



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

Case reference : LON/00AZ/LSC/2024/0007

Property : 56, 58 & 60 Springfield Rise,
London, SE26 6HT

Applicant : Emily Death (60 Springfield Rise)
Catlin Westgate (58 Springfield Rise)
Christopher Swann (58 Springfield Rise)
Tracey Willingham (56 Springfield Rise)

Representative : In person

Respondent : London & Quadrant Housing Trust

Representative : Mr Stephen Evans, counsel

Type of application : The payability of service charges under
section 27A of the Landlord and Tenant
Act 1985

Tribunal members : Judge Tueje
Mrs L Crane MCIEH CEnvH
Mr J Naylor FRICS

Venue : 10 Alfred Place, London WC1E 7LR

Date of hearing : 14th June 2024

Date of decision : 24th July 2024

DECISION

In this determination, statutory references relate to the Landlord and Tenant Act 1985 unless otherwise stated.

DECISION OF THE TRIBUNAL

- (1) The Tribunal makes the determinations set out below under the various headings and tables in this decision.
- (2) The applications under section 20C and paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002 are refused for the reasons stated at paragraphs 105 to 106 below.
- (3) The Tribunal refuses the Applicants' request that the Respondent reimburses the tribunal fees paid by them for the reasons stated at paragraphs 107 to 108 below.

THE APPLICATION

1. The Tribunal received the Application on 22nd December 2023. The Applicants seek a determination pursuant to section 27A as to the reasonable amount payable for service charges for the service charge years 2020/2021, 2021/2022, 2022/2023, 2023/2024 and 2024/2025.

THE HEARING

2. The Application was heard on 14th June 2024.
3. At the hearing the Applicants were unrepresented. They provided the Tribunal with the following documents:
 - 3.1 A 1,612-page indexed, paginated, searchable electronic bundle;
 - 3.2 A 12-page skeleton argument submitted on 11th June 2024; and
 - 3.3 An application requesting the Tribunal refuse the Respondent's request for an extension of time to provide a skeleton argument.
4. The Respondent was represented by Mr Evans, counsel, and it relied on oral evidence from the following witnesses:
 - 4.1 Ms Samantha Hughes, Service Charge Team Manager;
 - 4.2 Mr Daniel Woodward, Compliance Manager for Lifts and Security; and
 - 4.3 Mr Adrian Shaw, Head of Rent and Service Charge, gave evidence on behalf of the Respondent.
5. In the end, the Respondent did not prepare a skeleton argument, but provided the following additional documentation:
 - 5.1 Buildings insurance summary of cover for 2024/2025;
 - 5.2 An invoice from Omega dated 24th March 2021 for work carried out to the lift; and
 - 5.3 An Excel spreadsheet of the parties' entries on the Tribunal's Schedule, cross-referenced to the hearing bundle.

THE BACKGROUND

6. The Application relates to Springfield Rise, London SE26 6HT (the “Property”), which is a purpose built ex-local authority block comprising 30 maisonettes arranged over six floors, and served by one lift.
7. The Respondent is the freeholder of the Property, and the Applicants are leaseholders.
8. The leases to Flats 58 and 60 Springfield Rise are identical. By paragraph 3 of the tenth schedule to those leases, the Respondent may seek a payment on account of the annual service charges, based on the estimated expenditure. It may subsequently demand a balancing payment or allow credit based on actual expenditure. And by paragraph 5 of the same schedule, the leaseholders agree to pay by way of service charges, a contribution towards repairs to the common parts of the Property, and towards management of the Property and the estate. These costs are apportioned according to the number of flats receiving the benefit of the expenditure.
9. As to Flat 56, paragraph 7.1 of that lease requires service charges are paid monthly in advance. The Particulars of the lease state the amount payable is to be a fair and reasonable proportion of expenditure, as determined by the Respondent. And by paragraph 7.5, after the service charge period has ended, the Respondent must certify the actual amount of expenditure during that period, and inform the leaseholder, whose account will be credited or debited as appropriate.

THE LEGISLATION

10. The definition of service charges is found at section 18, which reads:

18.— Meaning of “service charge” and “relevant costs”

(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 improvements 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 for 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 or later period.

11. Section 19 deals with the reasonableness of service charges, it states:

19.- Limitation of service charges: reasonableness

(1) Relevant costs shall be taken into account in determining the amount of 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.

THE ISSUES

12. The issue for determination is the reasonableness of certain items of the service charge expenditure for 2020/2021, 2021/2022, 2022/2023, and 2023/2024, and estimated expenditure for 2024/2025.

13. The Tribunal reached its decision after considering the oral and written evidence, including documents referred to in that evidence, and taking into account its assessment of the evidence.

14. This determination does not refer to every matter raised by the parties, or every document the Tribunal reviewed or took into account in reaching its decision. However, this doesn't imply that any points raised, or documents not specifically mentioned, were disregarded. If a point or document was referred to in the evidence or submissions that was relevant to a specific issue, it was considered by the Tribunal.

15. The Tribunal has made findings on various categories of service charges at paragraphs 17 to 104. The determination on the specific items challenged are set out in the tables following paragraph 16.

16. Unless otherwise stated, costs in this determination represent the cost per flat.

Determination on the Reasonable Amount of Service Charges – 2020/2021

Item	Cost claimed by the Respondent	Tribunal's decision	Paragraph reference for Tribunal's reasons
Service charge summary	£2,069.15	No determination	17 - 20
Management fees	£225.00	£150.00	38 - 42
Lift maintenance/servicing	£531.05	£531.05	49 - 55
Lift insurance	£10.00	£10.00	56 - 59
Bulk refuse disposal	£170.68	£170.68	60 - 67
Caretaking	£417.10	£250.26	68 - 72
Communal repairs	£52.75	£52.75	85 - 87
Electrical testing	£14.75	£14.75	88 - 90

Determination on the Reasonable Amount of Service Charges – 2021/2022

Item	Cost claimed by the Respondent	Tribunal's decision	Paragraph reference for Tribunal's reasons
Service charge summary	£2,282.62	No determination	29 - 37
Management fees	£225.00	£225.00	43 - 48
Lift maintenance/servicing	£576.65	£576.65	49 - 55
Bulk refuse disposal	£105.60	£105.60	60 - 67
Door entry	£47.79	£47.79	81 - 84
Electrical consumption	£109.01	£109.01	91 - 94

Determination on the Reasonable Amount of Service Charges – 2022/2023

Item	Cost claimed by the Respondent	Tribunal's decision	Paragraph reference for Tribunal's reasons
Service charge summary	£1,758.95	No determination	29 - 37
Management fees	£236.50	£236.50	43 - 48
Lift maintenance/servicing	£335.21	£335.21	49 - 55
Bulk refuse disposal	£147.28	£147.28	60 - 67
Grounds maintenance	£303.48	£303.48	77 - 80
Door entry	£48.48	£48.48	81 - 84
Emergency lighting maintenance	£13.75	£13.75	95 - 97
Emergency lighting servicing	£13.04	£13.04	95 - 97

Determination on the Reasonable Amount of Service Charges – 2023/2024

Item	Cost claimed by the Respondent	Tribunal's decision	Paragraph reference for Tribunal's reasons
Service charge summary	£2,671.00	No determination	29 - 37
Management fees	£253.00	£253.00	43 - 48
Lift maintenance/servicing	£352.00	£352.00	49 - 55
Bulk refuse disposal	£167.67	£167.67	60 - 67
Caretaking	£494.80	£298.88	68 - 72
Grounds maintenance	£378.67	£378.67	77 - 80
Communal repairs	£67.00	£67.00	85 - 87
Emergency lighting maintenance	£36.67	£36.67	95 - 97
Emergency lighting servicing	£15.67	£15.67	95 - 97
Fire protection maintenance	£95.33	£95.33	98 - 101

Determination on the Reasonable Amount of Service Charges – 2024/2025

Item	Cost claimed by the Respondent	Tribunal's decision	Paragraph reference for Tribunal's reasons
Service charge summary	£3,050.76	No determination	29 - 37
Management fees	£271.00	£271.00	43 - 48
Lift maintenance/servicing	£446.00	£446.00	49 - 55
Bulk refuse disposal	£220.00	£220.00	60 - 67
Scheme caretaking	£287.33	£287.33	73 - 76
Block caretaking	£240.00	£240.00	73 - 76
Grounds maintenance	£403.60	£403.60	77 - 80
Fire protection maintenance	£62.67	£62.67	98 - 101
Fire protection servicing	£11.41	£11.41	98 - 101
Buildings insurance	£400.00	£400.00	102 - 104

SERVICE CHARGE SUMMARY

Service Charge Summary 2020/2021

17. The Applicants challenge the overall amount payable for the 2020/2021 service charges, which were £2,069.15. They argue this covers the period during the COVID-19 lockdown, when only a reduced service was provided. However, the Applicants argue, there has been no corresponding reduction in the amount of their service charges to reflect a skeleton service.

The Tribunal's Decision

18. The Tribunal's decision regarding the management fees due for the period during the COVID-19 lockdown is dealt with at paragraphs 38 to 42 below

19. Except as stated at paragraph 18 above and paragraphs 38 to 42 below, the Tribunal makes no determination in respect of the global amount for the service charge year 2020/2021.

Reasons for the Tribunal's Decision

20. This challenge effectively requires a global assessment of whether the annual service charge invoice is reasonable. In our judgment, it is more appropriate to assess the reasonableness of the individual costs of the items of service charge expenditure which are challenged.

Apportionment of Service Charges for 2020/2021

21. The Applicants argue service charge costs are not equally apportioned between all 30 flats within the Property. For example, the total cost for the Property for 2020/2021 was £51,686.97, which divided amongst 30 flats is £1,722.89. However, the Applicants were charged £2,069.15: an additional £346.26.
22. The Respondent accepts some service charges are not equally apportioned, but states despite this, service charges are properly apportioned. It states certain costs, for example buildings insurance and auditing fees, are only charged to leaseholders, and not to renters. Therefore, those costs are not apportioned equally between all 30 dwellings, because amongst the 30 dwellings, 10 properties are leasehold and 20 are rented.

The Tribunal's Decision

23. The Tribunal finds the service charges for 2020/2021 have been apportioned in accordance with the terms of the Applicants' leases.

Reasons for the Tribunal's Decision

24. By paragraph 5 of the tenth schedule of the leases for Flats 58 and 60, the leaseholders agree to pay service charges apportioned according to the number of flats receiving the benefit of the expenditure.
25. By paragraph 7.1 of the lease to Flat 56, the amount of service charges payable is to be a fair and reasonable proportion of expenditure, as determined by the Respondent.
26. We accept the Respondent's explanation on apportionment. We consider auditing fees benefit leaseholders and not renters, for instance by calculating any balancing charge on the service charge account. Similarly, buildings insurance benefits leaseholders but not renters. Therefore, under Flats 58 and 60's leases, these charges may be levied against leaseholders only, rather than being equally apportioned between all 30 dwellings. We

also find it is a fair and reasonable apportionment in accordance with Flat 56's lease.

27. As to the alleged discrepancy referred to at paragraph 22 above, the cost of buildings insurance at £210.00, and £10.00 for audit fees, amount to £220.00. The annual cost of all other service charge items when equally apportioned between the 30 dwellings, is £1,849.15. These combined sums are £2,069.15, which is the final cost of the 2020/2021 service charges. Therefore, the Respondent's explanation is consistent with the sums charged.

Service Charge Summary for 2021/2022, 2022/2023, 2023/2022 and 2024/2025

29. Under this heading, the Applicants challenge the global amount of the annual service charges for each of the above service charge years.
30. The Applicants complain the overall service charge of £2,282.62 for 2021/2022 is unreasonable, stating it increased by 10% compared to the previous year. They also argue the reduction in service during COVID is not reflected in the amount charged.
31. In challenging the 2022/2023 service charge of £1,758.95 as unreasonable, they question "... *the overall reasonableness of the level of the service charge as a whole ...*"
32. They continue: "*We wish the Tribunal to determine whether a service charge of this level for a former local authority block in the borough of Lewisham in Council Tax band B can be justifiable.*"
33. The Applicants argue the 2023/2024 annual service charge of £2,671.00 is a 51% increase on the previous year. And despite that increase, the Property is run down with leaks to external pipes, uneven and therefore hazardous paving stones, and poor grounds maintenance, such as a stack of barriers being left on the communal lawn for over 12 months.
34. The Applicants make the same arguments when challenging the 2024/2025 service charges, except that for this period they state the £3,050.76 payable for 2024/2025 is a 14% annual increase.
35. The Respondent contends service charges are reasonable. As regards the 51% increase in the 2023/2024 annual service charge costs, the Respondent argues this is because the previous year's service charges were reduced when a credit of £542.19 was applied to each leaseholder account. The effect of the 2023/2024 credit was to make the 2024/2025 service charge costs appear high relative to previous years, when in fact they were comparable.

The Tribunal's Decision

36. The Tribunal makes no determination in respect of the global amount for the service charge year 2021/2022, 2022/2023, 2023/2024 and 2024/2025.

Reasons for the Tribunal's Decision

37. The above challenges effectively require a global assessment of whether the annual service charge invoice is reasonable. In our judgment, it is more appropriate to assess the reasonableness of the specific items of service charge expenditure being challenged: our assessment of these is at paragraphs 38 to 104 below.

THE MANAGEMENT FEES

The Management Fee for 2020/2021

38. The Applicants unchallenged evidence is that when they telephoned the Respondent regarding building management during the COVID-19 lockdown, they heard an automated message explaining a reduced service was being provided. They complain that there was no corresponding reduction in the management fee they were charged for this period.
39. The Respondent justifies its service charges by stating essential repairs and maintenance were prioritised during lockdown, and that some non-essential services were also provided.

The Tribunal's Decision

40. The Tribunal considers the management fee for 2020/2021 is not reasonable, and reduces this amount by 1/3 from £225.00 to £150.00.

Reasons for the Tribunal's Decision

41. While essential repairs and maintenance and some non-essential services were provided during lockdown, the Respondent doesn't challenge the Applicants' assertion that there was a reduced service, nor does it dispute telephones were not answered during this period.
42. The Tribunal accepts the Respondent's evidence that essential repairs and maintenance, and non-essential services, were provided, but we conclude the undisputed reduction in services should be reflected in a reduced management fee. As the Respondent has not reduced the management fee to reflect the level of service during lockdown, the Tribunal considers it is reasonable to do so. Based on our expertise and experience, we consider a 1/3 reduction is reasonable to reflect the reduced service provided.

Management Fees for 2021/2022 to 2024/2025

43. The Applicants rely on the same ground in respect of their challenge to the management fees for each of the above service charge years. That ground, as stated in their application form, is:

We receive an incredibly poor level of service and the block is in poor state of repair. We challenged the fairness of L&Q charging a management fee alongside high rates for other services.

We request clarity on what services were covered by the Management Fee ... as from our experience, management of the block is nearly non-existent. When tenants dim and support, repairs, or information from L&Q, said services are delivered slowly and to unsatisfactory standards.

44. There is an additional criticism of the 2024/2025 estimated charge for management fees: the Applicants argue that £271.00 is a 20% increase since 2022.

The Tribunal's Decision

45. The Tribunal considers the management fees for 2021/2022 through to 2024/2025 are reasonable. Those fees are as follows:

- £225.00 for 2021/2022;
- £236.50 for 2022/2023;
- £253.00 for 2023/2024; and
- £271.00 for 2024/2025.

Reasons for the Tribunal's Decision

46. As regards the cost of the management fee for service charge years 2021/2022 through to 2024/2025, the Tribunal considers these are reasonable. The service charge statements show the Respondent provides various aspects of property management. It oversees the servicing, maintenance and repairs of communal lighting, fire protection equipment, the lift, the door entry system, grounds maintenance, communal cleaning and communal repairs.
47. Where there is a specific complaint about the works or services provided, the Tribunal has dealt with the individual item, but considers the management fee charged is reasonable when taking into account the services the Respondent manages.
48. We also take into account that in around 2020 the Respondent carried out a benchmarking exercise, which showed the fixed management fee charged by other housing associations were £120.00, £247.97, £260.00 and

£265.91. At £225.00, the Respondent's annual management fee was towards the lower end of that pricing range.

LIFT MAINTENANCE/SERVICING

Lift Maintenance/Serviceing 2020/2021, 2021/2022, 2022/2023, 2023/2024, and 2024/2025

49. Broadly speaking, the Applicants make the same criticism regarding lift maintenance and servicing from 2020/2021 through to 2024/2025. Namely, that the Respondent has mismanaged maintenance, and has employed contractors who fail to adequately service and repair the lift, resulting in additional costs for repeat call outs, which leaseholders pay for through their service charges.
50. More specifically, they highlight that in 2021/2022 the annual cost of lift repairs at the Property was £17,299.64. They also note 2022/2023, 2023/2024 and 2024/2025 are the third, fourth and fifth consecutive years respectively when this item has cost leaseholders several hundred pounds each.
51. There is an additional criticism in 2023/2024, when they complain that the speed of repairs was poor, with the Respondent relying on residents to report problems with the lift, despite employing a caretaker.
52. The Respondent maintains these costs are reasonable, reflecting that the lift is 10 years old and is used frequently. It argues rather than repeat visits for the same faults, call-outs relate to different faults, which undermines the Applicants' claim of poor-quality repairs. Some of the lift's high value parts have required repair or replacement in recent years, for instance replacing the stainless-steel lift door covering in 2020/2021, in 2022/2023 a new lift car and landing indicators were fitted. There have been other costs associated with the mandatory requirements of the Lifting Operations and Lifting Equipment Regulations 1998 (the "1998 Regulations"). The Respondent also explains it has not passed on certain costs to leaseholders, but has instead absorbed these costs where appropriate. For instance it bore the cost of a call-out charge when the former contractors mis-diagnosed a fault.

The Tribunal's Decision

53. The Tribunal finds the cost of the lift maintenance/repairs are reasonable. These costs are as follows:
 - £531.05 for 2020/2021;
 - £576.65 for 2021/2022;
 - £335.21 for 2022/2023;
 - £352.00 for 2023/2024; and

- £446.00 for 2024/2025.

Reasons for the Tribunal's Decision

54. We consider that the costs associated with lift maintenance, repairs and servicing are reasonable. The Applicants' criticisms are mainly regarding the overall amount of the costs associated with the lift, but without providing specific criticism of the individual items of expenditure that they claim are unreasonable.
55. Also, no evidence of poor management of the lift contractors by the Respondent has been provided. Generally speaking, the contractors have attended the Property to deal with different faults, high value parts and components needed to be replaced, the Respondent has absorbed some costs and appointed new contractors where it was appropriate to do so. Therefore, we find that the costs have been reasonably incurred to ensure the lift is safe and operated in accordance with the applicable regulatory requirements. We are also satisfied that leaseholders are only charged where repairs and services are carried out to a reasonable standard.

LIFT INSURANCE

Lift Insurance for 2020/2021

56. The Applicants object to the cost for lift insurance in 2020/2021 at £10.00. In particular, they question why they are being charged for lift insurance, when the insurance paid for doesn't cover the cost of repairs, which they are billed separately for (see paragraph 53 above).
57. The Respondent's response is that the insurance is not for lift repairs, but instead covers periodic inspections by a lift engineer, which is part of the Respondent's statutory obligations under the 1998 Regulations.

The Tribunal's Decision

58. The Tribunal finds the £10.00 cost of the lift insurance is reasonable.

Reasons for the Tribunal's Decision

59. The inspections are a mandatory requirement, and we find it's reasonable to take out insurance to meet these costs. In light of the Respondent's explanation, we are also satisfied that this costs for statutory inspections are not duplicated, as the insurance does not cover lift repairs or maintenance.

BULK REFUSE

Bulk Refuse for 2020/2021, 2021/2022, 2022/2023, 2023/2024, and 2024/2025

60. The Applicants recognise fly tipping is a borough-wide problem, and that fly tipped items must be removed. However, they criticise the Respondent's reaction to this problem, saying they would like to work with the Respondent to address it. They also claim the Respondent should engage with the Council regarding this issue. The Applicants are frustrated at what they perceive to be the Respondent's failure to address this problem properly.

61. Regarding the 2022/2023 bulk refuse, the Applicants state:

For the third consecutive year, Bulk Refuse Collection Was costing each tenant over £100. We seek clarity as to why L&Q impose no further anti fly tipping measures during this window of time.

62. They make the same criticism in respect of these costs for 2023/2024 and 2024/2025.

63. The Respondent maintains it is dealing with this appropriately and at a reasonable cost, by arranging for the proper disposal of fly tipped items. It points out the Council will not accept responsibility for removing the items, and it cannot compel the Council to do so. Nor will the Council pay or contribute to the cost of bulk refuse disposal. The Respondent states where practicable, it has traced those responsible for dumping items, and re-charged the cost of disposing of the items to those individuals. But it also notes the Applicants have not suggested any appropriate measures to deal with fly tipping, pointing out that CCTV would be costly, and would not necessarily prevent fly tipping.

The Tribunal's Decision

64. The Tribunal considers the costs for bulk refuse collection is reasonable. Those costs are as follows:

- £170.68 for 2020/2021;
- £105.60 for 2021/2022;
- £147.28 for 2022/2023;
- £167.67 for 2023/2024; and
- £220.00 for 2024/2025.

Reasons for the Tribunal's Decision

65. The Tribunal agrees with the Respondent that the disposal of fly tipped items is not the Council's responsibility, so it cannot be compelled to dispose of the items, nor pay for or contribute to the cost.
66. We also agree that disposal of items as and when they are dumped is a reasonable method of addressing this problem. We do not consider the Respondent's view about the limited effectiveness of CCTV as a preventative measure, is an unreasonable stance. Furthermore, it is within the Respondent's property management discretion to decide against installing CCTV. There would inevitably be an initial outlay, plus ongoing costs, that would at least in part be borne by the Applicants, which may actually result in increased service charges over and above what they pay for refuse disposal.
67. Bearing in mind Ms Hughes' oral evidence was there is almost weekly bulk refuse disposal, we find the annual amounts charged to the Applicants is reasonable.

CARETAKING

Caretaking for 2020/2021 and 2023/2024

68. The Applicants' challenge in respect of caretaking costs is identical for all the service charge years where this item is challenged. In their application they state:

"We seek clarity on what services are included under "Caretaking costs" As we have been charged separately for seemingly every other building service..."

69. They contend various problems around the Property have been outstanding for some time, such as graffiti, a defective 5th floor fire door, also litter in the stairwell and deteriorating internal communal decorations. They have provided photographic evidence of these. Externally, they complain a stack of barriers have been left on the communal lawn for around 12 months.
70. The Respondent explains the caretaker also works at other sites, so is not assigned full time to the Property, instead the Property's allocation is 30% of a full-time caretaker. The Respondent listed the tasks falling within the caretaker's responsibility which cover internal and external duties. The duties include removing/reporting graffiti, reporting defects in and around external communal areas, reporting defects and following up on outstanding repairs, and picking up litter in between the cleaners and grounds maintenance visits.

The Tribunal's Decision

71. The Tribunal determines that the amount claimed for caretaking costs were unreasonable, and that it is reasonable to reduce these costs by 40% as follows:

- 2020/2021 is reduced from £417.10 to £250.26; and
- 2023/2024 is reduced from £494.80 to £298.88.

Reasons for the Tribunal's

72. We consider the Applicants' oral and photographic evidence demonstrates that some of the caretaker's responsibilities have not been performed to a reasonable standard. For instance, there has been a failure to either carry out, report and/or chase up repairs (see paragraph 33 above), and internal redecoration to parts of the communal internal areas, and a failure to remove the stack of barriers on the communal lawn. Graffiti and litter are also seen in some photographs. Also of some concern is the defective fire door that has been stuck open since around January 2024, and is therefore redundant as a fire door. The potential fire risk to residents due to its 5th floor location is of particular concern. Those residents would be vulnerable in the event of a fire, making effective fire stopping measures even more important. In our judgement, caretaking was not carried out to a reasonable standard during these service charge periods, which justifies a reduction. Taking a broad-brush approach, we assess 40% to be an appropriate reduction.

Caretaking for 2024/2025

73. The Applicants question why they are paying twice for caretaking services, and point out, they are paying for a caretaker when they also pay separate costs towards grounds maintenance, communal cleaning and communal repairs.

The Tribunal's Decision

74. The Tribunal considers £287.33 and £240.00 for scheme and block caretaking services respectively in 2024/2025 is reasonable.

Reasons for the Tribunal's Decision

75. We do not consider the Applicants are paying twice for caretaking services as these are broken down into block and scheme caretaking services. The Respondent accepts there is a degree of overlap in the work carried out by the caretaker and by grounds maintenance and communal cleaning. However, a number of aspects of these respective roles are different. For instance, the caretaker's role is more general, and covers internal and

external areas, while grounds maintenance focus on external communal areas.

76. We remind ourselves that the test under section 19(2) when assessing the reasonableness of payments on account, is whether the amount claimed is no more than is reasonable. We note that the combined estimated cost for block and scheme caretaking services are in the same region as the 2023/2024 costs before we reduced those costs by 40%. However, our reduction was not because the original underlying cost was excess, but because we found the standard of this service to be unreasonable. However, it is reasonable for the Respondent to estimate costs on the basis that this service would be provided to a reasonable standard.

GROUNDS MAINTENANCE

Grounds Maintenance for 2022/2023, 2023/2024 and 2024/2025

77. The Applicants challenge these costs primarily on the basis that they have increased annually in recent years, for instance:

77.1 They argue the 2022/2023 *“Charge increased by 121% since 2020/2021.”*

77.2 For 2023/2024 they state: *“We seek clarity as to why this cost is so high and what is covered under the service of Grounds Maintenance.”*

77.3 They repeat this criticism in respect of the 2024/2025 service charge, noting the estimate is an 189% increase since 2022.

78. The Respondent explains a new grounds maintenance contractor was appointed in April 2022 after a competitive tendering process. It said the tendering process revealed that the previous costs had been too low. Services provided under the new contract include maintenance of grass, shrubs, hedges, flower beds, hard surfaces, collecting litter and leaves. Services also include tree surveys and urgent and reactive works where these are necessary to manage the safety of trees.

The Tribunal’s Decision

79. The Tribunal considers costs relating to grounds maintenance are reasonable. Those costs are as follows:

- £303.48 for 2022/2023;
- £378.67 for 2023/2024; and
- £403.60 for 2024/2025.

Reasons for the Tribunal's Decision

80. The Respondent's explanation for the increased cost is that the costs for the previous services were too low. Irrespective of whether that is the case, the Tribunal's primary function is to consider whether the costs are reasonable taking into account the services that will be provided. While costs prior to 2021/2022 may be informative, our focus is whether the costs being challenged for grounds maintenance from 2022/2023 onwards are reasonable. In our judgement, these costs are reasonable, particularly taking into account what is included in the new grounds maintenance contract, for instance tree surveys and other tree services. Furthermore, the Applicants have not provided any alternative estimates for grounds maintenance to support their contention that these costs are unreasonable.

DOOR ENTRY

Door Entry Servicing/Maintenance for 2021/2022 and 2022/2023

81. The Applicants challenge the 2021/2022 service charge because the actual costs for this item exceeded the estimated cost for the Property by £913.17. They also request an explanation as to why the cost increased by over 186%. For 2022/2023 they request evidence explaining why the actual cost has exceeded the estimate by £31.81 per flat.

82. The Respondents provided invoices for the works carried out, including replacing missing parts and securing loose fixings to the rear communal door, and installing a new intercom panel to the front communal entrance.

The Tribunal's Decision

83. The Tribunal considers the costs for servicing and maintenance of the door entry system are reasonable. Those costs are as follows:

- £47.79 for 2021/2022; and
- £48.48 for 2022/2023.

Reasons for the Tribunal's Decision

84. We consider the cost of the works were reasonably incurred to ensure the Property is secure, the invoices show a reasonable cost was charged for the works carried out, and there is no evidence the standard of works was unreasonable. While the actual cost of works exceeded the estimated costs by some margin, we take into account that this was due to reactive maintenance, some of which may be difficult to anticipate so as to factor into service charge estimates.

COMMUNAL REPAIRS

Communal Repairs for 2020/2021 and 2023/2024

85. For both 2020/2021 and 2023/2024 the Applicants request clarification of how the costs for communal repairs are distinct from other services such as grounds maintenance, lift maintenance/servicing, emergency lighting/servicing and caretaking costs. The Respondent has provided the corresponding invoices for 2020/2021 (2023/2024 invoices have not yet been collated), which show these costs relate to various items including clearing blocked rubbish chutes, repairs to communal door furniture, cleaning bird fouling and other miscellaneous works and services in respect of the common parts.

The Tribunal's Decision

86. The Tribunal finds cost for communal repairs are reasonable, which costs are as follows:

- £52.75 for 2020/2021; and
- £67.00 for 2023/2024.

Reasons for the Tribunal's Decision

87. We are satisfied that this expenditure does not represent a duplication of the tasks carried out by other contractors. For instance, we consider it was reasonable to engage a specialist environmental cleaning contractor to deal with bird fouling. The Applicants don't specifically challenge these costs as unreasonably high, or contend works were carried out to an unreasonable standard. Instead, the Applicants are more concerned to obtain clarification regarding what these costs relate to. By providing the invoices, the Respondent has addressed the Applicants' concerns, and we are satisfied that the invoices reflect costs reasonably incurred.

ELECTRICAL TESTING AND CONSUMPTION

Electrical Testing 2020/2021

88. The complaint regarding £14.75 charged in 2020/2021 for electrical testing is more about an accounting error than the cost itself. According to the application form the Applicants were "*Charged £14.75 as final cost to tenants, despite Total Cost being listed as £0.00*". They point out that such mistakes undermine their confidence in the Respondent's ability to provide accurate service charge information.

The Tribunal's Decision

89. The Tribunal finds that £14.75 for electrical testing in 2020/2021 is reasonable.

Reasons for the Tribunal's Decision

90. The Applicants don't contest the cost as unreasonable, but rely on this to show inaccuracies in calculating service charges. In any event, we find £14.75 is a reasonable cost, that was reasonably incurred to meet the Respondent's statutory obligations. It appears there is an error in the final service charge statement, as the Applicants point out. While errors are unfortunate, they do occasionally happen. In this case we do not consider the error is outside a reasonable margin of error, so in our judgment it does not discredit the overall accuracy of the service charge information provided by the Respondent.

Electrical Consumption 2021/2022

91. As to the £109.01 cost in 2021/2022 for communal electricity consumption, the Applicants state: *"Charge increased by over 95% since 2020/2021. We request evidence as to why the costs doubled."*

92. The Respondent explains 3 invoices were paid in the 2020/2021 service charge year. However, 5 were paid in 2021/2022, the first was paid just after the 2021/2022 service charge period began.

The Tribunal's Decision

93. The Tribunal finds that £109.01 is a reasonable cost for electricity consumption in 2021/2022.

Reasons for the Tribunal's Decision

94. The Tribunal finds that £109.01 is a reasonable cost for electricity consumption in 2021/2022. The Respondent has explained the reason the amount payable in 2021/2022 was higher than the previous service charge year was due to when the invoices were paid. We also note around this time global energy prices increased, which may have contributed to this.

MAINTENANCE AND SERVICING OF EMERGENCY LIGHTING

Servicing and Maintaining Emergency Lighting 2022/2023 and 2023/2024

95. The Applicants argue the separate charges in 2022/2023 and 2023/2024 for servicing the emergency lighting and maintenance of the emergency

lighting seem identical. Therefore, they seek clarification as to whether the servicing and maintenance charges duplicate each other. The Respondent explains that servicing costs relate to the periodic inspection of the emergency lighting, but does not cover the cost of any repairs required. It further explains that maintenance costs relate to the cost of any repairs to the emergency lighting.

The Tribunal's Decision

96. In our judgment, the costs for servicing and maintenance of the emergency lighting for 2022/2023 and 2023/2024 are reasonable. Those costs are as follows:

- £13.04 and £13.75 respectively for servicing and maintenance of emergency lighting servicing in 2022/2023; and
- £15.67 and £36.67 respectively for servicing and maintenance of emergency lighting servicing in 2023/2024.

Reasons for the Tribunal's Decision

97. The Applicants have not expressly challenged these costs as unreasonable, but primarily sought clarification about the distinction between servicing and maintenance costs. The Respondent has clarified that distinction, and we find that explanation is reasonable. For completeness, we consider these costs are reasonably incurred in order that the Respondent complies with applicable fire and health and safety requirements.

FIRE PROTECTION

Maintenance and Servicing Fire Protection for 2023/2024 and 2024/2025

98. As regards maintenance of fire protection equipment costing £95.33 in 2023/2024, and estimated at £62.67 in 2024/2025, the Applicants query why this charge is levied when certain aspects of fire safety are neglected, such as the repairs to the 5th floor fire door (see paragraphs 69 and 72 above). They also question whether the separate £11.41 charge in 2024/2025 for servicing fire protection equipment, duplicates the cost of the maintenance of fire protection equipment charged for the same service charge period.

99. The Respondent states that the maintenance of fire protection equipment does not include repairing the fire doors, but relates to fire protection equipment located in the communal areas.

The Tribunal's Decision

100. We find the costs for maintenance and servicing of fire safety equipment is reasonable. The costs are:

- £95.33 for fire protection equipment maintenance in 2023/2024;
- £62.67 for fire protection equipment maintenance in 2024/2025;
and
- £11.41 for fire protection equipment servicing in 2024/2025.

Reason for the Tribunal's Decision

101. We accept the Respondent's explanation that these costs do not relate to the defective fire door, but instead to fire protection equipment in the communal area. That explanation is consistent with our understanding of the term fire protection equipment, which includes items such as sprinklers and fire extinguishers. We also consider there is a recognised distinction between maintenance and servicing, and so we are satisfied that there is no duplication in the 2024/2025 estimated costs.

BUILDINGS INSURANCE

Buildings Insurance 2024/2025

102. The Applicants complain that this cost has increased by over 53% since 2023/2024, and they request evidence as to why it has doubled. They argue the Respondent should meet this cost as it would be the beneficiary in the event of a total loss insurance claim. The Respondent states leaseholders would benefit from an insurance claims, and that increased premiums are a consequence of general inflation and increased building safety regulation. It also relies on the buildings insurance summary of cover for 2024/2025 (see paragraph 5.1 above).

The Tribunal's Decision

103. We find the estimated cost of £400.00 for buildings insurance for 2024/2025 is reasonable.

Reasons for the Tribunal's Decision

104. In our judgment, this increased cost is due to inflation and increased regulation as the Respondent states. That is consistent with our experience of the residential buildings insurance market in recent years. Therefore, we find the estimated cost is not greater than is reasonable. We also agree that leaseholders would benefit in the event of a total loss insurance claim, for instance, if they receive a pay-out in the event their home is destroyed by fire.

THE APPLICATIONS FOR COSTS AND REFUND OF FEES

The Tribunal's Decision on Costs

105. The Tribunal refuses the Applicants' request for orders under section 20C of the 1985 Act and paragraph 5A of Schedule 11 to the 2002 Act.

Reasons for the Tribunal's Decision

106. Taking into account the Tribunal's decision made in respect of the Application, broadly speaking, the Respondent has successfully defended the Application. In our judgment, the deductions we have made are relatively modest when compared to the overall service charge costs, and the amount the Applicants challenged. Therefore, we do not consider that those deductions are sufficient for it to be just and equitable to make the orders the Applicants requests.

The Tribunal's Decision

107. The Tribunal refuses the Applicants' request that the Respondent reimburses the tribunal fees paid by them

Reasons for the Tribunal's Decision

108. The Respondent has successfully defended a substantial part of the Application. Accordingly, it would not be just to make an order requiring the Respondent reimburses the Applicants for the Tribunal fees they have paid.

Name: Judge Tueje

Date: 24th July 2024

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).