



**FIRST-TIER TRIBUNAL  
PROPERTY CHAMBER (RESIDENTIAL  
PROPERTY)**

**Case reference** : **LON/00BK/LAM/2019/0004**

**Property** : **Three Kings Yard, London W1K 4JT**

**Applicant** : **Ms Samantha Hill**

**Representative** : **In person**

**Respondent** : **Three Kings Yard Residents Limited**

**Representative** : **Mr Harniman (Director of Respondent's managing agent)**

**Type of application** : **Appointment of Manager**

**Tribunal member(s)** : **Judge Hansen, Mr Barlow FRICS and Mrs Dalal**

**Venue** : **10 Alfred Place, London WC1E 7LR**

**Date of hearing** : **15 January 2020**

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**DECISION AND MANAGEMENT ORDER**

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**Order**

- (1) In accordance with section 24(1)(a) of the Landlord and Tenant Act 1987 and with effect from 1 June 2020 Rita Nalliah MIRPM AssocRICS ("the Manager") of HML Group is appointed as manager of the property known as and situate at Three King's Yard, London W1K 4JT ("the Property").
- (2) The order shall continue for a period of 3 years from 1 June 2020. If the parties wish to apply for any extension of the order, they are encouraged to do so at least three months before the order expires.

- (3) The Manager shall manage the Property in accordance with:
- (a) The Property Management Plan and the Directions and Schedule of functions and services contained in the Annex to this Decision which shall, for the avoidance of doubt, take precedence over any conflicting and/or missing terms in the respective leases by which the flats in the Property are demised by the Respondent;
  - (b) The respective obligations of the landlord and the leases by which the flats at the Property are demised by the Respondent and in particular with regard to repair, decoration, provision of services and insurance of the Property, save where otherwise provided in the Property Management Plan and/or the Directions and Schedule of functions and services contained in the Annex to this Decision; and
  - (c) The duties of a manager set out in the Service Charge Residential Management Code ('the Code') or such other replacement code published by the Royal Institution of Chartered Surveyors and approved by the Secretary of State pursuant to section 87 Leasehold Reform Housing and Urban Development Act 1993.
- (4) In addition, in accordance with section 24(1)(b) of the Landlord and Tenant Act 1987 the Manager is appointed as receiver of the landlord to the following limited extent: To receive any service charge funds currently held by the landlord or on its behalf by Preside, the previous managing agents.
- (5) The Manager shall register the order against the landlord's registered title as a restriction under the Land Registration Act 2002, or any subsequent Act.
- (6) An order shall be made under section 20C Landlord and Tenant Act 1985 that the Respondent's costs before the Tribunal shall not be added to the service charge.
- (7) The Manager may apply to the First-tier Tribunal for further directions in accordance with s.24(4) of the Landlord and Tenant Act 1987.

### **Background**

1. The Applicant, who is the lessee of the First Floor Flat, 22 Three Kings Yard, London W1, seeks an Order appointing a manager under section 24 of the Landlord and Tenant Act 1987 ("the Act").
2. We are concerned with a two storey, converted, period mews property in Mayfair ("the Property") comprising 3 garages on the ground floor, 2 flats on the first floor and 2 flats on the second floor although we were told that the 2 flats on the second floor have now been knocked into one flat. The constituent elements of the Building are numbered 5, 6, 7, 8 and 22, Three King's Yard.

3. The case was initially heard over 2 days beginning on 15 July 2019. The first day was taken up with evidence and submissions in relation to a related service charge dispute between the same parties (LON/00BK/LSC/2019/0078). The second day, 16 July 2019, was taken up with this application but ultimately, for the reasons set out below, the matter had to be adjourned to 15 January 2020.
4. The proposed manager was originally intended to be Mr Baz Rattan of Douglas Lyons & Lyons. As is the custom, Mr Rattan appeared before the Tribunal to be questioned on his experience and plans for managing the property.
5. Unfortunately it soon became apparent that he was not suitable for appointment for the reasons outlined in our directions dated 17 July 2019.
6. The choice then was to adjourn this application and give the Applicant a second opportunity to find a suitable nominee for the position of manager or dismiss the application.
7. Having heard the application, we considered that it would be wrong and contrary to the overriding objective to dismiss the application. We therefore adjourned the application to be re-fixed for a further 1 day hearing not before 23 October 2019 to give the Applicant a chance to find another proposed manager which she has subsequently done and we set out below our conclusions on the suitability of the new proposed appointment and the application generally. However, before we do so, we should set out briefly our conclusions in relation to the service charge dispute because they bear on our decision in this case.
8. By our determination in LON/00BK/LSC/2019/0078 dated 19 August 2019 we found that the Applicant was not liable to pay a number of significant service charge items, including management fees and other professional fees, on the basis that they were not recoverable under the terms of the relevant underlease dated 16 January 1986 (“the Underlease”). We found that the Underlease is “*very badly drafted*”. It is, in fact, dysfunctional to a significant degree and it has caused no end of acrimony and dispute between the Applicant and the managing agent and other lessees (who are in effective control of the Respondent).
9. There has been, in our judgment, a complete breakdown in trust and confidence between the Applicant on the one hand and the managing agent and the other lessees

on the other. We mention this for three reasons. Firstly, as noted in our service charge determination, it has meant that both parties have lost sight of the overriding objective and not cooperated with each other or the tribunal as they should have done. This has made trying the case much more difficult than it should have been. Secondly, and more pertinent to the current application, it has meant that this is a case that cries out, in one sense, for the appointment of a Manager, subject to satisfaction of the statutory conditions precedent, but where there is also real concern on the part of the Tribunal, given the strained nature of the relations between the Applicant and the other lessees, as to whether even a Tribunal-appointed Manager can in fact bring a semblance of order to the management of the Property and stop the endless cycle of disputes. Thirdly, it has meant that the Applicant, in particular, is effectively inviting the Tribunal to micro-manage every aspect of the management of the Property and resolve every dispute that arises from time to time, whether or not it is part of any application before the Tribunal and where, in relation to the instant application, she is effectively asking the Tribunal to manage the proposed Manager before she has even been appointed.

10. Of course, the terms of any management order are ultimately a matter for the Tribunal but this Tribunal is not willing to re-write the proposed Property Management Plan in the manner suggested by the Applicant, a fortiori in circumstances where the Manager was invited, at the conclusion of the hearing on 15 January 2020, to submit by 24 January 2020 a “refined” proposal for managing the Building in accordance with certain observations made by the Tribunal about, for example (but not exhaustively), the defective lease and her proposed charges for additional visits/services.
11. The Tribunal then gave the parties a right to submit observations on the refined property management plan within a short timespan thereafter (by 7 February 2020), reflecting the fact that (as the Applicant herself said in her post-hearing submissions dated 6 February 2020) “*Everything within the HML Property Management Plan and Estimate S/C Schedule had been discussed at the s.24 hearing on 15.01.20 ... so there were no surprises*”. We were therefore surprised when, after considerable delay caused by Mr Harniman’s difficulties in obtaining instructions, both sides, but particularly the Applicant, submitted detailed further submissions dated 13 February 2020 (Applicant), 18 March 2020 (Respondent) and 31 March 2020 (Applicant), including an annotated copy of the new property management plan (containing the Applicant’s detailed comments thereon) and an annotated copy of the proposed Manager’s service charge estimate for the year ended 31 December 2020 (in which the Applicant sought

to question the provision made therein for certain items such as accountancy charges). Mr Harniman, for his part, whilst not opposing the appointment of a Manager in principle, sought to suggest that the management plan had not been properly thought through and that inadequate provision had been made (e.g. by way of reserve fund) for what were likely to be considerable costs going forward. The Applicant then replied, contending inter alia that the reserve fund provision was “*completely adequate*” as well as raising a number of other points.

12. Whilst the Tribunal ultimately retains control over what is a tribunal-appointed Manager and disputes between a Manager and a lessee must ultimately be resolved by the Tribunal, in the first instance the Manager must be allowed to manage and we consider it inappropriate for this Tribunal to be too pro-active at this stage when the case is intended to be about whether a Manager should be appointed and if so, on what terms. If a Tribunal seeks to be too proactive, it will risk being seen as the Manager’s client and the Manager will be inclined to keep coming back to the Tribunal for instructions when he or she is considering some step or another. There may be quite a fine line to be drawn between curing the mischief on the one hand and getting unduly involved on a long term basis on the other. However, the distinction is an important one and ought to be maintained and it seems to us that the Applicant and possibly the Respondent too seem to want and/or envisage the latter, whereas the Tribunal is not willing to proceed in this way. For that reason, whilst we have carefully considered the parties’ post-hearing submissions in relation to the refined property management plan and service charge estimate for 2020, we reject them save insofar as they find a place in the order that we make and the Property Management Plan annexed to it which forms part of the Order. Our present (and provisional) view is that the service charge estimate for 2020 prepared by the Manager is reasonable but this may be subject to change given the passage of time since it was prepared and nothing we say in this Decision precludes any lessee from mounting a separate challenge under s.19 of the Landlord and Tenant 1985 to those charges if so advised, although we would strongly discourage that course.
13. Returning to the merits, the matter came back before the Tribunal on 15 January 2020. By the time of this hearing, the application was no longer opposed in principle by the Respondent, although he reserved the right to ask questions of the proposed manager.
14. The proposed manager is Rita Nalliah, MIRPM AssocRICS, an Associate Director of HML PM Limited. In the first instance the Tribunal questioned her, as is the norm, to

satisfy ourselves that she was a suitable appointee. We were so satisfied and indicated that we were minded to make an order subject to certain necessary fine-tuning in relation to the terms of the draft management order and associated Property Management plan.

15. We allowed the proposed manager time to respond to our request for clarification of certain aspects of the draft property management plan which forms part of the proposed order and gave the parties the opportunity to comment on the amended draft property management plan.
16. Having now considered the draft order, the amended Property Management Plan management proposal and the parties' comments we are satisfied that it is just and convenient to make the order on the terms set out above and as contained in the Annex hereto, including the attached Property Management Plan as amended by the Tribunal.
17. Although the application was ultimately not opposed, we were satisfied that it was appropriate to make the order and would have made it even if it had been actively opposed by the Respondent.
18. However, given the lack of opposition, we propose to state our reasons very briefly and primarily by reference to our previous decision in LON/OOBK/LSC/2019/0078.
19. In our previous determination we determined that the Respondent had been demanding significant amounts of service charge which were not in fact payable under the Underlease. That was unreasonable. Whilst we acknowledged that the Underlease was very badly drafted, indeed that is a further basis for making the management order, that does not justify demanding sums which, on any view, were simply not due under the terms of the Underlease. Further, as evidenced by these proceedings and the related service dispute, the parties have been left with an Underlease which is unworkable or barely workable and is, on any view, entirely unsatisfactory. Our conclusions in the service charge dispute should be taken as incorporated into this Decision.

### **The Act**

20. The Tribunal is satisfied that the Property constitutes premises to which Part II of the Act applies. We are also satisfied that the Applicant is a tenant of a flat in such premises

and that the condition precedent to the making of an application contained in s.23(1)(a) of the Act is satisfied. Section 24(2) of the Act provides as follows:

*(2) [The appropriate tribunal] may only make an order under this section in the following circumstances, namely—*

*(a) where [the tribunal] is satisfied—*

*(i) that [any relevant person] either is in breach of any obligation owed by him to the tenant under his tenancy and relating to the management of the premises in question or any part of them or (in the case of an obligation dependent on notice) would be in breach of any such obligation but for the fact that it has not been reasonably practicable for the tenant to give him the appropriate notice, and*

*(ii) ...*

*(iii) that it is just and convenient to make the order in all the circumstances of the case;*

*[(ab) where [the tribunal] is satisfied—*

*(i) that unreasonable service charges have been made, or are proposed or likely to be made, and*

*(ii) that it is just and convenient to make the order in all the circumstances of the case;*

*[(aba) where the tribunal is satisfied—*

*(i) that unreasonable variable administration charges have been made, or are proposed or likely to be made, and*

*(ii) that it is just and convenient to make the order in all the circumstances of the case;]*

*[(abb) where the tribunal is satisfied—*

*(i) that there has been a failure to comply with a duty imposed by or by virtue of section 42 or 42A of this Act, and*

*(ii) that it is just and convenient to make the order in all the circumstances of the case;]*

*(ac) where [the tribunal] is satisfied—*

*(i) that [any relevant person] has failed to comply with any relevant provision of a code of practice approved by the Secretary of State under [section 87](#) of the Leasehold Reform, Housing and Urban Development Act 1993 (codes of management practice), and*

(ii) *that it is just and convenient to make the order in all the circumstances of the case;]*

*or*

(b) *where [the tribunal] is satisfied that other circumstances exist which make it just and convenient for the order to be made.*

## **Conclusions**

21. For the reasons set out above, the Tribunal is satisfied that the Applicant has made out her case under s.24(2)(ab) and (b) and that it is just and convenient to make an order in all the circumstances. It is therefore unnecessary to consider the other provisions of the Act.
22. We shall not repeat what we said in our service charge decision (LON/00BK/LSC/2019/0078). We are satisfied that, to use the language of the Act, “unreasonable service charges have been made” and that it is just and convenient to make a management order. We are also satisfied, because of the defective nature of the Underlease, that it is just and convenient to make an order in all the circumstances. There are significant gaps and lacunas in the Underlease which have given to rise to disputes and uncertainty and practical difficulties in effectively managing the Property.
23. The management order we have made attempts, in part, to cure the deficiencies in the Underlease. This is permissible under the Act which empowers the Tribunal to give the proposed manager a wide range of powers. The Tribunal is not strictly limited to requiring him or her to administer the obligations in the leases. The purpose of any order is to create a coherent scheme of management and not merely ensure the efficient discharge of the landlord’s obligations: *Maunder Taylor v Blaquiere* [2003] 1 WLR 379. Furthermore, a manager appointed by the Tribunal is not appointed to favour the tenants or the particular tenant that applied for the order, nor simply to carry out the functions of the landlord under the leases. The manager is appointed to oversee a scheme of management and act independently of the parties as the servant of the tribunal, and the Tribunal has a wide discretion as to the necessary terms of appointment. Whilst any order we make must be proportionate to the circumstances giving rise to the appointment (see e.g. *Queensbridge Investments Ltd v. Lodge* [2015] UKUT 635 (LC)) we are satisfied that the Order we propose to make, and in particular the Directions, Schedule of Functions and Services and Management Proposal



contained in the Annex to this Decision, are necessary and proportionate. As HHJ Huskinson said in *Queensbridge* at [47]:

*It may well be correct that, where leases are defective, the only proper solution in the long term is to seek an amendment of the terms of the leases under section 35 and following. However this does not mean that the appointment of a manager under section 24 (which may only be an appointment for a limited period) cannot properly confer powers upon the manager which will avoid a problem arising from any inadequate drafting of the leases. [..]. In summary, by way of further example, suppose circumstances in which the leases are badly drafted such that the management which the tenants could expect under these badly drafted provisions would be unsatisfactory, and suppose also that the landlord has failed even to provide this unsatisfactory level of management. In my judgment if a manager is appointed under section 24 in such circumstances the F-tT's powers when appointing the manager are not limited to conferring upon the manager only the inadequate powers of management conferred under the badly drafted leases.*

24. The Tribunal considers that this is a case in point. Indeed we have previously raised with the parties the question of lease variation and did so at the most recent hearing but ultimately this is a matter for the parties. The management order which we propose to make, incorporating the Property Management Plan prepared by the Manager, is largely self-explanatory and reflects, in large part, the difficulties with the Underlease as drafted. However, one aspect warrants further brief comment. Where the Underlease previously required the Applicant to seek consent from the Respondent in relation to e.g. consent to alter, assign and underlet (see Clause 12 of Underlease), we were satisfied that it was appropriate to include within the Property Management Plan a provision enabling the Applicant to seek any consents from the Landlord which are required under the terms of the Underlease from the Manager.
25. The Applicant also sought an Order under s.20C of the Landlord and Tenant Act 1985. It was not opposed. We are satisfied, in the circumstances, that it is just and convenient to make such an Order. We propose that the Order shall take effect on 1 June 2020 and last for 3 years, with liberty to the Manager to apply for further directions under s.24(4) of the Act.
26. The Applicant made an application (see Tab 12 of Hearing Bundle) for reimbursement of fees in the sum of £100 pursuant to Rule 13(2) of the 2013 Tribunal Procedure Rules and an application for Rule 13(1)(b) costs in the sum of £407.39. The Respondent is invited to file and serve submissions in reply by 4pm on 8 June 2020 and the Tribunal will then resolve this application on the papers.

Name: Judge W Hansen

Dated: 22 May 2020

## **Rights of appeal**

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28-day time limit, such application must include a request for an extension of time and the reason for not complying with the 28-day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).

Where possible, you should send your further application for permission to appeal **by email** to [Lands@justice.gov.uk](mailto:Lands@justice.gov.uk), as this will enable the Upper Tribunal (Lands Chamber) to deal with it more efficiently.

Alternatively, the Upper Tribunal (Lands Chamber) may be contacted at: 5th Floor, Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL (tel: 020 7612 9710).



## Annex

### **DIRECTIONS**

1. From the date of the appointment and throughout the appointment the Manager shall ensure that she has appropriate professional indemnity cover in the sum of at least £1,000,000 and shall provide copies of the current cover note upon a request being made by any lessee of the Property, the Respondent or the Tribunal.
2. That no later than four weeks after the date of this order the parties to this application shall provide all necessary information to and arrange with the Manager an orderly transfer of responsibilities. No later than this date, the Applicants and the Respondent shall transfer to the Manager all the accounts, books, records and funds (including, without limitation, any service charge reserve fund).
3. The rights and liabilities of the Respondent arising under any contracts of insurance, and/or any contract for the provision of any services to the Property shall upon the date hereof become rights and liabilities of the Manager.
4. The Manager shall account forthwith to the Respondent for the payment of ground rent received by her and shall apply the remaining amounts received by her (other than those representing her fees) in the performance of the Respondent's covenants contained in the said leases and the additional functions set out in the Property Management Plan attached.
5. The Manager shall be entitled to remuneration (which for the avoidance of doubt shall be recoverable as part of the service charges of leases of the Property) in accordance with the Schedule of Functions and Services attached.
6. By no later than 1 June 2021, the Manager shall prepare and submit a brief written report for the Tribunal on the progress of the management of the property up to that date.
7. Within 28 days of the conclusion of the management order, the Manager shall prepare and submit a brief written report for the Tribunal, on the progress and outcome of the management of the property up to that date, to include final closing accounts. The Manager shall also serve copies of the report and accounts on the lessor and lessees, who may raise queries on them within 14 days. The Manager shall answer such queries within a further 14 days. Thereafter, the Manager shall reimburse any unexpended monies to the paying parties or, if it be the case, to any new tribunal-appointed manager, or, in the case of dispute, as decided by the Tribunal upon application by any interested party.
8. The Manager shall be entitled to apply to the Tribunal for further directions.

### **SCHEDULE OF FUNCTIONS AND SERVICES**

#### **Insurance**

- (i) Maintain appropriate building insurance for the Property, subject to checking the terms of the Block Policy maintained by the Grosvenor (Mayfair) Estate
- (ii) Ensure that the Manager's interest is noted on the insurance policy.

### **Service charge**

- (i) Prepare an annual service charge budget, administer the service charge and prepare and distribute appropriate service charge accounts to the lessees.
- (ii) [Set] Demand and collect [ground rents,] service charges (including contributions to a sinking fund), insurance premiums and any other payment due from the lessees.
- (iii) Instruct solicitors to recover unpaid rents and service charges and any other monies due to the Respondent.
- (iv) Place, supervise and administer contracts and check demands for payment for goods, services and equipment supplied for the benefit of the Property with the service charge budget.

### **Accounts**

- (i) Prepare and submit to the Respondent and lessees an annual statement of account detailing all monies received and expended. The accounts to be certified by an external auditor, if required by the Manager.
- (ii) Maintain efficient records and books of account which are open for inspection by the lessor and lessees. Upon request, produce for inspection, receipts or other evidence of expenditure.
- (iii) Maintain on trust an interest bearing account/s at such bank or building society as the Manager shall from time to time decide, into which ground rent, service charge contributions and all other monies arising under the leases shall be paid.
- (iv) All monies collected will be accounted for in accordance with the accounts regulations as issued by the Royal Institution for Chartered Surveyors.

### **Maintenance**

- (i) Deal with routine repair and maintenance issues and instruct contractors to attend and rectify problems. Deal with all building maintenance relating to the services and structure of the Property.
- (ii) The consideration of works to be carried out to the Property in the interest of good estate management and making the appropriate recommendations to the Respondent and the lessees.
- (iii) The setting up of a planned maintenance programme to allow for the periodic re-decoration and repair of the exterior and interior common parts of the Property.

### **Fees**

- (i) Fees for the above mentioned management services will be a basic fee of £3,000 +VAT. Those services to include the services set out in the Service Charge Residential Management Code published by the RICS. Any additional services will be charged as per HML's Schedule of Charges attached hereto.

- (ii) Major works carried out to the Property (where it is necessary to prepare a specification of works, obtain competitive tenders, serve relevant notices on lessees and supervising the works) will be subject to a charge of 10% of the cost. This in respect of the professional fees of an architect, surveyor, or other appropriate person in the administration of a contract for such works.
- (iii) An additional charge for dealing with solicitors' enquiries on transfer will be made on a time related basis by the outgoing lessee.
- (iv) VAT to be payable on all the fees quoted above, where appropriate, at the rate prevailing on the date of invoicing.
- (v) The preparation of insurance valuations and the undertaking of other tasks which fall outside those duties described above are to be charged for a time basis.

### **Complaints procedure**

- (i) The Manager shall operate a complaints procedure in accordance with or substantially similar to the requirements of the Royal Institution of Chartered Surveyors.

**PROPERTY MANAGEMENT PLAN  
FOR THE MANAGEMENT OF  
THREE KINGS YARD  
LONDON, W1K 4JT**

Prepared by:  
Rita Nalliah MIRPM, AssocRICS

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This plan has been developed to set forth the scope of activities relating to property management for Three Kings Yard, Mayfair, W1K 4JT. It has been approved by the Tribunal



and outlines the powers and responsibilities of Rita Nalliah as the Tribunal-appointed Manager for Three Kings Yard and is to be read together with the Tribunal's Management Order and the Directions and Schedule of functions and services contained in the Annex to that Order.

## **I. STAFFING (Management Staff)**

Rita Nalliah, an Associate Director of HML PM Ltd, will be the Manager, responsible for overseeing the management of the property in accordance with this plan. Rita Nalliah will utilise and supervise property management staff from HML within the day to day management of the block.

HML will use office staff to provide administrative back-up to the Manager who will have overall management control. The use of the Accounting Department for collection of service charges and arrears, the preparation of financial reporting relating to the management of the property and the paying of the maintenance services required. In addition, the Manager will have the support of the HML legal team.

The agreed terms are;

- Management Fee of £3,000.00 + VAT per annum
- 1 formal documented site inspection with supporting report
- 2 additional site visits to spot check the property / works required
- 1 meeting per year afforded to the residents on request
- Quarterly management and financial reports provided on request
- Out of Hours chargeable at £5.00 + VAT a unit per annum
- Any additional services or visits are charged in line with HML's Schedule of Charges from time to time
- Collection fee of 10% + VAT for demanding and collection of Insurance Premium and Ground Rent.

## **II. GENERAL POLICIES AND PROCEDURES**

It shall be the responsibility of the Manager to establish the general policies for the management of Three Kings Yard, with input from the leaseholders. The Manager and/or her staff shall implement the policies and carry out the day-to-day operations for the development.

The Management plan shall be reviewed by the Manager and the leaseholders on an annual basis. Any changes to the plan shall be submitted to any regulatory agencies from which approval is required prior to implementing such changes. The final decision on any change to the Management plan will be that of the Manager, subject to the ultimate control of the Tribunal, and there is liberty to apply in the Management Order.

The Manager will, by means of reporting, advise the leaseholders on the operation of the management, including financial reporting on debtors, income and expenditure and findings of site visits/maintenance or repair issues.

## **III. BUDGETING**

At least 60 days prior to the beginning of each financial year, the Manager, shall develop a schedule of projected expenditure for the forthcoming financial period.

Such projections shall be developed in consultation with the leaseholders and various cyclical contracts to determine potential maintenance and capital improvement costs.

#### **IV. ACCOUNTING AND FINANCIAL REPORTING**

A Management Audit is carried out by a Service Charge Chartered Accountant so that the Manager may establish the basis for future accounting and resolve any past difficulties. Such a cost is included in the proposed Year 1 Budget (attached).

Financial accounting, reports and records shall comply with current regulations and the Manager will prepare reports each financial year to keep the leaseholders updated with income and expenditure arrears, which can be produced by our accounting department upon demand on a quarterly basis.

Two separate trust accounts will be set up for Three Kings Yard, one for the Service Charges and another for the Reserve Fund allocation.

#### **V. RESERVE FUND CASH FLOW CALCULATION**

The Manager will create and make available to the Leaseholders a Planned Preventative Maintenance plan to review and ensure there is adequate Reserve Fund budgeting and available breakdown of how this is calculated in relation to work required.

Once this information and review has been completed, then a reassessment of the Reserve Fund and its development will be possible.

#### **VI. REQUIRED MAINTENANCE (based upon initial site attendance)**

An initial inspection of the property by the Manager has been possible. A number of maintenance and repair issues were noted, both from the inspection and in consultation with a leaseholder and would need remedial action at the earliest opportunity. The following is a list of what would require immediate attention after a brief inspection, and it not exhaustive.

1. Combined H&S and Fire Risk Assessment – It is unclear whether there is a current risk assessment, this has yet to be seen and an update to this document would be required at 24 month intervals
2. Asbestos Report – As with the combined H&S and FRA report, it is not understood that this document exists and therefore a when received an urgent review as to its suitability will be required or alternatively the commission of a report to be given. If Asbestos is present, a management plan will need to be put in place with annual updated inspection reports.
3. Review of the lighting and electrical circuits in the communal hallways and staircases. If testing has not been undertaken, this will be required.
4. Leaking window/damp on right hand block stairwell to be remedied.
5. Gutter Clearance is urgently required.
6. Window and Roof inspections to be undertaken to ascertain the state of repair and plan works accordingly. This can be done alongside access for gutter clearance to save funds.

It was not possible to gain access to the roofs during inspection, and at the time of the visit the weather was overcast, and there was light precipitation. Further consideration is required as to the phasing of external redecorations once detailed knowledge of the work completed and the status of the reserve fund is known – also access requirements and the cost thereof, will be major consideration that would need to be taken into account.

The following list of items of works is not exhaustive and will be subject to review after the findings of a detailed inspection of the property by the Manager. Whilst these works could all be considered urgent, due consideration to phasing of these works would need to be considered once the Reserve Fund situation is fully known and in consultation with the leaseholders.

1. **Roof Works:** a comprehensive list of required works should be listed in the Planned Preventative Maintenance plan (PPM), both to the pitched and flat sections of the roof.
2. **External Decoration & Rainwater Goods:** external redecoration (including decorative pediments and coping stones) and an overhaul and clearance of the gutters, valleys and rainwater downpipes are required.

## **VII TRANSITIONAL & INITIAL MANAGEMENT PLAN**

The initial plan assumes that there will either be funds being transferred by the outgoing agent or that the leaseholders will agree to an initial cash call for provision of operating funds. The initial phase of the plan anticipates the following steps:

1. Setting up the tenancies within our computerised property management and billing system.
2. Set up separate bank accounts with Barclays Bank
3. Send welcome and information letter to all leaseholders with data collection request form.
4. Provide invoices for the current service charges to all leaseholders and net of any payments made
5. Survey site for all maintenance issues outstanding. Agree plan to deal with the points in order.
6. Review and understand the financial data that will be required.
7. Review and reconcile any funds handed over
8. Review and report on Management Audit

## **VIII REQUIREMENTS TO MANAGE**

In order to successfully manage in line with best practice given the defective leases for properties at Three Kings Yard.

- In the event of lack of funds handed over from the previous agent, the Manager shall have power to collect an interim service charge to keep the Service Charges solvent and allow works to be undertaken.
- The Manager shall have the power to collect a Reserve Fund and special levies and permit a Planned Preventative Maintenance (PPM) plan to be undertaken to set out costs and works required.
- The Manager shall have the power to collect a Management Fee payable to the Manager/HML for the Property Management Services (and any additional

required services as set out in our management agreement and schedule of charges)

- The Manager shall have the power to collect other professional fees such as legal and surveying fees
- The Manager shall have the power to collect the Ground Rent and Insurance from the leaseholders on behalf of the Freeholder, with the Management Fee standing at 10% + VAT of demanded costs.
- The Manager shall stand in the place of the Respondent where any consents are required under the terms of any lease by which the flats in the Property are demised by the Respondent, including but without limitation License to Alter, Licence to Sublet, and License to Assign and shall be entitled to charge a fee for such required services in accordance with HML's Schedule of Charges from time to time
- The Manager shall have the power to collect interim service charges and reserve fund contributions in advance on 1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> September each year
- The Manager shall have the power to set the accounting period as follows: 1<sup>st</sup> January to 31<sup>st</sup> December
- The Manager shall have the power to set the arrears collection protocol as follows: full payment due within 14 days of due date after which a first reminder will be issued giving a further 7 days to pay. If payment still not received, a second reminder will be issued and an admin fee (as per schedule of fees) will be charged. If after 7 days payment has not been made, a solicitors referral fee will be added to the account, the account placed on breach and referred for debt collection



### PROPERTY SERVICES

ITEM	CURRENT COST
Utility meter reading (where not included in service charge):	
Utility meter reading (where not included in service charge): Administration fee	€25
per fee	€5
Laminated signs (per sign)	€7.50
Parking permits (administration & issue)	From E250
Set-up fee for new management instructions (where applicable)	From €500
Archive storage (annual fee per packet)	
Archive retrieval and replacement (per packet fee)	E15
Emergency out-of-hours service (annual fee per unit)	€5
Bulk mailing - base fee (plus per unit fee)	€20 (E1.50)
Hire of meeting room in local HMC office	E50
Supply of keys/fobs (at cost plus administration fee per key/fob)	€22

### FINANCIAL SERVICES

ITEM	CURRENT COST	CURRENT COST
Direct Debit/Standing Orders (per annum)		E30
Instructions to solicitors for debt collection		From €250
Returned cheque/Direct Debit/Standing Order (fee per item)		€50
Final reminder for service charge/amenity arrears		€80
Foreign Exchange (fee per item/bank fees at extra cost)		€50
Specific financial reporting packages outside of standard HML reports		POA
Extra applications for payment runs outside the stated terms in the lease/T PI defined as cash ca//s. Administration fee Plus per unit fee		€75 E7.50

Operative from 1st April 2019. All costs exclusive of VAT. Please note that the figures shown are for indication purposes and may be varied in exceptional circumstances. Any additional fees will be discussed and agreed with the client before being implemented.

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## LEGAL SERVICES

ITEM	CURRENT COST
FTT case involvement	Quoted on case-by-case basis
Leasehold breach management	From €250
Property building alterations process (may require charges to the freeholder)	From €250
Consent to under let	From €40
To process landlord documents (in addition to the prices above)	E100
General consents (pets, flooring, etc.)	From E100
Recording under lettings as required by the client	From €25
Seller's pack*- RMC/RTM Standard delivery Express delivery	Max €390 Max E500
Seller's pack*- freehold houses Standard delivery Express delivery	Max €260 Max €320
Seller's pack*- no management company Standard delivery Express delivery	Max E300 Max E360
Seller's pack*- single document	€50
Copy of block insurance	No charge
Copy of register & documents	€15
Copy of title plan	E15
Notice of Transfer/Charge/Land Registry Compliance	€80
Copy of lease	€25
Deed of Covenant/Assignment execution by management company	€90
DVLA vehicle search (fee per vehicle)	E75
<p>*The Seller's Packs are a comprehensive response to most examples of industry and law standard leasehold manager questionnaires. Charged to leaseholder/vendor.</p> <p>Standard delivery - dispatched within 10 working days of receipt of payment. Express delivery - dispatched within 2 working days of receipt of payment.</p>	

## HOURLY RATES

ITEM	CURRENT COST	CURRENT COST
Director		E1 95

Associate Director/Head of Department	E165
Senior Property Manager/Senior Client Accountant	€145
Property Manager/Client Accountant	€120
Administrator	€90
All meetings held outside normal working hours are subject to a 25% increase in hourly rates. Travel costs/congestion charges/parking/post/copy and couriers are all recharged at cost, Mileage charged at 80p per mile.	

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## TECHNICAL SERVICES PRICE LIST 2019-20



Health and safety legislation surrounding residential properties grows in complexity all the time, making it a critical and ongoing issue. The communal areas of your development are deemed to be "places of work" and as such various pieces of legislation are in place to ensure the safety of residents, visitors and contractors. The key acts which apply to the communal areas of residential developments include the following:

- The Management of Health and Safety at Work Regulations 1999
- The Health and Safety at Work Act 1974
- The Regulatory Reform (Fire Safety) Order 2005
- The Control of Asbestos Regulation 2012

HML can provide professional inspections or arrange for other specialists to provide assessments to ensure your development is compliant with all the relevant regulations.

The reports we provide are in an "easy to follow" format, identifying the location of any risks together with the associated risk level, and will contain recommendations and priorities for appropriate remedial works. The penalties for non-compliance can be severe. Our clients are encouraged to speak to their property manager, or a member of the Technical Services team, if they have any queries or issues they wish to discuss regarding this area of management.

ITEM

CURRENT COST

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	CURRENT COST
Combined H&S and Fire Risk Assessment (plus per unit fee)	€330 (€12)
Fire Risk Assessment (plus per unit fee)	€330 (€12)
H&S Risk Assessment (plus per unit fee) - Amenity only	€250 (E6)
Asbestos Survey (plus per unit fee)	E200 (E8) - min cost €300
Asbestos monitoring inspection	From €230
Accident investigations	POA (hourly rate)
Enforcement notice support	POA (hourly rate)
Section 20 notices (base fee) plus per unit fee (see below) 1-99 units 100+ units	E350 - min cost €500 €30 per unit POA
Preparation of specification and project supervision (managed internally)	10% of total price

Section 20 is a clause in the Landlord and Tenant Act 1985 intended to protect leaseholders from paying unnecessarily large sums for work carried out to their building. A Section 20 consultation must be carried out if any one leaseholder's contribution to the work is estimated to exceed €250.



**COMPANY SECRETARIAL SERVICES  
PRICE LIST 2019-20**



Since April 2008, private limited companies - such as resident management companies

(RMCs) - have not been obliged to appoint a company secretary unless the company's Articles of Association document contains a specific reference to the company having a secretary. Many RMCs choose to have their appointed managing agent act as their company secretary,



For an annual fee, HML Company Secretarial Services can act as company secretary for clients across the HML Group, Our dedicated division deal specifically with company secretarial duties and legal administration.

With specialist software and secure electronic links to Companies House, HML Company Secretarial Services already looks after over 1,500 companies just like yours.

ITEM	CURRENT COST
1-99 units	£410*
100-250 Units	£565*
251+ Units	£710*
For separate freehold company where HML acts as agent or company secretary for RMC/RTM/Trustee	50% discount
Lost Share Certificate Indemnity Form (J16A)	£55
Issue of Share/Membership Certificate	£75

\* Annually charged to clients on 1st April or part year to 31st March, fee paid annually for the whole year in advance. Fee includes company return filing, registered office, electronic address sign and AGM preparation.

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