

CHI-29UN-LSC-2007-0049

THE RESIDENTIAL PROPERTY TRIBUNAL SERVICE

**DECISION OF THE SOUTHERN LEASEHOLD VALUATION TRIBUNAL ON
AN APPLICATION UNDER SECTION 27A OF THE LANDLORD AND
TENANT ACT 1985**

FLAT 4, 7 NORTH AVENUE RAMSGATE CT11 9BT

Applicant: Westleigh Properties Ltd (Freeholder)

Respondent: Mellissa Powell (Leaseholder)

Date of hearing: 28 August 2007

Date of inspection: 28 August 2007

Appearances: Ms Lorraine Scott of Basicland Registrars Ltd (for the applicant)
Mr Sarah Nagy of Powell & Co Property (for the respondent)

Members of the Leasehold Valuation Tribunal:

Mr MA Loveday BA(Hons) MCI Arb
Mr C White FRICS
Mrs L Farrier

INTRODUCTION

1. This is a determination of liability for service charges and administration costs for a flat in Ramsgate. The applicant is the freehold owner of 7 North Avenue. The respondent is the leasehold owner of flat 4.
2. The matter started off as a county court claim by the landlord for alleged arrears of service charges (£1,936.62), interest (£164.70), 'arrears recovery charges' (£300.80) and court fees (£120.00). By an order of DJ Fawcett dated 2 May 2007 the claim was transferred by Brighton County Court to the Tribunal under Paragraph 3 of Schedule 12 to The Commonhold and Leasehold Reform Act 2002 ("CALRA 2002"). The order stated that the Tribunal was to determine the "*reasonability*" of the service charges. Directions were given on 29 May 2007 and both parties filed bundles of documents. At the hearing on 28 August 2007, the applicant was represented by Ms Lorraine Scott of the former managing agents Basicland Registrars Ltd ("BRL"). The respondent was represented by Ms Sarah Nagy of Powell & Co Property, which manages the Flat on behalf of the respondent.

INSPECTION

3. The Tribunal inspected the property before the hearing. 7 North Avenue comprises a Victorian semi-detached house on three floors and a basement with a single storey bay to the front. The left hand flank wall has been substantially rebuilt. Internally, the property has been converted into four flats with a ground floor hallway, stairs to the first floor and a landing. The hallway has been recently decorated and carpeted. The door entry system appears fairly new, but it is not working. There are wires protruding from the panel which required re-connection. The hallway is lit with 3 light fittings and there is emergency lighting and a meter cupboard. Access to flat 4 (which extends to the second floor) is from the first floor landing. The bedroom kitchen and living kitchen windows on the second floor have older style timber framed windows with fixed casements and opening lights.
4. The lessees of the building exercised the Right to Manage under CARLA 2002 with effect from 15 June 2007. BRL is no longer managing agent.

THE LEASE

5. By the First Schedule to the Lease, the Flat is defined as "*all that residential flat forming part and situate on the first and second floors of the Building known as Flat 4 ... including ... the internal walls and interior surfaces of the external walls ... together with all windows and window frames contained in such walls...*" Under clause 3(1) the lessee is required to keep the flat in good repair. By paragraph 1 of the Sixth Schedule, the landlord is obliged to repair the remainder of the building.

6. The service charge provisions appear in the Fourth Schedule to the Lease. Under paragraph 1(i), the service charge includes all the landlord's costs of complying with its obligation under the Sixth Schedule. Under paragraph 1(ii), the respondent is liable for one quarter of the total service charge expenditure on the building. Under paragraph 1(iv)(a) the service charge year runs to 24 March in each year. By paragraph 2, a certified statement of expenditure is produced at the end of each service charge year. Under paragraph 1(iii) an interim service charge is payable on account by equal instalments on 25 March and 29 September in each year. The interim charge is fixed at the level of the most recent certified annual service charge accounts subject to a minimum of £100 per annum. The respondent must also pay an insurance rent of one quarter of the total premium on the building (clause 1).
7. Under clause 2(8)(iii) of the Lease, the lessee must pay all costs incurred by the landlord of and incidental to the preparation and service of proceedings for the recovery of rents.

THE ISSUES

8. The service charge claim relates to the balance of the end of year charges for the year ending 25 September 2004 (£354.08), the end of year charges for 2005/06 (£967.04) and interim charges for 2006/07 (£615.50).¹
9. Certified accounts were produced which showed the total expenditure on the building was £2,324.30 in 2004/05 and £3,868.13 in 2005/06. The following items of expenditure were included in these accounts:
 - a. Electricity (2004/05 and 2005/06)
 - b. Insurance premiums (2004/05 and 2005/06)
 - c. Repairs and maintenance (2004/05 and 2005/06)
 - d. Asbestos survey (2004/05)
 - e. Management fees (2004/05 and 2005/06)During the course of the hearing, the respondent accepted that the cost of the asbestos survey (£352.50) was reasonably incurred. The remaining costs shown in the accounts were in issue, together with the interim charges for 2006/07 and the arrears recovery charges.
10. Apart from one matter (window repairs in 2005/06), the respondent accepted that the costs sought by the applicant were all recoverable under the provisions of the Lease and that there was no statutory bar to recovery under section 20 of the Landlord and Tenant Act 1985 ("LTA 1985") or other statutory provisions.

¹ The service charge statement of 13 December 2006 gives the September quarter day as 25 September. The error is immaterial for the purpose of this determination, but it may make a small difference to any interest calculation for the purposes of the County Court claim.

11. In respect of the first five matters, the legal issues are whether the relevant costs were "*reasonably incurred*" and (to the extent that they related to services) whether services were of a "*reasonable standard*" under LTA 1985 section 19(1). In respect of the interim service charges, the legal issue is whether these are "*reasonable*" under LTA 1985 section 19(2). In respect of the arrears recovery charge, the legal issue is whether these are "*reasonable*" under paragraph 2 of schedule 5 to CALRA.
12. Ms Scott produced a brief witness statement which was included in the applicant's bundle. At the start of the hearing, Ms Nagy sought permission to rely on additional statements from the respondent and from Mr William Dogan, the lessee of flat 2. Mr Dogan did not attend the hearing. Ms Nagy did not object to the late inclusion of these statements, although she invited the Tribunal to attach less weight to Mr Dogan's statement in the light of the lack of any opportunity to cross-examine. The Tribunal allowed the statements to be put into evidence.

ELECTRICITY (2004/05 and 2005/06)

13. Total expenditure on electricity for lighting the common parts was £87.26 in 2004/05 and £89.43 in 2005/06. The applicant stated that the agents had changed the electricity supplier from SEEBOARD to London Electricity on 26 May 2004. Ms Scott produced electricity bills from both suppliers supporting the sums claimed.
14. Ms Nagy stated that since the right to manage came into effect in June 2007, the electricity bills had halved. She did not produce the most recent bills and could not specify the exact quarterly figure. However, the landlord's bills showed that the electricity could have been supplied more cheaply. The supply had been on a business tariff (it was now on a residential tariff) and there was a high standing charge. The lighting operated with 1 minute pneumatic time-delayed switches.
15. Ms Scott submitted in response that no evidence of the alternative cost of electricity had actually been produced.

INSURANCE PREMIUMS (2004/05 and 2005/06)

16. Total expenditure on insurance was £1,144.27 in 2004/05 and £1,226.50 in 2005/06. There is also an excess of £1,000 on a claim paid in February 2006. Ms Scott produced Groupama Insurance certificates supporting the premium figures. The policies provided buildings and terrorism cover. Ms Scott stated that the landlord had a block policy in relation to many properties and used GHBC Ltd insurance brokers to test the market each year. Both broker and insurer were reputable. In addition, there was a substantial claim on the policy in 2005/06 for remedial works to the flank wall as a result of subsidence. The excess on the policy was paid in February 2006 (a copy of a

letter from the consulting engineers relating to the policy excess was produced).

17. Ms Nagy stated that the current insurance premiums under the right to manage were about half the cost of the premiums in 2005/06. Powell & Co had about 200 properties under management and the insurance was now under one of their block policies. She did not produce the insurance details for the current policy. Ms Nagy also referred to an email from Louise Price (until recently the lessee of Flat 3) dated 15 August 2006 which stated that the lessees of Flat 1 had had an insurance quotation for £600/£700.
18. Ms Scott submitted in response that no alternative estimates had been produced by the respondent to show that the costs were excessive. The suggestion that insurance could be obtained more cheaply required proper evidence.

REPAIRS AND MAINTENANCE (2004/05 and 2005/06)

19. Total expenditure on repairs was £152.75 in 2004/05 and £847.20 in 2005/06. Ms Scott produced receipts from City Power London Ltd for re-hanging two doors and repairing the door entry system (described as "very old") for £152.75. The City Power invoice noted that there appeared to be subsidence and advised the landlord to have a surveyor inspect the property. She produced receipts from CT10 Group builders for £627.20 to supply and fit a new anti-vandal door entry system (8 September 2005) and from S&P Builders for £218 to repair the windows to the "*bedroom, living room and kitchen to [Flat 4]*" (28 February 2006). The windows were repaired in accordance with a BRL jobs/quotation order sheet which asked the contractor to attend Flat 4 to "*check out the windows*". The contractor was told to fix the windows "*if repairable*" and to report on "*the general maintenance/condition of the flat.*" There was a receipt for cutting a replacement key for £2.00.
20. Ms Nagy submitted that the receipts showed that the door entry system had not been adequately mended in the first instance, as a result of which it had to be replaced. At the inspection it had been clear that even the replacement door entry system did not work. Nothing should be allowed for this. As to the windows, it was submitted that the Lease did not demise them to the lessees and they were not the landlord's responsibility. The builder did not repair the windows and on inspection it had been clear that this was the case. The cost of the keys was not disputed.
21. Ms Scott submitted in response that no alternative costings had been given by the respondent to show that any of the expenditure was excessive. As far as the window works were concerned, Powell & Co had written to BRL on 16 August and 19 August 2005 stating that the windows were dangerous and

that they needed immediate attention. The landlord had simply responded to the urgent demand from the respondent to fix the windows.

MANAGEMENT FEES (2004/05 and 2005/06)

22. Total expenditure on management fees was £587.52 in 2004/05 and £705.00 in 2005/06. Ms Scott produced receipted invoices from BRL for its fees. The charge for each year was £125 plus VAT per flat in 2004/05 and £150 plus VAT per flat in 2005/06. The agents had a range of fees depending on the size of property and so on. There was no written management contract. BRL had no connection with the landlord. Although the agent was not an RICS member, it sought to manage properties in accordance with the RICS Management Code. She was not aware whether the landlord had market tested the management. The agents organised annual meetings with the lessees. They provided budgeting and accounting (the head of BRL's 10-strong accounts department was ACCA qualified and he certified the accounts), supervision of repairs (there were 10 property managers in the London office available by telephone, and the property was assigned to one of them), annual asbestos surveys, insurance claims, supervision of utilities, maintenance of the service charge account, annual inspections and general correspondence.
23. Ms Nagy accepted that charges of £125 and £150 plus VAT per flat for management fees in the two years were not outside the norm in the area. However, she contended that the management services provided were not of a reasonable standard. She produced photographs of the property during the works, showing a large steel beam inserted laterally across the hallway. She relied on a letter from Ms Price. BRL had never managed the property properly, culminating in the major works becoming necessary. The problem with the building had not been subsidence; it was lack of lateral support. Ms Price had seen cracks appearing in her flat and in March 2003 she encountered difficulties with a routine valuation for a re-mortgage. Despite numerous telephone calls to BRL over a period of 2 years, they had done nothing. They had eventually persuaded BRL to lodge an insurance claim. An engineer attended in Spring 2005 and placed tell-tales but no-one arranged for the engineers to return until she did so herself a year later. It was true that BRL had formally instructed the contractors, but they did nothing other than acting as a post box. Ms Price had liaised with the contractors and managed the whole process. The lack of maintenance had contributed to the damage.
24. Ms Nagy supported these contentions with a number of documents in her bundle. During the course of a consultation for external works under LTA 1985 section 20 in 2004, Powell & Co had nominated a building contractor Total Maintenance. In a letter dated 9 September 2004, Powell & Co had complained that Total had not been contacted. In a letter dated 22 December 2004, Powell & Co alleged that the agents "*had asked [Total] to add large*

amounts of money and extras onto their order". This had been a bid to increase the "large commission" payable to the agents. BRL were notoriously unreliable. Ms Nagy referred to faxes from Powell & Co to BRL dated 14 July 2005 (two) and letters dated 12 and 16 August 2005 to which there was no reply. Mr. Doogan's statement succinctly summarise the argument: "I can state that BRL has taken no interest in the building for the time in which I have been there..." Ms Nagy submitted that BRL had not carried out any management and nothing should be allowed for this relevant cost.

25. Ms Scott submitted that the main issue was the subsidence works. The subsidence had plainly been stressful for the lessees, but they had unfairly placed their discontent at the door of the agents. The agents were only informed of the problems in a letter from Mr and Mrs Thompson on 12 May 2004, and BRL immediately informed their surveyors and insurers. The property manager then visited and the brokers were given further details of a crack in a letter dated 9 June 2004. There were further letters to the broker and loss adjuster dated 14 June 2004. Ms Scott referred to a number of other letters from BRL to contractors and loss adjusters in her bundle relating to the works. In relation to the allegation that BRL failed to reply to the agents, the respondents had not included all the correspondence in their bundle. The faxes of 14 July 2005 received a reply on 21 July 2005 and the letter of 16 August 2005 received a reply on 23 August 2005.

INTERIM CHARGES (2006/07)

26. Ms Scott observed that under the lease the interim charge is supposed to be a fixed figure based on the previous certified accounts. The service charge costs for 2005/06 were £3,868.13 of which the respondent was liable for £967.04. When the first payment for the 2006/07 service charge year became due on 25 March 2006, BRL did not calculate the charge on the basis set out in the leases. Instead, on 21 February 2007 BRL estimate the anticipated the expenditure in 2006/07. Ms Scott produced a copy of this estimate which showed a total budget of £2,462 of which the respondent was responsible for £615.50. Interim charges were then claimed at this rate. Had the interim service charge been made in accordance with the lease, the cost would have therefore been higher. The applicant submitted that it must be "*reasonable*" for the landlord to charge some £350 per annum less than it was strictly required to under the terms of the Lease.
27. The respondent contended that it was not "*reasonable*" to charge an interim service charge once it had become clear that the right to manage was going to be implemented. This should have been left to the RTM Company to deal with.

ARREARS RECOVERY CHARGES

28. This claim for £300.80 was BRL's time for the "*preparation of court files and court summons*" (£200 + VAT) and "*preparation of court action reminder letter and undertaking necessary land registry searches*" (£56 + VAT). Invoices were produced for these two items dated 20 June 2007. It was not disputed the costs were recoverable from the respondent under the terms of the lease.
29. Ms. Scott explained that once accounts were in arrears for a period of time, the debt was passed to BRL's credit control department. They carried out a Land Registry search to ensure any action was being taken against the correct party. The agents gave the landlord the option of using a solicitor, but in this case the landlord had issued the claim herself. Warning letters were sent to the lessee on 7 and 21 November 2006. These were all pre-action administration costs of the agents claimed for the period before the claim was issued. They were included in the court Claim Form as a separate head of claim.
30. Ms Nagy submitted that the invoice for "*preparation of court files and court summons*" related to court costs and not administration. In any event, it should not have come to this had the agents acted properly. The sums referred to in the warning letters related to items of costs where the landlord had previously failed to provide proper information.

DETERMINATION

31. Electricity (2004/05 and 2005/06). The requirement under LTA section 19(1) is not that the costs are "*reasonable*", but rather that relevant costs are "*reasonably incurred*". The principles were considered in ***Forcelux v Sweetman*** [2001] 22 EGLR 173 and ***Veena SA v Cheong*** [2003] 1 EGLR 175. There is a two stage test involving consideration (1) whether the action taken by the landlord is reasonable and (2) whether it is out of line with the market norm. In respect of electricity costs, the landlord has used two of the major electricity suppliers and changed supplier during the course of the period in question. Given the modest sums involved, it is not unreasonable to use one of these suppliers. The fact that there was a change of supplier suggests that the landlord tested the market. Furthermore, the sums involved cannot be said to be outside the market norm. The respondent has not given any direct evidence to show that significant savings could be made by switching suppliers once again. The evidence that actual costs for the building have in fact fallen since June 2007 is not supported by any documentation and is in any event for too short a period to be of much use as a comparison. Furthermore, we note that the greater part of the utility bills relates to standing charges and that actual usage of electricity is relatively small. The Tribunal does not find it unreasonable for a commercial landlord to have a commercial account with the supplier. The Tribunal's own experience

suggests that relevant costs of under £90 for electricity for the common parts of a small building are not excessive.

32. These costs, which amount to £176.69, were reasonably incurred.

33. Insurance premiums (2004/05 and 2005/06). The landlord has given (unchallenged) evidence that it employed reputable brokers who market tested the insurance annually. The landlord placed the insurance with a reputable insurer. A reasonable landlord will not just take into account the premium when choosing where to place the insurance, and it is significant that there was a major claim made during the course of the period in question. The landlord's actions cannot be faulted. Furthermore, a large part of the cost relates to the insurance excess – a cost which was plainly reasonable for the landlord to incur. There is no reliable evidence that the insurance premiums were so far outside the norm to render it unreasonable to incur these costs. Although the respondent says that premiums are now half those incurred by the landlord before June 2007, no evidence of these premiums or the terms of the current insurance policy were produced. The email from Ms Price also lacks sufficient detail and is effectively second hand hearsay of what she was told by the lessees of Flat 1 that they had been told by a third party. The Tribunal will not infer that the relevant costs were outside the norm without more reliable evidence.

34. These costs, which amount to £3,370.77, were reasonably incurred.

35. Repairs and maintenance (2004/05 and 2005/06). The agents' system for procuring small repair works was not challenged before the Tribunal. As far as the cost of repairing the door entry system is concerned, the receipt from City Power London Ltd shows that the door entry system was "very old" in 2004. The receipt itself admits the contractor was unable to fix the system completely. It is not surprising that these minor repairs did not deal with the underlying problem of having an old system and that the system needed replacement the following year. Given that the invoice included substantial other work (which is not challenged), the sum of £152.75 for City Power's repairs is not excessive. There is no real evidence the work was not of a reasonable standard. As for the £627.20 billed for replacement, this is certainly a significant sum. However, the Tribunal was not shown any alternative estimates to show that this cost was so far outside the norm for supplying an anti-vandal system so as to render the cost not reasonably incurred. As for whether the works were of a reasonable standard, it is true that on inspection the entry system did not work. On inspection the Tribunal noted the proximity of the disconnected entry system to the structural works to the flank wall. The Tribunal finds that the most reasonable explanation is that the wires to the panel were disconnected during the course of the major works. This is not therefore a criticism of the standard of the works carried out by City Power in 2005. The Tribunal allows the full sums claimed for door entry systems.

36. The only other significant challenge was to the £218 cost for window repairs in 2006. On inspection, it was not clear what repairs had been carried out. However, the Tribunal accepts the respondent's submission that these works were not the landlord's responsibility under the Lease. The windows to Flat 4 were plainly demised to the lessee not the lessor. The receipt from S&P suggests that they were asked to consider maintenance and repairs to the interior of Flat 4. Repairs to the windows and interior of Flat were not the obligation of the landlord under paragraph 1 of the Sixth Schedule to the Lease, and they are not costs recoverable from the four lessees as service charges under paragraph 1(i) to the Fourth Schedule. These works were, of course, specifically requested by the respondent's agents on 16 and 19 August 2005, but that is no reason for the costs to be included in the service charge. Whether as a result of these requests, the full cost of the window works can be recovered from Ms Powell alone by other means is not a matter for this Tribunal.
37. The Tribunal therefore allows the cost of £152.75 for repairs in 2004/05 but restrict the recoverable cost of repairs to £629.20 in 2005/06.
38. Management fees (2004/05 and 2005/06). The respondent accepts that these costs were reasonably incurred. The challenge here is that BRL failed to provide management services to a reasonable standard. Essentially, two main criticisms were made of the agents. First, that their neglect exacerbated problems with the condition of the property. Secondly, that they failed to communicate with the lessees. The Tribunal heard a great deal of evidence on these two points, both in extensive correspondence and in written statements and letters from the respondent, Ms Price and Mr Doogan. The Tribunal is mindful that much of the latter evidence was not capable of being tested in cross examination. However, the documentation provided gives a sufficiently clear indication of the agents' conduct.
39. As far as the allegation that BRL failed to manage, it is clear that they took a central rather than a peripheral role in the repair works. They were evidently much more than a mere "post-box". The early correspondence referred to above shows that BRL acted promptly in contacting the insurers and brokers. Taking Ms Price's specific allegation that between Spring 2005 and Spring 2006 the agents did nothing, one can test this against the correspondence produced to the Tribunal. The Tribunal was shown emails and letters from the agents to the loss adjusters dated 15 April, 14 June and 21 July 2005 (two), letters to the lessees dated 21 July 2005 and to Powell & Co on 26 January 2006 and it is plain from letters to the lessees dated 31 January 2006 that arrangements had already been made with the structural engineers to return to the building to check on progress with the tell-tales. In March 2006 there were evidently problems with access to the flats for the engineer and there are letters to that effect from the agents on 31 January and 17 March 2006. The engineers were chased by letter on 5 April 2006, and arrangements

were made for a pre-contract site meeting by email on 13 April. The Tribunal does not therefore find that the agents did nothing during this period to manage the major works.

40. As to the second allegation, the respondent's bundle does not include a full run of correspondence, since it does not purport to include all letters from the agents to the leaseholders. Where specific allegations were tested, however, the applicant was able to produce letters showing that that BRL did respond promptly to enquiries by the leaseholders. For example, the faxes of 14 July 2005 relied upon by the respondent were replied to on 21 July 2005 and the letter of 16 August 2005 received a reply on 23 August 2005. Many other such examples were produced by the applicant. The Tribunal was not able to accept the allegation in BRL's letter of 22 December 2004 that BRL asked contractors to inflate their tender price to increase "commission" payable to the agents. This serious allegation, which is hearsay, would require convincing evidence to support it.
41. In any event, BRL's services cannot be said to have been of no value at all. They plainly provided full budgeting and accounting, asbestos surveys, insurance claim handling, supervision of utilities, maintenance of service charge account and so on.
42. For all the above reasons, the Tribunal finds that the services provided by BRL were of a reasonable standard and allows £1,292.52 for management charges as claimed.
43. Interim charges. It is plain that for 2006/07, BRL did not levy the interim service charge in accordance with the terms of the Lease. The lease provides for a fixed charge based on previous actual expenditure, whereas BRL adopted the more conventional route of estimating expenditure in advance. This might ordinarily be a hazardous course to take. However, in this instance, the course adopted by the agents resulted in a lower charge to the leaseholders than would otherwise have been the case, because the previous year's actual expenditure had been artificially inflated by the £1,000 excess paid to the insurer. The interim charge for 2006/07 was therefore "*reasonably incurred*" albeit not calculated in accordance with the Lease terms.
44. The contention that no charge should have been made pending the exercise of the Right to Manage is rejected. There was no certainty that the right would actually result in a change of management. Moreover, the right to manage does not displace the landlord or remove its right to claim an interim service charge in accordance with the terms of the Lease. Had the RTM Company been appointed in March 2006, it would have been under an obligation to demand an interim charge from the leaseholders under the provisions of the Fourth Schedule to the Lease. Indeed, as pointed out above, the interim charge could (and indeed technically should) have been higher.

45. The Tribunal therefore allows the full amount of interim charge of £2,462.00 claimed for 2006/07. It will of course be open to any leaseholder to challenge the actual service charge expenditure for 2006/07 under LTA 1985 section 19 once certified accounts for that year are produced.
46. Arrears recovery fees. The Tribunal accepts the submission by Ms Nagy that it would be at the very least inappropriate for it to determine any costs which are recoverable by way of a costs order in the County Court. The costs sought by the applicant are administration charges rather than service charges and they are recoverable only to the extent that they are “reasonable” under paragraph 2 of schedule 5 to CALRA.
47. The claims are for costs incurred by BRL in the “*preparation of court files and court summons*” and “*preparation of court action reminder letter and undertaking necessary land registry searches*”. There is no suggestion they are not recoverable under clause 2(8)(iii) of the Lease. Under the Civil Procedure Rules 1998 BRL is not a “*legal representative*” under the Courts and Legal Services Act 1990 and it is not a “*lay representative*” under Rule 43.2 of the Civil Procedure Rules 1998. These costs would therefore not ordinarily be recoverable by way of court costs. Furthermore, the costs are evidently all pre-action costs, even though they may be intimately connected with the litigation. The Tribunal considers that clause 2(8)(iii) of the Lease was intended to provide for recovery of just such administrative costs incurred in connection with a claim against a lessee. Insofar as it was reasonable to incur these costs, the Tribunal has found that almost all the service charges claimed are payable, and it was therefore reasonable for BRL to carry out this work.
48. For the reasons given above, the Tribunal finds that the administration charges of £300.80 are payable.

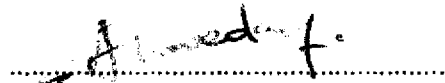
CONCLUSIONS

49. The Tribunal therefore determines that the respondent is liable for the following:

Item	2004/05		2005/06		2006/07	
	Relevant cost	R's liability	Relevant cost	R's liability	Relevant cost	R's liability
Electricity	£ 87.26	£ 21.82	£ 89.43	£ 22.36		
Insurance	£1,144.27	£ 286.07	£2,226.50	£ 556.63		
Repairs	£ 152.75	£ 38.19	£ 629.20	£ 157.30		
Asbestos	£ 352.50	£ 88.13				
Management	£ 587.52	£ 146.88	£ 705.00	£ 176.25		
Interim charge					£2,462.00	£ 615.50
Arr. Recovery					-	£ 300.80
TOTAL	£2,324.30	£ 581.09	£3,650.13	£ 912.54	£2,462.00	£ 916.30

50. In relation to 2004/05, the applicant informed the Tribunal (and it was not challenged) that the respondent paid £227.01 on account leaving a balance of £354.08 due. In relation to 2005/06, the respondent did not pay any sums and the sum of £912.54 is payable. In relation to 2006/07, the interim charge and arrears recovery charge amount to £916.30. **The Tribunal therefore determines that the sum of £2,409.95 is payable.**

51. It is understood that interest is claimed under section 69 of the County Courts Act 1989 rather than under the terms of the Lease. The Tribunal therefore has no jurisdiction to determine the amount of any interest payable on the above sum, which is in the discretion of the court. There is also a claim for court fees, which again is outside the Tribunal's jurisdiction.



Mark Loveday BA(Hons) MChIArb
Chairman

1 November 2007