automatically included in the buildings insurance policy at no additional cost. In their statement of case (dated 24 October 2025, page 174 of the Bundle), the Respondent confirmed that employers' liability cover had been removed from the insurance policy and again reiterated their position that, even if this cover had been excluded in previous years, this would have had no material impact on the premium charged.

Tribunal Decision – Breach of Clause 7.2.2

62. The Tribunal does not find that clause 7.2.2 has been breached. This clause requires the Respondent to obtain a policy of insurance that is reasonable and this is what the Respondent has done. The Tribunal does not accept the Applicants' contention that this clause was breached because employers' liability cover had been included in the Respondent's policy of insurance. In any event, the Tribunal accepts the Respondent's position that this cover was included automatically within the policy at no extra costs and, notwithstanding this, has now been removed from the policy.

Breach of Clause 7.2.3

63. Clause 7.2.3 provides:

"THE Landlord hereby covenants with the Tenant that provided that the Tenant shall pay the Specified Proportion of Service Charge it will:
7.1.2 …

7.2.3 From time to time as the circumstances shall require to arrange for the rebuilding and replacement costs to be professionally assessed to ensure that cover is at least the reinstatement value".

64. The Applicants submitted that this clause was breached because the building sum insured and the declared value of the Property had risen substantially since the development was built but, in the Applicants' view, there was no justifiable rationale for this, given that the individual leasehold flats were worth less than they were in 2006. The Applicants therefore questioned the valuation completed by the Respondent and asked the Tribunal to note that the Respondent's valuation was carried out by a Gateway Group company.

65. The Respondent stated that they had instructed Associated Surveying Limited to carry out a professional rebuild and replacement costs survey in 2018, 2021 and 2024. Michael Adams told the Tribunal that the reinstatement value of the property was last carried out on 12 March 2024, and the work was completed by Michael Dray, Tech IOSH/TMIFPO, of Gateway Associated Surveying Limited, using the price per square meter from BCIS Rebuild online - February 2024. A copy of this building reinstatement cost assessment was at pages 472 to 477 of the Bundle.

Tribunal Decision – Breach of Clause 7.2.3

66. The Tribunal does not find that clause 7.2.3 has been breached. The clause requires the Respondent from time to time to arrange for the rebuilding and replacement costs to be professionally assessed to ensure that cover is at least the reinstatement value. The Tribunal accepts the Respondent's evidence that they have completed this.

67. Further, the Applicants did not provide the Tribunal with an alternative rebuild valuation or provide any alternative insurance quotations or indeed any evidence to substantiate their view that the reinstatement value was incorrect. The Tribunal does not accept the Applicants' assertion that, because the value of each leasehold property had decreased, the Respondent's valuation was not correct. The Tribunal accepts the Respondent's position that the reinstatement value is not limited to the market value of individual units but rather is the estimated cost of rebuilding.

That the Respondent has made and continues to make unreasonable service charges

The Applicants' Position

68. The Applicants submitted that the service charges had risen significantly since GPM first became involved in May 2007. Within the Notice, (page 203 of the Bundle), the Applicants had included their analysis of individual service charge lines over the period 2007 to 2021 and submitted that there was a significant and unjustifiable increase in various costs, namely: grounds maintenance (a rise of 64%), insurance (a rise of 236%), management fee (a rise of 97%) and cleaning of the common parts (a rise of 70%). It was the Applicants' position that, according to the Bank of England inflation calculator, the inflationary effect over this period would amount to 32%. The Applicants further submitted that GPM's charges when they took over in 2007 were already significantly higher when compared to the service charge budget prepared by Countrywide Property Management in 2003 (pages 226 to 233 of the Bundle).

69. Further, the Applicants submitted that an unnecessary contract was entered into for additional general waste bin collection over and above the collections made by the relevant local authority. The Applicants submitted that leaseholders had suffered unnecessary financial costs of approximately £36,000 over the contract period of 2007 to 2021 (page 82 of the Bundle). The Applicants further stated that, because the bins were rented rather than purchased, an additional unnecessary expense had been incurred. At page 203 of the Bundle, the Applicants had set out a calculation comparing the cost of purchase to the cost of rent. However, no evidence to support the figures used by the Applicants was provided and the calculation was based on approximate amounts.

70. The Applicants submitted that many of the repairs that had been completed related to the roof. The Applicants submitted that this was because of what they described as "the sub-standard mortar used in construction". The Applicants further stated that this was known about within the validity of the Zurich insurance backed policy acquired by the developer but, despite this, no insurance claim had been made. The Applicants, therefore, submitted that this had meant that leaseholders had incurred unnecessary costs, especially when it would be usual practice to have the building inspected before the expiry of warranty/guarantees.

71. The Applicants submitted that insurance costs had risen substantially because of the increase in the sum insured. It was the Applicants' position that the initial sum insured (which at that time included 9 social housing units) was £10,400,000 and the amount insured at the time of the Notice was £25,984,186. The Applicants submitted that this increase was too high and could not be justified given that most of the individual leasehold apartments were worth less than they were in 2006. The Applicants repeated the

submission that the insurance policy included employers' liability when there were no directly employed staff.

72. With regard to management fees, the Applicants submitted that, for 2025, a charge of £483 per property had been levied. As at 11 December 2024, the anticipated service charge expenditure for management fees for the period 1 Jan 2025 to 31 December 2025 had been £465.06 (page 116 of the Bundle). Further, the Applicants submitted that the management fees did not include items such as postage, out of hours service, account management fees and site inspections. However, it was the Applicants' position that they would have expected this work to be included as part of the management fees.

73. The Applicants submitted that GPM did not respond to issues that were raised by leaseholders. By way of example, the Applicants submitted that, on 5 June 2025, a request had been made for details of how the year end balancing charge had been calculated, but that a reply had not received by 21 September 2025. Additionally, the Applicants submitted that a request had been made under section 22(3) of the Landlord and Tenant Act 1985, but that this request had not been answered. Further, the Applicants submitted that that they had requested a full specification and estimates for section 20 consultation process, but these had not been provided. The Applicants had included correspondence at pages 127 to 159 of the Bundle to support their position.

74. The Applicants relied on the quotation given by Hair & Son (pages 92 to 109) as a comparison to the management fees charged by GPM. It was the Applicants' position that, as they had sought an order for Hair & Son to be appointed as manager of the Property, the quotation provided was a direct comparison. The management fee that Hair & Son would charge was a fixed fee of £180 plus VAT. Hourly rates had been provided at page 96 of the Bundle for additional work outside the scope of the management agreement, with an example of this additional work including work in connection with section 20 consultation.

The Respondent's Position

75. The Respondent had set out at page 213 of the Bundle the results of their review of the accounts for the years ending 2020, 2021 and 2022, looking specifically at the items of service charge that the Applicants had identified (grounds maintenance, insurance, management fees and cleaning communal areas). It was the Respondent's position that there had been no increase in the management fees and only a small increase in the costs of grounds maintenance and cleaning of the communal areas.

76. Regarding insurance, the Respondent stated that there had been a large increase in insurance expenditure but that this was because of market conditions. At pages 214 and 215 of the Bundle, the Respondent had set out the terms of their insurance policy and had included the recommendation that was given to them for the period 1 April 2023 to 31 March 2024 from their broker.

77. Regarding the issue of extra waste collections that the Applicants had raised, the Respondent stated that it was their view that the collections were required but they were prepared to end the contract. Further, the Respondent did not accept the analysis of the Applicants regarding purchasing rather than renting bins and stated that renting bins had operational and financial advantages.

78. In answer to the Applicants' position with the roof, the Respondent confirmed that NHBC and all of the other companies that they had contacted had stated that no warranty for the Property existed with them. The Respondent further submitted that such a warranty would have expired given that the Property was approximately 20 years old and warranties were usually 10-12 years old. It was therefore the Respondent's position that works completed to the roof were not unreasonable.

79. The Respondent submitted that the management fee charges were not unreasonable. In support of this, the Respondent had included at page 241 of the Bundle an analysis of the percentage increase of the annual management fee for the last five years. The Respondent stated that their management fee covered the cost of preparing the budget and sending out annual service charge demands. The Respondent submitted that the site had always had a dedicated property manager and now, as a result of a recent restructuring, had a property management team to oversee the development with other departments within the Respondent's structure available to assist. The Respondent did not accept that they had not responded to the Applicants' requests and emails. Regarding the section 22 request, Michael Adams confirmed that all invoices requested by the Applicants had been provided on 15 October 2025 (page 488 to 492 of the Bundle). Further, in his witness statement, Michael Adams had stated that he had received 24 emails from the Applicants' representative since 22 September 2025 and 24 October 2025 which had covered a whole range of topics, including but not limited to gates, meeting follow ups, lighting, fobs, and electricity supply. Michael Adams also confirmed that there had been multiple telephone calls made during the same period. He confirmed that the volume and breadth of communication had made it challenging to keep track of and determine which matters had been addressed and which matters remained outstanding.

Tribunal Decision – Respondent has made and continues to make unreasonable service charges

80. The Tribunal does not find that the Respondent has made and/or continues to make unreasonable service charges. The Applicants did not provide the Tribunal with evidence to support their contention that the service charge percentage increase made the items charged unreasonable but instead recorded percentage increases without analysis of comparable quotations. Turning to the specific items that the Applicants raised, namely insurance, waste collection, roof work, and management fee, the Tribunal does not find that these charges were unreasonable for the following reasons.

81. The Tribunal does not accept the Applicants' position that the insurance costs were unreasonable. The Respondent set out at page 214 of the Bundle the recommendation that they had received from their insurance broker, which confirmed that the market had been tested. By contrast, the Applicants did not provide the Tribunal with any comparison quotations. The Applicants submitted that the sum insured had not been correctly calculated and that the unnecessary provision of employers' liability cover meant that the insurance cost was too high. However, as set out above, the Tribunal did not accept the Applicants' submission that the sum insured was not assessed properly and, again, as set out above, accepted the Respondent's position that the inclusion of employers' liability insurance did not materially affect the insurance price. The Tribunal accepts the Respondent's evidence that the renewal notice for the period 1 April 2023 to 31 March 2024 confirmed that the excess was high because of the high number of claims previously submitted, including a "storm claim" made against the policy.

82. The Tribunal does not accept the Applicants' position that the charge for waste and recycling collection was unreasonable. The Applicants stated that the cost was unreasonable because of the contract for additional collections and because the bins had been rented rather than bought. However, the Tribunal was not provided with any evidence to support the Applicants' position that the additional waste collections were unreasonable. Further, regarding the Applicants' position that purchasing the bins would be more cost effective than renting, the Applicants did not provide any alternative quotations but instead averred (page 224 of the Bundle) that a bin could be purchased "for around £310". Michael Adams, at paragraph 24 of his witness statement (page 242 of the Bundle) set out operational and financial advantages of renting bins. The Applicants have therefore not provided sufficient evidence to justify their contention that the waste and recycling charges were unreasonable.

83. Regarding the repairs that have included numerous items in relation to the roof, the Tribunal was not presented with evidence to justify the Applicants' contention that many of the repairs were because of "sub-standard mortar". No specific work was drawn to the attention of the Tribunal and instead the Applicants simply submitted that there had been numerous items. The

Tribunal also accepts the Respondent's position that any warranty would have expired several years ago and that the developer company has been dissolved and so the Respondent has no recourse to either of these parties. The Tribunal accepts the Respondent's position that they purchased the freehold interest in 2013 and therefore references to service charge accounts and warranties that predate their interest in the Property are not relevant to the issues before this Tribunal.

84. The Applicants relied on the quotation from Hair & Co as a comparison quotation to state that the management fee charged by GPM was unreasonable. Whilst the quotation from Hair & Co was for £180 plus VAT, this is not a direct comparison as it was a fixed fee quotation and work such as work in connection with a section 20 consultation process would be charged separately.

85. In terms of the level of service provided, it is clear that the Respondent must maintain their focus on the Property and ensure that the proposed work envisaged under the section 20 consultation process is completed; the Tribunal accepts the evidence of the Respondent that they have carried out their management duties. The Tribunal does not, therefore, accept the Applicants' position that the management fees charged by the Respondent were unreasonable. The Tribunal finds that GPM have provided a level of service which has included preparing the service charge budget, sending out annual service charge demands, instructing contractors to carry out maintenance and ensuring that issues raised by the leaseholders were investigated.

That the Respondent was in breach of the Code of Practice approved by the Secretary of State under section 87 of the Leasehold Reform, Housing and Urban Development Act 1993

86. The Applicants alleged the following breaches:

    a. 2.2.4 and 2.3 - No conflict of interest was noted on any communication from the Respondent or their property manager (GPM). The Applicants stated that they used several contractors under common control.

    b. 3.2 – No evidence of a summary of current property manager terms and duties, including all fees, has been made available to leaseholders despite requests for this.

    c. 7.5 – No appropriate reserve (sinking) fund was established, resulting in previous leaseholders not paying a fair share of anticipated costs and new leaseholders being charged more.

d. 9.2- No formal notification of mechanism to report repairs, resulting in ad-hoc reporting with no method for recording, referencing and follow-up, resulting in repairs not being resolved for long periods of time.

e. 10.2 – No evidence of requirements of the code being applied for selection, approval and tendering of contractors and suppliers, especially with regard to ensuring value for money.

f. 10.4 – no evidence that contractors are monitored in performance of tasks undertaken, including quality of work and resolution of problem or service.

87. The Respondent submitted that the Applicants' statement did not provide any further submissions or supporting evidence to substantiate their claim that the Respondent in breach of the Code. The Respondent, therefore, relied on the points they had made in the Respondent's response and further response, as well as the witness statement of Michael Adams.

Tribunal Decision - Breach of the Code of Practice approved by the Secretary of State under section 87 of the Leasehold Reform, Housing and Urban Development Act 1993

88. The Tribunal does not find that the Respondent or their managing agents has failed to comply with the code of practice. The Tribunal sets out its reasons for this finding in the order the Applicants raised the issues as follows:

2.2.4 and 2.3 - No conflict of interest declared

89. The Applicants submitted that GPM's appointment as the Respondent's property manager was unsatisfactory given that they were companies under common control. The Applicants submitted that there was no evidence of the Respondent holding GPM to account. The Applicants provided no other detail as to why they stated that a conflict of interest had not been declared other than stating that it was their view there was a conflict of interest when a "group company" was used.

90. The Tribunal accepts the position of the Respondent that the instruction of a group company contractor is not of itself a conflict of interest. The Applicants have failed to provide the Tribunal with any specific detail to demonstrate that there has been a breach of the Code.

3.2 – No evidence of a summary of current property manager terms and duties, including all fees, has been made available to leaseholders

91. The Tribunal accepts the Respondent's position that there is a management agreement in place between the Respondent and GPM and that there is no duty for either party to disclose the terms of this management agreement to leaseholders.

7.5 – No appropriate reserve (sinking) fund was established

92. The Tribunal does not accept the Applicants' position that there is no reserve fund. At page 213 of the Bundle, the Respondent set out the amount that was within the reserve fund for the period 2018 to 2022.

93. The Applicants stated that an analysis of service charge schedules between 2006 and 2021 showed that no substantial sinking fund was established. The Tribunal accepts the Respondent's position that the "reserve" shown in the accounts is the reserve fund.

9.2- No formal notification of mechanism to report repairs

94. The Tribunal accepts the Respondent's evidence that issues can be reported to the GPM customer services team by telephone. Additionally, there is a "contact form" available on GPMs website and issues can also be reported to the property manager. The contact details for reporting issues are clearly displayed on notice boards in the communal areas of the Property. Further, the Respondent confirmed that any issues reported are recorded on GPMs dedicated management system. Further, there is an out of hours service available for tenants.

95. At page 222 of the Bundle, the Applicants had clarified that their position was that leaseholders had no way of knowing what was being repaired. However, the Applicants did not provide any evidence to support their position, instead making only a generalised statement.

10.2 – No evidence of requirements of the code being applied for selection, approval and tendering of contractors and suppliers

96. The Applicants did not provide the Tribunal with any specific contract to which they said there was no evidence of the code being applied for the selection, approval and tendering of contractors and suppliers. By contrast, the Respondent confirmed that GPM uses approved contractors and at page 216 of the Bundle had set out the requirements that all contractors must meet in order to be approved. These requirements included public liability insurance, health

and safety policies and the requirement for contractors to have relevant training and certification. Further, the Respondent confirmed that quotations for work were usually obtained from 2 or 3 contractors and were compared with market conditions in order to establish what was fair and provided value for money.

10.4 – No evidence that contractors are monitored in performance of tasks undertaken, including quality of work and resolution of problem or service

97. Again, the Applicants did not provide the Tribunal with detail as to why they alleged that contractors were not monitored. By contrast, the Respondent confirmed that health and safety surveys were carried out annually by a surveyor and general site surveys were carried out three times per year in order to monitor the Property and report any issues or items that required attention. Further, as set out at paragraph 32 (above), the Tribunal accepted the evidence of the Respondent that they used an App known as "OptimoRoute" and "flick tests" to monitor contractors' work.

Tribunal Decision – Grounds for Making an Appointment of Manager Order, Section 24(2) of the Act

98. For the reasons set out above, the Tribunal is not satisfied that any of the statutory grounds for making an appointment of manager order as specified in section 24(2) of the Act have been met. The Tribunal therefore does not need to go on to consider whether it is just and convenient to make a management order.

99. However, for the avoidance of doubt, the Tribunal finds that it would not be just and convenient to make a management order. Whilst it is clear that the Applicants want a higher level of service, the current managing agents are managing the site and work is being completed. The work that is to be completed under the most recent section 20 consultation (as set out at paragraph 40 of this decision and page 155 of the Bundle) is significant. Whilst the Tribunal has declined to make an appointment of manager order, the Tribunal's jurisdiction in relation to the payability and reasonableness of service charges under section 27A of the Landlord and Tenant Act 1985 provides a safeguard for parties in the event that agreement cannot be reached regarding this work.

Name: Judge Bernadette MacQueen **Date:** 11 February 2026

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal 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.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).