



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

Case reference : **LON/00BE/LDC/2025/0909**

Property : **Various Southwark Estates**

Applicant : **London Borough of Southwark**

Respondent : **Leaseholders of various Southwark Estates**

Representative : **-**

Type of application : **S20ZA Dispensation from consultation requirements**

Tribunal member(s) : **Mrs E Flint FRICS
Mr S Johnson MRICS**

Venue : **Remote video hearing**

Date of decision : **12 March 2026**

DECISION

1. Dispensation is granted pursuant to section 20ZA of the Landlord and Tenant Act 1985 in respect of the extension of an existing heating and hot water supply agreement from 2033 to 31 March 2050 and to extend the number of estates to which the agreement applies by adding a further 649 leaseholders and 147 freeholders to the existing 644 leaseholders and 91 freeholders in addition to Southwark's own secure and introductory tenants.
2. The question of reasonableness of the works or cost was not included in this application, the sole purpose of which is to seek dispensation.

Background

3. On 3 October 2025 the applicant landlord applied pursuant to section 20ZA of the Landlord and Tenant Act 1985 for dispensation from the statutory consultation requirements in respect of the extension of an existing heat and hot water supply agreement so that it expires on 31 March 2050 instead of in 2033 and also to extend the area covered by the agreement.

The hearing

4. The council was represented by Mr Christopher Heather KC, several leaseholders attended the hearings which took place on 18 February and 11 March 2026.
5. Mr Heather explained that in 2013 Southwark had entered into a twenty year agreement with Veolia ES Southwark Limited by which heating and hot water are supplied from the South East London Combined Heat and Power (SELCHP) facility to five estates in Bermondsey. The agreement was entered into following a decision of the Leasehold Valuation Tribunal granting Southwark dispensation from the consultation requirements under s20ZA of LTA 1985.
6. SELCHP is the only possible supplier of heat into the network. SELCHP incinerates waste from a number of authorities, the heat generated is used to heat water which is distributed via a network of pipes to each estate and then to each home providing heating and domestic hot water.
7. Southwark believes that the properties served by this system have had lower energy bills than would have been the case if the gas boilers had provided the heating and hot water. In 2019 the council commissioned a study which concluded an extension of the scheme to several estates in Peckham would be the optimal technical and carbon footprint solution for the area.
8. Southwark proposes that the initial contract be extended so that it is co-terminus with the extended area which will expire in 2050.
9. The council cannot comply with the consultation requirements because there is only one supplier in the geographical area.
10. Since 2022 the council have gone through a mirror process to the statutory consultation procedure by sending letters in June 2022 advising residents of Southwark's intention to enter into the long term

agreement. In addition, they held online and face to face public meetings. In March 2025 letters were sent to the residents in the extended area and a further public meeting was held on 29 March and a drop-in session on 2 April 2025.

11. A S20 notice was served on all homeowners setting out the scope of the contract and why the council believed it to be beneficial to homeowners and explained why the council could not comply with the statutory process. Hence the application to the tribunal.
12. The council had considered alternative methods of low carbon heat supply. However, the present proposal was the most cost effective.
13. Mr Heather called Mr Wellbeloved, a Homeownership Manager, who confirmed that the relevant notices had been served on both the residents covered by the original contract and those on the estates to be included under the extended area. The notices endeavoured to comply, as far as possible, with the statutory process.
14. Mr Vosper, the Strategic Project Manager for Heat networks, said that the council's strategic objective was to ensure that all heat networks are reliable, affordable and low carbon. This proposal meets all the objectives. The council had worked with Veolia to secure central government funding in excess of £25 million towards Phase 1 and 2 heat network extensions and £5.5 million of council investment from the Community Infrastructure Levy and the Green Buildings Fund. The funding structure supports the affordability of the project. It is anticipated that there will be a saving of approximately 10% when compared with a gas boiler fed system.
15. The residents covered by the existing contract will see a saving from 2033 because their contribution to the infrastructure will have been paid off by then. The homeowners in the new area will pay for the additional infrastructure over the period of the contract.
16. He confirmed that both contracts needed to end at the same time as the hot water would be coming from the same source and using some of the same infrastructure.
17. He confirmed that there were safeguards in place in terms of escalating unit prices to prevent the risk of the volatility which has been a factor in the cost of gas in the last few years.
18. He explained that SELCHP is an energy facility. Heat is generated by incinerating waste, the steam is used to generate electricity, there remains some residual heat. Approximately every seven units of heat used for the contract reduces by one the number of units of electricity

which can be sold to the grid. The contract price ensures Veolia is no better nor no worse off when supplying heat to the scheme.

19. Mr Prezzuvento, a SELCHP project manager, confirmed that the Directions and all other documents to support the application had been made available to the residents.
20. Eight homeowners had sent written observations regarding the running costs etc. A further five homeowners attended one or both of the hearings. Several homeowners at the first hearing had not received letters regarding the proposed contract, only notice of the February hearing. The Tribunal made further Directions to ensure everyone affected was made aware of the background to the application.
21. The homeowners who took part in the hearings were concerned to learn more about the background to the proposal and cost safeguards.

The law

22. By S20ZA of the Act *“Where an application is made to the appropriate tribunal for a determination to dispense with all or any of the consultation requirements in relation to any qualifying works or qualifying long term agreement, the tribunal may make the determination if satisfied that it is reasonable to dispense with the requirements.”*

Reasons for the Tribunal’s decision

23. The relevant test to be applied in an application for dispensation was set out by the Supreme Court in *Daejan Investments Ltd v Benson & Ors* [2013] UKSC 14 where it was held that the purpose of the section 20 consultation procedure was to protect tenants from paying for inappropriate works or paying an inappropriate amount. Dispensation should not result in prejudice to the tenant.
24. The Tribunal determines from the evidence before us that the contract extension in terms of time and in terms of area covered are forecast to be of benefit financially to the homeowners and secure a reliable hot water and heating system for the next twenty four years.
25. We have considered the mirror s20 process followed by the council (as far as they can) and that this level of consultation and the council’s responses to the individuals who raised observations.
26. No prejudice to the lessees has been demonstrated or asserted.

27. On the evidence before it, and in these circumstances, We are satisfied that the application for dispensation should be granted.

Determination

28. Dispensation is granted pursuant to section 20ZA of the Landlord and Tenant Act 1985 in respect of the time extension for the original contract and new contract for the extended area in Peckham.

Signed: Evelyn Flint

12 March 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).