



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : MAN/00FB/LSC/2017/0051

Property : Betterton Court, Pocklington, YO42 2ET

Applicants : Mr L Waby and 29 other Lessees
(see Annex 1)

Applicants' Representative : Mrs Nieuwland

Respondent : Anchor Trust

Type of Application : Commonhold and Leasehold Reform Act 2002
Schedule 11(5)(a)
Landlord & Tenant Act 1985 – S27A(1) and (3)
and s20C

Tribunal Members : K M Southby (Judge)
J Jacobs (Expert Valuer Member)

Date of Decision : 19 October 2017

DECISION and REASONS

DECISION

1. The baseline figure of £9043.40 for 2005 submitted by the Respondent in respect of Management Fees is considered to be reasonable. Management fees are to be recalculated in accordance with the lease and the refund of Management fees due from the Respondent is to be calculated on this basis.
2. The sums referred to in paragraph 1 above are to be refunded by the Respondent to the service charge account.
3. The contract management fee percentage charged under the lease is to be limited to 10%.
4. The costs in connection with these proceedings are not to be allocated to the Service Charge Account.

BACKGROUND

5. This matter originated through an application by Mr Waby and the other tenants of Betterton Court ('the Property') dated 1st June 2017. The Applicants seek a determination in relation to the reasonableness of costs allocated to the service charge account during the financial years 2013, 2014/15, 2015/16, 2016/17 and 2017/18 under section 27A (1) of the Landlord and Tenant Act. In addition the Applicants seeks a determination in respect of the reasonableness of the management fee and management of maintenance contracts fee charged between the years of 2005 and 2017/2018 under s27A (3) of the Landlord and Tenant Act 1985.
6. The Applicants has also made an application under paragraph s20C of the Landlord and Tenant Act 1985 that costs incurred in connection with proceedings before the Tribunal should not be included in the service charge payable by the tenant. Finally the Applicants also apply under paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002 to limit payment of Landlords contractual costs under the lease.
7. The Respondent was, between 2004 and 2008, employed as managing agent of the Property, the Respondent acquiring the freehold of the Property in 2008.

THE INSPECTION

8. The Tribunal inspected the Property on 19th October 2017 with Mr Bryan (Chair of the Residents' Association), Mr Waby and his representative, Mrs Nieuwland, present on behalf of the Applicants, and Mrs Matusevicius (Leasehold Consultant), Ms Vaughan (Management Accountant Anchor Trust) and Mr Clarkson (Senior District Manager, Anchor Trust) in attendance on behalf of the Respondent.

9. The Tribunal found the Property to be a four-storey purpose-built development of retirement flats for residents over the age of 55. The complex includes an external parking area with some landscaping and external green space to front and rear. Internally the property comprises 30 flats, together with a guest suite (used as an office at the time of inspection), a communal lounge, laundry and lift. The property is under the management of the Respondent who provides a 24-hour alarm call service to residents.
10. At the time of the inspection the Tribunal found the Property to be in generally very good condition both internally and externally. The Tribunal observed that the front fence to the garden area was in need of repair and replacement, but that the overall presentation of the property externally was good. Internally the Tribunal was shown internal decorations which it was said had not been renewed for many years. Notwithstanding this, the internal décor to communal parts was adequate and carpeting whilst showing localised areas of staining was generally in good condition and not in need of immediate renewal.
11. The Tribunal was specifically shown into the flats of several residents to inspect the interior aspect of the windows. The Tribunal observed in one case a window frame was rotten, but in the remaining cases the cracking which was shown to the Tribunal was a decorative issue and required repainting not replacement.

THE LEASE

12. The Tribunal was shown a copy of the Applicants' Lease. The Lease for each of the tenants has identical terms. The relevant provisions of the Lease for the purposes of the Tribunal are as follows:
13. Clause 3.1 of the Lease obligates the Lessee to...*"pay to the Lessor the current service charge as a contribution towards the costs and expenses of running the Estate and the maintenance thereof and the other matters more particularly specified on Part 1 of the Third Schedule"*
14. Clause 3.4 of the Lease provides as follows: *"The Lessee hereby covenants with the Lessor to pay to the Lessor the deferred service charge to provide a sinking fund for depreciation and the costs and anticipated costs of renewal and replacements of the lifts (if any) and plant within the Estate and of upgrading and improving the Estate and other future or contingent capital expenditure so far as not included within the current service charge and as more particularly specified in Part II of the Third Schedule."*
15. Clause 3.5.1 specifies that payment of the deferred service charge, with the exception of the lease being assigned to a spouse or upon devolution on death or a mortgage or charge will be paid... *"on completion of every assignment or disposition... of the whole of the Dwelling permitted under Clause 4.6..."*

16. Clause 3.5.2 states that the amount of each payment of the deferred service charge is to be... *"the Deferred Service Charge Proportion of the Purchase Price paid by the Lessee on his acquisition of the dwelling or the re-sale price of the dwelling whichever is the higher"*
17. The Deferred Service Charge Proportion is set on the front page of the Lease as 1%
18. Clause 3.6 provides as follows: "If the sinking fund in clause 3.4 or 3.5 proves to be insufficient for the purposes set out in part II of the Third Schedule the Lessor may treat the whole or part of any insufficiency as if it were an expense falling within Part I of the Third Schedule..."
19. The Third Schedule, Part I, paragraph (4) provides that the Landlord is able to recover: *"the fees and disbursements paid to any managing agents appointed by the Lessor in respect of the Estate or a reasonable allowance to the Lessor in respect of its own management costs"*. The paragraph goes on to set out that the fee will be calculated... *"with effect from the 1st January 1995 and on every subsequent 1st January there shall be added to the fees or allowance for the year ended 31st December 1994 such percentage as is equal to the percentage increase in the figure at which the index of Retail Prices stands on the 1st January in each year over the figure at which the Index stood on the 1st January 1994"*

THE LAW

20. Section 27A(1) of the 1985 Act provides:
An application may be made to the appropriate tribunal for a determination whether a 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.*

The Tribunal is "the appropriate tribunal" for these purposes, and it has jurisdiction to make a determination under section 27A of the 1985 Act whether or not any payment has been made.

Subsection (4) states:

No application under subsection (1) or (3) may be made in respect of a matter which –

- (a) *Has been agreed or admitted by the tenants*
- (b) ...

Subsection (5) qualifies this by stating:

But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

21. The meaning of the expression “service charge” is set out in section 18(1) of the 1985 Act. It 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.*

In making any determination under section 27A, the Tribunal must have regard to section 19 of the 1985 Act, subsection (1) of which provides:

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 the carrying out of works, only if the services or works are of a reasonable standard;*
and the amount payable shall be limited accordingly.

22. “Relevant costs” are defined for these purposes by section 18(2) of the 1985 Act as:

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.

23. Statutory consultation requirements apply in relation to qualifying works (pursuant to section 20 of the 1985 Act). If those consultation requirements are not complied with, then (unless they have been dispensed with by order of the Tribunal), the amount which a tenant may be required to contribute by means of service charges to relevant costs incurred under the agreement is limited to a maximum of £250 per annum.

THE HEARING

24. At the hearing the Applicants was represented by lay representative Mrs Nieuwland, with evidence provided by Mr Waby. The Respondent was represented by Mrs Matusevicius in person, together with evidence from Mr Clarkson and Ms Vaughan.
25. The Tribunal also had the benefit of the bundles of documents and written submissions provided by both parties including the Scott Schedule completed by both parties.

26. It was agreed by all parties that the issues between them were as follows:
- a. The Lift
 - b. Interpretation of the Lease
 - c. Sinking Fund
 - d. Management Fees and Consultation Fees
 - e. Central Control
 - f. Repairs and Maintenance
 - g. Windows
 - h. Interior Decoration
 - i. Fire Safety works

LIFT

27. It is common ground between the parties that works to the lift are chargeable to the service charge account under the terms of clause 5.1 (a) (ii) and Part I of the Third Schedule of the Lease.
28. The Tribunal heard representations from the Applicants about prolonged problems with the communal lift, stating that the problems had first arisen in 2005, with more frequent problems occurring between 2007 and 2013 when substantial repairs took place to the value of £30151.36. The Applicants argues that the substantial repair works, or indeed total replacement should have taken place in 2007 and not been delayed until 2013, as the resultant loss of amenity in the intervening period was unacceptable to the residents who relied upon the lift to be able to leave their homes. The Applicants is also critical of the Respondent entering into a contract for lift maintenance with Britton Price, stating that better more prompt service would have been obtained elsewhere, and suggests that the Respondent held back on refurbishment work until they had negotiated a Qualifying Long term Agreement with the lift contractor. The Applicants therefore claims reimbursement of the full sum of £30,151.36 which was charged to the service charge account, and a further £2000 in damages for the inconvenience, loss of amenity and as a 'gesture of goodwill'. The Applicants also argued for reimbursement of the £5000 which was spent on lift repairs in 2007.
29. The Applicants was unable to give an estimate to the Tribunal of how many days the lift was inoperable during the period referred to, although it was stated that 10 letters of complaint were written in 2013. The log books showing call outs for the period were not available to the Tribunal. It is accepted that following these repairs the lift has been in acceptable working order.

30. The Respondent provided evidence of efforts made on its part to diagnose an intermittent electrical fault within the lift which arose in 2007. A decision was taken by the Respondent that the frequency of breakdowns was not so great as to warrant a full overhaul of the lift until 2013, when the breakdown frequency increased. At this point a partial refurbishment took place to extend the lifespan of the lift. The stock survey provided by the Respondent suggests that the lift is currently due for replacement in 2028.
31. The Tribunal does not doubt that the intermittent fault with the lift was extremely inconvenient and limiting for the residents. However, the Tribunal concludes on the basis of the evidence it was presented with that the actions of the Respondent were reasonable and proportionate and sought to balance the amenity needs of the residents with the cost consequences of early renewal or extensive refurbishment of the lift before it was absolutely necessary. The Tribunal did not hear any persuasive evidence that the contract with the lift contractor was inappropriately managed or caused detriment to the tenants. It is not disputed between the parties that the sums charged to the service charge account were of themselves reasonable or reasonably incurred – indeed the Respondent's argument seems to be that more should have been incurred sooner. The Tribunal therefore does not accept the Applicants' argument that the sums incurred are not chargeable to the service account.
32. The Tribunal's jurisdiction in respect of an application under s27A of the Landlord and Tenant Act 1985 is to determine the reasonableness and payability of service charges, not to award damages as requested by the Applicants. Accordingly the Tribunal does not have jurisdiction to consider this matter further and makes no ruling on this point.
33. The Applicants expressed some confusion at the varying figures included within the stock survey documentation over the years, and argued that these were evidence of maladministration. The Tribunal sees no evidence of this and observes that these figures are future estimates to assist with planning, not an amount payable by the tenants. As such they do not form part of the application under s27A and the Tribunal makes no ruling in respect of these figures.

CONTRACT MANAGEMENT FEES

34. The Tribunal heard representations about contract management fees which the Applicants argued were excessive. At the hearing Mrs Matusevicius informed the Tribunal that the total of £30,151.36 for the repairs to the lift included £3463.26 in management fees being approximately 13% of the contract value. The Tribunal queried why the figure was as high as it was and how it was justified, and was referred to a sliding scale of management fee percentages which the Respondent applies to contracts which it manages. This was not available to the Tribunal at the hearing but was provided to the Tribunal at its request subsequent to the hearing together with a further set of figures which conflicted at least in part with those provided at the hearing.

35. The Tribunal declines to attempt to unravel the opacity of these figures save as to determine that 13% of contract value is an unreasonably high percentage to charge by way of contract management fees. The Tribunal having heard the basis for charging considered that a percentage towards the lower end of the Respondent's sliding scale was more reasonable and therefore orders that the percentage to be applied for contract management fees is to be set at 10% of the contract value.

INTERPRETATION OF THE LEASE/ MANAGEMENT OF SINKING FUND

36. It is the Applicants' assertion that the service charges for the years 2013/14 to 2017/18 are unreasonable on the basis that the Respondent should have collected higher service charges over previous years to increase the levels in the sinking fund to meet expenditure now required. The Tribunal heard from the Applicants that in their opinion there should have been significantly more internal decoration over past years, and that external landscaping should be improved and renewed.
37. The Tribunal examined the terms of the Lease, the relevant terms being set out above.
38. It is common ground between the parties that the 1% of sale price contribution to the Sinking Fund is insufficient to provide adequate reserves to carry out the planned programme of maintenance to the Property. This is due in part to property prices having remained fairly stable over time, and also due to a low turnover in property with residents remaining at Betterton Court for a substantial period of time. With an average of only 3 property sales per year of around £70,000 per sale approximately £2000 per year is currently contributed to the sinking fund under the terms of the Lease.
39. The Applicants argues that the Respondent has failed to make adequate provision for the proper maintenance of the Property, and should have required contributions towards the sinking fund over and above that which were specified in the Lease. Their position is that the service charge has been too low for many years and that the current residents now have to bear the burden of the future maintenance works which will need to be paid for directly through the service charge rather than being spread through the sinking fund. Mr Waby on behalf of the tenants stated 'I'm not disputing that we have to pay for it, but I would have liked to build it up at £20 per month per resident to even up the fund over the years'.

40. The Respondent's position is that they are constrained by the terms of the Lease and were they to have collected more than the amount specified they would have been in breach of the terms of the Lease and the sum collected would have been returnable to the tenants in any event. The Respondent gave evidence that they had suggested that the lease be varied in order to enable additional collection of monies for the sinking fund, and had offered to do this free of charge for the residents, the only cost being the cost of registration at the Land Registry, however this was rejected by the residents.
41. The Tribunal finds the position here to be very clear. The interpretation of the Lease as applied by the Respondent is correct. They are not able to collect additional sums in advance to supplement the sinking fund even if their stock surveys might suggest that it would be useful to do so, and even if it might have appeared fairer and more equitable to do so. The Respondent's offer to assist with a lease variation was the only practical solution which it was able to put forward, given that the Respondent is constrained by having to operate under the terms of the Lease as originally drafted.
42. It is an unfortunate consequence of the drafting of the Lease that the current tenants now have a larger burden than might otherwise have been the case had the sinking fund been more substantial from the sales from previous residents however it was possible that the reverse could have occurred had there been many high value sales, resulting in past residents continuing to fund existing ones. It is not open to the Respondent to equalise this perceived inequity, other than by suggesting that the lease be varied to create a different formula to fund the sinking fund.
43. The Tribunal therefore finds that throughout the period applied for the sinking fund has been properly administered and service charges have been calculated in accordance with the terms of the lease (save for the paragraphs below in respect of management fees). The Applicants made reference to a determination by the Housing Ombudsman that the Respondent's management of the sinking fund amounted to maladministration. The Tribunal comments on this only to observe that a proper reading of the Ombudsman's findings is that maladministration was found in respect of the handling of the complaint, not in respect of the administration of the sinking fund. The Tribunal's finding is therefore not in conflict with this previous determination.

MANAGEMENT FEES

44. The Applicants asserts that they are being charged excessive management fees for the management of the Property and that those charges between 2005 and 2017/18 were not calculated in accordance with the provisions of the Lease.
45. The Respondent accepts that the Lease, unusually, does not make provision for the Landlord to recover the cost of employing an Estate Manager. Clause 2 of Part I of the Third Schedule omits any provision to recover any salary costs relating to the provision of an estate manager service, but provides that the Landlord can recover the cost of *“providing any office and residential accommodation in the Estate (including heating and any rates or taxes payable in respect thereof) for the House Secretary (if any)”*.
46. The Respondent accepts that any salary relating to the employment of the estate manager is not recoverable separately to the management fee, and also that the costs of recruitment of estate manager are not separately recoverable, and agrees that these sums are reimbursable.
47. In addition, it is common ground between the parties that the management fees in general, even once the elements referred to above have been removed, have not been calculated in accordance with the terms of the Lease. The Respondent confirms that they have increased the fee charged each year in accordance with the calculation published by the Homes and Communities Agency (HCA), formerly the Housing Corporation which relates to properties which are affordable housing.
48. It is common ground between the parties that it is no longer possible to be certain what the original management fee charged in 1994 was in order to calculate what the management fee should have been at the time the Respondent took over management of the Property in 2005.
49. Two alternative calculations were presented to the Tribunal. The Applicants presented a set of figures which they refer to as 'the Wheeldon figures'. These are based on going back to the earliest known reference to a management fee figure, and using this as a starting point. The Applicants refers to a document at page 110 of the bundle in which Mr Richard Wheeldon of the Respondent refers in correspondence with the outgoing management agent to their previous management fees, referring to 1998 figure of £4222. The Applicants therefore states that the revised management fees should be calculated based upon this earliest known figure.

50. The Respondent prefers to rely on their first management fee for a full year as the basis for the revised calculations, being £9043.40 for 2005, and supports this argument by evidence that the leaseholders at the time accepted this figure. Whilst it is the case that it is not open to an Applicants to make an application in respect of a matter which has been agreed by the tenant, under s27A(4) of the Landlord and Tenant Act 1985, the evidence provided to the Tribunal by the Respondent of this acceptance is nothing more than a reference to the projected figure in the 2004 accounts at page 224 of the bundle. The Tribunal is not persuaded that this amounts to any form of active acceptance and instead concludes that it falls within the scope of s27A(5), whereby the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.
51. The Tribunal is therefore faced with an unsatisfactory situation where an actual figure is not able to be calculated. The Respondent argues that the Applicants accepted the Respondent's figure, and paid it for 12 years. The Applicants argues that mere payment does not amount to acceptance of the figure.
52. Faced with an absence of a reliable figure the Tribunal must therefore consider what is reasonable in the circumstances. The Tribunal finds these to be well managed flats and the service charges including management fees (less Estate Manager charges) charged by the Respondent are not unreasonable. The Respondent has been managing the property for twelve years and the key complaint of the Applicants in their application to the Tribunal appears to be that they wanted the managing agents to have spent more of the tenants' money on the property – not that they had failed to carry out works or failed to manage the Property effectively. It seems to the Tribunal to be unjust to retrospectively impose a figure of less than half for a property which the Applicants accept has been largely successfully managed. In the absence of another more persuasive figure, and considering the nature of the property, the level of management required and the desire for active management of the tenants the Tribunal conclude that the 2005 figures proposed by the Respondent represent a reasonable figure for management fees for this property. The Tribunal therefore orders that management fees are to be recalculated on this basis.
53. The Applicants argues that the sums should be refunded to the service charge account, whereas the Respondent argues that the sums should be proportioned and refunded to the tenants who made the respective original overpayments, even if those former tenants are no longer resident.

54. The Respondent cites the case of **OM Ltd v New River Head RTM Co Ltd** [2010] UKUT 394 (LC), which it says supports this view. The Tribunal does not agree that this case is helpful on this point as it refers to the distribution of accrued uncommitted service charge under s94 of the Commonhold and Leasehold Reform Act 2002, rather than analogous circumstances. The Tribunal rejects the Respondent's argument that the sums paid in excess management fees should be held by the Respondent and refunded to former tenants. Neither the Tribunal nor the Respondent can know the individual assignments of rights which may or may not have been made between outgoing and incoming tenants.
55. The sums to be refunded belong to the tenants (either past or present, depending upon their agreements) and not to the Respondent, and therefore for the Respondent to retain the sums pending claim is not a satisfactory solution. Therefore the only fair course of action is for the overpayment of management fees (as calculated with reference to the Wheeldon figures) to be refunded to the service charge account into which they were paid, and for any individual claims to be made in due course dependent upon the arrangements between parties upon assignment of their lease.

CENTRAL CONTROL

56. The Applicants argue that the sums due for central control, i.e. the 24hour call system run by Anchor are not payable as they are not reasonable, they are too high, have increased rapidly in recent years, and the Tenants may prefer to use alternative providers which may be available at lower cost, or may not need to use the service. It is suggested by the Applicants that the Respondent is profiting from the provision of this system.
57. The Respondents stated that historically leaseholders have been charged less for the provision of the service than rented customers, and this inequality was rectified in the financial year 2017/18 resulting in an increase to more realistic level from the artificially low historic figure.
58. The Tribunal notes that the lease obligates the Respondent to provide this service, and therefore if tenants choose not to use it, that does not remove their obligation to pay for the service which is being provided. There is no dispute that the service which is being claimed is actually being provided. The Tribunal considered the cost of the service which is being provided and considered it to be reasonable, and therefore concludes that these charges are payable for the full period under consideration.

REPAIRS AND MAINTENANCE/INTERIOR DECORATION

59. The Applicants' argument on this point is that the Respondent should have done more work sooner. They rely upon clause 3(2)(b) of the Lease which requires the Lessor so far as practicable to endeavour to equalise the amount of the current service charge from year to year. The Applicants also argues that the Landlord is required under the terms of the lease to maintain repair decorate and renew the estate as long as the tenants have paid all service charges. They argue that the service charges have been paid, but the Respondent has failed to comply with its responsibilities. They argue that there is no presumption in law or under the Lease that the Landlord can recoup all of its expenses, and there can be no question of demanding unreasonable service charges now to remedy previous poor management and lack of foresight. They also argue that the Respondent has unreasonably deferred works which could have been done sooner.
60. The Respondent argued that they had attempted to balance provision of amenity with maintaining a level of service charge which was affordable to the residents. Also, that to bring works forward and do them sooner than they were needed was not reasonable as it would ultimately result in higher costs to tenants.
61. The Tribunal does not agree with the Applicants' analysis on this point. The Tribunal's jurisdiction is to determine the reasonableness and payability of the service charge demanded. There is no suggestion that the Respondent has received monies by way of service charge which it has not spent. It is not disputed that the works which were charged to the service charge account for the preceding years were carried out, or that the works done were reasonable, or that the sums charged for those works were of themselves reasonable also. It is not within the jurisdiction of the Tribunal to make any form of retrospective order that more work should have been done in the past. In any event, upon inspection of the Property, the Tribunal found it to be in good condition.
62. Therefore, the Tribunal concludes that the sums in respect of repairs and maintenance are payable for the full period under consideration.

WINDOWS

63. The Applicants argues that the issue in respect of windows is not one of costs, but of responsibility. Moreover they accept that whoever ultimately has responsibility it is the tenants who will pay for repair and replacement under the Lease. Both parties agree that the works would be more effectively and attractively completed if they were coordinated and done together. It is the view of the Applicants that their responsibility under the Lease is for the interior frames and the glass, and the exterior is the responsibility of the Landlord. The Applicants relies upon clause 5.1 of the Lease which states that

The Lessor will

- a. Maintain repair decorate and renew*
i. The main structure of the Estate (including the Dwelling) and the roof(s) foundation and exterior thereof

64. The Respondent argues that the entirety of the windows is the tenants responsibility, relying upon clause 4.4 of the Lease which states that
65. The Lessee covenants with the Lessor as follows:

4.4 to keep the interior of the Dwelling and the fixtures and fittings therein and the windows and external doors of the Dwelling and the glass in them in good repair and decorative order...

66. The Respondent argues that Clause 4.4 refers to the entirety of the window and that to restrict it to the interior of the window is to rewrite the true intention of the clause. The Tribunal does not agree with this analysis and considers that clause 4.4 is intended to refer to the interior of the Dwelling, except where specifically extended to the exterior – i.e. exterior doors. In contrast clause 5.1 refers to the exterior of the structure. This does not seem to the Tribunal to be rewriting the true intention of the clause but more, giving effect to its true intention. The Tribunal do not find that the clause as drafted in the present Lease is contrary to a conclusion that the windows form part of the exterior of the building. Therefore, the cost of replacing the windows will be a service charge provided the cost is reasonable.

FIRE SAFETY WORKS

67. The Applicants argue that the works required under the Regulatory Reform (Fire Safety) Order 2005 were poorly managed and were paid for out of the wrong fund. It is not disputed that the works were done, or that the works were reasonable in themselves although one of the consequences of the works was that the previous office location on the landing at the top of the stairwell was deemed inappropriate and so the office was moved into the guest bedroom. As a consequence of this application the Applicants have highlighted the lack of ability under the terms of the Lease for the Respondent to recover the costs of employing an on-site manager. These costs have been dealt with elsewhere. As a consequence the Tribunal understands that the on-site manager service will be withdrawn.
68. The Tribunal finds the costs charged to the service charge in respect of fire safety works for the period under consideration to be reasonable and therefore payable as part of the service charge. The Tribunal does not consider that the Respondent exercised its discretion under the Lease as to which fund to allocate costs to in an unreasonable manner.

COSTS

69. The Tribunal considered the Applicants' request that costs associated with this matter should not be added to the Service Charge Account. The Respondent asserted that they did not contest the Applicants' application on this point and that they did not intend to add any such sums to the service charge account. The Tribunal accordingly does not deal with the matter any further, given the agreement of the parties, and orders that costs in connection with these proceedings should not be added to the Service Charge Account.

ANNEX

List of Leaseholders

A. Wilson	1 Betterton Court
I. & M. Romenuik	2 Betterton Court
G. Fellows	3 Betterton Court
B. Procter	4 Betterton Court
R. Drewery	5 Betterton Court
G. Barnett	7 Betterton Court
K. Kemp	8 Betterton Court
V. Bloomfield	9 Betterton Court
K. Burgess	10 Betterton Court
P. Johnson	11 Betterton Court
P. Hood	12 Betterton Court
J & D. Baker	12A Betterton Court
R. Charlton	14 Betterton Court
R. & M. Bryon	15 Betterton Court
T. Priestley	17 Betterton Court
P. Goodhand	18 Betterton Court
M. Shepherd	19 Betterton Court
H. Walton	20 Betterton Court
D. & E. Sutton	21 Betterton Court
H. Wright	22 Betterton Court
S. Arnold	23 Betterton Court
S. Phillips	24 Betterton Court
L. Waby	25 Betterton Court
H. & P. Budden	26 Betterton Court
M. Gouldin	27 Betterton Court
D. Ebbs	28 Betterton Court
A. Ebbs	29 Betterton Court
R. Bolton	30 Betterton Court
D. Sanderson	31 Betterton Court
V. Matthews	32 Betterton Court