

1. This is an application, dated 20 June 2006, by Octavia Housing and Care for a determination, under Section 27A, of service charge costs for the years ending 31 March 2001, 2005 and 2006.
2. By the time of the hearing on 20 October 2006 only service charge costs relating to the major works, invoiced in 2001, in the sum of £5,076.68p. were in issue.
3. The hearing on 20 October 2006 was adjourned to enable the applicants to provide details of the costs in dispute.
4. When the hearing resumed on 1 December 2006 the applicants sought revised costs of £4,335. 67p. as shown in the Reconciliation of Estimates and Invoiced Costs attached at Annex 1.
5. In 1999 major works were to be effected at the subject property – a detached house converted into three flats – and after acceptance of the lowest price tender the apportioned costs to the respondent were to be £6,020. 96p. as shown in the Schedule of Costs attached at Annex 2.
6. It was not in dispute between the parties that after this cost was known a meeting had taken place, on 10 June 1999, between Mr Turner and Dr Bastami, who was the brother of the respondent.
7. What was in dispute was the agreement that had been reached at that meeting.
8. Mr Turner said that it had been agreed that Dr Bastami would repair and redecorate, at his own expense, three of the windows at the rear of the ground floor flat instead of their being replaced as priced for in the accepted tender.
9. Dr Bastami was also to renew, at his own expense, the rear garden fencing. This latter work had been priced at £800 in the tender and Mr Turner said that he had agreed that when the work was done Dr Bastami would receive a credit of £505.52p, which represented the apportioned contributions of the two other flats to this work.
10. Dr Bastami said that the document attached at Annex 2 had formed the basis for the discussion at the meeting. He asserted that the agreement reached had been that he would repair and redecorate, at his own expense, all of the windows in the ground floor flat and that he would also renew the fencing and that, as a result, he would not have to make any other contribution to the works.
11. Dr Bastami produced a letter, dated 10 June 1999, which he had written to Mr Turner at what was then the St Marylebone Housing Association. This supported his version of the agreement reached with regard to the windows.
12. The letter also provided some support for his version of the agreement about the fencing, although it was not entirely clear whether only the rear fencing, as maintained by Mr Turner, or both the front and the rear fencing, as maintained by Dr Bastami, formed part of the agreement.
13. On 1 September 1999 Mr Turner had responded to this letter accepting Dr Bastami's 'offers regarding the windows to Flat B and the fence'.
14. Dr Bastami also produced for the hearing on 20 October 2006 a copy of an invoice, dated 28 September 1999, from Mooleh Building Contractors, showing the costs of the repairs to all the windows of the flat at £1,960 plus VAT and renewal of front and rear fencing at £1,875 plus VAT, making a total payable of £4,506.12p. The Tribunal noted that although VAT was charged no VAT number was shown on the face of the invoice.
15. Mr Turner explained that he had not asked to see this invoice when the works were completed since the agreement reached was that Dr Bastami would

- repair the windows and the fencing. Whatever the costs to him were he was to be credited with the costs shown in the tender for the works to the three rear windows and the apportioned costs of the two other flats of the £800 estimate for the rear fencing. Mr Turner expressed surprise that Dr Bastami had chosen to spend considerably more than the tender price doing the work himself.
16. In order to determine whether the service charge costs demanded by the applicants were reasonable, reasonably incurred and, therefore, payable, the Tribunal examined the reconciliation of costs, attached at Annex 1, produced by the applicants for the second hearing, in support of their revised claim for £4335. 67p.
 17. Dr Bastami did not challenge the individual amounts but claimed that, as a result of the agreement he had reached with Mr Turner, he was not liable for any of them.
 18. The Tribunal noted two errors on the face of the reconciliation. The first made no difference to the final figure. The cost of all joinery repairs at the subject property was shown as £1,580 and the amount attributed to Flat B was also shown as £1,580 before it was reduced to £470 to take account of the agreement reached with Dr Bastami. Mr Turner accepted that this was an error and was able to demonstrate that the cost to the building as a whole had been £3,090.
 19. The second was conceded by Mr Turner to be an error which did impact on the final figure. £1,850 was shown as the cost of external decoration and £669 was shown as the proportionate cost attributable to Flat B. However this made no allowance for the work that Mr Turner accepted was done by Dr Bastami to three of the windows.
 20. The Tribunal accepted, as reasonable and reasonably incurred, costs of £334. 67p for the external decoration of the other windows, as proposed by Mr Turner at the hearing when the error was pointed out to him.
 21. Accordingly, the total costs sought are reduced to £3,892. 24p which the Tribunal determines to be reasonable and reasonably incurred for major works at the subject property.
 22. Service charge costs of £3,892 24p are, therefore, payable. However, Dr Bastami continues to contend that the agreement reached in June 1999 means that he is not liable for any of them. The Tribunal considers that this is not a question within their jurisdiction.

Chairman

B. N. Hadley

Date

5/12/06

84B Wrentham - reconciliation of estimates and invoiced costs

	Description	Amounts notified in s20		Amounts invoiced		Notes
		In respect of 84 Wrentham Avenue	In respect of flat B	In respect of 84 Wrentham Avenue	In respect of flat B	
Items general to all houses in the contract						
Preliminary	Contractor's set-up, contract costs, super	£ 540.57	£ 195.58	£540.57	£195.58	No change
Provisional sum	Timber repairs					
	Brickwork repairs					
	Render repairs					
	Rebalance lower sash					
	Renew lower sash					
	Cill renewal					
	Rebalance upper sash					
	Renew upper sash					
	Pointing below cills					
	Renew sub-cill					
	Total	£ 500.00	£ 180.90	£0.00	£0.00	Final account ref 1
Drainage	Cleaning of drains and overhaul of gutters	£ 128.57	£ 46.52	£128.57	£46.52	No change
Window adju	Overhaul and adjustment of windows price	£ 357.14	£ 129.21	£357.14	£129.21	No change
Paving	General repairs to paved areas	£ 71.43	£ 25.84	£71.43	£25.84	No change
Items specific to 84B Wrentham Avenue						
Scaffolding		£ 600.00	£ 217.08	£600.00	£217.08	No change
Security	Installation or overhaul of window locks	£ 80.00	£ 28.94	£80.00	£28.94	No change
	External redecoration	£ 1,850.00	£669.33	£1,850.00	£669.33	No change
	Joinery repairs	£ 150.00	£54.27			
	Joinery repairs	£ 1,580.00	£1,580.00			
					£470.00	reduced by £1110.00, variation schedule item 7
	Front external repairs	£ 1,875.00	£678.38	£1,875.00	£678.38	No change
	Rear external repairs	£ 1,990.00	£719.98	£1,190.00	£430.54	Reduced by £800 for omission of rear fence, variation schedule item
	Internal lighting system	£ 50.00	£18.09	£50.00	£18.09	No change
Additional items instructed during the course of the work						
	Variations to the quantity of repointing			£200.00	£72.36	Final account ref 2
	Variation to brick replacements			£150.00	£54.27	Final account ref 3
	Variation to paving repairs			£0.00	£0.00	Final account ref 4
	Repair to rain water pipe clip			£10.00	£3.62	Final account ref 5
	Additional brickwork repairs			£438.00	£158.47	Final account ref 8
	Gully grating			£15.00	£5.43	Final account ref 9
	Retaining wall repairs			£270.00	£97.69	Final account ref 10
	Gutter repairs			£80.00	£28.94	Final account ref 11
	Flashing			£180.00	£65.12	Final account ref 12
	Glazing			£108.00	£39.07	Final account ref 13
	Porch coping			£48.00	£17.37	Final account ref 14
	Repair to rain water pipe clip (rear elevation)			£10.00	£3.62	Final account ref 15
	Repair to soil pipe branches			£480.00	£173.66	Final account ref 16
	Renewal of fence panel			£68.00	£24.60	Final account ref 17
Sub Total	Total of works costs for 84B Wrentham				£3,653.73	
VAT	VAT on the works costs				£639.40	
	Administration fee				£548.06	
Total					£4,841.19	
	Less allowance for fence renewal carried out by lessee - £800 - 36.18% (his share)				£505.52	
Total due					£4,335.67	

Cyclical maintenance 1999

Schedule of costs for 84B Wrentham Avenue

Preliminary and general items		
Items that are common to, and apportioned over all 7 houses in the contract of works		
1	Contractor's overheads etc	£195.58
2	Provisional sums	£180.90
3	Cleaning and repair of drains and rainwater installations	£46.52
4	Easing and adjusting of windows in preparation for redecoration.	£129.21
5	Minor repairs etc to paving	£25.84
Specific items		
Items specific to 84B Wrentham Avenue		
6	Scaffolding	£217.08
7	Window security	£28.94
7	External redecoration	£669.33
8	Joinery repairs	£1,634.27
9	Front external repairs	£678.38
10	Rear external repairs	£719.98
11	Internal lighting system	£18.09
Totals		£4,544.12

Your contribution based on the tender from Circleworth Ltd		
a	Total costs attributable to 84B Wrentham Avenue - the total of sections A and B above	£4,544.12
b	VAT on (a) above @ 17.5%	£795.22
c	Administration and management charge on (a) above @ 15%	£681.62
d	Total payable	£6,020.96