8714.

HM COURTS AND TRIBUNAL SERVICE

LEASEHOLD VALUATION TRIBUNAL

Application relating to payability and reasonableness of a service charge under the Landlord and Tenant Act 1985

Case number	**BIR/00GG/LIS/2012/0061**
Property	**Radbrook House, 46 Stanhill Road. Shrewsbury, Shropshire SY3 6AL**
Applicant	**George Derek Royle**
Respondent	**Morris & Company Limited**
Respondent's representative	**Hanover Property Management Ltd**
Date of inspection	**12 December 2012**
Tribunal	**Mr C J Goodall, LLB, MBA Chairman** **Mr I Humphries FRICS** **Ms S Tyrer FRICS**
Date decision issued	**15 JAN 2013**

Background

1. Mr Royle ("the Applicant") is the owner of Apartment 32 at Radbrook House, Shrewsbury, which is a block of 38 assisted living apartments, 37 of which are let on a long leasehold basis to people aged over 65 who may have some need for personal care. The landlord is Morris & Company Ltd ("the Respondent"). Radbrook House is managed by Hanover Property Management Ltd ("Hanover") who also conducted these proceedings on behalf of the Respondent.

2. The Applicant has been concerned about various management issues at Radbrook House and he has applied to this Tribunal for determination of those issues in relation to the service charge year 1 October 2010 to 30 September 2011 ("the Application").

3. The parties wished for the Application to be considered on the basis of written representations. Prior to making its determination, on 12 December 2012, the Tribunal members inspected Radbrook House in the company of the Applicant and Ms Catherine Cooil, retirement housing manager for Hanover. The Tribunal has now considered the Application and this decision is the outcome of that consideration. The Tribunal has taken into account the Applicant's original application form, the Applicant's further statement dated 5 November 2012, Hanover's reply dated 30 November 2012, the witness statement of Phillipa Bason dated 4 December 2012, and the Applicant's further response dated 8 December 2012.

Inspection

4. Radbrook House is a single block, set in a residential area and adjoining a nursing home. It is of modern design and was built within the last few years. It comprises individual apartments set on four levels, each with their front door. Some are accessed via internal corridors and some have direct street access. There are common facilities for the benefit of the residents, these being a dining area served by a modern commercial kitchen, a large lounge with sun-room off, a laundry room with commercial washing machines and dryers, a buggy room with charging points, a guest room, a lift, and administration and staff office accommodation and rest room.

5. Externally, there is a small amount of planting and the rest of the external area is laid in tarmac with approximately 30 parking spaces in two parking areas.

6. As would be expected in a modern assisted living development, there are fire protection systems, pull-cord type alarm systems, and a door entry system. The building is attractively decorated with what appear to be comfortable and attractive furnishings.

The lease

7. The Applicant has a long leasehold interest in his apartment until 30 Sept 2132 by virtue of a lease dated 21 April 2012. That lease provides, in clause 2 and para 1 of the Tenant's Covenants Schedule, that the tenant will pay a Service Charge. This is defined as a fair and reasonable proportion of the expenses incurred by the landlord in providing services (known as "Expenses"). These are then listed in para 1.2 of the Service Charge Schedule to the lease. For the purposes of this decision it is not necessary to set out the whole of para 1.2. The paragraphs that are relevant are paragraphs 1.2.2, 1.2.16(b) and (d), and 1.2.17, which provide that the Service Charge covers:

   "1.2.2 [the reasonable and proper] costs and expenses whatsoever incurred directly or indirectly in or in connection with the inspection maintenance repair replacement or renewal and decoration of the Dwellings (but excluding internal decoration of the Dwellings and any costs properly recoverable under the Building Service Charge provisions) the Estate Roads the Estate Footpaths the Estate Service Installations the external communal Areas and all boundary walls fences hedges or other boundary structures and any common structures and including a reasonable provision for a reserve against expenditure on maintenance decoration and repairs and replacements
   [Tribunal Note – there is no further reference in the lease to a "Building Service Charge"]
   ...
   1.2.16 the reasonable and proper
   ...
   (b) costs and expenses whatsoever incurred directly or indirectly in or in connection with the inspection maintenance repair replacement or renewal of (but excluding any costs properly recoverable under the Service Charge provisions of the boiler in the Building and any replacement facility for the provision of heating of the Communal Areas and including a reasonable provision for a reserve against expenditure on maintenance decoration and repairs and replacement
   [Tribunal Note – this para is reproduced verbatim but clearly contains an error in that the bracket in line 2 is not closed. It is probably intended that the bracket close after the word "provisions" in line 3, but if so there appears to be an additional, and unnecessary "of"]
   ...
   (d) cost of provision of office and ancillary facilities and provision of contractors to supply one hour of domestic assistance or domiciliary care to the Tenant
   ...
   1.2.17 [the reasonable and proper] cost of the provision of any other reasonable service or facility at or for the Estate of the Communal Areas or the Building which the Landlord reasonably and properly considers to be for the benefit of the Tenant either alone or jointly with other tenants and occupiers and in accordance with the principles of good estate management."

8. Para 1.3 of the Service Charge Schedule defines the Service Charge Period as a twelve month period and requires that the amount of the Service Charge should be ascertained and certified by the Landlord's Surveyor as soon as reasonably practicable after the end of each

Service Charge Period. The certificate has to contain a breakdown of the costs of the services and contain a fair and accurate summary of the Service Charge costs.

9. Para 2 of the Service Charge Schedule requires the tenant to pay a fair and reasonable sum on account for each Service Charge Period (called an Advance Payment). It then provides that when the certificate for each Service Charge Period is issued, the tenant has to pay any balance shown to be due after the Advance Payment is taken into account within 21 days, and if there is an overpayment it shall be repaid or "allowed" to the tenant.

10. Part B of the Service Charge Schedule (paraphrasing) contains covenants by the landlord to use its reasonable endeavours to provide an estimated budget for the service charge in reasonable time for the tenant to comment, to hold an annual meeting to discuss the budget, to provide an audited copy of the service charge accounts within 6 months of the end of the period for which the accounts are prepared, to arrange the formation of a residents association, and to consult with tenants on major management proposals.

The Application

11. The Applicant has a number of issues with the accounts for the service charge year 1 Oct 2010 to 30 Sept 2011 and with the management of the Radbrook House service charges generally.

12. The Application stems, at least in part, from the following facts, which the Tribunal finds:

    a. A draft budget for 2010/11 was prepared by Hanover, probably in about June 2010, showing proposed Service Charge expenditure of £161,269, equating to a charge per resident of £4,244 (divided between 38 apartments).

    b. This was considered at a meeting with residents on 1 July 2010. The residents indicated the draft budget was not acceptable and a revised budget was prepared reducing expenditure to £150,418, or £3,958 per apartment.

    c. A "certificate" of the actual result for the 2010/11 year was sent to the Applicant under cover of a letter from Hanover dated 30 March 2012. This shows that income was only £144,874, but that expenditure was higher than the budgeted expenditure, at £164,402 (all figures rounded to the nearest £). Thus there was a shortfall of £19,528 for the year. The certificate also showed a deficit on the 2009/10 year of £1,071, making an overall deficit of £20,599. The certificate was unsigned. The letter said that residents would be billed for their proportion of the shortfall. [The Tribunal interjects to comment that on the evidence presented, the 2008/9 year produced a surplus of £2,484.00 which was, strangely, added to income for the 2010/11 year. One would normally expect a surplus in 2008/9 to be carried forward to 2009/10 (which would then have produced a surplus in 2009/10 of £1,413 in that year rather than a deficit of £1,071). It makes no difference to the 2010/11 calculations. (see Respondent's statement para 7 and 8 and bundle tab 13).]

d. By a letter dated 13 April 2012, Catherine Cooil wrote to the Applicant (and it is assumed all other residents) apologising for the 30 March 2012 letter, which Hanover now accept was unauthorised, and inviting residents to a meeting to explain the accounts and promising not to take any action in respect of direct debits until after that meeting.

e. There were then two meetings with residents, the second being on 12 July 2012, as a result of which an amended version of the final accounts was produced showing an increase in income to £148,388, and a reduction in expenditure to £158,156.11. The deficit therefore reduced to £9,768 plus the previous year's shortfall of £1,071, making the overall deficit £10,839 instead of £20,599.

f. The details of the changes are:
   i. Service charge collected increased by £3,514.52
   ii. Miscellaneous estate managers costs decreased by £611.96
   iii. Postage and stationery decreased by £120
   iv. Communal areas maintenance decreased by £1,195.85
   v. Telecare maintenance increased from nil to £242.06
   vi. The management fee decreased by £4,560.00, which was said to be a goodwill contribution by Hanover.

g. This was still not acceptable to the residents and, as the Applicant puts it, "it was decided to avoid any further conflict on the matter by referring the matter to the LVT". The Applicant then made this Application. The Respondent (through Hanover) seems to have accepted that the accounts are not yet finalised, stating in its Statement of Case (at para 15) that "...the final accounts once agreed will be audited again at the expense of the Respondent."

13. The Tribunal has not been informed whether any further payments have been made by residents in respect of the 2010/11 deficit. However it is clear that the outcome of this Application will have a bearing on the way in which the 2010/11 accounts are finally resolved, even though this Application is in respect only of the Applicant's liability to pay the 2010/11 service charge. The Tribunal is working on the basis that the amended accounts discussed with residents in July 2012, and being those at tab 6 in the Applicant's statement are the Respondents current draft final accounts which still have to be finalised, as set out in para 12(g) above. The Tribunal will therefore now consider the following:
   a. The law and jurisdiction of the Tribunal and the types of decision it can make
   b. The individual issues raised by the Applicant on the 2010/11 accounts

Law and jurisdiction

14. Under Section 27A of the Landlord & Tenant Act 1985 (" the 1985 Act"), the Tribunal has jurisdiction to decide whether a service charge is or would be payable and if it is or would be, the Tribunal may also decide:-
   a. The person by whom it is or would be payable
   b. The person to whom it is or would be payable
   c. The amount, which is or would be payable

d. The date at or by which it is or would be payable; and
e. The manner in which it is or would be payable

15. Section 19(1) of the 1985 Act provides that:

"Relevant costs shall be taken into account in determining the amount of the 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 and the carrying out of works, only if the services or works are of a reasonable standard:

and the amount payable shall be limited accordingly."

16. A service charge is only payable if the terms of the lease permit the Lessor to charge for the specific service. The general rule is that service charge clauses in a lease are to be construed restrictively, and only those items clearly included in the Lease can be recovered as a charge (*Gilje v Charlgrove Securities [2002] 1EGLR41*).

17. The construction of the lease is a matter of law, whilst the reasonableness of the service charge is a matter of fact. On the question of burden of proof, there is no presumption either way in deciding the reasonableness of a service charge. Essentially the Tribunal will decide reasonableness on the evidence presented to it (*Yorkbrook Investments Ltd v Batten [1985] 2EGLR100*).

18. The Tribunal therefore has a statutory power to intervene in service charge determinations. But we may only do so within the terms of the statutory authority under which we operate. We are thus limited to making decisions on whether a service charge is reasonably incurred, or for services of a reasonable standard (s19). If there is a legal basis upon which an applicant says a service charge may not be payable, we may consider that issue in relation to whether the charge is payable (s27A). We have a jurisdiction to make certain limited orders relating to costs. But we do not have a general jurisdiction to make rulings on any more general concerns about service charges unless that concern falls within the parameters of the jurisdiction described in this paragraph.

19. The original budget of July 2010 is now of historical interest only and the Tribunal will limit its consideration to the actual accounts for 2010/11. The Tribunal considers that the questions which are within its jurisdiction contained within the Applicants application form and statement of case and upon which it therefore needs to make a specific determination are:

a. Whether the actual expenditure on food in the 2010/11 "certificated" accounts of £52,520 is justified. The Applicant suggests the management component within this charge of £10,300 is excessive, and the increase from previous years cost is greater than is acceptable particularly in the light of a reference in a document described as a Hanover Catering Survey 2009, in which Hanover state that "overall, 65% of

residents thought that the average daily cost of £6.45 (for a three course meal with tea or coffee) was about right". The Applicant says the cost at Radbrook House is considerably above that figure.

b. Whether the 2010/11 accounts should include an additional charge towards a reserve account to cover future major repairs or renovations.

c. Whether it is correct, in the 2010/11 accounts, to include a weekly cost to the Applicant for one hour of domiciliary care. The Applicant says that this sum is not chargeable under his lease.

d. If the lease allows a charge for weekly provision of domiciliary care, whether the amount actually charged is reasonable.

e. Whether, if the 2010/11 accounts produce a shortfall, the Respondent may charge the Applicant for a fair and reasonable proportion of it.

20. Issues not within the Tribunals jurisdiction, and which cannot therefore receive comment or determination are: poor presentation of accounts, whether the residents are or are not satisfied with the management of Radbrook House, whether the accounts format was misleading, percentage calculation errors, corrected posting errors and whether Hanover had an accounts department. These issues (if true) may well be a matter of irritation and concern to the Applicant, but they do not, in the opinion of the Tribunal affect whether the service charge is reasonably incurred or of a reasonable standard.

21. Ordinarily the outcome of a Tribunal decision on a service charge dispute case would result in a final decision on the amount due from the Applicant for the service charge year in dispute. Unusually, in this case, the Tribunal considers that this is not what the parties are asking the Tribunal to determine. It appears that the Applicant is only asking for decisions on the specific matters he has raised, and the Respondent has clarified that there is a further process to follow before the 2010/11 accounts are finalised, certified and audited. If the parties are still unable to agree the 2010/11 accounts, it is, in the view of the Tribunal, open to the Respondent to issue finalised certified accounts, on which either party or any other resident affected can then make a further application to the Tribunal for determination of any items then disputed by the residents. The questions determined in this decision however could not be raised again as they would be regarded as having been conclusively resolved by this decision (subject of course to any right of appeal).

22. The Tribunal will now therefore consider the five questions identified in para 19.

Food cost (issue 19a)

23. The lease makes no direct reference to the provision of meals to the residents apart from there being a right for the Respondent to charge the costs of a kitchen to the leaseholders under para 1.2.16(c) of the Service Charge Schedule. However, the Applicant has not raised the payability under the lease of this catering service, and it may well be the case that para

1.2.17 of the lease is adequate to cover this point. The Tribunal is not required to, and does not make a determination on this point.

24. The service charge cost of £52,520 is for a catering contract with a company known as TNS. So far as the Tribunal understand it, TNS have to provide staff and food for one main three course meal every weekday plus coffee for 50 weeks a year. They use the equipment already available at Radbrook House. Meals are provided at weekday lunchtimes for 50 weeks a year, and so the net meal cost under the service charge is £5.52. To this must be added a cash payment for the meal itself of in the region of £3.25 (2009/10 figures) making the meal cost approximately £8.77.

25. Some TNS management accounts for the catering service for 2009/10 were produced by the Applicant (tab 8 of his Statement) which showed that in essence the cash payments cover the cost of food, and the sum shown in the final service charge accounts is by and large the cost of staffing, disposables, uniforms, etc, plus a management fee for TNS of £10,300 (for 2009/10).

26. There is evidence that Hanover do conduct at least some negotiations over the annual cost of the catering contract in that the budget figure for 2010/11 was reduced to £48,000 from an original budget figure of £50,000 upon Mrs Franks (former Hanover manager) seeking a reduction in cost. There is also evidence from Hanover to the effect that the actual costs incurred increased over the budgeted costs partly because the residents expressed a wish for local produce to be used, and partly because of an increase in the total number of residents at Radbrook House in 2010/11.

27. The Applicant has not suggested what would be a reasonable figure for the catering cost, and neither the Applicant, the Respondent or Hanover have disclosed any evidence of alternative suppliers terms or negotiations. There is insufficient evidence for the Tribunal to determine that the actual sum incurred to provide the catering service at Radbrook House is unreasonably incurred. Good managers would seek savings where possible, and would be likely to put the contract out for retendering on a regular basis, but the Tribunal is unable to conclude that there has been a management failure by Hanover leading to an unreasonable catering charge for 2010/11 on the evidence before it. The failure of TNS to bring the cost within budget is obviously of concern, but a reasonable explanation has been offered, and the Tribunal accepts this explanation.

28. So far as the caterer's management charge is concerned, the Tribunal would need evidence that it was out of the norm for catering contracts before being able to determine that it was unreasonably incurred. It is certainly higher than the Hanover management cost percentage, but the Tribunal considers that the demands of remote management of a catering contract, and compliance with food hygiene, health and safety and employment regulations is likely to be a burdensome management obligation which may well command the charge made. It is not possible to determine that this charge is unreasonable on the evidence before the Tribunal. In consultation on future budgets, residents may well have a case for suggesting that the catering contract be retendered on a periodic basis.

Reserve account (issue 19b)

29. The Applicant asks the Tribunal to rule that Hanover should add an amount to the 2010/11 service charge as a reserve for future expenditure. There is nothing for this head of charge in the current draft 2010/11 accounts.

30. Put simply, the Tribunal cannot make this order. There is no obligation in the lease for this to be included in the service charge. The lease permits a reserve charge to be made, but does not oblige the Respondent to make one (see paras 1.2.2 and 1.2.16(d) of the Service Charge Schedule). The Tribunal can only make determinations in respect of charges actually made by the landlord, as to whether they are unreasonably incurred.

31. The evidence from Hanover, in any event, is that the residents requested a holiday from reserve fund contributions in the 2010/11 year.

The period for which the cost of domiciliary care is charged (issue 19c)

32. The Applicant is clear that in his view para 1.2.16(d) of the Service Charge Schedule (see para 7 above) means that only one hour of domestic assistance or domiciliary care is to be provided as part of the service charge during the whole 122 year term of the lease. Anything above that is not due under the lease and therefore cannot be part of the service charge. He cites a previous LVT decision which contained the proposition that "the terms of the lease are binding and govern the relationship between the [parties]".

33. The Respondent's position if that "while the lease does not stipulate that the domestic assistance charge relates to one hour per week, this information was provided to the Applicant's solicitors by the Respondent prior to the purchase of the Property and the Applicant has been aware of this charge from the beginning of the lease".

34. Neither party, nor Hanover, nor their solicitors, provided any further legal analysis of this issue, or any further authorities in support of either position.

35. The Applicant is of course correct in stating that the terms of the lease govern this point. The difficulty is to interpret exactly what the lease means at this point. Both parties advance different positions. The Tribunal conjectures that there might be a third possibility; namely that 1.2.16(d) means that one hour of domestic care must be provided each year. The clause is in a schedule of items which are to be included within the service charge. Para 1.3 of the Service Charge Schedule clearly envisages that the services are to be provided within a regular time frame, defined as annual in para 1.3.1. Para 1.3.2 then requires that the amount of the service charge "in each period" has to be ascertained and certified. Perhaps 1.2.16(d) requires that there should be an hour of domestic care charged in each Service Charge Period – i.e. once a year.

36. The Tribunal also considers that the Applicant's interpretation would make the inclusion of para 1.2.16(d) virtually pointless. Why would the parties set up a lease where there was an obligation to provide just one hour of domestic care only during a period of 122 years? There

would also be real issues of implementation. When was that one hour to be provided? Who would determine that? The Applicant's preferred interpretation makes no real sense.

37. Guidance on interpretation of contractual documents (which would include leases) was given by the House of Lords *in Investors Compensation Scheme v West Bromwich Building Society [1998] 1 W.L.R. 896 HL*, as follows:

    1. "Interpretation is the ascertainment of the meaning which the document would convey to a reasonable person having all the background knowledge which would reasonably have been available to the parties in the situation in which they were at the time of the contract.
    2. The background is referred to as the "matrix of fact", but this phrase is, if anything, an understated description of what the background may include. Subject to the requirement that it should have been reasonably available to the parties and to (3) below, it includes absolutely anything which would have affected the way in which the language of the document would have been understood by a reasonable man.
    3. The law excludes from the admissible background the previous negotiations of the parties and their declarations of subjective intent. They are admissible only in an action for rectification.
    4. The meaning which a document would convey to a reasonable man is not the same thing as the meaning of its words. The background may not merely enable the reasonable man to choose between the possible meanings of words which are ambiguous but even to conclude that, for whatever reason, the parties must have used the wrong words or syntax.
    5. The "rule" that words should be given their "natural and ordinary meaning" reflects the common sense proposition that we do not easily accept that people have made linguistic mistakes, particularly in formal documents. On the other hand, if one would conclude from the background that something must have gone wrong with the language, the law does not require judges to attribute to the parties an intention which they plainly could not have had."

38. The background to this lease is that it is a lease specifically crafted for a building which was to provide a particular type of experience for its residents, known as "assisted living". The Tribunal has been provided with a copy of the sales brochure for Radbrook House explaining this concept, which contains the statement that "The [service] charge covers...one hour of personal care per week". It is also aware that it was a specific condition of the planning consent of Radbrook House that the apartments in Radbrook House were intended to be for people with a need for personal care. The Tribunal has also considered the evidence of Philippa Bason, Sales Manager for the Respondent, who said that "...it was her standard practice when asked to highlight the main items that make up the service charge [including] the provision of personal/domiciliary care for one hour per week per apartment...".

39. In the light of this evidence of the intention of the lease, the ambiguity about its real meaning, and the background factual information cited, the Tribunal considers that something had clearly gone wrong with the language of para 1.2.16(d), and the intention of the parties was

clearly that the Respondent would provide one hour of domestic assistance or domiciliary care per week. As the true meaning of the lease is not entirely clear, the Tribunal therefore interprets para 1.2.16(d), to give effect to that intention, as containing the words "per week" after the reference to "one hour", in that paragraph.

The hourly charge for domiciliary care (issue 19d)

40. In paragraph 7 above, the lease provision requiring the Respondent to provide "one hour of domestic assistance or personal care" was identified. The Applicant's case on the issue of the hourly charge is that he is only provided with a domestic assistance service, which he describes as a cleaning service, as he does not need or want personal care. He says that the rates for domestic assistance should be lower than for personal care, at around £8-9 per hour, rather than £12.34 per hour that he is being charged in the 2010/11 service charge year. He says that with changeover time included, the service is only provided for 45 minutes in any event.

41. The Respondent confirms that there is a disparity in rates between care and domestic assistance, but it has not commented on the distinction between domestic assistance and personal care cost. It is strongly implicit in the Respondent's statement that it accepts the charge made in 2010/11 is for a qualified carer. The Respondent gives the local market rate for qualified carers as £13-14 per hour. It says that rates for cleaners would be "lower".

42. The Tribunal does not consider that Mr Royle should have to pay qualified carer rates for a service that contains no personal care. The lease says the service provided should be either domestic assistance or personal care. The Radbrook House literature promises a personalised care package based on a detailed assessment of need. The essence of an Assisted Living development is that it should be able to supply the needs actually required. Both cleaners and carers would be on site on a very regular basis, and it should be possible to manage the delivery of either service at a facility such as Radbrook House.

43. On the basis of the limited evidence of hourly rates from the parties for cleaners, and using its knowledge and experience, the Tribunal considers that the correct rate for 2010/11 would be £10 per hour. It determines that the weekly rate payable by Mr Royle for one hour of domestic assistance in 2010/11 should be £10.

Shorfall (issue 19e)

44. This question can be dealt with shortly, as it is clearly covered by para 2.2 of the Service Charge Schedule to the lease, which allows the Respondent to collect any balance due from the Applicant upon certification of the accounts in each Service Charge Period which has to be paid within 21 days.

Section 20C

45. The Applicant has applied for an order from the Tribunal under section 20C of the Landlord and Tenant Act 1985.

46. The effect of such an order, if made, is that none of the costs incurred by the Respondent or by Hanover in this application could be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the Applicant.

47. The Tribunal is given a discretion as to whether to exercise its power to make a Section 20C order. Generally, the LVT is a "no-costs" jurisdiction, and the purpose of Section 20C is to give the LVT the authority to order that the general rule continues to apply where the landlord has a lease provision available to enable it to recover costs incurred in LVT proceedings despite the general rule, if it should think fit. The Tribunal has considered the outcome of the proceedings, the necessity for the proceedings to be brought, the background to the Application set out in para 12 above, and the issues raised by the parties, and is of the view that a partial Section 20C order should be made. The Tribunal orders that one half of the Respondent's costs (whether its own or its representatives) should not be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the Applicant for the 2010/11 service charge year.

48. This order does not mean that the Respondent or Hanover are entitled to nor will necessarily seek to charge any costs to the 2010/11 service charge year. Those questions are not before the Tribunal and have not been considered by it.

Summary

49. The Tribunal determines that in the final accounts for Apartment 32 Radbrook House for 2010/11:

    a. Within the heading of catering service, the Respondent is entitled to charge the Applicant a fair and reasonable proportion of the sum of £52,520;

    b. The Respondent is under no obligation to include any charge towards a reserve fund for future maintenance;

    c. The Respondent is entitled to include a charge for one hour per week of domestic assistance or domiciliary care;

    d. The reasonable weekly charge for domestic assistance is the market hourly rate for a domestic cleaner which the Tribunal assesses to be the sum of £10 per hour;

    e. The Applicant does have a liability to pay any balance shown due on the final certificated accounts for any Service Charge Period within 21 days; and

    f. One half of the Respondent's costs (whether its own or its representatives) should not be regarded as relevant costs to be taken into account in determining the amount of any

service charge payable by the Applicant for the 2010/11 service charge year.

C Goodall
Chair

C. Goodall.

Date

15 JAN 2013