

**RESIDENTIAL PROPERTY TRIBUNAL SERVICE  
SOUTHERN RENT ASSESSMENT PANEL & LEASEHOLD VALUATION TRIBUNAL**

Case No: CHI/OOHG/LSC/2008/0003

Committee: Mrs T Clark (Barrister at Law) Chairman  
W H Gater FRICS ACI Arb  
Dr M James MA BA FRSA

Re: 6-16 Holne Chase,  
The Spinney, Widewell,  
Plymouth, PL6 7UB.

BETWEEN:-

The Spinney (Plymouth) No 1 Limited – Applicant/Lessor

And

Claire Hawkins  
Richard Howell  
Robert Stone  
Mrs N Cottrell  
Miss A Kirby  
Mark Minett  
Luke Minett

Respondents/Lessees

In the matter of the Management Company's Application for a determination as to reasonableness of service charges, under Section 27A of the Landlord & Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002.

INTRODUCTION

1. By an application dated 16/1/08, the Management Company of the property sought a Certificate of Reasonableness in respect of service charges for the years 2006, 2007, 2008.
2. The property in question is a purpose-built, detached block, containing six flats.  
  
All leaseholders are members of the Management Company, but the block was managed by professional agents until 2003/2004. At that time, the leaseholders took over the management for themselves, but after some difficulties, Hartley Property Management (now Freehold Management Services) resumed control in September 2006.
3. As a result of a failure to keep proper accounts and records for the years 2004-2006, the only figures put before the Tribunal as evidence were those for the years 2006 onwards, ie those years for which determination is sought.
4. The outgoings and income for the years 2006, 2007 and 2008 were detailed in a computer print-out headed 'Client Ledger Listing', in a format which made it difficult to establish total

expenditure for any particular item in any particular period; no clear 'service charge accounts' were put forward.

5. Matters were further complicated by the fact that the 'service charge year' runs from January to December, whereas the Company accounts run from May to June.

#### THE LEASE

1. The lease provides (at Clause 4) for each Leaseholder to pay one-sixth of the 'costs, expenses, outgoings and matters mentioned in the 4<sup>th</sup> Schedule.
2. Clause 4(2) provides that service charge contributions shall be estimated by the Management Company at the beginning of each year, and paid in two equal instalments in January and July.
3. Clause 5 sets out the obligations of the Management Company as to maintenance, repair and renewal.
4. The 4<sup>th</sup> Schedule lists the items in respect of which the lessees must contribute, as to maintenance, administration, and management.

#### LANDLORD'S CASE

1. At the hearing on 16 April 2008, Mr Knapper, on behalf of the Management Company, stated that the service charges for each flat were as follows:-
  - £450 per annum in 2006,
  - £470 per annum in 2007, and
  - £500 per annum in 2008.

He contended that all the expenses and outgoings during the relevant years were reasonable, as shown on the 'Client Ledger Listing' print-out for the period 11/8/06 - 9/4/08.

#### RESPONDENTS

There were no representations, written or otherwise, from any of the Lessees, all of whom had notice of the hearing.

The Tribunal was told that Mrs Kirby had not paid all of the service charges demanded, and it was partly for this reason that the Application had been made.

#### TRIBUNAL'S REASONING

Elements of the service charges were considered individually as follows, in order of value:-

- |                              |                   |
|------------------------------|-------------------|
| 1. Anglia Windows – repairs. | £4,995 (2007)     |
| 2. Management fees.          | £1,146 per annum. |
| 3. Buildings Insurance.      | £761.93 (2006)    |
| 4. Entrance refurbishment.   | £600.00 (2007)    |
| 5. Companies' House penalty. | £500.00 (2006)    |
| 6. Firetech (fire alarms).   | £403.76 (2007)    |
| 7. Intercoms.                | £381.88 (2007)    |

Anglia Windows, and other Repairs and Maintenance.

The Tribunal saw paperwork which showed that Anglia had provided the lowest estimate/quotation, and that the Section 20 Consultation Procedure had been complied with before works began. No issue was taken with the cost, (or the standard), of these and other works.

Insurance

There had been problems in the past, when the buildings' insurance had been allowed to lapse, but there was no issue over the premium payable upon renewal, nor over the amounts payable in instalments thereafter.

Management Charges

We were shown a Leasehold Valuation Tribunal decision of February 2000, in which the management charge of £140 per flat, per annum, plus VAT, in 1998, was found to be reasonable.

The current charge of £573 per half-year, or £1,146 per annum, is equivalent to approximately £160 per flat, per annum, plus VAT.

A £20 per flat increase in 10 years appears to be reasonable.

Accountants' Fees

No issue was taken over these annual fees, nor over any of the other items of expenditure, such as electricity supply to the common parts, gardening, etc.

All appeared to be reasonable for the type of property concerned.

SERVICE CHARGE DEMANDS

(For years running from January to December.)

At the Hearing the Tribunal was provided with print-out information from service charge management accounts. The Tribunal directed the Applicants' advisers to collate and summarize these in a coherent form. In the event only further management account information was provided. The figures for 'Expenditure' below were therefore calculated, with some difficulty, from the available documentation. Given the unsatisfactory nature of the accounts put forward, they may not be entirely accurate.

2006

The service charges were £450 per flat, totalling £2,700 for the year.

The actual expenditure, from the only available figures between August and December 2006, was £2,916, for four months.

The extra levy of £1,000, in November 2006, meant that each lessee paid a total of £616.

2007

The service charge was £470 per flat, totalling £2,820.

The actual expenditure of £4,171, was increased by the extra £4,995 for the external works in this period.

2008

The service charges proposed are £500 per flat, making a total of £3,000.

CONCLUSIONS

In all the circumstances, having considered all the available evidence, the Tribunal was satisfied that the service charges demanded for the three relevant years were reasonable.

LIMITATION OF COSTS

Mr Knapper suggested that, if an application were made by the lessees to limit the extent to which the Management Company could recoup the expense of the Application by way of service charges, it should be refused.

If the tenants wish to make representations to this effect, the Tribunal has power to consider the matter.



T C Clark  
20 June 2008