

LON/00AL/LSC/2006/0100

**A DECISION OF THE LEASEHOLD VALUATION TRIBUNAL  
ON APPLICATIONS UNDER SECTIONS 27A AND 20C OF THE  
LANDLORD AND TENANT ACT 1985 as amended**

**Premises:** 1, Corvette Square, Greenwich, London, SE10 9NH

**Applicant:** Mr. Kevin Gillett

**Respondent:** London Borough of Greenwich

**Dates of Hearing:** 19 June 2006

**Date of the Tribunal' s Decision:** 24 July 2006

**Tribunal:** Mrs. L. M. Tagliavini BA(Hons) Dip Law LLM (Chairman)  
Mr. C. Kane FRICS  
Mrs. L. M. Farrier

**1 Corvette Square, London SE10 9HN**

1. This is an application by Mr. Kevin Gillett, the long lessee of property known as 1 Corvette Square, London SE10 9NH pursuant to section 27A Landlord and Tenant Act 1985 seeking a determination of the reasonableness of the service charges for the years 2000 to 2006. The London Borough of Greenwich is the Respondent freeholder. The subject premises comprise a flat on the first floor of a purpose built block of flats built around a central square with a total of 38 flats.
  
2. The Applicant in particular queried (i) the increase in service charges year on year since 2000; (ii) why four invoices over a ten month period had been generated; (iii) the reasonableness of the caretaking and cleaning charges; (iv) the electricity charge; (v) the insurance premium; (vi) the rateable value that was applied and (vii) the management fee for each of the relevant service charge years. At the hearing of the application Mr. Gillett appeared in person. Mr. L Owens and Mr. M Saye appeared from the Home Ownership Scheme on behalf of the Respondent.

**Caretaking/cleaning**

3. In addition to his written evidence, Mr. Gillett told the Tribunal that since 2000 there had been two-and-a-half times increase over the space of four years in his service charges. Mr. Gillett stated that there was not a lot of upkeep needed; there was no CCTV and little trouble on the small estate. Mr. Gillett stated that the communal area was swept and mopped and the little garden area tended. Mr. Gillette stated that over

the years the level of cleaning had not changed but the cost charged had in respect of both the block cleaning costs and the estate cleaning costs. Mr. Gillette stated that he did not understand how the block and estate charges were made up and what the charge for ground maintenance was in respect of when prior to 2003 there had never been any charge in respect of this.

#### Electricity

4. Mr. Gillett stated that there had been no change in the supply of electricity, only increased costs since 2000. The communal lighting covered the communal hallways, as there was no intercom system or other communal electricity costs. Mr. Gillett stated that he found it difficult to budget when so many estimated readings were relied upon and were out of line with the actuals later provided by the Respondent. Mr. Gillett challenged the increase in electricity costs as since 2001. Mr. Gillett gave the example of electricity costs in 1999 of £29.63, which had risen to £121.58 by 2003 and stated that there had been a 16% increase in electricity charges from 2001 to 2005. Mr. Gillett also expressed his concern and the difficulty he found in budgeting, when there was such a variation in the actual invoices from the estimate and stated that he did not know how many meters were in his block as the numbers in the disclosed documents revealed at least two, if not more different numbered meters.

#### Insurance

5. Mr. Gillett told the Tribunal that he took issue with the increased costs of the insurance premiums, which had risen from £63 to £145 in 2004. He stated that he had been told what the cost is but not what is covered under the policy. The incident on

9/11 had been given as a reason for the increased costs when he queried the charge with the Respondent.

#### Rateable Values

6. Mr. Gillett told the Tribunal that he did not understand the figures used for the "block" which had varied over the years and since 2002 the charge had shown the rateable value as 7358 for both block and estate instead of the 3750 used previously for the block and 7358 for the estate.

#### Management Fee

7. Mr. Gillett accepted that he should pay something towards a management fee but that the 20% charged was too high.

#### Repairs

8. Mr. Gillett queried the figure of £272.72 said to represent work to the communal lounge, as there was no such area.
9. Overall, Mr. Gillett was unhappy with the increase in the service charges invoiced and not satisfied with the explanations given by the Respondent. In addition Mr. Gillett was unhappy with the multitude of invoices, both estimated and actual that had been issued over a short space of time without an adequate explanation. On questioning by the Tribunal Mr. Gillett accepted that costs do sometimes go up over the years, although that need not always be the case and was unable to give a percentage, which he regarded as reasonable in respect of the insurance premiums.

### The Respondent's Case

10. The Tribunal had the benefit of witness statements from Mr. Matthew Saye, Finance Manager of the Respondent's Home Ownership Unit and Mr. Raymond Hussey, Area Environmental Manager for the West Area of Cleansweep as well as a written Statement in Reply.

### Rateable Value

11. Mr. Saye explained to the Tribunal that in this particular case, and rather unusually, the "block " and "estate" referred to in the lease were one and the same thing and are made up of 1-8 Corvette Square, 20-28 Corvette Square and 8-26 Trafalgar Road. Clause 2 of the Sixth Schedule of the Lease requires calculation of the lessee's contribution to the service charges as a proportion of the rateable value of the flat against the aggregate rateable value of the building or estate. In this case the aggregate rateable value of the buildings and the estate is 7358. Previously the aggregate rateable value of the block was recorded as 3750, being only for the blocks 1-8 Corvette Square and 8-26 Trafalgar Road. In 2000 this error was realised and amended to bring it in line with the figure used for the estate of 7358. This worked to the benefit of Mr. Gillett and lowered the amount of his contribution.

### Cleaning & Environment

12. Mr. Saye told the Tribunal that "Cleansweep" are in-house cleaning service, which brings together the cleaning, repairing and gardening services for the estate. Mr. Saye stated that he had taken over in 2002 and was not convinced that all services had been charged for previously, which would explain in part, the increases in these costs. Mr.

Saye told the Tribunal that 10 hours per week are spent on the block internally and one hour per week on external matters. In 2005 the cleaning costs equated to £4.81 per week. The grounds maintenance also carried out by Cleansweep was straightforward covering only a small-grassed area, some pruning and occasional lopping of trees. The uncomplicated nature of the work was reflected in the charges made e.g. 42p pence per week in 2005.

#### Communal Electricity

12. Mr. Saye told the Tribunal that the Respondent was making an ongoing effort to build a relationship with its supplier London Energy and reach a mutually beneficial relationship. Mr. Saye stated that the delay in the adjustment to the service charge costs in respect of electricity charges was the fault of London Energy as the Respondent was reliant on them to supply the actual figures as opposed to the estimates used. Mr. Saye was unable to answer why the bills varied so much but stated that was something that was being looked at. Mr. Saye also stated that averaged out over a five year period the sharp increase spoken about by Mr. Gillett was no so apparent as in 2001/02 no charge for electricity had been made. The cost of the work to the lighting in the sum of £47.83 was for the cost of the actual work. The tolerance charge of £75 recorded had not in fact been charged to the lessees.

#### Communal Lounge Repair

13. Mr. Saye accepted that there was no communal lounge but believed this cost related to a repair on the door to the communal play area.

### Insurance

14. Mr. Saye told the Tribunal that the premium payable for the borough wide block policy was in fact currently less in real terms than the premium paid in 1994. He stated that it was his understanding that rebuilding costs had increased over the years, which had with the natural, and man-made disasters that had occurred in recent years caused an increase in insurance premiums. Furthermore, 5% Insurance Premium Tax had been introduced in October 2004. Mr. Saye stated that they compared prices from a number of insurers and readily switched to another provider if the quote proved to be more competitive than the current insurer.

### Management Fees

15. Mr. Saye stated that he believed the actual management fee was a reasonable charge and one that was capped at 20%. In 2004/05 the management fee charged to the Applicant was £101.32, which represented 6 hours of staff time and included; the preparation of two sets of service charge accounts; analysis of data; preparation and sending out of invoices and the preparation of service charge schedules. As well as dealing with leaseholders enquiries.

### The Tribunal's Decision

16. Having heard the parties' evidence and considered all the documentation the Tribunal is satisfied that the charges made in the respect of the service charges for the years 2000 to 2006 have been reasonably incurred and are payable by the Applicant. The Tribunal is satisfied that the extent of, and the charge made for the cleaning and maintenance in particular is a reasonable charge. The Tribunal also finds that

although the electricity charges have fluctuated, due in would appear to estimated readings, there is no evidence to suggest that they are wrong and the Tribunal accepts the charges made as reasonable. Further, the Tribunal is satisfied that the Respondent has taken significant steps to ensure that it receives and takes advantage of the most competitive price for its insurance policy without prejudice to the extent of cover received in return. Although the rateable values have been misapplied in the past the Tribunal is satisfied that any errors have now been corrected and are in fact in favour of the Applicant by reason of the subsequent lower charge incurred. Lastly, the Tribunal is of the opinion that the charge made for the management fee is in this case a reasonable charge having regard to the extent of the work carried out. Although the Tribunal recognizes and sympathises with Mr. Gillett's frustrations at receiving an unusually large number of estimated and actual bills over a relatively short period, the Tribunal accepts that this was necessitated by the breakdown of the Respondent's computer system in August 2003. Mr. Saye indicated to the Tribunal that the costs incurred as a result of this application by the Respondent would not be added to the service charges and therefore the Tribunal was not required to consider a section 20C L&T 1985 application.

17. In conclusion, the Tribunal is satisfied that all the service charges incurred in the service charge years 2000 to 2006 inclusive, are reasonable and are payable by the Applicant.

Chairman: *W. T. ...*  
Dated: *24/7/06*