



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

Case Reference : **CAM/22UL/LSC/2020/0046**

Property : **72,72A,80,80A,82 and 82A Alexandra Road, Rochford (“The premises”)**

Applicant : **Michelle Belton
Janine Palmer
Paul Watling
Jane Dorrington
Kathryn Appleton
Paul Lasky
 (“The Applicants”)**

Representative : **Paul Lasky**

Respondents : **Westleigh Properties Limited (“the Respondent”)**

Representative : **N/A**

Type of Application : **For a determination as to payability and reasonableness of service charges pursuant to section 27A Landlord & Tenant Act 1985**

Tribunal Member : **Judge Jim Shepherd
Steve Moll FRICS**

Date of Decision : **17th March 2021**

1. In this case the Applicants who consist of various leaseholders are seeking a determination from the Tribunal as to the payability and reasonableness of service charges sought by the Respondent, freeholder. The Applicants are Michelle Belton of 72 Alexandra Rd, Janine Palmer of 72a Alexandra Road, Paul Watling of 80 Alexandra Rd Jane Dorrington of 80a Alexandra Road, Katheryn

Appleton of 82 Alexandra Road and Paul Lasky of 82a Alexandra Rd. Paul Lasky is the appointed representative for the other leaseholders. The Respondent is Westley Properties Limited whose representative is Gateway Property Management.

2. The application to the Tribunal is dated the 19th October 2020. As a result of the covid pandemic this case has taken some time to be determined and the Tribunal apologises for the delay. The Applicants seek determinations in relation to 2018 -2020 service charges. They originally challenged a number of items of expenditure including the following: out of hours charge, management fees, bank charges, postage, building insurance, account management fees and project management/ admin fees.
3. The tribunal were assisted considerably by the fact that the parties had clearly cooperated in preparing a well organised bundle of documents and a clear Scott schedule of items disputed and/or agreed. The key parts of the Scott Schedule were contained on pages 177 -179 of the hearing bundle. A number of items on the schedule had been conceded by the Respondent in an effort to narrow down the issues. These included the out of hours charges, bank charges and postage costs. Again, the tribunal is grateful for the approach taken by the Respondent and for the fact that we were given advance notice of these concessions.
4. As a result of these concessions there were only two issues between the parties for the tribunal to determine. Firstly, the question of buildings insurance and Secondly the amount of the management fees.

Buildings insurance

5. The Applicants argue that the insurance policy is a large legacy policy where they are included with other properties in a large portfolio. It is argued that this increased the premiums and made it difficult to get "Like for like" quotes. Nonetheless the Applicants presented quotes from Covea and Aviva with lower premiums. The existing provider Lorica has accepted that there is a duplicated

cost of emergency service cover which once removed still results in premiums above the comparables identified by the Applicants .

6. In their insurance statement the Respondent gave their reasons for covering the insurance under a large portfolio policy. The Respondent owns a lot of properties which are insured under a block policy. The portfolio is remarketed periodically and Axa was found to be the most competitive based on price and extent of cover. This block insurance cover according to the Respondent can't be compared to stand alone cover. The policy also includes enhancements in relation to subsidence exclusion, insurance cover for change of tenancy, inclusion of cover even when there are works by leaseholders and automatic interest cover. Various challenges are made to the comparables put forward by the Applicants. Finally, its stated that the premiums are reasonable with comparable schemes.
7. Whilst the Tribunal has some sympathy with the Applicants here as the comparables they provide are instructive it is not unusual for a landlord with a large portfolio of properties to insure under a block policy. Indeed, it makes sense for them to do so in terms of economies of scale. In the present case some efforts have been made by the Respondent to explain why the block policy is used and what perceived advantages there are. There also appears to be some consideration of the implications of the block policy for individual schemes such as this one. The Tribunal cannot see fault in the use of the block policy currently and the comparables provided by the Respondent appear sound. Were this position to change in the future and the premiums increase significantly it would be open for the Applicants to apply to the Tribunal again. Currently however the buildings insurance costs are considered reasonable subject to the removal of the duplicate emergency service cover.

Management Fees

8. The Respondents have indicated in the Scott Schedule that they would accept £250 plus vat per flat for the years in dispute. The Applicants argue that a more appropriate figure is £150 per unit. Whilst the Tribunal have not inspected the

various premises due to the pandemic it has made its own inquiries and used its own knowledge and experience. The buildings would appear to be relatively easy to manage. There are no internal common areas for example. On the other hand, the fact that there are a relatively small number of units to manage is likely to increase the cost per unit. Doing the best it can the Tribunal considers that £200 per unit plus vat is a reasonable amount for the period in question.

Summary

9. The building insurance costs are reasonable. The management fees should be reduced to £200 plus vat per unit per annum for the period in issue.

s.20C Landlord and Tenant Act 1985, Para 5A of Sch 11 CLRA 2002

10. The Applicants have been successful in relation to all of the charges claimed except for the building insurance. The Tribunal determines that it will exercise its discretion and any costs incurred by the Respondent should not be recovered under the lease.

Jim Shepherd

17 March 2021