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HM Courts & Tribunals Service

Leasehold Valuation Tribunal
Case Number: CAM/00MC/LSC/2012/0134

Property	:	**Royal Court, Kings Road, Reading, Berkshire RG1 4AE**
Applicant	:	**Royal Court RTM Co. Limited**
Respondents	:	**Mr. F. Bizzari Caley Properties Limited Mididol Limited**
Date of Application	:	**22nd October 2012**
Date of Hearing	:	**9th April 2013**
Type of Application	:	**Application for a determination of liability to pay a service charge, pursuant to section 27A of the Landlord and Tenant Act 1985 ("1985 Act")**
Tribunal	:	

Mrs. J. Oxlade — **Lawyer Chairman**
Mr. R. Brown FRICS — **Valuer Member**
Mr. A. Kapur — **Non-Legal Member**

Attendees:

Applicant

Graham James, Atlantis Property Manager
Nigel Vant & David Feary, Director of RTM Co.
Andrew Strong, Atlantis MD
Tina Watkin, Atlantis Account Manager

Respondents

Mr. Duckworth, Counsel
Mr. F. Bizzari, 1st Respondent and Director of 2nd and 3rd Respondents

DECISION

For the following reasons the Tribunal determines:

(i) that the estimated service charge costs for the service charge year 24th June 2012 to 23rd June 2013 of £59, 537 (as set out in paragraph 76 herein) are reasonable and payable,

(ii) the Applicant's costs of bringing the application shall not be added to the service charge account.

REASONS FOR DECISION

Background

1. The Applicant made an application to the Tribunal under section 27A of the Landlord and Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002) for determination as to the reasonableness and payability of service charge costs to be incurred in the financial years (i) 24th June 2011 to 23rd June 2012, and (ii) 24th June 2012 to 23rd June 2013.

2. In the application, the Applicant said that the Respondents own flats 1, 15, 16, 17, 18, 19, 20, 21, 25, 31, 34, and 35; so, 13 of the 35 flats in the block. The Respondent had not paid any of the invoices demanded in respect of any of the flats (neither the first six months, nor second six months) in the year 2012/13, which amounted to £24,342.83. At the date of the application no specific dispute had been raised by the Respondents. The Applicant said that the service charges had increased in 2012/13, as they were reviewing the long term restoration plans, and had undertaken works, such as the redecoration of the communal areas.

3. Directions were made for the filing of evidence and on 9th April 2013 the application was set down for an inspection and hearing.

Inspection

4. The Tribunal inspected the block in the presence of Mr. Vant, Mr. Jones, and Mr. Bizzari.

5. The development is a 5-storey block of 35 flats, with a car park on the ground/lower ground floor, and commercial units on the ground floor. The subject property has two entrances, with lifts and stairs to the upper floors. There are two distinct parts to the block; the method of accessing one part from the other is via an external walkway.

6. The premises are in reasonable condition internally and externally, save that there was staining suggestive of water ingress at various places in the building.

7. Mr. Bizzari drew to the Tribunal's attention the following:

- the lights appeared to be on continually, without timer mechanisms;
- there were empty metal pot planters, which appeared to be redundant;
- there were several fire extinguishers which had not been inspected recently (though most hand), some in odd locations (behind locked doors); one was missing from the car park;
- the walkway on the 3rd floor (a fire exit) was not lit;
- there were no shrubs in the raised bed at the front of the building, which was filled with shingle;
- the intercom system was dated and not functioning;
- the bin chutes on all levels (which would have transported waste into the bin area) and the bin chute room were secured, preventing use and access;
- there was a distance of approximately 20 feet from the rubbish area to the garage door;
- a carpet joint in the rear entrance lobby of the right hand side of the building, had opened up, and lifted;
- the breakers in the timer switch room were dated;
- the roller shutter doors – though functioning - had been damaged.

The Hearing

8. By the date of the hearing on 9th April 2013 the actual costs for the period 24th June 2011 to 23rd June 2012 were known, and so the parties agreed that (a) it was pragmatic for the actual costs (as opposed to the estimated costs) of that year to be determined by the Tribunal, and (b) that determination would take place as part of the Respondent's separate cross-application for a determination of the actual service charge costs in the earlier service charge years 24th June 2009 to 23rd June 2010 and 24th June 2010 to 23rd June 2011. Directions have now been made in respect of that cross-application.

9. At the commencement of the hearing on behalf of the Applicant Mr. Strong said that it would like the hearing to proceed in order to have some income, as the Respondents had not paid anything on account for the year 2012/13; the Respondents' failure to pay anything deprived

the Applicant of significant income. However, the late submissions made by the Respondent (dated 3rd April 2013) hampered the Applicant in the preparation of their case. The Respondent was now taking issue with certain items, and in the absence of prior notice the Applicant may be in a position to respond verbally, but not to back up their case on these items with paperwork today. Whether or not they could proceed fairly depended on how the Tribunal wished to proceed.

10. The Tribunal indicated that it would generally take a fairly broad view in a case where it was considering estimated sums under section 27A(3), in accordance with the approach considered appropriate by Mole HHJ in Plantain Wharf Management Co Ltd v Dennis Arthur Jackson and Pauline Irving [2011] UKUT 488. In that case it was held that the LVT must not lose sight of the significance of the overall budget; it was whether the landlord got the overall budget right that is of more importance than whether the individual items are a little high or a little low; it was this which determined whether the payment of a service charge in advance was accurate. Further, the Tribunal noted that the annual budget of £61,768 for 2012/13 was not very much higher than the budget found to be reasonable by the Tribunal for 2009/2010 of £46,765; that the costs actually incurred in year end 2007, 2008, and 2009 were £49,533.56, £40, 732.11, and £43, 752.72 respectively.

11. In reply, Mr. Duckworth criticised the Applicant's case preparation, and adopted his skeleton argument, which said that the issuing of the application was premature, that there had been a failure to comply with Directions as to setting out its case and providing disclosure; that the Applicant had not filed a witness statement; the year end certificates had been served late, then immediately re-served. Hence, the statement of Mr. Bizarri was late, but had done the best that it could in the circumstances. He would not accept a criticism of the Respondents. Further, the Applicant had still failed to provide proper disclosure, there was no narrative to explain or to justify the works, the bundle was poorly put together. He conceded that an adjournment would lead to wasted costs, and he was in the Tribunal's hands as to how to proceed. He accepted that the budget of 2012/13 could be assessed; that the terms of the lease did not preclude it. However, his view was that common sense dictated that the assessment of the estimated service charge for the year 2012/13 should be adjourned to be determined along with the section 27A(1) assessments of 2009/10, 2010/11, 2011/12.

12. In reply, Mr. Strong said that he had a problem with the case being adjourned, as the Respondent has paid nothing, and the building needs money to run it. He had thought that there was sufficient evidence in the bundle, without the need for a witness statement. The budgeted items for 2012/13 could not fail on a section 20B argument, and it was not conceded that certificates needed to be issued.

13. The Tribunal said that without making specific findings, both parties bore responsibility for not complying with Directions and failing to co-operate with the Tribunal; there was concern that things would not be better on the next occasion; that public money would be wasted if no progress was made. Further, there was adequate information for the Tribunal to take the practical approach as set out in paragraph 10 above, noting that the terms of the lease were very broad:

    - Schedule 6 (3) of the lease provides that "the "interim service charge" means such sum to be paid on account of the service charge in respect of each accounting period as the Lessors or their Managing agents *shall specify at their discretion to be fair and reasonable interim payment*" (emphasis added).

14. Accordingly, the Tribunal would proceed to hear the Applicant's and Respondents' position on the budget for 2012/13.

Applicant's Case

15. The budget for 2012/13 was formulated in June 2012, is set out at page 28, and replicated at Appendix A. There was a short narrative of anticipated costs, at pages 29 and 30.

16. Mr. Strong explained that the budget was based on a combination of previous year's expenditure; items that the Managing Agents have found that require attention, and an intention to set aside funds as part of a 5-year plan (page 2 of the bundle). They do not simply apply a percentage uplift. In the current year there was an exceptional item, namely the internal decorations. The Respondents are always so far behind in making payments that sometimes it is a question of doing essentials, and nothing else. As a consequence of repeated non-payment by the Respondents the RTM Co. have had to budget to set aside reserves in anticipation of future problems. The service charge demands for payments on account fall due on 24th June and 24th December, and are sent out in the month before they fall due; each demand reflects the different percentages owed by each flat. The demands are sent out with a copy of the budget and a covering letter that explains any particularly difficult item. Mr Bizzari had not made known any specific complaints when he received the demands.

17. In cross-examination by Mr. Duckworth, Mr. Strong said that the current budget was prepared in June 2012, and served on all tenants on 26th June – so after the first pay day of 24th June. The total budget for 2012/13 was £61,000, and the previous year's budget was £53,000. He denied that the costs had been inflated in anticipation of the Respondents' non-payment of service charges – rather a question of building up reserves for decorations, and full costs being charged because of non-payment this contradicts the previous denial. All reserves had been depleted in view of the Respondents' failure to pay.

18. In answer to questions from the Tribunal, Mr. Strong said that as there is a gas meter in the building, which was disconnected when Mr. Bizzari was running the building, there is still a standing charge to pay. This is preferable to paying to reinstate if they reverted to gas, until they are very certain that they will not make use of it. He had obtained estimates for re-instating the communal gas in excess of £1000. Prior to the redecoration taking place, a section 20 consultation procedure had taken place. The lift maintenance costs are for monthly visits and calls out, and this was on a rolling contract.

The Respondents' Case

19. The Respondents relied on a statement of case dated 23rd November 2012 (pages 4 to 19 of the bundle), a witness statement of Mr. Bizarri dated 3rd April 2013 and oral evidence of Mr. Bizarri, who gave evidence on his own account and as Director of the other two Respondents.

20. The Respondents' position in the statement of case was that it would be inappropriate for the Tribunal to assess the budget by reference to unverified or unsubstantiated budget figures for the previous years – the Applicant having failed to provide actual figures and accounts, as required in the lease.

21. In respect of the cost of the *bin store* of £1440, Mr. Bizzari initially said that none of the costs were reasonable as the bin chute and stores had closed; by the end of the Applicant's reply and concession that only six-months charges were incurred, the parties agreed on an estimated costs of £800.

22. In respect of *water costs* of £8400, Mr. Bizzari said that no readings had taken place, and in the past had been £7,000 - so this budget was excessive. Further, there had been substantial leaks into the commercial premises, so leading to a wastage of water about which the Applicant had done nothing

23. In respect of the *insurance* of £6810, Mr. Bizzari pointed out that the cover note was for £4789.98; previous costs were £4000. In the year end 2010/2011 it was £5137 and in 2011/12 it was £5674 which includes a 15% uplift premium. It appeared that costs were being paid monthly by a third party who was bridging the costs, that there costs was subject to a premium charge, and there was no provision in the lease for the recovery of such costs.

24. In respect of *lighting and heating charges* of respectively £6500 and £460, Mr. Bizzari said that the gas was disconnected in 2008 as the previous Tribunal had found that it was unreasonable to heat the common parts. The gas had been disconnected for safety reasons. It was not reasonable to incur a standing charge when there was no prospect of such a service being provided; further, there was a bill paid

for removal of a meter last year. In respect of lighting, the lights are not on a timer and it was not reasonable for the lights to be on 24/7. The electricity costs were on an estimated basis, yet it was easy to take a meter reading. It was not possible to make a reasonable assumption of £6500 from a previous estimate of £4800. There was no explanation for a 30% uplift. Based on historical readings this estimate was too high.

25. In respect of *Director's liability insurance*, this was a legal point.

26. In respect of *lift telephone*, it was unacceptable to make provision for £500 when the Applicant knew that the actual costs were £372.

27. In respect of the costs of *Accountancy* of £600, these were agreed in principle, as Mr. Bizarri had no idea what the costs should be.

28. In respect of costs of *intercom maintenance* of £500, the recommendation for removal on 27th February 2012 was ignored; there was a bill from Band Systems saying that the system was out of date and unserviceable. The Applicant has issued a contract to Atlantis, so to itself, and without consultation.

29. In respect of costs of *general cleaning* of £3000, Mr. Bizzari thought that 30% of this would be reasonable at £120 per month, plus a sum for window cleaning. In 2009 £10 per hour was reasonable. There is no evidence of what the cleaners do; so these costs were inflated.

30. In respect of costs of *graffiti removal* of £300, as this was a free service provided by the Council, there is no reason to pay for it.

31. In respect of costs of *gardening* of £500, there were no gardens to maintain. In the previous year the cost was £38, and nothing had changed to justify the costs of £580 this year.

32. In respect of costs of *carpet cleaning* of £250, this should be part of general cleaning. No figure was estimated in the previous year. The amount is grossly overstated.

33. In respect of the *management fee* of £6000 p.a., (which amounts of £137 per unit for each of the 35 units) it should be 10% of the actual service charge costs.

34. In respect of the *lift costs* of £3300, these was agreed as an estimated item.

35. In respect of *miscellaneous* of £350, the amount should be small – it is far too high for an item that could not otherwise be reasonably anticipated and so added to be budget under a different heading.

36. In respect of costs of of *pest control* of £275, there was no reasonable basis for a budget as nothing had been spent on this in the previous year.

37. In respect of *reserves fund contribution – redecoration*, of £16,663, the sum was far too high. The Applicant had agreed that they had dipped into the account in the past of £25,000 and £37,000 and it would be wrong to use further sums on redecoration. He would estimate that a ball park figure of £12,000 was reasonable for this. It was too high and only sensible estimates should be made.

38. In respect of cost of *maintenance* of £4000, the figure was too high as in the year end 2012 only £700 was spent on maintaining the building, so this was an unreasonable uplift and did not stack up against previous years.

39. In respect of cost of *car park gate maintenance*, of £500, this was reasonable if indeed they were maintaining it. However, there was an issue about the awarding of the contract to Atlantis.

Applicant's Response

40. In reply the Applicant made the following points:

41. In respect of the *bin store and chutes,* Mr. Strong said that the costs of maintaining them were high in view of the type of user that they had been getting. So, they were closed in November 2012 and so incurred half a years cost; the parties agreed on an estimated costs of £800.

42. In respect of *water costs,* the estimate of £8400 was typical of what was paid at this development. They supplied water to all of the flats, and took meter readings. So the costs were about £240 per flat per year; the reference to substantial leaks into the commercial premises and so a waste of water was overstating the position.

43. In respect of the *insurance* of £6810, Mr. Strong said that the Respondents' failure to pay service charges when demanded meant that they were not in a position to pay for the annual insurance costs, and so had to pay monthly using third party loan. There was a 15% uplift for this. He conceded that there were no documents relating to this in the bundle.

44. In respect of *electricity*, Mr. Strong said that there were confirmed meter readings at page 27 and were reflected in these accounts.

45. In respect of *Director's liability insurance*, this was a legal point.

46. In respect of lift maintenance, the figure had simply been rounded up in the budget, which would allow for the lift lines to be tested and faults rectified.

47. In respect of *general cleaning* Mr. Strong said that the accounts showed that £2700 had been spent in the previous year, for the building to be cleaned once a month.

48. In respect of *gardening*, Mr. Strong said that the area at the front and around the edges of the building, needs weeding; there are ad hoc visits, which were not unreasonable. There was one visit in 2012/13 at a cost of £200 for doing this and sweeping up.

49. In respect of *carpet cleaning*, Mr. Strong said that this is on the "wish" list of things to do, if the money is there, but in view of a lack of funds this is not a priority.

50. In respect of *pest control,* Mr. Strong said that they do not plan to use pest control, but in view of the proximity to the Town and the river, there is the potential to have outgoings on this item.

51. In respect of *maintenance*, Mr. Strong said that there were always items which required maintenance and it was better to estimate it so that works could be done at the right time – rather than being left.

Closing Submissions

Respondent

52. At the end of the hearing, Mr. Duckworth relied on his skeleton argument and made additional submissions.

53. The Applicant's repeated failure to provide certificates of final account in the year ending 2010, 2011, and 2012, has meant that the Respondents have been deprived of knowing actual costs for those years, and whether balancing payments are to be credited or debited; the failure to serve them until very recently has deprived the Respondents of having a firm basis to assess the reasonableness of the budget for 2012/13.

54. The Applicant's failure to disclose the contracts with its agents and contractors has lead to concern over whether or not the agreements are long term qualifying agreements, and so subject to section 20 consultation; the Respondents suspect self-dealing in relation to contractors work.

55. The lease provides a mechanism for demanding payments on account on the quarter days in June and December each year; liability to pay depends on a demand being served. However, Mr. Strong conceded that the Applicant had not demanded payment from the Respondents for the June 2012 payment until after the 25th June 2012. Accordingly, the Applicant had missed the boat for that ½ yearly payment.

56. In respect of "big ticket" items the following points should be made:

- in respect of insurance the actual cost on the cover note was £4700, so £6800 as a budget items was too much to claim; there was reference in evidence to a deal being done for a third party to pay the fees, but there was no evidence or disclosure about that; the lease says nothing about borrowing money;
- in respect of electricity costs, the actual were £6500 and so a jump of £2000 was excessive, and unjustified;
- in respect of maintenance it was a figure without justification, in light of the many other headings, which would cover most costs;
- in respect of a reserve of £16,000 there were real concerns that funds which are held on trust in accordance with s42, and to be set aside for future expenditure, were being used now, against the purpose intended.

Applicant

57. Mr. Strong said that the Applicant had brought the proceedings against these three lessees, in face of a failure to pay. Since the RTM Co. took over there had never been a voluntary payment by the Respondents, who had to be pursued at considerable cost and time. The Respondents had never paid until the LVT has intervened. However, there had never been reasons not to pay. This drains the RTM Co. resources. To save costs on this occasion, they have not incurred professional fees in bringing the proceedings, which are irrecoverable against the service charge fund. The Respondents are £40,000 in arrears.

58. Mr. Strong asked that the Tribunal review the budget, which was modest, and come to a fair assessment, so that some service charges would be paid by the Respondents.

59. Mr. Strong conceded that the costs of the proceedings would not be added to the service charge account, and so no section 20C order was needed.

60. At the end of the hearing the Tribunal gave oral Directions on the Respondents' amended application under section 27A for the actual costs in year ending 2010, 2011, and 2012.

Terms of the lease

61. The lease provides that the tenant will "pay the service charge at the times and in the manner provided in the Sixth Schedule hereto" (Clause 3(1)(a)). The Lessor covenants to "maintain and keep in good and substantial repair and condition" the main structure, and common parts (Clause 5 (5)(a)), including redecoration of the interior and exterior as and when the Lessor shall deem it necessary. The Lessor can employ a managing agent to manage the building and such other

persons as may be necessary for the proper maintenance of the building (Clause 5(5)(g)).

62. The lease permits the lessor to "set aside money as "the Lessors shall reasonably estimate to provide as a reserve fund for items of expenditure referred to in this clause or to be expected to be incurred at any time", which sums shall be kept in a separate account and held on trust.

63. The lease entitles the lessor to demand a payment on account of the service charge in respect of each accounting period (24th June to 23rd June) "as the Lessors or their managing agents shall specify at their discretion to be a fair and reasonable interim payment" (6th Schedule para 1(3).). The interim payments shall be paid to the Lessors "by equal half-yearly payments in advance on 24th June and 25th December in each year" (6th Schedule para 3). If the costs of performing the obligations shall exceed the interim charge then "the Lessor shall be entitled to require payment by the tenant to the Lessors within 7 days thereafter of a further interim charge" (6th Schedule).

The Law

64. The Tribunal has jurisdiction to determine the reasonableness of service charges which have been or may be incurred, by virtue of section 27A of the 1985 Act, which provides as follows:

"(1) An application may be made to the LVT for a determination whether a service charge is payable, and if so, 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) date at or by which it is payable, and
(e) the manner in which it is payable".

"(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 description a service charge would be payable for the costs and if it would, 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) date at or by which it is payable, and
(e) the manner in which it is payable".

65. The following statutory provisions are also relevant to this dispute:

Section 18 of the 1985 Act, provides:

"(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 cost 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 –

(i) "costs" include overheads, and
(ii) 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 of the 1985 Act, provides:

"Relevant costs should be taken into account in determining the amount of the service charge payable for period –

(a) only to the extent that they are reasonably incurred and
(b) where they are incurred on the provision of services of the carrying out of works, only if the service or the 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".

Discussion

66. Under the terms of the lease, the Lessor is entitled to demand service charges on account of costs to be incurred in the forthcoming accounting period. The lease provides a basis of assessment which is fairly generous to the lessor: namely that it can be "as the Lessors or their managing agents shall specify *at their discretion to be a fair and reasonable interim payment*".

67. The above is clearly subject to an implied term that the items envisaged are recoverable under the terms of the lease, and so in this case cannot include Director's insurance, which appeared in the current budget.

68. The lease does not oblige the Lessor to provide a detailed breakdown of anticipated costs, but it is good practice to do so. The difficulty with doing so is that it invites debate as to what is or is not reasonable; by providing a breakdown it invites the Lessee to challenge every item.

That detracts from the wider point, which is that there must be sufficient funds to deal with costs as they arise, and that the Lessor is not confined to spend as much or as little on each item as he has specified in his budget.

69. To meet that point – as set out in paragraph 10 above - Mole HHJ encouraged LVT's not to lose sight of the fact that it is the overall amount that is relevant, not the individual items. This encourages a broad-brush approach, save where individual items are significant and challenged on the basis of non-recoverability - as the lease does not permit it.

70. The Tribunal does not today have the benefit of agreed actual costs or decisions of the LVT on actual costs for recent years to act as a reliable guide to the reasonable estimated charges for the year in dispute; in due course, the LVT will determine what was reasonable and payable for those years.

71. However, the Tribunal notes that the parties referred to previous LVT decisions where actual costs were assessed as reasonable (recorded in the 2010 decision at paragraph 27), as follows:

- in the year end 2007, the sum of £49,533.56,
- in the year end 2008, the sum of £40,732.11, and
- in the year end 2009, the sum of £43,752.72.

72. Further, in 2010 the LVT assessed the reasonableness of budgeted costs to be incurred in the year end 2010, as £46,765.

73. It appears from the evidence of Mr. Bizarri that he considers a total sum of £40, 930 (once all individual items are added together) to be sufficient. However, as against the actual costs assessed in 2007, 2008, and 2009, even without allowing for inflationary forces, that figure appears to be woefully inadequate.

74. The Tribunal is mindful that whilst this is a modern building, it incurs high costs arising from having lifts, providing water to each residential unit, and as there are 35 units, the managing agents work will be fairly extensive.

75. In respect of the service charge year 2012-13, the Tribunal finds that the interim service charges demanded of the Respondents are reasonable and payable, save that:

- the Director's insurance should be removed as a head of expenditure and the cost removed from the budget, as irrecoverable;
- the buildings insurance should reflect the actual cost of £4789.98, as there is an element associated with third party

loans, which does not appear to be recoverable under the terms of the lease.

76. Accordingly, the Tribunal finds that the sum of £59, 537 is reasonable and payable as an estimated service charge.

77. Mr. Duckworth argued that the Applicant had "missed the boat" in terms of requiring an interim payment in June 2012. However, the evidence of Mr. Strong was ambiguous, initially saying that the demands went out the month before 24th June and then in cross-examination saying that they were not sent out until 26th June. The Tribunal was not referred to any documents in the bundle on the point. Materially, the point had not previously been taken in correspondence, although many other points of a technical and procedural nature had been taken. In the circumstances, the Tribunal finds it more likely than not that the demands were served in time so that the interim payment was due and owing. In the alternative, the lease provides that if the costs of performing the obligations shall exceed the interim charge then "the Lessor shall be entitled to require payment by the tenant to the Lessors within 7 days thereafter of a further interim charge" (6th Schedule); arguably late demands could fall within this provision.

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Joanne Oxlade

Chairman

31st May 2013

Appendix A

Heading	Budgeted costs	Applicant's comments	Respondent's comments
Accountancy fees	640		640
Bin store maintenance	1440	Agreed £800	Agreed £800
Buildings insurance	6810		4789
Car park gate maintenance	500		500
Carpet cleaning	250		0
Communal electricity usage	6500		4800
Communal gas usage	460		0
Director's liability insurance	210		0
Fire Alarm maintenance and annual extinguisher	170		Agreed 170
Fire, health and safety assessments	0		0
gardening	500		38
General cleaning	3000		1440
General exterior maintenance	1000		
General maintenance	4000		700
Graffiti removal	300		0
Ground floor internal redecoration	0		0
Intercom maintenance	500		0
Reserve fund contribution - redecoration	0		0
Reserve fund - restoration	16,663		12000
Lift maintenance	3,300		3300
Lift telephone line	500		372
Management fee	6000		3671
Misc expenses	350		0
Pest Control	275		0
Water	8400		7000
TOTAL	**£61,768.30**		**£40, 390**