SOUTHERN RENT ASSESSMENT PANEL LEASEHOLD VALUATION TRIBUNAL

Case No. CHI/OOHN/LDC/2009/0001

REASONS

Application: Section 20ZA of the Landlord and Tenant Act 1985 as amended ("the 1985 Act")

Applicant/Landlord: Belle Vue Gardens Limited

Respondent/Leaseholders: The leaseholders of the Flats

Blocks: Blocks A, B and C, 239 to 243 Belle Vue Road, Southbourne, Bournemouth, Dorset, BH6 3BE

Flats: The residential Flats in the Blocks

Date of Application: 21 January 2009.

Date of Directions: 6 March 2009

Date of Hearing: 7 April 2009

Attendance on behalf of the Applicant/Landlord : Mr John Woodhouse and Mr Jason Dean of

Homecare Property Management

Attendance on behalf of the Respondent/Leaseholders : none

Members of the Leasehold Valuation Tribunal: Mr P R Boardman JP MA LLB (Chairman), Mr K M Lyons FRICS, and Mr J Mills

Date of Tribunal's Reasons: 9 April 2009

Introduction

- 1. This Application by the Applicant/Leaseholders is under section 20ZA of the 1985 Act, namely for the Tribunal to determine whether it is reasonable to dispense with the consultation requirements referred to in section 20 of the 1985 Act, and set out in the Service Charges (Consultation Requirements) (England) Regulations 2003 ("the 2003 Regulations")
- 2. On the 6 March 2009 the Tribunal gave directions
- The hearing of the application took place on the 7 April 2009.

Statutory provisions

- 4. Section 18 of the 1985 Act provides as follows:
 - 18 Meaning of "service charge" and "relevant costs"
 - (1) in the following provisions of this Act "service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent
 - (a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and
 - (h) the whole or part of which varies or may vary according to the relevant costs
 - (2) the relevant costs of costs or estimated costs incurred or could be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable
- Section 20 of the 1985 Act provides as follows:
 - 20 Limitation of service charges; consultation requirements
 - (1) Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsection (6) or (7) (or both) unless the consultation requirements have been either—
 - (a) complied with in relation to the works or agreement, or
 - (b) dispensed with in relation to the works or agreement by (or on appeal from) a leasehold valuation tribunal,
 - (2) In this section "relevant contribution", in relation to a tenant and any works or agreement, is the amount which he may be required under the terms of his lease to contribute (by the payment of service charges) to relevant costs incurred on carrying out the works or under the agreement.
 - (3) This section applies to qualifying works if relevant costs incurred on carrying out the works exceed an appropriate amount.
 - (4) The Secretary of State may by regulations provide that this section applies to a qualifying

long term agreement—

- (a) if relevant costs incurred under the agreement exceed an appropriate amount, or
- (b) if relevant costs incurred under the agreement during a period prescribed by the regulations exceed an appropriate amount.
- (5) An appropriate amount is an amount set by regulations made by the Secretary of State; and the regulations may make provision for either or both of the following to be an appropriate amount—
- (a) an amount prescribed by, or determined in accordance with, the regulations, and
- (b) an amount which results in the relevant contribution of any one or more tenants being an amount prescribed by, or determined in accordance with, the regulations.
- (6) Where an appropriate amount is set by virtue of paragraph (a) of subsection (5), the amount of the relevant costs incurred on carrying out the works or under the agreement which may be taken into account in determining the relevant contributions of tenants is limited to the appropriate amount.
- (7) Where an appropriate amount is set by virtue of paragraph (b) of that subsection, the amount of the relevant contribution of the tenant, or each of the tenants, whose relevant contribution would otherwise exceed the amount prescribed by, or determined in accordance with, the regulations is limited to the amount so prescribed or determined
- 6. The material parts of the 2003 Regulations are:

Reg. 2 (1) In these Regulations-

"relevant period", in relation to a notice, means the period of 30 days heginning with the date of the notice

Reg. 6

For the purposes of subsection (3) of section 20 the appropriate amount is an amount which results in the relevant contribution of any tenant being more than £250

Schedule 4 Part 2

Para 8

- (1) The landlord shall give notice in writing of his intention to carry out qualifying works-
 - (a) to each tenant: and
 - (b) where a recognised tenants' association represents some or all of the tenants, to—the association.
- (2) The notice shall-
 - (a) describe, in general terms, the works proposed to be carried out or specify the place and hours at which a description of the proposed works may be inspected;
 - (b) state the landlord's reasons for considering it necessary to carry out the

proposed works;

- (c) invite the making, in writing, of observations in relation to the proposed works; and
- (d) specify— (i) the address to which such observations may be sent;
 (ii) that they must be delivered within the relevant period;
 and
 - (iii) the date on which the relevant period ends,

Para 11

- (1) Where, within the relevant period, a nomination is made by a recognised tenants' association (whether or not a nomination is made by any tenant), the landlord shall try to obtain an estimate from the nominated person.
- (2) Where, within the relevant period, a nomination is made by only one of the tenants (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate from the nominated person.
- (3) Where, within the relevant period, a single nomination is made by more than one tenant (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate-
 - (a) from the person who received the most nominations; or
 - (b) if there is no such person, but two (or more) persons received the same number of nominations, being a number in excess of the nominations received by any other person, from one of those two (or more) persons; or
 - (c) in any other case, from any nominated person.
- (4) Where, within the relevant period, more than one nomination is made by any tenant and more than one nomination is made by a recognised tenants' association, the landlord shall try to obtain an estimate-
 - (a) from at least one person nominated by a tenant; and
 - (h) from at least one person nominated by the association, other than a person from whom an estimate is sought as mentioned in paragraph (a).
- (5) The landlord shall, in accordance with this sub-paragraph and sub-paragraphs (6) to (9)-
 - (a) obtain estimates for the carrying out of the proposed works;
 - (b) supply, free of charge, a statement ("the paragraph (b) statement") setting out-
 - (i) as regards at least two of the estimates, the amount specified in the estimate as the estimated cost of the proposed works; and
 - (ii) where the landlord has received observations to which (in accordance with paragraph 3) he is required to have regard, a summary of the observations and his response to them; and
 - (c) make all of the estimates available for inspection.
- (10) The landlord shall, by notice in writing to each tenant and the association (if any)-
 - (a) specify the place and hours at which the estimates may be inspected;
 - (b) invite the making, in writing, of observations in relation to those

estimates:

(c) specify— (i) the address to which such observations may be sent;

(ii) that they must be delivered within the relevant period; and

(iii) the date on which the relevant period ends.

Documents

7. The documents before the Tribunal are the application and supporting documents numbered 1 to 47 in the Tribunal's bundle, and a report by Bennington Green and EGM minutes produced by Mr Woodhouse at the hearing

Inspection

- 8. The Tribunal inspected the exterior of the Blocks on the morning of the hearing on the 7 April 2009. Also present were Mr Dean, Mrs Jean Coleman, chairman of the residents' association, and, for the latter part of the inspection, Mr Woodhouse, after being telephoned by Mr Dean with a request to attend
- 9. The Blocks were adjacent to each other, Block A was to the north, and Block C to the south. They were all three storey blocks of flats with garages underneath. They were brick faced with flat roofs
- 10. There are plans at pages 10 to 12 of the Tribunal's bundle
- 11. The Tribunal inspected the interior of flat 41 on the top floor in the north-west corner of Block B. The leaseholder was present, Mrs Coleman said that there had been water ingress into the main bedroom on the west facing wall. It had been inspected by a surveyor from Bennington Green, who had said that it appeared that the metal lintel had corroded because of water ingress and that the wall above was cracking. Mrs Coleman said that the water ingress took the form of water globules forming and then dripping. It had been bad for about three years but had been worse this last winter. The wallpaper had bubbled, but the lack of recent rain has meant that the paper had now all settled back.
- 12. Mrs Coleman said that the roof construction was a concrete roof slab with felt covering. The surveyor had said that there was about five years life left in the roof so that was no need to recover the roof yet but there would need to be peripheral work such as repairing lead flashing in the meantime.
- 13. The Tribunal also inspected that 17 on the top floor in the north-west corner of Block A. The leaseholder was present and stated that in the small bedroom water globules formed along the top of the coving on the west facing wall, which then dripped. There were similar, although lesser, problems in the bathroom and kitchen although none in the large bedroom. The worst problems were in the living room, where there had been drips in the north-west and north-east corners. In the north-west corner there was a constant flow of water during persistent rain

14. The Tribunal were later able to see some ponding on the roof of Block A from a vantage point in Belle Vue Crescent

The Leases

- 13. Mr Woodhouse stated at the hearing that there were 73 flats in the three Blocks. There had been an enfranchisement of the freehold, although some tenants, numbering no more than 10, had not participated. The non-participating tenants had leases in an old form, which was not before the Tribunal. The participating tenants all had Leases in similar terms to the Lease of Flat 53 in Block C copied at pages 16 to 41 of the Tribunal's bundle. The landlord was Belle Vue Gardens Limited and the participating tenants were shareholders in that company
- 14. For the purposes of these proceedings the material parts of the Lease of Flat 53 are as follows:

Second Schedule The Reserved Property

..... the main structural parts of the [Blocks].....including the roofs......

Sixth Schedule Paragraph 27(a)

The Lessee shall pay to the Lessor.....such proportion of the Maintenance Charge as the [Flat] bears to the number of flats actually constructed

Seventh Schedule Paragraph 4

The Lessor shall keep the Reserved Property.....in a good and substantial state of repair decoration and condition including the replacement of all worn or damaged parts......

Eighth Schedule Maintenance Charge

The expression "Maintenance Charge" in this Lease shall mean all the costs charges and expenses incurred by the Lessor in carrying out its obligations under the Seventh Schedule......[including]:

(a) the maintenance repair and decoration of the Reserved Property

Estimates and Quotations Provided in Evidence

15. An estimate from R Sullivan Roofing & Building stated that the flat roof to the first block had a lot of water lying away from the water outlets. That indicated that the levels of the roof were not correct and would have to be corrected as it had now caused some water ingress to a number.

- of flats, namely flat 17 and possibly flat 41.
- 16. The flat roofs were 15 years old and were now at the end of their natural life span and would have to be replaced. When this was done the levels to the roofs would have to be put right to correct the problem that had occurred.
- 17. To correct the roof fall it was recommended that the roof be boarded and that firring strips be used to taper the roofs to the outlets. This would stop the ponding and undue weight of water on the roof structure
- 18. Two of the three blocks had been inspected. Both had the same problems
- 19. The roof area was approximately 750 m². Each had an upstanding of about 100 mm which would give enough height to correct the falls
- 20. A handrail would have to be erected round the flats for health and safety reasons at a cost of £3000
- 21. The cost of completing the flat roofs would depend on the covering required
 - a. low cost £15,000 cheap board £7500
 - b. medium cost £18,750 quality board £11,250
 - c. top cost £26,250 quality board £11,250.
- 22. The costing was for each block. All work would be carried out courteously and with the safety of all tenants in mind. All work was insured and guaranteed
- 23. A quotation from C & D Roofing dated the 13 January 2009 offered three options:
 - a. strip off the drip edge and detail flashings. Cut out any blisters, prime entire roof area, and overlay with Soprema 15-year insurance-backed warranty membrane £20,928 plus VAT
 - strip off old roofing material and clear from site. Prime decking and supply and install.
 Pluvited 15-year insurance-backed warranty membrane £27,468 plus VAT.
 - c. strip off old roofing material and clear from site. Prime decking, supply and install vapour barrier, 80 mm insulation board, stuck in hot bitumen and Pluvitec 15-year insurance-backed warranty membrane £37,932 plus VAT
- 24. Prices were for each block and were based on 654 m³. All of the prices included new edge details, flashings to roof lights and SV pipes, new lead outlets, and detailing to roof lights
- 25. Full specifications by the material manufacturers would be written up and available in due course
- 26. C & D Roofing would issue a 20-year labour and material guarantee on all of these systems in conjunction with the insurance backed warranty
- 27. No scaffold had been allowed for in the prices
- 28. A manuscript note at the foot of the quotation stated "not including scaffolding £2,500/£3,000"
- 29. An estimate from Steven Morton Felt Roofing dated the 12 January 2009 stated that the roof area was approximately 700 m²
- 30. The cost would be £23,500 plus VAT at 15% (per block):

- a. erect access scaffold with perimeter safety rail all round
- b. strip and dispose of existing waterproofing
- inspect decking material and report any defects to client
- d. supply and fix an INDEX High Performance roofing system:
 - one layer 2 mm glass fibre-based underlay, partially bonded to deck
 - one layer 4 mm polyester-based cap sheet
- e. including all perimeter detailing and pipes
- f. finished with a mineral surface.
- g. remove scaffold
- the system had a ten-year manufacturers-backed guarantee
- 31. There were areas on the roofs which did not drain well into the four internal applets provided
- 32. One way to effectively improve the falls was by utilising a cut to fall PUR insulation board. This could be bonded to the existing waterproofing which would act as a vapour barrier, creating a warm roof
- 33. Due to the increase in thickness of the roofing system some additional timber/UPVC works would be required to the perimeters
- 34. The additional cost of this would be £26,300 plus VAT per block
- 35. To confirm the feasibility of the suggestion a core sample would need to be carried out
- 36. Standing water on an INDEX felt roof did not affect the guarantee
- They would like to ascertain the cause of any existing water penetration before any works were undertaken

The Application

- 38. The Applicant/Landlord stated that the case was urgent because the quotations explained that there was now ingress of water to the upper floor flats because the flat roof was no longer suitable
- Page 7 of the application, entitled "grounds for seeking dispensation" was blank

Directions

- 40. In the directions dated the 6 March 2009 the Tribunal directed that the Applicant/Landlord should prepare a bundle of documents for the Tribunal containing copies of all documents, witness statements, and reports which the Applicant/Landlord relied on in support of its application
- 41. No further documents were received by the Tribunal prior to the hearing

Further documents

42. At the inspection, in the light of Mrs Coleman's statement that the surveyor had said that there was about five years life left in the roof so that was no need to re-cover the roof yet but would need to do peripheral work such as lead flashing in the meantime, the Tribunal suggested to Mr Woodhouse that he might wish to consider bringing to the hearing any relevant papers in

- relation to the peripheral work referred to
- 43. At the hearing Mr Woodhouse produced copies of the report by Bennington Green dated the 28 January 2009 and the minutes of an extraordinary general meeting of Belle Vuc Gardens Residents' and Leaseholders Association dated the 7 February 2009
- 44. The Bennington Green report stated that their instructions were to advise on the condition of the flat roof areas to Blocks A, B and C. No action on any other part of the property had been undertaken. No destructive tests had been undertaken except for Block A, where the roofing felt had been lifted in two areas to view the substrate condition. Each roof appeared to be about 15 years old and therefore nearing the end of its useful life span. Water retention due to lack of falls was consistent across each roof. However internal water ingress to flats was reported to be low, confirming no significant breaches of the felt covering. Due to the numerous repairs evident to the roof edge perimeter, further inspection shall be carried out to ascertain elements of potential failure. It was unclear at that stage whether the repairs were a satisfactory means of preventing water ingress. Recommendations were set out in paragraph 6 of the report as follows:
 - 6.1. it was unnecessary at that stage to renew each of the roofs, which might last for up to a further five years, but it was recommended that funds be set aside to address the issue when failure did occur
 - 6.2. annual inspection should be carried out
 - 6.3. renewal of the roof lights should be considered in due course
 - 6.4. at the stage where renewal of the coverings was considered to be the only option, compliance with the insulation levels required under the current approved document part L of the building regulations for thermally upgrading the roof would be required, the cost of which would significantly increase the overall project cost
 - 6.5. as part of the renewal process, falls in the covering could be designed to run towards the collection outlet locations
 - 6.6. replacement of the vent cowls should also be undertaken
 - 6.7. further inspection by means of intrusive surveys, including the removal of brickwork, should be carried out to the edge detail to ascertain elements of failure
 - 6.8. encapsulation of the edge masonry could be carried out to assist in potential thermal bridging through the concrete slab, and fitting a PVCu fascia with a felt roof trip detail formed over the fascia to create a sealed juncture, with lead flashing at the base of the fascia continuing to be used to form a weathertight juncture and, at the same time, fitting insulation between the masonry and PVCu board to reduce the likelihood of cold bridging occurring
 - 6.9. a full scaffold system would be required around all elevations
 - 6.10. to establish budget costings, clarification of the roof system product should be agreed, as various systems were available on the market, dependent on budget
- 45. The minutes of the EGM stated that:
 - a. dampness had occurred in a top floor flat of Block B, resulting in some remedial work to the external wall, which had not been successful

- b. just before Christmas 2008 water ingress had been reported in a top floor flat in Block
 A
- the roofs had been checked and quotations received from contractors
- d. in view of the differences in the estimates and the complexity of the work, Bennington Green had prepared a report, copies of which had been distributed at the meeting
- e. the committee's recommendation was to effect immediate repairs to Blocks A and B by repairing the roof edge in detail, encapsulating the stonework above, and addressing the problem of poor insulation around the edges of the roofs
- f. the roofs would then be re-felted as and when necessary
- g. the main cost would be that of scaffolding
- h. it was expected that the entire work would cost about £21,000 for each block
- Mr Woodhouse emphasised that the work would have to be put in hand immediately because of severe water ingress into flats 17 and 41
- j. the committee recommended that a roof fund be built up to enable the remainder of the work to be addressed as a second phase, costing in the region of £70,000 a Block
- k. an immediate levy of £300 a flat would be necessary to action the roof edge and repairs to Blocks A and B and address the vent cowls to Block C together with an allocation of £300 per flat from the reserve fund
- it was then hoped that by collecting a sum of £50 a flat a month for five years, in addition to the maintenance and service charges, sufficient funds could be built up to refelt all three Blocks
- m. the existing falls on the roofs did not allow water to run into the outlet pipes which would have to be rectified
- also, the re-felting of the roofs would have to comply with new building regulations regarding additional insulation
- the surveyor expected the existing with have a life of no more than five years, and had advised that they should be inspected annually in the meantime
- the figures given at the meeting were simply estimates, and firm quotations were still to be obtained
- q. Mr Woodhouse advised that he had applied to the Tribunal for permission to dispense with a section 20 notice to allow the work to proceed urgently because the cost of the work would exceed £250 a flat

The bearing

- 46. Mr Woodhouse said that the application had been made at a time when it had been intended to carry out a complete re-roofing to blocks A and B because of the water ingress to flats 17 and 41. However, Bennington Green has taken core samples from the Block A roof which indicated that the material under the felt was dry and sound, and had advised that:
 - a. re-roofing was not required for another 2 to 5 years
 - b. under new building regulations insulation was required when re-roofing

- the falls in the roof were not correct so that water did not drain into the proper outlets, resulting in ponding
- d. the immediate problem was with the perimeter detail which needed to be addressed immediately
- 47. There had been an urgent committee meeting of the residents' association in January. An EGM had been called for the 7 February. Mr Woodhouse had obtained verbal estimates for installing insulation of about £300 a flat. The total cost would be about £70,000-£80,000 a Block including the insulation and the altering of the falls. This would amount to about £950 a flat. It had been agreed to use £300 a flat from the reserve fund and to levy a further £300 a flat to cover the perimeter roof detail. Most residents had now paid that levy. It was also agreed that each tenant would pay £50 a month by standing order from October for the main roof replacement
- 48. Mr Woodhouse said that the urgency of the application had therefore dissipated. However, there was a need to make flats 17 and 41 watertight, and the application was now for dispensation for the perimeter detail work. This would cost £14,122 including VAT a block, which amounted to about £193 a flat. Professional fees would be payable in addition. The plan was to do Block B first and then Block A. There was no urgency to do Block C
- 49. The exact prices had not been available at the EGM, at which he had given an approximate figure of £20,000. R Sullivan Roofing & Building and C & D Roofing had subsequently provided quotations. The tenants had not yet seen those quotations, and Mr Woodhouse did not have them with him at the hearing to show the Tribunal
- 50. When asked by the Tribunal whether there was any evidence that the perimeter detail was out of repair for the purposes of the service charge provisions in the lease. Mr Woodhouse said that there had been water ingress into flats 17 and 41 and, although there was no evidence of water ingress into other flats, Bennington Green had advised that the whole of the perimeter works should be carried out, and that it would not be cost-effective to erect scaffolding and earry out works only to the parts of the perimeter affecting flats 17 and 41, compared with the cost of carrying out the perimeter works to the whole of the roof at the same time
- 51. When asked by the Tribunal whether there had been a specification for the proposed perimeter detail works. Mr Woodhouse said that the required works had been set out in Bennington Green's report, and a copy of the report had been sent to the contractors. In addition C & D Roofing and R Sullivan Roofing & Building had met Bennington Green on site to discuss what was needed

The Tribunal's findings

- 52. It is of course open to the parties to a lease to agree that any works should be carried out and that the cost should be included in the service charge payable by the tenants. However, in an application under section 20ZA of the 1985 Act to dispense with the consultation requirements referred to in section 20 of the 1985 Act, the Tribunal has to be satisfied, among other matters, that:
 - a. the costs are relevant costs for the purposes of section 18 of the 1985 Act, and, in turn, that the proposed works are works for which the landlord is entitled to include the cost in a service charge payable by the tenants
 - b. it is reasonable in all the circumstances to dispense with the protection given to the tenants by the consultation requirements referred to in section 20 of the 1985 Act

- 53. Having considered all the evidence in the round, the Tribunal finds, in relation to the proposed works, that
 - a. the works referred to in the quotations attached to the application were re-roofing works, whereas it is clear from the evidence now before the Tribunal, including the report by Bennington Green, the EGM minutes, and the evidence of Mr Woodhouse, that those works are no longer intended to be carried out immediately
 - b. the works which are now intended to be carried out are to the perimeter edge detail
 - c. in relation to the parts of the perimeter edge adjacent to the areas identified by the Applicant/Landlord as areas of water ingress into flats 17 and 41:
 - there is no persuasive evidence before the Tribunal that any lack of repair of the
 perimeter edge has caused any water ingress, or that, accordingly, the proposed
 works are works of repair for which the Applicant/Landlord is entitled to include the
 cost in a service charge payable by the Respondent/Leaseholders
 - there are before the Tribunal no specifications for the proposed works or written
 quotations for their cost, and the Tribunal is not persuaded that any part of the report
 by Bennington Green was intended to be, or is detailed enough to be capable of
 amounting to, a sufficient specification
 - there is no evidence before the Tribunal that any specifications for the proposed works or written quotations for their cost have been sent to the Respondent/Leaseholders
 - there is before the Tribunal no persuasive evidence that the proposed works are so urgent that the tenants should be deprived of some or all of their protection under section 20 of the 1985 Act, in that:
 - o there is no evidence before the Tribunal of any recent water ingress
 - in any event, it is likely that the Applicant/Landlord would not carry out the proposed works until sufficient funds had been received from the tenants
 - d. in relation to the remaining parts of the perimeter edge:
 - there is no persuasive evidence before the Tribunal that there is any lack of repair of
 the perimeter edge, or that, accordingly, the proposed works are works of repair for
 which the Applicant/Landlord is entitled to include the cost in a service charge
 payable by the Respondent/Leaseholders
 - there are before the Tribunal no specifications for the proposed works or written quotations for their cost
 - there is no evidence before the Tribunal that any specifications for the proposed works or written quotations for their cost have been sent to the Respondent/Leaseholders
 - there is before the Tribunal no persuasive evidence that the proposed works are so
 urgent that the tenants should be deprived of some or all of their protection under
 section 20 of the 1985 Act, in that it is likely that the Applicant/Landlord would not
 carry out the proposed works until sufficient funds had been received from the
 tenants

- e. despite the fact the Applicant/Landlord's agent had been aware that the problems of water ingress in flat 41 had been experienced for at least 3 years and that the nature of the roof repair work had been changed from replacement to perimeter detailing on the 7 February 2009, two months before the date of the hearing, no attempt had been made to commence any part of the procedures under section 20 of the 1985 Act to advise tenants of the nature and cost of the proposed works.
- 54. In all the circumstances it is not reasonable to dispense with the consultation requirements referred to in section 20 of the 1985 Act, so far as the proposed works are concerned
- 55. The application is dismissed

Dated the 9 April 2009

P R Boardman (Chairman)

A Member of the Southern Leasehold Valuation Tribunal appointed by the Lord Chancellor