



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

Case reference : **LON/00AG/LSC/2024/0101**

Property : **Grove View Apartments, Highgate Road,
London, Nw5 1be**

Applicants : **(1) Gaelle Biron (2) Joseph Hayman (3)
Rajendra Pawar and Babita Pawarova
(4) Lydia Cartwright (5) David Sleath
and Linda Sleath (6) Carl De'athe and
Joanna Pacholec (7) Tamsin Salinger
(As Attorney For Romaine Pike) (8)
Richard Hermer and Caren Gestetner
(9) Ruth Levy (10) Stephen Moon and
Michele Sevana Aminoff-Moon (11)
Aroun Deure (12) David Mansaseh (13)
Jonathan Barnet**

Representative : **Harold Benjamin Solicitors October**

Respondent : **Apteral Developments LLP**

Representative : **Lawrence Stephens**

Type of application : **For the determination of the liability to
pay service charges under section 27A of
the Landlord and Tenant Act 1985**

Tribunal members : **Judge H Carr
Mr S Mason BSc FRICS**

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

Date of decision : **6th November 2024**

DECISION

Decisions of the tribunal

- (1) The tribunal determines that the sum of £355, 387 is payable by the Applicants in respect of the disputed estimated service charges.
- (2) The tribunal makes the determinations as set out under the various headings in this Decision.

The application

1. The Applicants seek a determination pursuant to s.27A of the Landlord and Tenant Act 1985 (“the 1985 Act”) as to the amount of service charges payable by the Applicants in respect of payments to the reserve fund demanded for the service charge year ending 31st December 2023 in connection with estimated costs of proposed major works.

The hearing

2. The following Applicants appeared in person - Mr Stephen Moon (Flat 14) Mr Carl De’Athe (Flat 5) Ms Joanna Pacholec (Flat 8). They were represented by Mr Stuart Armstrong of Counsel at the hearing. Also in attendance for the Applicants was Mr Pincott MA MRICS of Pincott Building Consultancy the surveyor employed as an expert witness by the Applicants.
3. The Respondent was represented by Ms Read of Counsel. In attendance for the Respondent are Mr Chesterton, a director of Apteral Developments LLP (Apteral) and the Respondent’s witness, Mr Whalley a Partner with Faithorn Farrell Timms (FFT) Surveyors.
4. The Applicant asked that its expert witness be allowed to give oral evidence and be cross-examined. The Respondent had no objection to this. It pointed out that its witness was not an expert witness for the purpose of the application. The tribunal therefore granted the application.

The background

5. The property which is the subject of this application comprises 14 apartments with parking spaces within a 19th Century Church previously known as Highgate Baptist Church. It is an historically significant building.
6. The leasehold apartments are high specification and retain some features of the church. They are high value properties.

7. Neither party requested an inspection and the tribunal did not consider that one was necessary, nor would it have been proportionate to the issues in dispute.
8. The Applicants are leaseholders of 13 of the flats in the property. Apteral is the freeholder and the managing agents are HLM Property Management.
9. The Applicants hold long leases of the property which require the landlord to provide services and the tenant to contribute towards their costs by way of a variable service charge. The relevant specific provisions of the lease are referred to below.

The lease

10. Clause 1 of the lease sets out the Accounting Period which is defined as commencing on 1 January and expiring on 31 December.

11. Under clause 2.4 of the lease, the lessee is required to pay

“the Lessee’s Proportion of the expenditure which the Lessor may from time to time during the Term properly pay or incur in connection with the provision of services to and maintenance of the Building and the Car Park and such other services set out in Clause 6. 19 as provided in the Fifth Schedule and at the times and in the manner provided in the Fifth Schedule.”

12. Under clause 4.4 the lessee covenants to

“Pay to the Lessor the Interim Maintenance Charge or the Further Interim Maintenance Charge (as hereinafter defined) at the times and in the manner provided in the Fifth Schedule hereto PROVIDED ALWAYS that the amount payable is calculated in accordance with clause 2.4”

13. Clause 6.3 contains covenants by the lessor relating to expenditure of the maintenance charge. Under clause 6.3.1 the lessor covenants:

“6.3.1 To maintain renew and keep in good and substantial repair and condition:

6.3.1.1 The main structure of the Building including the principal internal timbers and the exterior walls and the foundations the roofs main structure exterior of the Building and all boundary walls and fences thereof with its Conducting Media main water tanks main drains gutters and rain water pipes (other than those included in this demise or in the demise of any other Flats)

6.3.1.2 All Conducting Media within the Building as may by virtue of the terms of this Lease be enjoyed or used by the Lessee in common with the owners lessees or occupiers of the other Flats

6.3.1.3 The Common Parts of the Building (including re-carpeting redecoration and furnishing where necessary) 6.3.1.4 The Car Park

6.3.1.5 All other parts of the Building not included in the foregoing subparagraphs 6.3.1.1-6.3.1.4 and not included in this demise or the demise of any other Flats”.

14. Clause 6.4 provides that the lessor may employ various persons including managing agents and in particular, clause 6.4.3 provides that the lessor may

“Employ such surveyors builders architects engineers tradesman accountants or other professional parties as may be necessary or desirable for the proper maintenance safety and administration of the Building”

15. Clause 6.6 contains a provision for a sinking fund and provides that the lessor will

“.....set aside (which setting aside shall for the purposes of the Fifth Schedule hereto be deemed an item of expenditure incurred by the Lessor) such sums of money as the Lessor shall reasonably require to meet such future costs as the Lessor shall reasonably expect to incur in replacing repairing maintaining and renewing those items which the Lessor has hereby covenanted to replace repair maintain or renew

16. The Fifth Schedule contains detailed provisions relating to the Service charge. The Applicants summarised the relevant provisions as follows:

- (a) “Building Maintenance Expenditure” is the total expenditure incurred by the lessor in any Accounting Period in carrying out its obligations under clause 6 (paragraph 1(i));
- (b) The lessee is liable to pay an Interim Maintenance Charge in advance which is payable on 24 March and 28 September in respect of each Accounting Period (or such other date as specified by the lessor in writing) (paragraph 3);
- (c) The lease provides for an adjustment at the end of the Accounting Period whereby the lessor

can issue a further demand if the Interim Maintenance Charge is less than the costs incurred or, if the costs incurred are less than the Interim Maintenance Charge, any surplus will be credited to the next Interim Maintenance Charge (paragraphs 4 and 5).)a

17. Part 11 of the Fifth Schedule defines the amount of the Lessee's Proportion for each lessee.

The issues

18. At the start of the hearing the parties identified the relevant issues for determination as follows:

(i) The payability and/or reasonableness of £520,000 of the £596,924.44 service charges demanded for service charge year ending 31st December 2014 relating to payments to the Reserve Fund. In particular

- a. Whether the demand dated 12th December 2023 is valid
- b. Whether the sum of £520,000 is a reasonable amount for the Respondent to have demanded in advance, particularly in the light of the amount of reserves already held
- c. Whether all of the proposed costs are recoverable under the lease
- d. Whether the proposed costs are reasonably incurred and reasonable in amount

19. Having heard evidence and submissions from the parties and considered all of the documents provided, the tribunal has made determinations on the various issues as follows.

The lease

The background to the challenge

20. On 12 December 2023 the Respondent's managing agents issued service charge demands in relation to the service charge year ending 31 December 2024. The total amount demanded from the 14 leaseholders of the property was £596,924.44. A service charge budget which

accompanied the demands showed that, of this amount, £520,000 related to a “Reserve Fund”.

21. The money demanded to the Reserve Fund equates to 87% of the total sums demanded and an average of £37,142.86 per flat.
22. The notes to the budget stated that the purpose of the £520,000 was: “To build a fund for any major works required at the development. There are major works planning for 2024 and, to ensure that there are enough funds for the major project, we have increased the reserves for the year. This will include the rectification of the leaks and decoration works internally and externally.”
23. The budget was based on a Condition Report and Condition Survey Budget prepared by Mr Beauchamp of FFT. Mr Beauchamp is no longer with FFT.

The validity of the demand

24. The Applicants argue that the demand dated 12 December 2023 is invalid because it does not comply with the terms of the lease.
25. The lease provides, at paragraph 3 of the lease set out above, that the Interim Maintenance Charge is payable “on the twenty-fourth day of March and the twenty-eighth day of September in each year (or upon such other dates as the Lessor may specify in writing from time to time)”
26. The Applicants argue that the demand made on 12 December 2023, however, demanded payment within 28 days of the issue date (which would be 9 January 2024) and stated that the payment on account was due on 1 January 2024. Quite apart from being inconsistent, neither of these dates were 24 March 2024. Unless, therefore, the Respondent had previously notified the Applicants that the Interim Maintenance Charge would be due on 1 January and 1 July of each year, the demand was invalid.
27. The Respondent made no response to this argument.

The tribunal’s decision

28. The tribunal determines that the demand dated 12th December 2023 is invalid.

Reasons for the tribunal’s decision

29. The tribunal accepts the argument of the Applicant that the demand fails to comply with the terms of the lease.
30. Theoretically this could be the end of the application. However, as the Respondent is able to serve a valid demand, it is in the interests of justice and proportionate for the tribunal to determine the issue of reasonableness of the amount demanded so that this decision can inform the new service charge demand.

The reasonableness of the demand for £520,000

31. The Applicants argue that not all of the proposed costs are recoverable under the lease. They challenge in particular the cost of cleaning the stone work.
32. The Applicants argue that not all of the proposed costs are reasonably incurred or reasonable in amount. Their arguments are set out in summary on the schedule attached as an Appendix to this decision with the Respondent's response.
33. The Applicants argue that the demand fails to take into account the impact of such sizeable demands on the leaseholders. They suggest that the proposed works should have been either delayed to allow reserves to be built up over a longer period and/or the works should have been staggered for the same reason.
34. They argue that a key factor in assessing reasonableness is the impact on the leaseholders, given the sheer size of the demands (averaging £37,142.86 per flat). This should have been taken into account by the Respondent when deciding what works to carry out, when to carry them out whether the works could be staggered. See, for example, *Garside v RFYC Ltd*¹ There is nothing to suggest that any consideration was given to the impact on leaseholders and how it could be alleviated.
35. The Applicants submit that it would only be reasonable to demand such a large sum in one go, if there is an extremely good reason why works need to be carried out now and cannot be either deferred (so as to give time for the reserves to be built up) or commenced but spread over several years, so avoiding imposing such an onerous burden on the leaseholders. As stated above, that is particularly so given the fact that there are already existing reserves. As the Respondent has not advanced such an argument and there is nothing to indicate that the burden on tenants was considered when deciding to make the demand or which justified demanding £520,000 they argue the amount is unreasonable.
36. Further, even if the Respondent had good reason for commencing some of the works, there was no reason why all the works would need to be carried out at the same time and could not be carried out in stages. One

example (specifically mentioned by Mr Pincott) relates to the cost of interior repairs and interior redecoration.

37. The Applicants also argue that the type of works included in the Respondent's Budget should be carried out over a planned preventative maintenance program. As Mr Pincott states at paragraph 36 of his report, such repairs are "usually over a 10 year period. Costs can be allocated to appropriate contracts, phased over years and updated, usually following annual inspections, after which adjustment can take place to suit current condition and available funding from capital reserves and sinking funds."
38. It appears that no consideration was given to this, however. Rather, it appears that FFT (the surveyors instructed by the Respondent) were asked to prepare a schedule of all works which they considered appropriate and the Respondent then decided, based on that schedule/report to therefore issue a single demand to recover the entirety the proposed works and did not consider whether such works could be deferred or staggered.
39. In particular, it appears that no consideration was given to whether works should be commenced which could be funded by the existing reserves, with other works being deferred. That was unreasonable. As stated in paragraph 100 of Mr Pincott's report: "Costs may be spread by undertaking works over different service charge years."
40. Similarly, there is nothing to suggest that the Respondent or FFT gave any consideration to whether cheaper alternatives could be adopted, involving less expense for the leaseholders, given the financial impact on the leaseholders. See, for example, *Waler v London Borough of Hounslow*
41. The Respondent provided a brief reply making the following points
 - (i) The church conversion is a high value development that all leaseholders have invested in.
 - (ii) Mr Pincott has agreed that the majority of works are substantially required.
 - (iii) The report notes the costs are budgetary.
 - (iv) The extent and cost of the building repairs is not determined until a specification is produced and tendered.

- (v) The costs of the repairs would be considerably more if split over 2 or 3 years.
- (vi) Phased works would also fall outside of the terms of the lease. Future works would then fall outside the agreed external repair dates.
- (vii) There is a reference to cleaning. This is an integral part of a repair of this nature and the term of repair used in the lease is broad enough to cover this item under discussion.
- (viii) Using the leases of flat 14 and flat 8, given the purchase price and currently accessible online property portal prices, the Respondent notes that the apartments are the sixth most expensive properties in the area with values of £1,769,090 and £1,090,000 respectively. Based upon the property value, the repair costs are relatively small and proportionate in terms of repair and upkeep for the properties in question.

42. Mr Whalley for the Respondent provided extensive evidence of the reasonableness of the proposed works. His evidence was based upon the report drawn up by a newly qualified surveyor at the time of preparation of the report who has since left the firm. The Tribunal notes that Mr Whalley made concessions on the Scott Schedule following arguments from the Applicants.
43. Mr Pincott, the expert instructed by the Applicants, also provided extensive evidence, which from his perspective, demonstrated that the proposed works were either unnecessary, excessive or could reasonably be phased over a number of years.
44. The tribunal noted Mr Pincott relied on some estimates provided by DBR Limited. The tribunal was not persuaded by these estimates. They appeared rough and ready, were adjusted by Mr Pincott to a more robust amount, and related to works which would not all be carried out directly by DBR Limited but by firms with which it would contract in respect of the scaffolding for example. DBR were not present at the hearing for cross examination.
45. In submissions the Respondent argued that it had behaved reasonably in its calculation of the likelihood of costs, that the fee rates are reasonable and standard for the type of major work project that is the subject of the application. It reminded the tribunal that it had relied on professional advice which was cogent, detailed and justified. The figures that have

been produced are reasonable. It also argued that phasing works would add to the management costs of carrying out all necessary works.

46. The Applicant submitted that Mr Pincott's evidence should be preferred. Mr Whalley did not inspect but relied on a previously prepared inspection report. Moreover FFT owed duties to its client, the landlord. The landlord however owed duties to the leaseholders at least to take their interests into account.
47. In the opinion of the Applicants, whenever there was any risk that further works might be required, the costs of those works were added to the budget. The Applicants had particular concern about the costs of the investigations which it argued were either not necessary or would be free of charge. They pointed to the contingency figure which provides a pot of money for unpredicted works.
48. The Applicants also raised the Respondent reducing the estimated costs of the scaffolding, suggesting that just as that figure was too high, it was likely that all the figures were too high.

The tribunal's decision

49. The tribunal determines that the amount payable in respect of the estimated costs for major works is £355,387.

50. This sum is calculated as follows:

51. Total for the works	£189,185
Plus contingency at 10%	£ 18,918
	<u>£208,103</u>
Plus preliminaries at 12.5%	£ 26,013
	<u>£234,116</u>
Plus Overheads and Profits at 15%	£ 35,117
	<u>£269,233</u>
Plus Professional Fees at 10%	£ 26,923
	<u>£296,156</u>
Plus VAT at 20%	£59,230

Total

£355,387

Reasons for the tribunal's decision

52. The tribunal is grateful for the helpful and extensive evidence provided by the surveyors for both parties.
53. The tribunal has added to the schedule its conclusions on reasonable amounts. The reasoning behind the adjustments is set out below.
54. The tribunal's starting point is a reluctance to interfere in decisions about works which are based upon a thorough and professional investigation of the maintenance and repair requirements of the block. It is right and proper for the Respondent to ensure that it has in hand the necessary funds for carrying out required works. The report was carried out by a reputable firm of surveyors.
55. There were some suggestions from the Applicants that Mr Beauchamp who wrote the report was lacking in experience. The tribunal found that there was nothing in the evidence to suggest anything other than that a proper job was done by Mr Beauchamp.
56. However, the tribunal agrees with the Applicants that the Respondents appear to have taken the report from FFT and not properly managed it. The report appears to identify and address every eventuality in relation to the repair and maintenance of the property. Estimated service charge demands based on that report were inevitably going to be very high.
57. In the opinion of the tribunal what should have happened after the managing agents received the report was a thorough evaluation of the report, taking into account the terms of the lease, the affordability of the works from the perspective of the leaseholders, and taking a less risk averse approach to the current condition of the property and the possibility that further investigations would be required.
58. The Tribunal has done its best with the information available to it to determine the reasonableness of the estimated costs. It determines to confirm/reduce the following estimated costs for the following reasons:

- (i) Further investigations.

The tribunal reduced the amount from £4950 to £0.00. It agreed with the Applicants that as there is a substantial contingency built into the estimate, that contingency can be used to address further issues that might arise. It also agreed

with the Applicants that there is a strong possibility that contractors will carry out investigations at little or no charge.

(ii) Façade repairs

The tribunal confirmed the estimated cost of £82,231.05 proposed by the Respondent. The tribunal noted that this sum was highly disputed but took into account that the Respondent quantified the works during three days of inspections compared to a relatively brief inspection by DBR which was then increased by Mr Pincott.

(iii) Roof repairs

The tribunal agreed the Respondent's estimated cost of £6,270 drawing on its own expertise. It considers that it is extremely difficult to estimate the number of slates that are damaged or will become damaged during the course of roof works. The Respondent is right to take a cautious approach.

(iv) Grounds repairs

The Respondent demanded a contribution of £16,087.50. The Applicants are prepared to accept a sum of £4364.06. They argue that some of the works are maintenance works which should be carried out separate from the major contract.

The tribunal recognised that there was a clear need for some works to be carried out but considered that those works should be prioritised. It determined that a sum of £7500 should be allowed for these works and that priorities should be agreed with leaseholders.

(v) Internal repairs

The Respondent has demanded £1996.50 for internal repairs. The Applicants suggest £1502.50. This does not seem a significant difference to the tribunal who therefore confirm the Respondent's figure. The Applicants also argue that the internal repairs do not need to be carried out at the same time as the major works. The tribunal does not accept this argument determining that in the case of internal repairs it is for the Respondent to decide upon the timing.

(vi) Scaffold

The Respondent demands a sum of £68,038.00 for scaffolding. This is a reduction from the original estimated cost and is based upon estimates received from scaffolders. On this basis the tribunal confirms, the amount. The Applicant's alternative figure of £50,000 is based upon an estimate from DBR Limited who are not scaffolders and who do not appear to have spent a great deal of time on preparing the estimate.

(vii) Flat roof covering (west) overhaul

The Respondent demands a figure of £5,000 for this work. It says that the cleaning and inspection of the felt covering and rooflights is to establish the monies potentially required. In this instance the tribunal agrees with the Applicant. £5,000 is a great deal of money to demand when there is no certainty any monies are required. If it appears that works are required as the contract progresses then a more accurate sum should be demanded, or monies taken from the contingency sum.

(viii) Flat roof covering (east)

The Respondent has demanded £8,000 as the estimated cost for this work. In this instance the tribunal is prepared to agree this figure. There is clear evidence of a need for work as the Applicant's figure of £1,440 illustrates. The tribunal considers that the Respondent is entitled to rely on the advice of its surveyor's report in connection with this item.

(ix) Balcony roof x 2

(x) The Respondent is demanding £5,000 for this work. Mr Whalley has replied to Mr Pincott's criticisms and counter-proposal in a reasonable manner using his professional judgement and the tribunal confirms his demand.

(xi) Boundary wall

The Respondent is demanding £2,500 to rebuild a section of the wall. The tribunal was not persuaded by the evidence that a rebuild was necessary. It agrees with the Applicant that repointing is a sufficient response to the problems with the wall. It reduces the amount demanded to £150 which it considers a reasonable estimate for repointing the section of wall which is cracked.

(xii) Repair water service intakes

Amount demanded withdrawn by the Respondent.

(xiii) Store cupboard repairs

Amount demanded withdrawn by Respondent.

(xiv) Full façade clean

The Respondent has demanded £23,400 for the cleaning of the façade of the building. The Applicants do not consider that cleaning falls within the terms of the lease. The tribunal disagrees with the Applicants. It considers that cleaning does fall within clause 6.3.1 of the lease. Cleaning is an important part of the maintenance of the property. However, it also considers that cleaning the stonework, particularly when the conversion of the property is relatively recent is an optional extra. It has reduced this amount to £0.00 but suggests that the item be negotiated with the leaseholders who may consider that a clean façade adds to the value of the property.

(xv) Interior redecorations

Challenge withdrawn as £12,000 is a reasonable sum. The tribunal determines that it falls within the discretion of the Respondent to carry out the interior redecorating at the same time as the other major works.

(xvi) Road suspension for welfare facilities

The Respondent has demanded £37,800 to suspend the parking restrictions on 2 car parking bays. During the course of the hearing two leaseholders gave evidence that they would allow their parking spaces to be used for the period of the major works. In the opinion of the tribunal this will not lead to a nil cost, cabins will still have to be hired to provide the necessary welfare facilities. However, it reduces the estimated costs to £10,000.

(xvii) Contingency

The tribunal agrees a contingency cost of 10%

(xviii) Preliminaries

The tribunal agrees preliminaries costed at 12.5%

(xix) Overheads and profits

The Respondent has demanded 20% for overheads and profits. The Applicant argues that this should be a nil sum. The tribunal found it difficult to understand the argument of the Applicant. Contractors are entitled to their profits and overheads. Demanding these monies does not mean that the landlord is profiting from the works. However, the tribunal considers that in a project of this size 20% is excessive and allows 15%

(xx) Professional fees

59. The Respondent has demanded an estimated 15% of total project value for professional fees. The tribunal considers that in a project of this size professional fees should be charged at 10%. The parties should be aware that if there is a need for further investigations and further works are required then it will be perfectly proper for the Respondent to raise further service charge demands. It may also be that the actual costs exceed those that the tribunal has determined are reasonable as estimated costs. There was some indication at the hearing that the Applicants considered that if the estimates were too low then the Respondent would have to shoulder the additional financial burden. That is not the case. However, of course it will be open to the Applicants to challenge the reasonableness of the actual costs incurred.

Application under s.20C and refund of fees

60. The parties are invited to make written submissions on the Applicant's 20C application and on the refund of fees within 21 days of this decision.

Name: Judge H Carr

Date: 6th November 2024

Schedule

DISPUTED SERVICE CHARGES S/C YEAR ENDED 31 DECEMBER
2024

References to item numbers are references to the item number on

Case Reference:	LON/00AG/LSC/2024/0101	Premises:	Grove View Apartments, Highgate Road, London NW5 1BE
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page 1 of the Budget (as defined in the Applicants' statement of case)

<u>Item (in Respondent's Budget)</u>	<u>Cost (claimed in Respondent's Budget)</u>	<u>Tenant's Comments (References to paragraph numbers are to Mr Pincott's report.)</u>	<u>FFT Comments</u>
		<p><u>The figures set out reflect the costs which Mr Pincott believes are reasonable for carrying out the works. However, as such these figures do not take into account the Applicants' case that not all the costs should be carried out at the same time, as a result of which the sum of £520,00 demanded for reserves should be lower still.</u></p>	<p><u>Refer to our report responding to the Pincott's observations.</u></p> <p><u>We have used in our report Mr Pincott's paragraph numbers and referred to our comments in our report in relation to each item below.</u></p> <p><u>We have added a comment to respond to Mr Pincott's estimate of the costs.</u></p>
<u>1 (further investigations)</u>	<u>£6,600</u>	<p><u>Sum accepted: £0.00.</u></p> <p><u>It is not accepted that the proposed investigations are necessary.</u></p> <p><u>See paragraphs 38 to 43.</u></p>	<p><u>See section in FFT report referring to paragraphs 38 to 43.</u></p> <p><u>Mr Pincott agreed that the proposed investigations should have been investigated.</u></p>

			<p>We can survey the r <u>flashings if leaseh</u> <u>cooperate with acc</u> <u>their flats, avoiding</u> <u>for a MEWP</u></p>
<u>sProf2. Façade repairs</u>	<u>£82,231.05</u>	<p><u>Sum accepted: £29,025.00.</u></p> <p><u>The proposed works and proposed costs are excessive.</u></p> <p><u>See paragraphs 44 to 54.</u></p>	<p><u>See section in FFT referring to paragraphs to 54.</u></p> <p><u>We have quantified three days of inspection the number of repairs types of repairs and stone repair contractor rates. Mr Pincott's cost obtained from a substantial contractor who inspected the building for one We consider this figure underestimated the of repairs.</u></p>
<u>3. Roof repairs</u>	<u>£6,270.00</u>	<p><u>Sum accepted: £2,000.00.</u></p> <p><u>It is not accepted that the proposed works and costs are necessary and/or reasonable.</u></p> <p><u>See paragraphs 55 to 62.</u></p>	<p><u>See section in FFT referring to paragraphs to 62.</u></p> <p><u>There are widespread displacements. The substantial roof incorporating numerous rooflights with flashings box gutters. £20 insufficient money consideration of potential for repairs</u></p>
<u>4. Grounds repairs</u>	<u>£16,087.50</u>	<p><u>Sum accepted: £4,364.06.</u></p> <p><u>Some costs are maintenance which should be carried out prior to any major works and other works are not urgent and should not be included in any major works contract. They</u></p>	<p><u>See section in FFT referring to paragraphs to 65.</u></p> <p><u>Key differences of o</u></p>

		<p><u>should be included in day-to-day maintenance.</u></p> <p><u>Pressure washing paving is unnecessary.</u></p> <p><u>Renewal of bind gates is unnecessary.</u></p> <p><u>See paragraphs 63 to 65.</u></p>	<p><u>1 the surfaces should be cleaned after scaffolding has been placed over the roof for more than 4 months.</u></p> <p><u>2 the gate is not adequate and strong for the location. It requires £1 replacement to avoid recurrence of the problem.</u></p> <p><u>3 letter boxes are blocked and consultation is required to decide how to address the issue.</u></p> <p><u>4. Omission of necessary repairs on the ground floor by the managing agent. The managing agent should manage the works in accordance with the contract agreed on all matters. The works are benefits for some leaseholders to be designed by the managing agent. The contract administrator should check the installation checked by the main contractor. The contract administrator should check the installation. Costs will be recovered from the leaseholders in the following scenarios.</u></p>
<p><u>5. Internal repairs</u></p>	<p><u>£1,996.50</u></p>	<p><u>Sum accepted: £1,502.50.</u></p> <p><u>If the repairs are carried out, £1,502.50 is a reasonable amount. However, the internal works need £1996.50 for be carried out at the same time as external façade repairs and would actually be uncompetitive for these if carried out by the same contractors. They should not, therefore, be carried out as part of the major works.</u></p> <p><u>See paragraphs 66 to 67.</u></p>	<p><u>See section in FFT referring to paragraphs 66 to 67.</u></p> <p><u>Mr Pincott has inspected the roof more recently but I suspect missed displaced sections of trunking. Repairs will need to be re-assessed with a new specification is prepared.</u></p> <p><u>Application of our contract provides a more cost effective solution than the cost within the original contract.</u></p>

<p><u>6. Scaffold</u></p>	<p><u>£80,000.00</u></p>	<p><u>Sum accepted: £50,000.00.</u></p> <p><u>It is accepted that scaffolding will be needed, but £80,000 is unreasonable in amount.</u></p> <p><u>See paragraph 68 and the quote from DBR Ltd at appendix E.</u></p>	<p><u>See section in FFT referring to paragraph</u></p> <p><u>Refer to Appendix A report with estimate from scaffolding contractor. adjusted our cost accordingly.</u></p>
<p><u>8. Flat roof covering (west) – overhaul</u></p>	<p><u>£5,000.00</u></p>	<p><u>Sum accepted: £0.00.</u></p> <p><u>See item 3 (above) and paragraphs 55 to 62</u></p>	<p><u>See section in FFT referring to paragraph to 62.</u></p> <p><u>DBR</u></p> <p><u>Cleaning and inspecting the felt covering and rooflights is required as a minimum. The purpose of the process is to ensure the roof is in good condition and to identify any potential issues.</u></p>
<p><u>9. Flat roof covering (east) – overlay and replace 50% of substrate</u></p>	<p><u>£8,000.00</u></p>	<p><u>Sum accepted: £1,440.00</u></p> <p><u>See item 3 (above) and paragraphs 55 to 62.</u></p>	<p><u>See section in FFT referring to paragraph to 62.</u></p>
<p><u>10. Balcony roof x 2 – relay with liquid membrane</u></p>	<p><u>£5,000.00</u></p>	<p><u>Sum accepted: £1,200.00.</u></p> <p><u>See item 3 (above) and paragraphs 55 to 62.</u></p>	<p><u>See section in FFT referring to paragraph to 62.</u></p> <p><u>We consider that Pincott's estimate is incorrect for the covering overcoat. The lower roof requires repairs only but an approved warranted system must be used.</u></p>

			economic benefits w scaffold is availa
<u>11. Boundary wall (north east) – Rebuild and tie in masonry to pier</u>	<u>£2,500.00</u>	<u>Sum accepted: £45.00.</u> <u>It is not accepted the proposed works are necessary.</u> <u>See paragraphs 69 to 70.</u>	<u>See section in FFT referring to paragraph to 70.</u> <u>Repointing is no adequate repair of and lateral displac</u>
<u>12. Repair water service intakes</u>	<u>£600.00</u>	<u>Sum accepted: £0.00.</u> <u>The proposed works are unnecessary and only very minor decorations £2,500 are required, which are already included in item 15.</u> <u>See paragraph 71.</u>	<u>See section in FFT referring to paragraph</u> <u>Mr Pincott has ins more recentl</u>
<u>13. Store cupboard repairs</u>	<u>£600.00</u>	<u>Sum accepted: £0.00</u> <u>There are no defects which need remedying.</u> <u>See paragraph 72.</u>	<u>See section in FFT referring to paragraph</u> <u>Mr Pincott has ins more recentl</u>
<u>14. Full façade clean</u>	<u>£23,400.00</u>	<u>Sum accepted: £0.00</u> <u>It is not accepted that the cost of cleaning is within clause 6.3.1 of the Lease. In the alternative, it is not accepted that it is necessary or reasonable to clean the façade. See paragraphs 73 to 80 and appendix H</u>	<u>See section in FFT referring to paragraph to 80. Cleaning is a repair and in relat stonework in a c condition, cleaning necessary to en inspection and pr damage.</u> <u>Mr Pincott ha recommended tha position is referre conservation surve other suitable spe Our budget shou increased to allow</u>

			fees required - see below
<u>15. Interior redecorations</u>	<u>£12,000.00</u>	<p><u>Sum accepted: £12,000/£20,500</u></p> <p><u>If the works are carried out then £12,000 is agreed. Indeed, Mr Pincott agrees that redecoration is necessary he has obtained an estimate which is actually higher than that proposed by the Respondent.</u></p> <p><u>However, there is no need for such works to be carried out at the same time as the external works.</u></p> <p><u>See paragraph 81 to 83 of his report.</u></p>	<p><u>See section in FFT referring to paragraph to 83.</u></p> <p><u>Disagreement on qu</u></p> <p><u>The landlord inter undertake a project repair and redecor</u> <u>The landlord would to implement one c</u> <u>but internal repairs programmed separ</u></p>
<u>16. Road suspension for welfare facilities</u>	<u>£37,800.00</u>	<p><u>Sum accepted: £0.00.</u></p> <p><u>It appears that this sum is to cover the cost of hiring/renting 2 car parking bays from the local authority, to position site welfare. It is disputed that this is necessary or reasonable.</u></p> <p><u>Welfare accommodation/facilities can be located on site and, in any event, the costs of this should be included within the price paid to the contractors (as its the case with the quote from DBR Ltd).</u></p> <p><u>See paragraph 84 to 85.</u></p>	<p><u>See section in FFT referring to paragraph to 85.</u></p> <p><u>The proposed local welfare are not fe</u> <u>except in the car par</u> <u>than one leasehold</u> <u>adjacent spaces will</u> <u>allow use of their sp</u> <u>more than four mo</u> <u>leaseholders can c</u> <u>agreement and any</u> <u>for compensation, t</u> <u>applying may be ad</u></p> <p><u>All FFT costs pres</u> <u>relate to a main cor</u> <u>with the additio</u> <u>consultant fees an</u></p>
<u>18. Contingency (10%)</u>	<u>£28,808.51</u>	<p><u>Sum accepted: £13,767.19</u></p> <p><u>A reasonable amount is lower. This is partly because the underlying costs are lower.</u></p>	<p><u>See section in FFT referring to paragraph to 43.</u></p>

		<u>See also paragraphs 103-105.</u>	<u>FFT and Mr Pincott 10% to determine contingency. £14,000 is not a large sum unforeseen variations substantial build</u>
<u>20. Preliminaries</u> <u>12.5%</u>	<u>£39,611.69</u>	<u>Sum accepted: £25,000.00.</u> <u>This cost is lower as the other costs are lower and the claimed amount is too high.</u> <u>See paragraphs 106 to 107.</u>	<u>See section in FFT referring to paragraphs to 107.</u> <u>Rate applied by FFT 12.5%. BCIS advise of the rate of 20% - combined rate v overheads and profit 32.5%</u>
<u>22. Overhead and Profit 20%</u>	<u>£71,301.05</u>	<u>Sum accepted: £0.00.</u> <u>No additional sum should be allowed for overhead and profits. The landlord is not entitled to any profit element and any sums claimed by contractors should be included in the cost of the works.</u> <u>See paragraph 108.</u>	<u>See section in FFT referring to paragraphs</u> <u>FFT rates do not include main contractor's overhead and profit.</u> <u>There is no provision landlord in this price</u> <u>Practice varies but presentation of overhead and profit in contract satisfactory.</u>
<u>24. Professional fees</u>	<u>£64,170.94</u>	<u>Sum accepted: £15,196.27.</u> <u>A rate of 15% (used by FFT) is too high.</u> <u>See paragraphs 109 to 112.</u>	<u>See section in FFT referring to paragraphs to 112.</u> <u>FFT have allowed there will be more s</u>

			<u>required than con</u> <u>administratio</u>
<u>26. VAT @ 20%</u>	<u>£87,395.48</u>	<u>Sum accepted: £33,431.80</u>	<u>Agreed at rate of</u>
<u>TOTAL</u>	<u>£590,372.6</u> <u>9</u>	<u>Sum accepted: £197,471.82</u>	

355

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).