



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

Case Reference : BIR/17UC/LAM/2014/0003

Subject Property : **The Old School Development
Old School Lane
Creswell
Worksop
Nottinghamshire
S80 4BY**

Applicants : **J J Barratt & Sons Ltd**

Representative : **Taylor & Emmet LLP**

Respondents : **(1) DRC Construction Ltd
(2) The Old School Development
(Creswell) Ltd**

Representative : **D Carroll**

Type of Application : **(1) Application under section 24 of
the Landlord and Tenant Act 1987 for
an order for the appointment of a
manager
(2) Application under section 20C of
the Landlord and Tenant Act 1985 for
an order as to the Respondents' costs**

Date of Application : **31 March 2014**

Tribunal Members : **Judge N P Gravells
Mr V Ward FRICS**

Date of Decision : **23 JUL 2014**

DECISION

Introduction

- 1 This is a decision on two applications made to the First-tier Tribunal (Property Chamber) by J J Barratt & Sons Ltd and others, leaseholders of eight residential units at The Old School Development, Old School Lane, Creswell, Worksop, Nottinghamshire S80 4BY ('the subject property'). The applications, dated 28 March 2014 and received by the Tribunal on 31 March 2014, are (1) under section 24 of the Landlord and Tenant 1987 ('the 1987 Act') for an order for the appointment of Mr David Poppleton of Inspired Property Management LLP as manager of the subject property and (2) under section 20C of the Landlord and Tenant Act 1985 ('the 1985 Act') for an order that the costs incurred by the Respondents in connection with the present proceedings are not to be treated as relevant costs in determining the amount of any service charge payable by the Applicants. The Respondents are (1) DRC Construction Ltd, the freeholder of the subject property, and (2) The Old School Development (Creswell) Ltd, the current management company for the property. Mr Dale Carroll appears to be the sole shareholder and director of DRC Construction Ltd and the sole director of The Old School Development (Creswell) Ltd.
- 2 The subject property comprises a development of two blocks containing 21 residential units. As indicated, the Applicants are the leaseholders of eight of the units (see Annex A). A further unit is the subject of a long lease but the registered proprietors are not parties to the present application. The remaining 12 units are let (or available for let) on assured tenancies directly from the freeholder.
- 3 The Applicants hold their respective units on identical 125-year leases from 1 January 2010. By clause 5 of, and Schedule 5 to, the leases, the management company covenants to provide the usual range of services to the subject property; and by virtue of clause 9 of the leases, the management company covenants to obtain buildings insurance for the subject properties. In case of default on the part of the management company, the freeholder covenants to provide those services. By clause 3 and Schedule 4, each leaseholder covenants to pay by way of service charge 1/21 of the relevant costs. In addition, each leaseholder covenants to pay by way of 'access charge' 1/40 of the costs incurred in the repair and maintenance of the access roads.
- 4 Adjacent to the subject property are 19 houses, which were constructed by DRC Construction Ltd and are largely owner-occupied. Under the terms of the transfers of those properties, the owners for the time being covenant to pay an appropriate proportion (presumably 1/40) of the costs incurred in the repair and maintenance of the access roads.
- 5 The Applicants allege (i) that the Respondents are in breach of obligations relating to the management of the subject property owed to the Applicants under the terms of the leases and that it is just and convenient to make an order for the appointment of a manager in all the circumstances of the case, (ii) that the second Respondent has

failed to comply with the provisions of the RICS Service Charge Residential Management Code and that it is just and convenient to make an order for the appointment of a manager in all the circumstances of the case and (iii) that other circumstances exist which make it just and convenient to make an order for the appointment of a manager.

- 6 Pursuant to the procedure set out in sections 21 to 24 of the 1987 Act, on 23 December 2013 the Applicants served a preliminary notice on the Respondents under section 22, (i) setting out in detail the allegations outlined in paragraph 5 above, (ii) setting out the remedial action that the Applicants required the Respondents to take and (iii) stating that, if that remedial action were not taken, the Applicants intended to apply to the Tribunal for an order for the appointment of a manager.
- 7 In the absence of any response from the Respondents, the Applicants made the present application to the First-tier Tribunal (Property Chamber)) under section 24 of the 1987 Act.
- 8 The Tribunal issued Directions on 9 May 2014 and scheduled an inspection of the subject property and a hearing for 21 July 2014. While the Applicants complied in all respects with those Directions, the Tribunal received no communication from either of the Respondents (or from Mr Carroll).

Inspection and hearing

- 9 The Tribunal inspected the subject property on 21 July 2014. Present at the inspection were: Mr Peter Hine, one of the Applicant leaseholders; Ms Cassandra Zanelli, of Taylor & Emmet LLP, solicitors representing the Applicant leaseholders; Mr David Poppleton, the proposed manager, and Ms Danielle Doyle, both of Inspired Property Management LLP, Mr Dale Carroll, representing the Respondent companies; and Ms Ann Ludlam, of Martin & Co, letting agents for (most of) the residential units in the subject property.
- 10 Immediately following the inspection a hearing was held at Worksop Magistrates' Court. The hearing was attended by the same persons who were present at the inspection, with the exception of Ms Ludlam.

Determination of the Tribunal

- 11 In determining the applications, the Tribunal took account of all relevant submissions and representations.
- 12 As noted above, the Respondents failed to communicate with the Applicants and the Tribunal throughout the pre-hearing stages of the present application. However, Mr Carroll arrived at the subject property towards the end of the inspection and he attended the hearing.

- 13 In fact, Mr Carroll was unable to provide much assistance to the Tribunal. His observations seemed to suggest that he had only limited understanding of the relationships between the freeholder, the management company and the leaseholders; and he generally failed to address the issues before the Tribunal and the arguments of the Applicants.

Appointment of manager

- 14 There are four issues before the Tribunal: first, whether the Tribunal has jurisdiction to determine the application for the appointment of a manager; second, whether the Tribunal is satisfied that the grounds for making an order are established; third, whether the Tribunal should make an order appointing Mr Poppleton as manager of the subject property; and, fourth, what terms should be included in any such order.

Jurisdiction

- 15 It is not in dispute (i) that the property and tenant conditions set out in section 21 of the 1987 Act are satisfied and (ii) that the Applicants served a preliminary notice on the Respondents in accordance with the requirements of section 22 of the 1987 Act. It follows that the Applicants are entitled to make an application section 24 of the 1987 Act and that the Tribunal has jurisdiction to determine that application.

Grounds for making an order for the appointment of a manager

- 16 The grounds for making an order for the appointment of a manager are set out in section 24(2) of the 1987 Act, which provides (so far as material for the present application):

The appropriate tribunal may only make an order under this section in the following circumstances, namely—

(a) where the tribunal is satisfied—

(i) that any relevant person either is in breach of any obligation owed by him to the tenant under his tenancy and relating to the management of the premises in question or any part of them or (in the case of an obligation dependent on notice) would be in breach of any such obligation but for the fact that it has not been reasonably practicable for the tenant to give him the appropriate notice, and

(ii) ...

(iii) that it is just and convenient to make the order in all the circumstances of the case;

...

(ac) where the tribunal is satisfied—

(i) that any relevant person has failed to comply with any relevant provision of a code of practice approved by the Secretary of State under section 87 of the Leasehold Reform, Housing and Urban Development Act 1993 (codes of management practice), and

(ii) that it is just and convenient to make the order in all the circumstances of the case; or

- (b) where the tribunal is satisfied that other circumstances exist which make it just and convenient for the order to be made.
- 17 First, the Applicants allege that the Respondents have carried out none of the management obligations and provided none of the services set out in the Fifth Schedule to the lease (as required by clause 5 of the lease) since May or June 2013, when the Respondents' managing agent, the McDonald Partnership, left the subject property. (Such services as have been provided since July 2013 have been arranged (through Martin & Co) and paid for by the leaseholders themselves.) The Applicants also allege that the Respondents are in breach of their covenant to provide buildings insurance as required by clause 9 of the lease. The Applicants further allege that the Respondents are in breach of their covenant to allow the leaseholders peaceable enjoyment of the subject property as required by clause 6 of the lease, specifically that the Respondents have failed to permit the leaseholders to exercise their entitlement to become members of the management company.
- 18 Second, the Applicants allege that the Respondents have failed to comply with numerous provisions of the RICS Service Charge Residential Management Code, including (i) the failure to provide effective and fair procedures for dealing responsibly with management matters, (ii) the failure to take reasonable care to see that the leaseholders are reasonably safe from personal injury and damage to property, (iii) the failure to ensure that reasonable and appropriate buildings insurance is in place, (iv) the failure to have a clear procedure for handling complaints and grievances and (v) the failure to provide a sufficient system for monitoring service charges. The Applicants also question whether the service charge accounts have been properly audited.
- 19 Third, the Applicants argue that (other) circumstances exist which make it just and convenient to make an order for the appointment of a manager. They argue that, because the Respondents have effectively abandoned the management of the subject property, the value of the property and its constituent residential units are at serious risk. The Applicants also argue that the management of the subject property has been frustrated by the freeholder in so far as it has failed to contribute to service charges costs attributable to the residential units that are retained by the freeholder and not let on long leases. It was suggested that this failure (and the consequent shortfall in funds) prompted the former managing agent to leave the subject property.
- 20 In witness statements in support of the application, Mr Hine and Mr Jubber refer to the Respondents' lack of engagement with the subject property and its management since May/June 2013. Both include as an exhibit a letter dated 27 November 2013 from Mr Carroll to their solicitors, in which Mr Carroll denies any landlord and tenant relationship (or any other legal relationship) between the Applicants and himself 'either as a Management Company or DRC Contractors'.

- 21 In the absence of any relevant counter-argument from the Respondents, the Tribunal is of the view that the Applicants have presented an overwhelming case for the making of an order for the appointment of a manager for the subject property. The Tribunal is satisfied that, with some minor qualifications, which do not undermine the Applicants' case, each of the grounds on which the Applicants rely is established.
- 22 As to the qualifications, first, the Tribunal remains to be persuaded that the failure of the Respondents to include permit leaseholders to be added to the membership of the management company constitutes a breach of the covenant for peaceable enjoyment of the subject property; and the Tribunal makes no finding on that issue. Second, since the Applicants themselves are unclear as to whether the Respondents have complied with the provisions of the RICS Service Charge Residential Management Code relating to the presentation and auditing of accounts, the Tribunal makes no finding on that issue.
- 23 In the circumstances the Tribunal is in no doubt that it should make an order for the management of the subject property.

Appointment of Mr Poppleton as manager

- 24 Mr Poppleton had provided a full witness statement, setting out his qualifications, his experience of residential property management, his views on particular issues affecting the subject property and his plans for addressing those issues and the management of the property generally. He also submitted a draft service charge budget.
- 25 In response to questions from the Tribunal, he expanded on some of those matters. He confirmed that he is willing to be appointed as manager of the subject property on the terms determined by the Tribunal.
- 26 Mr Carroll made no representations.
- 27 The Tribunal is satisfied that Mr Poppleton should be appointed as manager of the subject property.
- 28 It may be appropriate to record that, at the end of the hearing, when the Tribunal indicated that it would make an order appointing Mr Poppleton as manager of the subject property, Mr Carroll seemed to express his pleasure. Moreover, he confirmed that the freeholder would pay the share of the service charge costs attributable to the residential units that are retained by the freeholder and not let on long leases.

Terms of the appointment

- 29 The Applicants submitted a draft management order. The Tribunal determined that certain clarifications and amendments to the draft order were appropriate. In particular -

- (a) The appointment is for an initial period of three years from 21 July 2014.
 - (b) The Tribunal determines the reasonable annual management fee at £145 plus VAT per unit in the first year, rising to £150 plus VAT and £155 plus VAT in the second and third years.
 - (c) The manager is given power to require the payment of an interim service charge (in accordance with the draft budget) as soon as he deems necessary.
 - (d) Although the lease includes an arguable mismatch between the service charge year and the dates for the payment of interim service charges, the service charge provisions cannot be regarded as unworkable. In the view of the Tribunal, any amendment of the service charge year or the payment dates could only be considered on a formal application for variation.
 - (e) Although the Tribunal acknowledges the potential problem of obtaining contributions to service charge costs from the freeholder in respect of the residential units that are not let on long leases, the Tribunal is not persuaded that the management order can properly include (i) provision for the repayment of loans to be secured on the freehold interest in the subject property or (ii) the entry of a restriction on the register of the freehold title requiring consent to any disposition of that title.
- 30 The terms of the appointment as determined by the Tribunal are set out in the attached Order.

Application under section 20C of the 1985 Act

- 31 Section 20C of the 1985 Act provides (so far as relevant):
- (1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before ... the First-tier Tribunal ..., are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.
 - (3) The ... tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.
- 32 The section is concerned with the costs incurred by the Respondents in dealing with the present application; and the issue is whether the Tribunal should order than some or all of those costs, which the Respondents could otherwise include in the service charge, should be disallowed.
- 33 It is not clear that the Respondents have in fact incurred any costs in dealing with the present application. However, for the avoidance of doubt, in the view of the Tribunal, it is difficult to imagine a clearer case where it would be wholly unjust and inequitable to allow the Respondents to recover any of their costs through the service charge: the Respondents have abandoned their responsibilities for the management of the subject property and have failed to engage in the process of taking that management forward.

- 34 The Tribunal therefore orders that no costs incurred by Applicant in connection with the present application are to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the Applicants.

Appeal

- 35 Any appeal against this decision must be made to the Upper Tribunal (Lands Chamber). Prior to making such an appeal an aggrieved party must apply in writing to the First-tier Tribunal for permission to appeal within 28 days of the date specified below stating the grounds on which that party intends to rely in the appeal.

Professor Nigel P Gravells
Deputy Regional Judge

23 JUL 2014

ANNEX A

APPLICANTS

Residential Unit	Leaseholder(s)
7	J J Barratt & Sons Ltd
22	Mr Christopher Jubber
20	Mr Peter Hine
15	Mr Michael Beer and Mrs Val Beer
4	Mr Surjit Singh and Mr Sukhjinder Singh Shoker
6	Mr Eric Wenham and Mrs Carol Powell
11	Mr Simon Lee
24	Mr Derek Swann and Mrs Janet Swann



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Mr V Ward FRICS**

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ORDER

Interpretation

In this Order -

- (a) 'common parts' means any drive or pathway leading to the building, any car park, visitors' parking spaces and any entrance hall, staircase and landing leading to the residential units in the building and used in common by the lessees and occupiers of such units and all conduits now laid or hereafter to be laid in or upon the estate or any part thereof or any conduits exclusively serving the estate but laid outside the estate (save where adopted or maintained at public expense or by the relevant statutory authority and other than those serving exclusively individual unit within the estate);
- (b) 'functions' means any functions in connection with the management of the premises including any obligations and powers of the Respondent under the leases;
- (c) 'leases' means the long leases vested in the lessees;
- (d) 'lessee' means a tenant of a dwelling holding under a long lease as defined by section 59(3) of the Landlord and Tenant Act 1987;
- (e) 'the manager' means Mr David Poppleton of Inspired Property Management LLP, 6 Malton Way, Adwick-Le-Street, Doncaster DN6 7FE;
- (f) 'the premises' means all that property known as The Old School Estate at Creswell Derbyshire S80 4BY of which the building forms part;
- (g) 'building' means that part of the premises which has been refurbished and comprises 21 residential units in two blocks;
- (h) 'the Respondents' means the First Respondent and/or the Second Respondent as determined by the context and/or the terms of the leases; and 'First Respondent' includes any successors in title of the freehold estate registered under title numbers DY203914 and DY358025 or any interest created out of the said titles;
- (i) 'the retained units' means the remaining units within the premises retained by the First Respondent over which leases have not, as at the date of this Order, been granted.

Preamble

UPON the Applicants having applied for the appointment of a manager under Part II of the Landlord and Tenant Act 1987 ('the 1987 Act')

AND UPON the First-tier Tribunal being satisfied that the Applicants are entitled to so apply and that the jurisdiction to appoint a manager is exercisable in the present case

AND UPON the First-tier Tribunal being satisfied that the conditions specified in section 24 of the 1987 Act are met.

IT IS ORDERED THAT

The Manager

- 1 Mr David Poppleton is appointed manager (with such additional functions of a receiver as are specified herein) of the premises pursuant to section 24 of the 1987 Act for a period of three years commencing on 21 July 2014 and is given for the duration of his appointment all such powers and rights as may be necessary and convenient and in accordance with the leases to carry out the management functions of the Respondents and in particular -
 - (a) the right to receive all service charges, interest and any other monies payable under the leases and in respect of the retained units and any arrears due thereunder, the recovery of which shall be at the discretion of the manager;
 - (b) the right to treat the initial service charge financial part-year as commencing on the date of this Order and ending on 31 December 2014 and thereafter as running from 1 January to 31 December in each year this Order is in place;
 - (c) the right to give notice and raise an interim service charge in accordance with the budget attached at Annex 1 to this Order as soon as he deems necessary;
 - (d) the power and duty to carry out the obligations of the Respondents contained in the leases - in particular and without prejudice to the foregoing -
 - (i) the Respondents' obligations to provide services;
 - (ii) the Respondents' repair and maintenance obligations; and
 - (iii) the Respondents' power to grant consent;
 - (e) the power to pursue a claim in the Respondents' names under any existing insurance policy for the premises;
 - (f) the power to delegate to other employees of Inspired Property Management LLP, appoint solicitors, accountants, architects, surveyors and other professionally qualified persons as he may reasonably require to assist him in the performance of his functions;
 - (g) the power to appoint any agent or servant to carry out any such function or obligation which the manager is unable to perform himself or which can more conveniently be done by an agent or servant and the power to dismiss such agent or servant;
 - (h) the power in his own name or on behalf of the Respondents to bring or defend any legal action or other legal proceedings in connection with the leases or the premises and to make any arrangement or compromise on behalf of the Respondents including but not limited to -
 - (i) proceedings against any lessee in respect of arrears of service charges or other monies due under the leases;
 - (ii) legal action to determine that a breach of covenant has accrued;
 - (iii) legal action to prevent a further breach of covenant;
 - (i) the power to commence proceedings or such other enforcement action against the Respondents pursuant to paragraph 7 of this Order;

- (j) the power to enter into or terminate any contract or arrangement and/or make any payment which is necessary, convenient or incidental to the performance of his functions;
- (k) the power to open and operate client bank accounts in relation to the management of the premises and to invest monies pursuant to his appointment in any manner specified in the Service Charge Contributions (Authorised Investments) Order 1998 and to hold those funds in accordance with section 42 of the 1987 Act. The manager shall deal separately with and shall distinguish between monies received pursuant to any reserve fund (whether under the provisions of the leases (if any) or to powers given to him by this Order) and all other monies received pursuant to his appointment and shall keep in a separate bank account or accounts established for that purpose monies received on account of the reserve fund;
- (l) the power to rank and claim in the bankruptcy, insolvency, sequestration or liquidation of either Respondent or any lessee owing sums of money to the manager.

2 The manager shall manage the premises in accordance with -

- (a) the Directions of the Tribunal and the Schedule of Functions and Services attached to this Order;
- (b) the respective obligations of all parties – landlord and tenant – under the leases and in particular with regard to repair, decoration, provision of services and insurance of the premises; and
- (c) the duties of managers set out in the Service Charge Residential Manager Code (the ‘Code’) or such other replacement code published by the Royal Institution of Chartered Surveyors and approved by the Secretary of State pursuant to section 87 of the Leasehold Reform, Housing and Urban Development Act 1993.

3 From the date of this Order, no other party shall be entitled to exercise a management function in respect of the premises where the same is a responsibility of the manager under this Order.

4 From the date of this Order, the Respondents shall not, whether by themselves or any agent, servant or employee, demand any further payments of service charges, access charges, administration charges or any other monies from the lessees. Such functions are transferred to the manager forthwith.

5 The Respondents, the lessees and any agents or servants thereof shall give reasonable assistance and cooperation to the manager in pursuance of his duties and powers under this Order and shall not interfere or attempt to interfere with the exercise of any of his said duties and powers.

6 From the date of this Order, the Respondents and the lessees shall - on receipt of 24 hours’ written notice – give the Manager reasonable access to any part of the premises which he might require in order to perform his functions under this Order.

7 Without prejudice to the generality of the foregoing hereof:

- (a) The Respondents, whether by themselves, their agents, servants or employees, shall by 4 August 2014 deliver to the manager all such accounts, books, papers memoranda, records, computer records, minutes, correspondence, emails, facsimile correspondence and other documents as are necessary to the management of the premises as are within their custody, power or control together with any such as are in custody etc of any of their agents, servants or employees in which last case they shall take all reasonable steps to procure delivery from their agents, servants or employees.
- (b) Within 14 days of compliance of paragraph 7(a) above the manager shall decide in his absolute discretion which or any contracts he will assume the rights and liabilities under.
- (c) The Respondents shall by 4 August 2014 deliver to the manager all keys, fobs and other access/entry cards to the premises. If the Respondents fail to deliver such keys etc, the manager shall be entitled to remove the existing locks and any other security systems currently installed at the premises and install such locks and other security as, in his absolute direction, he thinks fit.
- (d) The Respondents shall by 4 August 2014 deliver to the manager all keys to electricity, gas, water and any other utility meters located in the premises. To this end, the Respondents shall give the manager full access to the electricity, gas and water meters fuse board and any other utility meters located in the premises.
- (e) The Respondents shall by 4 August 2014 give full details to the manager of all sums of money they hold in the service charge fund and any reserve fund in relation to the premises, including copies of any relevant bank statements and shall forthwith pay such sums to the manager. If the Respondents shall thereafter receive such sums under the leases of any lessee they shall forthwith pay such sums to the manager without deduction or set-off.
- (f) The Respondents shall permit the manager and assist his as he reasonably requires to serve upon lessees any notices under section 146 of the Law of Property Act 1925 or exercise any right of forfeiture or re-entry or anything incidental or in contemplation of the same.
- (g) The rights and liabilities of the First Respondent as landlord arising under any contracts of insurance to the premises shall from the date hereof become rights and liabilities of the manager.
- (h) The manager shall be entitled to remuneration (which for the avoidance of doubt shall be recoverable as part of the service charges) in accordance with the Schedule of Functions and Services attached.

8 The manager shall in the performance of his functions under this Order exercise the reasonable skill, care and diligence to be expected of a manager experienced in carrying out work of a similar scope and complexity to that required for the performance of the said functions and shall ensure he has appropriate professional indemnity cover in the sum of at least £1,000,000 providing copies of the current cover note upon request by any lessee, the Respondents or the Tribunal.

- 9 The manager shall act fairly and impartially in his dealings in respect of the premises.
- 10 The manager shall be appointed from 21 July 2014 and the duration of his appointment shall be limited to a period of three years from that date.
- 11 The obligations contained in this Order shall bind any successor in title and the existence and terms of this Order must be disclosed to any person seeking to acquire either a leasehold interest (whether by assignment or fresh grant) or freehold.

Liberty to apply

- 12 The manager may apply to the First-tier Tribunal for further directions, in accordance with section 24(4) of the 1987 Act. Such directions may include but are not limited to -
 - (a) directions in the event of any failure by any party to comply with an obligation imposed by this Order;
 - (b) directions in the event that there are insufficient sums held by his to discharge his obligations under this Order and/or to pay his remuneration.

Retained Units

- 13 Upon the Tribunal being satisfied that the retained units benefit from the services to be provided by the manager under the terms of this Order, the manager is authorised to receive and collect contributions from the owner of the said retained units in accordance with the provisions of clause 1 of this Order.

SCHEDULE

FUNCTIONS AND SERVICES

Financial Management

- 1 Prepare an annual service charge budget (consulting with the lessees as appropriate), administer the service charge and prepare and distribute appropriate service charge accounts to the lessees.
- 2 Demand and collect service charges, insurance premiums and any other payments due from the lessees in the percentage proportions set out in the leases. Demand and collect service charges, insurance premiums and any other payments due from the owner of the retained units on the basis of 1/21 per retained unit for the service charge (as defined under the lease), 1/40 per retained unit for the access charge (as defined under the lease), and on the basis of the proportions set out in the Eighth Schedule to the lease for the insurance proportion. Instruct solicitors to recover any unpaid service charges, and any other monies due to the Respondent.
- 3 Produce for inspection, (but not more than once in each year) within a reasonable time following a written demand by the lessees, relevant receipts or other evidence of expenditure, and provide VAT invoices (if any).
- 4 Manage all outgoings from the funds received in accordance with this Order in respect of day to day maintenance and pay bills.
- 5 Deal with all enquiries, reports, complaints and other correspondence with lessees, solicitors, accountants and other professional persons in connection with matters arising from the day to day financial management of the premises.

Insurance

- 6 Take out on behalf of the Respondents and in accordance with the terms of the leases an insurance policy in relation to the buildings and the contents of the common parts of the premises with a reputable insurer, and provide a copy of the cover note to all lessees and the Respondents.
- 7 Manage or provide for the management through a broker of any claims brought under the insurance policy taken out in respect of the premises with the insurer.

Repairs and Maintenance

- 8 Deal with all reasonable enquiries raised by the lessees in relation to repair and maintenance work, and instruct contractors to attend and rectify problems as necessary.
- 9 Administer contracts entered into on behalf of the Respondents and lessees in respect of the premises and check demands for payment for goods, services, plant and equipment supplied in relation to such contracts.

- 10 Manage the common parts, and service areas of the premises, including the arrangement and supervision of maintenance.
- 11 Carry out regular inspections (at the manager's discretion but not fewer than four per year) without use of equipment, to such of the common parts of the premises as can be inspected safely and without undue difficulty to ascertain for the purpose of day-to-day management only the general condition of those common parts.

Major Works

12

- (a) In addition to undertaking and arranging day-to-day maintenance and repairs, to arrange and supervise major works which are required to be carried out to the premises (such as extensive interior or exterior redecoration or repairs required to be carried out under the terms of the leases or other major works (including structural repairs) where it is necessary to prepare a specification of works, obtain competitive tenders, serve relevant notices on the lessees and supervise the works in question).

Administration and Communication

- 13 Deal promptly with all reasonable enquiries raised by lessees, including routine management enquiries from the lessees or their solicitors.
- 14 Provide the lessees with telephone, fax, postal and email contact details (including emergency contact details) and complaints procedure.
- 15 Keep records regarding details of lessees, agreements entered into by the manager in relation to the premises and any changes in lessees.

Fees

- 16 Fees for the above mentioned management services (with the exception of supervision of major works) would be a fee of £145 plus VAT per unit (including the retained units) for the premises for the first 12 months of the appointment. Thereafter the fee shall increase to £150 plus VAT per unit (to include the retained units) for the second 12 months of the appointment, and £155 plus VAT per unit (to include the retained units) for the final 12 months of the appointment.
- 17 An additional charge shall be made in relation to the arrangement of major works (including the preparation and service of any statutory consultation notices) on the basis of a fee of 10% of the cost of the works plus VAT.
- 18 An additional charge shall be made in relation to the arrangement, claims handling and brokerage of insurances for the premises, public liability, engineering and employee cover on the basis of a fee of 15% of the insurance premium.
- 19 An additional charge for dealing with solicitors' enquiries on transfer will be made in the sum not to exceed £150 plus VAT per hour payable by the outgoing lessee.

- 20 The undertaking of further tasks which fall outside those duties described above are to be charged separately at a rate not exceeding £150 plus VAT per hour or such other rate as shall be agreed.
- 21 The manager is entitled to be reimbursed in respect of reasonable costs, disbursements and expenses (including, for the avoidance of doubt, the fees of counsel, solicitors and expert witnesses) of and incidental to any application or proceedings (including these proceedings) whether in the Court or First-tier Tribunal, to enforce the terms of the leases. For the avoidance of doubt, the manager is directed to use reasonable efforts to recover any such costs etc directly from the party concerned in the first instance and will only be entitled to recover the same as part of the service charges in default of recovery thereof.

The Old School Development (Creswell) Ltd
Estimated Service charge budget
Financial year ending 31 December
Half yearly billing 25 March & 29 September
Billed 1/21

Headings

Schedule A - Building costs

Management fees	£3,654.00	£145 + VAT per unit
Company charges	£163.00	£150 + £13 annual filing fee
Audit fees	£360.00	£300 + VAT
Sundries	£52.00	
Out of hours fee	£176.40	£8.40 per unit per annum
Bank charges	£120.00	estimated amount based on similar size development
Communal cleaning	£1,092.00	£35 + VAT per clean fortnightly
Landscaping	£720.00	estimated amount based on similar size development
Refuse removal	£160.00	
Communal electricity	£650.00	based on similar size development
Surveyors report	£600.00	
Repairs Provision	£3,000.00	includes internal & external maintenance
Gutter & drainage	£450.00	
Health & safety	£530.00	annual fire & safety risk assessment
Insurance revaluation	£100.00	carried out every three years
Sinking fund	£2,100.00	will need to be reviewed based on lifespan & surveyors report
TOTAL	£13,927.40	£663.21

Schedule B- insurance costs

Buildings Insurance	£3,227.91	actual figure
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