



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

**Case Reference** : **MAN/00BN/LSC/2018/0062**

**Property** : **Apartment 5  
1 Alexandra Road, Manchester M16 7BU**

**Applicant** : **Mr. Waleed El-Shobaki**

**Respondent** : **The Little Alex Management Company**

**Type of Application** : **Section 27A, Landlord and Tenant Act 1985**

**Tribunal Members** : **A Rawlence MRICS  
S Hopkins FRICS**

**Date of Determination** : **15 April 2020**

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**DECISION**

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## **DECISION**

1. The Tribunal finds that the service charges for the years ending 31 March 2016, 2017 and 2018 are payable and reasonable.
2. The Tribunal finds that the projected budget for the year ending 31 March 2019 was reasonable at the time it was set.
3. No application was made under s.20C of the Landlord and Tenant Act 1985 by the Applicant that the landlord's costs of the proceedings should not be taken in account in calculating the Applicant's service charges.
4. Only a tenant may make such an application.
5. Any other claim in respect to costs will be the subject of a further application.

## **REASONS**

### **Introduction**

1. Mr. Waleed El-Shobaki (the Applicant) is the leaseholder of Apartment 5, the Little Alex, 1 Alexandra Road, Manchester M16 7BU. On 15 November 2018, he made an application for a determination of the reasonableness of his service charge.
2. Directions were issued on 11 December 2018.
3. The matter was heard at Tribunal on 24 May 2019 when the Applicant stated that he had not been able to fully comply with the Directions because he had not received copy invoices that he had requested.
4. Further directions were issued on 8 June 2019 when the following was stated:
  - (i) As the Respondent had already supplied details of service charge accounts and other financial information there was no need to re-submit their original bundle.
  - (ii) The Respondent was asked to supply the Applicant with copy invoices as soon as possible.
  - (iii) On receipt of the invoices the Applicant would prepare for a re-convened Hearing.
5. Directions No 3 were issued on 16 December 2019 following delays in supplying the copy invoices. The Tribunal specified that a discovery exercise should be completed.
6. On 24 January 2020, the Tribunal issued instructions to confirm timings for the compliance with the remaining Directions.
7. A Tribunal hearing was listed for 30 March 2020 but in line with advice from the UK Government in respect of avoiding non-essential travel and contact with others to curb coronavirus, both parties agreed to a paper determination.
8. An inspection of the Property was carried out on the morning of 2 May 2019 prior to the hearing.

## The Law

9. Section 27A of LTA1985 provides that an application may be made to the Tribunal for a determination as to what service charges are payable, by whom and to whom. The Tribunal will seek to ensure that the level of service charges is reasonable, given the standard of service provided.

## The Lease

10. The lease is a modern lease in tripartite form, with a landlord, management company (the Respondent) and tenant/leaseholder (the Applicant) dated 2007. As the Respondent has since acquired the landlord's interest, it in fact carries out both the roles (landlord and management company) under the terms of the lease. The Respondent is a company wholly owned by the leaseholders of Little Alex (excluding the shared ownership leaseholders, see below).
11. By clause 7.1 the tenant covenants to:

*To pay contributions by way of Service Charge to the Management Company equal to the Tenant's proportion of the amount which the Management Company may from time to time expend and as may reasonably be required on account of anticipated expenditure on rates services repairs maintenance or insurance being expenditure described in the Second Schedule AND to pay the Service Charge not later than 28 days of being demanded the contributions being due on demand ...*

The tenant's proportion is 3.92% of the expenditure (clause 1.)

12. The Service Charge Expenditure in the Second Schedule is stated in paragraph 1 as meaning expenditure:

*(1) In the performance and observation of the covenants obligations and powers on the part of the Management Company and contained in this Underlease or with obligations relating to the Development or its occupation and imposed by operation of law;*

*(2) In payment of the expenses of management of the Development of the expenses of the administration of the Management Company of the proper fees of surveyors or agents appointed by the Management Company ...*

*(3) In the provision of services facilities amenities improvements and other works where the Management Company in its ...absolute discretion from time to time consider the provision to be for the general benefit of the Development and the tenants of the properties and whether or not the Management Company has covenanted to make the provision.*

13. Paragraph 2 of the second Schedule provides for a written summary of the Service Charge Expenditure to be provided and for the statement to be certified by a qualified account as being a fair summary complying with this requirement and sufficiently supported by accounts receipts and other documents produced to him.
14. As noted above the Respondent is now both the landlord and the management company. Little Alex (the development) although a single building covers two different freehold titles. One of these is owned by the Respondent. The second is owned by

Manchester City Council and the title owned by the Respondent is of the head lease out of which the applicant's tile is a sublease.

15. The leases of six of the apartments are owned by Plumlife, the managing agents, who have disposed of them on shared ownership leases. Under the terms of these leases the shared owners are responsible for the payment of the service charges but are not share owners of the Respondent.

## **The Property**

16. Little Alex is a purpose built apartment block positioned at the junction of Alexandra Road and Quinney Crescent Manchester. It comprises 26 apartments made up of a mix of single storey and duplex units some with private balconies and gardens. The building is of steel frame construction clad with a brick façade with yellow sections of cladding to the street elevation. The inner facing elevation is faced in a cedar wood cladding. A communal entrance door with security access provides access to a ground floor hall from which the passenger lift and staircase is accessed. It is within this area that the community notice/information board is located. It is from the staircase area that each apartment is reached, some obtaining access by the external timber communal decked areas. On the ground floor to the rear is a secure door to the communal open space with planting that leads to the ground floor car park and bin store. The vehicle parking is situated beneath the apartment block and is covered by a mix of concrete flooring sections and timber decking. The Little Alex building was constructed utilising solar panels, high grade sound and heat insulation and rainwater recycling for non drinking water uses. Lighting is provided to both the internal and external communal areas. The rear courtyard and car park are self-contained and secure accessed by a remotely operated electric gate.

## **Applicant's Case**

17. On 8 February 2020, the Applicant submitted his completed Discovery Exercise.
18. In February 2019, the Applicant provided the Tribunal with a Scott's Schedule and his statement which raised the following queries or points:
  - a. There are different names for the management agent
  - b. Relevant documents not received (compliance done in February 2020)
  - c. Poor communication with regard to service charges
  - d. Confusion over gate entry system and door entry system
  - e. Budget labelling unclear
  - f. All communication to be by e-mail
  - g. Copy correspondence between Plumlife and the resident directors requested
  - h. Legal fees to purchase the property lease and its knock-on effect on the sinking fund
  - i. Additions to the building under the disguise of extra security
  - j. Expensive lighting in the car park and throughout the building
  - k. Withholding of information regarding various aspects of the building
  - l. Unreliable supply of water and lack of communication
  - m. Full report and receipts requested for the automated gate problems
  - n. Queries over building and other insurances
  - o. Queries over variable costs and no alternative quotes from other management agents

- p. Items replaced that are still good for purpose
- q. Half the apartments in the flat were not provided with correct door closers to comply with fire safety regulations
- r. Other schemes in the area are paying £85.00 per month for their service charge and this could be achieved here

## **Respondent's Case**

19. In March 2019, the Respondent answered the points raised in the Scott's Schedule produced at that time and also made the following points:
- a. An explanation was given that Plumlife are the management agents
  - b. All leaseholders are sent service charge demands and budgets for the following year
  - c. the gate entry system is to the car park and the door entry system is the intercom
  - d. communication was covered in a previous Tribunal case. The Applicant is not omitted from general correspondence. Every effort is made to send correspondence by email
  - e. the purchase of the property lease was covered in a previous Tribunal case
  - f. Plumlife has attempted to present the budget and accounts in a clear fashion
  - g. the queries over key boxes were answered
  - h. Extra security measures were requested by residents. The problems with the gate are addressed elsewhere
  - i. Lighting was covered in a previous Tribunal case. Efforts are made to change lights when they need to be changed
  - j. Each resident must tune their TV to access the CCTV at the door. Everyone has different models, so it is not possible to issue instructions. No resident has been issued a fob free of charge
  - k. The water supply is addressed elsewhere
  - l. There is a phone line manned every day 8am to 6pm
  - m. All insurances policies are absolutely necessary and obtained following a group wide procurement process
  - n. Change of managing agent is addressed elsewhere
  - o. Replacement of items are carried out in accordance with the Lease
  - p. Fires safety compliance is addressed elsewhere
  - q. The suggested figure of £85 per month is addressed elsewhere
20. The Respondent's statement in March 2019 also referred to points raised by the Applicant as follows:
- a. Gate problems – a formal complaint was made to Plumlife about the lengthy attempts to correct the situation. Eventually gate works were completed.
  - b. Water Boost pump upgrade – In 2018 it was discovered that the problems with the water boost were a long-standing transient fault with the electricity supply. A new system has now been installed, following which there have been no issues with the supply.
  - c. The Plumlife management fee is fully comprehensive with no additional costs. The property has a specific Property Manager and an admin team with good knowledge of the scheme. Further information on changing a managing agent is detailed in the newsletter of October 2018 as well as answering whether there could be a cheaper service charge with different managing agents.

d. Following Grenfell in June 2017 the Greater Manchester Fire and Rescue Service visited the property and issued a prohibition notice in regard to part of the undercoft car park. There was a residents' meeting in January 2018. Door closers were fitted to the flats that open out onto the decking, where possible. Not all flats were able to accommodate a door closer.

21. On 24 March 2020, the Respondent submitted a second Respondent Bundle which included the Respondent's response to the Discovery Exercise. Also provided were copy invoices for the years in question and a statement on behalf of Little Alex Management Company.

22. The statement set out the current situation:

a. Since 2014 the annual service charge has fallen except in 2018

b. The increase for the year ending 31 March 2019 is due to fires safety measures, roof damage, health and safety upgrades to the car park and the works to the water boost systems, including the issues of the electricity supply

c. All leaseholders have been provided with certified accounts for each year

d. The budget is set each year and a letter sent out to all residents

e. Plumlife, the Managing Company and the residents' association try to achieve value for money. Economies of scale have been obtained by joining in Great Places group-wide contracts.

f. The sinking fund was accessed in 2018 when some of the fire safety works were charged.

g. The Respondent requests an order under S20c of the Landlord and Tenant Act 1985 that the applicant pay the landlord's costs of these proceedings.

23. The Respondent's response to the discovery exercise is alluded to below.

## **The Issues**

24. The Discovery Exercise usefully grouped the issues regarding the service charges in relation to each contractor. Following that format:

Year ending 31 March 2016

31 March 2017

31 March 2018

Projected 31 March 2019

25. *Grounds Maintenance – Ian Paisley*

There is little needed by way of grounds maintenance and the contractor carried out works twice a year. The Applicant commented on blowing the car park area and removing debris and the Respondent stated that this was clearance of the car park after cutting back ivy. The planter was heavy and required two people to transport it. We do not find any of these costs unreasonable.

26. *Cleaning – Ultra Cleaning Services*

The Applicant queried several invoices but did not provide any alternative quotations for any of the works. The Respondent stated that the contract including both internal and external window cleaning and detailed the scope of the cleaning contract. In September 2017 a new window cleaning contract was procured, and an apportioned

value attributed to the Property. The charge for removing graffiti on the sidewalls was queried and it was confirmed that Manchester City Council do not remove graffiti from privately owned buildings. We are satisfied that window cleaning both internal and external and communal cleaning has been carried out on a regular basis. We also do not find the cost of removing graffiti unreasonable.

#### 27. *Cheshire Utilities*

The Applicant queried the cost of removing bulky items and cleaning the bin. Washing the deck was carried out by the contractor, being the cheapest quote received. We did not note any damage to walls during our inspection. A further sum for removing broken glass bottles was also queried. We do not find these charges unreasonable and note that during the period under review there was a change of cleaning contractors and thus no duplication of works.

#### 28. *Electricity*

The electricity covers the lighting to the common parts including the balconies, car park, electric gates, and lift.

##### *SSE SWALEC*

The applicant questions the excessive rate of pay and that no market research to find most appropriate supplier of electricity to the property. We note that the costs of electricity for the year ending 31 March 2016 of £2,620.08 were slightly above the previous year's figure of £2,033.01.

##### *Opus Energy*

The figure for the year ending 31 March 2017 was £1,553.88 and for the year ending 31 March 2018 was £2,241.27

We find that the Respondent does in fact test the market. Electricity prices do fluctuate, and we find the cost of the electricity reasonable.

The Applicant again raised the question of the lights being switched on even during the day. This point was covered in the previous Tribunal paragraph 33.

#### 29. *Water charges - United Utilities*

There are two bills for the same period 11 April to 15 July 2015. One is dated 17 July, and this is then amended by invoice dated 4 August 2015. The Tribunal understands that there was a hot spell during this time and the harvesting rainwater tank needed to be topped up. The Applicant queries missing invoices but, with the exception of an invoice from 24.05 17 to 13.08.17, all invoices are supplied in the bundle up to 21 February 2018. On an invoice issued on 14 August 2017 there is a reference to a previous invoice of £166.65.

The Applicant questions why charges for the use of water and sewerage are based on the same flow figures. This point is not clarified by the Respondent. However, the Tribunal notes it is common practice for the measured domestic charges to consist of a fixed charge for both water and sewerage plus a volume charge per cubic metre for both water and sewerage.

We find there is no basis for complaint about the water charges.

#### 30. *Lifts*

##### *Ansa Elevators Ltd*

We note that it is best practice to regularly maintain a lift and confirm that all charges by Ansa Elevators Ltd are reasonable.

*E A Foulds Lifts Ltd*

We note that the monthly maintenance charge made by E A Foulds is shown as £48.00 per month, a saving from Ansa Elevators Ltd.

31. *Daisy Bills (Crown Commercial Services)*

There is a requirement for a working phone line to be present in a lift. We do not find the monthly sum of £11.99 unreasonable.

32. *Electric Gates – ABCA Systems*

All gate repairs are listed under communal repairs in the accounts ending 31 March 2016 and 31 March 2017.

Year ending 31 March 2016 a total of £1,141.20 was spent.

Year ending 31 March 2017 a total of £1,396.12 was spent.

It is clear that the electric gates have continued to be a problem despite a previous upgrade in 2014. Subsequently gate works were completed, and a new motor installed in the service charge year ending 31 March 2019.

The Tribunal find that the costs for the service years ending 31 March 2016 and 2017 are reasonable. At the time of this application it was clear that the budget for the year ending 31 March 2019 would have a deficit.

The annual maintenance fee is shown separately of £175.20 and £252.00, respectively.

33. *Fire Safety Equipment*

*ABCA Systems*

The questioned three invoices of £9724.60 relate to maintenance of emergency in 2015 and part of 2016 lighting at £24.00 per month. The Tribunal finds that monthly inspections are good practice and that the sums are reasonable.

*Great Places*

The Tribunal notes that there were also monthly checks by a Fire Safety Officer and also finds this is good practice. The monthly sums for the year ended 31 March 2016 were £50.50, these fell to £21.10 for the year ended 31 March 2017 and were then £50.51 for the year ended 31 March 2018. No explanation was given by the Respondent for the drop in figures. However, the Tribunal do not find the figure of just over £50.00 unreasonable.

*Secure Group*

In December 2017 Securus took over the maintenance of the emergency lighting at a substantial saving. Again, the Tribunal finds that monthly inspections are good practice.

34. *Astbury*

The Tribunal notes that the aerial was damaged in February 2017 and finds charge for repairing the aerial reasonable.

35. *Noble Electrical Service Ltd*

The Applicant has provided no proof that the lights that were replaced were in good working order. Although the costs seem high, we do not find them unreasonable.



36. *Geo Quip*

The Tribunal has already referred to ongoing problems with the gate system and finds it reasonable to seek a second opinion.

37. *Airborne Environmental Consultant Ltd*

The Tribunal notes that it is not an unnecessary exercise to carry out water tests and legionella test. These are required in line with health and safety regulations where the onus is on the landlord. No alternative quotes have been provided by the Applicant and the Tribunal finds the charge reasonable.

38. *Hi-Tec Controls*

The Tribunal finds the amount of £528 to supply and code the transmitters reasonable. We can find not invoice dated 31 July 2015 and no reference in the service charge accounts for a further £361.20.

On 14 January 2016, the batteries were changed on the lead transmitter and the gate was checked on 18 February 2016 when no fault was found.

The Tribunal notes that there have been ongoing problems with the electric gates and that complaints were made on several occasions. Eventually major works were carried out in the year ending 31 March 2019 (see above). Whilst a major annoyance to the residents at the property there is no doubt that works were carried out and are deemed to be at a reasonable cost.

The reference to 12 invoices is dealt with under LHTechnical Solutions.

39. *Crofton*

The Tribunal notes this was an administrative error, and this invoice is unrelated to the property

40. *Cheshire Chew*

The sum of money is for external decoration as per the lease paragraph 8.3 Management Company covenants.

41. *LHTechnical Solutions*

The accounts show a monthly figure of £16.00 for the maintenance service to water boosters and pumps for all the service years in question. The Tribunal finds the sums reasonable.

The Applicant refers to an invoice dated 31 March 2015. An amount appears in the accounts for April 2015 of £78 in connection with water pumps. A subsequent invoice dated 17 November 2015 has an apportioned amount of repairs to the cold water pump of £901.20 and repairing a faulty water pump of £144.00. The Tribunal notes the Respondent's explanation that this was an attempt to cure the fault. Subsequently it was discovered that the fault lay with a transient fault in the electricity supply. The Applicant states that the works were unnecessary but at the time of the fault the Tribunal finds that the actions carried out by the Respondent were correct.

42. *Kingston Maintenance & Building Services Ltd*

The Tribunal notes that a motion sensor light was installed in the bin store as a security measure and to improve the lighting at night. The Tribunal finds the sum of £128.52 reasonable.

During inspection, the Tribunal noted the anti-thrust plate which was installed in May 2015 as a security measure. It finds the sum reasonable.

In September 2016 lights were rehung in the car park and the Tribunal finds the sum reasonable. There was also a call out following an electricity power surge and the Tribunal finds this sum reasonable.

In November 2016, a plumbing job was carried out and the figures does not seem unreasonable.

*43. Projected Budget for the year ending 31 March 2019*

The budget for the year ending 31 March 2019 was on similar lines to previous budgeted and actual expenditure. However, the contribution to the sinking fund was increased by £6,000 to pay for fire safety works following the prohibition notice. On 14 November 2019 Plumlife let leaseholders know there would be a deficit at the end of the financial year due to the fire safety works and other necessary works. The Tribunal finds that the budget for the year ending 31 March 2019 was reasonable at that time but notes the anticipated deficit.

**The Decision**

The Tribunal finds that the service charges for the years ending 31 March 2016, 2017 and 2018 are payable and reasonable.

The Tribunal finds that the projected budget for the year ending 31 March 2019 was reasonable at the time it was set.

**Judge A J Rawlence MRICS**

**15 April 2020**

## **APPEAL**

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office which has been dealing with the case.

The application for permission to appeal must arrive at the Regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.

The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking.