FIRST-TIER TRIBUNAL PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case Reference	**:**	HAV/00HE/LDC/2026/0133
Properties	**:**	Those 623 properties listed in the Appendix accompanying the application
Applicant	**:**	Coastline Housing Limited
Respondents	**:**	The leaseholders of the properties listed in the Appendix accompanying the application
Type of Application	**:**	To dispense with the requirement to consult lessees about a qualifying long term agreement under section 20ZA of the Landlord and Tenant Act 1985
Tribunal Members	**:**	Judge N Pointon Mr M Ayres FRICS
Date of Hearing	**:**	Determination on papers
Date of Decision	**:**	24 September 2026

DECISION

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Summary of the Decision

1. **The Applicant is granted dispensation under Section 20ZA of the Landlord and Tenant Act 1985 from the consultation requirements imposed on the landlord by Section 20 of the 1985 Act in relation to the proposed long term qualifying agreement for the procurement of the metered supply of gas and electricity to the properties, as outlined in the application. The Tribunal has made no determination on whether any costs incurred or to be incurred under that agreement are reasonable or payable.**

Background

2. This is an application under s. 20ZA of the Landlord and Tenant Act 1985 (**"LTA 1985"**) for dispensation of the requirement to consult lessees imposed by s. 20 LTA 1985.

3. The Applicant is Coastline Housing Limited, the landlord in respect of the leasehold properties listed in the Appendix accompanying the application.

4. That Appendix identifies all persons on whom this application was served. As the Applicant notes, the occupants of some of those properties hold freehold estates (and so are not the holders of leases in respect of which the Applicant is landlord). Freeholders are identified as such in Column J of that Appendix. Those parties do not have the right to be consulted in respect of the proposed arrangements, but the Applicant has, nevertheless served this application upon them as people who may be affected by its outcome. The list of properties supplied by the Applicant extends to 623, all of which are situated in Cornwall.

5. The application concerns the Applicant's metered gas and electricity supply contracts in respect of those properties. Those contracts are due to expire imminently and require renewal. The Applicant has selected the Procurement for Housing (PfH) Energy Supply and Services Dynamic Purchasing System (DPS) as the procurement route which it wishes to adopt. That procurement exercise will be managed by Inspired Energy, which is PfH's specialist energy consultancy. Entering into these arrangements constitutes a qualifying long term agreement within the meaning of s. 20ZA(2) LTA 1985.

6. **The only issue for the Tribunal is whether or not it is reasonable to dispense with the statutory consultation requirements. This application is not about the proposed costs involved nor whether they are recoverable from the leaseholders as service charges. The leaseholders have the right to make a separate application to the Tribunal under section 27A of the Landlord and Tenant Act 1985 to determine the reasonableness of the costs, and the contribution payable through the service charges.**

The Law

7. A 'qualifying long term agreement' is one entered into, by or on behalf of a landlord, for a term of more than twelve months (s. 20ZA(2) LTA 1985), which results in the relevant contribution of any tenant in respect of any accounting period being more than £100. Before entering into such an agreement, the landlord must follow the consultation requirements prescribed by s. 20 LTA 1985 and Schedule 1 to the Service Charge (Consultation Requirements) (England) Regulations 2003. If the landlord fails to do so, then the contributions of tenants towards the costs under that agreement is limited to £100.

8. Section 20ZA empowers the Tribunal to dispense with those consultation requirements, either prospectively or retrospectively, if the Tribunal thinks it is reasonable to do so. The question is whether it is reasonable to dispense with the consultation requirements; the question is not whether the works or agreement itself, or any costs incurred in connection with them, are reasonable.

9. The leading decision on the approach to the exercise of the s. 20ZA jurisdiction is ***Daejan Investments Ltd v Benson*** [2013] UKSC 14; [2013] 1 WLR 854. Lord Neuberger PSC, with whom Lords Clarke and Sumption JJSC agreed, explained at [44] that:

> *"...the issue on which the [Tribunal] should focus when entertaining an application by a landlord under section 20ZA(1) must be the extent, if any, to which the tenants were prejudiced in either respect by the failure of the landlord to comply with the requirements."*

10. This question of prejudice to the tenant is *"the main, indeed normally, the sole question"* for the tribunal (***Daejan*** at [50]). The financial consequences for the landlord of granting or declining dispensation are not relevant, nor is the nature of the landlord (***Daejan*** at [51]).

11. The factual burden of demonstrating some relevant prejudice falls on the tenant (***Daejan*** at [67]). The lessee must identify what would have been said if able to engage in a consultation process. If the lessee advances a credible case for having been prejudiced, the lessor must rebut it. The Tribunal should be sympathetic to the lessee(s).

Consideration

12. The application was received on 22 July 2026, with directions given on 12 August 2026 (**"the Directions"**). The Directions provided for the Respondents to complete and return reply forms by 14 September 2026, indicating whether they objected to the application and, if so, their reasons for doing so.

13. On 15 September 2026 the Applicant notified the Tribunal that it had received only one reply from residents, and that this reply signaled agreement with the application. No Respondent has objected to the application.

14. Having carefully considered the application and information submitted, the Tribunal satisfied itself that a determination on the papers remained appropriate, particularly given that the application is unchallenged.

15. The Tribunal is satisfied that the Applicant has established sufficient grounds for the grant of dispensation.

16. The subject matter of the qualifying long term agreement is the procurement of metered gas and electricity supply arrangements to a very large number of properties. The Applicant has explained that they intend to use a specialist energy consultant (Inspired Energy) and Procurement for Housing to undertake the procurement exercise in respect of gas and electricity supply. The Applicant's letter to Respondents, dated 22 July 2026, explained that *'the energy market changes quickly, and prices can fluctuate daily'*. The practical consequence is that the time needed to fully comply with the consultation requirements is often greater than the period of time for which any quotation is valid. By the time that process has been followed to the letter, the quote may have lapsed and the landlord has to begin the entire process again.

17. In this particular case, the Application itself notes that *'Re-procurement of metered utilities contract [is] under way for a contract starting 1st September 2026'*, suggesting that existing supply terms may already have expired by the date of this decision. If current supply contracts have lapsed (or do in the time taken to exhaust the consultation process) the risk arises that supply reverts to a default tariff that is more expensive than might otherwise be achievable. In the circumstances, the Tribunal accepts that it is reasonable to dispense with the consultation requirements on this occasion.

18. In reaching our decision, the Tribunal is satisfied that none of the leaseholders have objected to the application and nor has any individual lessee asserted that any prejudice has been caused to them by the failure to consult. The Tribunal is satisfied that a full consultation would not have produced a different outcome, other than causing delay and potential risk to residents.

19. Accordingly, the Tribunal finds that the Respondents have not suffered any prejudice by the failure of the Applicant to follow the full consultation process.

20. However, the Tribunal makes two observations:

21. First, the Tribunal notes that it would be undesirable for this approach to form a regular pattern. If dispensation with consultation requirements is required in respect of agreements concerning the provision of utilities, it would be preferable (where possible) for such dispensation to be sought in respect of particular agreement(s) for the provision of those utilities at particular prices, rather than (as here) an agreement for the procurement of such utilities in general. That is because a tenant is better able to consider whether the dispensation with consultation requirements would prejudice them when they have some idea of what the proposed qualifying agreement may cost them.

22. Second, the Tribunal notes that in its letter of 22 July 2026, the Applicant assured residents that *'any mention of an application fee in the application is for Coastline to pay, not you'*. There are no applications before the Tribunal seeking orders in respect of costs under s. 20C LTA 1985 or paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002, and so the Tribunal makes no determination on this point. However, the Tribunal notes that in the previous proceedings identified in the Application Notice (HAV/00HE/LDC/2025/0610), the Applicant indicated that it did not intend to recover its costs of that application in any event. Coupled with the assurance in the Applicant's letter of 22 July 2026, the Respondents may well assume that the Applicant has no intention of seeking to recover the costs of this application via service or administration charges either.

DECISION

23. **The Tribunal determines that it is reasonable to grant dispensation from the consultation requirements under s. 20 LTA 1985 in relation to the proposed qualifying agreement in respect of the provision of metered gas and electricity.**

24. **The Tribunal has not made a determination on whether any costs incurred under that agreement are payable by way of service charge or reasonable in amount. If a lessee wishes to challenge the payability or reasonableness of those costs, then a separate application under section 27A of the Landlord and Tenant Act 1985 would have to be made.**

25. **In reaching our decision, the Tribunal has taken account of the fact that the Respondents have not objected to the application, despite having the opportunity to do so.**

26. **The Applicant shall provide a copy of this decision to all Respondents.**

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 to the First-tier Tribunal at the Regional office which has been dealing with the case.

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

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

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