FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	:	CHI/00MW/LSC/2024/0073, CHI/00MW/LAC/2024/0006 and HAV/00MW/LSC/2025/0645
Property	:	Various West Bay Club, Hallets Shute, Yarmouth, Isle of Wight, PO41 0RJ
Applicant	:	CAP Property Developments IOW Limited And others
Representative	:	Lina Mattsson, counsel, instructed by Roach Pittis Solicitors
Respondent	:	West Bay Holdings Limited
Representative	:	Richard Miller, counsel, instructed by Charles Russell Speechlys LLP
Type of Application	:	Determination of liability to pay and reasonableness of service charges Section 27A Landlord and Tenant Act 1985; Determination of liability to pay an administration charge Schedule 11 to the Commonhold and Leasehold Reform Act 2002
Tribunal Member	:	Regional Judge Whitney Mr B Bourne MRICS Ms T Wong
Date of decision	:	8 April 2026

DECISION

Summary of decision

- **Issue 1 (Apportionment / management & staffing): the Respondent is entitled to have its own management and onsite staff in addition to external managing agents; the approach to apportionment is generally reasonable.**
    - **Toni Shepherd costs: disallowed (not recoverable as a service charge item).**
    - **BID levy: only 80% recoverable via the service charge.**
- **Issue 2 (Utilities): Respondent's methodology accepted as reasonable; no further apportionment/reduction ordered.**
- **Issue 3 (Legal and statutory):**
    - **Hoseasons agreement legal costs: disallowed (not a service charge item).**
    - **Legal fees 2023 (c. £70,000): disallowed (nil allowed).**
    - **Grant Thornton VAT costs: allowed as properly payable and reasonable (penalty itself paid by the Respondent).**
- **Issue 4 (2024 budget provision): allowed.**
- **Issue 6 (Bank charges): allowed as payable and reasonable.**
- **Issue 8 (Bad debt written off – Hopcroft): disallowed (not recoverable via the service charge).**
- **Issue 9 (Condition surveys): allowed as recoverable and reasonable (with expectation of credit if costs later recovered from leaseholders).**
- **Issue 11 (Administration charges for the 4 units controlled by Mr Prew): recoverable in principle, but reduced to £4,000 total (i.e., £1,000 per unit, VAT inclusive).**
- **Directions: any applications under section 20C and/or paragraph 5A to be filed within 28 days of the decision; responses within 21 days thereafter; determination to be made in writing.**

Background

1. The Applicants seeks a determination under section 27A of the Landlord and Tenant Act 1985 as to whether service charges are payable and reasonable.

2. The Applicants are the owners of leasehold interests in 71 holiday cottages at the Property.

3. The Tribunal held various case management hearings throughout the course of the proceedings to agree directions. These resulted in a 5 day hearing commencing on 24th November 2025, with an inspection on Friday 21 November 2025. The Tribunal subsequently re-convened to consider its decision.

4. The Tribunal was supplied with 10 electronic bundles. They are identified by reference to the number attached to each with pdf page numbers given in [ ].

5. All the Applicants hold pursuant to residential leases. The Property is described as consisting of 108 self-catering holiday cottages, lawn and soft landscaping areas, trees and shrubs, a tennis court, a car park, footpaths, roadways, and an office incorporating treatment rooms and storeroom. Prior to the Covid pandemic there was what is referred to as a "country club". All homes were members and able to use the facilities. Post Covid the club has not re-opened and further development is being undertaken by the Respondent.

6. Originally leases were granted in or about 2006/2007. It is agreed all were in a standard form. On 29 April 2022 all of the leaseholders entered into a deed of variation. This variation removed the obligation on the Respondents to maintain the leisure facilities and absolved the Leaseholders from paying for the same. Various other clauses were varied including the definition of "Landlord's Property".

7. A further deed of variation has been offered by the Respondent to the Leaseholders. This proposes to vary the underletting commission payable by the Leaseholders to the Respondent. We were told about half of all leaseholders had entered into the same.

8. A company connected to the Respondent, Norton Residential Limited ("Norton"), built and sold around 2013, seven freehold properties known as the Salterns. They are located to the south and have rights of way over the roadways and footpaths. Norton is developing a site to the North West.

9. A title plan was at B2[57 &58].

10. This decision is written having regard to the Practice Direction made by the Senior President of Tribunals dated 24 June 2024.

Inspection

11. The inspection took place on Friday 21 November 2026. The Tribunal inspected in the company of the representatives of the parties, including Counsel.

12. The day of the inspection was dry and sunny although cold. The Tribunal parked outside the entrance to the treatment room in a visitors space. Each member was provided with Site Map which the representatives agreed we could use for orientation. We had entered the site via Hallet's Shute road, driving past the freehold houses known as the Salterns to our left. We had observed to the right hand side adjacent to the entrance a car parking area with a Biffa bin.

13. The Tribunal walked around the whole site, starting by the main car park. We observed there were wooden posts incorporating lights along the walkways. The grounds were maintained to a very high visible standard. The grounds were mainly laid to lawn but with well established trees throughout the development.

14. We observed the different styles of cottages throughout the site which we were told varied from single storey one bed units to four bed two storey units. The majority seemed generally to be well maintained from an external inspection. We did not inspect any units internally. Bin stores and Biffa large bins were stationed throughout the development.

15. We observed on the roadways some minor potholes. We observed the closed "country club" and the fenced off on-going development area which was essentially at the back of the Property, the furthest distance from the entrance. There was also what had been a tennis court but what appeared now to be used as parking. CCTV was evident throughout the site but we were told was not fully functioning.

16. We observed the property let to Fina Casa alongside the road leading to the exit and on the South side of the Property. We walked around the areas used for storage and waste and by the grounds maintenance team adjacent to Case Fina.

17. The Tribunal was shown internally and externally the office building, including the Management Office. We did not see the treatment rooms as they were in use. We observed the laundry and the storeroom used by Fina Casa.

18. All parties confirmed they were satisfied that the Tribunal had observed everything the parties required. The Tribunal had a good understanding of the make up of the site as it related to the issues that would be before it.

Hearing

19. The hearing took place at Havant Justice Centre over five days commencing upon 24 November 2025. The hearing was recorded and below is a precis of the salient parts of the same.

20. The Applicants were represented by Lina Mattsson of counsel and the Respondents by Richard Miller of counsel. Instructing solicitors and parties were present throughout. Each counsel supplied the Tribunal with a skeleton argument and certain other agreed documents were supplied over the course of the hearing. Notably there was an agreed list of 11 issues the Tribunal was being asked to determine.

21. Counsel agreed they would be referring predominantly to Bundles 4 (Applicants' witness statements), Bundle 5 (Respondent's witness statements) and Bundle 6 (reports/statements of Messrs MacDonald and Sayce).

22. Ms Mattsson opened the case for the Applicants. She explained that Norton make use of the staff employed by the Respondent and use the office space for the development. She states it is common ground these costs cannot be charged to the Applicants. Further the time is recorded and apportioned by the Respondents (see B5[998-1000]) is not accurate. The Applicants do however accept the charge of the external managing agent as being reasonable. They object to the charges levied by the Respondent for its own management. The Applicants do not object to the costs of external contractors such as Mr Butler.

23. Ms Mattsson submitted that the leases provide the intention is for the leaseholders to contribute towards costs incurred by the Respondent but not to provide a complete indemnity. The arrangement was perhaps somewhat unusual in that it allowed for the Respondent to make money in other ways including from the leaseholders as commission on holiday letting.

24. Ms Mattsson called Ms Emma Mace. Ms Mace appeared remotely by video as she was currently in Australia and permission had been granted for her to appear remotely. However technical issues existed and so the taking of her evidence was delayed to remedy the same.

25. Ms Mattsson called Mr Henderson. His statement was B4[701-705] He confirmed his statement was true. He confirmed he had

used the ticketing system provided by ERMC (the external management company) now on two occasions.

26. He was then cross examined by Mr Miller. He confirmed that when he had requested invoices copies had been sent to him.

27. The Applicants then called Ms Spottiswoode. Her statement was at B4[613-619]. She confirmed the statement true and accurate.

28. She was cross examined.

29. She suggested that when she and her husband purchased the intention was a mixture of personal and commercial use. The holiday lettings would pay for the costs of personal use. She did not support the second deed of variation ("DV2").

30. Ms Spottiswoode accepted that if the work of the external managing agents increased the costs will increase. Equally the Respondent and its staff do some work for the site, she asked for job specifications but received no mention of the apportionment of costs.

31. She accepted 1000's of pages of emails had been sent to the managing agents and that they may consider this excessive. She felt that the leaseholders were not getting the information they required.

32. She was referred to an email sent by Ms Mace to ERMC on 8 January 2024 B4[490]. She accepted there was an email campaign co-ordinated by Ms Mace and the residents worked together to send emails to ERMC.

33. On questioning by the Tribunal she explained she did not support DV2 as it contained terms which she did not believe were in her interests to sign.

34. Upon completion of Ms Spottiswoode's evidence Ms Mattsson was able to call Ms Mace who could be seen and heard via video. The Tribunal shared a screen so that all could see the relevant pages of the bundle to which Ms Mace was referred.

35. Ms Mace agreed her statement at B4[411-426] was true and accurate. She confirmed she was currently residing in Western Australia.

36. Mr Miller cross examined her on behalf of the Respondent.

37. Ms Mace agreed she paid a proportion of the utility costs but said the apportionment was not clear.

38. She agreed that she knew a broker, Sutton Winson, who was asked to arrange the insurance. She was referred to an email from ERMC to all leaseholders B4[575] . She said the letter had no discussion about commission. She agreed she had made a request for information pursuant to Section 22 on behalf of a group of leaseholders. She suggested she had not received all the information required.

39. On re-examination Ms Mace was adamant she did not know what commission was paid.

40. On questioning by the Tribunal she confirmed she had not obtained any alternative quote for insurance.

41. The Applicants then called Mr Hill.

42. He confirmed his statement at B4[303-326] was true.

43. Ms Mattsson asked supplementary questions. Mr Hill explained none of the homes have a letterbox, post used to go to the reception/office building which he described as a black hole.

44. Mr Miller then cross examined.

45. He denied the staff make arrangements for people to collect their mail. He stated he wrote his statement and then sent it to Mr Prew as the solicitor for the Applicants who perfected the form.

46. He explained the site history he gave came from a Mr Strickland whom Mr Hill referred to as the previous owner. He explained he and his partner initially joined the country club as members in about 2015/2016 when it first opened to external members.

47. Mr Hill agreed he was not a valuer but had looked on websites to find the various values he referred to. He agreed that the Respondent had made the site prestigious. He had paid £5,000 for one of the seven units he now owned personally or jointly with is partner. He believed the prices he paid given the income he could achieve made them a good investment. In his opinion the units needed to produce an income of about £16,000 per annum to break even. He believes that the Respondents are running the development into the ground.

48. He referred to the fact that he had previously worked alongside the Respondents. He had been promised a new office for his Casa Fina business which was on an application for planning permission. He stated that Mr Buckland told him that he wanted to run the development into the ground and buy the units cheaply.

49. He explained he was served with a planning contravention notice for not letting as holiday lets. He had responded to same and said he had received no follow up as he is not in breach.

50. On questioning by the Tribunal he explained he had not paid the service charges for his units. He stated that he had a separate business dispute with the Respondents and believed he was owed substantial sums of money when he acted for the Respondent's assisting with lettings. He believes the monies he owes exceed what he is said to owe. No proceedings in respect of this dispute have been issued.

51. Mr Prew then gave evidence. He confirmed that both statements B3 [11-18] and B4 [2-34] were true.

52. Mr Prew was cross examined.

53. He explained that even before he purchased his units his perception was that the service charges were too high. It was a general perception. He had always paid what he felt was a reasonable amount, about 50% of the sums claimed.

54. He would not now refer to the Property as a premium site. The buildings themselves are premium but they are now effectively just stuck in a field with no premium facilities but provide a nice base to go elsewhere.

55. Mr Prew stated the income made from the units was low, there was not in his opinion a high demand. He does not visit his properties very often, only to undertake maintenance.

56. Mr Prew accepted that at one point he was in breach of his lease. He was aware of the alleged planning contravention but had been in touch with the local authority.

57. In his opinion there is no need for an onsite office. He believes that the Respondent should be trying to secure best value for the leaseholders. Currently they just proceed and expect the leaseholders to pick up the tab. In his opinion the time spent as shown in the calculations are extraordinary. He stated he would not run his business in that way and did not understand the structure.

58. He agreed he had not set out what he believed a fair proportion was. He felt the 50% he had paid was fair and hopes the end result of this process will get to a figure in that order.

59. Mr Prew agreed he would be in arrears if he does not get a reduction. He explained he had paid what he believed was a proportionate amount. He explained as a lawyer he would not charge the fees being charged to him as an administration charge

which were also subject of determination. In his opinion the charges being levied are ridiculous.

60. He suggested the costs are designed to be a penalty to intimidate people into making payments.

61. Mr Prew explained he was not a member of the tenants association. He signed DV1 as he did not want to stand in the way of the other leaseholders. He explained he did not agree with DV1 but was told all other leaseholders wanted to enter into this. He had therefore agreed.

62. On being questioned by the Tribunal he stated Mr Hill persuaded the residents to all agree DV1. He explained that a Mr Donaldson had sold four units he owned for £5,000 each. He had purchased three and Mr Hill one unit on the basis Mr Donaldson found the service charges oppressive. He explained this was shortly after Covid arose.

63. Mr Prew confirmed the firm of solicitors he worked for acted for all the residents in agreeing DV1.

64. This concluded the witness evidence of fact for the Applicants and the first day of the hearing.

65. Upon resumption Mr Miller called Mr Day. He confirmed his statements at B5[2-11] and B5 [640-648] were true.

66. He was cross examined.

67. He confirmed he was a director of the Respondents. He had taken leave of absence from the business in 2017/2018 due to ill health.

68. He confirmed he had employed Mr Fletcher in 2010. He described their relationship as friendly but they do not socialise together.

69. He was not a property developer, John Buckland is. He explained that originally they were going to refurbish what was known as the Manor House but it was beyond repair. Norton redeveloped this area of the park to form the Salterns. These were sold as freehold houses with rights of way over the roadways of the site. The Salterns were deliberately built in a similar style to the leasehold units to marry up with the site. In his opinion the Saltern use the gates and roadways and nothing else at the site.

70. Mr Day accepted there were various costs which relate to the new site being developed by Norton. He explained he did not get involved in the detail of apportionments so could not comment on why the Salterns does not contribute towards the insurance costs.

71. He was taken to a letter from John Buckland to all leaseholders re DV1 B4 [623]. He explained the redevelopment of the site was not the driving incentive for DV1. The Country Club was long overdue refurbishment and with the same having been closed due to Covid this had increased the costs which would be required to re-open all the facilities. Prior to Covid the club had 600 external members who had contributed towards the costs. During the shutdown of the club this income had been lost. He described the costs of re-opening the club as crippling. He suggested the plan was for everyone, both Applicants and Respondents to pull together.

72. Mr Day explained Toni Shepherd was employee to answer enquiries and ensure that DV1 was completed. Part of her role was to ensure that all accounts were up to date. He detailed this in his statement. He explained that originally Ms Shepherd had been bought into the business when he took leave of absence but he returned to the business. He does not charge for the time he spends on the business but apportioned Ms Shepherds time.

73. He stated that the costs of Ms Shepherd in ensuring the service charges were up to date were not a cost of DV1.

74. He stated that there is a great deal more work on the site than cutting grass and trees. On site staff are required. He confirmed only three companies operate from the site. The two West Bay companies and Norton. He stated that there is a site office for the new development used by Norton and the contractor but this is situated in the Country Club.

75. He agreed in 2022 there were far fewer guests on site than pre Covid. Mr Fletcher managed the sub letting and they used an Isle of Wight agent. He explained a number of leaseholders sub let via the West Bay Club Limited as required under the lease. Others sub let in breach of the lease and others do not sub let, using the units only for themselves. He stated that Mr Fletcher's costs of dealing with sub letting are not charged to the service charge as he knows that would not be correct. His costs are covered by the commission.

76. Mr Day stated that Mr Fletcher has never been employed as site manager by Norton. He confirmed that the Respondent's plan is to transition the totality of the management to ERMC. Hence since the closure of the country club the time spent has reduced year on year.

77. He understands that since 2024 any cleaning or road repairs have been undertaken entirely at the cost of Norton.

78. Mr Day explained that the Respondents answered thousands of enquiries and questions from leaseholders. This included dealing

with 7 separate requests pursuant to section 22. He believes they have been reasonable throughout.

79. In respect of the property known as Hopcroft and shown as a bad debtor, Mr Day explained they had requested the right to use the Country Club. This had been granted on the basis they paid a proportion of the costs. However they had ceased paying and so it was shown as a bad debt. Effectively the payments received from Hopcroft had subsidised the leaseholders.

80. Turning to the HMRC VAT investigation he stated the Respondent paid the fine levied. They were looking to recover the legal costs incurred. He knew it took a long time to resolve, his colleague deal with the day to day aspects and so he could not answer specific aspects.

81. Mr Day explained in respect of specific questions about the service charges and apportionments he would defer to Ms Upton who dealt with these today and was due to give evidence.

82. The Respondents next called Mr Fletcher. He relied on his two statements B5[154-170] & B5[845-858] both of which he said were true.

83. In supplementary questions he confirmed that the country club previously had a post receipt and collection facility for leaseholders. This now comes to the office building and on the ground floor are a system of pigeon holes which leaseholders can access to collect mail. He confirmed the Respondent does not pro-actively tell leaseholders that post has been received.

84. Mr Fletcher was cross examined.

85. He confirmed he had nothing to do with the Property prior to 2009. He was employed as a general manager. He is a tennis coach and was involved in sports management. He stated he was friendly with Mr Day but did not socialise. He had never been invited to a BBQ with Mr Day.

86. He confirmed that he doesn't have a time sheet. He discusses with Ms Upton the hours he spends on different tasks and she allocates the same. They do use "Timetastic" software for recording leave only.

87. He confirmed he also works assessing NVQs and has qualifications which enable him to undertake such work, he described this work as helping to "keep me sane". He also coaches football.

88. He confirmed that part of his role is to hold the contractors to account re the redevelopment and pick up with them over any

issues affecting the Property. He had no day to day involvement in the construction work being undertaken by Norton.

89. He confirmed Simon Hill had acted as agent dealing with holiday lets for West Bay Club but this arrangement ended in or about May 2023. He was not aware of any leaseholder who had consent to let the property directly themselves.

90. He explained that day to day he liaises with the staff on site. He reviews health and safety matters and tries to encourage a positive culture. This involved walking the site and checking people on site are carrying out their tasks properly. He describes the site as multi faceted.

91. He agreed ERMC began working on the site in Autumn 2022. He agreed they were a good agent. He explained in 2022 the Respondent had 4 members of staff on site this has reduced since then including the retirement of "Frank" and work has been taken on by Andy Butler (whose costs are not challenged).

92. He explained that staff are required to handle the Biffa bins. These need moving around the site so they can be collected as Biffa do not do this nor does Andy Butler. This is a significant task particularly in the peak season.

93. He explained that ERMC had put out a tender pack for the rest of the management of the park currently undertaken in house. It is hoped that the Respondent could then move to a contracted service.

94. Next the Respondents called Ms Upton. Her statements were at B5[264-280] and B5 [996]. She confirmed both were true and was then cross examined.

95. She confirmed that in March 2025 a credit was given in respect of electricity representing a goodwill gesture applied by EDF Energy.

96. She confirmed she had been employed for a long time. Her employer was the West Bay Club Limited and there were four companies in the group and she acted for all as accountant. She also has a colleague who assists although not in respect of Norton. Another colleague acts purely for Norton and all share the office space at the Property. The time costs of the staff are apportioned to the different cost centres (see B5[998]). She confirmed there were no time sheets completed. She asserted that having undertaken the role for the past 12 years she was able to assess the time taken.

97. She explained that about 50% of her time is spent in regard to Norton. This amount of time was not sufficient so another member of staff was employed and Mr Buckland also has an external accountant who is involved.

98. Ms Upton explained often the apportionments were the same each year before Norton came on site in 2024. Examples had been given. She explained that when Frank and Martine left employment that affected the apportionment as things such as HR and payroll costs were reduced. ERMC also do some of the external certification.

99. She confirmed rates were apportioned on the basis of advice from their rates specialist on the basis that the majority of income is generated by the cottages. Currently these are being re-valued.

100. She explained there were some residual costs of the Country Club.

101. She confirmed Norton has its own insurance. It was not on site in 2023.

102. She confirmed she was a qualified accountant. She explained she is a management accountant and not a VAT specialist. External accountants referred the business to Grant Thornton over the VAT issue. One form was sent by Grant Thornton to HMRC although it took a long time for them to respond, about 16 months. As a result the penalty charged was reduced. The VAT issue related purely to the service charges, issues had arisen due to genuine errors.

103. She confirmed certain legal costs in invoices B1B [686,688,696] were credited back in 2024. Other legal costs as set out in paragraphs 34 onwards of her statement B5[973] were not being waived. She did not have to hand the rates charged. When asked about the breakdown she stated she had been told this could not be disclosed, she could not explain why. This was the advice from the solicitors.

104. In relation to the administration charges levied to the companies whose director was Mr Prew she could again not provide details of the hourly rates or provide the breakdown of the work. She stated there is work behind the scenes, communicating with EMRC and the correspondence with CAP Property Developments IOW Ltd.

105. On questioning by the Tribunal Ms Upton confirmed that Andy (Mr Day) would tell her what items were to be included within the service charge.

106. She could not remember much about the Hoseasons negotiations but Andy signed off the Freeths invoice.

107. The Respondents then called Ms McGuinness who confirmed her statement was true B5 [72-76]. She was then cross examined.

108. She confirmed that her husband is an asset surveyor and employee of ERMC having worked for them for 8/9 years. She understood

ERMC had prepared a tender (see B5[875]) although she was not in the tender department. She understood no one had responded.

109. She explained the ground maintenance costs had reduced. Now supplied by 1 directly employed member of staff, ERMC Rangers and Mr Butler. She understood the Rangers now undertake some of the work which Mr Butler undertook.

110. She stated she spends a lot of time on queries. When they first took over in 2022 they had to go through everything as the previous agent did not supply all documentation.

111. The Respondents then called Mr Sayce. He confirmed his statement at B6[189-201] was true. Mr Sayce was giving witness evidence but had liaised with the Applicants expert surveyor Mr MacDonald and had produced the joint statement with him B6 [256-316] which he also confirmed was true and accurate. He was cross examined upon the same.

112. He confirmed he employed Mr McGuinness who was a competent surveyor. The Respondent was his client. He was giving opinion evidence as a surveyor employed by the Respondent.

113. He confirmed that it was Mr McGuinness who prepared the initial assessment for the 2022 quote given by ERMC (see B6[154]). He would have prepared this using his experience and the brief given by the client.

114. He explained the site is unusual in that more akin to a holiday park than purely residential site. The current team have a great deal of experience and with ERMC shadowing the team they have benefited from that knowledge to maintain the quality of the site. If they had simply been parachuted in with no hand over period that knowledge would have been lost.

115. He agreed his company had responsibility to provide certain regulatory functions such as health and safety risk assessments but in his opinion the client would continue to have obligations. He accepts this might be a role for review but he disagreed that Mr Fletcher was redundant. In his opinion they cover different areas in that Mr Fletcher provides cover on site as he is there everyday. ERMC typically are there for a walk round not less than once every 8 weeks. In his view this presence by Mr Fletcher helps West Bay retain its prestige status.

116. He confirmed the tender had been issued to various companies to take over the total management functions. Mountjoy and ERMC Rangers had declined to quote and one had not responded. He felt it was difficult to quantify what was going to be required. He accepted the tender pack might need better drafting and that would be something he would have to look at.

117. On questioning by the Tribunal he confirmed Mr Flecther undertakes health and safety requirements for the CDM Regs 2015.

118. Ms Mattsson then called Mr MacDonald. He confirmed his report at B6[2-44] was accurate as was the joint statement B6 [256-316]. He was then cross examined.

119. He confirmed he was first instructed to look at the accounts for 2022 in or about January 2025. His role was to consider whether items included were properly incurred and the amounts reasonable.

120. He confirmed Emma Mace first showed him around the site. He visited again at the beginning of October 2025. He agreed that Mr Sayce would be more knowledgeable as to the running of the site. His report was prepared using his view of the site, the witness statements and invoices he was supplied with.

121. Mr MacDonald agreed it was appropriate to phase in the changes after DOV1 and this had resulted in a reduction in the costs by 2024. He agreed that it was beneficial to have an office on site.

122. He believed he and Mr Sayce found a lot of common ground.

123. Mr MacDonald explained he had visited the Sandown Bay Holiday Centre referred to by Eddisons B6[172]. In his view this can be used as a comparator as to maintenance costs but agreed not identical. His view was that this along with other quotes were a comparator although he accepted EMRC was the most valid comparison.

124. Mr MacDonalds evidence was part heard at the conclusion of Day 3 and resumed on the morning of Day 4.

125. He agreed that the fact Sandown was shut for two months of the year would reduce costs of management.

126. He was aware that all the leaseholders had to agree DOV1 before it could take affect. He felt that the Respondent should have planned for this to tie in the reductions of cost with completion. He accepted that there might be some risk in adopting this strategy.

127. Mr MacDonald believed that with EMRC being appointed they had resource within their own team that would have been competent to undertake the role of management. He did accept it was perhaps easy to have this view looking back.

128. Mr MacDonald stated until the day before he had not seen the tender pack B5[875]. He explained that you do not always get a

response, particularly if you might require sub-contractors for part of the work.

129. He confirmed he was aware that Simon Hill had requested EMRC were used. He had not discussed with Simon Hill what was discussed.

130. He accepted that office costs could be reasonable provided there was a proper split of the costs.

131. He agreed that 30 cuts of the grass was too few and stated that he and Mr Sayce agreed should be more like 41 cuts.

132. He agreed the Matrix at B5[1030] was a useful document containing a lot of detail. His assessment is at B6[267].

133. He stated in reaching his conclusions he had tried to look at what he considered to be necessary.

134. On questioning by the Tribunal he confirmed the reference to Haven was for comparison purposed and because of the availability of the information. It was in his submission difficult to get hold of service charge data for other sites.

135. He did not believe it should have taken 2 to 3 years to reduce the levels of service. He believed a year was wasted. He agreed there were some costs but not to the level charged. He accepted there was a benefit of having management on site but did not accept it was needed.

136. Miss Mattsson then presented her closing arguments. The Tribunal was presented with various documents including a skeleton argument, list of agreed matters, a chronology from the Applicant and a schedule of the quantum's claimed by the Applicant.

137. Miss Mattsson started by taking the Tribunal through the leasehold mechanism B2[61].

138. She suggested that there was no presumption that the Respondent was entitled to a 100% indemnity of the costs it incurred. Miss Mattsson took the Tribunal through the authorities she referred to as to how the Tribunal should assess what is reasonably recoverable. She suggested that costs cannot be shoehorned into the service charges using sweeper clauses.

139. She suggests that costs are not reasonable or properly incurred when the managing agent could have undertaken all of the work the Respondent itself undertook . In her submission it was not reasonable to have costs set up in the way the Respondent did. She suggested the number of hours allocated was unreasonably high.

140. Miss Mattsson referred to the fact that Mr MacDonald had not heard all the evidence and so she suggested that reductions greater than he proposed were required. She submitted he had overestimated what was required.

141. In respect of the costs of Toni Shepherd Miss Mattsson suggested that DOV1 was agreed that no costs incurred by the Landlord would be recovered. She suggested that all of the costs of Miss Shepherd should be disallowed on the basis that the landlord already had a managing agent.

142. She suggested that the number of hours allowed for staff was eye watering. In respect of garden maintenance staff in principle agreed some cost recoverable but not as to the amount being claimed. She invited us to consider what is actually on the site.

143. She suggested if we did not accept her proposals on the amount to be allowed then we should adopt the figures proposed by Mr MacDonald.

144. Miss Mattsson accepted it was for the Respondent to apportion the office building use. She agreed this was a quantum only issue but in her submission the implementation had gone haywire. The same was true of the BID.

145. Turning to insurance she suggested all the Respondent's companies benefit. Further she suggests there is no basis upon which a credit agreement can be charged as there was no evidence that there was a lack of cashflow.

146. Turning to the question of legal fees Miss Mattsson referred to the fact some costs conceded but only due to these proceedings. On other items there was no proper breakdown of the costs and the Respondent had refused to provide them same. She suggested that the Respondent could have done so and chose not to.

147. Certain costs we are told relate to breaches of the lease and claims made to individual leaseholders. Miss Mattsson suggests that such costs should be sort from the offending leaseholder and not as a service charge. There was no evidence of what if any steps are taken to pursue recovery.

148. Turning to the costs incurred for VAT advice from Grant Thornton she suggested that Grant Thornton acted as the Respondent's agent. They worked to put right the errors of the Respondent, as a result these are not costs which should properly be recoverable.

149. Turning to the administration fees in her submission the amount claimable should be nil. If the companies controlled by Mr Prew still owe money it is not equitable for them to pay such costs as it is

only these proceedings which have led to information being provided. Without these proceedings information would not have been provided as to the make up of the amounts. In any event the letters claimed for are "bog standard" debt collection letters.

150. She proposed written submissions on section 20C and Para 5A once decision was issued.

151. Mr Miller provided his closing on day 5 of the hearing. He had also supplied a skeleton argument.

152. He suggested that Miss Mattsson strayed beyond her clients statement of case and the evidence. He suggested the quantum schedule she relied upon was essentially new evidence.

153. He suggested that in setting out the history of the site the evidence of the Respondent should be preferred to that of Mr Hill. He suggests the development had garnered a reputation for being a luxury development.

154. He suggested the Respondent had looked to employ a managing agent to reduce costs using firstly Retriever and then EMRC. These costs were not challenged. Post COVID DOV1 was offered to the leaseholders but required 100% agreement. Once agreed no further costs for the country club were passed on. He suggested the grounds maintenance team were not part of the country club .

155. He suggested there was no indication in the lease that the Respondent could not recover 100% of the costs it incurred in providing services. He suggested the proportion of the costs claimed from the leaseholders was rational.

156. Mr Miller suggested the Respondent explained what they were trying to do and had been transparent. He suggested that the Applicants rely on inferences and did not make any positive case.

157. He suggested that Mr Prew in giving his evidence advanced no suggestions as to what were the correct amounts to be paid by leaseholders save that he disagreed with parts of his own expert's evidence. Mr Miller suggested it is not for the Applicants to substitute a new Scott Schedule in place of the calculations of the expert. Further the figures in the quantum schedule were not put to the witnesses and contrary to the Applicant's own expert.

158. Turning to Issue 1 he suggests two matters at play. He stated that the principle that this can be based upon time is now agreed.

159. He referred to various authorities and stated that in respect of the changes following DOV1 you must take account of the speed of transition and the fact there was a range of what would be reasonable.

160. Mr Miller referred further to Mr Prew's evidence and the fact that even without any details of the charges he simply paid 50%. Mr Prew is the solicitor with conduct and also effectively via his companies a party. He wanted the amount to be owed to be less than 50% although Mr Miller suggested this was not set out in the statement of case for the Applicants.

161. He suggests that the Applicants ignore all other quotes save for those from EMRC and Eddisons. The later relies on a different site with little information but it is not open all year. EMRC were approached by Mr Hill in very different circumstances. In his opinion neither is probative or indicative of the site.

162. Mr Miller suggests there is no fetter as to how the Respondent manages the site provided its model is rational. He refers to the fact the Respondent did consult in respect of having a manager B5[173]. He suggested the Respondent acted well with a reasonable way of acting. Mr MacDonald in giving his evidence accepted he had the benefit of hindsight. He suggested it was still not clear whether a full transition to external management would be possible.

163. It is accepted that the office is part of the Respondent's property. All appeared to agree this benefited the tenants and Mr MacDonald accepted a physical location was useful and necessary.

164. Mr Fletcher is the right hand man of Mr Day. He is an employee and therefore the costs are recoverable under the lease. He undertakes lots of work on site including providing health and safety work. He suggests the site is inherently more risky than a single block of flats.

165. Turning to building insurance Mr Miller suggested the percentage charged to the Applicants was not out of thin air. The allegation as to commission was baseless and the interest charged was disclosed as part of the Scott Schedule.

166. As to the legal costs he is not relying on a sweeper clause. He suggests the costs of leasehold enforcement are plainly estate management. He accepted that no detail as to the breakdown and invites the Tribunal to assess the amounts.

167. In respect of Grant Thornton's fee he suggests that this related purely to service charge and it related to a difficult period in respect of VAT treatment as referred to within the relevant authorities.

168. In respect of Issue 8 re Hopcroft he suggests that Miss Mattsson cannot rely upon section 20B as this point was not taken within the Applicant's statement of case.

169. Finally turning to the administration fees due and owing in respect of Mr Prew's companies. He suggests Mr Prew admitted in his evidence breaching the lease. He had a plan to not pay the full amount. He is a litigation solicitor who has conducted this litigation. The fees have been charged because he did not pay the full amount. He accepts the question of quantum is one for this Tribunal.

170. Miss Mattsson then replied before concluding the hearing.

Decision

171. We thank all the parties and their counsel for the positive way in which the hearing was conducted. Equally we wish to express our thanks to the Applicant for the electronic bundles which ensured the good running of the hearing.

172. We had before us 10 electronic hearing bundles containing many thousands of pages of documents. Simply because we do not refer to pages does not mean we have not considered all that we were referred to throughout the five days of hearing. We endeavour below to confine our decision to those matters we are required to determine. Many other issues were raised at points leading to concessions and agreements or which did not prove relevant in our judgment.

173. In the same way we have had regard to counsel's skeleton arguments and the authorities referred to.

174. We make no determination on those matters agreed given we no longer have jurisdiction.

General observations

175. We take account of the inspection we undertook on the Friday prior to the hearing. As we said we found the site to be well maintained and generally presented as a high end development.

176. We agree there are unusual factors relating to the development notably that it is a holiday site. We accept that this may lead to increased management and maintenance requirements which go beyond an owner occupied development. Plainly holiday makers may have no knowledge of the site and lead to increased management being required in our judgment. Equally we were not looking at blocks of flats but a range of differing style leasehold units which dependant on size could be called chalets, bungalows or houses.

177. We note we are reviewing the service charges which have accrued post all of the leaseholders entering into DOV1. This deed of variation did fundamentally change the site in our determination. Prior to the pandemic it seems clear the Country Club and the facilities it provided to all who used the leasehold properties on site provided a significant draw for users of the site. We find that the Country Club did lead to units being more popular for holiday lettings and in our judgment having this facility would have positively affected the capital values of the units.

178. Mr Prew candidly told us in his evidence he did not want to enter into the DOV1. He was persuaded by Mr Hill although we note his firm then subsequently acted for all leaseholders. In entering into DOV1 all leaseholders agreed the Respondent would no longer be required to provide the Country Club and opened the way for them to redevelop the parts of the site which we observed on our inspection being developed.

179. The Tribunal did come away from the hearing wondering whether leaseholders now felt that completing DOV1 was not in their interests. Plainly it had adversely affected capital prices for the leasehold units and the leaseholders ability to let the same. We heard how the letting income for the site had dropped very substantially.

Witnesses

180. We make some general comments about certain of the witnesses and our assessment of the evidence they each gave.

181. We found that Mrs Spottiswoode and Mrs Mace both held strong views as to how the site was run. It was clear both felt that changes had adversely affected the ability for them to let their units and this affected the income the units produced for them and had an adverse effect on the capital value. It is also noteworthy both admitted they were part of a group who had bombarded EMRC with emails.

182. We found Mr Hill was a witness who had an agenda of his own. As he explained he had separate commercial disputes with the Respondent linked to the operation of his Casa Fina business and works he had undertaken for the Respondent. We found his evidence generally lacked credibility at points and he wished to make the case he was putting forward to best serve himself.

183. We found parts of Mr Prew's evidence surprising. He was generally careful and clear in his evidence. We find he was being honest in what he said. Mr Prew is a practicing solicitor who has conducted the litigation for the group. He is also a director of two companies who are Applicants and in that way was responsible for 4 units. Mr Prew candidly told us how he had purchased his units for low

prices. He admitted having breached the leases and told us how he was exploring the possibility that the planning condition that the properties are not to be used only as holiday units is not enforceable. What we found most surprising was how he explained that he did not support DOV1. Yet he was persuaded by Mr Hill to go ahead as he was the only leaseholder not agreeing. He did agree and his firm then acted for all leaseholders. This appeared to us surprising if you felt conflicted over supporting the variation.

184. We found Mr MacDonald understood his duties as an expert and in giving his evidence he made appropriate concessions given the developing nature of certain matters. His evidence was helpful to the Tribunal in reaching its decision.

185. In respect of the Respondent's witnesses, we found that Mr Fletcher, Mrs Upton and Ana McGuinness were credible and honest. There were areas they were not able to assist or plainly acted on instruction from Mr Day or others. This is as we would expect.

186. We found at points Mr Day choose not to answer questions suggesting others had the information. We find in so doing he was on occasion disingenuous but overall we believe he tried to provide proper and honest answers to questions put to him.

187. Mr Sayce was an honest and credible witness whose evidence, as with Mr MacDonald provided clear assistance to this Tribunal in reaching its determination.

188. We set out below our findings and decisions having regard to the helpful list of issues provided by counsel. We adopt the descriptions they applied to each so it is clear what we are addressing.

Issue 1: "The apportionment issue"

189. What was clear to this Tribunal was that DOV1 significantly changed matters at the Property. We heard from various witnesses and documents were within the bundle that prior to the pandemic the units had achieved lettings income substantially more than £1 million pounds per year. Since the ending of the pandemic (and the entering into of DOV1) this income was said to be considerably less than half that amount. We can see from our own inspection that with the Country Club the site would be a more attractive estate for holiday makers to the island to visit. Without, the facilities are significantly more limited. It seemed to us that this was the elephant in the room that was not addressed and that the Applicants now doubted whether DOV1 was such a good bargain for them all, particularly as they noted the substantial development being undertaken by the Respondent and its associates.

190. We find that the Respondent was entitled to have its own level of management and on site staff. This was a holiday estate, the units were spread around the site we saw with bin stores, car parks, grassed areas and the like. We find that such usage as second homes or holiday lets will as a matter of fact lead to a need for increased attendance above and beyond what one might typically see at an estate of owner-occupied leasehold accommodation.

191. We find that the Respondents did supply additional management principally via Mr Flecther, Mrs Upton and the staff who reported to them and as detailed in their evidence. We are satisfied that the Respondent was entitled to do so under the terms of the leases.

192. We find that it was appropriate for the Respondents to phase in changes which were inevitable after the closure of the Country Club. As Mr MacDonald acknowledged looking back with rose tinted glasses may lead one to determine that this has taken too long.

193. We have considered carefully the authorities referred to us. We find that the approach adopted by the Respondents was rational and reasonable. This was a long established site which had run in a particular was for many years. The removal of the Country Club was a significant change. We find the Respondent acknowledged this and that its management generally of the site would need to change. It had looked to appoint a managing agent (Retriever and then EMRC) whose costs are not challenged. We heard evidence how the Respondent considered it prudent to phase out the additional layers of management over a number of years post the cessation of the country club to allow the benefit of the knowledge that the onsite team had to be passed to the managing agent and to ensure there was no drop in standards.

194. This was in our determination a reasonable and sensible approach. It fell squarely within the range of rational approaches the Respondent could take in our determination. We agree with Mr MacDonald that hindsight may well allow someone to consider this to have taken too long but that is not in our judgment the test.

195. We also observe that we heard some evidence as to the difficulties being faced in finding alternative suppliers of these additional services. Even EMRC Rangers (part of the current managing agent) declined to tender. This in our judgment supports the approach taken by the Respondent.

196. Overall, we find that in principle all of the items challenged within this issue are items which the Respondent can prima facie recover via the service charges.

197. We turn now to the quantum. We note that Mr Prew when questioned felt unable to provide alternative figures. Mr

MacDonald provided some alternative figures and Ms Mattsson in her submissions tried to go beyond these.

198. We accept the argument put forward by Mr Miller that it is not for Ms Mattsson to propose figures, figures must be supported by evidence.

199. We heard from the Respondent's witnesses, principally Ms Upton, as to how the sums were apportioned. It was plain the Respondent undertook an exercise in apportionment. As to wages this was having regard to the hours and the assessment how these were split. These changed in differing years.

200. It was suggested the time spent was excessive. However, it is in our determination for the Respondent to determine what time is spent provided the same is reasonable. Everyone accepted the site appears well maintained and kept, we certainly observed this at the inspection, to do this requires time to be spent. Mr MacDonald acknowledged the provision of the office on site and other facilities had a value. In the main the Applicants simply invited the Tribunal to find the costs were excessive and to reduce the amounts.

201. Even when one considers the figures proposed by Mr Macdonald in his report and the joint statement (see B6) and his oral evidence generally we are not persuaded that the sums actually claimed are so far in excess generally speaking to be said to be excessive and not reasonable. Overall we were satisfied by the evidence given by the Respondents witnesses that the Respondent looked to carefully consider each and every item and apply a rational and reasonable apportionment to reach having regard to the other uses made by the Respondent and its associates on the site. A good example is that applied to sundry office costs. A small figure but yet Mrs Upton gave evidence of how the apportionment was undertaken. We find that the Respondents approach was reasonable.

202. We did consider separately the position relating to Ms Toni Shepherd. It was the case that costs relating to DOV1 were not recoverable from the leaseholders, this was a term of the variation. Mr Day gave evidence as to how Ms Shepherd was originally appointed to cover for him when he was absent from the company. Subsequently we are told she was given a role in ensuring that DOV1 was completed. We were told that the costs that were being charged to the service charge related to her costs of ensuring all service charges and the like were up to date prior to DOV1. We found the evidence in regard to her role frankly confusing.

203. We are satisfied and find having regard to the evidence principally of Mr Day that her role was focussed on matters relating to DOV1 and the completion of the same. As a result, given the terms of DOV1, in our judgment her costs are not recoverable as a service charge item from the Applicant's.

204. We prefer the evidence and submissions of the Respondent in respect of Fina Case, the treatment rooms and the Salterns and accept the Respondent's submissions on the same.

205. In respect of the BID levy we do not accept the Respondents evidence or submissions. In our finding a BID levy is to a business as a whole and it should not all fall to the service charge given the fact other business interests of those controlling the Respondent are run from the site. In our view having regard to all the evidence only 80% of the levy is recoverable from the Applicants as a service charge cost.

206. Unless expressly stated above we find the costs claimed under this issue are reasonably and rationally claimed by the Respondents.

Issue 2: Utilities

207. The Respondent in the evidence of Ms Upton explained how utilities are determined B5[983]. Whilst all costs are charged and paid from the service charge account not all of the cost is past onto the service charge with credits being given.

208. The Applicants suggest a further apportionment should be given.

209. We prefer the submissions and evidence of the Respondent. Ms Upton explained the process adopted and the way in which the Respondent does only charge for what has been properly incurred as a service charge item making allowances for other uses. We are satisfied that a reasonable and rational methodology is applied to the calculation of these costs.

Issue 3: Legal and Statutory

210. For completeness we only consider those matters not agreed.

211. We turn firstly to the costs incurred in what has been called the "agreement with Hoseasons".

212. This cost was incurred when the Respondent and its associated company, who deals with the holiday lettings on the site for the leaseholders, endeavoured to reach an agreement with Hoseasons a specialist holiday home provider. Advice was taken on the terms and costs incurred. We remind ourselves that the leases of the Applicants do require them to pay a commission which ultimately benefits the beneficial owners of the Respondent. The Respondents do have an interest in ensuring that the units themselves are let whenever possible.

213. Further we note we have not been afforded any breakdown of the work undertaken. We would have expected the same, such

information ought to be within the control of the Respondent and should have been provided.

214. We find that these costs were incurred by the Respondent in trying to further the letting of the units. Such costs were in our judgment not service charges but costs the Respondent incurred to improve its own financial returns by improving the lettings of the units. We are not satisfied it can be said these are a service charge expense on the basis of the evidence presented to us.

215. Next we come to the legal fees 2023. It is said these are for recovery of monies and enforcement of covenants. Various bills are produced referring to specific units but no breakdown was supplied. Ms Upton in her evidence suggested she was told not to provide the time cost breakdown as it continued privileged material. This advice supposedly came from the solicitors. No explanation was given as to why any advice itself could not have been simply redacted.

216. We note the amount claimed is nearly £70,000. This amount is in our judgment very high. There is no evidence as to what attempts have been made to recover the costs from any offending leaseholder. In our experience we would expect a landlord to recover the costs in the first instance from the leaseholder.

217. The Applicants had raised as an issue the reasonableness and liability to pay these charges from the outset. We were not satisfied with the evidence provided by the Respondent. It would have been a simple task to provide a breakdown and explain in general terms what was done and why costs were not recovered. The Respondent failed to do so and we are satisfied a on a balance of probabilities we should and do find that these costs whilst they may be recoverable as a service charge in this instance they are not and even if we are wrong on that we would have allowed nil as the costs are not in our judgment on the evidence before us reasonable.

218. Grant Thorntons costs: we accept the submissions of the Respondent. VAT on service charges is a complex matter. We note the Respondent has paid themselves the penalty and they accept that is what they should do. We agree that the decision of the FTT referred to in submissions, including the range of counsel etc who appeared amply demonstrate that this is a complex area. We are satisfied that these costs are properly payable being a legitimate service charge expense in seeking professional assistance and the cost is in our judgment, having heard the evidence again principally from Ms Upton, reasonable.

Issue 4: the 2024 Budget

219. We will allow this sum. The Respondents suggest it was set having regard to the issues the Respondents faced and what advice they

perceived they may need. It may be said that these proceedings and the fact a five day hearing was required perhaps support this.

220. Budget costs are always precisely that. It is for a Respondent to estimate and to be able to explain their methodology. We find that the Respondents have given a rational and reasonable methodology and we are satisfied this sum should be allowed as a budgetary figure.

Issue 6: Bank Charges

221. We prefer the Respondent's submission and find that this amount is payable and reasonable.

222. The amounts claimed are relatively small. Both Mr Prew and Mr Hill admitted in their evidence that they had not paid some or all of the service charges demanded. There was reference in the documents to the fact other leaseholders had not done so. Notwithstanding this the provision of the full array of services on the site have continued to produce a site which everyone accepted was maintained to a good standard. We are satisfied that incurring such costs is reasonable to ensure that the Respondent had funds available and in our judgment the evidence was sufficient for us to find that they were reasonable in amount.

Issue 8: bad debt written off

223. We were told Hopcroft a freehold cottage adjacent to the site exit had previously contributed to the service charges on the basis that they had access to the country club and other facilities. It appears they stopped paying and charges invoiced were then "written off" and added back into the service charges.

224. Ms Mattsson suggested this were not recoverable relying on section 20B. Mr Miller objected to this saying this point had not been taken until effectively closing. We agree and accept Mr Miller's argument. If this was part of the challenge the Applicants should have raised the matter sooner.

225. However we are not satisfied this sum should be recoverable. It appears at some point the Respondents entered into a commercial arrangement with the owners of the adjacent property. We have very little details of the same and the evidence was limited. We are not satisfied that this "write off" can be properly termed a serviced charge item and we are not satisfied it would be reasonable for the sum to be added back in this way. In so finding we take account of the fact we did not have any real evidence of the terms on which the arrangement existed and note that this is not a site whereby the Respondent is reliant solely on service charges. The leases allow other income streams (not including ground rents) including other entities potentially benefitting from parts of the site in the way the

country club when in operation sold memberships to external users. For these reasons we find that this sum is not payable.

Issue 9: Condition Surveys

226. It appears the Respondent is conducting condition surveys of all units. Mr Fletcher stated that if any leaseholders are failing to maintain their units action may be taken in respect of any breaches of covenant. The Applicants suggest this cost is not recoverable.

227. We prefer and accept the submission of Mr Miller. In our judgment it is reasonable and proper for the Respondent from time to time to undertake such surveys to ensure the overall appeal of the site is maintained. A decision on when to undertake such a survey is in our opinion a matter for the Respondent, on our inspection most units were in good order but this was not universal. Maintaining the good order of all units does in our judgment benefit all parties. We are satisfied that such cost is recoverable under the terms of the lease and is reasonable in the amount estimated. Plainly if action has to be taken and costs are recovered then appropriate credits should be made to the service charges.

Issue 11: Administration charges

228. These charges only relate to the 4 units owned by the companies controlled by Mr Prew: Saltbox B8, B9, B10 and Whitfield P19. We are told debt collecting costs of about £16900 (including VAT) have been incurred for the four units.

229. Mr Prew in his evidence accepted he had not paid the full service charges. He accepted he had received the letters (see B7[4-359]) exhibited and we find in principle under the terms of the lease the Respondent is entitled to recover their costs given the admitted failure to pay the service charges demanded.

230. Again we note Ms Upton stated in her evidence upon advice from the solicitors no breakdown was provided. We find this extraordinary, equally the quantum of the costs for what work appears to have been undertaken the letters produced.

231. Again this issue has been raised from the outset. Solicitors (and their clients) know that parties and judicial authorities typically require a breakdown of costs to assess what is reasonable. The letters within the bundle are relatively straight forward, typical letters one sees in respect of debt collection. We accept the site and the responses from Roach Pittis on behalf of Mr Prew's companies raised some complexity however the responses are duplicates.

232. We apply our own expert knowledge on such matters and we assess that the reasonable costs should be £4000. In so doing we apply appropriate benefit of the doubt to the Respondent and the costs

they can incur. We accept they can choose whomever they wish to pursue such matters and such firms may not be the cheapest however the amount must be reasonable for the work actually billed and an allowance of £1000 (inclusive of VAT) per unit in the circumstances is reasonable in our judgment.

Conclusion

233. We have set out our conclusions and findings above. Whilst we have not specifically set out the lease terms and authorities we have had regard to those as a set out in counsels' respective submissions. To do so would further complicate this decision.

234. We hope that the Respondent can end its layer of management as we accept is its hope although sadly we heard trying to find alternative managers to take over the entirety was proving difficult. We hope for all this can be achieved with the savings this will lead to which are only right and proper. In that sense we agree with Mr MacDonald that looking back in hindsight might lead to a conclusion these changes could have happened quicker.

235. We sincerely hope all parties will reflect on this process to try and ensure a more harmonious relationship which it appears did exist in the past.

236. We did confirm that upon issuing of our decision we would issue directions in respect of any applications pursuant to section 20C and paragraph 5A. If any party wishes to pursue the same they must send any submissions within 28 days of the issuing of this decision and the other party may then respond within 21 days. Thereafter we will determine any such applications in writing.

RIGHTS OF APPEAL

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application by email to rpsouthern@justice.gov.uk

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

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