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FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	:	**LON/00BB/LSC/2012/0840**
Property	:	**Flat 9, Austin Court, Florence Road, East Ham, London E6 1DU**
Applicant	:	**Mr Murtaza Sakhawat Billah**
Representative	:	**Mr M Mazumder (Solicitor)** **Mr S Hosein (Solicitor)**
Respondent	:	**London Borough of Newham**
Representative	:	**Mr C McDonnell (Head of Leasehold Services)**
Type of Application	:	**For the determination of the reasonableness of and the liability to pay a service charge**
Tribunal Members	:	**Mr L Rahman (Barrister)** **Mrs R Turner JP BA** **Mr L Jarero BSc FRICS**
Date and venue of Hearing	:	**17.6.2013, 10 Alfred Place, London WC1E 7LR**
Date of Decision	:	**19.8.13**

DECISION

Decisions of the Tribunal

(1) The Tribunal determines that the sum of £750.00 is payable by the Applicant in respect of the concierge charge for each of the service charge years from 2005-2006 to 2011-2012.

(2) The Tribunal determines that the management fees charged for each of the service charge years from 2005-2006 to 2011-2012 are reasonable and payable.

(3) The Tribunal determines that the sum of £110.00 is payable by the Applicant in respect of the minor repairs for the year 2005-2006. The sum of £141.42 is payable by the Applicant in respect of the minor repairs for each of the service charge years 2006-2007, 2007-2008, and 2011-2012. The Applicant is further liable to pay, in relation to the minor repairs, £132.00 for the year 2008-2009, £146.26 for the year 2009-2010, and £146.00 for the year 2010-2011.

(4) The Tribunal determines the costs concerning the CCTV, the door entry system, the dry riser, and the water tanks, for the service charge years 2007-2008 to 2011-2012, are reasonable and payable.

(5) The Tribunal determines the cost concerning the intruder alarm for the service charge years 2009-2010 to 2011-2012 is reasonable and payable.

(6) The Tribunal determines the costs concerning the car park barriers for the service charge years 2010-2011 and 2011-2012 are not payable under the Lease.

(7) The Tribunal determines the insurance costs for the years 2010-2011 and 2011-2012 are reasonable and payable.

(8) The Tribunal makes the determinations as set out under the various headings in this Decision.

(9) The Tribunal does not make an order under section 20C of the Landlord and Tenant Act 1985.

(10) The Tribunal determines that the Respondent shall pay the Applicant £350 within 28 days of this Decision, in respect of the reimbursement of the Tribunal fees paid by the Applicant.

The application

1. The Applicant seeks a determination pursuant to s.27A of the Landlord and Tenant Act 1985 ("the 1985 Act") as to the amount of service charges payable by the Applicant in respect of the service charge years 2005/2006 to 2011/2012.

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

The hearing

3. The Applicant was represented by Mr Mazumder and Mr Hosein and the Respondent was represented by Mr McDonnell.

4. After the hearing had been concluded, the parties were invited to make further written representations as to whether the service charges for each of the relevant years had been calculated in the manner as set out under Clause 5(2)(e) of the Lease. In particular, an explanation of the way in which the concierge charge had been calculated.

5. Neither party had raised this point but it was an obvious point, it concerned a significant portion of the service charges, and on the face of it, it appeared to the Tribunal that the service charges may not have been calculated correctly. The Tribunal only became aware of this point when considering the Lease, a full copy of which had only been provided in the afternoon of the hearing. Both parties made further representations and the Tribunal reconvened on 12.6.13 to make its decision.

The background

6. The property which is the subject of this application is a 2 bedroom flat on the third floor of a block containing 56 flats in total. There is a central core to the block, with 14 storeys, and 4 flats per floor.

7. Neither party requested an inspection and the Tribunal did not consider that one was necessary, nor would it have been proportionate to the issues in dispute.

8. The Applicant holds a long lease of the property which requires the landlord to provide services and the tenant to contribute towards their costs by way of a variable service charge. The specific provisions of the lease will be referred to below, where appropriate.

The issues

9. The Applicant had challenged in his application the service charges from 2002/2003, even though he had only purchased the property in

October 2005. The Respondent stated at the hearing the Applicant had not been charged any service charge prior to October 2005. The Respondent stated it had a policy of not allowing sales without all accounts being settled by the seller. The Applicant stated at the hearing he accepts none of the service charges he has been charged predate October 2005.

10. The Respondent had issued a County Court claim against the Applicant for unpaid service charges for the years 2010/2011 and 2011/2012. The Respondent confirmed those proceedings had been stayed. Both parties agreed at the hearing the Tribunal should deal with these years. Both parties agreed the Tribunals findings would avoid the need for the Respondent to pursue the matter at the County Court.

11. Both parties agreed the Tribunal determine the amount of service charges payable by the Applicant in respect of the service charge years 2005/2006 to 2011/2012.

12. The parties had agreed at the pre trial review on 23.1.13 that the following matters for each of the relevant years were agreed and not in dispute: buildings insurance, TV aerial, grounds maintenance, lifts, and lighting. However, at the hearing, the Applicant stated he now wished to challenge the charge for the buildings insurance. Mr McDonnell for the Respondent stated he was happy to deal with the insurance costs for 2010/2011 and 2011/2012 but not for the earlier years as he thought the earlier years had been agreed.

13. The Tribunal agreed to allow the Applicant to challenge the insurance costs for 2010/2011 and 2011/2012 as the Respondent stated it could deal with those 2 years. The Tribunal found it would be unfair to allow the Applicant to challenge any earlier years as the Applicant had agreed with the insurance costs at the pre trial review, the Applicant had agreed the insurance costs were not in dispute, and consequently the Respondent had not prepared to deal with those earlier years.

14. The Applicant sought to raise a further argument at the hearing on the basis that the service charge demand for 2010-2011, as set out on page 114 of the bundle, differed to the service charge demands on pages 121-127. The Respondent pointed out the service charge demand on page 114 was not an actual service charge demand but an example so that service charge payers could understand the figures on their actual service charge statement. This was clearly stated on page 113 of the bundle and the service charge statement on page 114 actually stated, clearly, "EXAMPLE". The Tribunal agree with the observations made by the Respondent. The Tribunal were very surprised that both solicitors for the Applicant pursued the point, despite the matter being clarified by the Respondent at the hearing.

15. The parties agreed the disputed charges concerned the concierge charge, the management charge, and the minor repair charge for the service charge years from 2005/2006, the CCTV, door entry, dry riser, and water tanks charges for the service charge years from 2007/2008, the car park barrier charge for the service charge years from 2010/2011, and the building insurance costs for the service charge years from 2010/2011.

16. Having heard evidence and submissions from the parties and considered all of the documents provided, the Tribunal has made determinations on the various issues as follows.

Have the service charges for each of the relevant years been calculated in the manner as set out under Clause 5(2)(e) of the Lease

17. The Tribunal invited the parties to make written representations on this point.

18. The Respondent states it is correctly calculated as required under the Lease. Each block was allocated a percentage of the Borough wide cost to reflect the amount of service supplied to that block, called the "block cost". From that the Respondent calculated the property cost by dividing the block cost by the total block rateable value and multiplying this by the property rateable value.

19. The Applicants representatives state in their letter dated 2.7.13 as follows: *"The service charge against the leaseholders the way has charged against us has disrespected the democratic accountability t.ex. "Government of the people, by the people and for the people". Even respect of civil rights & human rights has been intentionally disrespected after fabricating the amount of accounts charges by the corporation, (lack of evidential document and prove). So, corporation self contradicting the mentioned articale 5(2)(e) and further fail to fulfil under article 5(2)a,c,d."*

20. The Tribunal finds in principle the service charges for each of the relevant years have been correctly calculated as required under the Lease. On the face of it, the response from the Respondent appears to be satisfactory. The Applicant does not state the method of calculation is incorrect. We note the Applicant did not raise this argument in the application, at the pre trial review, or at the hearing. The Applicant does not clearly challenge this in the letter dated 2.7.13 despite the specific request from the Tribunal for representations on this point.

Concierge charge

21. For each service charge year from 2005-2006 to 2011-2012, the Respondent charged the following concierge fees: £748.93, £1,307.14, £1,654.19, £1,513.91, £1,513.91, £1,513.00, and £1,507.10.

22. The relevant points raised by the Applicant in his representations at page 36 of the bundle are that the Lease stated nothing about a concierge charge, he was not consulted on this matter, the charge is unreasonable, he was charged £1,513.00 for 2010-2011 yet the actual charge for the year was only £600.00, and there was no explanation or breakdown about the charge.

23. The Applicant added at the hearing that the charge has been going up every year and it is now 3 times higher than it was in 2003-2004. The concierges only do the cleaning and watch the CCTV, which he accepts they do satisfactorily. The Applicant states they do nothing else. They sit in their room from 7:30am to 11:00pm. Often they also worked in other blocks also, leaving a message that they are out. When the Applicant asked why they were working on other blocks, he was told they are Council employees and are told to work at the other sites also. The Applicant stated the concierge charge should be no more than £250.00 per year.

24. The Respondent states the concierge service was introduced in 2002. The service is allowed under Clause 5 of the Lease. The concierge service only deals with security and cleaning. Three staff are employed on a full time basis on the Applicant's block at a cost of £18,000.00 per employee. They also monitor other blocks and in emergencies also clean other blocks. The Respondent did not know how many concierge staff were employed throughout the Borough.

25. The Respondent was considering ceasing this service because it was not paying for itself, although the current prices were reasonable and good. The Respondent was not able to recover the true cost of the service therefore the whole service was making a loss. The cost of the concierge service had doubled between 2005-2006 and 2006-2007 because the 2005-2006 cost was not based on the true cost. All the years after 2005-2006 were based on the true cost of the service. By way of an example, the Respondent stated the cost of the concierge service for the year 2008-2009 was £3.6 million for the whole Borough. (Page 61 of section G of the bundle sets out the breakdown of the Borough wide costs for that year).

26. The Tribunal finds the costs of the concierge service is in principle recoverable under Clause 5 (2) of the Lease. The Applicant did not make any representations to the contrary concerning Clause 5(2). The Applicant stated at the hearing he did not know whether a concierge service was or was not provided under the Lease.

27. The Tribunal finds the Respondent was not required to consult with the Applicant as the concierge service had been provided since 2002, long before the Applicant purchased his property. In any event, it appears the service is provided by the Respondents own employees and not by an outside company.

28. The Respondent explained the breakdown of the concierge charge and stated the service was essentially security and cleaning. The Applicant accepts the cleaning was adequate and did not argue that the level of security was inadequate. The Tribunal therefore finds the Respondent was providing adequate security and cleaning.

29. However, the Tribunal finds the actual costs charged for this service are too high and therefore unreasonable.

30. For each relevant service charge year the cost of the concierge service amounted to about 55%-64% of the total service charge and represented the largest single item in each of the service charge years. This alone suggests in our view the concierge charge is unreasonably high. Furthermore, the Respondent is thinking of abolishing this service because it is not cost effective. This again suggests the cost is too expensive for the service provided.

31. The Respondents argument that the current prices were "reasonable and good" is inconsistent with its statement that it was not able to recover the true cost of the service, the whole service was making a loss, and it was considering abolishing the whole service.

32. The Tribunal notes the concierge service essentially involves the cleaning of the inside and outside of the block, which has a central entrance and a lift and stairs serving 14 floors. The service also provides security by monitoring the CCTV. It does not deal with any other matters such as dealing with complaints, accepting parcels for residents, keeping messages for residents who are not in, and allowing people into the block (as residents have their own security keys and guests are only allowed in if the residents are in and open the security door for them). According to the Applicant they "often" worked on other blocks and nobody was left on site. The Applicant lives on the block and there was no evidence from the Respondent to quantify the times spent on other blocks other than stating it was only done in emergencies. It is unclear to the Tribunal what benefit is gained by having 3 on site full time employees. It is unclear to the Tribunal how much is added to the overall security given that the employees are often at another site and also have cleaning duties. The Respondent was unable to state how many concierge staff were employed Borough wide.

33. Given the size of the block and the actual service provided, the Tribunal finds, taking a broad approach and applying its general knowledge and experience, the concierge charge for each year should be reduced to

£750.00. The "actual" amount charged by the Respondent for this service in 2005-2006 was £748.93, which the Tribunal finds also indicates what the Respondent believed a reasonable charge should be.

Management fee

34. For each service charge year from 2005-2006 to 2007-2008, the Respondent charged the following management fees: £204.00, £252.00, £292.80. From 2008-2009 to 2011-2012, the Respondent split the management fee under 4 separate headings, namely, Leasehold Services Team, Neighbourhood Services Team, Repairs Team, and Residents Involvement Team. The total management fee each year was as follows: £240.00, £235.20, £240.00, and £235.20.

35. In the representations on pages 32-35 (dated 20.3.13) and pages 36-42 (dated 20.5.13) the Applicant did not challenge the management fees. At the hearing, the Applicants representatives accepted the Applicant did not challenge the management fee but stated the Applicant now wished to challenge them. The Applicant stated he did not know what the management fee was for, he did not hear of a neighbourhood service team, the fee was too high, and the concierge service already had a management fee. The Applicant later added that there was an over-lap in the duties of each team. He stated the Leasehold Service Team could deal with matters covered by the Repairs Team.

36. The Respondent stated the management fee was split into 4 separate components in 2008-2009 because the lessees wanted to see each element of the management fee. The Leasehold Service Team dealt with lessees only, dealing with such matters as service charge collection, leasehold disputes, service charge accounts, and sub-letting of leasehold properties, and so on. The Neighbourhood Service Team dealt with lessees and other tenants. They dealt with the estate, dealing with matters such as neighbourhood disputes, anti-social behaviour, boundary disputes, inspections and checks, and obstructions on common walk-ways. The Management Repairs Team was a central team for all tenants dealing with all repair issues and insurance claims. The Management Residents Involvement Team dealt with all tenants. About 50% of their time was dealing with leaseholders. They provide and pay for conferences and meetings. They deal with 16,000 properties, 5,200 of which are leaseholders. They are the team that will decide whether to continue with the concierge service and are having discussions with tenants.

37. The Respondent was unable to give a detailed breakdown of the management costs for each of the service charge years.

38. The Tribunal finds the management fees for each service charge year reasonable and payable. The Applicant did not raise any arguments in his representations prior to the hearing. The Applicant failed to put

forward any persuasive arguments at the hearing. The Applicant was unable to give any examples of over-lapping duties between the various teams therefore his suggestion of double counting was unpersuasive. The Applicant argued one particular team could have covered the duties of another team. However, he misunderstood the point that whatever team dealt with a particular task, a cost would be incurred and would have to be paid. Even with the breakdown of the management fee, the overall fee remained about the same year on year. The Applicant failed to put forward any supporting evidence to suggest the fee was too high. The Applicant did not argue that the service provided was of a poor quality. Using its knowledge and experience of such matters, the Tribunal finds the overall fee for each year is within a reasonable range for such a property and service provided.

Minor Repairs

39. The Respondent has charged the following amounts for each year from 2005-2006: £110.00, £332.91, £323.86, £250.00, £281.17, £244.59, and £227.85.

40. The Applicant states there is a lack of transparency and that leaseholders may be paying for repairs to council tenant properties in addition to paying for repairs to common parts. He accepts his liability to pay for estate and common parts.

41. The Respondent did not have the breakdown for the minor repairs for any of the relevant years other than the *estate* minor repairs for 2008-2009, 2009-2010, and 2010-2011 (pages 81-105, 107-116, and 117-121 of section G of the bundle). The Applicant's contribution for each of those respective years were £137.80, £152.67, and £152.40.

42. The Applicant challenged at the hearing some of the items of costs for the year 2008-2009. The Respondent conceded that some of the items of costs challenged by the Applicant were not chargeable (£72.31 (concerning temporary heaters) and £46.80 (concerning leaking pipe to a pram shed) on page 85, and £186.74 (lack of detail concerning the source of a leak) on page 93). The Respondent stated the remainder of the items challenged by the Applicant were chargeable as they related to communal expenses.

43. The Tribunal finds the Respondent has failed to provide relevant evidence to deal with particular matters of concern raised by the Applicant prior to the hearing. What evidence has been provided by the Respondent shows the Applicant had been charged for some items which the Respondent conceded at the hearing the Applicant should not have been charged for.

44. With respect to the service charge year 2008-2009, the only supporting evidence provided by the Respondent is for the estate minor repairs. The Tribunal have considered the various items disputed by the Applicant for that year but agree with the Respondent that most of those figures relate to communal expenses and are therefore payable, except for the 3 items conceded by the Respondent.

45. Both parties agreed at the hearing the Tribunal should adjust the estate minor repairs figures for 2009-2010 and 2010-2011 by the same percentage by which the figure for 2008-2009 was adjusted. The adjusted figure for 2008-2009 is £132.00 (£7,716.77 - (£72.31+£46.80+£186.74)=£7,410.92, and applying the calculation as set out on page 105 of section G of the bundle). This represents a reduction of 4.2%. Therefore, the figures for 2009-2010 and 2010-2011 are reduced accordingly, giving an adjusted figure of £146.26 and £146.00 for each of those respective years.

46. The Respondent has failed to provide any supporting evidence concerning the minor repairs for the remaining service charge years. However, the Tribunal finds a block such as the Applicant's would no doubt have had various annual communal minor repairs. The Applicant accepts his liability to pay for estate and common parts. Taking an average of the estate minor repairs for the 3 years for which supporting evidence has been provided, the Tribunal finds the sum of £141.42 is payable for each of the service charge years 2006-2007, 2007-2008, and 2011-2012.

47. The Respondent stated the cost of the minor repairs for the year 2005-2006 was capped at £110.00 in line with the estimate. The Tribunal finds this to be a reasonable sum, given that it is below the cost calculated by the Tribunal for the other service charge years.

48. Based upon the evidence before the Tribunal, the Tribunal determines the Applicant is liable to pay £110.00 for the year 2005-2006 and £141.42 for each of the service charge years 2006-2007, 2007-2008, and 2011-2012. The Applicant is liable to pay £132.00 for the year 2008-2009, £146.26 for the year 2009-2010, and £146.00 for the year 2010-2011.

CCTV, Door Entry, Dry Risers, and Water Tanks

49. The charge for these items for the years 2007-2008 to 2011-2012 are as follows: CCTV (£27.93, £52.30, £31.71, £0.45, £114.07), Door Entry (£7.09, £1.88, £1.61, £15.90, £8.50), Dry Risers (£3.64, £3.09, £0.98, £1.47, £0.98), and Water Tanks (£133.49, £64.14, £72.18, £55.29, £124.88).

50. The Applicant's main argument was that these charges suddenly appear in the service charge year 2007-2008 without explanation. He queried why there was now a charge for CCTV when there had been CCTV in the building for many years. The Applicant queried why there needed to be a continuous payment for the door entry system and why there was a new charge given that a new system was put in place 3-4 years ago. The Applicant states the building does not have a dry riser. The Applicant believes the Respondent changed its strategy to earn extra money by charging for the water tank without consulting him.

51. The Respondent states the cost of the CCTV relates to the newly introduced CCTV service which is based on a new site and collects all the CCTV evidence. The advantage of the new system is that there is now 24 hour CCTV coverage, whereas previously any recording after 11pm stopped when the tapes ran out, and more people were now viewing the CCTV. With respect to the door entry system, the Respondent had now introduced ongoing inspection and maintenance of the door entry system. Previously, the Respondent did not have regular maintenance or inspections and only charged for repairs. The Respondent states the building does have a dry riser, which is required under Fire Regulations, and which requires monitoring. The new cost of the water tanks is due to statutory requirements, which requires the Respondent to check and monitor the quality of the water in the tanks, including sending samples to laboratories for checks.

52. The Tribunal is satisfied with the explanation provided by the Respondent. The explanation is consistent with the Tribunal's understanding and experience of such matters. The Applicant has not provided any persuasive evidence to support his arguments. The Tribunal notes the Applicant challenged the charge for the dry riser at the hearing yet in his written representations on page 32 he states "Dry Risers - No need to dispute this as it is fire brigade maintenance". The Applicant stated at the hearing the charge for the water tank was too high. When asked why he thought it was too high, the Applicant stated "I'm just arguing it's too high" and did not provide any supporting evidence or argument.

53. The Tribunal are satisfied the costs are reasonable and payable.

Intruder alarms

54. The charge for this is in relation to service charge years 2009-2010 to 2011-2012. The charge is £1.30, £1.30, and £0.00 respectively for each year.

55. The Applicant states there are no intruder alarms in the building, only CCTV.

56. The Respondent states the intruder alarm is on the lift entrance door to prevent access to what is a highly dangerous area and is required by law. The Respondent states the alarm is not visible and only operates if someone tries to force open the lift door.

57. The Tribunal is satisfied with the explanation provided by the Respondent. The explanation is consistent with the Tribunal's understanding and experience of such matters. The cost is reasonable and payable for each year.

Car Park Barriers

58. This charge appears in the service charge accounts for the years 2010-2011 and 2011-2012. The Applicant's proportion of the charge is £10.89 for each year. This covers the cost of providing keys and replacement keys to all the residents.

59. The parties identified for the Tribunal the location of the car park barrier on the plan on page 106 of the bundle. The Respondent stated the barrier was installed to prevent people blocking the access, which was a fire route. The barrier also prevented illegal parking by outsiders in the parking bays, which were for residents use only. The Respondent stated there was a waiting list for entitlement to a parking bay. The Applicant did not have a parking bay. Only those with a parking bay were entitled to have access beyond the barriers.

60. The Tribunal noted the car park area appeared to be outside "the Estate" and asked the Respondent to clarify whether the car park formed part of the estate. The Respondent stated the cost was recoverable by virtue of The Third Schedule, which sets out the "Costs expenses outgoings and matters in respect of which the Lessee is to contribute". In particular, Clause 10, which states "The upkeep of the gardens forecourts roadways pathways and rides used in connection with the Estate".

61. The Tribunal finds, according to the definition of "the Estate" and the plan attached to the Lease, the car park area does not form part of the estate. The Respondent did not state it formed part of the estate either. The Tribunal finds the cost is not recoverable. Clause 10 deals with the "upkeep" of the forecourts and roadways used in connection with the Estate. The car park barriers are there to prevent access to the car park and not for the upkeep of it.

Buildings Insurance

62. The Applicant's proportion of the charge for 2010-2011 is £235.48 and for 2011-2012 it is £229.52.

63. The Applicant states the insurance cost is too high. He obtained his own quote from Lloyds TSB in January 2013 for £183.85 (page 129 of the bundle). His insurance cover was for his flat only, excluding contents cover, and not for the whole building.

64. The Respondent stated their own insurance cover was for the whole building, covering all 56 flats. The Respondent is required to provide block and public liability cover also. The Respondent seeks quotes every 5 years and has a specified tender list which goes out to a range of insurers, thereby obtaining the best price. The Lessees were notified of the tender process and the Respondent did not receive any response from any of the Lessees.

65. The Tribunal finds the insurance cost reasonable and payable. The quote obtained by the Applicant is not a like for like insurance cover. The Respondent is required to insure the whole building. The Applicant's quote only covers his own flat. The Respondents insurance covers public and building liability. The Applicant did not know whether his own quote covered the same. The Respondent went through a tendering process and obtained the best price available.

Application under s.20C, costs, and refund of fees

66. At the end of the hearing, the Applicant made an application for a refund of the fees that had been paid in respect of the application and hearing (£350.00 in total). Having heard the submissions from the parties and taking into account the determinations above, the Applicant having substantially won his case, the Tribunal orders the Respondent to refund the fees paid by the Applicant within 28 days of the date of this decision.

67. The Applicant indicated in both his application forms he did not wish to make a section 20C application. The Applicant did not make any such application in his written representations or at the hearing either. Accordingly, no order is made.

68. The Applicant made an application for the costs he incurred in paying for his representatives (total cost of £1,200). The Tribunal may order a party to pay costs where the other party has, in the opinion of the Tribunal, acted frivolously, vexatiously, abusively, disruptively or otherwise unreasonably in connection with the proceedings (paragraph 10 of Schedule 12 to the Commonhold and Leasehold Reform Act 2002). The Tribunal finds no evidence that the Respondent has acted frivolously, vexatiously, abusively, disruptively or otherwise unreasonably in connection with the proceedings. The Respondent has acted properly and in good faith. Accordingly no order for costs is made.

Name: Mr L Rahman **Date:** 19.8.13

Appendix of relevant legislation

Landlord and Tenant Act 1985 (as amended)

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 27A

(1) An application may be made to the appropriate 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 the appropriate 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 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 that tribunal;
(b) in the case of proceedings before a residential property tribunal, to the tribunal before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to any residential property 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.