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Residential
Property
TRIBUNAL SERVICE

**LONDON RENT ASSESSMENT PANEL
LEASEHOLD VALUATION TRIBUNAL**

Case Reference: LON/OOBG/LSC/2010/0130

**THE LEASEHOLD VALUATION TRIBUNAL ON AN APPLICATION
UNDER SECTION 27A and 20C of the Landlord and Tenant Act 1985**

Applicant: Ms Clark on behalf of Adelina Yard Tenants' Association

Respondent: Chaplair Limited

Premises: Adelina Yard, 20 -22 Adelina Grove, London E1 3BX

Date of Application: 18 February 2010

Date of Oral Pre-Trial Review: 17 March 2010

Date of Hearing 3 and 4 June 2010

Date of Inspection 3 June 2010

**Appearances for Applicant: Ms Clark (Flat 7)
Ms Chilton (Flat 22)**

**Appearances for Respondent Mr Preko MSc,BSc.MRIPM (Salter Rex –
Managing Agents)**

**Leasehold Valuation Tribunal: Mrs B. M. Hindley LL.B
Mrs H. C. Bowers BSc(Econ) MSc MRICS
Mrs S. Justice BSc**

Date of Tribunal's Determination: 9 June 2010

1. This is an application under Section 27A and 20C of the Landlord and Tenant Act 1985 to determine the reasonableness of service charge costs for the year ending June 2009 and the budgeted costs for the year ending 2010.
2. During the course of the hearing the Tribunal inspected the subject property accompanied by Ms Clark and Mr Precko. They found it to be a converted warehouse now comprising 28 flats, 17 car spaces and communal grounds. Five of the flats were not accessed from the main entrance hallway..
3. By the commencement of the hearing Ms Clark, on behalf of the applicants, had reduced the number of issues to those identified below.

Service Charge Year ending June 2009

Anchor Invoices

4. These totaled £7,701. 78p for the year ending 2009 and related to repairs required to the automatic gate controlling vehicle entry to the property and the door entry system to the five separately accessed flats. Also included was the bulk purchase of hand held transmitters necessary to operate the gate. Ms Clark considered the costs to be excessive particularly since for considerable periods of time throughout the year the barrier was out of action and the door entry system to the five flats had not worked for some two years. She questioned some invoices on the grounds of double charging since they showed visits on consecutive dates. She suggested that the costs of repairs was uneconomic and a new system should be considered.
5. Mr Precko explained that the costs were shown in the accounts for the year (attached at Annex 1) under the headings of door entry system, car park barrier and insurance claims. He said that, in fact, the net cost of the repairs to leaseholders for the year was £4,752 03p since most of the costs had been recovered from the insurers. However, the claims took time to process and were subject to excesses. This meant that the present costs would be further reduced as the claims were settled. He accepted that the costs were high but pointed out that the barrier was frequently damaged both by the residents themselves when the gate did not function as they wished and by outsiders.
6. Mr Precko said that the costs would also be further reduced as the hand held transmitters, purchased on a bulk basis for reasons of economy, were sold to residents. He denied any double charging being satisfied from the work listed on the relevant invoices that the consecutive visits were necessary.
7. The Tribunal considered the accounting procedures adopted by Salter Rex in connection with this item to be confusing since it was not possible to know from the service charge accounts what was being charged for that would subsequently be recovered from insurance. They, therefore, requested Salter Rex to provide a reconciliation of the invoices for the year and the claims made, paid and outstanding.
8. Mr Precko produced an explanation on the second day of the hearing as to how the costs would be reconciled. From this explanation the Tribunal understood that the only outstanding Anchor invoice with the insurers was for £2,725.50p. Mr

Preko informed the Tribunal that it was likely that this, too, would be settled by the insurance company and that this sum, less any excess, would then be reflected in the appropriate annual account.

9. With regard to the invoice for £531.30p dated 19 March 2009 in respect of the entryphone, Ms Clark was adamant that despite the repair and the statement on the invoice that the entry phone was left in working order, the system still had not worked. On their inspection the Tribunal noted that the system did not appear to be working. Accordingly, the Tribunal determined this charge not to be reasonable or reasonably incurred.
10. Apart from the charge of £531.30p, taking into account the insurance payments already made and yet to be made and the anticipated sales of the hand held transmitters, the Tribunal was satisfied that the overall costs were reasonable and were reasonably incurred.

Garden Maintenance £999.50p.

11. Mr Precko said that there was no written contract but the contractor was employed to cut the hedges, remove weeds and keep the forecourt area tidy
12. Ms Clark denied that the invoiced visits (£40 per visit plus VAT) had taken place and claimed that the property generally appeared unkempt. However, on the day prior to the hearing an exceptional clean up had occurred with the result that the property was looking unusually tidy.
13. Mr Precko admitted that it had been necessary to speak with the contractor about his performance but he denied any knowledge of the work on the previous day being specially ordered. He considered the costs to be reasonable and to have been reasonably incurred.
14. On inspection the Tribunal found the grounds to be limited and the small number of beds to be planted out with established shrubs. The Tribunal was not satisfied that the maintenance of such a garden required the number of visits alleged to have taken place.
15. Accordingly, they consider reasonable and reasonably incurred costs of £558 inclusive of VAT.

Cleaning £5,604. 65p.

16. Mr Precko said that the contract with the contractors (Online Property Maintenance Ltd) had been in place for many years and although alternative quotations had been obtained at intervals, no cheaper option had been found.
17. He explained that six hours cleaning a week was provided by two people at a cost of £66 per visit, rising in October 2008 to £68 .50p per visit, plus a monthly sum of £97.50p for plant watering and an annual total of £131.05p for the supply of replacement light bulbs.
18. Ms Clark was critical of the standard of cleaning achieved and dismissed the suggestion that any watering of plants occurred. She said that in the very recent clean up, two hanging baskets had been provided. Hanging baskets had been removed when the external decorations had been carried out some two years

earlier and had not been replaced. She questioned an invoice for £50.34p plus VAT for the replacement of one SON replacement bulb because earlier another supplier had charged only £17 plus VAT for a SON bulb.

19. Mr Preko was satisfied that the beds, tubs and hanging baskets were watered on a regular basis and that the cleaning of the common parts was done to an acceptable standard.
20. On their inspection the Tribunal found the internal common parts (a tiled entrance hall way, a lift, carpeted stairs and small, narrow, corridors to five floors) to be relatively clean although there were scuff marks on the walls and some considerable staining to the carpets.
21. The Tribunal noted two large pots immediately outside the main entrance and two small and newly planted inverted pyramid hanging baskets above. The beds and the two pots were well established and required little maintenance
22. On the basis of their inspection the Tribunal accepted Ms Clark's opinion that the cost of watering was not reasonable or reasonably incurred. In respect of the cleaning they considered that six hours was excessive for the work required. Overall they considered that the required work should take no longer than four hours. Accordingly, they considered as reasonable and reasonably incurred costs of £2,778.60p.inclusive of VAT. With regard to the replacement bulbs the Tribunal accepted the invoiced costs except for the charge of £50.34p plus VAT of £7.55p, for which they substitute £19.55p on the basis of the provided evidence.

Fire Prevention £731.86p

23. Ms Clark queried the included costs of batteries and provided information taken from the internet that the necessary batteries could be obtained more cheaply than the invoiced costs of two batteries @ £89 each plus VAT (£209. 15p inclusive of VAT).
24. Mr Precko said that he had taken this issue up with City Fire Protection but they were a large organization and had said that they were unable to answer his query until the middle of June. He also provided information from the internet showing a further range of prices.
25. The Tribunal, on the basis of the evidence supplied by both parties, concluded that a 3.lamp battery could be obtained at a cost of £15 inclusive of VAT. They, therefore concluded that a reasonable cost for the provision of two batteries was £30.

Budget for the Year ending June 2010

26. Ms Clark queried the increased cost of gardening to £1500 and cleaning to £5,800. She reiterated the concerns she had expressed about these items for 2009.
27. Mr Preko explained that the increased gardening provision was to cover the supply of replacement plants

28. The Tribunal was satisfied that the budgeted costs should be reduced to reflect their determination of costs in 2009 and therefore considered as reasonable costs of £700 for gardening and £3000 for cleaning.
29. Accordingly, the budget for 2010 is reduced by £3,600 to £33,350.

Section 20C of the Landlord and Tenant Act 1985

30. Mr Precko stated that the landlords were not seeking to recover their costs in relation to this application from the service charge.

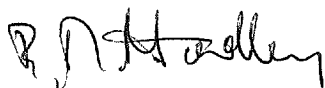
Application and Hearing Fee

31. Ms Clark sought the recovery under paragraph 6 of the Residential Property Tribunal (Fees) (England) Regulations 2006 of these two fees (£350 and £150 respectively). She said that the leaseholders had been compelled to make the application and the respondents had, as a result, conceded, prior to the hearing, a number of charges – in particular legal fees of £11,309.43p and management fees of £1,193.94p.
32. Mr Precko said that the applicants had been offered the opportunity to discuss matters but had preferred to come to the LVT. He maintained that the freeholder had obtained legal opinion that the conceded legal costs were, in fact, recoverable but that the freeholders had preferred not to make them an issue.
33. The Tribunal, having heard all of the evidence was satisfied that had no application been made the concessions given and the reductions determined by the Tribunal would not have been made. Bringing the application had been the only way to resolve the disputed issues. Accordingly, the Tribunal determines that the respondents should pay to the applicants their application fee of £350 and half of the cost of the hearing fee, making a total of £425.

Conclusion

34. Accordingly, the Tribunal determines as reasonable, reasonably incurred and therefore payable costs for the year ending June 2009 of £31,943.00 as set out at Annex 2 (attached) and for the budget for 2010 costs of £33,350.00 as set out at Annex 3 (attached).

Chairman



Date

9/6/10.

ADELINA YARDSCHEDULE OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30th JUNE 2009

	£
<u>EXPENSES</u>	
Insurance	4,984.76
Building repairs	1,199.72
Electrical repairs	329.00
Lift repairs	404.58
Garden maintenance	999.50
Cleaning	5,604.65
Fire prevention	731.86
Lift maintenance	702.58
Entryphone	531.30
Electricity	2,637.45
Terrorism insurance	1,554.09
Legal fees	11,309.43
Refuse container hire	308.84
Insurance claims	5,149.33
External decorations	70,994.27
Less : Transfer to reserve fund	<u>(70,994.27)</u>
	0.00
Professional fees	8,857.53
Less : Transfer to reserve fund	<u>(8,857.53)</u>
	0.00
Car-park barrier	1,825.06
Accountants fee	1,138.91
Management fee	8,925.04
	<u>48,336.10</u>
	£
<u>RESERVE FUND</u>	
Balance brought forward	74,441.60
Contributions demanded	<u>9,381.80</u>
	83,823.40
Add: Interest	796.54
Less : External decorations	(70,994.27)
Less : Professional fees	<u>(8,857.53)</u>
Balance carried forward	<u>4,768.14</u>

Approved by the Managing Agents on 16 November 2009

Salter Rex

Adelina Yard 20/22 Adelina Grove, London E1 3BX				
2008/9				
	Proposed	Conceded by Respondent	Determined by LVT	Payable
Insurance	4,985			4,985
Building Repairs	1,200			1,200
Electrical Repairs	329			329
Lift Repairs	405			405
Garden Maintenance	1,000		558	558
Cleaning	5,605		2,866	2,866
Fire Prevention	732		553	553
Lift Maintenance	703			703
Entryphone	531		0	0
Electricity	2,637			2,637
Terrorism Insurance	1,554			1,554
Legal fees	11,309	11,309		0
Refuse Container Hire	309			309
Insurance Claims	5,149		5,149	5,149
Car Park Barrier	1,825		1,825	1,825
Accountants fee	1,139			1,139
Management Fee	8,925	1,746		7,732
Total	48,336			31,943

Annex 3

Adelina Yard 20/22 Adelina Grove, London E1 3BX			
Budget 2009/10			
	Proposed	Determined by LVT	Payable
Insurance	5,250		5,250
Building Repairs	2,000		2,000
Electrical Repairs	500		500
Lift Repairs	1,500		1,500
Garden Maintenance	1,500	700	700
Cleaning	5,800	3,000	3,000
Fire Extinguisher	750		750
Lift Maintenance	550		550
Entryphone	500		500
Electricity	2,000		2,000
Terrorism Insurance	1,600		1,600
Accountancy Fees	600		600
Refuse Container Hire	275		275
Lift Insurance	200		200
Reserve Fund	4,200		4,200
Car Park Barrier	1,500		1,500
Management Fee	8,225		8,225
Total	36,950		33,350