



## NEWS AND VIEWS FROM THE AGM

By the Editor

**A successful and well-attended members-only FPRA AGM – our 46th – took place at the Victory Services Club in London.**

Chairman Bob Smytherman, giving the welcome, thanked the sponsors and said FPRA was responding to more consultations than ever before. He hoped the finding of the inquiry into the Grenfell Tower fire disaster would be reasonable and proportionate and not a knee-jerk reaction.

and our finances are transformed; 20-30 less and we are into our reserves”.

In his speech to the AGM, Dr Nigel Glen, Chief Executive of ARMA (The Association of Residential Managing Agents), made a strong call for the regulation of managing agents. He said the amount of money managing agents held was “frightening” and said anyone responsible for managing a building or holding money should be regulated. He said: “If your managing agent is not regulated, ask why.”

He said RTMs managing themselves was “frightening” because the law changed so often.



Bob congratulated FPRA committee member Martin Boyd for his great success in raising the profile of leasehold nationally with the Leasehold Knowledge Partnership and All-Party Parliamentary Group on Leasehold (now with 127 members of MPs and Peers).

Bob said FPRA could not run without its volunteers who gave expert advice to members. “A few more volunteers and a few more members would change the finances of the FPRA,” Bob said. This view was echoed by Treasurer Patrick Gray, who said costs were now under control but “just 20 or 30 more members

This view was challenged in the speech by FPRA committee member and administrator Robert Levene, who said that volunteer directors did not need formal regulation. What had to be protected was leaseholders’ money. In this consultation, one of many coming from the Government, FPRA and ARMA would take a different line.

Robert said the Grenfell Tower tragedy was not the first – an FPRA member block burned down with the death of one resident some years ago – and it would not be the last.

Continued on page two

### INSIDE THIS ISSUE

Fire safety post-Grenfell 3

Countless consultations 6

Legal Jottings 8

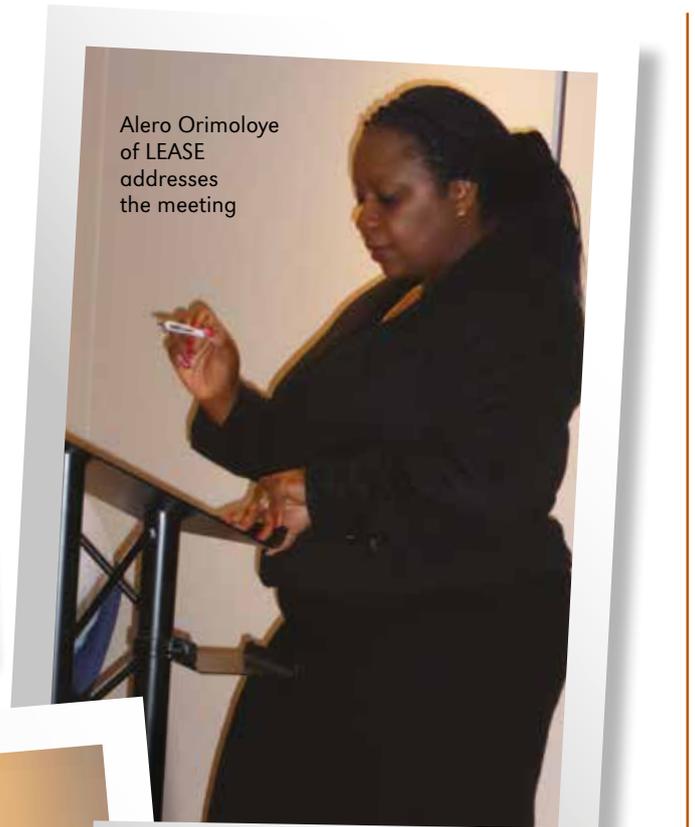
Leasehold valuers relativity graph 9

Ask the FPRA 10

This year's AGM continued from page one



Our audience listens intently



Alero Orimoloye of LEASE addresses the meeting



Left to right: Vice-Chairman Richard Williams; Treasurer Patrick Gray; Chairman Bob Smytherman and Director Robert Levene



A lively discussion follows the formal business. Seated, wearing pink, Committee member Marjorie Power; standing Hon Consultant Maxine Fothergill

FPPRA would like to send our condolences to our advertised guest speaker, Nicholas Kissen, of LEASE (the Leasehold Advisory Service), who was unable to attend as his father sadly passed away the previous night. We were very grateful to Alero Orimoloye, senior solicitor and legal adviser at LEASE, who stepped in at the last minute.

Alero Orimoloye said it was the 24th anniversary of LEASE, the Government-funded organisation which gives free advice. She spoke about some landmark decisions on service charges and insurance premiums. One service charge case was where each leaseholder had faced a £55,000 bill. On appeal, the court ruled the proposed works were improvements rather than repairs, and that these things had to be taken into account: How many years were left on

the lease; the views of the leaseholders; and the financial impact on the leaseholders.

On insurance premiums, she said landlords had to provide evidence their quote was reasonable when the high cost was challenged. She said one problem for leaseholders, who had to get alternative quotes, was that the claims history was difficult to get.

Following the formal business and the speeches, members were able to meet individual FPPRA committee members and consultants and raise particular leasehold problems and concerns.

*(Inside this newsletter you will find a review of the very many consultations to which FPPRA is responding.)*



# FIRE SAFETY POST-GRENFELL

**FPRA Legal Adviser Nicholas Roberts explores the practicalities of assigning responsibility for fire safety in multi-storey blocks. This article first appeared in the *New Law Journal* ([www.newlawjournal.co.uk](http://www.newlawjournal.co.uk)) and we are grateful for their permission to reprint it here.**

The tragedy at Grenfell Tower has focused attention on the fire risks involved with multi-storey blocks of flats, and it seems likely that stronger legislative measures will be introduced to address the fire safety issues. This may, therefore, be an appropriate time to consider some of the ways in which the current legal provisions relating to fire safety measures are either failing to address the problems of long leasehold flats, or make it difficult for those with the responsibility for managing flats to make recommended changes. The problems seem to originate from two main sources:

- Any survey of fire precautions will rightly look at the building as a whole, but the recommendations will necessarily relate partly to the common parts, and partly to individual flats, and it will not necessarily be clear who is responsible for taking any recommended action; it may be that responsibility for compliance falls partly on the ground landlord or management company, and partly on individual leaseholders; and
- Recommendations for improvements are most likely to arise out of a fire risk assessment commissioned from an independent company, whereas the terminology of covenants in older leases may still require compliance with such wording as 'the provisions of any statute statutory instrument rule order or regulation and of any order direction or requirement made or given by any authority or the appropriate minister or court'. More recent leases may well use more apposite terminology, but one observes a tendency for precedents to lag behind legislative changes in this area.

## Who can carry out any works?

This article is based on several cases where I have been called on to advise. Typically a report has been commissioned from experts in the field, either by the managing agents, or by the directors of

a self-managed block, as part of a fire risk assessment. The building has been inspected, both the common parts, and all the flats, or a representative selection. Various measures may be recommended to bring the block up to current safety levels. These may include:

- replacing the existing 'front' doors to individual flats with fire-resistant doors;
- installing closer mechanisms on fire doors; and
- installing a building-wide fire detection and alarm system.

Measures which would – at least from a legal perspective – be straightforward to install in, say, a block of rented social housing may present technical legal difficulties if they are to be installed in a block of long leasehold flats. The entrance doors to each flat will typically fall within the area demised to each leaseholder; the ground landlord (GL) (including here and throughout any residents' management company (RMC)) will not generally have power to replace them, and indeed it would technically amount to a trespass against the leaseholder to do so. Automatic closer mechanisms will amount to a similar intrusion into the demise. Many leases will reserve the right for the GL to run new power cables, etc through each flat, but whether this would extend to the sensors and any wiring required for an alarm system would depend on the wording of the lease.

One may, with some justification, ask who is likely to oppose the installation of such fire precautions. Perhaps surprisingly, the writer's experience is that some leaseholders do. Automatic door closers, in particular, can pose a problem to those who are growing forgetful. Some leaseholders express the fear that they will be disturbed unnecessarily when someone cooking in another flat sets off the fire alarm. Others simply object to any alterations which may cause mess and disturbance. GLs may find that they simply do not have the power to implement all the recommendations in the risk assessment. This may then put their fire

insurance policy in jeopardy, as well as endangering the safety of residents.

## Paying for the works

Even assuming that a lease gives power to the GL to make the necessary interventions within a part of the property that has been demised to an individual leaseholder, it may be unclear as to whether the necessary works fall within the scope of the relevant service charge provisions. None of the examples given above will generally count as 'repairs', and most leases make limited or no provision for improvements to be charged to the account. More modern leases may be somewhat more permissive in this regard, particularly if the block is to be managed by the leaseholders themselves via an RMC, either under a tripartite lease, or because it owns the freehold. GLs are understandably reluctant to incur expenditure unless they are sure of being entitled to recover it from the leaseholders via the service charge.

The obligation to comply with, eg 'the provisions of any statute statutory instrument rule order or regulation and of any order direction or requirement made or given by any authority or the appropriate minister or court' is normally cast upon the lessee in a long residential lease, and less frequently is the GL required to comply with such provisions. However, even if the GL does not covenant with the leaseholders to comply, the service charge provisions may well enable the GL to pass the cost of such compliance on to the leaseholders. This may, however, not be sufficient, as:

- while such provisions would very probably cover a requirement that a GL improve the common parts (eg by installing push-bar mechanisms to open a fire door), it is less clear that such provisions would always cover proposed improvements to individual flats which fall within the demise; and

Fire Safety continued from page three

- while the lease provisions previously quoted may have been appropriate in the days when Acts of Parliament and Regulations made under them imposed unequivocal requirements, and local authorities required compliance with by-laws, under the 'light-touch' regime introduced by reforms such as the Regulatory Reform (Fire Safety) Order 2005, (SI 2005/1541), the fact that a building falls short of modern fire safety requirements will most often be revealed by a risk assessment carried out by an independent company commissioned by the GL (including, as previously stated, an RMC), as the person in control of the premises. It is difficult to see that the recommendations of such a report are the equivalent of statutory authority or even of a notice or direction from a competent authority.

### Requiring individual leaseholders to comply with a risk assessment

For reasons similar to those set out in the previous paragraph, the recommendations

of a risk assessment are unlikely to impose an obligation directly on individual leaseholders who have covenanted to comply with statutory, etc requirements.

### Possible 'workarounds'?

In those cases where leaseholders are reluctant to allow works to be carried out within their flats, a couple of potential solutions have occurred to the writer.

Most flat leases give the GL/RMC the power to make 'house rules': regulations for the wellbeing and good order of the block. The scope of these seems to have been little tested in case law, though the consensus seems to be that these may supplement the lease, but not expressly contradict its provisions. Making a house rule requiring compliance with reasonable fire safety requirements might be effective, particularly if it were cast in terms of requiring the individual leaseholder to comply (eg by installing a door closer), rather than giving the GL or RMC a right of entry that they would not otherwise enjoy: that could be seen as conflicting with the express terms of the lease. One would hope that the First-tier Tribunal or County Court would have a degree of sympathy for the GL's objectives here.

As a long shot, therefore, provided the improvements to fire safety had the backing of the requisite majority of leaseholders, one might have to consider the variation of the leases under S37 of the Landlord and Tenant Act 1987 (LTA 1987), though such applications are notoriously cumbersome, and therefore rare. A case could be made for making compliance with fire safety requirements a ground for the 'mandatory' variation of leases under S35 of LTA 1987 (which could be achieved by statutory instrument under S35(2)(g)).

### Conclusions & recommendations

If, as seems likely, legislation is introduced in the wake of the Grenfell Tower disaster, it is important that the position of long leaseholders is considered. Parliament does not have a good record here: in several legislative areas, the position of long leaseholders has not been appropriately addressed, as it is often not appropriate either to give them the full range of legislative exemptions given to residential owner-occupiers of freehold houses, or to treat blocks of flats – particularly smaller blocks – as though they were out-and-out

commercial enterprises. Specifically, it will have to be recognised that:

- the person in control of the block may not necessarily have the power to implement all recommendations or requirements;
- there may need to be some general provision—overriding the express terms of leases—that permits GLs and RMCs to recover the cost of fire safety works via the service charge; and
- if the 'light touch' approach is to be modified, and the pendulum swings back so that safety measures become the subject of directions and requirements made with statutory backing, it will have to be recognised either that GLs and RMCs will need greater powers to enter and do works within the demised premises than they may have been given under the express terms of the lease; or alternatively, any directions and requirements may need to be addressed to individual leaseholders as well as to the GL and/or RMC.

Dr Nicholas Roberts, associate professor, School of Law, University of Reading. Legal Adviser to the Federation of Private Residents' Associations Ltd (the views expressed in this article are the author's own).

## FIRE SAFETY IN FLATS

**FPRA representatives attended and provided evidence to the Independent Review of Building Regulations and Fire Safety, organised by the Department of Communities and Local Government and led by Dame Judith Hackitt.**

The review was set up in the light of system failures revealed in testing carried out after the Grenfell Tower disaster. This review is separate and distinct from the statutory inquiry into the Grenfell Tower fire disaster, led by Sir Martin Moore-Bick.

This Review will assess the effectiveness of current building and fire safety regulations, with a focus on multi-occupancy high rise residential buildings, and aims to develop a more robust regulatory system and to provide assurance to residents that these buildings are safe.



The review will be taking evidence from a wide spectrum of organisations involved in housing in England including the FPRA. Here is a report from the Manchester meeting, which we attended.

Of interest to the FPRA, the concerns and frustrations that have been, and were, raised included:

- much confusion regarding the current regulatory system, as applied to new and existing buildings through planning, design, construction, refurbishment, commissioning, maintenance and change management;
- responsibilities of key individuals – duties, competences and balance of responsibilities;
- poor channels of communication, ineffective engagement between landlords and tenants; ineffective complaints processes between tenants and landlords that prevent prompt and fair dispute resolution;
- the ineffectiveness of voluntary codes of best practice;
- potential abuse and corruption of building control by commercial practices;
- the vast imbalance of power between landlord and tenant created in most leases and tenancy agreements that, in many cases, enables landlords to think

and act with virtual impunity and charge what they like.

Recommendations submitted by FPRA included:

1. All regulation within the building and housing industry must be legally enshrined and operated by totally independent agencies in order to enforce safety regulations, free of financial, commercial and political influence (similar to the Financial Conduct Authority, Ofgem, Ofwat, etc).
2. Tenants Involvement and Empowerment Standard, devised by the Homes & Communities Agency Regulatory Framework, must become a mandatory requirement, for both RSLs and private landlords, and standards approved and scrutinised by an independent authority – giving tenants rights to be involved in the management of their homes, especially commissioning, monitoring and scrutiny, and not just rely on voluntary codes.
3. Greater powers and resources must be given to the Housing Ombudsman to ensure that the majority of cases are investigated, orders made to promptly correct matters, monitored effectively and not referred back for 'local resolution'.

4. **Special provision must be made in retirement blocks to better protect vulnerable people.** At Manchester, the team was reminded that in September 2014, Age UK made a powerful and agenda-setting intervention, on the same matter to the leasehold inquiry by the Competition and Markets Authority, bluntly rejecting any further efforts at self-regulation (by the trade bodies ARHM, ARMA, RICS) "to curb bad practice and over-charging in parts of the sector". Instead, it argues for "improved regulation to offer better protection to older leaseholders..."

This thorough Independent Review will submit an interim report by the end of the year and a Final Report in Spring 2018. The Government's response to the final report will be laid before Parliament.

FPRA Chairman Bob Smytherman, who attended the London meeting, said: "It's critical to Dame Judith's Review that she receives a comprehensive picture of current systems, and issues/concerns of those involved. I would very much encourage all our members to participate by responding to the call for evidence."

For further background, full terms of reference for the review, and to respond for the call for evidence, please see the detail and links on our website.

## 'A Member Writes' ....

We continue our series in which our members write in with their experiences of leasehold life.

### HAPPINESS AND LEASEHOLD – ANTONYMS THAT COULD BECOME SYNONYMS?

Another member writes about issues faced in buildings of mixed occupation.

If everything worked well with leasehold ownership there would be no need for first-tier and upper tribunals and the myriad of complaints set before these two bodies for resolution.

In the summer issue (121) of this newsletter it was pleasing to see that among the All-Party Parliamentary Group's recommendations was "consideration be given to why the commercial element has relevance to the RTM", commenting that "since the commercial

element is excluded from the RTM's role, the 25 per cent limit seems to serve no purpose". Oh, what a wonderful event removing the 25 per cent threshold would be for those of us who suffer the agonies of being restricted by it in a building of mixed occupation.

Agonies, you say? Yes, a complete helplessness to dump management companies with questionable moral practices such as a 15 per cent surcharge on selective invoices (and, possibly, VAT on top); who appear to pay no more than lip service to the concerns of long-term leaseholders, preferring, it seems, to do their own thing or nothing at all (because they always know better?).

Management Companies, too, who despite de-registering from the Social Housing Register continue to operate under the umbrella of their Social Housing parent organisation as an Arm's Length Registered Provider and so close down access to one of the three redress schemes specifically created for the needs of troubled long term private leaseholders, for retaining membership of The Housing Ombudsman offers a referential framework more suited to the needs of social housing tenants.

So, yes, bring on RTM for residents irrespective of the residential/commercial mix; abandon conditions for management company monopoly and let's have freedom of choice for all. Equality and fairness bringing happiness?

# COUNTLESS CONSULTATIONS

**An avalanche of consultation requests has hit the FPRA office recently. Chairman Bob Smytherman says there are more than ever before, and committee member Robert Levene says that the office is receiving an average of one a week from the Government, local authorities or other organisations.**

The Federation is struggling to keep up with the number. Of course, it's a good sign of the higher profile leasehold is now receiving, but we don't have the resources to deal with all of them. All members of FPRA are welcome to get involved and give their view/respond to any of the consultations. We need your help! One of our responses included a complete submission from one of our members.

We can't print all our responses in the newsletter, but pick out one here (to which was attached our member's submission).

## Here are the consultations we have responded to recently, or are in the process of responding to:

- Consultation on recognising residents' associations and their power to request information about tenants
- Unfair practices in the leasehold market
- London's housing crisis
- Housing for older people
- Lifetime leases – an issue we are urging Government to consult on
- Consultation on possible changes to the Property Chamber Rules and the Lands Chamber Rules concerning costs in leasehold cases and residential property cases
- Abolition of leasehold houses and ground rents consultation
- Consultation on Discretionary Disabled Facilities Grants
- Consultation on Health and Safety.

We are in the process of adding all our consultation responses to the website.

## Ones that are currently open include:

- **Protecting consumers in the letting and managing agent market** – the Department for Communities and Local Government (DCLG) is seeking views on the regulation of letting and managing agents and the approaches Government could take to implement any such regulation. The Government will consider changing the law so that all letting and management agents, across both the private rented and leasehold sectors, must be qualified and regulated in order to practise
- **Have Your Say – Tackling London's housing crisis** – this is the Mayor of London's consultation on new draft housing strategy for London
- **Improving the home buying and selling process** – the DCLG is seeking views on how to make the process of buying or selling a home cheaper, faster and less stressful
- **Mandatory client money protection schemes for managing agents**
- **Draft tenants' fees bill**
- **FCA insurance broker consultation**
- **Independent review of building regulations and fire safety**
- **Consultation on tribunal fees.**

In addition, our volunteers are involved in roundtable discussions over a number of issues including Section 20 limits, improving Section 20/21, general leasehold reform, Commonhold, and the All-Party Parliamentary Group (APPG) in which our friends at LKP have been so instrumental and so raising awareness about the sector.

## Housing for older people

FPRA Chairman Bob Smytherman told the Department for Communities and Local Government Committee that the leasehold sector generally was a very complex and difficult area and this brought added problems to the retirement sector.

The FPRA has approximately 500 member groups, each of which represents many individuals, with many in the retirement sector. The Federation received a great number of questions from members about the difficulties of communal living.

Bob wrote: "It is clear that many older people appreciate the security and provision provided by retirement blocks, and this area should be a serious focus for the provision of homes for older people. It is also clear that a major barrier to older people moving into retirement blocks – and the experience of those people that are in retirement blocks – is the adverse effect of failures in protecting those people adequately from the financial and administrative burdens involved in leasehold.

"We urge your committee to coordinate and take into account the work already done, but far from completed, by the Competitions and Markets Authority. We would also refer you to the report of the All-Party Parliamentary Group on leasehold jointly chaired by Sir Peter Bottomley and Jim Fitzpatrick MP. The Department of Communities and Local Government has recently been consulting on changes to leasehold law and this organisation has made submissions to these and other consultations.

Several key things are needed:

- 1. Law Reform** Leasehold law is unnecessarily fragmented and complicated with far too many court cases over interpretation. Indeed it is so complex that many in the legal profession do not understand it, let alone an older person in or seeking to be in retired accommodation.
- 2. Taking Control** There are significant rights which we have campaigned for and succeeded with over the management and ownership of leasehold properties. These however, do not address some of the fundamental problems facing older people in dealing with the day-to-day issues they face. The solution as used in practically every other country in the world is 'Commonhold'. This lays out a single structure and protection, and all new retirement properties (and for that matter all new communal properties) should be sold under this system and existing ones converted without the need as at present of a 100 per cent vote.
- 3. Protection of Leaseholders Money** Many of the funds paid by retired people to third party managers are effectively unprotected. Over £1 billion of sinking funds, reserve funds, service

charges and several other names have no protection and the Financial Conduct Authority repeatedly says there is no legislative base to protect the funds and/or they have no instruction from the Treasury. The importance of this for older people stressed enough as by the very nature of the people they are aware that if they lose their savings they have no opportunity to replace them.

**4. Energy Efficiency** Many older people feel the cold as well as having some financial challenges in paying for utilities. Most energy efficient measures exclude provision to those living in leasehold flats. Whilst accepting there are practical issues to be dealt with, if there were the political will they could be addressed and this organisation has joined with others to the Fuel Poverty Coalition to campaign for this.

**5. Disability Issues** Many people as they get older have disability issues and whilst we welcomed and contributed to legislation over disability rights, legislators have failed to appreciate that the common parts of a block of flats are not the same as those in an individual house.

**6. Parking Issues** Mobility can be an issue and parking, both authorised and illegal, can be a barrier. For example: An older person wanting to move from a house to a flat might still require their car or mobility vehicle but not then have a suitable place for it. We are working with other organisations to look at the impact of illegal parking.

**7. Lifetime Leases** We have recently become aware of abuses involving older people where they are being possibly misled into buying houses or flats on a new type of 'lifetime lease' avoiding much of the protection of legislation that is in place. We have separately written to the Secretary of State on 3 July 2017 and in the reply it was stated 'this practice is not technically illegal, but exposes a gulf between the letter of the law and the spirit of the law'. We agree with this sentiment not only over 'lifetime leases' but many other aspects of the law as it affects older people. We hope you will address this issue.

## Conclusion

1. The adequacy of provision for homes for older people has a major barrier in place because of the failures of leasehold law.
2. The opportunity for older people to downsize to retirement flats is being lost and as a result additional care costs and support are required in what are effectively no longer suitable homes.
3. Retirement flats are in concept an excellent idea giving support and appropriate size and designed homes. The take up and the provision is let down by the reality.
4. We have identified well over 50 separate areas of legislation which have impacted on the leasehold sector. The solution is to abolish the leasehold sector and replace it with 'Commonhold' which, while not a panacea to everything, would be a very good start but currently lacks the political will and of course the many vested interests and well financed groups that profit from the current situation fight hard against.
5. We believe that the Government and many sectors could save substantial amounts of money if this 'mess' were properly sorted out. This includes savings in benefit because there are many who are income poor but asset rich in older age.
6. We would support a national strategy that took into account the above.

## CUSTOMER SERVICE – WHAT DOES IT MEAN TO YOU?

**A personal view from regular columnist Roger Southam, non-executive Chair of the Leasehold Advisory Service (LEASE)**

It has been a fascinating time with the debacle of Ryanair and their pilots. How a company that is reliant on a section of staff to deliver a service gets itself into a mess of having to cancel huge chunks of its service delivery is dumbfounding. From latest reports it would appear that terms and conditions would have had as much to do with the problem as just badly planned holiday phasing. However, what it highlights is the public's views on service and pricing.



Michael O'Leary the Chief Executive of Ryanair stated that the company would survive anything because people didn't care about service just low fares, and they provide the lowest. Of course, when you add on penalties and charges the low fares are not quite so low, but it is an interesting perspective.

In the 1980s Gerald Ratner destroyed his family jewellery chain which had existed for generations by making a flippant comment about the quality of his jewellery at a business conference. Long before the days of social media this went viral. So why would the public reject cheap jewellery because it was cheap but self-confessed to be low quality and accept airfares regardless of treatment?

Turning to block management there is a constant confusion as to who is paid what for doing what. **There are some who believe that all the service charge goes to the managing agent.** In reality, the majority of the service charge expenditure is predetermined each year for contracts on equipment, plant and machinery, utilities, health and safety, along with any staff. The discretionary spend really only falls to repairs and redecoration and maintenance. The management fees will only be a tiny part of the service charge. Of an annual service charge of £3,000 the management fees may only be £300 per year. This is not moaning or arguing for managers, merely highlighting how it is.

Generally, management service levels are improving albeit for some leaseholders they will not think it is and for some it will be too slowly and possibly not self-evident. Even where standards are improved there will be some who want to complain regardless, and will find something to complain about.

I have used the analogy before but it is apposite; if 100 people go to a restaurant they will each have different experiences, some good and some bad and nothing will have been different. This highlights our different expectations. You only have to look at a ratings website to see how true this is. So how do we get a community to all work together with their agent and move forward. How do we achieve consistency of service when the same delivery of service can be received in different ways?

Of course, the long-term effect on Ryanair is still yet to be seen and there has been a noticeable change in advertising and marketing, reaching out as never before. But for block management whatever the tenure of the block of flats, the community and service levels still need thinking about and managing.

# Legal Jottings



**Compiled by  
Philippa Turner**

UKUT United Kingdom Upper Tribunal  
EWCA England & Wales Court of Appeal  
FTT First-tier Tribunal  
RTM Right to Manage

## Landlord & Tenant Act 1985

The issue in *JLK V Ezekwe (2017 UKUT 277)* was whether the FTT had jurisdiction to determine a tenant's challenge to the service charge under Section 27A of the Act. The tenancy was of a bed-sitter occupied by a student who had shared use of a kitchen, living room, bathroom/shower and WC with other students in the building. The FTT considered it had jurisdiction but the UT disagreed, holding that the accommodation, although undoubtedly a dwelling, was not a "separate dwelling" within the meaning of Section 38 of the Act and thus the service charge levied thereon was not subject to challenge under Section 18 (as amended by Section 41 of the Landlord & Tenant Act 1987), it not being a flat governed by the Act.

In *Southern Land Securities v Poole (2017 UKUT 302)* the FTT determined that £250 only was payable by way of service charge, the total amount allegedly due being £5,470 payable by the tenants of five flats. The decision was made on the basis that no Section 20 consultation procedure had been observed. On appeal by the landlord, the UT held this was a breach of natural justice on the part of the FTT: the tenant had not made any complaint as to the absence of a Section 20 Notice, his purpose in referring the matter to the FTT being that the tender procedure for contractors to carry out the major works was flawed and possibly fraudulent. At the hearing the FTT had raised the Section 20 point of its own volition but had given inadequate opportunity to the landlord to address the matter. The UT remitted the case to a differently constituted tribunal to decide the question of the tendering process (on which the FTT had made no findings) as well as the possible failure to observe the Section 20 procedure.

A different point arising under Section 20 was in issue in *Skelton v DBS Homes (2017 EWCA 1139)* in this case, Section 20B (whereby no service charge may be recovered for which no demand has been made within 18 months of the expenditure). The landlord had failed to comply with the lease requirement that estimates for work should be served with the service charge demand. The Court of Appeal, in overruling both the FTT and the UT, held that it was now too late, being more than 18 months since the work was carried out, for the omission to be remedied.

## Leasehold Reform Housing & Urban Development Act 1993

The Court of Appeal likewise overruled the FTT and the UT in *Curzon v Wolstenholme (2017 EWCA 1098)* but, in this case, to the detriment of the tenants. It was the Court's decision that a Section 13 Notice, by which a claim for collective enfranchisement under the Act, is served on the landlord was of no effect when the

landlord's identity had changed before the matter could be concluded. In order to safeguard the validity of the Notice, the claimants' remedy is to register its service as expressly provided by Section 97(1) of the Act. This had not taken place.

## Commonhold & Leasehold Reform Act 2002

The Notice of Claim in *Assethold v 110 Boulevard RTM (2017 UKUT 316)* was not for enfranchisement but for the right to manage under the Act. Section 79 provides that the Notice must be served not only on the landlord but also copies on each of the qualifying tenants and such Notice must, according to Section 111, be in writing and may be sent by post or delivered to the tenant's flat. In this case, the copy Notice was sent to each tenant by email and the UT found there was nothing in the Act which prevented such a method of communication (compare *Cowthorpe Road v Wahedally* in Newsletter 119 for a similar case with a different outcome). The landlord's challenge therefore failed.

## Service charges

The tenant in *Amin v Barking (2017 UKUT 232)* occupied a flat in a building which was one of three others in the same development. The lease provided she should pay a proportion of the expenditure incurred in maintenance and servicing. The UT agreed with the FTT in construing the lease to require the tenant to contribute towards the expenditure not only on the building in which her flat was located but also on the other buildings in the development.

It was not the extent of expenditure which was disputed in *Bedford Court Mansions v Ribiere (2017 UKUT 202)* but the apportionment of percentages payable by each leaseholder. Originally, the leases provided that the calculation was to be on the basis of the rateable value of each flat but, if for some reason this became impracticable, it was to be replaced by an alternative "fair and equitable" apportionment. When, in 1990, it became impossible to use rateable values for this purpose, the resident-owned landlord company did the best it could to make the assessment using similar proportions as in the past. By 2008 unacceptable anomalies had crept into the scheme, particularly because six new penthouses had been constructed on the upper floor and a new system was introduced and remained in use until 2015 when, as a result of some dissatisfaction amongst certain lessees, it was decided to replace it with a calculation based principally on the internal floor area of each flat. A significant number of lessees objected and referred the matter to the FTT which found that the 2008 system was "fair and equitable" and thus complied with the lease. The landlord's appeal to the UT was unsuccessful and the FTT was upheld, resulting in the reversion to the 2008 method of calculation.

The service charge dispute in *Dehavilland Studios v Peries and Voysey (2017 UKUT 322)* was concerned with the question of whether defective windows in a building converted into flats from a former factory should be repaired or replaced. The landlord decided to repair as the less expensive choice (though still not inconsiderable at £100,242 to be divided between 41 flats). The FTT held that, although repair was not unreasonable, replacement was the best option. Repair would extend the life of the windows by about 15 years but both experts regarded replacement the better option. The UT allowed the landlord's appeal and that the decision to repair was reasonable, thus allowing recovery of the cost through the service charge.

Correction: in our last Newsletter, issue 122, Commonhold & Leasehold Reform Act 2003 was of course incorrect, the Act is dated 2002.

# THE LEASEHOLD VALUERS RELATIVITY GRAPH 2017

**Thank you to Leasehold Valuers LLP for providing us with their newly-launched Relativity Graph.**

The graph provides an alternative to the existing relativity graphs and its aim is to redress the balance for leaseholders in the determination of premiums payable for lease extensions. Leasehold Valuers say: "We are confident that it is one of the least subjective relativity graphs now available to enfranchisement practitioners. It has been used in Tribunal already five or six times on behalf on flat owners, we really hope it will make a difference."

Copies of the graphs can be found on [www.leasehold-valuers.com](http://www.leasehold-valuers.com) and a full report, which outlines the methodology employed to produce it, as well as key issues surrounding the use of settlement graphs, can be requested at [enquiries@leasehold-valuers.com](mailto:enquiries@leasehold-valuers.com).

## The Leasehold Valuers Relativity Graph 2017

The Leasehold Valuers Relativity Graph 2017 provides an alternative to the existing relativity graphs and we are confident that it is one of the least subjective relativity graphs now available to enfranchisement practitioners.

The Leasehold Valuers Relativity Graph 2017 is purely based on settlement evidence, incorporating 503 relativities agreed over a two-year period within the Greater London area (i.e. inside the M25 orbital motorway), but outside PCL.

We have only used data from transactions whereby an individual leaseholder (not being part of a group) had a professional freeholder, which was represented by an enfranchisement expert. The graph disregards tribunal decisions.

For each of the 503 settlements analysed, a relativity percentage had been expressly determined or all other factors had been previously agreed and the only component remaining in dispute was the relativity to apply. Each lease had between 30 and 79.9 years unexpired (any relativities on the graph outside these parameters are for continuity purposes only).

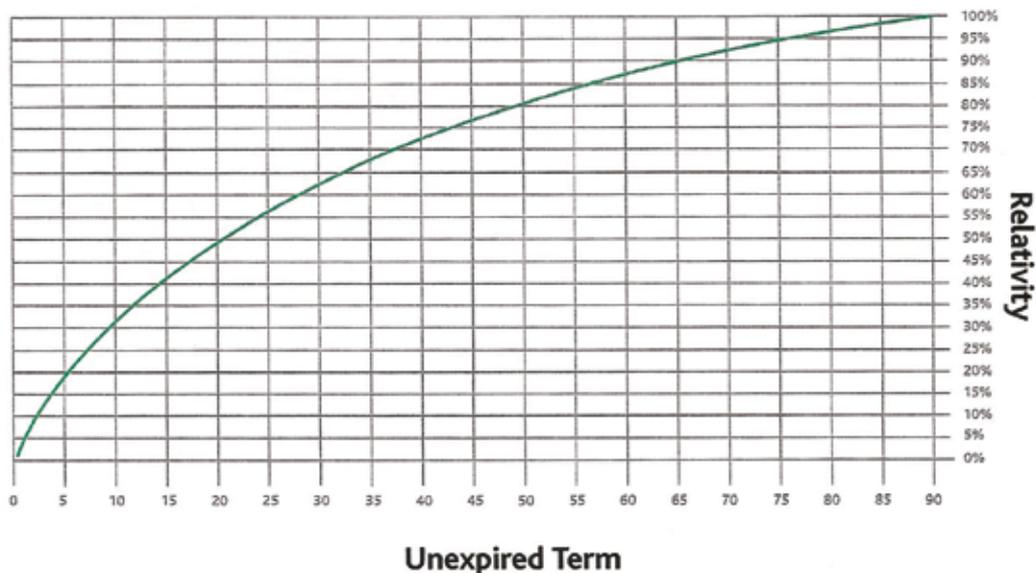
To receive a full copy of the Leasehold Valuers Relativity Graph 2017, together with a more in-depth explanation of how it was constructed, please email [enquiries@leasehold-valuers.com](mailto:enquiries@leasehold-valuers.com)



The Leasehold Valuers data for relativity

Years	Relativity	Years	Relativity	Years	Relativity
81	97.50%	54	81.01%	27	58.28%
80	96.00%	53	80.28%	26	57.49%
79	95.80%	52	79.49%	25	56.67%
78	95.45%	51	78.77%	24	55.82%
77	94.95%	50	77.94%	23	54.90%
76	94.53%	49	76.89%	22	53.86%
75	93.97%	48	76.13%	21	52.68%
74	93.63%	47	75.42%	20	51.36%
73	93.04%	46	74.63%	19	49.89%
72	92.78%	45	73.87%	18	48.22%
71	92.14%	44	72.90%	17	46.49%
70	91.62%	43	71.80%	16	44.71%
69	90.96%	42	70.78%	15	42.91%
68	90.58%	41	69.64%	14	41.08%
67	90.09%	40	68.72%	13	39.24%
66	89.45%	39	67.83%	12	37.35%
65	88.88%	38	66.95%	11	35.41%
64	88.18%	37	66.09%	10	33.41%
63	87.68%	36	65.27%	9	31.36%
62	86.79%	35	64.36%	8	29.17%
61	86.21%	34	63.55%	7	26.93%
60	85.74%	33	62.59%	6	23.98%
59	85.05%	32	61.73%	5	20.84%
58	84.35%	31	61.09%	4	17.57%
57	83.58%	30	60.42%	3	14.21%
56	82.79%	29	59.81%	2	10.21%
55	81.93%	28	59.04%	1	5.38%

## The Leasehold Valuers Relativity Graph 2017



# ASK THE FPRA

Members of the committee and honorary consultants respond to problems and queries sent in by members

## Airbnb

**Q** I am writing to ask for advice about lease conditions in relation to Airbnb. Our leases forbid subletting. Would hiring out a room or a flat by the night or by the week count as subletting?

**A** FPRA Committee Member Shaun O'Sullivan replies:  
The letting of a flat for a few days or weeks has been the subject of a recent consideration by the Upper Tribunal (UT) in the case of *Nemcova v Fairfield Rents (2016 UKUT 438)* in which it upheld a decision by the First-tier Tribunal (FTT) and determined that such an arrangement was in breach of the lease. In this particular case the lease was silent on the specifics of sub-letting although some of the covenants were deemed to contemplate sub-letting. However, the real basis for determining the issue was that the lease required the flat not be used other than as a Private Residence. The UT considered that, in order for the flat to be used as the occupier's Private Residence, there must be a degree of permanence, going beyond being there for a weekend or a few nights in the week, and in this regard the FTT considered that a degree of permanence would be met if the flat were to be let on an Assured Short-hold Tenancy (AST) for a term of, say, six months. Although the UT made it clear that each case must be 'fact-specific' and that the construction of the particular covenant in a lease and its 'factual context' are relevant to the determination as to whether a lease has been breached, my guess is that most leases will require that the flat is not used other than as a Private Residence and that lessees who let their flats on this basis are probably in breach of their lease. Although I don't have the benefit of seeing your lease, on the basis that your lease apparently forbids sub-letting I cannot believe that such an arrangement would be other than a breach of the lease. Please read my article of the subject, based on the consideration by the UT, which appeared in the Summer 2017 (121) edition of the Newsletter.

## Fire safety post Grenfell

**Q** Our block of eight flats was built in 1968 and as in many older blocks I am sure there are now discrepancies in which flat has updated their consumer units/fuse boxes and who hasn't! In the light of the Grenfell disaster where (I believe) one appliance from one flat caused the destruction of the whole block we are concerned about our responsibility to the block and the responsibility of the owners (tenants) to the whole.

In the last 49 years so much has changed and some of these flats have been upgraded and some are still using the old antiquated fuse boxes. There have been issues of fuses blowing and some of the flats have installed showers with the required extra wiring needed for these units. However as the management company we are concerned about the flats which have not upgraded and which in the

light of recent electrical issues causing fires in tower blocks, we are concerned about possible electrical fires in our block.

There are at least three flats which have completely upgraded their wiring and have the latest consumer units and the block has also upgraded all the lighting in the common parts and the consumer units.

As a management company, do we have any powers to enforce firstly checks or upgrades in the flats consumer units? If there was a fire caused by a faulty supply would the company have any claim on the relevant flat owner? With eight different flats in the block, what safety responsibility do the individual owners have individually for the block as a whole regarding this issue?

**A** FPRA Chairman Bob Smytherman replies:  
FPRA has been very busy responding to members queries about fire safety since the tragedy at Grenfell.

It has been a legal requirement since 2005 Regulatory Reform (Fire Safety) Order came in to force for those responsible for 'common parts' of blocks of flats, to have a Fire Risk Assessment. I am suggesting firstly that our members take the opportunity of recent events to review their Fire Risk Assessment to see whether risks have changed since this was first done. For a small block like yours this should not be onerous but still very important.

With regards Electrical Safety Regulations, these only apply to the 'communal' supply and should be tested every five years by a suitably qualified electrician who will advise of any upgrades required to meet the latest legislative requirements. The problem is that neither piece of legislation allows the management company any powers to enforce these new regulations on flat owners. Therefore I suggest if you have concerns about specific flats then communication is key rather than threats of action.

Once you have complied with your responsibilities and carried out the review, communicate the findings with your fellow leaseholders and suggest they may like to do the same in their flat in the light of the high profile events at Grenfell. Most reasonable people will do so from my experience if you adopt a less confrontational approach.

If you have flats that are sub-let the situation is somewhat easier as tenants can raise safety concerns about their home with the local authority who have powers within Environmental Health to ensure properties meet minimum standards which cover such things as electrical safety. So I would suggest if this is the case in your block, encourage tenants to contact your local Council.

On our members' area of the website we have an extensive Fire Safety guide that the FPRA contributed to with local Government and various partners as well as detailed guidance about Electrical Safety regulations for blocks of flats. I hope this helps, if you feel your lease gives you additional

powers to enter someone's flat then please let us know and we will ask one of our lawyers to review this but it would be unusual if their supply only feeds their property this would simply be their responsibility.

UK Powers networks which manage the supply on behalf of the provider will be responsible for ensuring that each property has the necessary infrastructure to meet current regulations so again if you have specific concerns about individual flats you could contact them to provide reassurance.

### Fire risk assessment

**Q** As 'responsible' people the directors carried out the Fire Risk Assessment, updated every year. One of our directors suggested that we should get it externally reviewed.

**A** FPRC Chairman Bob Smytherman replies:

Under the current legislation – which I suspect may change once the independent enquiry has reported – you are quite within the law as directors fulfilling your duty as 'responsible persons' by completing a FRA. Currently only a 'watching brief' is required to keep this under review and no need for external review. Unless there are substantial changes to the risk at your block this review only needs to be pretty 'light touch'. What I would recommend to reassure your fellow directors is to seek some independent advice from your local fire service who are responsible for compliance under the Act. Most fire services or council building control departments will review this for you free of charge and will provide a good overview. Any recommendations they make are reasonable and proportionate, whereas if you employ a private company to do this there is a risk that any proposals they make may be 'over the top' to generate income for their company and less in your interests.

Ultimately the directors are the responsible persons and need to reach a balanced view about the 'reasonableness' of any fire safety improvements that may be necessary.

### Car park concern

**Q** The management company of our two blocks are currently obtaining estimates for internal redecoration work (Section 20), which has meant various contractors visiting the site, some of whom we believe may not yet be on the management company's approved contractor list. There is no caretaker or security personnel on our sites and the contractors have therefore been supplied by the management company with the door codes to gain access to the buildings. This is causing some concern with residents regarding security, particularly as there are some expensive cars parked in the undercroft garage beneath each of the buildings and these contractors are wandering around unknown to anyone and at any time – the most recent being last Sunday at around 5.30pm. These are our homes and therefore security and privacy is of paramount importance to the residents and should surely be so to the management company. This concern was flagged to the management company together with a suggestion that the door codes are not handed out to

contractors unfamiliar to the site or those not on the management company's approved contractor list, but that they are given the Resident Association Secretary number to contact for access. Also, that the RA secretary be kept informed in advance which contractors would be attending the site.

This was their response: "It would be impossible for us to let you know as they may travel to come to site and come when it suits them. They are therefore unable to consult with you on site before attending and can access site with a code."

1. Are the management company within their rights to refuse to inform us who will be on site?
2. Should contractors who are not on the management company approved list be given the door codes and left to visit the site on their own?
3. Where would individual residents stand with their car insurance companies if it were known that entry door codes were being given out to third parties?

**A** Answering on the Insurance question FPRC Hon Consultant Belinda Thorpe:

If the car insurers had rated the premium based on the car being situated in a safe environment/behind security gates etc, which were then found to be not secure, could have an effect on any potential claims that occur. If the access issue cannot be resolved the safest thing to do would be to notify each car insurer that occasionally there may be people that have access codes, and the management company may not always be aware of when they are on site. I think it is unlikely that they will be concerned, but it's probably best to notify them.

**A** FPRC Chairman Bob Smytherman replies:

I can certainly understand your concern following the very dismissive response to your letter raising very real, understandable concerns. My initial thoughts are this is not very good practice when seeking quotations for planned maintenance. I would have expected the property manager to accompany the contractor when tendering for work and not providing access codes to any contractor until such time as they have been awarded the contract.

Regarding approved lists, these are to assist managing agents, it's not always possible to rely solely on any such list, especially if there are only a few types of each trade and then these contractors are unavailable to quote due to work loads, holidays etc. The best contractors are always busy and work needs to be scheduled with the contractors often well in advance.

Many agents have a regular contract with contractors that guarantee responses in exchange for a regular fee. This can often be useful way to guarantee your preferred contractors being available when you need them. This is personally not my advice as this is paying out unnecessarily when by simple good planning of the programme routine works can be scheduled very easily.

In summary, the agent should always notify you when they

Ask the FPRA continued from page eleven

are showing contractors around, especially for routine tendering, if they are unavailable to show them around they should ask the contractor to report to a nominated member of the RA on arrival to accompany them on the visit. The exception to this would be for urgent works where there is simply no time to consult and arrange someone to accompany. This would apply to access door codes, wherever possible these should not be given to unapproved contractors and if this has been necessary then the codes should be changed after they have left the site.

With regard to car insurance policies, it's always best to read the small print in the schedule to see restrictions with regards security. Wherever possible no contractor should be unaccompanied on site. They should check in and off site with the agent or a nominated member of the RA to minimise the risk of problems.

If you continue to have concerns about the way your agent is protecting your security then you may want to bring this to the attention of the freeholder, although I would hope simple good communication and compromise between yourselves and the agent could reach a satisfactory position here.

### Unauthorised parking

**Q** Our block is built bordering the River Thames alongside two pubs and we have two entrance gates, one manual the other automated. Some years ago we engaged a private company to clamp unauthorised parking in our car park area and notices were put up to that effect. It seemed to dissuade the unwelcome practice. We understand this practice has now been outlawed. What is our best course of action in the future?

**A** FPRA Chairman Bob Smytherman replies:

This is a problem right across the country. I led the FPRA opposition to the clamping ban as I always believed it was a necessary 'evil' to tackle selfish motorists parking on other people's property. Unfortunately, the clamping industry – like property management – operates in an unregulated environment, making it possible for 'rogue' companies to operate, which led to Government intervention.

The problem with the Government ban, which the FPRA warned about, was the 'rogue clampers' still operate as 'rogue parking attendants' issuing fines instead of clamping. Depending on the nature of the unauthorised parking, you may decide to invest in a barrier solution, where only authorised vehicles are given access to the barrier by way of pass or code. This solution is likely to be the most effective and of course most expensive. If you decide on this solution I suggest taking legal advice from our lawyers first to see whether this is allowed in your lease.

The cheaper enforcement option is to issue fines to unauthorised vehicles not displaying a valid permit in their vehicle. If you choose this second option, I would suggest engaging a contractor that specialised in this service and ideally a member of the British Parking Association (Approved Operator Scheme) who have to comply with a code of conduct and are subject to an independent appeal

process for motorists.

Many of these companies will have an extensive track record of parking management issues and will install the necessary signage legally required to carry out the enforcement. These companies operate a variety of terms. Your directors will require detailed analysis to ensure you choose the right option.

Some install the signs for free and make their money from regular enforcement of unauthorised vehicles, which will include residents who 'forget or lose' their permit. This can often cause tension between the directors and residents and therefore I advise you ensure that the directors have no discretion over operational dealings with the contract. The other option many companies use is to charge for services such as signage or enforcement patrols. This option gives you more flexibility and the onus will be on someone either specified or not to request a visit to enforce. The downside is that the vehicle may have just moved before they receive the fine.

The best companies are those that offer a bespoke service to yourselves taking account of the concerns and offer a flexible approach to unauthorised vehicles such as carers and emergency visits where providing permits are simply not possible.

There are also technical solutions that involve number plate recognition but again this is expensive and dependent on ensuring the database of authorised vehicles is kept up to date to avoid challenge.

### The birds

**Q** We have experienced a particularly bad season this year of seagulls nesting on the roof of our block and around the property. To gull proof the property will cost money and the management company had a split decision recently as to whether they should invest in such deterrents. To what degree is the management company responsible in managing such a pest control problem? Our property is on the coast after all and seagulls are part of the landscape.

Seagulls have been nesting on some of the flat roof sections since 2016 and this year we believe more nests have been created as well as at ground level in the gardens surrounding the car park. These birds return year on year to their nesting sites, can be extremely noisy, protective of their young and consequently aggressive to those passing by, defecate everywhere and frequently try to scavenge the bins. Those who live on the top floors and in the roof area have complained of hearing these birds nesting above their living rooms and bedrooms, fighting and causing a cacophony of squawking that starts at 4am and stops around 10pm during the breeding and nesting season. As a consequence, some are suffering from sleep deprivation due to the noise. Some have also reported tiles being dislodged due to young seagulls sliding down the roof into the guttering, trying to spread their wings and learn how to fly.

Advertisements

**Lift maintenance, repairs, modernisation and installation**



**PIP Lift Service Ltd is a well-established, independent company offering you a complete elevator/lift service across the UK 24 hours a day, 365 days of the year, by offering:**

- ▲ Fast and efficient lift service and repair of breakdowns
- ▲ Affordable solutions with support 24/7, every day of the year
- ▲ UK-wide support, via our network of NVQ Level 3 qualified engineers and Level 4 technicians
- ▲ Bespoke, tailor-made lift solutions which mitigate safety and downtime risks
- ▲ A team of friendly and reliable professionals who care about you and your business
- ▲ Access to technical guidance from sector experts who know the whole market

**PIP Lift Service Limited, Melville Court, Spilsby Road, Harold Hill, Essex RM3 8SB**  
**t: 01708 373 999 f: 01708 375 660**  
**e: sales@piplifts.co.uk w: www.piplifts.co.uk**

*'Insurance matters when you need to claim. Service matters when you need that assurance'*



# 98%

## CLIENT RETENTION!

*'gone the extra mile for my business'*

*'I notified A-One at 13.28 of my claim and by 15.14 the remedial works were authorised' (just under two hours)*

*'great customer service, your customer focused ethos shows through'*

*'very helpful and prompt, a great service'*

**0845 456 792**

property@aoig.co.uk



Fowler Penfold Insurance Brokers is a trading title of A-One Insurance Services (Bmth) Ltd which is authorised and regulated by the Financial Conduct Authority



**With a reputation for quality since 1966, Anglian offers a wide range of quality PVCu windows and doors for large projects at highly competitive prices**

**Our comprehensive service includes:**

- Technical advice
- A dedicated project team
- Thorough on-site surveys
- Expert installation
- Complete after-sales support
- Project development with architectural consultants
- Products manufactured to your exact requirements

**Contact Ross St Quintin**  
**Telephone 07872 050507**  
**Email ross.stquintin@angliangroup.com**  
**www.anglian-building.co.uk**  
**@anglianBP**



## Problems with your Leasehold?

**Our experienced team can help you with issues such as:**

- Freehold purchases - Flats and houses
- Lease extension claims
- Lease variation claims
- Right to Manage applications
- Right of First Refusal Claims
- Appointment or Manager/Receiver Claims
- Service Charge Disputes
- All types of Applications to the Property Chamber



Please contact Yashmin Mistry for more information and advice.

Yashmin Mistry

020 7644 7294

Ymistry@jpcclaw.co.uk

www.jpcclaw.co.uk



Ask the FPRA continued from page twelve

It is to be expected that properties on the coast will experience some degree of nuisance from these birds, but most try to gull proof the roof and property structures where they try to inhabit. After seeking three quotations, the best one was costed at £4,000 to spike the entire roof area. Two of the directors thought this was a worthwhile investment while the other two felt it was a questionable investment as no-one could give them absolute guarantees that the spikes would prevent gulls sitting and nesting on the roof.

The problem will be further discussed at the next AGM with all owners attending, where the decision will be passed over to them to make. There will be some who are more affected by the nuisance, ie those who live on the top floor, and others who feel the gulls are only a mild nuisance. Some of the tenants on the top floor have stated this is also a well-being issue that the management company needs to address.

Does the management company have a duty of care to the well-being of those tenants in the roof area who suffer more than those at ground level, even if the vote is to not proceed in any gull-proofing of the property?

**A** FPRA Chairman Bob Smytherman replies:

My own block is also on the coast and has long suffered with nuisance from seagulls.

This, like other matters relating to the block's management, is the responsibility of the directors and of course it's right to communicate and consult with the other owners and tenants who, as you have identified, will all have different experiences of the problem. It is for the directors to find a solution that can best satisfy the majority of residents and any expense from the service charge must be reasonable and defensible should the directors receive a challenge of 'unreasonableness'.

Living so close to the sea, seagulls are just a fact of life. They are also a protected species and need professional management. In my block we installed spikes which were partially successful in the areas where they were installed but unfortunately they don't completely deter the birds from nesting. We tried additional bird scare devices on the roof, but unfortunately these were more noisy than the birds themselves and generated even more complaints, so we had to remove them.

It seems to me that you have carried out the right process by receiving quotes from three specialists and consulting with all residents at a general meeting. Once you have received their feedback and comments it is for the directors only to take all the points on board in as balanced a way as possible.

Leaseholders not living at the estate will have different view from their tenants, who will not get a vote at a formal AGM, and indeed top floor residents may well have a different perspective from other flat owners. Your local environmental health team or animal charities might also be able to assist with advice.

### Fee is out of order

**Q** It has come to our attention that managing agents are in the habit of recommending to solicitors that sellers pay a 'retention fee' to the buyer to cover any shortfall in service charge. This circumstance could exist that due to the timing of this sale, there is a possibility that the current financial year has yet to finish and that the prior financial year has yet to be finalised, and that should any shortfall arise, the liability for the shortfall will fall upon the leaseholder in possession when the time comes for collection. Apparently, this charge is retained 'in suspense' by the solicitors involved and that "unless the service charge accounts have been produced and any request for excess maintenance received by the 20 June 2018 the retention will be released to the seller". We fear that the system is widely used, possibly widely misunderstood or even possibly abused.

It seems it makes no difference whether a block is well run by the managing agent and there is unlikely to be any shortfall, and the leaseholder has fully paid their service charge account.

One of our leaseholders has received a request for £250.00. His track record is exemplary with an additional £1,000 paid into the reserve fund, and the year-end maintenance accounts for 2016-17 were with the accountant with no suggestion to leaseholders or to the enfranchised freeholder that there is likely to be any shortfall. There was no problem of shortfall with the maintenance accounts for 2015-16.

The fact that we are advised that "everyone is doing it", does not seem to justify, or make it right that such charges are recommended. It is our view that it would be better and more equitable that such sums are only requested where there is need, ie on an individual basis dependent upon the quality of the managing agents management of the service charge funds and/or whether the selling leaseholder is up-to-date with his/her payment of the service and reserve fund charges.

**A** FPRA Director Shula Rich replies:

In my experience this is an issue which comes up at conveyancing. Either there is a shortfall in service charge or not. No Solicitor I have come across has requested or been given any funds that are not needed "just in case". I sign all the certificates of compliance in my own block of 109 as a director, and I would know if sums were demanded of incoming lessees that were not owed to us.

If this practice is spreading, I agree it's out of order and should be resisted.

### Checking the electrics

**Q** Is our management company legally required to have an Electrical Installation Condition Report prepared for the electrical installations in our communal areas such as car park lights, footpath lights, stairwell lights and power sockets and the associated control equipment? If so, how frequently should the report be made?

Advertisements

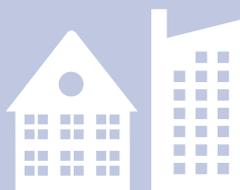


# Specialist not standard

Blocks of flats insurance

**Blocks come in all shapes and sizes, from 2 in a conversion to more than 200 in a purpose built block.**

With more than 27 years' experience, award-winning service\* and in-house claims team, we work with a panel of well-known insurers to provide cover that protects you from the expected and unexpected.



Call us and discover why 9 out of 10\*\* of customers renew with Deacon every year.

**08000 92 93 94** **DEACON**  
www.deacon.co.uk Blocks of Flats Insurance

Deacon is a trading name of Arthur J. Gallagher Insurance Brokers Limited, which is authorised and regulated by the Financial Conduct Authority. Registered Office: Spectrum Building, 7th Floor, 55 Blythswood Street, Glasgow, G2 7AT. Registered in Scotland. Company Number: SC108909  
\* Broker Claims Team of the Year, Insurance Times Awards (May 2016); Block Insurer of the Year 2016/2017 Property Management Awards. \*\* 1 Sept 2015 – 1 Sept 2016 7346 1 FPRA



**Haines Watts**  
Local Matters, National Strength.

## Need help with accounting, tax and company matters?

Haines Watts Service Charge is a firm of Chartered Accountants specialising in service charge accounts and in supporting directors of Residents' Management Companies. We can assist with,

- Certification and audit of service charge accounts
- Company Secretarial services
- Tax advice for Companies and Directors

**Contact:** Gordon Whelan (Honorary Consultant to FPRA)

**Tel: 02380 276323**  
Email: gwhelan@hwca.com

Haines Watts Chartered Accountants  
130 Bournemouth Road  
Chandler's Ford  
Hampshire  
SO53 3AL




**Ringley Legal**  
for all things property

## Need help to drive your Residents Association forward?

- Right to manage
- Buy the freehold
- Dispute resolution
- 15 minute consultation FREE, and management options beyond.

 We support the RICS 15 mins FREE Consultation Scheme

**CALL 020 7267 2900**



**Ringley House, 349 Royal College Street, London NW1 9QS**



**Bishop & Sewell LLP**  
Solicitors



Bishop & Sewell LLP are a commercial law firm based in Central London specialising in residential and commercial property. The firm provides a wide range of other legal services including company commercial, litigation, private client, family law and employment.

The Landlord and Tenant department deal with all aspects of the leasehold reform legislation including; lease extension, freehold purchase and right to manage.

We also deal extensively with service charge disputes, possession cases and other property litigation. Talk to our experts about your landlord and tenant matters.

**Contact: Mark Chick**  
t : 020 7631 4141  
f : 020 7323 0498  
e: mchick@bishopandsewell.co.uk

**Bishop & Sewell LLP Solicitors**  
59 - 60 Russell Square  
London WC1B 4HP

t : 020 7631 4141  
f : 020 7636 5369  
e: info@bishopandsewell.co.uk



## PRIVACY for MEMBERS

At FPRA we take your privacy seriously and will ensure your personal information is kept secure.

We are registered with the Information Commissioner's Office (ICO) for Data Protection. Registration reference: Z974350X

We provide a range of services as per your membership information and website [www.fpra.org.uk](http://www.fpra.org.uk)

We need to process information about you or your association for the following reasons:

- **Contractual purposes**

To provide the membership service/s you have requested, communicate with you about this activity, changes to our terms and conditions and to process payments (if relevant).

- **Legitimate interests**

To meet the legitimate aims of FPRA including:

- o Responding to any comments, questions or complaints you may send us.
- o Maintaining membership records and contact details for communication purposes
- o For statistical purposes
- o For publication on our website/newsletter etc. (unless you requested otherwise)

- **Use of email**

- o We will only use your email address to communicate with you either directly in response to your contact with us, to deal with normal membership matters, to inform you about FPRA activities or those in the sector.
- o We will **never** pass your details to third parties.

You have the right to object to any of the above uses.

## HOW MANY FLATS?

The Government has published an estimate of the number of leasehold dwellings in England – something which has been hotly contested over recent years.

*Estimating the number of leasehold dwellings in England, 2015-16* was published on [www.gov.uk](http://www.gov.uk) in September and is the first figure to include an estimate of the number of leasehold dwellings in the social rented sector. This estimate has been published as an Experimental Official Statistic.

The main findings are:

In 2015-16, there were an estimated 4.2 million leasehold dwellings in England: 2.2 million (53 per cent) in the owner occupied sector, 1.8 million (43 per cent) in the private rented sector and 200,000 (5 per cent) in the social rented sector.

About two thirds (68 per cent) of the estimated 4.2 leasehold dwellings were flats, the rest were houses (32 per cent). This equates to around 2.9 million leasehold flats and 1.4 million leasehold houses in England.

The release is available to view at: [www.gov.uk/government/statistics/estimating-the-number-of-leasehold-dwellings-in-england-2015-to-2016](http://www.gov.uk/government/statistics/estimating-the-number-of-leasehold-dwellings-in-england-2015-to-2016)

Ask the FPRA continued from page fourteen

**A** FPRA Chairman Bob Smytherman replies:

Yes, this is a legal requirement for your directors to carry out on behalf of the company and should be completed every five years by a suitably qualified electrician. There is further detailed information on our members' website.

The letters above are edited. The FPRA only advises member associations – we cannot and do not act for them. Opinions and statements offered orally and in writing are given free of charge and in good faith, and as such are offered without legal responsibility on the part of either the maker or of FPRA Ltd.

The inclusion of an insert or advertisement in the FPRA newsletter does not imply endorsement by FPRA of any product or service advertised

### Your Committee

#### Directors

Bob Smytherman – Chairman, Richard Williams – Vice Chairman, Patrick Gray – Treasurer, Robert Levene, Shula Rich, Roger Trigg, Philippa Turner

**Committee Members** Mary-Anne Bowring, Martin Boyd, Colin Cohen, Amanda Gourlay, Malcolm Linchis, Yashmin Mistry, Marjorie Power, Shaun O'Sullivan, Bob Slee

**Honorary Consultants** Ken Allcock, Mark Chick, Lord Coleraine, Ann Ellson, Maxine Forthergill, Roger Hardwick, Jo-Anne Haulkham, Paul Masterson, Andrew Pridell, Leigh Shapiro, Belinda Thorpe, Gordon Whelan

**Legal Adviser** Dr Nicholas Roberts

**Newsletter** Amanda Gotham – Editor, Sarah Phillips – Designer

**Admin** Jacqui Abbott – *Thursday and Friday*, Diane Caira – *Monday and Tuesday*, Debbie Nichols – *Wednesday and holiday cover*, Robert Levene – *admin/coordinator*

**Support** Chris Lomas – *eshots*, James Murphy – *database management*, John Ray – *computer support*

FPRA only advises member associations – we cannot and do not act for them. Opinions and statements offered orally and in writing are given free of charge and in good faith and as such are offered without legal responsibility on the part of either the maker or of FPRA Ltd. All questions and answers are passed to our newsletter and website editors and may be published (without name details) to help other members. If you prefer your question and answer not to be used please inform us.

Extra copies of the newsletter can be obtained from the FPRA office at £3.50 each, postage paid. Cheques to be made payable to FPRA Ltd. They can also be seen and printed out free from the Members' Section of the FPRA website.

### Contact details:

**The Federation of Private Residents' Associations Limited,**  
Box 10271, Epping CM16 9DB

Tel: 0371 200 3324 Email: [info@fpra.org.uk](mailto:info@fpra.org.uk)

Website: [www.fpra.org.uk](http://www.fpra.org.uk)

If telephoning the office please do so weekday mornings.

[www.linkedin.com/grp/home?gid=3721009](https://www.linkedin.com/grp/home?gid=3721009)

[www.facebook.com/FoPRA](https://www.facebook.com/FoPRA)

@FoPRA <https://twitter.com/FoPRA>

