FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Tribunal Case reference	**:**	**LON/00BK/LSC/2024/0229**
Property	**:**	**Apartments 2, 4 and 5, 14 Park Crescent and Apartment 1, 8 Park Crescent Mews East, London W1W 5AE**
Applicant	**:**	**Joshua van der Aa (Apt 1, Mews); Igor Mikulik (Apt 2, Cresent); Marcus Cooper (Apt 4, Crescent); and Tara Glacks (Apt 5, Crescent), represented by Mark Loveday of counsel**
Respondent	**:**	**14 Park Crescent Ltd, represented by Brooke Lyne of counsel**
Type of application	**:**	**Service charges**
Tribunal	**:**	**Judge Adrian Jack, Tribunal Member John Stead BSc (Hons), MSc**
Date of decision	**:**	**24th April 2025**

DECISION

Procedural and background

1. 14 Park Crescent is an address very familiar to lawyers in London. It used to be the Central London County Court and before that the Bloomsbury County Court. In the period leading up to 2019, the site was redeveloped. The Nash frontage was retained but behind it the building was completely rebuilt with six flats fronting onto Park Crescent and three flats in the mews development at the back. In the basement at the front are premises available for use as social club with gym facilities. We shall come back to the issues surrounding the Club.

2. Amazon, the developers, at the same time refurbished adjacent premises, 92, 96 and 98 Portland Place. The concierge is and was shared between the Park Crescent block and the Portland Place properties. In addition, Amazon had an interest in 8 Park Crescent.

3. The four applicants all hold subleases granted in 2019 for terms expiring in 2157. The freehold is held by the Crown Estate. It granted a headlease to PC Investments Ltd, who in turn granted a long lease to the respondent, whom we shall refer to as the landlord. The subleases are in similar form with standard provisions for the payment of service charges on account with a balancing exercise at the end of each service charge year. The service charge year is the calendar year. In issue before us are the final service charge accounts for 2021, 2022 and 2023 and the budgeted figures for 2024. The tenants in these proceedings seek a determination of payability of these monies pursuant to section 27A of the Landlord and Tenant Act 1985.

4. The residents in the block have also brought proceedings so that the management of the block is undertaken by a right-to-manage company controlled by them. The right to manage is contested by the landlord. The Upper Tribunal has granted the right to manage to the tenants: *14 Park Crescent Ltd v 14 Park Crescent RTM Co Ltd, sub nom. The Courtyard RTM Co Ltd v Rockwell (FC103) Ltd* [2025] UKUT 39 (LC). The decision is, however, under appeal to the Court of Appeal. Nothing turns on this for the purposes of the current application.

5. Pursuant to the Tribunal's directions, the parties have completed a Scott schedule. We attach this to this decision as an annex with our determinations of the individual items in dispute. In addition, however, there are six discrete issues which we deal with below. These are (1) the Club, (2) electricity, (3) management fees, (4) gas and heat metering, (5) the effect of section 20B, and (6) the section 20 consultation requirements.

6. We heard live evidence from Neil Maloney FRICS FIRPM of My Home Surveyor (London) Limited, who are the current managers of the block, and Philip Mizon, an experienced manager who is advising the tenants. Mr Maloney took over the running of the premises from Bruton Street Management Ltd ("Bruton") on 1st October 2023. He thus had no

personal knowledge of matters prior to that date. He is a very experienced manager and was clearly doing his best to assist the Tribunal insofar as he could. Mr Mizon is employed by Amek Investments Ltd, a company of which Mr Cooper, the third applicant, is the beneficial owner and a director. Although not independent, we found his evidence balanced and helpful.

7. Three of the applicants made witness statements, but they did not appear before us and were therefore not cross-examined on their statements.

Issue 1: the Club

8. The Club is a set of rooms with a spa, gym and jacuzzi and an area for socialising with a pool table as well as a small cinema. Coffee and tea are available, but otherwise there is no refreshment. The Club has no dedicated staff. Fobs for entry are given out by the concierge. The residents of the nine flats in the block are entitled to access to it, but in fact access is given to some residents from flats in the adjacent blocks, which were developed at the same time as 14 Park Crescent. At present, four neighbours contribute £4,000 per annum to the running costs of the Club (although one of these neighbours, Mr Maloney says, has now ceased to use the Club, so that share of the £4,000 will presumably cease).

9. Originally there was an issue as to apportionment as between the tenants, but this has been resolved between the four applicants. The remaining issue is the extent to which credit should be given against the cost of the Club for use by third parties, in practice, the neighbours from Portland Place and 8 Park Crescent with some possible staff use.

10. The evidence of use of the Club by third parties is limited. The applicants identify third party users of the Club (all from 8 Park Crescent) as: Max Gourgey and Josh Gourgey (the sons of Charles Gourgey, the chief executive officer of Amazon) and their guests; David Baird; Natascha Zurnamer; a woman "Sarah Lou"; and Victoria Goncharenko. These are only the people the applicants have been able to identify. The respondent has not produced any list of users, although one would expect some record of the issuance of fobs to exist. Nor have they analysed the CCTV footage which shows the use of the Club. The CCTV record is only kept for one month, but a sample analysis would have been possible.

11. In the 2022 budget, it was estimated that there would be income of £20,000 per annum from neighbours against a budgeted expenditure of £62,720. The applicants say £20,000 should be allowed against the Club expenditure; the respondent only concede £4,000.

12. We stand back and take a view on what usage there has been of the Club by third parties. The evidence supports the view that the Club has not been as much of a success as it was hoped to be. The footfall is less than would originally have been envisaged. The respondent has not gainsaid the applicants' evidence of the six named people using the Club. Further

it is right to draw some adverse inference against the landlord from its failure to produce documentary evidence of the issuance of fobs. On the other hand, given the limited footfall, the estimate of £20,000 income made by Bruton for 2022 has not in our judgment been made out.

13. In our judgment, it is right to give an allowance of £10,000 for income which should have been received from third parties for use of the Club by those third parties in each of the service charge years in dispute.

Issue 2: electricity

14. There were four issues in relation to electricity. The first was a mathematical error in calculating the surplus in 2020. This predates the service charge years which are before us. The second was a complaint that there was a failure to control the use of electricity in the Club, for example by putting timers on the air conditioning. The third was a complaint that the electricity was purchased on a variable contract rather than a fixed rate contract. A reduction of 20 per cent in the cost of electricity should be allowed. The last is the effect of section 20B of the 1985 on a demand for £76,035.12. We deal with this separately as the fifth issue, below.

15. As to the second point, Mr Maloney says that there were in fact timers on the electrical equipment in the Club. We accept that evidence, which was not contradicted by Mr Mizon.

16. As to the third point, the respondent accepted that there should have been a fixed rate contract, but disputed the 20 per cent discount claimed by the applicants. Mr Mizon obtained quotes from electricity suppliers, which he exhibits in a table at para 23 of his second witness statement. In his next paragraph, he says:

> "I have not been able to obtain the same data for the historic periods in question. However, what is clear is that fixed energy prices for these suppliers are between 19.89% and 38.2% cheaper than deemed rates. I have sought a 20% discount to the electricity costs based upon the Respondent's failure to enter into a fixed contract, and this level of discount is supported by the above."

17. There are two difficulties with this approach. Firstly, it is unsafe to assume that the historic rates would have been the same. Mr Mizon attempted to seek historic rates, but the electricity brokers he contacted were unable or unwilling to provide this information. Secondly, it is within the Tribunal's knowledge that the standing element of a fixed rate electricity contract is generally higher than with a variable rate contract. Mr Mizon gives no evidence about what the standing charge would have been on the various quotations he obtained. We note further that in a competitive market, as the electricity supply market undoubtedly is, a difference of as much as 20 per cent is liable to be arbitraged away.

18. Again we stand back. We note Mr Maloney's concession that a fixed rate contract should have been sought. In our judgment, a saving of the order

of 5 to 10 per cent could have been made. Doing the best we can we reduce the electricity contribution payable by the tenants by 7½ per cent.

Issue 3: management fees

19. The managing agents' fees (including VAT) were £8,587.50 for May to December 2020, £12,626.46 for 2021, £20,796.92 for 2022 and £18,883.04 for the period to 30th September, when management passed to Mr Maloney and My Home Surveyor. In addition, Bruton charged £6,000 per annum for managing the Club. Mr Maloney charges £15,300 per annum plus £5,100 for the Club (both sums including VAT).

20. Two issues were raised on the management fees charged by Bruton. The first is that the rate charged by Bruton was too high. A reasonable figure would have been £10,000 plus VAT. The second is that Bruton provided a poor service, so their charges should be reduced in any event.

21. As to the first issue, Mr Mizon obtained a quotation from Willmotts after discussing the requirements of the block. The offered £9,000 to £10,000 plus VAT. After a meeting with Mr Mizon on site on 25th March 2025, they firmed up their offer of £10,000 plus VAT. An offer by Ms Nianh McBride, the manager of a neighbouring block was similar.

22. Mr Maloney said that £10,000 plus VAT was too little. He pointed out that the manager of the instant block must arrange for the concierge service and organise the payroll, which he pointed out was time intensive. It was unclear, he said, what information Willmotts had about the work required. We note that the quotation in Willmotts' letter of 20th December 2024 does not refer to the concierge or the payroll.

23. We remind ourselves that this was a very up-market development with unusual features, like the Club. A high standard of service would properly be expected. The cost will be correspondingly high. In our judgment, if the standard of management was as high as it should have been, Bruton's fees (including the separate fee for the Club) would have been justified.

24. This leads to the second issue. Was the standard of Bruton's work adequate? The tenants say the following matters show a poor standard of work:

> "(a) Failure to apportion Club costs fairly…
>
> (b) Failure to provide proper end of year accounts and certificates: the accounts (or annual summaries) for 2020 and 2021 were signed on 18 March 2023 and the summary for 2022 was signed on 9 May 2024. These were only supplied to the applicants when the respondent was compelled to do so by tribunal directions.
>
> (c) Failure to maintain accurate ledgers/cash sheets/monthly reconciliations and/or to provide the same to the applicants on

request. As an example of the same, the 2022 accounts showed an alleged surplus of £23,829.70. This figure was wrong because the 2022 expenditure of £152,211.07 erroneously omitted electricity costs of £76,035.12 allegedly incurred in 2022. The total income and expenditure ought to have been £228,249.19.

(d) Reliance on estimated gas meter readings and failure to have actual meter readings taken, so that accurate accounts can be generated (despite having a continuous staff presence on site).

(e) Failure to ensure heat meter readings were taken or utilised for the purposes of apportioning heating/hot water costs.

(f) Failure to maintain an accurate visitor log in respect of the Club such that third parties (other than guests of leaseholders) can be charged for Club use.

(g) Failure to serve s.20 statutory consultation notices for expenditure levels in excess of the s.20 threshold.

(h) Failure to monitor the costs of night security properly or at all.

(i) Failure to recover from the superior landlord the costs associated with the development and completion of the premises, and which have been charged to the service charge account."

25. (a) and (f) we have dealt with above. As we have found, Bruton did not seek proper recovery of monies from third party users of the Club.

26. (b) is made out. We consider it particularly remiss of Bruton not to operate the standard system of raising interim service charges and then to fail timeously to calculate the balancing charge or credit once the final accounts were prepared. The accounts have still not been formally served on the tenants; certification was long delayed.

27. (c) is also made out, but only in respect of the electricity charge identified. The accounts include an entry for the £76,035.12 in respect of electricity, but then does not include the figure in the subtotal for utilities, nor in the final total of expenditure. The result is a serious misstatement of the accounts for 2022.

28. (d) and (e) we deal with below.

29. (g) we discuss below. For the reasons we give, we consider the failure to carry out section 20 consultations is at most a venial sin and does not show any serious breach of Bruton's management duties.

30. (h) was not pursued.

31. (i) is made out. There was a leak from the roof into Flat 4 (see the email of 22nd August 2023 at electronic page 327 of the bundle). In a new-build

this would normally be a matter for the developer, but Bruton instead appear to have put the remedial cost through the service charge (see the invoice of 6th September 2023 at electronic page 325).

32. In our judgment, Bruton did provide a poor service. We have, however, to beware of double-counting. The £76,035.12 electricity sum will no longer be recoverable from the tenants, because of section 20B of the 1985 Act: see below. The £10,000 allowance we have given in respect of the Club also benefits the tenants. Insofar as the tenants have benefited from Bruton's inadequacies, they should not be given additional credit. However, Bruton cannot in our judgment charge a much higher fee than the comparators identified by Mr Mizon without providing the much higher service. In our judgment Bruton's fee stands to be reduced to £10,000 plus VAT per annum (suitably *pro rata*'d in 2023). We will not allow any separate fee in respect of the administration of the Club.

Issue 4: gas and heat metering

33. There is a communal gas boiler which provides heating and hot water for the individual flats and the Club and heating for the common parts. The issue here is the recharging of the supply to individual flats. The accounts prepared by Bruton show all of the gas supply going through the service charge account. This means that flat-owners are charged the fixed percentage of the service charge expenditure set out in the leases rather than their actual usage. Each flat has a heat meter, which measures the actual supply of heating and hot water from the communal boiler.

34. What belatedly happened in 2023 was that Bruton instructed Murphy Young, a firm of gas suppliers, to take reading from the heat meters of individual flats. By doing this, it is possible to assess the usage of individual flats. What is not allocated to individual flats then reflects the use of gas for the Club and the common parts. Because there is always an inefficiency in the conversion of gas to heat (Mr Mizon reckoned the efficiency of the system would have been about 70 per cent), the splitting of costs between the tenants on the one hand and the Club and the common parts on the other is not necessarily straightforward, but no issue was raised before us on this.

35. The exercise carried out by Murphy Young resulted in the following bills being raised: Marcus Cooper, £3,091.86; Tara Flacks, £4,418.68; Joshua van de Aa, £819.29; and Igor Mikulik, £834.76. Bills will also have been raised against the other five flats, however, these sums are not in evidence. None of the monies raised have been credited to the service charge account, so far as the documentation produced by the landlord shows.

36. We note that it should be exceptionally easy for the landlord to show what Murphy Young's readings of the individual flats were and what period the readings cover. The complete failure to do so is lamentable. It means that we have no rational basis for determining what sums are

due for individual use of the communal system (which would be for each individual flat-owner's account) and what is due for heating the common parts and providing heating and hot water to the Club (which would go through the service charge account).

37. Ms Lyne did not put forward a figure which we should allow for gas and heating in the service charge accounts. In these circumstances, in our judgment, the only proper course is for us to disallow the figures for gas and heating in the accounts completely. Any figure which we allowed would, as Mr Maloney fairly accepted in cross-examination by Mr Loveday, be a "guestimate".

Issue 5: section 20B

38. As we noted above under Issue 3, point (c), the 2022 accounts did not include electricity costs of £76,035.12 in the total amount due. The service charge budget prepared in November 2021 for the service charge year 2022 showed only two figures for electricity of £3,000 each, a total of £6,000. This was the basis of the interim service charge demand which was raised. The figure of £76,035.12 first appears in the final accounts for 2022, but these were only signed off by the accountants on 9th May 2024 and only served on the tenants well after 1st July 2024 as part of the disclosure in the current case.

39. Mr Loveday argues that section 20B of the 1985 Act precludes the landlord from recovering any more than the £6,000 recovered by way of interim service charges, so that £70,035.12 of the electricity bills for 2022 is irrecoverable from the tenants.

40. Ms Lyne argues that the landlord on 28th June 2023 served a section 20B notice informing the tenants of expenditure totalling £233,097.68. This demand did not admittedly include any figure for electricity, but it showed the total amount due. The electricity figure was erroneously subsumed under an entry for "office sundries". This, however, she submitted, is not fatal to the validity of the section 20B notice.

41. We disagree. In *London Borough of Brent v Shulem B Association Ltd* [2011] EWHC 1663 (Ch), [2011] 1 WLR 3014 at para [65] Morgan J said that his "conclusion as to interpretation of section 20B(2) is that the written notification must state a figure for the costs which have been incurred by the lessor. A notice which so states will be valid for the purpose of subsection (2) even if the costs which the lessor later puts forward in a service charge demand are in a lesser amount." In the current case the notice of 28th June 2023 did not state that any electricity costs had been incurred. Electricity costs cannot be considered to be "office sundries". That in our judgment is fatal to the landlord being able to recover electricity costs more than eighteen months after the costs had been incurred.

42. Accordingly, we disallow £70,035.12 in respect of electricity costs in 2022.

Issue 6: section 20 consultation

43. Section 20 of the 1985 Act and the Regulations made under it requires a landlord carrying out major works to carry out a consultation with the tenants liable to contribute to the cost of the works. If a landlord fails to do so, its recovery in respect of the cost of the works is limited to £250. It is, however, open to a landlord to apply for a dispensation from the consultation requirements under section 20ZA of the 1985 Act.

44. In the current case, it is accepted that there were various works carried out which fall within section 20. The landlord says that the works were urgent, for example, where a lift failed and needed to be repaired immediately, so that there was inadequate time to carry out a consultation.

45. Ms Lyne invites us to carry out an informal section 20ZA assessment. She points out that making a formal section 20ZA application would be disproportionate. In one case the relevant tenant's contribution to one set of major works would have been £250.97. It would have been ludicrous to make a formal section 20ZA application in order to recover 97 pence.

46. We see the practical force of what Ms Lyne submits. Unfortunately in our judgment we have no jurisdiction to make a section 20ZA order unless a formal application is made for dispensation from the consultation requirements.

47. We note, however, that it is open to the tenants to waive the point. If they nonetheless insist on the landlord making a section 20ZA application, it is open to the Tribunal hearing that matter to consider whether to make an order for costs against the tenants under rule 13(1)(b) of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013.

48. We declare that, unless and until dispensation is given under section 20ZA of the 1985 Act, the costs recoverable against a flat-owner in respect of major works which are subject to the consultation requirements of section 20 of that Act, are limited to £250 per flat.

Costs

49. We have a discretion as to the costs payable to the Tribunal. These comprise the application fee of £110 and the hearing fee of £220 paid by the tenants

50. In our judgment the tenants are the substantial winners and the landlord should reimburse them these costs.

51. As to the application under section 20C of the 1985 Act and para 5A of the 2002 Act, the landlord wishes to make written submissions. We give them time to do so. Once we see its representations we will consider what, if any, further directions we should give.

DECISION

(a) The individual items are allowed and disallowed as set out above and in the Scott schedule annexed hereto.

(b) The landlord shall reimburse the tenants £330 in respect of the fees paid to the Tribunal.

(c) The landlord may by May 2025 make representations as to whether or not the Tribunal should make an order under section 20C of the 1985 Act or para 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 so as to prevent the recovery of the costs of these proceedings by the landlord from the tenants by way of service charge or administration charge.

Signed: Adrian Jack **Dated: 24th April 2025**

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).

SCHEDULE OF LEGISLATION

Landlord and Tenant Act 1985 (as amended)

Section 18

(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.

Section 19

(1) Relevant costs shall be taken into account in determining the amount of a service charge payable for a period -
   (a) only to the extent that they are reasonably incurred, and
   (b) where they are incurred on the provisions 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.

Section 27A

(1) An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to -
   (a) the person by whom it is payable,
   (b) the person to whom it is payable,

(c) the amount which is payable,
(d) the date at or by which it is payable, and
(e) the manner in which it is payable.

(2) Subsection (1) applies whether or not any payment has been made.

(3) An application may also be made to the appropriate tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to -
(a) the person by whom it would be payable,
(b) the person to whom it would be payable,
(c) the amount which would be payable,
(d) the date at or by which it would be payable, and
(e) the manner in which it would be payable.

(4) No application under subsection (1) or (3) may be made in respect of a matter which -
(a) has been agreed or admitted by the tenant,
(b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
(c) has been the subject of determination by a court, or
(d) has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.

(5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

Section 20

(1) Where this section applies to any qualifying works or qualifying long term agreement, the relevant contributions of tenants are limited in accordance with subsection (6) or (7) (or both) unless the consultation requirements have been either—
(a) complied with in relation to the works or agreement, or
(b) dispensed with in relation to the works or agreement by (or on appeal from) the appropriate tribunal .

(2) In this section “relevant contribution”, in relation to a tenant and any works or agreement, is the amount which he may be required under the terms of his lease to contribute (by the payment of service charges) to relevant costs incurred on carrying out the works or under the agreement.

(3) This section applies to qualifying works if relevant costs incurred on carrying out the works exceed an appropriate amount.

(4) The Secretary of State may by regulations provide that this section applies to a qualifying long term agreement—
  (a) if relevant costs incurred under the agreement exceed an appropriate amount, or
  (b) if relevant costs incurred under the agreement during a period prescribed by the regulations exceed an appropriate amount.

(5) An appropriate amount is an amount set by regulations made by the Secretary of State; and the regulations may make provision for either or both of the following to be an appropriate amount—
  (a) an amount prescribed by, or determined in accordance with, the regulations, and
  (b) an amount which results in the relevant contribution of any one or more tenants being an amount prescribed by, or determined in accordance with, the regulations.

(6) Where an appropriate amount is set by virtue of paragraph (a) of subsection (5), the amount of the relevant costs incurred on carrying out the works or under the agreement which may be taken into account in determining the relevant contributions of tenants is limited to the appropriate amount.

(7) Where an appropriate amount is set by virtue of paragraph (b) of that subsection, the amount of the relevant contribution of the tenant, or each of the tenants, whose relevant contribution would otherwise exceed the amount prescribed by, or determined in accordance with, the regulations is limited to the amount so prescribed or determined.

The Service Charges (Consultation Requirements) (England) Regulations 2003

SCHEDULE 4 PART 2

CONSULTATION REQUIREMENTS FOR QUALIFYING WORKS FOR WHICH PUBLIC NOTICE IS NOT REQUIRED

Notice of intention

1.—(1) The landlord shall give notice in writing of his intention to carry out qualifying works—

(a) to each tenant; and

(b) where a recognised tenants' association represents some or all of the tenants, to the association.

(2) The notice shall—

(a) describe, in general terms, the works proposed to be carried out or specify the place and hours at which a description of the proposed works may be inspected;

(b) state the landlord's reasons for considering it necessary to carry out the proposed works;

(c) invite the making, in writing, of observations in relation to the proposed works; and

(d) specify—

(i) the address to which such observations may be sent;

(ii) that they must be delivered within the relevant period; and

(iii) the date on which the relevant period ends.

(3) The notice shall also invite each tenant and the association (if any) to propose, within the relevant period, the name of a person from whom the landlord should try to obtain an estimate for the carrying out of the proposed works.

Inspection of description of proposed works

2.—(1) Where a notice under paragraph 1 specifies a place and hours for inspection—

(a) the place and hours so specified must be reasonable; and

(b) a description of the proposed works must be available for inspection, free of charge, at that place and during those hours.

(2) If facilities to enable copies to be taken are not made available at the times at which the description may be inspected, the landlord shall provide to any tenant, on request and free of charge, a copy of the description.

Duty to have regard to observations in relation to proposed works

3. Where, within the relevant period, observations are made, in relation to the proposed works by any tenant or recognised tenants' association, the landlord shall have regard to those observations.

Estimates and response to observations

4.—(1) Where, within the relevant period, a nomination is made by a recognised tenants' association (whether or not a nomination is made by any tenant), the landlord shall try to obtain an estimate from the nominated person.

(2) Where, within the relevant period, a nomination is made by only one of the tenants (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate from the nominated person.

(3) Where, within the relevant period, a single nomination is made by more than one tenant (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate—

(a) from the person who received the most nominations; or

(b) if there is no such person, but two (or more) persons received the same number of nominations, being a number in excess of the nominations received by any other person, from one of those two (or more) persons; or

(c) in any other case, from any nominated person.

(4) Where, within the relevant period, more than one nomination is made by any tenant and more than one nomination is made by a recognised tenants' association, the landlord shall try to obtain an estimate—

(a) from at least one person nominated by a tenant; and

(b) from at least one person nominated by the association, other than a person from whom an estimate is sought as mentioned in paragraph (a).

(5) The landlord shall, in accordance with this sub-paragraph and sub-paragraphs (6) to (9)—

(a) obtain estimates for the carrying out of the proposed works;

(b) supply, free of charge, a statement ('the paragraph (b) statement') setting out—

(i) as regards at least two of the estimates, the amount specified in the estimate as the estimated cost of the proposed works; and

(ii) where the landlord has received observations to which (in accordance with paragraph 3) he is required to have regard, a summary of the observations and his response to them; and

(c) make all of the estimates available for inspection.

(6) At least one of the estimates must be that of a person wholly unconnected with the landlord.

(7) For the purpose of paragraph (6), it shall be assumed that there is a connection between a person and the landlord—

(a) where the landlord is a company, if the person is, or is to be, a director or manager of the company or is a close relative of any such director or manager;

(b) where the landlord is a company, and the person is a partner in a partnership, if any partner in that partnership is, or is to be, a director or manager of the company or is a close relative of any such director or manager;

(c) where both the landlord and the person are companies, if any director or manager of one company is, or is to be, a director or manager of the other company;

(d) where the person is a company, if the landlord is a director or manager of the company or is a close relative of any such director or manager; or

(e) where the person is a company and the landlord is a partner in a partnership, if any partner in that partnership is a director or manager of the company or is a close relative of any such director or manager.

(8) Where the landlord has obtained an estimate from a nominated person, that estimate must be one of those to which the paragraph (b) statement relates.

(9) The paragraph (b) statement shall be supplied to, and the estimates made available for inspection by—

(a) each tenant; and

(b) the secretary of the recognised tenants' association (if any).

(10) The landlord shall, by notice in writing to each tenant and the association (if any)—

(a) specify the place and hours at which the estimates may be inspected;

(b) invite the making, in writing, of observations in relation to those estimates;

(c) specify—

(i) the address to which such observations may be sent;

(ii) that they must be delivered within the relevant period; and

(iii) the date on which the relevant period ends.

(11) Paragraph 2 shall apply to estimates made available for inspection under this paragraph as it applies to a description of proposed works made available for inspection under that paragraph.

Duty to have regard to observations in relation to estimates

5. Where, within the relevant period, observations are made in relation to the estimates by a recognised tenants' association or, as the case may be, any tenant, the landlord shall have regard to those observations.

Duty on entering into contract

6.—(1) Subject to sub-paragraph (2), where the landlord enters into a contract for the carrying out of qualifying works, he shall, within 21 days of entering into the contract, by notice in writing to each tenant and the recognised tenants' association (if any)—

(a) state his reasons for awarding the contract or specify the place and hours at which a statement of those reasons may be inspected; and

(b) there he received observations to which (in accordance with paragraph 5) he was required to have regard, summarise the observations and set out his response to them.

(2) The requirements of sub-paragraph (1) do not apply where the person with whom the contract is made is a nominated person or submitted the lowest estimate.

(3) Paragraph 2 shall apply to a statement made available for inspection under this paragraph as it applies to a description of proposed works made available for inspection under that paragraph.

SCHEDULE

DISPUTED SERVICE CHARGES S/C YEAR ENDED 2021
CASE: LON/00BK/LSC/2024/0229

PREMISES: Apts 1, 2 and 4, 14 Park Crescent and Apartment 1 at 8 Park Crescent Mews East, London, W1W 5AE

ITEM	COST	TENANT'S COMMENTS	APPLICANT PROPOSAL	RESPONDENT'S COMMENTS	R's Prospoal	LEAVE BLANK FOR THE TRIBUNAL
Employment Costs	£21,926.40	No challenge, save as may be identified in any specific invoices below.	£21,926.40			Agreed.
Night security	£22,971.87	Refer to witness statement. Challenged on the basis of reasonableness and cost-benefit of providing security services. 50% discount sought.	£11,486.00	Refer to witness statement. The costs of night security were properly and reasonably incurred. Applicant Reply: No further comment. Item remains disputed.		Agreed.
Uniforms	£133.33	No challenge, save as may be identified in any specific invoices below.	£133.33			Agreed.
Landline, lift line and broadband	£297.48	No challenge, save as may be identified in any specific invoices below.	£297.48			Agreed.
Office sundries	£760.36	No challenge, save as may be identified in any specific invoices below.	£760.36			Agreed.
Staff training	£78.88	No challenge, save as may be identified in any specific invoices below.	£78.88			Agreed.
Gas	£3,938.16	Refer to witness statement and statement of case. Costs not in dispute but basis of apportionment challenged.	£3,938.16	Refer to witness statement and Statement of Case. The costs of gas were properly and reasonably incurred. Applicant Reply: No further comment. Item remains disputed. Refer also to Applicants Reply and/or Second Witness Statement of PM.		See general discussion.
Cleaning	£10,790.40	No challenge, save as may be identified in any specific invoices below.	£10,790.40			Agreed.
Window cleaning	£1,102.50	No challenge, save as may be identified in any specific invoices below.	£1,102.50			Agreed.
Gardening	£1,020.00	Refer to witness statement. Unable to identify any gardening invoices for 2021. There are no communal gardens at the Property and the lease does not permit recovery of costs relating to gardening. Cost disputed in full.	£0.00	Whilst the costs have been described as gardening in the accounts it is apparent from the supporting invoices (attached) that the costs relate to pressure washing the external parts of the Building and were therefore properly and reasonably incurred. Applicant Reply: If Respondent is correct then it raises the question of which invoices are comprised within the "Cleaning" cost above as Applicant is unable to determine this based upon the information supplied by the Respondent. Cost therefore disputed.		Pressure washing is outside. This item is agreed.
Mechanical and electrical repairs	£1,608.90	No challenge, save as may be identified in any specific invoices below.	£1,608.90			Agreed.
Boiler maintenance	£288.00	No challenge, save as may be identified in any specific invoices below.	£288.00			Agreed.
Television and satellite	£140.11	No challenge, save as may be identified in any specific invoices below.	£140.11			Agreed.

Lift repairs	£5,052.55	Refer to witness statement. Challenged on the basis of numerous breakdowns to new lifts which ought to be covered under warranty. Additionally, one invoice for £1648.54 exceeds the s.20 threshold of £1185.56. 50% discount to repair costs (but not maintenance costs) proposed - a discount of £1563.78	£3,788.78	Refer to witness statement and Statement of Case regarding section 20 consultation. The Landlord seeks dispensation in relation to Nova Lifts' invoice dated 05/05/21 in the sum of £1,648.54. The cost of repairs were incurred after the defects period expired on 04/05/2021 and were not therefore covered - see comments in 2020. The costs were therefore properly and reasonably incurred as part of the service charge. Applicant Reply: No further comment. Item remains disputed.		/636-644, warrantee liability expired after 4.5.2021. Some callouts for misuse and some for afterwards. Applicants say that builders were still on site, so misuse may have been the builders.
Fire detection and alarm service	£2,385.47	No challenge, save as may be identified in any specific invoices below.	£2,385.47			Agreed.
Pest control	£698.98	No challenge, save as may be identified in any specific invoices below.	£698.98			Agreed.
Health and Safety	£1,260.00	Cost comprises 2 x invoices from William Martin Compliance: (1) H&S and FRA for £780 and (2) Meridian Fee for £480. Unclear what "Meridian Fee" relates to therefore disputed £480.	£780.00	Meridian is the online compliance risk management system that affords the Property Manager visibility of the Health and Safety performance of the Building. Such costs were properly and reasonably incurred as part of the service charge. Applicant Reply: Applicant does not accept that the cost of software / compliance tools are recoverable.		Meridian is challenged. Respondents say the software is for this property only: /657.
Spotify	£34.81	No challenge, save as may be identified in any specific invoices below.	£34.81			Agreed.
General repairs	£156.00	No challenge, save as may be identified in any specific invoices below.	£156.00			Agreed.
Contingency	£78.89	A contingency is not appropriate for audited accounts but given the de minimis sum, no challenge	£76.89			Agreed.
Bank interest received	-£1.21	No challenge, save as may be identified in any specific invoices below.	-£1.21			Agreed.
Miscellaneous income	-£2,142.67	No corresponding paperwork. No challenge on the basis it serves to reduce service charge liabilities.	-£2,142.67			Agreed.
Management Fees	£12,626.46	Refer to Statement.of Case and witness statement Challenged on the basis of unreasonable standard of service.	£6,000.00	Refer to witness statement and Statement of Case. Applicant Reply: No further comment. Item remains disputed.		As per general discussion.
Forward Funding - Works instructed 30/12/2019 - External Repairs	£4,106.40	Refer to witness statement. Unable to identify corresponding invoices. Relates to works instructed prior to start of service charge regime. No section 20 notices.	£0.00	A copy of the invoices totalling £4,106.40 is attached. Refer to witness statement and Statement of Case regarding section 20 consultation. The Landlord seeks dispensation in relation to Hurlingham Heating's invoice dated 26/10/21 in the sum of £2,364. Applicant Reply: Respondent has supplied 208 pages of invoices with its Statement of Case. There is nothing to identify which of those invoices apparently amount to the £4106.40 referred to. The Applicant cannot comment further and disputes the costs.		Forward funding is misnomer: it is /666-667, works. One items is subject to a s.20 challenge, where the £250 cap applies: see separate discussion. Otherwise all agreed.,
TOTAL	**£89,312.07**		**£64,327.57**	**(See below)**		
INVOICES DISPUTED						
Where it has not been possible to reconcile invoices against the head of cost, "no challenge" may have been stated above. However the following invoices are also disputed.						

Xtra Maintenance Ltd	£960.00	This is an invoice dated 01/09/2021 for a welding repair to an external gate. The Applicants do not know what this relates to as there are no external gates exclusively serving the Property. The invoice is assumed to relate to the vehicular gate in the rear mews, which is utilised by the wider terrace. Cost therefore disputed as believed not relevant to Property.	-£960.00	The costs relate to the gate in the Park Crescent Mews East in accordance with the Landlord's obligations under the Argosy House Transfer (as defined in the Leases). The lessees enjoy a right of access to and egress from the Building over this roadway/walkway which they share in common with the owners and/or occupiers of the Adjoining Premises. Such costs are recoverable under clause 10.1 of the Leases although only a fair proportion is attributable to the Building. For reasons that are unclear to the Respondent, it appears Bruton incorrectly allocated all of the costs to the Building instead of a fair proportion. Given the small sums involved the Respondent has not sought reapportion the costs. Applicant Reply: Unable to locate a copy of the Transfer. If Respondent is correct then Applicants wish to understand the basis of apportionment as the road/walkway to the rear serves numerous buildings including the mews properties and garages and yet Respondent appears to seek around 50% of the cost from the Property.	£473.43	Respondent concedes this.
Hurlingham Heating Limited	£2,364.00	Invoice relates to water ingress into Flat 5, 14 Park Crescent and states there is a defect with the sliding door. Respondent or window installer should be responsible for this defect on the basis of the Property being a new development.	-£2,364.00	See comments above. Applicant Reply: No further comment. Item remains disputed.		Only the s.20 point is in dispute: see general discussion on this.
TOTAL		**TOTAL PROPOSED BY APPLICANTS FOR 2021**	**£61,003.57**		**£473.43**	