



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

Case Reference : MAN/36UD/LAM/2013/0008

Property : FLATS 1 – 6, 7/11 CHELTENHAM PARADE,
HARROGATE, HG1 1DD

Applicants : (1) MRS CEREDWAN M ELLIS FLAT 1
(2) MR NEIL NELSON BOLTON FLAT 2
(3) MR PHILIP ANTHONY JONES FLAT 3
(4) MR CHRISTOPHER HILL FLAT 4
(5) MR STEPHEN HOWELL FLAT 6

Respondents : (1) PAVEMENT PROPERTIES LIMITED
(2) WATSON PROPERTY MANAGEMENT

Type of Application : Sections 24 Landlord & Tenant Act 1987 and 20c
Landlord & Tenant Act 1985

Tribunal Members : A M Davies (Lawyer Chair)
J Jacobs MRICS

Date of Decision : 16 December 2013

Decision

ORDER

1. With effect from 1 January 2014 ("the Appointment Date") Urban Living Property Management Limited ("the New Manager") is appointed manager to carry out all management functions in relation to all residential flats in the subject property 7 – 11 and the adjacent property 13 – 15 Cheltenham Parade, Harrogate ("the Property").
2. Rights and liabilities arising under contracts between the First and Second Respondents for the management of the Property, including but not limited to contracts with Kyle Fire Extinguishers and Alarms, Harrogate Borough Council, nPower, and Towergate Insurance shall be transferred to the New Manager with effect from the Appointment Date.
3. The New Manager may prosecute claims for the benefit of the Applicants, whether arising before or after the Appointment Date.
4. The New Manager's fee shall be paid quarterly in advance by the leaseholders of flats in the Property ("the Leaseholders") at the rate of £150 per year per flat payable quarterly in advance, the first quarterly payment to be made 14 days after the New Manager has served on the Leaseholders a service charge budget for the year ending 31 December 2014. The fee is exclusive of VAT.
5. The New Manager shall be entitled to charge Additional Fees in accordance with its existing terms for Block Management Services attached as exhibit 1 to the statement of Paula Amanda Twist dated 16 September 2013 ("the ULPM Terms").
6. The ULPM Terms shall apply to the New Manager's appointment save that
 - 6.1 the New Manager is appointed by the Tribunal and the Leaseholders have not created a property management company. References in the ULPM Terms to Directors shall be read as references to the Leaseholders;
 - 6.2 the ULPM Terms are subject to the terms of this order and to the service charge and other provisions of the Leaseholders' leases, which do not provide for the application of administration charges;
 - 6.3 the New Manager shall invoice the First Respondent and the First Respondent shall pay for management expenditure not properly payable by the Leaseholders.
7. The New Manager's appointment shall continue until further order and may not be assigned.
8. Service charge determinations of this Tribunal and its predecessor the Leasehold Valuation Tribunal which have not been put into effect shall be implemented during the 2014 service charge year.
9. The New Manager shall no later than 31 January 2014 supply the Tribunal with evidence of its professional indemnity insurance cover in the sum of not less than £500,000.

10. The Second Respondent shall on or before 1 January 2014 hand over to the New Manager:
 - 10.1 all keys to the Property which are in its possession or under its control, including the key to the power socket(s) in the common parts and spare keys;
 - 10.2 the code for access to the external key box;
 - 10.3 the buildings insurance policy and all other documents governing or evidencing the terms of contracts between the First and/or Second Respondents and persons supplying services to the Property;
 - 10.4 monies held on trust for the Leaseholders, together with a detailed statement of the trust account from the date on which the Second Respondent assumed management of the Property.

REASONS

1. The Applicants were heard on 16 December 2013. The Tribunal is satisfied that the First and Second Respondents had had sufficient notice of the hearing and therefore heard the application in their absence.
2. The Tribunal is satisfied that the First Respondent and the Second Respondent as its agent have
 - 2.1 sought to impose variable administration charges on one or more of the Leaseholders, although no power to apply administration charges is contained in the leases; and
 - 2.2 failed to implement service charge determinations of the Leasehold Valuation Tribunal.
3. The Application relates to the 6 residential flats at 7 – 11 Cheltenham Parade. The adjacent property 13 – 15 Cheltenham Parade is owned by the First Respondent and managed by the Second Respondent, which has informed the Tribunal that it will resign as managing agent with effect from 31 December 2013. Numbers 7 to 11 and 13 to 15 form part of a single building, and share an access yard to the rear. Both the outgoing managers and the New Manager have agreed in writing that management of the whole building can take place effectively only when all residential flats are under single management. The Tribunal has therefore exercised its powers under section 24(3) of the Landlord and Tenant Act 1987 to include numbers 13 – 15 Cheltenham Parade in the Property to which this order relates.
4. The New Manager's professional indemnity insurance cover is considered insufficient at its current level.
5. The Second Respondent having indicated that it does not wish to continue to manage the Property, and the New Manager appearing to be suitable and qualified to do so, the Tribunal is satisfied that it is just and convenient to make the order in all the circumstances of the case.