

SOUTHERN RENT ASSESSMENT PANEL  
LEASEHOLD VALUATION TRIBUNAL

Case No: CHI/24UF/LSC/2007/0112

Application under Section 27A of the Landlord and Tenant Act 1985

Re: The Village, Grange Road & Nimrod Drive, Gosport, Hants

Applicant                      Rowner Estates Limited  
   The Village Residents Association

Respondent                    None

Date of Application                      18<sup>th</sup> December 2007

Date of Inspection                        11<sup>th</sup> August 2008

Date of Hearing                            none

Members of the Leasehold Valuation Tribunal:

M J Greenleaves                      Lawyer Chairman

D Lintott FRICS                        Valuer Member

Date of Tribunal's Decision:            29<sup>th</sup> October 2008

**Decision**

1. The Tribunal determines in accordance with the provisions of Section 27A of the Landlord and Tenant Act 1985 (the Act) that for the calendar years 2006, 2007 and 2008 the following are reasonable sums and payable in respect of The Village, Grange Road and Nimrod Drive, Gosport (the premises):

- a. For each year in question each item of service charge claimed as set out on Pages 8, 12 and 14 of the bundle of documents submitted is reasonable and payable save for Management Fees
- b. Management Fees. For each of the accounting years 2006, 2007 and 2008 the reasonable sum for management fees is, per year, £39,130 plus VAT.

## **Reasons**

### **Introduction**

2. This was an application made by Labyrinth Properties Limited (Labyrinth), managing agents for the Landlord Rowner Estates Limited (Rowner) and The Village Residents Association (the Association) for determination by the Tribunal under Section 27A of the Landlord and Tenant Act 1985 of the reasonable sums payable in respect of service charges for the accounting years 2006, 2007 and 2008.
3. The application for the years 2006 and 2007 is based on accounts of actual expenditure for those years and for the year 2008 are budgeted figures. The relevant sums submitted for determination by the Tribunal are set out at Pages 8, 12 and 14 of the bundle of documents submitted by Labyrinth to the Tribunal in support of the application.

### **Inspection**

4. On 11<sup>th</sup> August 2008 the Tribunal inspected the premises in the presence of Messrs Faulkner and Shute and Ms Drew of Labyrinth and Mrs Walker, Chair of the Association.
5. The premises had been constructed in the 1960s as quarters for military personnel. The premises are constructed of concrete under flat roofs and comprise 301 flats and 12 commercial units all in 6 blocks laid out in substantial grounds including parking and garden grounds. A significant number of the flats are understood to be unoccupied. The common parts include external walkways to flats above ground level and lifts (no longer in use).
6. The whole development appears to be in poor condition for its age and character. No substantial works of repair have been carried out for some time as it is anticipated that subject to planning permission the site and other premises in the locality will be redeveloped in the foreseeable future. So it is generally accepted by landlord and lessees that maintenance and repairs should be kept to a minimum.

### **Representations**

7. By direction of the Tribunal notice of the application had been served on the lessees by advertisement. No lessees had applied to be joined as a Respondent and, prior to the inspection, no representations had been received from potential respondents. After the inspection representations had been received

but they were subsequently withdrawn. The only other representations were received on behalf of the Landlord from Labyrinth and these had been augmented as a result of further enquiries from the Tribunal.

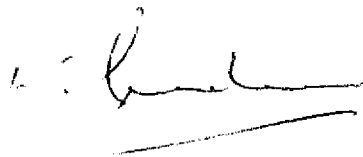
8. No party had requested a hearing.

### **Consideration**

9. The Tribunal considered all of the case papers, those subsequently provided by Labyrinth and also took into account its inspection.
10. In the light of the bundle of documents provided and taking into account its inspection, using its own knowledge and experience the Tribunal was initially satisfied that each of the service charge items set out on Pages 8, 12 and 14 of the bundle of documents was reasonable for the work/services done or, for 2008, was a reasonable budgeted sum save for:
  - a. Management fees
  - b. Insurance premium/Security
  - c. Rates/water
  - d. Landscaping & cleaning.
11. Management fees. From its own knowledge and experience, the Tribunal would normally expect a reasonable rate of fee to be calculated per flat at about £150 per year. However, in such cases, the units would be almost entirely occupied and there would be a significant management workload in dealing with day to day issues, repairs and maintenance as well as major work. At the Village, the Tribunal considered there would be significantly less management time involved because of the decision not to keep the premises in good repair, many units being unoccupied and also the Association itself appears to carry out a good deal of day to day work which a managing agent would otherwise need to do. For these reasons the Tribunal found that a reasonable fee for each of the years in question would instead be £39,130 plus VAT.
12. Insurance premium/security. The Tribunal was initially not satisfied that the level of premium had been tested in the market or that the level of on-site security actually provided was a requirement of insurers. However Labyrinth provided the Tribunal with documents which satisfied the Tribunal on both points. It accordingly found the sums set out on Pages 8, 12 and 14 of the bundle of documents in respect of insurance premium and security were reasonable.
13. Rates/water. The Tribunal initially noted that no provision was made in the 2008 budget for this item. The expenditure under this head for 2006 and 2007 did not seem to be consistent with there being no budgeted provision. However, from further explanation and documents provided by Labyrinth the Tribunal is now satisfied that the nil provision for 2008 arises as a demand has yet to be received.
14. Landscaping/cleaning. Initially the Tribunal was unable to reach a decision about this item in view of the extent and complex nature of the site. Further enquiry of Labyrinth showed that it was not known how the contractor had calculated the charges, save that it covered work required by a specification provided by

Labyrinth. However, further enquiry showed that in October 2007 Labyrinth had gone out to tender for this work and of those received, Labyrinth had accepted the lowest. The Tribunal found that this demonstrated the budget for 2008 in this respect was therefore reasonable, but it also considered the tenders provided a reasonable benchmark for 2006 and 2007 and accordingly agreed those figures also.

15. As a result the Tribunal determined that all the figures relating to service charge on Pages 8, 12 and 14 of the bundle of documents, save for those relating to management fees were reasonable.
16. The Tribunal also found that each of the heads of service charge claimed were properly payable under the terms of the flat leases.
17. The Tribunal made its decisions accordingly.



Chairman

A member of the Tribunal  
appointed by the Lord Chancellor