FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	:	**MAN/00BN/LSC/2025/0639**
Premises	:	**1206 Britton House, 21 Lord Street, Manchester, M4 4FQ**
Applicant	:	**Ivan Hinchley**
Representative	:	**John Frazer**
Respondent	:	**Adriatic Land 8 (GR2) Limited**
Representative	:	**Tristan Salter, Counsel**
Type of Application	:	**under s.27A and s.20C of the Landlord and Tenant Act 1985 and paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002**
Tribunal Member	:	**Judge P Forster** **Mr N Foster FRICS**

Decision

- The disputed costs relating to the preparation and review of the Safety Case Report were reasonably incurred, reasonable in amount and payable through the service charge.

- The Applicant's applications under section 20C of the Landlord and Tenant Act 1985 and paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 are refused.

Introduction

1. This is an application under s27A of the Landlord and Tenant Act 1985 ('the 1985 Act') for the Tribunal to determine the payability and reasonableness of services charges in respect of 1206 Britton House, 21 Lord Street, Manchester, M4 4FQ ('the Premises').

2. There are also applications for orders under section 20C of the 1985 Act and paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 (the 2002 Act') to prevent recovery of legal and administration costs through the service charge.

3. Britton House is 58 metres high, has 21 storeys and contains 165 apartments. It is accepted that the Building Safety Act 2022 ('the 2022 Act') applies to the building.

4. The Applicant, Ivan Francis Hinchley, is the registered proprietor of the Premises held under leasehold title MAN154283. The title is a long leasehold interest granted by a lease dated 20 November 2009 ('the Lease'). He acquired the Premises in May 2014. The Respondent, Adriatic Land 8 (GR2) Ltd. is the registered proprietor of the superior leasehold interest in Britton House registered under title number MAN104287.

5. The dispute concerns the payability and reasonableness of service charge costs relating to the preparation and review of the Building Safety Case Report for Britton House. The Applicant contends that the costs incurred by the Respondent and its managing agents were excessive, resulting from inadequate competitive tendering and a misunderstanding of the requirements of the Building Safety Act 2022 and should not be recoverable through the service charge. The Respondent maintains that Britton House is a higher-risk building, that it was under a statutory obligation to obtain and maintain a Safety Case Report, that the costs were reasonably incurred and reasonably apportioned under the Lease, and that they are recoverable from leaseholders through the service charge.

6. The application concerns the service charge years 2024, 2025 and 2026.

7. The Applicant seeks a determination under section 27A of the Landlord and Tenant Act 1985 as to whether those charges are payable, together with orders under section 20C of the 1985 Act and paragraph 5A of Schedule 11 to the 2002 Act.

8. Directions were issued by the Tribunal on 3 March 2026 as amended. The Tribunal directed the parties to exchange the service charge accounts, budgets and statements of case, with the Applicant identifying the disputed service charge items and the Respondent responding to those challenges.

9. The hearing was held by video on 7 July 2026. The Applicant was represented by John Frazer and the Respondent by Tristan Salter, Counsel. The documentary evidence was contained in two bundles of documents together running to 984 pages. The Tribunal heard evidence from Daniel Bright and David Hills and submissions from the parties' representatives before it reserved its decision.

<u>The issues</u>

10. The principal issues to be determined by the Tribunal are:

- Whether the amount of the disputed charges for the service charge years 2024 2025 and 2026 are reasonable.
- Whether an order should be made under section 20C of the Landlord and Tenant Act 1985 preventing the Respondent from recovering the costs of these proceedings through the service charge.
- Whether an order should be made under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 reducing or extinguishing any liability for administration charges arising from the proceedings.

<u>The law</u>

11. The law relevant to the application is set out in the annex to this decision.

<u>Reasons for the decision</u>

<u>Liability to pay the charges</u>

12. The Lease provides for the payment of an Estimated Service Charge, being such sum as the Landlord may reasonably and properly specify from time to time as a fair and reasonable amount on account of the Service Charge for the relevant accounting year. The Service Charge comprises the leaseholder's apportioned contribution towards expenditure properly incurred by the Landlord in carrying out its obligations under the Lease, including costs relating to the management, maintenance, repair and insurance of the building and the provision of services. The Landlord is entitled to collect

estimated contributions in advance and thereafter reconcile those payments against the actual expenditure incurred.

13. Britton House is a higher-risk building and that, as Principal Accountable Person, the Respondent is under a statutory obligation to assess building safety risks and prepare and maintain a Safety Case Report. The costs of assessing risks, preparing and reviewing the Safety Case Report constitute recoverable building safety measures.
14. The Applicant accepts that he is liable under the terms of the Lease to pay a service charge to the Respondent and the costs of the Safety Case Reports are recoverable as part of the service charge.

<u>The items in dispute</u>

15. The dispute specifically concerns the reasonableness of the costs incurred in respect of Safety Case Reports. The Applicant challenges the cost of the original Safety Case Report, £23,520.00, and the subsequent cost of the 2025 review, £4,203.60, and the budgeted cost of the 2026 review, £1,500.00. The total amount of these costs for the relevant three years attributable to the Applicant is £180.60. The Applicant submits that a reasonable cost for the original report would have been £14,227.20 based on what he says are comparable buildings.

16. The Applicant contends that leaseholders should not bear costs arising from what is said to be the failure of the Respondent's managing agent, Livingcity Asset Management Ltd.('LCAM'), to understand the requirements of the Building Safety Act 2022 and its failure to carry out effective competitive tendering.

<u>Procurement</u>

17. The Applicant contends that the procurement process was inadequate and that competitive tendering was not properly undertaken. He argues that Ark Workplace Risk's ('Ark') pricing model unjustifiably increased costs for taller buildings and that the Safety Case Report reviews were essentially a desktop exercise which did not justify the expenditure incurred.

18. The Respondent's evidence identifies Ark as the provider of the Safety Case Reports. The reports exhibited in the bundles show Ark as the author of the reports and records a multi-disciplinary team including building safety consultants, a structural engineer and resident engagement specialists. The reports were prepared for the Respondent in its capacity as Principal Accountable Person.

19. The Applicant's case is not that Ark was unqualified to undertake the work. The criticism is that Ark's pricing model allegedly resulted in substantially higher charges for taller buildings; the tendering exercise was inadequate; competent persons other

than fire engineers could have undertaken the work; and the costs charged by Ark for the Safety Case Report and annual reviews were excessive.

20. As evidenced, Ark was appointed following a procurement exercise undertaken by LCAM. The Respondent's case is that LCAM sought quotations for the preparation of the Safety Case Report from Ark and a second contractor, One Engage. The Applicant accepts that One Engage was approached, although he argues that it was unsuitable for the work and that the exercise was undertaken too late and without a proper invitation to tender.

21. The evidence shows that LCAM proceeded on the basis that the Safety Case Report required specialist input from appropriately qualified fire safety professionals. In an email dated 29 January 2024, Daniel Bright of LCAM explained that the report involved assessing structural and fire safety risks and stated that "qualified fire engineers with the necessary experience are required to produce such a report". That view appears to have informed LCAM's selection of consultant.

22. The Tribunal heard evidence from Daniel Bright, an associate director of LCAM who had primary responsibility for dealing with Building Safety Act issues. His relevant qualifications included MRICS, MSc and LLB.

23. Mr Bright's evidence is that specialist external consultants were required to undertake the work. He explains that the preparation of a Safety Case Report is not a simple administrative or desktop exercise but involves assessment of both structural and fire safety risks, review of building information, and the exercise of professional judgment regarding risk and mitigation measures.

24. Mr Bright's email of 29 January 2024 explains that, although much of the relevant building information was held by LCAM, there would be information that required locating or obtaining, and there would be costs associated with gathering and providing that information. He states that the Health and Safety Executive had not provided a detailed definition of who would constitute a "competent person" for these purposes and that, because the report required commentary on structural and fire safety matters and risk assessment, it was unreasonable to expect LCAM or the Respondent to make those determinations themselves. He therefore considered that qualified fire engineers with appropriate expertise were required to prepare the report.

25. The Applicant took issue with the need to engage fire engineers to prepare the reports. His argument was that there was a great demand for the services of such people and therefore they were able to charge high fees. Mr Brights response to this was essentially that the Applicant's premise is wrong: the Safety Case Report was not regarded as a simple exercise and required assessment of fire and structural safety risks by suitably qualified people.

26. The Respondent's wider evidence supports this position. The Safety Case Report prepared by Ark was not produced by a single fire engineer but by a multidisciplinary team. The report addresses fire spread, structural failure, maintenance arrangements, resident engagement, emergency arrangements and risk management.

27. In essence, Mr Bright's evidence seeks to justify both the decision to instruct Ark and the level of expenditure incurred, on the basis that compliance with the Building Safety Act 2022 required specialist professional services which could not properly be undertaken by LCAM itself.

28. The Respondent's position is that the procurement process was justified because Britton House is a higher-risk building and the Principal Accountable Person was under a statutory duty to obtain a Safety Case Report. Mr Bright's evidence was that the work required specialist expertise. The Respondent relies on evidence that more than one provider was approached, One Engage, and that Ark was selected because it possessed the multidisciplinary expertise needed to prepare the report and enable compliance with the 2022 Act.

29. The RICS Service Charge Residential Management Code provides that the selection of contractors should usually be by competitive tender based upon a uniform specification, with regard to economy, quality, value for money and health and safety considerations. However, the guidance does not impose an absolute requirement for a formal tender exercise in every case such as low-value contracts or extremely urgent works. The use of the word "usually" recognises that there may be circumstances in which another procurement method is appropriate. In the present case, whilst the Applicant criticises the absence of a wider competitive tender process, the Tribunal may conclude that the Respondent was seeking specialist consultants to undertake statutory Building Safety Act work for a higher-risk building and that quotations were obtained from more than one provider before Ark was appointed.

30. The relevant question is whether the Respondent acted reasonably and achieved reasonable value for money in the circumstances, rather than whether it complied with a rigid requirement to conduct a full competitive tender exercise.

31. In relation to procurement, the Tribunal finds that the Respondent acted reasonably in its appointment of Ark. The evidence demonstrates that the Respondent, through LCAM, sought external specialist assistance to discharge its statutory obligations under the 2022 Act, obtained quotations from more than one provider, and selected Ark because it possessed the multidisciplinary expertise considered necessary for the preparation of a Safety Case Report.

32. Whilst the Applicant criticises the absence of a wider competitive tender exercise, the Tribunal accepts that this was a specialist area of work and notes that the RICS Residential Management Code provides that selection for larger value works must ‘usually’ be by competitive tender rather than imposing an absolute requirement in

every case. The Tribunal is not persuaded that the procurement process adopted by the Respondent fell outside the range of reasonable responses open to a responsible landlord seeking to comply with its statutory duties and therefore rejects the Applicant's challenge to the recoverability of the costs on procurement grounds.

<u>Annual reviews</u>

33. The Applicant's case on the annual review charges is that they were unnecessary and unreasonable because a review of the Safety Case Report should only have been undertaken if there had been a material change to the building, its risks, or the information contained within the report. He contends that no such changes occurred at Britton House and that no revised report was produced. He therefore questions what work was carried out to justify the 2025 and 2026 charges.

34. The Applicant further argues that the Safety Case Report is fundamentally a "desktop exercise" and that there was no need for a consultant site visit. In his submission, a competent managing agent should itself have known whether any changes had occurred that justified a review and should only then have commissioned one. He maintains that the annual review was contracted for in advance regardless of whether it was necessary and that the resulting cost should not be recoverable through the service charge.

35. The Respondent's answer is found in the Safety Case Report itself, which states that the report is a "live document" and that it will be revised whenever considered necessary or appropriate following further risk assessments, changes to the building, ownership, management arrangements, legislation, guidance, or mandatory occurrences. The report also states that it will be reviewed at least periodically. The Respondent therefore treats ongoing review of the Safety Case Report as part of its continuing statutory building safety obligations rather than as a one-off exercise.

36. The Tribunal heard evidence from David Hills who is described as someone who has professional experience in building safety and fire safety matters and is a member of a Government steering group concerned with fire safety management in higher-risk buildings.

37. So far as the annual review issue is concerned, Mr Hills' evidence supports the need for continuing review of a Safety Case Report as part of the wider building safety regime. The Applicant's comments quote Mr Hills as stating. He says that the report is a live document which should be reviewed and revised whenever necessary or appropriate following further risk assessments, changes to the building, changes in management arrangements, legislative developments or other relevant events.

38. Accordingly, Mr Hills' evidence appears to support the proposition that the Safety Case Report is not a one-off document which can simply be produced and forgotten. Rather, it forms part of an ongoing building safety management process requiring periodic

review to ensure that the safety case remains current and continues accurately to reflect the management of building safety risks.

39. The Tribunal is satisfied that it was reasonable for the Respondent to undertake annual reviews of the Safety Case Report. The evidence demonstrates that the Safety Case Report is not a static document but forms part of an ongoing building safety regime under the 2022 Act. The report itself describes it as a "live document" which requires periodic review. The Tribunal accepts the evidence of Mr Hills that building safety management is a continuing process and that the Safety Case Report serves as a summary of the safety case and the measures in place to manage building safety risks. The Tribunal does not accept the Applicant's contention that a review could only be justified where a significant physical change to the building had occurred. It was reasonable for the Respondent, as Principal Accountable Person, to keep the Safety Case Report under review to ensure that it remained current, accurate and compliant with its statutory obligations.

The Applicant's comparison's

40. The Tribunal attaches little weight to the Applicant's comparator evidence concerning the cost of Safety Case Reports at other buildings. The comparison is based principally upon headline figures for reports commissioned at different developments and does not provide a sufficient evidential basis to establish that those buildings were truly comparable to Britton House in all material respects. The evidence does not demonstrate that the comparator buildings were of similar design, complexity, construction, risk profile, building safety history, available documentation, procurement circumstances or scope of work. Nor does it establish that the services provided under the relevant contracts were identical.

41. The Tribunal accepts the Respondent's submission that the preparation of a Safety Case Report is dependent upon the characteristics of the individual building and the information available to the consultant at the time of instruction. In the absence of detailed evidence demonstrating like-for-like comparisons, the Tribunal is unable to draw reliable conclusions from the cost differentials identified by the Applicant. The fact that another building may have obtained a Safety Case Report at a lower cost does not, without more, establish that the costs incurred at Britton House were unreasonable. Accordingly, the Tribunal does not regard the comparator evidence as a reliable basis for assessing the reasonableness of the disputed expenditure.

Reasonableness

40. In assessing reasonableness under section 19 of the 1985 Act, the Tribunal's function is not to substitute its own view for that of the Respondent nor to determine whether a cheaper course could have been adopted. The correct approach is whether the expenditure and the decision to incur it fell within the range of reasonable responses open to the Respondent in the circumstances: see Forcelux Ltd v Sweetman and

Garside v RFYC Ltd. A landlord is not required to select the least expensive option provided that its decision is objectively reasonable.

41. The Tribunal is satisfied that the costs incurred were reasonable in amount. The original Safety Case Report related to a 58-metre higher-risk building containing 165 residential units and was prepared by a specialist multidisciplinary consultancy engaged to advise on fire safety, structural safety, risk management, resident engagement and compliance with the 2022 Act.

42. The Applicant's assertion that the work amounted to little more than a desktop exercise is not borne out by the contents of the report or the evidence of Mr Bright and Mr Hills. The Tribunal is not persuaded that the comparator evidence demonstrates that the work could or should have been obtained materially more cheaply. The evidence does not enable any meaningful like-for-like comparison to be made with other buildings.

43. Having regard to the nature, scope and statutory purpose of the work undertaken, the Tribunal is unable to conclude that the sum of £23,520.00 for the original report was excessive. For similar reasons, the Tribunal is satisfied that the review costs of £4,203.60 and the budgeted review cost of £1,500.00 were reasonable.

44. Accordingly, the Tribunal finds that all of the disputed costs were reasonably incurred and reasonable in amount.

Section 20C

45. The Tribunal refuses the Applicant's application under section 20C of the Landlord and Tenant Act 1985. The making of an order under section 20C is discretionary and requires the Tribunal to consider all the circumstances of the case. Whilst the Applicant was entitled to bring the application, he has not succeeded on any substantive issue. The Tribunal has found that the disputed service charge costs were reasonably incurred, reasonable in amount and payable under the terms of the Lease. In these circumstances, the Tribunal is not persuaded that it would be just and equitable to prevent the Respondent from recovering through the service charge such costs as are otherwise recoverable under the Lease. The application under section 20C is therefore dismissed.

Paragraph 5A of Schedule 11

46. The Tribunal refuses the Applicant's application under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002. The jurisdiction under paragraph 5A is discretionary and requires the Tribunal to consider whether it is just and equitable to reduce or extinguish any liability for administration charges arising from the proceedings. Having regard to the Tribunal's findings that the Respondent has succeeded on the substantive issues in dispute and that the challenged service charge

costs were reasonably incurred and payable, the Tribunal is not persuaded that there is any basis upon which such an order should be made. In all the circumstances, the Tribunal considers it appropriate that any administration charges which are otherwise properly recoverable under the terms of the Lease should remain recoverable. The application under paragraph 5A is therefore dismissed.

Dated 8 July 2026
Judge P Forster

RIGHT OF APPEAL

A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional Office, which has been dealing with the case.

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.

If the person wishing to appeal does not comply with the 28-day time limit, that 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.

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

ANNEX

S.18 of the Landlord and Tenant Act 1985 defines "service charges" and "relevant costs":

(1) In the following provisions of this Act "service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent—

(a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and

(b) the whole or part of which varies or may vary according to the relevant costs.

(2) The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.

(3) For this purpose—

(a) "costs" includes overheads, and

(b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.

S.19 of the 1985 Act deals with limitation of service charges:

(1) Relevant costs shall be taken into account in determining the amount of a service charge payable for a period—

(a) only to the extent that they are reasonably incurred, and

(b) where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard; and the amount payable shall be limited accordingly.

(2) Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise.

S.27A of the 1985 Act deals with the liability to pay service charges:

(1) An application may be made to a leasehold valuation tribunal for a determination whether a service charge is payable and, if it is, as to—

(a) the person by whom it is payable,

(b) the person to whom it is payable,

(c) the amount, which is payable,

(d) the date at or by which it is payable, and

(e) the manner in which it is payable.

(2) Subsection (1) applies whether or not any payment has been made.