10086

FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	:	**BIR/00CN/LSC/2014/0002**
Property	:	**30 Lenton Croft, Yardley, Birmingham B26 1EJ**
Applicant	:	**Ms Sarah Jones**
Representative	:	**Mr Stephen Jones**
Respondent	:	**Birmingham City Council**
Representative	:	**Ms Helen Kiteley, Solicitor**
Type of Application	:	**Application for a determination of liability to pay and reasonableness of service charges under section 27A Landlord and Tenant Act 1985**
Tribunal Members	:	**Judge C Goodall LLB** **Mr N Wint FRICS** **Mr J Arain**
Date of inspection and determination	:	**18 June 2014**
Date of Decision	:	**1 July 2014**

DECISION

Background

1. Birmingham City Council ("the Council") is the freehold owner of approximately 70,000 properties which are owned or occupied by short or long terms lessees. As a generality, the Council has responsibility for maintaining at least the structure and common parts of these properties.

2. 30 Lenton Croft ("the Property") is one of these properties. It is owned on a long term lease basis by Ms Sarah Jones ("the Applicant"), who purchased it on 26 July 2013. On 18 November 2013 or 18 December 2013 (the Tribunal does not know which – both dates appear on the document), the Council sent the Applicant a Notice of Intention to carry out works to the Property under a long term agreement. The works proposed were described in the Notice as "Communal Decoration" and in Appendix 1 to the Notice a cost estimate for the Applicant's share of these works is provided ("the Estimate") showing that the estimated sum the Applicant would be required to pay is £695.46. This is broken down as follows:

Communal redecoration	362.24
Preliminaries	109.00
Contractors on-cost	27.43
Acivico Professional fees	19.95
Housing Management Fee (10%)	51.86
Provisional sum	125.00
Total	**695.46**

[Note: These are the estimated figures for the Applicants flat. The Council also provided in the Estimate an estimate for the whole block. There are four flats in the block, and the figures in the block estimate are four times the figures in the individual flat estimate. In this decision, the Tribunal uses figures for an individual flat throughout, for consistency. Readers should remember that these figures are therefore only a quarter of the proposed overall estimates.]

3. On 17 January 2014, the Applicant applied to this Tribunal under section 27A of the Landlord and Tenant Act 1985 ("the Act") for a determination of the reasonableness of this proposed charge.

4. The redecoration work was in fact carried out in about March 2014, but no invoice for it has yet been finalised and submitted to the Applicant. This decision does not therefore determine what the Council may charge for the work that has been done; it determines only whether, were the Council to charge the sums set out in its estimate, that charge would be reasonably incurred.

5. The parties requested that the case be determined on the basis of written representations. The Tribunal members met on 18 June 2014 to carry out an inspection of the Property and the block in which it is situate ("the Block"), and to determine the application. It considered the contents of the

two bundles of documents supplied, one by each party, and the witness statement of Raymond Stanley Dudley, which was supplied too late to be included in the Council's bundle.

The Inspection

6. The inspection was carried out in the presence of the Applicant and her representative, Mr Jones. For the Council, Mr Gary Hayes and Mr Ali Ibrar attended.

7. The Property is one of four flats in a purpose built late 1960s/ early 1970s building comprising 26, 28, 30 and 32 Lenton Croft. There is a communal glazed front door with an adjoining window assembly. The door and window framework is decorated with a wood stain finish. The front door leads to a communal area off which are the front doors to the two ground floor flats. There is a stairway up to a landing off which are the two first floor flat entrances. The walls and ceiling of the communal hall are plastered and painted. The stairway has metal balustrades. There are also two service cupboards on the first floor, and a meter cupboard on the ground floor. There is a rear door leading to two bin stores, each with a wooden door.

8. The redecorating work which the Tribunal observed had been carried out comprised emulsion of the walls and ceilings, gloss painting of the skirting and balustrades, painting of the two bin store doors, the two upstairs store doors and the meter cupboard door and the re-staining of the front door assembly. The Tribunal was also informed that at first floor level, a window and frame had been replaced with a new UPVC window and frame, though this work had not been included on the estimate which is the subject of this application and therefore has no relevance to this application.

9. The Tribunal is not required to consider, in this decision, the quality of the workmanship observed, and makes no further comment about that.

The law

10. The powers of the Tribunal to consider service charges (including proposed service charges) are contained in sections 18 to 30 of the Act.

11. Under Section 27A of the 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

12. Applications for a determination of whether a sum is payable (for charges that have already been incurred) are considered under section 27A(1). Determinations relating to whether if costs were incurred a service charge would be payable are considered under section 27A(3). This case is therefore a case under section 27A(3).

13. In effect, this gives an opportunity for both a proposed estimate of service charges to be raised with the Tribunal and a further opportunity for the sums actually spent, when they are known, to be challenged.

14. Section 19(1) of the 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."

15. 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).

16. 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).

17. In relation to the test of establishing whether a cost is or would be reasonably incurred, in *Forcelux v Sweetman* [2001] 2 EGLR 173, the Lands Tribunal (as it then was) (Mr P R Francis) FRICS said:

> "39. ...The question I have to answer is not whether the expenditure for any particular service charge item was necessarily the cheapest available, but whether the charge that was made was reasonably incurred.
>
> 40. But to answer that question, there are, in my judgement, two distinctly separate matters I have to consider. Firstly, the evidence, and from that whether the landlord's actions were appropriate, and properly effected in accordance with the requirements of the lease, the RICS Code and the 1985 Act. Secondly, whether the amount charged was reasonable in the light of that evidence..."

18. In *Veena v Cheong* [2003] 1 EGLR 175, the Lands Tribunal (Mr P H Clarke FRICS) said:

"103. ...The question is not solely whether costs are 'reasonable' but whether they were 'reasonably incurred', that is to say whether the action taken in incurring the costs and the amount of those costs were both reasonable."

19. And further clarification of the meaning of "reasonably incurred" has been provided by the Upper Tribunal in *London Borough of Lewisham v Luis Rey-Ordieres and others([2013] UKUT 014)* which said (at para 43):

"...there are two criteria that must be satisfied before the relevant costs can be said to have been reasonably incurred:

(i) the works to which the costs relate must have been reasonably necessary; and

(ii) the costs incurred in carrying out the works must have been reasonable in amount."

The lease

20. The Applicant's lease is dated 31 August 1998 and is for a term of 125 years from that date. The Council covenants, at clause 4(b),

> (i) [to] paint with two coats of good quality paint and in a proper and workmanlike manner the external surfaces of the [Block] usually painted and also those parts of the hall staircases and landings of the Building usually painted once in every six years during the term
>
> (ii) [to] caretake and generally maintain the [Block] ...

21. In clause 3(c) of the lease, the lessee (i.e. the Applicant) covenants to pay a service charge in every year to the Council in accordance with the Sixth Schedule.

22. The relevant parts of the Sixth Schedule provide that:

"The service charge shall be a reasonable proportion of the aggregate of:-

1 (a) ...[not relevant]
(b) The cost of carrying out the Council's covenants set forth in clause 4(b) hereof ...
(c) ...[not relevant]
(d) A management charge equal to ten per centum of the aggregate of the sums referred to in sub-paragraphs (a) (b) and (c) above or ten pounds whichever is the greater

The Applicant's case

23. In her statement dated 5 March 2013, the Applicant challenges the proposed expenditure of £695.46 set out in the Estimate. The principal points made are:

    a. No detail of the works proposed is given;

    b. No additional estimates are provided; the Applicant suggests that three written quotes should be provided;

    c. The proposed charge for preliminaries of £109 is challenged;

    d. The contractor's on-cost of £27.43 includes head office overheads. The Applicant challenges whether overheads are incurred on this scale of project. So far as the profit element is concerned, which is included in this category, the Applicant says this is an arbitrary sum and it should be a percentage figure;

    e. Professional fees of £19.95 are challenged on the basis that these should be included within either the Council's or the contractors own charge;

    f. The Applicant asks why she should have to pay a management fee when she already has to pay an annual fee and when local authority tenants do not have to pay it;

    g. A provisional sum of £125 cannot be justified considering the nature and limited extent of the proposed works.

24. Overall, the proposed charges in the Estimate are said to be unreasonable and not value for money. The Applicant accepts that a charge of £350 would be a reasonable sum for communal redecoration.

The Council's case

25. The Council manages the repair and maintenance of its property stock through what are called qualifying long term agreements. The Council accepts that lessees are entitled to be consulted when such an agreement is entered into and it has provided documentation showing that a consultation exercise commenced on 13 September 2010 on the proposal to enter into a number of such long term qualifying agreements for the provision of major works to the Council's property stock. The Council wished to have contracts in place with contractors who could provide capital reconstruction and major programmes of work across the full range of the Council's building stock with individual contract prices generally exceeding £500,000.00. The opportunity to bid for these contracts was advertised in the European Journal.

26. The search for contractors culminated in the selection of the four highest scoring main contractors who tendered for qualifying long-term agreements. One of the selected contractors was Mansell Construction Services Ltd ("Mansell") who entered into their framework contract (which is a qualifying long term agreement) in October 2011. Three other companies were also awarded qualifying long-term agreements, these being Community Solutions West Midlands, Thomas Vale Construction PLC and Willmott Dixon Holdings Ltd.

27. A witness statement was provided from Mr Dudley, who is an employee of Acivico (Design and Framework Management) Ltd ("Acivico"), a wholly owned subsidiary of the Council, who provide management services to the Council and who managed the delivery of the decorating service to the Property. Mr Dudley says that in 2012 the Council put together a specific project for redecoration of some of its stock. He states that at least two of the main contractors with qualifying long-term contracts submitted tenders. Out of these, Mansell was chosen. They were not the cheapest, but the cheapest tenderer (Thomas Vale) withdrew because of legal risks. The next cheapest was Mansell who were awarded a contract for various internal decorating works for 2012/13. They were then given the opportunity to contract for 2013/14 as well on the basis that no increase in rates would be permitted from the rates used in the 2012/13 year, and that the same sub-contractors were used with the same management to ensure maintenance of quality, workmanship and level of service.

28. Consideration was obviously being given to the inclusion of the Block in the programme of decorating works for 2013/14. Mr Dudley explains that a Mr Mervyn Rose and a Mr Keith Harris (Acivico staff) prepared a schedule of costs for this work using the agreed schedule of rates used in the Mansell contract for 2012/13. A schedule (page 54 of tab 6 of the Council's bundle) shows the calculation of the proposed base cost (labour and materials only) of £1,448.94 for the Block. This document costs the works on the basis of rates for areas of required decoration. So for example, there are said to be 64 sq m of plastered wall for which a rate of £1.73 per sq m is given for preparing and priming, producing a cost for that work of £110.72. The cost for applying 2 coats of flame retardant eggshell paint to achieve "o" class spread of flame is given as £4.03 per sq m, producing a cost of £499.72 for that work, and so on. The figures given in this schedule of costs are for the whole block, so the Applicant's share for these two items is one quarter of these figures. The total for the whole Block is calculated as £1,329.30 to which is applied a further 9% for "prelim" producing a Block total of £1,448.94. The Applicant's share is therefore £362.24 (there is a small rounding error).

29. Mr Dudley continues in his statement to explain that there are then pre-determined percentages in respect of preliminaries and contractors on-costs (overheads and profit) that need to be added. The first of these items – preliminaries – covers such matters as on and off site accommodation costs, depots, storage facilities, supervision, security, health and safety,

set-up with sub-contractors and other preliminary matters. There is an appendix of these which is provided to leaseholders as Appendix 2 to the Notice of Intention to carry out works for them to understand these costs ("the Council Information Sheet")

30. The Council Information Sheet lists two types of preliminary cost – "standard" and "additional permissible prelims". Standard prelims include non-productive staff costs, on and off site accommodation, storage facilities, furniture and equipment to site, site records, passive security, access control, temporary works, all costs associated with health and safety, temporary services, temporary protection of materials and works, ICT costs, consumables, surveying equipment, signage, personal protective clothing and equipment. The general description of these costs is that they are the "costs associated with the establishment, management, protection and servicing of the site and the works throughout the duration of any individual contract.."

31. "Additional permissible prelims" are for "site specific requirement depending on the type and nature of work being carried out on a project by project basis". The specific list of items includes items such as fixed scaffolding, hoists, powered access, hoarding and fencing, site accommodation for the employer, service diversions, road closures, mechanical plant, cranes, permits, security staff, parking fees, temporary CCTV, insurance bonds and skips.

32. In his statement, Mr Dudley gives the rates for prelims. There are said to be three rates, 1.27%, 13.47% and 15.35% for, respectively, fixed element, variable element, and additional permissible prelims. Neither these terms, nor how the appropriate rate is determined are explained on the Council Information Sheet.

33. The Tribunal also has a statement from Mrs Kiteley, the Councils solicitor who has handled this case. In her statement she explains that various on-costs are added to the base cost under the Mansell contract, including preliminaries. She confirms that the various pre-determined percentages in respect of preliminaries arise out of the contractual arrangements between the Council and Mansell under the qualifying long term agreement. She confirms that the Council Information Sheet further explains these charges.

34. In addition to prelims, Mr Dudley says the Council are charged a contractors on-cost, which is approximately 6% for the contractors head office overheads, management and profit.

35. An additional cost is also added to the base cost to cover the professional fees incurred by Acivico for managing the contract for the Council. This is approximately 4% of the contract cost and covers project management, contract administration, quantity surveying fees, and Construction Design and Management (CDM) cost.

36. The Council add their 10% management charge under paragraph 1(d) of the Sixth Schedule of the lease (see paragraph 22 above).

37. Finally, the Council add a provisional sum, which they describe as a Tier-2 Risk allowance. Here the sum added is £500 for the Block (£125 for the Property). The Council Information Sheet explains that this charge is an "allowance for either known works which could not be fully designed and/or specified when this estimate was prepared or unknown works that could not be defined (i.e. asbestos removal, unidentified existing services below ground etc). These are then adjusted at a later date once the actual costs are known (plus or minus)." The specific reason given by Mr Dudley for inclusion of a provisional sum in this case is risk of vandalism between preparation of the estimate in October 2013 and the carrying out of the works in March 2014.

38. On the basis of the explanation summarised in the preceding paragraphs 25 – 37, the Council argue that they have estimated the costs of the redecoration works to be carried out at the Property on the basis of agreed rates following a competitive exercise to select appropriate partners for enter into framework contracts with the Council, who were then subject to a second round of competition for the specific works to be undertaken. The rates have therefore been tested in the market. To the base costs have to be added the additional on costs as identified above. The total sums shown on the Estimate are reasonable sums that the Council say the Tribunal should find would be payable by the Applicant.

39. The Council argue that there are legal authorities which determine the approach that the Tribunal must take in making its determination. Two points are in particular of relevance.

40. The first is the submission that as a matter of law, the fact that there may be a cheaper method of supplying a service or a cheaper workman willing to do certain works is irrelevant. The Tribunal's responsibility is to consider the actual method for carrying out works chosen by the Council and determine whether the decision to use that method was a reasonable one (*Forcelux v Sweetman* [2001] 2EGLR 173).

41. The second important submission is that where there is a qualifying long-term agreement in place, there is a presumption that costs incurred under it are reasonably incurred and reasonable in amount (*LB Camden v Auger* LRX/81/2007).

42. To the extent that the Applicant may be arguing lack of consultation, the Council evidence contains a summary of the consultation processes carried out in this case which the Council say fully comply with their legal requirements. Specifically with regard to the suggestion that three estimates should be provided, the Council point out that when a consultation on proposed works to be carried out under a long-term

agreement takes place, the consultation requirements are those set out in Schedule 3 of the Service Charge (Consultation Requirements) (England) Regulations 2003, which do not require three estimates.

Deliberations

43. In determining whether the Applicant would have a liability to pay the proposed sum £695.46, the Tribunal considers that the test is whether that sum would be reasonably incurred. The Tribunal must consider whether the works are reasonably necessary and whether the proposed costs are reasonable in amount.

44. The Tribunal is satisfied that the common parts internal decoration was necessary. The Applicant has not raised necessity as an issue. The lease requires that redecoration of the common parts is carried out every six years.

45. The Tribunal is also satisfied that it was reasonable for the Council to use Mansell as contractor. It may well have been legally obliged to do so once they became the contractor offering the lowest price. The Tribunal has no way of knowing whether that is in fact the case as no detail of the Mansell contracts on this point has been provided. But it is reasonable, in the view of this Tribunal, that the Council contracting methodology is to use contractors with whom it has placed long-term qualifying agreements, and there is no evidential basis upon which the Tribunal could determine that the selection of Mansell as the contractor was unreasonable.

46. Are the proposed costs reasonable in amount? The Tribunal accepts and agrees that in determining reasonableness, it is not a question of whether there was a cheaper or other reasonable option, but rather the question is whether the rates, which the Council say are set out in the Mansell contract, are reasonable in amount.

47. Each of the component elements of the proposed charge will be considered.

Base cost

48. The proposed base cost (page 54 of Tab 6 of the Council bundle), to cover labour and materials, is £362.24 (£1,448.94 for the Block). This is broken down into a charge for each item of decoration plus an additional 9% charge of £119.64 for "prelims".

49. The Tribunal does not see how a prelim charge can be included in the charge for labour and materials, particularly as there are three prelim charges in the calculation that follows. The base cost is calculated according to fixed rates for items of work. Those rates, it seems to the Tribunal, cannot be challenged as they are the rates (we have been told) set out in the Mansell contract, which the Tribunal has determined it was

reasonable for the Council to use. However, anything added to that cost is not by definition purely the cost for labour and materials. The labour and materials charge, on the basis of the document produced by the Council, is £1,329.30, not £1,448.94. The base cost therefore reduces to £1,329.30 overall, or £332.32 for the Property.

50. The claim by the Council that the base cost is for labour and materials is difficult for the Tribunal to interrogate, as the explanation for this cost, which is described in paragraph 28 above, does not give a breakdown of labour and materials; it gives rates per square metre. It would have been more helpful to know how many people worked on the job, at what rate and for how long, and the amounts and cost of the materials. However, using its expert knowledge and experience, the Tribunal is prepared to accept that the base cost given by the Council is the cost of labour and materials. But it considers that even this reduced charge is at the upper end of the cost spectrum for the intended work. Despite that, in the opinion of the Tribunal it does not cross the boundary between being a charge that it is reasonable for the Council to incur, and one which it is not possible to justify on any objective criteria. The Tribunal therefore accepts that the base cost proposed, less the prelim charge, is reasonable in amount.

Preliminaries

51. The Council is seeking a total of £109 from the Applicant for preliminaries (in addition to the disallowed preliminaries charge included in the base cost). This is made up of:

	£
Standard preliminaries: Fixed element @ 1.27%	4.60
Standard preliminaries: Variable element @ 13.47%	48.79
Additional Permissible Prelims @ 15.35%	55.60

52. The Council's case for charging a fee for preliminaries is outlined in paragraphs 29 to 33 above. The Tribunal has difficulties with this head of charge. The proposed work on the Property and the Block is a straightforward decorating contract. In fact, as the Tribunal was informed at the inspection, it was carried out by two men who worked for some four or five days on all four blocks in Lenton Croft that required common parts redecoration. Put bluntly, the preliminary costs for setting up two decorators and a van for a week should be fairly low. In particular, there is no need for virtually all of the works described as both standard preliminaries and additional permissible preliminaries in the Council Information Sheet as is more fully detailed in paragraphs 29 to 33 above.

53. The Tribunal realises that the Council's case is that there is a contractual obligation upon the Council to pay these charges but it has not been given any detail of how the contract determines the correct rate for preliminaries for different types of work. In Mrs Kiteley's evidence she only says there

are "pre-determined percentages". No further information is provided to indicate when and how those percentages are in fact determined. There are said to be three rates, but the Tribunal has no information to explain which rate applies when. There is no information to assist the Tribunal in understanding when variable charges or additional permissible charges are in fact levied. It is surely unlikely to be on every job as otherwise they would not be variable. Likewise, the phrase "additional permissible preliminaries" suggests that there are also occasions when these additions are not permissible. The wording in the Council Information Sheet suggests that the preliminary costs are site specific and relate to an individual project. On the evidence available, the Tribunal is not convinced that there is a clear contractual commitment to pay Mansell 30.09% of the base cost as preliminaries on every job. If there is, the Tribunal questions why, as it is clear to it that the scope and scale of the decorating works at Lenton Croft cannot objectively justify such a high figure.

54. The Tribunal allows only the fixed preliminary charge of 1.27%, therefore allowing a total charge of £16.88, which is a charge of £4.22 to the Applicant.

Contractor's on-cost

55. The Council's evidence is that the base cost is only the cost of labour and materials. It is entirely appropriate for the contractor to add a charge for its overheads and profit. This sum is allowed. It is based on a percentage of the base cost. The actual proportion in the Council's estimate was 5.8% of the base cost plus preliminaries. The Tribunal considers that to be a reasonable and proper charge. On the amended sums allowed in this decision, this cost would be £19.52.

Acivico professional fees

56. Under this head the Council seek to add what are essentially their own management costs to the proposed charge. The fact that this management service is now delivered by a wholly owned subsidiary of the Council rather than in house does not, in the Tribunal's view, make a difference. For two reasons, the Tribunal does not consider that this charge is reasonably incurred:

    a. Under the lease, the Council may only charge the "cost" incurred in complying with its repairing covenant. As the Tribunal interprets the lease, this means the external cost; the sum that has to be paid to the organisation that delivers the repair. It does not include the internal costs incurred by the Council in incurring that external cost.

    b. The Council's own costs are recovered under the lease by the imposition of a management charge at 10%. To include a further

charge for what is essentially management of the project to deliver the repairs is double counting.

57. The Tribunal therefore does not agree that the Acivico fees may be recovered from the Applicant.

Housing Management Fee

58. The Council seek recovery of a 10% charge for their management charge. The Applicant has expressly covenanted in the lease to pay this charge and the Tribunal sees no reason why it should not be payable. It is allowed. The Tribunal has calculated that it would be £35.60.

Provisional sum

59. In effect this charge is a contingency charge against unforeseen snags. It is not unreasonable to include some form of contingency. Fortunately in this case, any debate about whether this is an excessive contingency has turned out to be unnecessary as Mr Dudley has confirmed in his statement that the Tier-2 Risk allowance has not been expended. The Tribunal therefore determines that it was reasonable to include a contingency and confirms that the estimated sum of £125 for the Property is reasonable, but in reality this should not be charged to the Applicant when the final invoice is presented, as it was not in fact used.

Consultation

60. The Applicant suggested that the Council should have provided three estimates when giving notice of intended works. The Applicant has not raised any other point on compliance with the requirements of the Service Charge (Consultation Requirements) (England) Regulations 2003. The Tribunal accepts the Council's submissions on this point, which are summarised in paragraph 42 above. The Regulations do not require three estimates where work is proposed under a qualifying long term agreement.

Costs

61. The Applicant has requested that the Tribunal make an order under section 20C of the Act to the effect that none of the Council's costs incurred in these proceedings be regarded as relevant costs to be taken into account in determining the amount of any service charge to be paid by the Applicants. The Council has not made any representations on this part of the application.

62. Having looked carefully at the Lease, the Tribunal is doubtful that the Lease allows the Council to charge its costs of these proceedings as a service charge in any event. As the Applicant has succeeded in persuading the Tribunal to make adjustments to the cost of the proposed works, and as the jurisdiction of this Tribunal under the Act is intended generally to be

a no-cost environment, the Tribunal considers it would be just and equitable to make an order under section 20C in favour of the Applicant.

Summary

63. For the reasons set out above, the Tribunal determines that of the sums set out in the Council's Leaseholder Cost Estimate Appendix 1 for proposed communal redecoration of the Block, dated 31 October 2014, the following sums are sums that it was reasonable to include on the estimate as sums that might become payable (even though, as it turns out, the provisional sum should not be charged):

Communal redecoration base cost	332.32
Preliminaries	4.22
Contractors on-cost	19.52
Management fee	35.60
Provisional sum	125.00
Total	**516.66**

64. None of the Council's costs incurred in these proceedings shall be regarded as relevant costs to be taken into account in determining the amount of any service charge to be paid by the Applicant.

Appeal

65. Any appeal against this decision must be made to the Upper Tribunal (Lands Chamber). Prior to making such an appeal the party appealing must apply, in writing, to this Tribunal for permission to appeal within 28 days of the date of issue of this decision (or, if applicable, within 28 days of any decision on a review or application to set aside) identifying the decision to which the appeal relates, stating the grounds on which that party intends to rely in the appeal, and stating the result sought by the party making the application.

Judge C Goodall
Chair
First-tier Tribunal (Property Chamber)

9 JUL 2014