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RESIDENTIAL PROPERTY TRIBUNAL SERVICE

LEASEHOLD VALUATION TRIBUNAL

Properties: 44, 46, 49, 51 & 56 Oakhill, Letchworth Garden City, Hertfordshire, SG6 2RG

Applicant: Ms Michelle Woodford - No. 49 Applicants' Representative
Mr Michael Holt – No. 44
Mr Michael Amos - No. 46
Mr Noel Robson – No 51
Mr Vince Corne – No. 56

Respondent Landlord: North Hertfordshire Homes, Rowan House, Avenue One, Letchworth Garden City SG6 2WW

Case number: CAM/26UF/LSC/2006/0040

Application: Application for a determination of the liability to pay Service charges including the reasonableness of service charge (Section 27A Landlord and Tenant Act 1985)

Tribunal: Mr JR Morris (Chairman)
Miss M Krisko BSc (Est Man) BA FRICS
Mr P Tunley

Date of Hearing: 9th November 2006

Attending Hearing:

Applicants: Ms Michelle Woodford - No. 49 Applicants' Representative
Mr Michael Holt – No. 44
Mr Michael Ames - No. 46
Mr Noel Robson – No 51

Respondents: Ms O'Leary, Neighbourhood Support Manager
Ms S Coy, Leaseholder Services Manger
Ms Heggarty, Finance Officer
Mr Brian Millward, Director of Finance, provided written representations

STATEMENT OF REASONS

The Application

1. The Applicants applied to the Tribunal on the 4th August 2006 under section 27A of the Landlord and Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002 for a determination as to the reasonableness and payability of the costs incurred by way of service charges for the years ending 31st March 2004, 2005, 2006 and to be incurred for the year ending 31st March 2007

The Law

2. Landlord and Tenant Act 1985 as amended by the Housing Act 1996 and Commonhold and Leasehold Reform Act 2002

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, improvement 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 of 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 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 provision 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

- An application may be made to a leasehold valuation 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 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, and
 - (e) the manner in which it would be payable.

Inspection and Description of the Estate, Building and Properties

3. The Tribunal inspected the Building in the presence of the Applicants' Representative.
4. The Properties are one-bedroom flats in a three storey Building of purpose built flats constructed of brick under a flat roof built circa 1960. The Building is surrounded by common grounds of grass and trees, which form the Estate. All flats have a store within their demise and some also have a garage. The Estate is situated at the end of a cul de sac in a residential area with two storey terraced houses of brick under pitched tile roofs which appear to have been built about the same time.
5. Externally the Estate is in fair condition. The Building has upvc double glazed windows. Although the grounds appear from the lease to be for the exclusive use of the tenants, subject to easements for maintenance of utilities serving neighbouring property, they are open on all sides affording access by the general public.
6. The Building has two separate entrances to two distinct common parts. Access to the flats is via a door entry system to a common hallway and staircase to landings. Internally the common parts were utilitarian and basic. The windows did not appear to have been recently cleaned either inside or out. The outside stores on the ground floor belonging to the flats appeared to obstruct access for exterior window cleaning. The cleaning of the internal common parts was poor. There was dust on the ledges of the boxes containing the utility meters and the floors did not appear to have been cleaned recently. A large quantity of dust and dirt was found under one of the mats outside a front door to one of the flats. The lights were out on the ground and top floor and the timers did not work. There was evidence of the roof having leaked. None of the issues raised relate to the interior of the flats and therefore no inspection was made of this part of the Building.

The Lease

7. The Respondent is the freeholder and landlord of the Building since 1st April 2003 when the reversion was assigned to it from North Hertfordshire District Council. A copy of the Applicants' Representative's Lease was provided. The Lease provided is for a term of one hundred and twenty five years from 11th June 2001 at a ground rent of £10 per annum.
8. The Lease refers to the demise as the Premises and includes the flat, the garage (as per the Lease provided) and the use of the grounds in respect of which the tenant is required to pay a contribution towards maintenance (referred to in these Reasons as the "Grounds").
9. The Lease defines the Common Parts in Clause 1.17 as:

- the entrance porch corridors hallways buildings lifts and staircases and any other parts within the Building is described in the First Schedule to the Lease and
 - vehicular and pedestrian ways forecourts or drives refuse bin stores and
 - any other areas inside or outside the Building but within the Estate
10. The Services under Clause 1.18 include all matters concerning the management and maintenance of the Estate, including:
- communal heating, lighting, cleaning, refuse collection and removal,
 - maintenance of grounds,
 - insurance of buildings,
 - management and
 - reserve
11. Repairs under Clause 1.19 include all matters concerning the management and maintenance of the Estate being in the nature of general repairs (including the making good of structural defects) together with Improvements as referred to under Clause 1.20.
12. The Service Charge is defined as all those costs and expenses incurred or to be incurred in connection with the management and maintenance of the Estate and the carrying out of the Landlord's obligations and duties including services, repairs and improvements and all such matter set out in the Fifth Schedule. The Fifth Schedule lists items of expenditure including maintaining, repairing, redecorating and renewing amending, cleaning, repointing, painting and insuring. The management charges are fixed at 10% of all items included in the service charge.
13. The Service Charge is calculated in accordance with the Fourth Schedule by dividing the aggregate of the expenses and outgoings incurred in respect of the Items of Expenditure in the Annual Period by the number of separate dwellings within the Building, which is eighteen. The expenses for the maintenance of the Estate other than the Building are a fair and reasonable proportion of the costs of such expenses attributable to the Premises. This is calculated as one eighteenth of the cost of maintaining the Grounds.
14. The Annual Period is from the 1st April to 31st March. Service Charge payments are required quarterly in advance under Clause 4.3 of the Lease.
15. The Service Charge is capped under the provisions of 4.2 of the Lease. The cap varies depending on when the tenants were granted their respective leases. The capping provisions in relation to the Applicants is as follows:
- Flat 44 - Mr Holt was granted his Lease on 3rd July 1989 and the capping provisions have now expired
 - Flat 46 - Mr Amos was granted his Lease on 25th November 2002 and the cap is £56.60 until 31st March 2008
 - Flat 49 – Miss Woodford was granted her Lease on 11th June 2001 and the cap is £56.60 until 31st March 2006
 - Flat 51 – Mr Robinson was granted his Lease on 1st September 2003 and the cap is £37.89 until 31st March 2008

- Flat 56 – Mr Corne was granted his Lease in 1994 and the capping provisions have now expired

16. Although the provisions in paragraphs 9 to 14 above are essentially contained in all the Leases, nevertheless there are a number of differences between the Leases. Flats 44 and 51 do not have a garage and the Grounds marked on the plan annexed to the Lease of Flat 44 shows a more extensive Estate in respect of which the tenant is required to pay a maintenance contribution than the Leases of the other Applicants.

Documents

17. The Tribunal received:
- Application Form
 - Lease for Flat 49 and Copies of the other flats were made available at the Hearing
 - Service charges accounts for each of the Flats for the years ending 31st March 2004, 2005, 2006 and to be incurred for the year ending 31st March 2007
 - A number of invoices for items of the Service Charge submitted both in advance and on the day of the Hearing by the Respondent

Matters in Dispute

18. The Application is for a determination as to the reasonableness and payability of the costs incurred by way of service charges for the years ending 31st March 2004, 2005, 2006 and to be incurred for the year ending 31st March 2007

The items identified by the Applicants, as being in dispute are:

- Repairs
- Stairway Lighting
- Grass Cutting and Ground Maintenance
- Window Cleaning
- Cleaning and Care taking
- Management Charge
- Building Insurance

Hearing

19. The Hearing took place on the 5th June 2006 and was attended by the Applicants and the Respondent's Representatives. The Tribunal considered each item of the Service Charge accounts for each year in turn.

Repairs

20. The Applicants stated that their main complaint was that they had never received a breakdown of the repair charges. It was stated that over period of some 13 years tenants had asked for a breakdown of the expenditure on numerous occasions but none had been received until the papers were produced for the Hearing. Miss Woodford for the Applicants stated that she had contacted Mrs Foulger a few months ago by telephone and although she had had a reply dated 7th and 11th August 2006 regarding certain matters she had not received information relating to the repairs that she had requested.

21. On looking at the papers the Applicants stated that they considered the costs high and noted that a repair to a leak in the roof had been charged at a cost of £333.39 in the account for the year ending 31st March 2004 and yet the roof had only been replaced in 2000 and should be under a 10 year guarantee. It was further stated that

there was still a leak over the stairs. The Applicants also said that they could not tell in which half of the Building the repair had been undertaken.

22. The Respondent referred to the list of repairs that had been carried out. It was noted that in written representations it had been stated that the Respondent employs a Direct Labour Force who carry out repairs from their base in the Depot and Letchworth. The costs are based on a schedule of rates, which are usually lower than the prevailing market rates. In addition VAT is not charged on work that is charged within the organisation.
23. The Applicants and the Tribunal commented that the information in the list gave little detail. It was explained that this was due to the need for repairs being reported to a call centre that would only record the work to be undertaken very briefly. The Tribunal requested that work tickets, invoices and receipts (records of work carried out) be submitted and a number of these were produced. It was said that these were not provided initially as it was believed that the Applicants and Tribunal would not understand them.
24. A number of the work tickets, invoices and receipts were produced. The Tribunal questioned the Respondents in relation a number of the items. In particular the Tribunal referred to the matter of the leaking roof raised by the Applicants, which was an item in the Service Charge Accounts for year ending 31st March 2004. The work ticket dated 17th November 2003 said "Trace and repair roof leaks above communal landing stains showing in two places erect tower for access as discussed". The work appeared to have been completed and paid for on 24th December 2003. The Respondents were not able to confirm whether the cost related to work carried out in relation to the staining seen by the Tribunal on the inspection, which appeared to be caused by a leak in the roof. The Respondent also could not confirm whether the work should have been carried out under the terms of the warranty for when the roof was renewed in 2000.

Stairway Lighting

25. The Applicants stated that the lights are on continuously because the time switch does not work.
26. The Respondent only provided invoices for year ending 31st March 2006, which were all estimated. It was explained that the Respondent has a three-year contract with the utility company. Actual readings are periodically taken and a balancing payment or a refund made. In written representations the Respondent stated that the bills totalling £1,222 were considered to be high and therefore the Applicants were only charged a total of £208, which is £11.61 per tenant. The Respondent absorbed the additional cost.

Grass Cutting and Ground Maintenance

27. The Applicants felt aggrieved that they were charged for grass cutting and ground maintenance when the general public had access to the grounds. Also it was felt that very little maintenance was carried out.
28. The Respondent stated in written representations that they had a contract with North Hertfordshire District Council to maintain the grounds of its block of flats. The total cost of the ground maintenance contract is £181,105.18 only 30% (£54,704.60) of this is charged to tenants. The remaining 70% is for non-chargeable community type ground maintenance, which is paid for by the Respondent. The £54,704.60 is shared

among residents based on the number square metres of which the tenants are responsible. Oakhill is charged as having 661 square metres. This represents £340.10 which divided between the 18 tenants is £18.91 per annum.

Window Cleaning

29. The Applicants, Mr Amos and Miss Woodford, said that so far as they were aware the windows had never been cleaned. Mr Holt said that a window cleaner had asked him to sign a docket and he had done so but could not recall the standard. The docket was noted as being dated 26th April 2005.
30. In the Respondent's written representations Mr Stuart Saunders, Building Surveyor, stated that he undertook an informal quality inspection of randomly chosen addresses. He submitted a copy of the window cleaning contract and specification, which read as follows:
"To wash and clean both sides of all glass in all windows, doors, fanlights etc, glazed entrance porch screens etc ... To include for thoroughly washing and cleaning PVCu, metal or painted panels, signs, name [plates, notice boards and shutters at ground level.
On completion of such area, wipe down all frames, sub frames, rails, cills, mullions, transforms, surrounds etc."

Cleaning

31. The Applicants stated that the cleaning was not being carried out. It was said that at most it was 20 minutes every 4-8 weeks per block.
32. The Respondent provided the cleaning specification. No evidence was produced in relation to any quality assurance systems to ensure that the work was carried out to the standard of the specification.

Management Charge

33. The Management Charge is fixed at 10% of the Service Charge costs in the Lease. The Applicants stated that they received poor service. Ms Woodford said that apart from the letters dated 7th and 11th August 2006 from Mrs Foulger she had not had any correspondence or replies about matters such as repairs that she had raised. The Respondents replied that all calls are logged but that Mrs Foulger is in Finance and is not the right person to contact regarding matters such as repairs and cleaning. It was accepted that tenants were not clear about whom they should contact with problems and it was proposed to produce a Handbook.

Insurance

34. The Applicants made no particular complaints about the item of insurance. The Tribunal asked if the Respondent went into the market place regularly to obtain at arm's length the best price for the insurance required. Ms Heggarty, for the Respondent, said that so far as she is aware the broker does this on the Respondent's behalf. It was noted that the charge of the insurance varied. The Respondent explained that the premium of each flat was assessed according to its value as at the date of the granting of the Lease and then increased according to the index linking. However the whole building would be reassessed in due course and premium would be the same for each flat.

Determination

35. The Tribunal considered the evidence presented and make the following determination in respect of the costs incurred for the years ending 31st March 2004, 2005 and 2006:

Repairs

34. The Lease did not differentiate between one part of the Building and another. Therefore all the costs incurred by way of Service Charge including the repairs were aggregated and divided between all the flats equally subject to any cap on the final figure as stipulated in the Lease.
35. The Tribunal found that the roof repair, which was charged in the Service Charge Account for the year ending 31st March 2004, should have come within the 10-year warranty and therefore should not have been a service charge item. Evidence was adduced that the roof was subject to a 10-year warranty but no evidence was adduced to show that the Respondent had sought to claim under that warranty prior to charging the tenant's for the repair. The Tribunal were of the opinion that the Respondent should have a system of checking whether works are under guarantee before undertaking works to ensure that tenants receive the best value. Therefore the Tribunal determined that the charge of £333.39 was not reasonable.
36. The Tribunal noted that the total cost for repairs for the year ending 31st March 2004 was £999.66 and the Tenants were charged £55.54 each except Mr Robinson of Flat 51, who had taken the Lease part way through the year and so was charged £32.41 which was pro rata for the period he was a tenant. The Tribunal therefore deducted the sum of £333.39 for the roof repairs from £999.66 total and determined that a total of £666.27 was reasonable and that each Applicant's contribution should be £37.02 except Mr Robinson who's pro rata contribution should be £21.60.
37. Notwithstanding the limited amount of information on the list of repairs and the production of only a sample of work sheets, invoices and receipts, or their equivalent, the Tribunal determined that the cost of the other items in the Service Charge Accounts incurred for the years ending March 31st 2005 and 2006 were reasonable and payable by the Applicants to the Respondent.

Stairway Lighting

38. The Tribunal noted that the Respondents had recognised that the invoices were not reasonable and had made an allowance accordingly. The Tribunal determined that the costs as an advance payment of an item for which the actual charge had yet to be determined were reasonable for each of the years in issue. However the Tribunal determined that it was not reasonable for the lights to be on for 24 hours a day and that when the actual reading was known it should be reduced by 50% to take account of the Landlords' failure to install a more effective means of lighting the stairways during the hours of darkness only in order to give value for money for the Applicants. The Tribunal therefore determine that only 50% of the cost of the electricity based upon the actual reading incurred in the Service Charge Accounts for the years ending 31st March 2004, 2005 and 2006 is reasonable and payable by the Applicants to the Respondent.

Grass Cutting and Ground Maintenance

39. The Tribunal found that there were some differences between the Leases of the Applicants so far as the extent of the Grounds for which they were obliged to pay a contribution towards maintenance. All the Applicants had an obligation to pay a contribution to maintain the area of grass bounded by the paths around the Building. However the Lease of Flat 44 tenanted by Mr Holt had an additional area marked on the annexed plan, for which he was responsible. The Tribunal noted that the Applicants were being charged for the cutting of 661 square meters of grass. The Tribunal found that this area appeared to correspond to the area bounded by the paths around the Building for which all the Applicants were liable to pay a contribution rather than the extended area referred to in the Lease of Flat 44. The Tribunal therefore only considered the reasonableness of maintaining the area of grass bounded by the paths around the Building. The open plan nature of the area maintained did not affect the reasonableness of the cost of the work.
40. The Tribunal found that the ground maintenance amounted to little more than cutting the grass. The Tribunal determined that the cost of the Ground Maintenance in the Service Charge Accounts incurred for the years ending 31st March 2004, 2005 and 2006 were reasonable and payable by the Applicants to the Respondent.

Window Cleaning

41. The Tribunal noted the window cleaning contract specification and were of the opinion that the specification could not be met for the price charged and there was evidence both from the Applicants and from the inspection that the specification was not being met. It appeared to the Tribunal that to carry out the specification scaffolding or a cherry picker would be required in order to gain access to the first and second floor windows, which would increase cost substantially from what was currently being charged. The dockets adduced as evidence were unreliable in demonstrating that the work had been done to a satisfactory standard. The signature in some cases was not from an identifiable person and no evidence was adduced that those who signed had any knowledge of the contract specification. In all there was no proper quality assurance system in place. The Tribunal found that on the balance of probabilities the ground floor external glass and the internal glass in the common parts of each of the two stairways and landings had been cleaned three times a year at a cost of about £46.00 a clean. On this basis the Tribunal determined that the charges for the years ending 31st March 2004, 2005 and 2006 were reasonable and payable by the Applicants to the Respondent.

Cleaning

42. The Tribunal noted the cleaning contract specification and were of the opinion that, as for the window cleaning contract specification, it could not be met for the annual charge, which was noted to be as follows:

Year ending 31 st March 2004	£874.62
Year ending 31 st March 2005	£2,209.50
Year ending 31 st March 2006	£2,211.84

There was also evidence both from the Applicants and from the inspection that the specification was in fact not being met. No evidence was produced in relation to any quality assurance systems to ensure that the work was carried out to the standard of the specification. The Tribunal found that the cleaning that is being carried out appears to be about two hours a fortnight in relation to both staircases. Given the need for the cleaners to have public liability insurance the Tribunal considered that the value of the work that was being carried out equated to £600 per annum or £33.33 per Tenant for each of the years ending 31st March 2004, 2005 and 2006. The Tribunal found that there was no justification for the increase between the year 2004

to 2005 either on the grounds of improved service or inflation. Therefore the Tribunal determined that the reasonable cost of the Cleaning in the Service Charge Accounts incurred for the years ending 31st March 2004, 2005 and 2006 and payable by each of the Applicants to the Respondent should be £33.33 per annum (reduced pro rata for Mr Robinson of Flat 51 for the year ending 31st March 2004)

Management Charge

43. The Management Charge is fixed at 10% of the Service Charge costs in the Lease. The Tribunal determined this to be a reasonable charge although the amount would be recalculated to take account of the adjustments made by the Tribunal as a result of its determinations.

Summary of Tribunals determination of costs incurred excluding Insurance

44. The Tribunal determined the Service Charge in relation to costs incurred for the years ending 31st March 2004, 2005 and 2006 to be reasonable as follows (It was noted that the Building Insurance was not included in calculating the maintenance charge and therefore do not appear in this summary but the premium for each flat for each year should be added to the total):

Year ending 31st March 2004	Total	Per Tenant
Repairs reduced by Tribunal to	£666.27	£37.02
Stairway Lighting	£202.86	£11.27
Grass Cutting/Ground Maintenance	£536.04	£27.20 grass cutting £2.58 trees/shrubs
Window Cleaning	£140.94	£7.83
Cleaning reduced from £874.62 to	£600.00	<u>£33.33</u>
		£119.23
Management Charge		<u>£11.92</u>
Total excluding insurance premium for each Applicant		£131.15

Pro rata for Mr Robinson of Flat 51

Repairs reduced by Tribunal to	£21.60
Stairway Lighting	£6.58
Grass Cutting/Ground Maintenance	£15.27 grass cutting £1.45 trees/shrubs
Window Cleaning	£4.57
Cleaning reduced pro rata from £28.36 to	<u>£19.45</u>
	£68.92
Management Charge	<u>£6.89</u>
Total excluding insurance premium for each Applicant	£75.81

Year ending 31st March 2005	Total	Per Tenant
Repairs	£1,264.54	£70.25
Stairway Lighting	£208.98	£11.61
Grass Cutting/Ground Maintenance	£329.58	£18.31
Window Cleaning	£140.94	£7.83
Cleaning reduced from £2,209.95 to	£600.00	<u>£33.33</u>
		£141.33
Management Charge		<u>£14.13</u>
Total excluding insurance premium for each Applicant		£155.46

Year ending 31st March 2006	Total	Per Tenant
Repairs	£561.32	£31.18

Stairway Lighting	£208.98	£11.61
Grass Cutting/Ground Maintenance	£340.38	£18.91
Window Cleaning	£139.86	£7.77
Cleaning reduced from £2,211.84 to	£600.00	<u>£33.33</u>
		£102.80
Management Charge		<u>£10.28</u>
Total excluding insurance premium for each Applicant		£113.08

Costs to be incurred

45. The Tribunal determined that the costs to be incurred in the Service Charge Account for the year ending 31st March 2007 were reasonable and payable provided that the standard of work was reasonable. If in the event the Applicants found that the standard was not reasonable then it was open to them to make a further Application in respect of that year. In relation to future contracts for Window Cleaning and Cleaning of the Common Parts it would appear sensible for the parties to agree a specification for the work and related cost.

Insurance

46. The Tribunal noted that the Applicants made no particular points in relation to the Insurance. The Tribunal considered the Building to be of a high-risk insurance category and determined that the insurance premiums in the Service Charge Accounts incurred and to be incurred for each flat for the years in issue were reasonable and payable by the Applicants to the Respondent.

Application under 20C Landlord and Tenant Act 1985

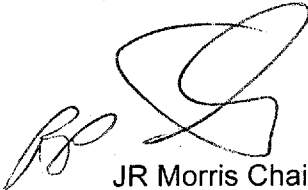
47. An application was made by the Applicant for the limitation of service charge arising from the landlord's costs of proceedings. The Applicants' Representative stated that she had repeatedly asked for information such as a breakdown of the cost of the repairs but had not received one.
48. The Respondent stated in written representations that no notification had been received of the issues or complaints noted in the application. The Respondent said that direct communication would have been made to the leaseholders had they communicated their concerns to the Respondent. The Respondent enclosed a copy of correspondence received from the Applicant's representative together with the letters in reply dated 7th and 11th August 2006 from Mrs Foulger.
49. The Tribunal make an Order under section 20C of the 1985 Act that the Respondent's costs in connection with these proceedings should not be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the Applicant and the Tribunal by virtue of paragraph 9 Leasehold Valuation Tribunals (Fees) (England) Regulation 2003 requires the Respondent to reimburse the Applicant's fees for the following reasons:
- The Tribunal found that the Applicants' Representative had requested a breakdown of the repairs and a list of repairs for each year, as was provided to the Tribunal should have been sent to her.
 - The Tribunal also found that copies of the work sheets, invoices and receipts, or their equivalent should have been made available to the Applicants prior to the Hearing which may have gone some way to settling the matter. These documents should also have been provided to the Tribunal for the Hearing. The documents were not complex.

- The Tribunal considered that the Respondent could have done more to settle the matter when the Application was made, by providing information and explanation in relation to the Service Charges for the years in issue.
- The Tribunal found that there are no appropriate quality assurance procedures in place for ensuring that work is carried out and to a satisfactory standard.
- The Tribunal found that there is no effective complaints procedure in place and that the proposed handbook should be produced and distributed as soon as possible.

Observations

50. The Tribunal make the following observations in relation to the service charge:

- There are discrepancies between the Leases due to them having been granted at different times and by different Reversioners. The Parties might consider varying the Leases to ensure consistency.
- The Leases allow for a Reserve to be set aside but that currently this is not an item in the Service Charge Account. The Tribunal commend to the Respondent the establishment of a Reserve to assist the Tenants to spread the cost of future major works.



JR Morris Chairman
4 January 2007