



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

Case Reference : **CAM/00KB/OLR/2017/0185**

Properties : **Ground and First Floor Flat, 30 Braemar Court
Ashburnham Road, Bedford, MK40 1DZ**

Applicants : **Fiona Advani**

Respondent : **Martin Grant Homes (Essex) Ltd**

Date of Applications : **16th October 2017 (Rec'd 18th)**

Type of Application : **To determine the premium to be paid, the
terms of acquisition and costs of the
lease extension of the Property**

Tribunal : **Judge JR Morris
Mr D S Brown FRICS
Miss M Krisko BSc (Est Man) BA FRICS**

Date of Hearing : **18th January 2017**

Date of Decision : **9th February 2018**

DECISION

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Decision

1. The Tribunal determines a premium for the Lease Extension under the Leasehold Reform and Urban Development Act 1993 to be £9,579.00.
2. The Tribunal determines that the reasonable valuation costs of the Respondent payable by the Applicant pursuant to section 60 of the Leasehold Reform and Urban Development Act 1993 are £300.00 including VAT (£250.00 plus £50.00 VAT).
3. The Tribunal determines that the reasonable legal costs of the Respondent payable by the Applicant pursuant to section 60 of the Leasehold Reform and Urban Development Act 1993 are £1,152.00.

Reasons

Application

4. The Applicants applied to the Tribunal on the 16th October 2017 for a determination of the premium to be paid for the lease and costs under sections 48(1) and 60, respectively, of the Leasehold Reform and Urban Development Act 1993. Directions were issued on 27th October 2017.
5. The Tenant's Notice of Claim under section 42 of the Leasehold Reform, Housing and Urban Development Act 1993 (the 1993 Act) dated 2nd March 2017, which is the valuation date, proposed a premium of £8,500.00 for a new lease of the unexpired term of the current lease together with a further 90 years at a peppercorn rent of the Ground and First Floor Flat 30 Braemar Court, Ashburnham Road, Bedford MK40 1DZ (the Property).
6. The Landlord's Counter Notice dated 27th April 2017 counter proposed a premium of £15,650.00 for a new lease.
7. Copies of the Notices and the following documents were provided:
 - a) A copy of the Head Lease dated 8th February 1988 between Martin Grant Homes (Essex) Limited (1) and Viewsector Property Management Limited (2) for a term of 99 years from 25th December 1987 together with a copy of the official copy of the Head Leasehold title for the Property at the Land Registry, Title Number BD136083.
 - b) A copy of the Sub-Lease dated 21st October 1988 between Viewsector Property Management Limited (1) and John James Francis Walsh (2) for a term of 99 years (less 3 days) from 25th December 1987 together with a copy of the official copy of the Sub Leasehold title for the Property at the Land Registry for the Assignment to Fiona Advani (the Applicant), Title Number BD142061.

The Law

8. The method of calculation of the premium under section 48 of the Leasehold Reform Housing and Urban Development Act 1993 is by reference to Schedule 13 of the Leasehold Reform Housing and Urban Development Act 1993.
9. Under section 60 of the Leasehold Reform Housing and Urban Development Act 1993 in relation to lease extension a tenant pays the costs of:
 - (a) *Any investigation reasonably undertaken of the tenant's right to a new lease*
 - (b) *Any valuation of the tenant's flat obtained for the purpose of fixing the premium of any other amount payable by virtue of Schedule 13 in connection with the grant of a new lease under section 56*
 - (c) *The grant of a new lease under that section*

Inspection

10. The Tribunal inspected the Property in the presence of the Applicant and her Surveyor, Mr Richard Eales. The Property is a purpose built two storey maisonette, having its own entrance door. The maisonette is at ground and first floor level of a three-storey block of brick under a pitched tile roof with upvc rainwater goods. The Property has upvc double glazing. The Property is part of a modern development of 36 units in two blocks with gated access to communal grounds and car parking. The blocks and communal areas are maintained to a fair to good standard and the development is close to the town centre and its amenities.
11. The Property comprises a living room and kitchen on the ground floor with two bedrooms and a bathroom on the first floor. It has its own designated parking space. It was said to have a gross internal area of 69 m².
12. There is a modern kitchen and bathroom. Space and water heating is provided by a gas combination boiler. The interior of the Property appeared to be in fair to good condition.

Hearing

13. The Hearing was attended by the Applicant and her Surveyor, Mr R Eales, Mr LN Grant, Director, and Ms S Pearce and Ms R Chetwood, Solicitors of the Respondent, who is the freeholder.
14. Mr MJ Bray FRICS Surveyor for the Respondent was not in attendance.

Premium Valuation

Applicant's Valuation

15. The Applicant provided a Valuation Report the main points of which were as follows.

Valuation Date

16. The Valuation Date was agreed to be 2nd March 2017, the date of the Applicant's notice under Section 42 of the 1993 Act. However, Mr Eales valuation was dated September 2017 and assessed as at that date.

Term Remaining

17. The Term Remaining was agreed by Mr Eales to be 69.73 years which was that used by Mr Bray in his calculation. Mr Eales accepted that his valuation will require amending for the correct valuation date but he did not provide the Tribunal with a revised valuation.

Ground Rent

18. The Leases relied upon a formula for assessing an increasing ground rent. Both Mr Eales, the Applicant's Surveyor and Mr Bray the Respondent's Surveyor had taken the formula to provide for a doubling of the starting ground rent every 33 years. This being:
First period of 33 years at £60.00 per annum
Second period of 33 years at £120.00 per annum
Third period of 33 years at 240.00 per annum

Capitalisation/Yield

19. The Applicant's Surveyor adopted a capitalisation rate of 6% taking into account that the Property was in a modern well managed block with a lease that had no onerous terms except the calculation of the ground rent. He added that rental levels are healthy and under normal circumstances the Property would be readily sold. However, interest rates are low and currently the ground rent is low.

Long Leasehold Interest

20. In his report, the Applicant's Surveyor stated that there are leasehold prices available and therefore he had not considered relativity, as market evidence was taken to be better. He referred to the following sales of properties which he submitted were comparable.
21. 14 Braemar Court, an extended lease of a two-bedroom maisonette which was sold in March 2016 for £135,000;

29 Braemar Court, an extended lease of a two-bedroom maisonette which was sold on 17th March 2016 for £145,000;
13 Crowe Road, Bedford, with 113 years of a 125 year lease remaining of a two-bedroom flat with ensuite sold in April 2017 for £150,000;
155 Crowe Road, Bedford, with 113 years of a 125 year lease remaining of a two-bedroom flat sold in April 2017 for £135,000, slightly smaller than the Property;
185 Crowe Road, Bedford, with 113 years of a 125 year lease remaining of a two-bedroom flat sold in February 2017 for £135,000;
21 Henley Road, Bedford, similar terms to the above for a two-bedroom flat sold in May 2017 for £147,000.

22. Based on the above the Applicant's surveyor submitted that a long lease value of £145,000 was appropriate.
23. The Tribunal noted that the Respondent's Surveyor had adopted a long leasehold value of £146,000. Taking into account the comparable evidence adduced by the Applicant's Surveyor the Tribunal suggested that a compromise might be agreed of £145,500. The Applicant's Surveyor and Mr Grant on behalf of the Respondent agreed this figure.

Short Leasehold Interest

24. The Applicant's Surveyor referred the Tribunal to the sale of 18 Braemar Court which is a maisonette of similar size to the Property which was offered for sale with an un-extended lease in June 2015 and withdrawn in October 2015 at an asking price of £130,000 but received offers in the region of £125,000. Allowing for condition and the period up to the valuation date the Applicant's Surveyor said he had adopted £135,000 as the short lease value.

Deferment Rate

25. The Applicants' Surveyor adopted a deferment rate of 5% following the case of *Earl Cadogan v Sportelli* [2007] 1 EGLR 153 (Lands Tribunal); [2008] 1 WLR (Court of Appeal).

Valuation

26. Based on the above considerations the Applicants' Surveyor submitted a calculation which gave a valuation for an extended Lease of £8,098.71.

Respondent's Valuation

27. The Tribunal was surprised that the Respondent's valuer did not produce a report as required by the directions and did not appear to give evidence, as a result of which there is no explanation for the yield he used or for any other elements of his valuation. This was most unsatisfactory. These are adversarial proceedings and if

a valuation is in dispute it is up to each party to provide sufficient evidence to support the value for which it contends.

28. The main points of the calculation were as follows.

Date of Valuation 1st April 2017

Years remaining 69.73

Capitalisation/Yield 5%

Deferment Rate 5%

Extended Lease Value £146,000

Relativity 91.00%

Existing Lease £132,860

Ground Rent the same as the Applicant's Surveyor

29. Using the above the Respondent's Surveyor calculated a premium of £10, 220.87.

Discussion

Capitalisation/Yield

30. The Tribunal noted that in the absence of any evidence to support the Respondent's Surveyor's yield of 5% the Tribunal adopted the Applicant's Surveyor's rate of 6% finding the current ground rent low and so not a prime investment.

Relativity

31. The Tribunal questioned the short lease valuation on the basis that the market evidence was limited. The Applicant's Surveyor confirmed that he had not found it necessary to use the relativity tables.

32. The Tribunal noted that the Respondent's Surveyor had adopted a relativity of 91%. However, the Respondent's Representatives were not able to say what graphs, if any, the Surveyor had used to come to this figure and he was not available to ask.

No Act World Adjustment

33. Schedule 13 of the 1993 Act requires the premium for an extended lease to be calculated as if the Act had not been passed, i.e. a 'no Act world'. The Tribunal therefore asked the Applicant's Surveyor whether his figure of £135,000 for the property with a short, un-extended lease took account of the 'no Act world'. If there were no 1993 Act giving Lessees the right to extend their leases they would have to negotiate an extension. This would be likely to have an effect on the purchase price of a short un-extended lease where the purchaser would have to negotiate with a Lessor who had no obligation to grant an extension.

34. The Applicant's Surveyor said he took account of real world evidence and referred the Tribunal to the initial asking price for the flat of £130,000 between June and October 2015 and the offers received at that time of £125,000. He had then made an adjustment of £5,000 to allow for time between 2015 and 2017 and market factors giving a price of £135,000. He added that, looking at the Land Registry figures, there had been a considerable increase in the number of new blocks of flats and flats converted from offices and these achieved prices that could not be justified in the long term. He was therefore of the opinion that the differential he had arrived at between the short and long lease values took account of the 'no Act world'.
35. The Tribunal decided that the valuation of £135,000 for the existing lease is what might be achieved in the current market and that some adjustment was required to take account of the 'no Act world'. It determined that the value of the existing lease in a 'no Act world' would be £133,000. In the absence of more cogent evidence than that provided by the Applicant's Surveyor, the Tribunal had reference to the graphs relating to transactions outside London contained in the RICS Research (October 2009) and found that £133,000 would correspond to a relativity of 91.41%.

Tribunal's Decision on Premium

36. Having considered the evidence adduced by both parties the Tribunal found that the following elements of the calculation for the premium were agreed or determined by the Tribunal:

Valuation Date:	2 nd March 2017
Unexpired term:	69.73 years
Yield:	6%
Deferment rate:	5%
Extended lease value:	£145,500
Existing lease value:	£133,000

The ground rent doubled at every review of 33 years as follows:

First period of 33 years at £60.00 per annum

Second period of 33 years at £120.00 per annum

Third period of 33 years at 240.00 per annum

It was noted that neither valuation made an adjustment for freehold reversion with vacant possession.

37. The Tribunal determined a premium for a Lease Extension under the 1993 Act as £9,579.00. Its calculations are at Annex 1 of this Decision and Reasons.

Costs

38. In accordance with Directions the Respondent provided a Statement of Costs which included a Schedule of Work.

Valuer's Costs Claimed

39. Included in the Statement of Costs was a section which itemised the Valuer's fees as being £600.00 (£500.00 plus VAT of £100.00).
40. The Applicant's Solicitor in a letter to the Respondent dated 6th January 2018 submitted that the fee was excessive as it appeared to be only a desktop valuation and as such a charge of £200.00 plus VAT was reasonable.
41. Mr Grant for the Respondent said that he had not been able to get a lesser fee and that £500.00 plus VAT was the standard charge.
42. The Applicant, Ms Advani said that the amount was excessive and she had only been charged £199.00 plus VAT.

Tribunal's Decision on Valuation Costs

43. The Tribunal would expect that for the fee claimed a valuation report with comparables and full reasons for the basis of the calculation would be provided. In the event only a basic calculation was provided based on a standard template. The valuer has provided no information about the work undertaken or time involved. The Tribunal therefore had to rely on its own knowledge and experience and determines that a fee of £300.00 including VAT (£250.00 plus £50.00 VAT) is reasonable.

Legal Costs Claimed

44. The total legal fees claimed by the Respondent under section 60 of the 1993 Act were £1,990.50 plus VAT.
45. The Respondent offered in a letter to the Applicant's Solicitor dated 4th January 2018 legal costs in the sum of £1,500.00. The Applicant's Solicitor in a letter to the Respondent dated 6th January 2018 submitted that the fees were excessive and a charge of £1,000.00 plus VAT was reasonable.
46. The Respondent submitted a Statement of Legal Costs comprising a Schedule of Work and a Schedule of Letters, Emails and Telephone Calls. The Schedules identified the following persons, their grade and the hourly fee as follows:
Sylvia Pearce and Rosemary Chetwood, Grade A, £285.00
Sam Cornell, Grade D, £165.00.
47. The Schedules of Work was as follows (e = estimated):

Schedule of Work				
Item	Description of Work	Hours @ Grade A	Hours @ Grade D	Total
1 08/03/17	Initial perusal and consideration of Section 42 Notice received	0.18		85.50
2 08/03/17	Perusal of consideration of partial title documentation	0.12		Agreed reduction to 57.00
3 08/03/17	Perusal and consideration of Underlease	0.12		57.00
4 08/03/17	Diarise for receipt of deposit		0.06	16.50
5 08/03/17	Cross-referencing leasehold, head lease and freehold documents with section 42 Notice to check validity and accuracy	0.36		171.00
6 08/03/17	Companies House Webcheck on management company	0.06		28.50
7 08/03/17	Diarise for receipt of deposit and service of section 45 Notice		0.06	16.50
8 08/03/17	Checking details on Land Registry B133 notification of Unilateral Notice	0.06		28.50
9 08/03/17	Drafting of lease extension deed	0.30		142.50
10 20/03/17	Checking deposit received accords with statutory deposit	0.06		28.50
11 17/04/17	Diarise for negotiation period and Tribunal deadline		0.06	16.50
12 22/05/17	Considering tenant's amendments to draft lease extension deed	0.24		114.00
13	Finalise agreed form and engross lease (e)	0.12		57.00
14	Calculating and drafting completion statement (e)		0.18	85.50 (49.50)
15	Diarise for receipt of executed lease to hold to order (e)		0.06	16.50
16	Check Tenant's executed Deed on receipt (e)	0.06		28.50
17	Check Management Company's executed Deed on receipt (e)	0.06		28.50

18	Check client execution of lease (e)	0.06		28.50
19	Complete Deeds (e)	0.06		28.50
20	Diarise for updated leasehold oces and removal of UN1 (e)		0.06	16.50
21	Perusal and checking of all updated office copies entries (e)	0.06		28.50
22	Archive Deeds (e)		0.06	16.50
	Total			1,096.50 (1,060.50)

48. It is believed Item 14 should be a total of £49.50 giving an overall total of £1,060.50.
49. The Applicant's Solicitor stated that Items 1 and 2 were excessive and each should be reduced to 0.06 hours at a total cost of £57.00
50. The Respondent replied that this was a specialist task and required checking to ensure that the documentation met with the provisions of the legislation
51. The Applicant's Solicitor stated that Items 4, 6, 7, 8, 10, 11 and 15 to 22 were not recoverable pursuant to section 60 of the 1993 Act.
52. The Respondent replied that:

Items 4 and 10 relate to the statutory deposit which is incidental to the granting of a new lease.

Item 6 relates to checking that the Head Lessee Company is still active in order that the appropriate documentation can be served and is incidental to the grant of a new lease.

Items 7, 11, 15 and 20 relate to diarising and are necessary to ensure that deadlines are adhered to and work such as the removal of the Unilateral Notice is carried out.

Item 8 relates to the Unilateral Notice the Applicant registered against the Freehold title following the section 42 Notice and the respondent contended that it needed to ensure it was correctly entered and an undertaking obtained for its removal on completion.

Items 16, 17 and 18 relate to checking the new lease has been properly executed and are necessary to the granting of the new lease.

Items 19 and 20 are related to the granting of a new lease.

53. The Respondent said that most of the items questioned had been agreed by tribunals in the past year.
54. The Schedule of Letters, Emails and Telephone Calls was as follows (the original schedule had two Items 21 and therefore the Tribunal has identified the second as Item 21a):

Schedule of Letters, Emails and Telephone Calls				
Item	Description of Work	Hours @ Grade A	Hours @ Grade D	Total
1 07/01/17	Telephone call to Applicant	0.06		28.50
2 07/01/17	E mail to Client	0.06		28.50
3 08/03/17	E mail to Comptons requesting title		0.06	16.50
4 08/03/17	E mail to Comptons requesting remainder of title	0.06		28.50
5 08/03/17	E mail to Comptons acknowledging receipt of title	0.06		28.50
6 14/03/17	E mail to Comptons confirming receipt of funds will be acknowledged	0.06		28.50
7 08/03/17	E mail to Accounts	0.06		28.50
8 08/03/17	E mail to Accounts	0.06		28.50
9 08/03/17	E mail to Accounts	0.06		28.50
10 20/03/17	E mail to Comptons confirming receipt of deposit	0.06		28.50
11 27/04/17	Special Delivery letter and e mail serving s45		0.12	33.00
12 27/04/17	Letter to Viewsector enclosing section 45 Counter Notice		0.06	16.50
13 28/04/17	Telephone call to Comptons checking receipt of s 45		0.06	57.00
14 30/04/17	E mail to client re valuer	0.06		28.50
15 30/04/17	E mail to client re update	0.06		28.50
16 10/05/17	E mail to Comptons with draft lease	0.06		28.50
17 22/05/17	E mail to Comptons re negotiation & amendments	0.06		28.50
18	E mail to Comptons confirming	0.06		28.50

23/05/17	amendments			
19 22/09/17	E mail to client re premium	0.06		28.50
20 06/10/17	E mail to client requesting instructions	0.06		28.50
21 13/10/17	E mail to client requesting instructions	0.06		28.50
21a 01/11/17	Telephone call to Comptons re change of solicitor	0.06		28.50
22 01/11/17	E mail to Comptons re change of solicitor	0.06		28.50
23 01/11/17	Telephone to YVA re change of solicitor	0.06		28.50
24 01/11/17	E mail to YVA re change of solicitor	0.06		28.50
25	E mail engrossed lease to YVA (e)		0.06	16.50
26	E mail engrossed lease to Viewsector (e)		0.06	16.50
27	E mail completion statement to YVA (e)		0.06	16.50
28	Telephone call to YVA to complete (e)	0.06		28.50
29	Completion letters to YVA and Viewsector (e)		0.12	
30	E mail confirming completion to Client (e)		0.06	16.50
31	E mail release of undertaking upon receipt of oces and removal of UN1 (e)	0.06		28.50
	Total			837.00

55. It was agreed that Items 1 and 2 should be removed as predating the service of the Section 42 Notice.
56. The Applicant's Solicitor stated that Items 3 to 6 were excessive communication and 7 to 9 were internal communications which were not recoverable.
57. The Respondent replied that Items 3 to 6 and 10 all related to communications with the Applicant's previous solicitors who failed to provide a copy of the Applicant's underlease and required the Respondent to acknowledge receipt of documents when delivered.
58. The Respondent said it would agree to a reduction to £57 for 2 units in respect of Items 7 to 9.
59. The Applicant's Solicitor submitted that Items 19 to 24 were not recoverable pursuant to section 60 of the 1993 Act.

60. The Respondent replied with regard to Item 19 that it was reasonable to highlight an impending statutory guideline to the client.
61. With regard to Items 21 to 24. The Respondent stated that the Applicant had changed solicitor but each representative had respectively failed to inform the Respondent that one had ceased to act and the other had now taken instructions. This had resulted in additional correspondence to assess and confirm the situation.
62. The Applicants' Solicitor did not question the hourly rate. The Tribunal stated that it was particularly high however, in principle it preferred to accept the hourly rate but would expect that the work would be carried out expeditiously and that included in the rate would be an allowance for administrative work such as diarising and internal communication. It therefore determined that Items 4, 7, 11, 15 and 20 relating to diarising in the Schedule of Work should be included in the hourly rate and not charged for separately. It also questioned the fee level and time attributed to cross referencing and checking documentation particularly Items 16, 17 and 18.
63. The Tribunal also stated that internal emails should be included in the hourly rate.
64. Mr Grant for the Respondent said that he had been charged much more than the costs claimed when he had instructed an outside solicitor and had brought the legal work in-house in the face of escalating charges and to reduce the expense. He felt that the Respondent was being penalised for doing so if an email to him from the legal department could not be charged for and yet a communication by an outside solicitor to the client could.

Tribunal's Decision on Costs

65. The Tribunal considered the Schedule of Work and the representations of the parties. It was mindful that pursuant to section 60 of the 1993 the work had to fall into one of two categories to be chargeable. Firstly, the investigation of the tenant's right to a new lease and secondly the grant of a new lease. In addition, the work must be at an appropriate fee level and time allocation for its difficulty. Overall the charge must be one which the Respondent would consider reasonable to pay if obliged to do so.
66. The Tribunal determined that Items 1, 2, 3, 5 and 8 were a reasonable investigation into the Tenant's right to a new lease. The Tribunal determined the charge for Items 1, 3, the Respondent's amended assessment of item 2 and 8 were reasonable but reduced the time for Item 5 for cross referencing documentation to 0.18.

67. The Tribunal did not consider Item 6, the check at Companies House, necessary in this instance as the Management Company was the Head Lessee and managed the development and so the Respondent must have known that it was in business.
68. As indicated at the hearing the Tribunal considered that the hourly rate should include administrative tasks such as diarising and that these should not therefore be charged for separately. Therefore, Items 4, 7, 11 and 20 were determined not to be reasonable costs.
69. The Tribunal determined that Items 12, 13, 14, 16, 17, 18, 19 and 21 were necessary to grant a new lease. However, it was determined that the time and hence cost allocated for the checking and completion of the Deed should be reduced to 0.12, £57 notwithstanding that the documentation would need to be signed by three parties. Otherwise the costs were determined to be reasonable.
70. The Tribunal determined that the archiving of documents is an administrative task that can be done by support staff the cost of whom would be included in the hourly charge of a Grade A fee earner.
71. The Tribunal's determination regarding the Schedule of Work is set out in the table below.

Schedule of Work					
Item	Description of Work	Hours @ Grade A	Hours @ Grade D	Total	Tribunal's Determination
1 08/03/17	Initial perusal and consideration of Section 42 Notice received	0.18		85.50	Determined to be reasonable
2 08/03/17	Perusal of consideration of partial title documentation	0.12		57.00	Amended amount determined to be reasonable
3 08/03/17	Perusal and consideration of Underlease	0.12		57.00	Determined to be reasonable
4 08/03/17	Diarise for receipt of deposit				Determined not to be reasonable
5 08/03/17	Cross-referencing leasehold, head lease and freehold documents with section 42 Notice to check validity and accuracy	0.18		85.50	Reduced amount determined to be reasonable
6 08/03/17	Companies House Webcheck on management company				Determined not to be reasonable
7 08/03/17	Diarise for receipt of deposit and service of section 45 Notice				Determined not to be reasonable

8 08/03/17	Checking details on Land Registry B133 notification of Unilateral Notice	0.06		28.50	Determined to be reasonable
9 08/03/17	Drafting of lease extension deed	0.30		142.50	Determined to be reasonable
10 20/03/17	Checking deposit received accords with statutory deposit		0.06	16.50	Determined to be reasonable at reduced fee level
11 17/04/17	Diarise for negotiation period and Tribunal deadline				Determined not to be reasonable
12 22/05/17	Considering tenant's amendments to draft lease extension deed	0.24		114.00	Determined to be reasonable
13	Finalise agreed form and engross lease (e)	0.12		57.00	Determined to be reasonable
14	Calculating and drafting completion statement (e)		0.18	49.50	Determined to be reasonable at reduced fee level
15	Diarise for receipt of executed lease to hold to order (e)				Determined not to be reasonable
16	Check Tenant's executed Deed on receipt (e)	0.12		57.00	Reduced time determined to be reasonable
17	Check Management Company's executed Deed on receipt (e)				
18	Check client execution of lease (e)				
19	Complete Deeds (e)				
20	Diarise for updated leasehold oces and removal of UN1 (e)				Determined not to be reasonable
21	Perusal and checking of all updated office copies entries including of UN1 (e)	0.06		28.50	Determined to be reasonable
22	Archive Deeds (e)				Determined not to be reasonable
	Total			778.50	

72. The Tribunal considered the Schedule of Letters, Emails and Telephone Calls and the representations of the parties.

73. The Tribunal determined that Items 3, 4, 5, 6 and 10 were part of a reasonable investigation into the Tenant's right to a new lease. The title and deposit had to be obtained and the Applicant's Solicitors required that receipt be acknowledged. However, the Tribunal determined all these actions could have been undertaken by a Grade D fee earner and Items 4, 5, 6 and 10 have been reduced accordingly.

74. The Tribunal determined that Items 7, 8 and 9, the internal emails to the Accounts Department, were administrative tasks which should be accounted for within the cost of the hourly rate.
75. The Tribunal determined that Items 11, 12 and 13 related to the section 45 Counter Notice which is not part of the investigation of title and so is not a cost pursuant to section 60 of the 1993 Act.
76. The Tribunal considered the point raised at the hearing as to whether time taken by an in house legal department in consulting with manager (the client) was reasonable. The Tribunal was of the opinion that here the Respondent had put in place a specialist legal team appropriate to the business carried on by the Respondent with the minimum of supervision as was reflected in the hourly rate. In this context communication with the manager would be similar to that of the principal in a law firm rather than with an external client. The Tribunal therefore took the view that in this instance the emails to the client were of an administrative nature and included in the hourly charge of the Respondent's Grade A fee earner. Therefore, the cost of Items 14, 15, 19, 20, 21 and 30 were included in the hourly rate.
77. The Tribunal determined that whereas for Items 21a, 22, 23 and 24 it was reasonable to telephone and email the Applicant's respective solicitors regarding the change of representatives nevertheless this should have been done by a Grade D fee earner and the costs have been reduced accordingly.
78. The Tribunal determined that apart from Items 28 and 31 all other actions could have been undertaken by the Grade D fee earner.
79. It was confirmed that VAT should be charged when legal services are provided by a third party but not when the work is carried out in-house. The Respondent's Representatives stated that VAT is not payable on the legal costs although is payable on the valuation fee.
80. The Tribunal's determination regarding the Schedule of Work is set out in the table below.

Schedule of Letters/Emails/Telephone Calls					
Item	Description of Work	Hours @ Grade A	Hours @ Grade D	Total	
1 07/01/17	Telephone call to Applicant				Withdrawn
2 07/01/17	E mail to Client				Withdrawn
3 08/03/17	E mail to Comptons requesting title		0.06	16.50	Determined to be reasonable at

					reduced fee level
4 08/03/17	E mail to Comptons requesting remainder of title		0.06	16.50	Determined to be reasonable at reduced fee level
5 08/03/17	E mail to Comptons acknowledging receipt of title		0.06	16.50	Determined to be reasonable at reduced fee level
6 14/03/17	E mail to Comptons confirming receipt of funds will be acknowledged		0.06	16.50	Determined to be reasonable at reduced fee level
7 08/03/17	E mail to Accounts				Determined not to be reasonable
8 08/03/17	E mail to Accounts				Determined not to be reasonable
9 08/03/17	E mail to Accounts				Determined not to be reasonable
10 20/03/17	E mail to Comptons confirming receipt of deposit		0.06	16.50	Determined to be reasonable at reduced fee level
11 27/04/17	Special Delivery letter and e mail serving s45				Determined not to be within s 60
12 27/04/17	Letter to Viewsector enclosing section 45 Counter Notice				Determined not to be within s 60
13 28/04/17	Telephone call to Comptons checking receipt of s 45				Determined not to be within s 60
14 30/04/17	E mail to client re valuer				Determined not to be reasonable
15 30/04/17	E mail to client re update				Determined not to be reasonable
16 10/05/17	E mail to Comptons with draft lease	0.06		28.50	Determined to be reasonable
17 22/05/17	E mail to Comptons re negotiation & amendments	0.06		28.50	Determined to be reasonable
18 23/05/17	E mail to Comptons confirming amendments	0.06		28.50	Determined to be reasonable
19 22/09/17	E mail to client re premium				Determined not to be reasonable
20 06/10/17	E mail to client requesting instructions				Determined not to be reasonable
21 13/10/17	E mail to client requesting instructions				Determined not to be reasonable
21a 01/11/17	Telephone call to Comptons re change of solicitor		0.06	16.50	Determined to be reasonable at reduced fee level
22 01/11/17	E mail to Comptons re change of solicitor		0.06	16.50	Determined to be reasonable at

					reduced fee level
23 01/11/17	Telephone to YVA re change of solicitor		0.06	16.50	Determined to be reasonable at reduced fee level
24 01/11/17	E mail to YVA re change of solicitor		0.06	16.50	Determined to be reasonable at reduced fee level
25	E mail engrossed lease to YVA		0.06	16.50	Determined to be reasonable
26	E mail engrossed lease to Viewsector		0.06	16.50	Determined to be reasonable
27	E mail completion statement to YVA		0.06	16.50	Determined to be reasonable
28	Telephone call to YVA to complete	0.06		28.50	Determined to be reasonable
29	Completion letters to YVA and Viewsector		0.12	33.00	Determined to be reasonable
30	E mail confirming completion to Client				Determined not to be reasonable
31	E mail release of undertaking upon receipt of oces and removal of UN1	0.06		28.50	Determined to be reasonable
	Total			373.50	

81. The Tribunal determines that the reasonable legal costs of the Respondent payable by the Applicant pursuant to section 60 of the Leasehold Reform and Urban Development Act 1993 are £1,152.00.

Judge JR Morris

Annex 1 – Approved New Lease

LEASE EXTENSION PREMIUM 30 BRAEMAR COURT, BEDFORD

Unexpired term : 69.73 years
 Yield : 6%
 Deferment rate : 5%
 Extended lease value : £145,500 agreed
 Existing lease value : £133,000
 (Both valuers made no adjustment for freehold reversion with vacant possession
 and adopted doubling of ground rent at each review)

Diminution in Landlord's Interest

Ground rent			£60	
First term	3.73yrs	@ 6%	2.6730	£ 160.38
Second Term				
Ground rent			£120	
YP	33yrs	@ 6%	14.2302	
PV £1 in	3.73 yrs	@ 6%	0.8046	£1,373.95
Third Term				
Ground rent			£240	
YP	33yrs	@ 6%	14.2302	
PV £1 in	33.73 yrs	@ 6%	0.1400	£ 478.13
Reversion				
Extended lease			£145,500	
PV £1 in	69.73 yrs	@ 5%	0.0333	<u>£4,845.15</u>
				£6,827.61
			Say	£6,828

Marriage Value

Extended lease	£145,500
Less	
Landlord's current interest	£ 6,998
Lessee's current interest	<u>£133,000</u>
	£ 5,502
50%	<u>£2,751</u>
	PREMIUM £9,579

Annex 2 – Right of Appeal

1. If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office, which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.
3. If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking.