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SCHEDULE 1 TENEMENT MANAGEMENT SCHEME

RULE 4 –

SCHEME COSTS: LIABILITY AND APPORTIONMENT

Meaning of “scheme costs”

- 4.1 Except in so far as rule 5 applies, this rule provides for the apportionment of liability among the owners for any of the following costs—
- (a) any costs arising from any maintenance or inspection of scheme property where the maintenance or inspection is in pursuance of, or authorised by, a scheme decision,
 - (b) any remuneration payable to a person appointed to manage the carrying out of such maintenance as is mentioned in paragraph (a),
 - (c) running costs relating to any scheme property (other than costs incurred solely for the benefit of one flat),
 - (d) any costs recoverable by a local authority in respect of work relating to any scheme property carried out by them by virtue of any enactment,
 - (e) any remuneration payable to any manager,
 - (f) the cost of any common insurance to cover the tenement,
 - (g) the cost of installing a system enabling entry to the tenement to be controlled from each flat,
 - (h) any costs relating to the calculation of the floor area of any flat, where such calculation is necessary for the purpose of determining the share of any other costs for which each owner is liable,
 - (i) any other costs relating to the management of scheme property,
- and a reference in this scheme to “scheme costs” is a reference to any of the costs mentioned in paragraphs (a) to (i).

Maintenance and running costs

- 4.2 Except as provided in rule 4.3, if any scheme costs mentioned in rule 4.1(a) to (d) relate to—
- (a) the scheme property mentioned in rule 1.2(a), then those costs are shared among the owners in the proportions in which the owners share ownership of that property,
 - (b) the scheme property mentioned in rule 1.2(b) or (c), then—
 - (i) in any case where the floor area of the largest (or larger) flat is more than one and a half times that of the smallest (or smaller) flat, each owner is liable to contribute towards those costs in the proportion which the floor area of that owner’s flat bears to the total floor area of all (or both) the flats,
 - (ii) in any other case, those costs are shared equally among the flats,
- and each owner is liable accordingly.

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Scheme costs relating to roof over the close

- 4.3 Where—
- (a) any scheme costs mentioned in rule 4.1(a) to (d) relate to the roof over the close, and
 - (b) that roof is common property by virtue of section 3(1)(a) of this Act,
- then, despite the fact that the roof is scheme property mentioned in rule 1.2(a), paragraph (b) of rule 4.2 shall apply for the purpose of apportioning liability for those costs.

Insurance premium

- 4.4 Any scheme costs mentioned in rule 4.1(f) are shared among the flats—
- (a) where the costs relate to common insurance arranged by virtue of rule 3.1(e), in such proportions as may be determined by the owners by virtue of that rule, or
 - (b) where the costs relate to common insurance arranged by virtue of a tenement burden, equally,
- and each owner is liable accordingly.

Other scheme costs

- 4.5 Any scheme costs mentioned in rule 4.1(e), (g), (h) or (i) are shared equally among the flats, and each owner is liable accordingly.