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H M COURTS AND TRIBUNAL SERVICE

LEASEHOLD VALUATION TRIBUNAL

Section 27A and Section 20C Landlord & Tenant Act 1985 (as amended)

DECISION

Case Number: CHI/00HN/LSC/2012/0032

**Property: Halebrose Grange
729-735 Christchurch Road
Bournemouth
Dorset BH7 6AQ**

**Applicant: Miss D. Rendell (Flat 6)
Miss C. Bevis (Flat 4)**

Respondent: Long Term Reversions Limited

Application: 25th February 2012

Directions: 7th March 2012

Hearing: 21st May 2012

**Appearances: For the Applicant – Miss Rendell and Miss Bevis
Representing themselves**

**For the Respondent: Mr. Martin Palumbo (Property Manager)
Countrywide Managing Agents
Mrs. Sophie Wisdom – Solicitor with Leasehold Legal Services**

**Observers: Mr. Bevis (Father of Miss Bevis)
Miss Sioned Cowell - Leasehold Legal Services.**

Decision: 18th June 2012

**Members of the Leasehold Valuation Tribunal
Mr. S. B. Griffin, LLB (Lawyer Chairman)
Miss R. B. E. Bray BSC MRICS (Valuer Member)**

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Property: Halebrose Grange
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Application

1. This was an Application dated 25th February 2012 made by Miss D. Rendell pursuant to Section 27A and 20C of the Landlord and Tenant Act 1985 for a determination of the payability for certain items of service charges for the financial years 2009, 2010 and 2011.
2. Directions were issued on the 7th March 2012 and provided for the Respondent to produce an itemised list of expenditure for each of the years in question and certified annual accounts for that period and for the Applicant to produce a Statement in reply. Both parties complied with this Direction.
3. Mr. Paul Lord (Flat 7) applied to be joined as a party to the application on the 18th May 2012. However, he was neither present nor represented at either the inspection or subsequent hearing.

The Law

4. The Statutory provisions primarily relevant to the Application are to be found in Sections 18, 19 and 27A of the Landlord and Tenant Act 1985. The Tribunal has of course had regard when making its decision to the whole of the relevant Sections as they are set out in the Act but here sets out what it intends shall be a sufficient extract from each Section to assist the parties in reading the Decision.

5. Section 18 of the Landlord and Tenant Act 1985 provides:
 - (i) 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
 - (b) The whole or part of which varies or may vary according to the relevant costs.
 - (ii) The relevant costs are the costs or estimated costs incurred or to 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.
 - (iii) For this purpose,
 - (a) "Costs" include overheads, and
 - (b) Costs or relevant costs in relation to a service charge whether they are incurred or to be incurred in the period for which the service charge is payable or in an earlier or later period.

6. Section 19 of the Landlord and Tenant Act 1985 provides:-

- (i) Relevant costs shall be taken into account in determining the amount of a service charge payable for a period
 - (a) Only to the extent that they are reasonably incurred, and
 - (b) Where they are incurred on the provision of services or in the carrying out of works only if the service or works are of a reasonable standard; and the amount payable shall be limited accordingly.
- (ii) Where a service charge is payable before the relevant costs are incurred no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction of subsequent charges or otherwise.

7. Section 27A of the Landlord and Tenant Act 1985 provides for an Application to be made to the Tribunal for a determination as to whether the service charge is payable and if it is as to:

- (a) The person by whom it is payable
- (b) The person to whom it is payable.
- (c) The amount which is payable.
- (d) The date at or by which it is payable, and
- (e) The manner in which it is payable.

- (2) Sub Section (1) applies whether or not any payment has been made.

- (3) An Application may also be made to a Leasehold Valuation Tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs, and if it would, as to
 - (a) The person by whom it will be payable.
 - (b) The person to whom it would be payable.
 - (c) The amount which would be payable.
 - (d) The date at or by which it would be payable and
 - (e) The manner in which it will be payable.

There are other provisions which are not relevant to this case.

8. Section 20 of the Landlord and Tenant Act 1985 provides that where a Landlord proposes to carry out works of repair, maintenance or improvement which will cost an individual service charge payer more than £250. 00(inclusive of VAT) he must, before proceeding, formally consult all those expected to contribute to the costs. This has the dual effect of giving notice of his intentions to the Leaseholder and seeking their view on the proposed works. The Landlord must serve a notice of intention on each Leaseholder which describes in general terms those works or

specifies where the proposed works can be inspected and the hours between which it can be inspected. The inspection facilities must be made available free of charge at a specified time and place. If at that time and place there are no facilities for photocopying the proposals, then the Landlord must on request provide a copy of the description. The notice must explain why the Landlord considers the work necessary and identify the persons the Landlord has asked or proposes to ask for an estimate of costs. It must invite observations in writing and state where the observations should be sent. It must invite the Leaseholder to nominate the persons from whom the Landlords should try and obtain an estimate. The Leaseholder has a period of 30 days in which to send his views to the Landlord. If it is a case where the Leaseholder is able to nominate a contractor and more than one nomination of an alternative contractor is made then the Landlord must obtain an estimate from:-

- (i) The person who has received the most nominations or
- (ii) If two or more persons receive the same number of nominations then he can seek an estimate from any one or more of these nominees. If neither (i) or (ii) applies then he must obtain an estimate from any nominees.

At least one of the estimates must be from a contractor wholly unconnected with the Landlord. Where the leaseholders have nominated a contractor, the Landlord must try and obtain an estimate from that contractor and include this in the estimate available to the leaseholder.

In most cases, the Landlord must serve a second notice on the Leaseholder, the Notice of Proposals. This sets out the details of the proposed works and the likely costs. The Landlord must supply a statement setting out the estimated amounts of the proposed works, specified in at least two of the estimates, and make available for inspection all of the estimates for the work without charge. Again, he must invite observations and allow 30 days for them to be made. The Landlord must have regard to the observations he has received.

9. Section 20B Landlord and Tenant Act 1985 provides:-

- (i) If any of the relevant costs taken into account in determining the amount of any service charge were incurred more than 18 months before, a demand for payment of the service charge is served on the tenant, then subject to sub-section (2), the Tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred.
- (2) Sub-section (1) shall not apply if, within the period of 18 months beginning with the date where the relevant costs in question were incurred, the tenant was notified in writing that those costs had been incurred and that he would subsequently be required under the terms of his Lease to contribute to them by the payment of a service charge.

10. Section 20C of the Landlord and Tenant Act 1985 entitles a Lessee to make an application for an Order that all or any of the costs incurred or to be incurred by the Landlord in connection with proceedings before a Leasehold Valuation Tribunal are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the Tenant or by any other person or persons specified in the application.

Lease

11. The Tribunal had a copy of the Lease of the first floor flat of Halebrose Grange 729-735 Christchurch Road Bournemouth which is dated the 19th June 1990 and is for a term of 125 years (less the last ten days) from the 25th March 1989 subject to a ground rent of £50 per annum.
12. The provisions relating to the payment of the service charge are to be found at clause 3 of the lease which provides "the tenants agree with the Landlords ...
2.2 To pay the service charge calculated in accordance with the Third Schedule on the date stated therein".....
13. The Third Schedule provides under the heading "service charge"

1. "Service costs" means the amount the Landlords through the managers spend in carrying out all the obligations imposed by this Lease and the Head lease (other than the covenant for quiet enjoyment) including the cost of borrowing money for that purpose.

"Final service charge" means one eleventh part of the service cost.

"Interim service charge instalment" means a quarterly payment on account of the final service charge which is £30 until the Landlords give the tenants the first service charge statement (mentioned below), and after that is a quarter of the final service charge on the latest service charge statement.

2. The Landlords must

- (a) Keep a detailed account of service costs
- (b) Have a service charge statement prepared for each period ending on 31st March during the Lease period which
 - (i) States the service costs for that period with sufficient particulars to show the amount spent on each major capital expenditure
 - (ii) States the amount of the final service charge.

- (iii) States the total of the interim service charge instalments paid by the tenants.
- (iv) States the amount by which the final service charge exceeds the total of the interim service charge instalments ("negative balance") or vice versa ("positive balance").
- (v) Is certified by a Member of the Institute of Chartered Accountants in England and Wales and it is a fair summary of the service costs set out so that it shows how they are or will be reflected in the final service charge, and is sufficiently supported by accounts, receipts and other documents which have been produced to him.

3. On each day on which rent is due under this Lease the tenants are to pay the Landlord an interim service charge instalment.

4(a) If a service charge instalment shows a positive balance, the Landlords must hold that sum to the credit of the tenant to be offset against future instalments

(b) If a service charge statement shows a negative balance the tenants must pay that sum to the Landlord within 14 days after being given the statement.

5. Every service charge statement is conclusive as to the information in it.

6.The Landlords are entitled but not compelled to carry out all functions and responsibilities on management through the managers.

14. Clause 4 of the Lease provides “the landlords agree with the tenants.

4.6.To provide the services listed in the Fifth Schedule for all the occupiers of the building and in doing so:

(i) The Landlord may engage the services of whatever employees, agents, contractors, consultants and advisers the Landlords consider necessary”....

15. The Fifth Schedule under the heading “services to be provided” provides

1. Repairing the roof, outside, main structure and foundations of the building
2. Contributing a fair proportion of the cost of repairing maintaining and cleaning any building property or sewers, drains, pipes, wires and cables of which the benefit is shared by occupiers of the building and occupiers of other property.
3. Decorating the outside of the building once every three years.
4. Repairing and whenever necessary decorating and furnishing the common parts.
5. Lighting and cleaning the common parts.
6. Repairing and maintaining those services in the building and its grounds which serve both the property and other parts of the building.

7. Providing within the building reasonable facilities and arrangements for:
 - (i) Security.
 - (ii) Displaying at the entrance announcements of occupiers' names and locations
 - (iii) Rubbish disposal.
8. Insuring against liability to anyone entering the common parts or the grounds of the building and insuring against employer's liability to anyone employed to provide any of these services.
9. Paying all rates and taxes assessed on or payable in respect of the common parts if any.
10. Obtaining insurance valuations for the building from time to time.
11. Not relevant to this application.
12. Keeping accounts of service costs, preparing and rendering service charge statements and retaining accountants to certify those statements.
16. Clause 4.7 of the Lease provides for the Landlord to maintain a reserve fund in accordance with the Sixth Schedule thereof.
17. The Sixth Schedule provides

1. The Landlords maintain a reserve fund to accumulate in advance the expected cost of the following items of work to the building "reserve fund works" ;
 - (a) Major repairs to the roof and foundations.
 - (b) Exterior and common parts decoration and refurbishment.
2. The Landlords hold the reserve fund in trust for those for the time being liable to pay the costs of reserve fund works.
3. The Landlords estimate the contributions needed by the reserve fund each year and that sum is a service cost when calculating the service charge.
4. In any year in which the whole estimated contribution to the reserve fund is not received, because part of the building is not let on terms that the tenant contribute, the Landlord must pay the balance into the reserve fund.
5. The cost of any reserve fund works must be paid from the reserve fund and only if and to the extent that the fund is insufficient is it to be charged as a service cost.
6. The reserve fund is to be deposited at interest, and all interest earned added to the fund.
7. Every service charge statement is to include a statement of the balance of the reserve fund and of the income and expenditure since the previous statement.

Inspection

18. The Tribunal, in company with the Applicants, and Mr. Palumbo, Mrs. Wisdom and Miss Cowell, inspected the external areas of Halebrose Grange, together with its common parts on the morning of the Hearing. There are 11 flats in total and all are located above ground floor commercial premises which front Christchurch Road Boscombe. The main entrance is via an entrance door located between two of the ground floor shops, which gives access to an entrance lobby from which access to the first floor and above is obtained by a flight of stairs. The Tribunal noted at the time of its inspection there was graffiti on the walls in the external entrance area. Within the lobby, and on the stairs, there was litter, and the carpeting was soiled. One light was not working in the entrance vestibule. The Tribunal was asked to note by the Applicant that the fire door was being used as a rear exit by residents and that the bin store to the rear was used as a dumping ground by outgoing tenants and persons unknown. Also, dampness to the external wall was pointed out, where it bordered the rear fire escape which (coincidentally), constituted an exterior wall to Flat 6.

Hearing

19. Following the Inspection the Hearing took place in Court Room 8, Bournemouth County Court, Deansleigh Road, Bournemouth, Dorset BH7 7DS. It was attended by all parties at the inspection.

20. The Chairman commenced proceedings by outlining to all parties the fact that the Landlord's power to levy a service charge and the leaseholder's obligation to pay it are governed by the provisions of the Lease. The Lease is in essence a contract between the leaseholder and the Landlord and there is no obligation to pay anything other than what is provided for in the Lease. The general principle of a Lease being that a Landlord is not obliged to provide any service which is not covered by the Lease and the leaseholder is not responsible for payment where there is no specific obligation set out in the Lease. When in doubt, reference should be in the first instance to the wording of the Lease. The Tribunal apprehended that the Law expects the Landlord to behave in a "reasonable" manner with regard to his expenditure on the building. Whilst the Landlord is not usually bound to minimize the costs the law states that service charges must be reasonable.

21. The Chairman was also minded to explain for the benefit of the Applicant that not all of the concerns expressed by her in her application could be addressed by the Tribunal under this present application. Some of her concerns were more properly concerned with her (perceived) breach of the contractual obligation owed to her and her co-tenants by the Landlord all of which were not relevant to Section 27.

Representations.

The Applicant's case as is relevant to the issues to which the Tribunal is able to determine primarily turned upon those items of expenditure set forth in the income and expenditure account for each of the three financial years in question.

22. **For the year ended 29th September 2009 such expenditure being.**

Audit Fees	£ 329.00
Insurance Director and Officers	£ 272.37
Insurance Valuation fee	£1,150.00
Cleaning	£1,212.80
Water and Sewerage	£3,085.08
Electricity	£ 254.54
General Repairs and Maintenance	£ 216.64
Management fees	£3,102.43

23. **For the year ended 29th September 2010**

Audit Fees	£ 770.00
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Cleaning	£ 756.40
Water and Sewerage	£4,009.97
Electricity	£ 169.90
General Repairs and Maintenance	£ 580.00
Management fees	£2,688.15
Health and Safety	£ 528.75
Professional fees	£ 1,105.13

24. **For the year ended 29th September 2011**

Audit Fees	£ 449.38
Cleaning	£ 871.60
Water and Sewerage	£ 1,011.07
Electricity	£ 117.67
General Repairs and Maintenance	£16,663.79
Management fees	£ 2,745.63
Health and Safety	£ 331.35
Professional fees	£ 1,227.88

25. It became apparent during the course of the Hearing that at no time throughout the financial periods under consideration had any service charge demand and reminder letter been accompanied by a formal summary of rights and obligations whose content and form is prescribed by Parliament.

26. The Tribunal accordingly considered each accounting period in turn. Namely:

FOR THE YEAR ENDED 29TH SEPTEMBER 2009

27. In respect of the financial period for the year ended 29th September 2009 the respondent informed the Tribunal that the item marked "*audit fees*" referred to the Accountants' invoice relating to the preparation of the income and expenditure account for that period. He contended that such sum was a reasonable fee for services incurred. The Applicant made no objection and that sum was accordingly agreed.

28. The Tribunal was informed that the item marked "*insurance director and officers*" referred to an insurance invoice relating to the property at a time when the Management Company was still active and Directors and Officers Insurance was required to protect the Directors against potential claims. Clause 5.1 of the Lease originally contemplated that the tenants should own the ordinary share in the capital of Halebrose Grange Management Company Limited and that each tenant should be registered as holder of such share within two months of becoming owner of any flat. However, Halebrose Grange Management Company Limited had been dissolved on the 18th May 2010 as no tenant had been forthcoming who was willing to undertake the duties of Directorship. The Tribunal however, upon perusal of the lease, could not find any provision within it entitling the payment of such an amount. One must test the item of expenditure

against what the lease itself allows. Paragraph 8 of the Fifth Schedule thereof is concerned with employer's liability and not that appertaining to its officers.

29. The item marked "*insurance valuation fee*" in the sum of £1,150 was a reasonable sum and payable by virtue of paragraph 10 of the Fifth Schedule of the Lease.

30. The Applicant did however dispute the *charge for cleaning*. The Respondent put in evidence invoices indicating cleaning was being carried out once every two weeks at a rate of £80 per month. The cleaners were expected to carry out general vacuuming, wiping down surfaces, collecting any litter, checking and replacing light bulbs and reporting on any minor works that may be required. However, there was no cleaning contract in place. The Applicants' disputed this and upon further enquiry by the Tribunal it became apparent that Miss Rendell had for the past 6 years herself cleaned the common parts. Hence it was unclear to the Tribunal as to who was doing what at the subject property. What was apparent to the Tribunal was that at the time of the inspection, the common parts were littered and were seemingly badly maintained. The Tribunal considered that a more appropriate charge for the service being provided would be 50% of the amount being charged.

31. With regard to *Water Rates and Sewerage*, the Respondent confirmed that the water and sewerage is communal at the premises and the cost relates to both

provision of the clean and removal of the foul water. The Respondent stated that Wessex Water had indicated to them that an average user for a flat occupied by two people would be £250 per flat for sewerage and £150 per flat for clean water. It was therefore submitted that for 11 flats their charge of £3,085.08 was reasonable. As the Applicants' did not dispute this figure, the Tribunal is prepared to allow it to stand.

32. As regards *electricity*, again the sum in question was not disputed. Hence the figure of £254.54 is payable and reasonable.
33. As regards *general repairs and maintenance* in the sum of £216.64 again this was not disputed and is accepted by the Tribunal as being both payable and reasonable.
34. As regard the *management fees* the Respondent informed the Tribunal that the sum in question (£3,102.43) had been calculated on a per unit basis rather than a percentage basis and that the charges as calculated were based upon £282.00 (inclusive of VAT) per unit. The Applicant in her application had made advertence to the ever increasing management fee and the Tribunal itself considered that in the light of its own collective experience that the quoted figure was somewhat on the high side. It considered the more appropriate figure would be that of £175.00 (plus VAT) at the then prevailing rate, per unit. During the hearing the question also arose as to whether the Lease provided in its terms for

payment of Managing Agents fees. The Tribunal apprehended that in ascertaining whether or not the cost of employing Managing Agents is recoverable, the starting point is as with any other costs, the terms of the Lease. The Respondent contended that clause 4.6 (i) when read in conjunction with the Third Schedule of the Lease allowed for the payment of such service charge by implication if not expressly. The Tribunal was mindful of the decision of Cumming – Bruce L.J in Embassy Court Residents' Association Limited –v- Lipman (1984) 271 E.G.545 at 550 wherein he said “.....it is perfectly clear that if an individual Landlord wants to employ Managing Agents and to recover the cost from the Lessee he must include explicit provision in his Lease”..... However the Tribunal was also mindful of the decision in Lloyds Bank Plc –v- Bowker Orford [1992] 2 E.G.L.R 44 wherein it was held that a clause allowing the lessor to recover “ the total cost.....of providing the services”.... would include the cost of employing Managing Agents to organize and supervise the provision of such services. The Tribunal apprehended that it turns on whether such falls within the production of services demanded by the lease and accordingly was prepared to accept the payability of such services but at the reduced (reasonable) rate of £175 per unit(plus VAT) at the then prevailing rate of 15%.

FOR THE YEAR ENDED 29TH SEPTEMBER 2010

35. It was apparent from the documentation supplied that there was no invoice to support the *audit fee* of £770.00 .The only invoice produced was in the lesser sum

of £360.00 (inclusive of VAT) being a request for payment from L. B. Group for their professional services rendered in connection with the time spent on preparation of income and expenditure for the year ended 29th September 2010. Accordingly the Tribunal was only prepared to allow the sum of £360.00. In any event it apprehended that the balance sum most likely fell within the 18 month rule (see ante) which was not disputed by the Respondent.

36. As regards the *cleaning charge* of (£756.40) the Tribunal noted that this too was based on the same rate as in the previous financial year . Accordingly this was similarly reduced by 50%.

37. The quoted *charges for water and sewerage and electricity* may stand. *Management fees*, again to be reduced to £175 plus VAT per unit at the then prevailing rate of 17.5% . *General repairs and maintenance* may stand. The item marked **Health and Safety**, comprised the fee (£528.75) for a combined Health and Safety/Fire Risk Assessment conducted by ELJAY Health & Safety (Consultancy)Ltd. Whilst the Tribunal accepted that a managing agent must comply with all applicable health and safety requirements it could not see any provision in the lease entitling payment of such. Hence such fee was disallowed. The item marked **Professional Fees** was supported by three invoices in the aggregate sum of £987.63 (and not the figure of £1,105.13 as itemised in the account).The principal sum was £781.38 in respect of an Asbestos Survey carried out at Halebrose Grange on 12th May 2010. Whilst the Tribunal similarly accepted

that a Managing Agent must be fully aware of its obligations and strict procedures imposed upon it by the Control of Asbestos at Work Regulations as far as they affect the management of residential properties, the Tribunal was not prepared to accept the charge for same as again there was no provision in the lease for its payment. Furthermore the Tribunal did not consider that the Companies House Annual Return Fee(page 157 of the Respondent's bundle) and the fee in respect of the Trust and Estate Tax Return(page 158 thereof), were service charges which were provided for in the lease, and both were accordingly disallowed.

FOR THE YEAR ENDED 29TH SEPTEMBER 2011

38. For the reasons previously given, the Tribunal accepts as being reasonable the audit fees, electricity, water and sewerage charges. However, again for the reasons as previously stated, the Tribunal disallows the charge for health and safety (£331.35) and that for professional fees of £1,227.88(stock survey fee) as there is no provision within the lease to support the payment of same. Similarly, the Tribunal reduces the management fee to £175 plus VAT per unit at the then prevailing rate of 20%. As regards the *general repairs and maintenance sum of £16,663.79* the Tribunal noted that this was a matter on which the Applicant had expressed the most concern. During the Hearing, the Respondents' explained that much of the work had come out of the Schedule of Condition and Recommended Works prepared on behalf of the Respondent by Morgan Sloane Property Valuations. It was apparent to the Tribunal that the bulk of the work had been

undertaken by Anstey Developments and that certain of the works undertaken constituted "major works" which would have required the consultation procedure contemplated by Section 20 of the Landlord and Tenant Act 1985 to be observed by the Respondent.(see ante). It was equally obvious to the Tribunal that the required consultation process had not been observed, a fact which was attested to by the Respondent during the hearing. Hence the invoice dated the 22nd November 2010 in the sum of £3,469.89 (page 267 of the Respondent's Bundle) is to be reduced to the statutory cap of £250.00. Similarly, the two invoices both dated the 7th February 2011 (pages 270 and 271 of the Respondent's Bundle) in the aggregate sum of £4,953.48 shall similarly be reduced to the maximum statutory cap of £250.00. During the Hearing the Chairman queried why the Reserve (provided for in the lease) had not been utilised. The Respondent stated that during the earlier change- over of managing agents any Reserve had seemingly disappeared.

Finally, as regards the cleaning charge, the Tribunal noted that again this was based on the same rate as in the previous financial year and for the reasons previously given was again reduced by the Tribunal by 50%.

Determination

39. For the reasons given above the Tribunal determines that the following service charges are payable by the Respondent.

In respect of the financial period ending 29th September 2009

Audit Fees	£ 329.00
Insurance Director and Officers	£ Disallowed.
Insurance Valuation fee	£1,150.00
Cleaning	£ 606.40 (reduced by 50%)
Water and Sewerage	£3,085.08
Electricity	£ 254.54
General Repairs and Maintenance	£ 216.64
Management fees	£2,213.75 (reduced to £175 per unit plus VAT at the then prevailing rate of 15%)

For the year ended 29th September 2010

Audit Fees	£ 360.00 (reduced as only one invoice supplied and also (arguably) 18 month rule applies,)
Cleaning	£ 378.20 (reduced by 50%)
Water and Sewerage	£4,009.97
Electricity	£ 169.90
General Repairs and Maintenance	£ 580.00
Management fees	£2,261.88 (reduced to £175 per unit plus VAT at the then prevailing rate of 17.5%)
Health and Safety	£ Disallowed.
Professional fees	£ Disallowed.

For the financial period ended 29th September 2011

Audit Fees	£ 449.38
Cleaning	£ 435.80 (reduced by 50%)
Water and Sewerage	£ 1,011.07
Electricity	£ 117.67
General Repairs and Maintenance	£ 8,740.42 (reduced to reflect lack of Section 20 consultation process in respect of re-pointing and re- felting of the third floor flat roof but to include the statutory - cap).
Management fees	£ 2,310.00 (reduced to reflect £175 per unit plus VAT at the current rate of 20%).
Health and Safety	£ Disallowed.
Professional fees	£ Disallowed.

40. As no evidence has been submitted by the Respondent that proper notices in accordance with Section 153 of the Commonhold and Leasehold Reform Act 2002 had accompanied any of the demands, the Applicant is not liable to make payment of the monies demanded until such time as notice is served.

It follows that the figures that the Tribunal has determined as above fall to be excluded from the accounts of the year in question and the amounts payable to be adjusted accordingly.

Section 20C Application

41. The Applicant also made application under Section 20C of the 1985 Act for a determination by the Tribunal that the costs of the Tribunal proceedings should not be added to future service charge demands. The Tribunal decided that the Respondent should not be able to charge the costs of this application to the service charge account and that the Applicant's application under Section 20C should succeed. This is because the Respondent has failed to comply with the consultation procedure required by Section 20 of the Landlord and Tenant Act 1985. The Tribunal considers the Applicant to be justified in bringing the Application.

Dated 18th June 2012

Signed

Stephen B Griffin LLB

Chairman