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**Residential  
Property**  
TRIBUNAL SERVICE

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL  
ON APPLICATION UNDER SECTIONS 27A AND 20C  
OF THE LANDLORD & TENANT ACT 1985 (AS AMENDED)**

Ref: LON/OOAQ/LSC/2010/0131

Premises: Flat 2, Oakwood Court, 101 Pinner Road,  
Harrow, Middlesex HA1 4ET

Applicant: Mr J.E.Tilsiter

Respondent: Stadium Housing Association

Date of Application: 15 February 2010

Date of Directions: 1 March 2010

Leasehold Valuation Tribunal: Mrs F.Burton LLB, LLM, MA  
Mr D.L.Edge FRICS

**2 Oakwood Court, 101 Pinner Road, Harrow, Middlesex HA1 4ET**

**Decision**

Background

1. The Applicant, Mr J.E.Tilsiter, has made an application under Section 27A of the Landlord & Tenant Act 1985 ('The Act') for a determination of the reasonableness of service charges for the service charge year 2010/2011, and under Section 20C as to the limitation of service charges arising from the costs of proceedings.  
The Tribunal in their Directions dated 1 March 2010 decided that the application could be dealt with by way of a paper hearing, and without the need for an oral hearing, and both parties have proceeded on this basis.  
The only matter to be determined is the amount of the management fee being proposed by the Respondent. The management fee was determined by a Tribunal in 2002 at £100.00 per annum (ref: LVT/SC/029/078 & 079/02), and the fee has remained at this level until the current service charge year (2010/2011) when the Respondent proposed an increase to £185.00 per annum.

The Applicant's case

2. The Applicant submitted a bundle of documents in accordance with the Directions, the bundle containing a copy of the application, which stands as the Applicant's Statement of Case, in which he says that nothing has changed in the extent of the management since 2002 when a Tribunal determined a reasonable management charge to be £100.00 per annum. The proposed increase to £185.00 per annum is an 85% increase. The Applicant had offered £115.00 per annum based on inflation, but this has been rejected by the Respondent.  
The Applicant's Statement in Reply, dated 23 March 2010, reiterates that nothing has changed since the 2002 determination, with all services provided by the Respondent being the same as before.  
The Applicant refers to clause 7(5) (d) of the lease, which allows the landlord to recover 'a reasonable allowance for the Landlord for such work'. Where 'such work' means the management of the building, 'reasonable' means it has to reflect the market rate.  
The Applicant submitted examples of market rates for management, illustrating that the local market rate was £100.00 per annum. The Applicant's table of other market management charges showed 4 properties where the management charge had remained at £100.00 per annum per unit from 2002 to 2010.  
The Applicant says that he was not consulted on the proposed increase in the management fee – rather the increase to £185.00 per annum was noted on the 'revised service charge' budget sent out to the Applicant on 21 January 2010. This was not 'consultation'.

### The Respondent's case

3. The Respondent sent a letter dated 22 March to the Applicant in response to the LVT application.

They said that the management fee had been at 15% (of expenditure) until 2002, when it was changed to a flat rate of £150.00 per unit per annum, which was subsequently reduced to £100.00 per annum by the 2002 LVT decision. The fee has remained at £100.00 per annum per flat for 8 years.

The Respondent has recently carried out another review of all their management fees, because the current fee of £150.00 per unit (which Oakwood Court does not pay) does not reflect or cover their current management costs.

Their management fee is based on the current staffing cost, which is then divided by the number of units within the leasehold portfolio. The staff costs are £269,000, and when divided by the number of units (1,400) gives a charge of £192.14 per unit – the real cost of management, but they said that instead of charging £192.14 per unit, they proposed £185.00.

They also say that they had consulted with the Applicant on this matter, and the notes giving details of the increase is in the standard budget form, which is the same format used each year.

They gave for comparison details of other Housing Association management charges – viz:

Dominion London Limited - £225 p.a. per unit

Circle 33 - £150 (with 15% applied to other elements of service charge exclusive of the management fee)

Peabody Trust - £100 (street properties) £175 - £275 (blocks)

### Decision

4. The Respondent did not give any private sector (market) management fees, and the comparable Housing Association management fee were probably based on the same formula as their own – i.e. total cost of staff in that section divided by the number of units. The 2002 LVT decision did not accept the submission that total cost divided by the number of units is the correct basis of charge. In accordance with the Act the charge must be 'reasonable', which requires consideration of the individual circumstances of the property. This block is modern, with no unusual or expensive chargeable items and comparatively little management required.

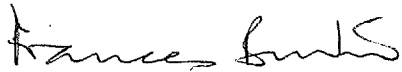
The Applicant seems to acknowledge, in his offer of £115.00 per unit, based on inflation, that perhaps some increase is justified over an 8 year period. Indeed, most managing agents in the private sector increase their charges annually.

Based on an average increase in inflation of 2.5% per annum since 2002, the annual fee of £100 would have risen to about £125 per unit. The RPI increase from late 2002 to April 2010 is about 23%, which would give about the same figure.

Accordingly, we determine that the reasonable service charge for this property is £125.00 per annum per unit.

5. In respect of the application under Section 20C of the Act, it would seem that, as with the 2002 decision, the Respondent has not incurred much, if any expenditure in respect of these LVT proceedings. For completeness, however, the Tribunal determines that any such expenses as there are may not be added to the service charge.

6. In respect of the Applicant's request for reimbursement of fees, the Tribunal determines that the Respondent reimburses the Applicant the fees incurred in respect of the application – a total sum of £70.00.

A handwritten signature in black ink, appearing to read 'Frances Burton', written in a cursive style.

Mrs F.Burton Chairman

21 April 2010