



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

Case Reference	:	LON/00BK/LSC/2014/122
Property	:	Flat 7, Leith Mansions, Grantully Road, London, W9 1LQ
Applicant	:	Gemlord Property Management Ltd
Representative	:	Mr Chris Green, Agent for Brady Solicitors
Respondent	:	Ms Clara Kwack
Representative	:	Mr John Hughes, Portman Property Management
Type of Application	:	Determination of the reasonableness of and the liability to pay a service charge
Tribunal Members	:	Judge Robert Latham Mr Michael Taylor, FRICS
Date and venue of Hearing	:	10 July 2014 at 10 Alfred Place, London WC1E 7LR
Date of Decision	:	4 August 2014

DECISION

- (1) The Tribunal determines that the sum of £15,718.58 is payable in respect of the arrears of service charges. Our findings, together with the matters upon which the parties have reached agreement, are set out in the Schedule annexed as Appendix 2.

- (2) The Tribunal determines that the Respondent shall pay the Applicant £320 within 28 days of this Decision, in respect of the reimbursement of the tribunal fees paid by the Applicant.
- (3) Since the Tribunal has no jurisdiction over county court costs and fees, this matter should now be referred back to the Central London County Court.

The Application

1. The Applicant seeks a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ("the Act") as to the amount of service charges payable by the Applicant.
2. On 15 April 2013, the Applicant issued proceedings in the Northampton County Court under Claim No.3XV05345. It claimed arrears of service charges in the sum of £18,271.92 for the period 1 April 2006 to 21 March 2013. The Applicant also claimed interest pursuant to Section 69 of the County Courts Act 1984 and costs. This Tribunal has no jurisdiction for the claims for ground rent, statutory interest or costs.
3. On 28 January 2014, the Respondent filed a Defence in a document headed "Response to Draft Judgment Order".
4. On 11 February 2014, District Judge Silverman, sitting at Central London County Court, transferred the case to this Tribunal (see p.1 of the Application Bundle). The Consent Order further provided for the Respondent to pay the Applicant's costs of the application in the sum of £1,122.00.
5. On 1 April 2014, the Tribunal gave Directions (at p.5).

The Hearing

6. Mr Green, an agent for Brady Solicitors, appeared for the Applicant. The Applicant Company is controlled by the eight lessees at Leith Mansions, all of whom are Directors. The Applicant relied on a witness statement from John Thorpe, a director of the Applicant Company. Mr Thorpe is a lessee at Leith Mansions where he has resided since 1987. He is aged 73 and was not available to give evidence.
7. Mr Hughes, from Portman Property Management, represented the Respondent. The Respondent relied on her witness statements and one from Mr Hughes.
8. We were provided with a Bundle of Documents which extended to 1,414 pages in three arch lever files. We are grateful for the assistance

provided by Mr Green and Mr Hughes who worked hard to narrow down the issues in dispute. The parties produced a Schedule of which consists of 25 issues in dispute. The sums specified in the Schedule total £86,928.74, in respect of which the Respondent's 12.5% share would be £10,866.09.

9. After the lunch adjournment, the parties asked for time to further narrow down the issues in dispute. They were able to resolve 23 of the 25 issues in dispute. The only outstanding issues for the Tribunal to resolve are:

(i) Item 3: Repairs and Maintenance. The Applicant claims £1,163 for the year 2006. The Respondent agrees that £704.75 is payable. We address this as Issue 1. We find that the full sum of £1,163 is payable.

(ii) Item 8: Exterior Decorating. The Applicant claims £34,033.00 for the year 2007 of which only £10,000 was agreed to be payable. We address this as Issue 2. We find that £28,750 is payable.

The total found payable is £29,913, of which the Respondent's 12.5% share is £3,739.12.

10. The sum claimed by the Applicant in these proceedings is £18,271.92. This is set out in the Statement of Account and Invoice at pp.582-3. The parties are agreed that this should be reduced by £25 in respect of ground rent, the net claim being £18,246.92. Of this:

(i) £7,380.84 has been agreed (none of these items were raised in the Schedule).

(ii) £4,598.62 was agreed to be payable in respect of sums raised in the Schedule.

(iii) £3,739.12 is payable as a result of our findings on the two issues in dispute.

The total sum payable by the Respondent is £15,718.58.

Issue 1: Repairs and Maintenance

11. The Applicant claims £1,163 for the year 2006. The Respondent agrees that £704.75 is payable. She disputes the invoice at p.157. This is an invoice, dated 21 January 2006, in the sum of £458.25. A plumber arrived on site and located a problem in the light well of Blocks 1-8. The plumber cut away a section of the soil stack serving Flat 5 to discover a piece of broken table plate lodged in the pipe. Appropriate repairs were then executed.

12. The Respondent argues that this disrepair was due to the untenantlike behaviour of the lessee of Flat 5. The cost of this repair should therefore be borne by this lessee, rather than through the service charge account.
13. The Tribunal is unable to accept this argument. First, there is no evidence as to when the broken table plate became lodged in the soil stack or how it got there. This is scarcely surprising, given that we are dealing with events over 8 years ago. Thus there is no clear evidence that this disrepair was due to untenantlike behaviour. Secondly, even if it was, the landlord would still have been obliged under the term of the lease to keep the soil stack in a good state of repair. Where there is clear and cogent evidence that any disrepair is due to untenantlike behaviour, it is open to a landlord to seek re-imburement from the responsible tenant. However, this is a matter for the judgment of the landlord who may conclude that it would not be cost effective or proportionate to pursue such a remedy. If a lessee was minded to contend that this item was wrongly charged to the service charge account, it is something that should have been raised at a much earlier time, when the landlord could have made an informed decision as to whether it should have pursued the responsible tenant.

Issue 2 – Exterior Decorating

14. The accounts for the year ended 31 December 2007 include a sum of £34,033 for exterior decorations (p.173). The Applicant contends that the total expenditure was £35,918.33, but that this was rounded down by the accountants by some £1,885.33. In these circumstances, we can focus on two documents:
 - (i) The Stage 4 Notice of Reasons, dated 23 April 2007, which describes the proposed works which total £27,889 (at p.571);
 - (ii) The Invoice from Pierra Restoration, dated 20 September 2007, in the sum of £7,299.10.

The Law

15. Consultation procedures required by Section 20 of the Act are complex. In the current case, they are to be found in the Service Charges (Consultation Requirements) (England) Regulations 2003 (SI 2003 No.1987). The relevant provisions are set out in Part 2 of Schedule 4 (“Consultation Requirements for Qualifying Works for which Public Notice is not Required”).
16. The consultation requirements have been helpfully summarised by Lord Neuberger in *Daejan Investments Ltd v Benson* [2013] UKSC 14; [2013] 1 WLR 854 at [12]:

Stage 1: Notice of intention to do the works

Notice must be given to each tenant and any tenants' association, describing the works, or saying where and when a description may be inspected, stating the reasons for the works, specifying where and when observations and nominations for possible contractors should be sent, allowing at least 30 days. The landlord must have regard to those observations.

Stage 2: Estimates

The landlord must seek estimates for the works, including from any nominee identified by any tenants or the association.

Stage 3: Notices about estimates

The landlord must issue a statement to tenants and the association, with two or more estimates, a summary of the observations, and its responses. Any nominee's estimate must be included. The statement must say where and when estimates may be inspected, and where and by when observations can be sent, allowing at least 30 days. The landlord must have regard to such observations.

Stage 4: Notification of reasons

Unless the chosen contractor is a nominee or submitted the lowest estimate, the landlord must, within 21 days of contracting, give a statement to each tenant and the association of its reasons, or specifying where and when such a statement may be inspected.

17. In *Daejan Investments Ltd v Benson* [2013] UKSC 14; [2013] 1 WLR 854, the Supreme Court gave clear guidance on how the consultation provisions should be applied:

(i) the purpose of a landlord's obligation to consult tenants in advance of qualifying works is to ensure that tenants are protected from paying for inappropriate works or from paying more than would be appropriate;

(ii) adherence to those requirements was not an end in itself, nor are the dispensing jurisdiction under section 20ZA(1) a punitive or exemplary exercise;

(iii) on a landlord's application for dispensation, the question for the tribunal is the extent, if any, to which the tenants has been prejudiced in either of those respects by the landlord's failure to comply;

(iv) neither the gravity of the landlord's failure to comply nor the degree of its culpability nor its nature nor the financial consequences for the landlord of failure to obtain dispensation is a relevant consideration;

(v) the tribunal can grant a dispensation on such terms as it thinks fit, provided that they are appropriate in their nature and effect, including terms as to costs;

(vi) the factual burden lies on the tenant to identify any prejudice which he claimed he would not have suffered had the consultation requirements been fully complied with but would suffer if an unconditional dispensation were granted;

(vii) once a credible case for prejudice has been shown the tribunal must look to the landlord to rebut it, failing which it should, in the absence of good reason to the contrary, require the landlord to reduce the amount claimed as service charges to compensate the tenants fully for that prejudice;

(viii) where the extent, quality and cost of the works are unaffected by the landlord's failure to comply with the consultation requirements an unconditional dispensation should normally be granted.

18. The relevant legal provisions are set out in the Appendix to this decision.

The Facts

19. In 2007, the Applicant embarked upon a Section 20 Consultation. The Stage 1: "Notice to Carry out Works", dated 19 February 2007, is at p.564. The works are external decorations and repair. The block had last been decorated in 1996. There was a problem of dampness in the Respondent's flat. The tenants were invited to comment on the scope of the works and to nominate a builder from whom an estimate should be sought. The tenants of Flats 1, 3 and 5 responded to this notice. One nominated a builder.
20. The Applicant duly sought the Stage 2 "Estimates" from two builders. On 22 March, the Applicant served the Stage 3 "Statement of Estimates" (at p.536). On 23 April, the Applicant served the Stage 4 "Notice of Reasons" (at p.571). The Applicant had decided to accept the estimate from Simon & Dylan's Decorating Co Ltd who had been nominated by a tenant and who had provided the lowest estimate. The total cost of the works was stated to be £27,889.
21. However, after the builder had started work, further issues were identified by another company, Reassure. The problem that they identified required a specialist contractor. Pierra Restoration were therefore instructed. However, it then became apparent that the correct scaffolding was not in place. On 20 September 2007, Pierra Restoration submitted an invoice in the sum of £7,299.10, which included the provision of scaffolding. It is common ground that there was no

consultation in respect of these additional works. Neither was dispensation sought.

22. Flat 7 is on the top floor of a four storey purpose built block constructed in about 1900. The Respondent complains that there have been continuing problems of water penetration affecting her flat both before and after the works were executed. She referred us to a survey report from Leonard Tridgell Associates, dated 20 March 2009, at p.1108. Her witness statement is at p.1205. She exhibits numerous documents and e-mails to her statement at pp.1229-1362. Correspondence relating to dampness prior to the execution of the works includes that at p.1247 and p.1249. Thereafter, she made numerous complaints about the manner in which the works were being executed. Scaffolding was erected for over 5 months. We note that in July 2007, one of the contractors was taken off site (see p.1275). It is apparent that the Respondent was demanding and contractors found it difficult to work with her (see email from James Rospo, Pierra Restoration, dated 15 September 2007 at p.1090).

Our Determination

23. We first consider the initial estimate for the Section 20 Works of £27,889. We are satisfied that the works should have been completed within this budget. However we reduce this sum by 10% to £25,100 as we are satisfied that the works were not carried out to an adequate standard and that the Respondent continued to have problems of water penetration.
24. Secondly, we consider the Invoice from Pierra Restoration in the sum of £7,299.10. We accept that further works were found to be necessary as a result of which Pierra Restoration were instructed. There was no further consultation in respect of these works. Further, there was no application for dispensation. We are satisfied that the tenants may have been prejudiced by this failure. It is arguable that the landlord failed to adequately define the scope of the works at the commencement of the process. Further, there were problems in the execution of the works. We are satisfied that it would be wrong to restrict the landlord to £2,000, namely £250 per flat. We rather reduce the sum due by 50%, to £3,650 and dispense with any further consultation obligation which may have been required.
25. We therefore find that the sums of £25,100 and £3,650, namely £28,750. The Respondent is liable for 12.5% of this, namely £3,593.75

Refund of Fees

26. The Applicant made an application for a refund of the tribunal fees that it has paid, namely £320. Although the sum claimed has been reduced,

we have found that arrears of £15,718.58 are due. Having heard the submissions from the parties and taking into account the determinations above, the Tribunal orders the Respondent to refund the fees of £320 paid by the Applicant within 28 days of this Decision.

27. Either party has the right to appeal to the Upper Tribunal (Lands Chamber) (s.175 Commonhold and Leasehold Reform Act 2002). Permission to appeal is required which should initially be sought from this Tribunal.

Robert Latham
Tribunal Judge
4 August 2014

Appendix 1: The Relevant Legislation

Landlord and Tenant Act 1985

Section 18

- (1) In the following provisions of this Act "service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent -
 - (a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and
 - (b) the whole or part of which varies or may vary according to the relevant costs.
- (2) The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.
- (3) For this purpose -
 - (a) "costs" includes overheads, and
 - (b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.

Section 19

- (1) 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 provisions 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.
- (2) Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise.

Section 20 - Consultation Requirements

- (1) Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsection (6) or (7) (or both) unless the consultation requirements have been either—

- (a) complied with in relation to the works or agreement, or

(b) dispensed with in relation to the works or agreement by (or on appeal from) the appropriate tribunal .

(2) In this section “*relevant contribution*”, in relation to a tenant and any works or agreement, is the amount which he may be required under the terms of his lease to contribute (by the payment of service charges) to relevant costs incurred on carrying out the works or under the agreement.

(3) This section applies to qualifying works if relevant costs incurred on carrying out the works exceed an appropriate amount.

(4) The Secretary of State may by regulations provide that this section applies to a qualifying long term agreement—

(a) if relevant costs incurred under the agreement exceed an appropriate amount, or

(b) if relevant costs incurred under the agreement during a period prescribed by the regulations exceed an appropriate amount.

(5) An appropriate amount is an amount set by regulations made by the Secretary of State; and the regulations may make provision for either or both of the following to be an appropriate amount—

(a) an amount prescribed by, or determined in accordance with, the regulations, and

(b) an amount which results in the relevant contribution of any one or more tenants being an amount prescribed by, or determined in accordance with, the regulations.

(6) Where an appropriate amount is set by virtue of paragraph (a) of subsection (5), the amount of the relevant costs incurred on carrying out the works or under the agreement which may be taken into account in determining the relevant contributions of tenants is limited to the appropriate amount.

(7) Where an appropriate amount is set by virtue of paragraph (b) of that subsection, the amount of the relevant contribution of the tenant, or each of the tenants, whose relevant contribution would otherwise exceed the amount prescribed by, or determined in accordance with, the regulations is limited to the amount so prescribed or determined.

Section 27A

(1) An application may be made to a leasehold valuation 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.
- (2) Subsection (1) applies whether or not any payment has been made.
- (3) An application may also be made to a leasehold valuation tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to -
 - (a) the person by whom it would be payable,
 - (b) the person to whom it would be payable,
 - (c) the amount which would be payable,
 - (d) the date at or by which it would be payable, and
 - (e) the manner in which it would be payable.
- (4) No application under subsection (1) or (3) may be made in respect of a matter which -
 - (a) has been agreed or admitted by the tenant,
 - (b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
 - (c) has been the subject of determination by a court, or
 - (d) has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.
- (5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

Section 20C

- (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 a court, residential property tribunal or leasehold valuation tribunal, or the Upper Tribunal, or in connection with arbitration proceedings, 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.
- (2) The application shall be made—
 - (a) in the case of court proceedings, to the court before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to a county court;
 - (aa) in the case of proceedings before a residential property tribunal, to a leasehold valuation tribunal;
 - (b) in the case of proceedings before a leasehold valuation tribunal, to the tribunal before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to any leasehold valuation tribunal;
 - (c) in the case of proceedings before the Upper Tribunal, to the tribunal;

- (d) in the case of arbitration proceedings, to the arbitral tribunal or, if the application is made after the proceedings are concluded, to a county court.
- (3) The court or tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.

The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013

Regulation 13

- (2) The Tribunal may make an order requiring a party to reimburse to any other party the whole or part of the amount of any fee paid by the other party which has not been remitted by the Lord Chancellor.

SCHEDULE

**DISPUTED SERVICE CHARGES S/C ENDED
01 January 2006 to 31 December 2012 inclusive.**

Case Reference:	LON/OOBK/LSC/2014/122	Premises: Flat 7 Leith Mansions
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ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
<u>Financial Statements</u> <u>Y/e 31.12.2006</u>				
1. Light & Heat	£85.00	Invoices totalling only £67.35 have been disclosed, the respondent would seek clarification of this charge.	Pursuant to Clause 5, (5) (d0 of the Respondent's Leases, the Applicant is to provide lighting. We have attached a copy of the invoices at pages 66 to 69 which shows that the costs of £87.22 has been incurred. It is the Applicants position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accountants have rounded down by £2.22.	Agreed
2. Insurance	£5,283.00	An invoice in the sum of £5,355.95 has been disclosed, the respondent would therefore seek clarification of this charge.	Pursuant to Clause 5, (5) (c) of the Respondent's Leases the Applicant is to provide insurance. We have attached a copy of the insurance certificate at pages 70 to 71 which shows that the costs of £5355.95 has	Agreed

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
			been incurred. It is the Applicant's position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accountants have rounded down by £72.95.	
3. Repairs & Maintenance	£1,163.00	Invoices totalling some £2,017.95 have been disclosed, the respondent would seek clarification of this apparent discrepancy between the copy invoices supplied and the actual charge. The Respondent would suggest that a charge of £704.75 is applicable	Pursuant to Clause 5, (5) (a) (i) of the Respondent's leases, The applicant is to maintain the development. We have attached a copy of the relevant invoices at pages 72 to 77 which shows that the costs of £1163.75 has been incurred. It is the Applicants position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accounts have rounded down by 75p.	The Tribunal find that the full sum of £1,163 is payable.
4. Cleaning	£1,298.00	This represents a 30.32% rise from the previous charge period with no noticeable change in service level. The respondent would enquire whether this service was re-tendered and if so if the tender report can be provided. Invoices totalling only £1,034.00 have been disclosed, the respondent would seek clarification of this charge. The Respondent would suggest that a charge of £1,034.00 is applicable.	Pursuant to Clause 5, (5) (d) of the Respondent's leases the applicant is to provide Cleaning. We have attached a copy of the invoices at pages 78 to 90 which shows that the costs of £1133.93 has been incurred. It is the Applicant's position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the	Agreed.

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
			accounts show £1133.93.	
<u>Additional Charges</u> <u>Y/e 31.12.2007</u>				
5. Interest (31.03.2007)	75.26	Interest charged upon late payment as at 31.03.2007, there would not appear to be provision within the lease for charging of interest upon late payment. However, in the event that interest was chargeable the arrears as at the date of charge (31.03.2007) were some £1,395.00; therefore this charge would seem excessive. The respondent would seek an explanation of the charges The Respondent would suggest that a charge of £0.00 is applicable	Interest is charged at 2% this was agreed at a directors meeting. Interest calculation from Mar 06 to Oct 07.	Agreed at £0.00
6. Interest (30.09.2007)	246.69	Interest charged upon on late payment, there would not appear to be provision within the lease for charging of interest upon late payment. However In the event that interest is chargeable; the invoice dated 30.09.2007 for the charging period 01.04.2007 to 30.09.2007 would seem excessive. The respondent would seek an explanation of the charges. The Respondent would suggest that a charge of £0.00 is applicable.	Interest is charged at 2% this was agreed at a directors meeting. Interest calculation form Mar 06 to Oct 07.	Agreed at £0.00

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
<u>Financial Statements</u> <u>Y/e 31.12.2007</u>				
7. Light & Heat	£104.00	Invoices totalling some £123.96 have been disclosed, the respondent would seek clarification of this charge.	Pursuant to Clause 5, (5) (d) of the Respondent's Leases the Applicant is to provide lighting. We have attached a copy of the invoices at pages 147 to 152 which shows that the costs of £103.96 has been incurred. It is the Applicant's position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accountants have rounded down by 4p.	Agreed.
8. Exterior Decorating	£34,033.00	<p>The published accounts list repairs of £602 and exterior decorating of £34,033 which combined total some £34,635.</p> <p>Invoices totalling some £44,402.41 have been disclosed, the respondent would seek clarification of the charges and for the allocation of the invoices to be made clear.</p> <p>The S.20 declaration dated 23.04.2007 provided for total possible expenditure of some £27,889.00, the respondent would seek clarification of any variations from the original specification and an itemised breakdown of the costs incurred.</p> <p>The respondent would suggest that a charge of £10,000.00 is applicable</p>	Pursuant to Clause 5, (5) (a) (i) of the Respondent's leases the Applicant is to maintain the development. We have attached a copy of the relevant invoices at pages 169 to 178 which shows that the costs of £35,918.33 has been incurred. It is the Applicant's position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accountants have rounded down by £1,885.33.	The Tribunal find that £28,750 is payable.

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
9. Printing & Stationary	£0.00	Invoices totalling some £109.36 have been disclosed for this charging period, the respondent would therefore seek clarification of this apparent discrepancy.		Agreed.
Financial Statements Y/e 31.12.2008				
10. Insurance	£6,409.00	An invoice in the sum of £3,231.25 in respect of a part period has been disclosed. The respondent would request disclosure of invoices for the remainder of the annual charge.	Pursuant to Clause 5, (5) (c) of the Respondent's Leases the Applicant is to provide insurance. We have attached a copy of the insurance certificate at page 207 which shows that the costs of £6408.61 has been incurred. It is the Applicant's position that this has been reasonable in amount. There is a slight discrepancy as the accounts show a difference of 39p.	Agreed.
11. Repairs & maintenance	£654.00	Invoices totalling some £917.74 have been disclosed, the respondent would seek clarification of this apparent discrepancy.	Pursuant to Clause 5, (5) (a) (i) of the Respondent's Leases, the Applicant is to maintain the development. We have attached a copy of the relevant invoices at pages 208 to 213 which shows that the costs of £654.29 has been incurred. It is the Applicant's position that this has been reasonably incurred and reasonable in	Agreed.

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
			amount. There is a slight discrepancy at the accountants have rounded down by 29p.	
12. Cleaning	£1,317.00	<p>This represents a 10% rise from the previous charging period with no noticeable change in service level.</p> <p>The respondent would enquire whether this service was re-tendered and can the tender report or other explanation for the increase be provided. The Respondent would suggest that a charge of £1,217.36 is applicable.</p>	<p>Pursuant to Clause 5, (5) (d) of the respondent's leases the Applicant is to provide cleaning. We have attached a copy of the invoices at pages 214 to 225 which shows that costs of £1217.36 has been incurred. It is the Applicant's position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accounts show £1317.00.</p>	Agreed.
13. Management Charges Payable	£424.00	<p>This initial management charge appears to coincide with the appointment of Sanders & Co as managing agents. The respondent seeks details of the tender process leading to the aforesaid appointment.</p> <p>The respondent would contend that the agent failed to effectively undertake duties detailed in the contract dated 17.11.2008, and therefore the management charges are invalid.</p> <p>The Respondent would suggest that a charge of £0.00 is applicable.</p>	<p>Pursuant to Clause 5, (5) (g) (i) of the Respondent's Leases the applicant is entitled to employ managing agents. We have attached a copy of the invoices at page 232 which shows that the costs of £424.18 has been incurred. It is the Applicant's position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accounts show a difference of 18p. please note that this appointment was not subject to the section 20 consultation as the agreement was not for longer</p>	Agreed at £241.10.

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
			than 1 calendar year. We have attached a copy of the agreement showing this at pages 408 to 412.	
<u>Financial Statements Y/e 31.12.2009</u>				
14. Management Charges	£3,450.00	The respondent would contend that the agent failed to effectively undertake duties detailed in the contract dated 17.11.2008, and therefore the management charges are invalid. Management charges equate to £375.00 per apartment which are excessive. The Respondent would suggest that a charge of £0.00 is applicable.	Pursuant to Clause 5, (5) (g) (i) of the Respondent's Leases, the Applicant is entitled to employ managing agents. We have attached a copy of the invoices at pages 239 to 242 which shows that the costs of £3450.00 has been incurred. It is the Applicants position that this has been reasonably incurred and is reasonable in amount.	Agreed at £2,000.00
<u>Financial Statements Y/e 31.12.2010</u>				
15. Management Charges	£3,525.00	The respondent would contend that the agent failed to effectively undertake duties detailed in the contract dated 17.11.2008, and therefore the management charges are invalid. Management charges equate to £375.00 per apartment which are excessive. The Respondent would suggest that a charge of £0.00 is applicable.	Pursuant to Clause 5, (5) (g) (i) of the Respondent's leases, the applicant is entitled to employ managing agents. We have attached a copy of the invoices at pages 281 to 274 which shows that the costs of £3525.00 has been incurred. It is the Applicants position that this has been reasonably incurred and is	Agreed at £2,000.00

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
			reasonable in amount.	
16. Major Works	£4,358.00	<p>The accounts indicate that repairs expenditure £522 and major works expenditure of £4,358 totalling some £4,880.00 was incurred. However invoices totalling some £4,787.13 have been disclosed. The respondent would seek a breakdown of these charges with allocation of the disclosed invoices confirmed.</p> <p>The S.20 notice dated 17.05.2010 indicates a contract price of some £5,023.13; however the T&C Services invoice dated 14.10.2010 indicates total expenditure of £3,260.62. The respondent would seek clarification of any variations from the original specification and an itemised breakdown of the costs incurred.</p> <p>The Respondent would suggest that a charge of £3,260.62 is applicable.</p>	<p>Pursuant to Clause 5, (5) (a) (i) of the Respondent's leases, the applicant is to maintain the development. We have attached a copy of the relevant invoices at pages 317 to 319 which shows that the costs of £4357.54 has been incurred.</p> <p>It is the Applicants position that this has been reasonably incurred and is reasonable in amount. There is slight discrepancy as the accountant have rounded down by £46p.</p>	Agreed at £4,123.00.
<u>Financial Statements Y/e 31.12.2011</u>				
17. Management Charges	£3,600.00	<p>The respondent would contend that the agent failed to effectively undertake duties detailed in the contract dated 17.11.2008, and therefore the management charges are invalid.</p> <p>The Respondent would suggest that a charge of £0.00 is applicable.</p>	<p>Pursuant to Clause 5, (5) (g) (i) of the respondent's Leases, the Applicant is entitled to employ managing agents. We have attached a copy of the invoices at pages 323 to 326 which shows that the costs of £3,600.00 has been incurred. It is the Applicants position that this has been reasonably incurred and is reasonable in amount.</p>	Agreed at £2,000.00

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
18. Survey Fees	£2,989.00	<p>£1,605.60 of this charge appears to relate to the balcony repair works, the remainder relating unspecified works in respect of Leonard Tridgell invoice numbers B6084 & B6085. The respondent would clarification of these unidentified survey charges.</p> <p>The respondent would suggest that a charge of £0.00 is applicable.</p>	<p>Pursuant to Clause 5, (5) (g) (ii) of the Respondent's leases, The Applicant is entitled to employ a surveyor in order to carry out its obligations under the lease. We have attached a copy of the invoices at pages 327 to 328 which shows that the costs of £2988.86 has been incurred. It is the Applicant's position that this has been reasonably incurred and is reasonable in amount. The accountants have rounded this up and there is a further 14p been added to the accounts.</p>	Agreed at £2,297.03.
19. General Repairs	£1,761.00	<p>Invoices totalling only £1,024.57 have been disclosed. The respondent would seek disclosure of the remaining applicable invoices.</p> <p>The disclosed invoices include an invoice in the sum of £81.50 (Page 379) relating to a domestic plumbing repair within the demise of Flat 3, which would not appear to be valid service charge expenditure and the respondent would see this item of expenditure to be disallowed.</p> <p>The Respondent would suggest that a charge of £943.07 is applicable.</p>	<p>Pursuant to Clause 5, (5) (a) (i) of the Respondent's Leases, the Applicant is to maintain the development.</p> <p>We have attached a copy of the relevant invoices at pages 339 to 347 which shows that the costs of £1702.87 has been incurred. It is the Applicants position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accountants have rounded up by £58.13.</p> <p>Please note that the works undertaken in relation to Flat 3</p>	Agreed at £839.75

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
			<p>were as a result of fallout from works completed in relation to the Common parts and therefore do form part of the overall service charge.</p>	
20. Repairs to Water Tanks (replacement)	£1,469.00	<p>Although described in the accounts as "repairs" the invoice dated 20.04.2011 refers to the replacement of a water tank in accordance with a quotation. The tenant would contend that these major emergency repairs resulted from what was an insurable risk. The Respondent would suggest that a charge of £0.00 is applicable.</p>	<p>Pursuant to clause 5, (5) (a) (i) of the respondent's leases, the applicant is to maintain the development. We have attached a copy of the relevant invoices at page 349 which shows that the costs of £1468.80 has been incurred. It is the Applicants position that this has been reasonably incurred and is reasonable in amount.</p> <p>The tank was condemned because of age and condition by Sanders & Co- it was considered a potential health hazard. It was therefore not an insurable risk. This was discussed at a meeting which can be seen from the minutes which are attached at pages 416 to 419.</p>	Agreed at £734.50.
21. Repairs to Loft	£1,735.00	<p>Upon scrutiny of the disclosed invoices, it is clear that these works were undertaken in conjunction with and to facilitate the water tank replacement works (see above). Given the extent of the combined expenditure the respondent believes that S.20 notices should have</p>	<p>Pursuant to clause 5, (5) (a) (i) of the respondent's leases the Applicant is to maintain the development. We have attached a copy of the relevant invoices at page 350</p>	Agreed at £867.50.

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
		<p>been served for these works. The respondent would therefore seek that the combined items of expenditure be disallowed. The Respondent would suggest that a charge of £0.00 is applicable.</p>	<p>which shows that the costs of £1735.20 has been incurred. It is the Applicant's position that this Has been reasonably incurred and is reasonable in amount.</p> <p>The repairs to the Loft were not part of the replacement of the Tank, this was separate and discussed at a meeting as can be seen from the minutes of the 25 October 2011 which are attached at pages 413 to 415.</p>	
22. Major Works – Damp Proofing	£5,102.00	<p>Various invoices totalling this sum have been disclosed. S.20 notices were not served in connection with these works the respondent would therefore seek that these items of expenditure be disallowed. The Respondent would suggest that a charge of £0.00 is applicable.</p>	<p>Pursuant to Clause 5, (5) (a) (i) of the respondent's leases, the Applicant is to maintain the development. We have attached a copy of the relevant invoices at pages 366 to 373 which shows that the costs of £5,102.38 has been incurred. It is the Applicant's position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accountants have been rounded down by 38p. This work was carried out in the common parts hallway to ensure that the development was properly maintained.</p>	Agreed at £2,551.00.

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
23. Major Works – Balcony Repairs	£4,056.00	Professional fees totalling some £1,605.50 were additionally also incurred in conjunction with these works. The respondent can find no evidence that S.20 notices were issued in conjunction with these works and would therefore seek to have these items of expenditure disallowed. The Respondent would suggest that a charge of £0.00 is applicable.	Pursuant to Clause 5, (5) (a) (i) of the Respondent's Leases, the Applicant is to maintain the development. We have attached a copy of the relevant invoices at pages 375 which shows that the costs of £4056.00 has been incurred. It is the Applicant's position that this has been reasonably incurred and is reasonable in amount.	Agreed at £2,028.00.
<u>Additional Charges Y/e 31.12.2012</u>	£345.79	Charges b/f from previous agents re: fees. The tenant has not previously received an invoice for this amount, and would request a copy invoice and an explanation of the charges. The Respondent would suggest that a charge of £0.00 is applicable.	We require further clarification on this point in order to respond.	Agreed at £0.00
<u>Financial Statements Y/e 31.12.2012</u>				
24. Management Fees	£2,880.00	In so far as Sanders & Co were employed as Managing Agents until 05.09.2012, the tenant would contend that for the apportioned management fees appertaining that the agent failed to effectively undertake duties detailed in the contract dated 17.11.2008, and therefore the charges are invalid. Invoices totalling only £1,800.00 have been disclosed with regard to this expenditure. The Respondent would suggest that a charge of £0.00 is applicable.	Pursuant to Clause 5, (5) (g) (i) of the Respondent's leases, the Applicant is entitled to employ managing agents. We have attached a copy of the invoices at pages 402 to 405 which shows that the costs of £2880.00 has been incurred. It is the Applicants position that this has been reasonably incurred and is reasonable in amount.	Agreed at £1,956.82.

ITEM	COST	TENANT'S COMMENTS*	LANDLORD'S COMMENTS*	LEAVE BLANK (FOR THE TRIBUNAL)
25. Legal & Professional Fees	£566.00	<p>An invoice totalling some £524.40 has been disclosed, the respondent would seek clarification of this apparent discrepancy.</p> <p>The respondent would seek disclosure of the report produced by Simpson Chartered Surveyors.</p> <p>The Respondent would suggest that a charge of £0.00 is applicable.</p>	<p>Pursuant to Clause 5, (5) (g) (ii) of the Respondent's Leases, the Applicant is entitled to employ a surveyor in order to carry out its obligations under the lease. We have attached a copy of the invoices at page 406 which shows that the costs of £524.40 has been incurred. It is the applicant's position that this has been reasonably incurred and is reasonable in amount. There is a slight discrepancy as the accounts show £566.00.</p>	Agreed at £0.00.