RESIDENTIAL PROPERTY TRIBUNAL SERVICE

SOUTHERN RENT ASSESSMENT PANEL

LEASEHOLD VALUATION TRIBUNAL

Decision of the Leasehold Valuation Tribunal

On an application under the

Landlord & Tenant Act 1985 (as amended) Section 27A

Case No:	CHI/40UE/LIC/2004/0001
Property:	**Halse Manor, Halse, Taunton, Somerset TA4 3AE**
Applicants:	Sophie N L Hyde-Parker Susan E Merchant Deborah A Carrel
Respondent:	Halse Manor Management Limited
Members of the Tribunal:	L H Parkyn, Lawyer (Chairman) J McAllister FRICS A Osborn

Date decision issued: 11 August 2004

1. Introduction

1.1 This was an application to the Tribunal under Section 27A of the Landlord and Tenant Act 1985 ("the 1985 Act") initially by Miss Sophie Hyde-Parker the Tenant of Flat 3 at Halse Manor Halse, Taunton, Somerset ("the Premises") for the Tribunal to determine the liability to pay Service Charges:-

(a) Arising in the years 1 April 2001 to 31 March 2002 and 1 April 2002 to 31 March 2003

(b) For the then current or future years 1 April 2003 to 31 March 2004 and 1 April 2004 to 31 March 2005.

1.2 Miss Susan E Merchant and Miss Deborah A Carrel, the tenants of Flat 10 at the Premises applied to be joined as Applicants.

1.3 At all material times the Respondent Halse Manor Management Ltd was both the Freeholder of the larger part of the Premises and, separately, the Company incorporated with the object (inter alia) of managing the communal areas and buildings erected on the Premises in accordance with the terms of the leases under which the individual units were held.

1.4 The tenants of the remaining twelve units and the owner of the only freehold unit (No 9) within the Premises were sent a copy of the Application. Of these eight responded stating that they did not wish to be joined to the Application but would like to be sent details of any further proceedings and Mr C R Coombe (No 1), although not seeking to become a party stated his wish to oppose the Application but sought to be allowed to speak at the hearing, to make a presentation and to ask questions of the Applicants. It appeared that Mr Coombe did not appreciate that he would not be permitted this facility unless joined as a party although, had he so wished, he could have given evidence in support of the Respondent. In the event, Mr Coombe did not find this satisfactory and chose not to attend the hearing on 21 June 2004.

1.5 The Tribunal (albeit differently constituted) held a pre-trial review hearing and on 12 March 2004 issued directions for the future conduct of this and a related application between the parties for a lease variation under the Landlord and Tenant Act 1987 (subsequently withdrawn) not material to the Tribunal's consideration of this application.

1.6 There was a further application pending between the parties under Section 24 of the 1987 Act for the Appointment of a Manager but again that application was not material to the Tribunal's consideration of this application.

2. Inspection

2.1 The Tribunal inspected the Premises on 21 June 2004 mainly with the Applicants and Mr J D Pinchbeck, a Director of the Respondent.

2.2 The Premises, said, in part, to be Grade II listed, appeared initially to have been constructed originally 300-400 years ago as a small manor house within its own grounds. More recently, it had been said to be used as a hospital or sanatorium and, in or about 1989 – 90 was progressively renovated and developed to provide a mix of 15 residential units, 7 flats and 7 terrace style houses plus one single storey dwelling or bungalow.

2.3 During the course of its inspection, the Tribunal noted or had drawn to its attention:-

- The original manor house was three storeys high with cellars below Flats 1,2,4 and 5 and another below Flat 3 said to be bricked up.
- There were areas of pitched and flat roofing.
- In parts the exterior paintwork was flaking and in need of redecoration.
- Some of the sash windows on the ground floor at the rear appeared in need of some repair.
- Sections of guttering looked poor and in need of some attention.
- The chimney stack above No 6 showing evidence of repair to the stonework, a job which would have required scaffolding for safe access.
- The gazebo to the rear of the garden.
- The gardens and grounds were well maintained to provide a fitting setting for a relatively prestigious development.

2.4 The Tribunal also inspected internally:-

Flat 13: A ground floor unit with one reception room, one bedroom, kitchen, bathroom and store constructed within the Coach House unit and being one of the four smaller units within the Premises.

Flat 10: Comprising on the ground floor a lounge/diner, kitchen off and utility store, and on the first floor two bedrooms, a bathroom and airing cupboard with access to the roof space. This unit was also constructed within the Coach House unit.

Flat 3: Comprising a hall, kitchen (the outside door of which needed some repair) and wc; on the first floor a lounge and on the second floor two bedrooms with landing and bathroom. The second floor area (constructed within the roof void) extended over the adjacent flats 2 and 4. From the windows in the front elevation on the second floor, the Tribunal noted a number of slates had slipped allegedly following repair.

3. **Hearing**

3.1 The hearing was also held on 21 June 2004 with the Applicants representing themselves and Mr Pinchbeck representing the Respondent. The hearing was also attended by Mr T G Sherwood of Sherwoods Taunton, the Agents then appointed to manage the Premises, as well as a number of the lessees of the units at the Premises.

3.2 Miss Hyde-Parker had presented the Applicants' case comprehensively and well. In her statements supporting the application, she set out the Applicants' case, the main points of which were :-

- she had questioned repairs, along with other lessees, both at company meetings of the Respondent, and otherwise, but no satisfactory responses or explanations were given.
- unauthorised payments were made by a sole director of the Respondent, without consultation, production of estimates, quotations or invoices.
- the total annual budget over the previous 5 years had been less than £15,000.
- the Respondent's level of expenditure had been capped at £150, for any one item, by resolution at the 1999 AGM of the Respondent.
- some lessees might find it difficult to pay the service charges.

- until 2002, the managing agents sent out monthly statements to show income and expenditure but these became increasingly erratic, incomplete and misleading and ceased in January 2003.
- the only information produced was at the Respondent's AGM
- Directors of the Respondent made decisions without reference to the lessees, regardless of legality or accountability.
- the size of the units at the Premises varied considerably, with values ranging from £250,000 for the larger ones to £100,000 or less for the smaller ones, so an unwarranted rise in service charges would adversely affect the value of the latter and might force sales.
- service charges for repairs had become unreasonable, unjustified and unnecessary.

3.3 Helpfully, Miss Hyde-Parker had also prepared a Schedule of Service Charges in Dispute detailing some 13 items, listed in the Schedule to this Decision, about which the Tribunal took evidence from the Applicants.

3.4 Mr D Sargison, then a Director of the Respondent, was unable to attend the hearing but as the Director responsible for the management of the Premises for the major part of the period under consideration, provided a written statement on the issue of unreasonableness of service charge as follows:-

General Comments

The position in November 2003 was that the (Respondent) did not have sufficient funds to meet its obligations to properly maintain the estate. This fact was discussed at the AGM and an additional levy of GBP 10,600 was agreed by a majority of the owners present.

The Applicants make specific reference to the actions of previous and current directors and suggest that bad management resulted in the shortage of funds and that with proper and prudent management there would have been no need to increase the level of maintenance charges. The suggestion that the previous directors who authorised the painting of the estate in 2001 at a cost of GBP 8,700 is personally responsible for this amount as it was not properly authorised and the (Respondent) should therefore seek recover from the individual concerned is indicative of the frivolous nature of the application. The painting of

the estate took several weeks, all the owners were aware of what was taking place, all had the opportunity to question why at the time, as no one did I did not think it unreasonable for the director of the time to assume that all owners were happy with the decision to paint the properties.

To ascertain the adequacy of the records maintained by the (Respondent) a review of the financial records was carried out at the offices of the Managing Agents. A two-hour review focused on two of the larger items of expense referred to in the application. Satisfactory supporting documentation was identified to substantiate these expenses and is enclosed with this letter. The conclusion reached was that the invoices etc., were not filed so as to make the job easy but if the exercise was approached sensibly supporting documentation could be found.

Summary of Comments

The majority do not support this application, the following comments were made:-

If the (Respondent) is constantly short of funding how can the level of service charges be excessive.

The (Respondent) has no reserve funds for emergency or major repairs.

The (Respondent) can demonstrate by reference to the minutes of the AGMs that several proposals have been put to the shareholders in an attempt to establish a sense of reality and financial discipline. These attempts have been voted down at every meeting on the grounds of costs. (Copies of the minutes of the meetings of the AGMs are included in the submissions by the Applicants).

The (Respondent) can demonstrate that the bank account maintained at NatWest has been reconciled every month and correctly identifies all receipts and payments.

The (Respondent) through the bank account can demonstrate that all monies raised have been spent on the Estate.

The (Respondent) has always engaged independent third party accounting firms to prepare the annual financial accounts.

The (Respondent) has always employed an independent managing agent.

Conclusion

The Directors and Managing Agent have made repeated efforts to introduce an element of financial responsibility into the operation of the (Respondent) which the minutes of the AGMs and Terry Sherwood's letter of October 2003 clearly demonstrates.....

Past and current directors have been given little support, inadequate resources and have been subject to unrealistic expectations.

The (Respondent) has significant future liabilities in respect of the driveway and the boundary wall and no reserve fund with which to meet these liabilities.

The view of the Applicants that the level of service charge is unreasonable cannot be justified under any circumstances.

3.5 In addition to this statement, Mr Sargison provided copy invoices or vouchers for a number of the items in dispute with some additional observations which have been incorporated in the Schedule to this Decision.

3.6 The Tribunal heard evidence from Mr Pinchbeck (a retired civil engineer) on the items in dispute with which he had dealt (i.e.items 12 and 13).

3.7 Also, Mr Pinchbeck gave evidence concerning the budget he had purportedly set for the accounting year 2004 – 2005, the main elements of which were as follows:-

- There was no written budget
- In making this budget proposal he had taken into account:-

The loss carried forward from 31.3.2003	£ 2,368
Estimated cost of repairs for the year ended 31.3.2004	£ 8,000
The levy made in the year ended 31.3.2004	£10,600
The insurance premium, previously for cover of £1m at a premium of £1,900 increased to £3.5m (based on informal advice on the cost of reinstatement)	£ 4,479
	£25,447

- Against this brief analysis, he considered his budget proposal of £20,000 to be a reasonable estimate emphasising that this would be tabled at the Respondent's AGM due to be held on 1 July 2004 and stressing that the figure was not yet fixed.

- He also explained that he had prepared the budget following a canvass amongst the other lessees and then reviewed matters and made the proposal.

3.8 In a brief closing submission, Mr Pinchbeck considered issues concerning the management of the Premises were "going round in circles". The Directors were indemnified by the Respondent so, in the event, payments would have to be made either by the residents or as shareholders through the Respondent Company.

3.9 In her closing submission, the first Respondent accepted that the Respondent would have to resolve the issue if the Tribunal disallowed any of the costs in dispute.

4. **Decision**

4.1 The Tribunal made the following findings of fact:-

- The Premises formed attractive and impressive residential accommodation comprising seven flats, seven terraced style houses and a bungalow, the latter of which was freehold, subject to covenants designed to complement the remaining leasehold scheme.
- Overall the Premises, both buildings and grounds, appeared to be well maintained to satisfactory standards.
- Many of the concerns giving rise to disputed items in the service charge arose from a lack of communication between the managers and the lessees on the one hand, and an over active interest on the part of some of the lessees on the other, which, from time to time, undoubtedly interfered with the necessary freedom to manage effectively.
- No notices were served by the Respondent or it's agents under section 20 of the 1985 Act.

4.2 For the purpose of this application, the Tribunal relied on perusal of the lease of Flat 3 dated 30 June 1997 made between Wrencon Developments Ltd (1) the Respondent (2) C L & E L Deadman (3) and Wrencon Ltd (4) ("the Lease") and also the transfer of unit 9 dated 16 November 1990 made between Wrencon Ltd (1) Respondent (2) and H L & E M Haynes (3) ("the Transfer"). The parties had provided copies of the leases of the

remaining 13 units but, for this application, the Tribunal had no need to refer to them.

4.3 The Lease contained the following provisions material to the application:-

Clause 3: the Lessees covenanted to:

(3) maintain, uphold and keep the demised premises (other than the parts thereof comprised and referred to in Clause 8(1) and Clause 8(3) and (subject to Clause 10) (1) hereof) all walls sewers, drains, pipes, cables, wires and appurtenances thereto belonging in good and tenantable repair and condition.

Clause 4:

(1) the Lessees covenanted ".....to contribute by way of additional rent 7.74% of the costs, expenses, outgoings and matters mentioned in the Fourth Schedule..."

(2) The contribution under sub-clause (1) hereof for each year shall be estimated by the (Respondent) or its agents as soon as practicable after the 1 April in each year and the Lessee shall pay the estimated contribution together with VAT charge thereon at the appropriate rate in advance on 31 March in every year PROVIDED ALWAYS any adjustment falling to be made by reason of the costs expenses outgoings and matters referred to in sub clause (1) being greater or lesser than estimated shall be taken into account upon the estimate being made for the following year an allowance or surcharge made in respect of the Lessee's contribution accordingly.

Clause 8. The (Respondent) covenanted:-

(1) That subject to contribution and payment as hereinbefore provided the (Respondent) will maintain and keep in good and substantial repair and condition:-

(a) the main structure of the building including the foundations and the roof thereof with its gutters and drainwater pipes

(b) all such gas and water pipes drains and electric cables and wires in under and upon the Estate (being defined as roads paths footwalks gardens and lawns for use and enjoyment therewith) as are enjoyed or used by the lessee in common with the owners or lessees of the other flats or dwelling houses

(c) the main entrances passages or landings staircases and forecourt of the building and the paths roadways carports parking areas lawns

and gardens on the Estate enjoyed or used by the lessee and, as hereinbefore provided and the boundary walls and fences of the Estate.

(2) Subject to the aforesaid, the (Respondent) will so far as practicable keep clean and reasonably lighted passages landings staircases and other parts of the said building so enjoyed or used by the lessees in, as aforesaid and will keep the gardens cultivated and in good order.

(3)That subject as aforesaid, the (Respondent) will so often as is reasonably required decorate the exterior of the buildings on the Estate and the part of the said buildings enjoyed and used the lessees in, as aforesaid in manner in which the same are at the time of this demised decorated or as near thereto as the circumstances permit.

(4)The subject as aforesaid, the (Respondent) will keep the buildings on the Estate insured against loss or damage by fire and other usual risks as the (Respondent) deems fit in some insurance office of repute to the full value thereof.....

The Fourth Schedule

(Services and other matters to the cost of which the lessee is to contribute)

(1)All costs and expenses incurred by the (Respondent) for the purpose of complying with or in connection with the fulfilment of its obligations under sub clauses 1,2,3 and 4 of clause 8 of (the lease)

(2)(concerning rates taxes and outgoings)

(3)(concerning laying out stocking tending and maintaining the communal grounds)

(4)(concerning the employment of staff for the care of the Estate)

(5)(concerning the maintenance of television aerials)

(6)The reasonable cost and management of the Estate

(7)(Concerning parking spaces)

4.4 Whilst the Transfer contained a covenant by the (owner) to contribute one fifteenth part of the cost expenses outgoings and matters mentioned in the Fourth Schedule written in terms similar to the Fourth Schedule of the Lease (the Respondent) only covenanted to maintain and keep in good and substantial repair and condition services used in common with others at the

Premises: it did not contain any covenant on the part of the Respondent to maintain unit 9.

4.5 In addition to the terms of the Lease and the Transfer, the Tribunal's jurisdiction is defined by Section 27A of the 1985 Act as follows:-

27A Liability to pay service charges: jurisdiction

(1) An application may be made to a leasehold valuation tribunal for a determination whether a services 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) Sub section (1) applies whether or not any payment has been made
(3) An application may also be made to a leasehold valuation tribunal for a determination whether, if costs were incurred for services, repairs maintenance improvements insurance or management of any specified description, a service charge would be payable for the costs and if it would as to –
(a) the person by whom it would be payable
(b) the person to whom it would be payable
(c) the amount which would be payable
(d) the date at or by which it would be payable
(e) the manner in which it would be payable.

4.6 In addition to which the Tribunal has to have regard to the reasonableness of service charges as defined by Section 19 of the 1985 Act:-

19 Limitation of service charges: reasonableness

(1) Relevant costs shall be taken into account in determining the amount of the service charge payable for a period –
(a) only to the extent that they are reasonably incurred, and
(b) where they are incurred on the provision of services or carrying out of works, only if the services or works are of a reasonable standard
and the amount payable shall be limited accordingly.
The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord in connection with the matters for which the service charge is payable (Section 18 of the 1985 Act)

4.7 Where the relevant costs incurred in carrying out qualifying works exceeding £1,000, the Tribunal had to have regard to whether the Respondent had followed the procedures contained in Section 20 of the 1985 Act as follows:

20 Limitation of services charges: estimates and consultation
(1) Where relevant costs incurred on the carrying out of any qualifying works exceed.....£1,000...the excess shall not be taken into account in determining the amount of the service charge unless the relevant requirements have been either –
(a) complied with, or

(b) dispensed with by the court in accordance with sub-section (9) and the amount payable shall be limited accordingly.

(2) In sub-section (1) "Qualifying Works", in relation to a service charge means works.....to the costs of which the tenant by whom the service charge is payable may be required under the terms of his lease to contribute

(3) the relevant requirements in relation to such of the tenants concerned as are not represented by a recognised tenants' association are –

(a) at least two estimates for the works shall be obtained, one of them from a person wholly unconnected with the landlords

(b) a notice accompanied by a copy of the estimates shall be given to each of those tenants concerned or shall be displayed in one or more places where it is likely to come to a notice of all those tenants

(c) the notice shall describe the works to be carried out and invite observations on them and on the estimates and shall state the name and the address in the UK of the person to whom the observations may be sent and the date by which they are to be received.

(d) The date stated in the notice shall not be earlier than one month after the date on which the notice is given or displayed as required by paragraph (b).

(e) The landlord shall have regard to any observations received in pursuance of the notice; and unless the works are urgently required they shall not be begun earlier than the date specified in the notice.

(9) In proceedings relating to a service charge the court may, if satisfied that the landlord acted reasonably, dispense with all or any of the relevant requirements.

4.8 For the avoidance of doubt, the Tribunal had no jurisdiction to dispense with all or any of the relevant requirements of Section 20 of the 1985 Act ("Section 20 Notices") as all of the works for which a Section 20 Notice might have been necessary were begun or completed before 21 October 2003 the date when the Tribunal's jurisdiction changed in this respect : the County Court retains this jurisdiction for the works relating to this application.

4.9 It appeared to the Tribunal that Section 20 Notices should have been served in respect of three of the items on the Schedule, namely:-

Item 2: for repainting the exterior as specified in the estimate given by George Staboulis dated July 2001 for a total of £7,810; and

Item 4: for chimney repairs as invoiced by Barratt & Canniford Ltd on 24 May 2001 at £2277.15.

Item 13: for the installation of four sash windows by LH Services for £1390.03.

4.10 The Tribunal received no evidence that any Section 20 Notices were served in respect of these works. In any event, the Tribunal's jurisdiction is limited to deciding whether the cost of those works, respectively, were reasonably incurred and that the works were carried out to a reasonable standard.

4.11 The Tribunal accepted the Applicants' evidence that the management of the Premises lacked the structure and level of formal consultation that might have been expected but did not have jurisdiction to undertake the equivalent of a full audit of all the Respondent's actions as the Applicants appeared to expect.

4.12 The Tribunal also accepted that the Respondent might have considered that the lessees were kept fully informed as shareholders of the Respondent and through Sherwoods, the managing agents, but found that in practice, this had not worked satisfactorily as no proper management structure had been established; some of the lessees sought to be too involved in the detail of the management, preventing the manager from managing effectively, although on occasions some of the Directors appeared to have taken decisions without any consultation; and that the Respondent or it's agents had failed properly to comply with the Section 20 Notice procedures.

4.13 The Tribunal's findings in relation to the 13 items remaining in dispute or otherwise are recorded in the Schedule to this Decision so the Tribunal has nothing further to add in that respect save that in so far as the Tribunal has found a particular charge not to be reasonable then it orders that the appropriate adjustment shall be made in accordance with the terms of Clause 4(2) of the Lease or Transfer respectively, with the liability for payment remaining as the Lease or Transfer provide.

4.14. The Tribunal also had to consider under the provisions of Sections 27A of the 1985 Act the Respondent's proposed budget in the sum of £20,000. The Tribunal found Mr Pinchbeck to be a reliable witness and, as a retired civil engineer, someone with a good understanding of the management requirements of the Premises, particularly in relation to maintenance and repairs and prioritising according to need. Accordingly, the Tribunal found that the proposed budget of £20,000 a proper amount to set for payment in accordance with the terms of the Lease, the Transfer and Section 27A (3) of the 1985 Act and one that would readily be capable adjustment within the terms of the Lease and Transfer within Clause 4(2).

4.15 The Applicants had also made an application under Section 20C of the 1985 Act ".....that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before..... the tribunal.....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...."

4.16 Whilst the Respondent might appear to have power to include such costs as part of the service charge within the scope of paragraph 1 of the Fourth Schedule to the Lease, the provisions of Clause 8, to which it refers, do not include such matters. However, for the avoidance of doubt, the Tribunal decided under Section 20C of the 1985 Act that none of the Respondent's costs incurred or to be incurred in connection with the application are to be regarded as relevant costs to be taken into account when determining the amount of any service charge payable by the lessee on the grounds that much of the information reasonably expected by the Applicants, and sought when it was not forthcoming, had only been provided by the Respondent under the pressure of the application.

4.17 The Tribunal considered it unfortunate that the level of distrust and lack of mutual confidence that existed between the parties had led to this application, as, with goodwill on each side and the timely production of the relevant documents, the issues should have been capable of resolution between them.

4.18 The Tribunal considered all other matters raised but there were none that outweighed those upon which this decision is based.

signed.....

L H PARKYN

(Chairman)

[The Schedule follows]

THE SCHEDULE SHOWING THE TRIBUNAL'S FINDINGS

Works claimed and Applicant's comments	**Cost**	**Respondent's Response/ Evidence**	**Tribunal's Findings**	**Amount**
1. 4/01 Lawson Lewis What was this payment for?	£297.83	It is a mixture of a contribution to the painting, emergency repairs to the flat roof of No 2, a leak to the slate roof and bay of No 2 and water ingress of No 7 based on 4 invoices each dated 11.12.00 paid as follows:- for windows (£95 deducted for unsatisfactory work) £100; for temporary roof repairs to No 2 £100; for completing roof repairs for No 2 £51.85; for works to the back door of No 7 and above £45.98. Total £297.83	Findings accepted by the Applicant following the explanation given	£297.73 accepted as reasonable
2. Paid George Staboulis for painting works 7/01 - £2960 9/01 - £1250		These payments reflected the quote for the work of £7,810 to which were added additional works	Although the estimate given in July 2001 failed to give any proper specification for the works	

11/01 - £1000 2/02 - £1490 about which there was no consultation & no estimates or quotations received. It was understood that the price was based on £40 per window.	£6700	Invoice 123 Fixing leaking gutters £100 Painting entrance hall £300 Invoice 126 Painting 4 large windows in building 4 @ £60 £240 Painting 1 gate £100 Cementing and carpentry rear windows £150 Total £890	proposed, allowing for the size of the Premises, difficulties over access for safe working conditions etc the Tribunal found the cost of these works to be reasonable as invoiced. Estimated cost £7,810 Extras £ 890	£8,700 found reasonable
3. 3/02 Chris Welsher – Electrician Bright Sparks – Electrician Leaseholders were informed of the need for repairs to lighting. Three quotations were supplied. There was no explanation given as to why the final amount paid was considerably more than the highest quotation	£348.25 £149.23	Mr R Stagg sent out a questionnaire regarding replacing the globe lights in the courtyard. This included 3 quotes. On file at Sherwood's offices are responses to this. Six individuals voted in favour of C Welsher and four for Brightsparks. C Welsher thus carried out the repairs and on his final bill he added 7 bulbs following approval for this from the existing Director Jan Aldridge. The amount for Brightsparks refers to a	As the Applicants accepted this explanation, the Tribunal found the charge to be reasonable. Based on the invoice produced, the Tribunal	£348.25 accepted as reasonable

		different invoice for work to the driveway lights.	found the charge to be reasonable.	£149.23 found reasonable
4(a). Leaseholders were told that 5 payments together totalling £5000 made to R L Stagg between April and October 2002 were repayments of a loan by R L Stagg but there has been no substantiation by the Respondent to what expenditure the loan relates	£5,000	The letter dated 20.5.02 from A C Mole & Sons, the Respondent's accountants, indicates that Mr Stagg paid £4923 on behalf of the Respondent for painting and Barrett & Canniford invoices. This reflects that Mr Stagg paid the invoices with his own cheque.	The Tribunal received insufficient evidence to determine the items for which these amounts were paid and, as Mr Sargison was unable to attend the hearing it was not possible to cross examine him. No finding is made in respect of this item	No finding
24.5.01 Barratt & Canniford Ltd for chimney repairs £1938.00 VAT 339.15 18.12.00 Barrett & Canniford Ltd for roof repairs to No 2 Halse Manor. £550.00 VAT 96.25 These items appear	£2277.15 £646.25	See the invoices supplied	The Tribunal had seen the repair to the chimney when inspecting the Premises and allowing for the difficulties in gaining access, the likely need for scaffolding and matching Bath stone insert to repair the coping to the chimney, the Tribunal found the cost of this work to be reasonable. Similarly the Tribunal did not consider the cost of the	£2277.15 allowed as reasonable

excessive			repairs to the roof to No 2 to be unreasonable	£646.25 allowed as reasonable
5. 5/02 R L Stagg Property Services The amount apparently relates to the replacement of sash cords at No 1. The replacement of sash cords has been established in the past as the responsibility of the leaseholder, therefore this sum should not be included in the service charge to all leaseholders. A letter to the Residents of the premises following director's meetings on 26.5.99 and 3.6.99 recorded that "....we also agreed that replacing sash cords and other internal repairs remains the responsibility of the leaseholder"	£195	No observations	The lease is silent on the responsibility for window repairs. However, the Tribunal found that this was a reasonable management policy for the Respondent to have adopted and, in the absence of any evidence that the policy had changed, disallowed the amount stated which, in accordance with that policy, would appear to be the liability of the individual leaseholder	(£195) disallowed as unreasonable
6. 7.02 NatWest referral fee 8/02 NatWest referral fees 8/02 Nat West o/d interest	£12 £24	No observations	The Tribunal understood that Mr R L Stagg was undertaking a management role for the Premises at	

charge 9/02 Natwest o/d interest charge These bank charges appear to have arisen as a result of payments to R L Stagg when there were insufficient funds to meet them. The total amount of £40 should not be charged to leaseholders through the service charges as they were an optional and not a necessary cost to the company	£1.43 £2.57 £40.00		this time therefore accepted the Applicants' contention that these charges should not have been incurred and, therefore, were found not to be reasonable	(£40) disallowed as unreasonable
7. 3/03 S Rowland The payment of £509 includes the sum £245 for replacing sash cords of Flat 7 and 10. The payment of £464.40 includes the sum of £234.40 for repairs to the freehold property, No 9. These works are not an obligation or liability of the (Respondent) and should not be charged to	£509.00 464.40 £973.40	No observations	Following the Respondent's policy concerning broken sash cords, to which reference has already been made, the Tribunal accepted that it was not reasonable to include these items for Nos 7 and 10 which should properly have been paid by the lessees of those flats. Similarly, the Tribunal accepted the Applicants'	(£245) disallowed as unreasonable

leaseholders through the service charge			challenge concerning No 9 as there was no liability on the Respondent to carry out this work. (see para 4.4 in the main text above) Accordingly the Tribunal did not consider it reasonable to include this item as a part of the service charge as the amount should properly have been paid by the owner of No 9.	(£234.40) disallowed as unreasonable
8. 6/03 Lewis Debt Services This was the penalty incurred by the company for submitting annual accounts late to Companies House. This is not an amount that should be charged to the leaseholders through the service charge	£100	No observation	The Tribunal noted that the accounts for the period ending 31 March 2002 were approved, subject to queries on matters of detail, at the AGM of the Respondent held on 6.6.02 There appeared to be no reasonable explanation for the late filing of the accounts and the Tribunal therefore accepted the Applicants' argument that it was unreasonable for this item to be included in the service charge and therefore disallowed the	

			amount	(£100) disallowed as unreasonable
9. 10/03 L H Services This invoice includes an amount of £160 + VAT being £188, relating to the roof of No 9 Halse Manor for which the Respondent is not responsible and should have been paid by the freeholder of No 9 and not charged to the leaseholders in the service charge.	£611	No observation	For the reasons already given in respect of item 7 concerning No 9, the Tribunal accepted the Applicants' contention and found that it was not reasonable to include this item for roof repairs to No 9.	(£188) disallowed as unreasonable
10. 10/03 L H Services This invoice refers to work to repair the ceiling of No 9 Halse Manor for which the Respondent is not responsible and should have been paid by the freeholder of No 9 and not charged to the leaseholders in the service charge.	£211.50	No observation	For the reasons already given in respect of item 7 concerning No 9, the Tribunal accepted the Applicants' contention and found that it was not reasonable to include this item for roof repairs to No 9.	(£211.50) disallowed as unreasonable
11.10/03 Bevan Ashford This invoice appears to relate to legal advice given to the Respondent for which leaseholders have	£587.50	A breakdown has been included of the Bevan Ashford bill. Miss S Merchant also claimed back legal fees from the	During the hearing Miss Merchant stated she believed these legal fees had been properly incurred for the benefit of the	

not been given any clear explanation. If it was for the benefit of the leaseholders and not the Respondent it would be reasonable to expect that copies of the advice provided would have been passed on.		Company in April 2003 so perhaps a breakdown of her enquiry should be sought. Miss Hyde-Parker refers to the leaseholders in her comments. Halse Manor is unique in that the leaseholders are the shareholders of the company. Legal advice sought would be for the benefit of both shareholders and leaseholder.	Respondent. Miss Hyde-Parker accepted this assurance and that the charge should stand and the Tribunal so found	£587.50 accepted as reasonable
12.10/03 Woollacott & Littlejohn The amount was the cost of supplying 4 sliding sash windows. It is debatable whether this part of the window needed replacing. The leaseholder of No 1 has indicated that the window frames are rotten and have needed to be repaired for 4 years but this repair has to date still not been done. Leaseholders have been given no information	£350	Mr Pinchbeck gave evidence to the effect that he had dealt with this and the following item. He confirmed that the frames of the windows in question were sound but the sliding sashes and glazing beads had rotted through. The need for repair had been reported by letter from Mr C R Coombe (No 1). Mr Pinchbeck had obtained two estimates – one for £1,000 and the other from Woollacott & Littlejohn at	The Tribunal accepted Mr Pinchbeck's evidence and the competitive nature of the price paid and therefore considered the amount reasonable.	£350 allowed as reasonable

about this work and the costs involved.		£350. He considered the position as a director of the Respondent and gave instructions for the replacement sliding sashes to be made.		
13.1/04 L H Services This sum includes an amount of £1183 + VAT being £1390.03 to install the four sash windows supplied. This sum seem excessive for the work involved although the estimate was obtained in September 2003 leaseholders were not consulted and the amount has not appeared on any of the management accounts or list of invoices supplied todate.	£1390.03 in issue	In evidence Mr Pinchbeck confirmed that he concluded these works to be extremely urgent as the windows were in a dangerous condition. Woollacott & Littlejohn had fabricated the new windows and supplied the beads: L H Services installed the windows 10/03. Each of the windows was at first floor level so scaffolding was required. Overall, he considered he had obtained a very good price.	Allowing for the fact that there were four windows to install at first floor level, again, the Tribunal accepted Mr Pinchbeck's evidence and found the amount charged to be reasonable at £1183.00 VAT 207.03	£1390.03 allowed as reasonable