

ANNEX 1

SERVICE CHARGE YEAR ENDING 31 DECEMBER 2022

Lansdowne House, Moultsford Mews, Reading, RG30 1ER

Case Reference: CAM/LSC/2024/0611

Item	Decision	Reasons
S1 - ESTATE		
3001 Audit & Accountancy	£3,264.00	On the evidence of expenditure for 2022 this is a reasonable sum to budget for. We were told that the actual costs were £5,436. There was no evidence of comparables to demonstrate that such services could be obtained at a lower cost than £3,264.
3003 Bank Charges	£500.00	There was no evidence of actual bank charges incurred, only of Remus's own charges per their evidence. £1,340 is not therefore justified and the Applicant's submission of £200 is low. We would allow £500 as a reasonable sum to budget.
3030 Management Fees	£21,016.00	We were told that there were 430 units in the Estate but it is not clear where 143 contributors have been taken from. On the face of it £21,016 equates to around £147 per unit, which appears reasonable to budget for with actual expenditure being susceptible to challenge after the Maintenance Adjustment. The Applicants contended that it was reasonable to pay £10,000 but there was no real rationale for this figure aside from what leaseholders in an unrelated and differently constituted block were paying. Allegations were also made of poor management but these will be matters potentially relevant in determining reasonableness of actual expenditure but not at the budget stage.

3042 Managing Agent Time Costs	£150.00	We would have expected to see the management agreement as evidence of the additional services and time costs budgeted for. We were told this was confidential despite our observation that these are court proceedings. We were not given a satisfactory explanation of what the additional time costs over and above the standard management charges might entail. We were not provided with accounts to show that unforeseen time was in fact occurred historically. Pages 210 to 211 of the Respondent's shows £245.25 in time costs for 2022 but does not clarify which units/block this sum relates to and we note the budget was reduced from 2022 to 2023 from £150 to £100. We consider it reasonable to say that no more than £100 should apply for budgeted 'extra' costs. We would expect to see thorough justification referencing the management agreement terms permitting those 'extra' time costs and attribution to this particular block.
3049 Professional Fees	£0.00	We would have expected this expenditure to come under general maintenance. The Respondent did not produce an invoice for this item nor a report to show that the budgeting was reasonable. We therefore do not consider this to be a reasonable budget item.
3067 Treeworks	£1,000.00	We consider it reasonable to budget for treeworks separately to gardening and landscaping given the specialist nature of the work. We consider £1,000 to be reasonable for budgeting purposes.
3110 Electricity	£0.00	The Respondent conceded that this line was in error.
3131 Risk Assessment	£0.00	We do not consider this to be reasonable to budget for given that there was no anticipated or expected risk assessment to be undertaken until 2024.
3148 RoSPA Inspection	£400.00	We consider it reasonable to budget for this inspection and the sum involved is reasonable notwithstanding the increase on the previous year given the nature and likely scope of work involved.
3152 Public Liability Ins	£1,020.00	We noted that the budgeted expenditure for 2021 was £840. The sum of £1,020 proposed by the Applicants seems reasonable. There was no explanation from the Respondent as to the methodology behind budget increase and very little from the Respondent's insurance brokers to further explain this.
3153 D&O Liability Insurance	£446.00	We were told that the actual expenditure was £557.12. We consider it reasonable to budget £446 in 2022 based on the figure budgeted in the preceding year 2021 with no increase.

3180 Lighting & Electrical Rep	£1,000.00	The Respondent did not provide a justification for the substantial increase from the sum of £246 in 2021. We were more persuaded by the sum of £1,000 by the Applicant's rather than the Respondent's figure of twice this, which seems excessive.
3182 General Repairs & Maint	£4,000.00	The Respondent did not provide an explanation for the substantial increase from the sum of £3,572 in 2021. We were more persuaded by the sum proposed by the Applicants of £4,000 given the Respondent's own methodology.
3192 Drainage Clearance	£500.00	We consider that this expenditure should be part of general maintenance however it is in principle reasonable to budget for this and the sum proposed by the Respondent seems reasonable for budget purposes based on an estimate two issues per year.
3217 Play Equipment Mtce	£2,000.00	We noted that, historically, annual expenditure did not exceed £1,200. The reserve was £3,000 in 2022 and 2023 and no explanation nor evidence was presented to support a 33% increase. We considered that there is likely to be some overlap with the reserve. We therefore consider it reasonable to budget for maintenance at £2,000 under this line and to contribute to the reserve at £3,000 (see below under expense code 3279).
3261 Water	£0.00	The Respondent conceded that this line was in error.
3279 Play Equip Reserve	£3,000.00	We consider it reasonable to budget for a separate reserve for future expenditure for play equipment replacement. As above, we have allocated between maintenance and reserves.

£38,296.00

S2 - CHP PLANT

3038 Mech/Elec Expend Plan	£0.00	There was no expenditure plan. We consider that, unless and until the Respondent can demonstrate a specific requirement, this item would fall under general maintenance.
3110 Electricity	£1,000.00	We consider it reasonable to budget for this cost, the Applicants can make any challenges to actual expenditure when accounts are prepared. The Respondent will need to provide invoices which tally with the plant room expenditure and demonstrate that the costs were reasonably incurred and reasonable in amount.
3112 Telephone	£850.00	We noted that £850 was lower than the 2021 budgeted sum so it is reasonable to budget this sum for 2022.
3124 Gas Invoicing Admin'	£0.00	The Respondent conceded that this line was in error.

3150 Engineering Insurance	£1,827.00	The budgeted amount of £1,827 for this type of insurance is reasonable. The Respondent stated that actual expenditure was £4,985.28 but no explanation was given and the Respondent was not clear at the hearing. We noted that the invoice which we were shown included an inspection and a premium but it was not clear what coverage or parts of the estate or block it related to. The email which we were shown did not clarify what it was covering.
3207 Boiler Maintenance	£8,000.00	We were not satisfied that the Respondent has demonstrated why the budget needed to increase from £120 in 2021 to £8,000 in 2022. There was no evidence of anticipated repairs or what was or was not covered by the maintenance contract entered into by 18 January 2022 when invoiced. The significant actual repairs throughout 2022 for emergency call outs could not have been known about; the Respondent did not present evidence to say otherwise. We consider that there should be one amount as a plant room maintenance fund to encompass boiler, generator and general repairs at £10,000. We noted that the general repair item 3182 was not challenged and stood at £1,000 for 2022. Therefore £8,000 is allowed for boiler maintenance under item 3207 and £1,000 for generator maintenance under item 3219.
3219 Generator Maintenance	£1,000.00	Please see comments above.
3236 Petty Cash/Sundries	£0.00	We consider it to be an unusual arrangement to buy unitemised parts held in stock by the contractor in 2021 (as shown at page 168 of the Respondents bundle) and there was no clarity over what parts are held and whether they been used. Therefore we see no need to budget for same amount year on year. We have not been told that stock levels have dropped. In any case, we would expect topping up to come out of the boiler reserve or the annual maintenance charge. We conclude that it is not reasonable to budget for additional items.

3290 Boiler Reserve	£10,000.00	The accounts for 2022 (at page 11) show around £188,000 in the boiler reserve. The response to the question of why a further £20,000 was needed was simply that this needs to be looked at. We consider that there is justification for what is effectively stockpiling. The reserve could be use for general maintenance. The Respondent contended that £52,000 was needed to replace one boiler in 2024 but the reserve has more than 3 times that sum. The Respondent has not been reconciling the accounts in a timely fashion so nobody knows where they are, what current reserve fund is. We consider it reasonable to assume that significant funds are held. The Applicants accept that £10,000 would be reasonable as a budgeted sum and we cannot say differently without seeing the current reserve value.
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£22,677.00

S3 - PARKING

3066 Gardening/Landscaping	£4,800.00	We consider that this expenditure item has been split from the general estate garden and maintenance without a reasonable explanation for why this was necessary or has been done. It should have been included in the general garden and maintenance budget (which was not challenged). We consider it reasonable to budget for this item on the basis that this reverts back to the overall gardening and landscaping budget in 2023 and 2024.
3084 Ventilation System	£7,000.00	We were told that the actual expenditure for 2022 was £1,327. That actual figure appears to be 10% of the budgeted amount in 2022. We would have expected to see an adjustment in 2023 which would then follow in 2024. Any major repairs should come from the external reserve fund. The Respondent referred us to an invoice, which is an actual expense for 2024 and, in any event, relates to a breakdown repair (page 79 and 80 of the Respondent's bundle). We would have expected those repairs to come out of the reserve. We were therefore more persuaded by the Applicants suggested figure of £7,000.

3110 Electricity	£4,000.00	We were told that the actual expenditure for 2022 was £18,000 but no invoices were available so there was no evidence of what electricity was in fact consumed. There was no explanation for what this budgeted sum relates to, we can only assume that it relates to external lighting, the barrier etc. Unhelpfully, neither party gave evidence of the costs in 2021. Evidence was given of £5,693.43 but there were no invoices to support this. The Scott Schedule indicates that the budget has come down each year, contrary to electricity values over the period since 2021. We were therefore inclined to accept the Applicants suggested figure of £4,000.
3180 Lighting & Electrical Rep	£1,500.00	We were told that the actual expenditure for 2022 was £396. The budgeted sum for 2023 was £2,000. We were therefore inclined to accept the Applicant suggested figure of £1,500.
3182 General Repairs & Maint	£2,000.00	We were told that the actual expenditure for 2022 was £nil. The invoices which we were shown for 2023 totalled £746. Based on historical figures, and the fact that lighting and electrics are budgeted separately, a budgeted sum of £2,000 is reasonable.
3201 CCTV Maintenance	£1,000.00	The Respondent has not demonstrated the maintenance contract costs or what the contract covers. It is reasonable to have some budge, for example to cover failed cameras. We had no information from which to determine likely costs other than the £324 incurred in 2022. We were inclined to accept the Applicants suggested figure of £1,000.
3205 Shutters Int & Ext Maint	£4,000.00	The budgeted sum for 2021 was £10,789. We had no explanation for the reduction to £4,000, for example whether 2021 included one off costs. Given the substantial reduction, we consider it reasonable to have budgeted £4,000.
3209 Smoke Ventilation Maint	£0.00	This item appears to be a duplication of expenditure code 3084 above. The Respondent suggested that it was for a maintenance contract but did not provide a copy of the contract, any detail by way of submission or evidence of what the contract related to, included etc. It was also not made clear why they had budgeted at 3084 for a significant sum for repairs if there was a maintenance contract in place. We did not therefore consider it reasonable to budget an additional sum.

3280 External Reserve	£3,000.00	We consider it reasonable to have a reserve, for example for future works such as shutter replacement. We consider £3,000 to be reasonable for a budget, in principle, however we did not have an indication of the overall reserve fund.
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£27,300.00

S5 - CARETAKER

3015 Employment Costs	£1,000.00	It was not made clear to us why £1,900 would be required when there is only one employee. There was no reasonable justification for the sum contended for by the Respondent and we note that the budget drops for 2023 and 2024. We consider it reasonable to budget £1,000 for employment management matters.
3051 Bin Store	£0.00	It was suggested by the Respondent that this item is for annual leave cover. We do not consider that this is justified, there was no clear explanation as to why this is necessary. We would expect that there was always annual holiday so this would and should have come under general expenditure. It is not reasonable to budget for a further sum.

£1,000.00

S6 - PORTMAN SQ MGMT CO

3043 Management Co Expenses	£623.00	We consider this is a reasonable sum for annual filing requirements and company secretary duties. The Applicant agreed this at the hearing.
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£623.00

S7 - WEST VILLAGE MGMT CO

3043 Management Co Expenses	£623.00	We consider this is a reasonable sum for annual filing requirements and company secretary duties. The Applicant agreed this at the hearing.
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£623.00

S8 - WATER BOOSTER

3088 Water Pump Maintenance	£2,500.00	We were told that the actual expenditure in 2022 was £4,000 for all systems. As above, it was not made clear to us what this overall contract is/covers. The invoice which we were shown at page 279 of the Respondent's bundle refers to a maintenance contract for West Village but there is no detail of that contract. The budgeted sum in 2023 was £2,520 but we were told that there was in fact no expenditure. We consider it reasonable for budgeting purposes for this to remain the same at £2,500.
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3110 Electricity	£500.00	There was no evidence of what the meters relate to, as shown on page 100 of the Respondent's bundle nor did we have all pages of the invoice. The budgeted sum was £500 for 2022 and 2023. We were directed to SSE invoices which were not complete as there were missing pages. These were for sums much larger than this (page 100 of the Respondent's bundle) and were not helpful as they do not identify what the electricity charged is for e.g., which meter relates to what area. It seems clear from the face of this invoice that there was a balance outstanding of over £22,000. Our impression was that there was little or no control over utility costs generally. Relying on a third party to broker a deal does not fully explain this. That said, evidently electricity is required but there was no evidence to say whether £1,000 is reasonable or not. We would expect, with the final account, invoices to be provided with actual readings and meter numbers, which correlate with costs incurred. For budgeting purposes, we consider £500 to be reasonable.
3182 General Repairs & Maint	£3,000.00	We were told that the actual expenditure in 2022 was £2,500. A budgeted expenditure of £3,000 for 2023 and 2024 is reasonable. £3,000 is on the high side for 2022 but we have insufficient information on what was covered by the maintenance contract and what was not.
3230 Water Tank Testing	£0.00	We enquired as to what this item related to, for example legionella testing, but no answer was provided by the Respondent. The Respondent accepted at the hearing that it can be taken out for 2024 but later adjusted if there was expenditure. However, we were not provided with any invoice or other explanation for how the figure was arrived at or what it relates to e.g., testing tank or testing water etc. It appears to be a new budget line introduced and there was no actual expenditure for testing in 2022. We considered that this was not a reasonable budget item for 2022.
3287 Reserve contribution	£200.00	The Applicants accepted at the hearing that £200 was a reasonable budgeted amount for the reserve fund.

£6,200.00

2022 Total anticipated expenditure (Estate) £96,719.00

S9 - BLOCK

3001 Audit & Accountancy	£576.00	We consider it reasonable to make some provision for accounts preparation. Any challenge would be to actual expenditure in terms of whether it was reasonably incurred and reasonable in amount. We considered £576 to be a reasonable figure to budget for.
3030 Management Fees	£5,912.00	We were told this related to approximately £281 per unit (with 21 units contributing) which represented an increase of 2% on the preceding year. We consider that this is not therefore excessive. The Applicants did not provide comparables showing this is excessive. If Applicants are not happy with the service can separately challenge actual figures.
3042 Managing Agent Time Costs	£100.00	We consider it reasonable to budget £100 for work falling outside the management contract but actual expenditure will need to be justified by reference to what work is within the scope of that contract.
3047 Out of Hours Service	£420.00	We considered it reasonable to allow for an out of hours service. The budgeted cost is reasonable and only a modest increase over a four year period.
3048 Reinstatement Cost	£0.00	This is a cost which we were told was incurred in 2024, it is not clear therefore that it was reasonable to schedule it earlier. There was no evidence of when the last inspection was carried out. We did not therefore considered this to be a reasonable item to budget.
3060 Cleaning	£2,750.00	Based on 2020 and 2021 expenditure, only an inflationary increase is budgeted for, and we consider it to be reasonable to budget for that. We therefore considered that a 10% increase on £2,500 to £2,750 would be reasonable to budget for.
3062 Carpet Cleaning	£400.00	This was added in as an extra line as it was previously thought that it the work was carried out by the cleaners. It is reasonable to budget for this expenditure. If the carpets are not cleaned adequately or at all then the Applicants can seek to challenge this when the evidence is provided. We consider that £400 is a reasonable sum to budget for.
3063 Window Cleaning	£350.00	It is reasonable to budget for window cleaning. Neither party could explain to us how this is carried out in practice (e.g., a cherry picker would increase the cost). The Applicants can seek to challenge actual figures if it transpires that work is not carried out adequately or at all. We consider that £350 is a reasonable sum to budget for.
3110 Electricity	£2,600.00	We considered that £2,600 was not an unreasonable sum for electricity to the block.

3112 Telephone	£400.00	We were told that the cost of the lift autodialer was £32 per month so a budget of £400 is reasonable, having regard also to the previous year expenditure of £374.
3131 Risk Assessment	£0.00	We were not satisfied that a fire risk assessment would be needed every year. None was in fact carried out in 2022. It there was no intention to do this, it should never have been budgeted for. We did not therefore consider it reasonable to budget for this.
3132 Dry Riser Maintenance	£225.00	We considered it reasonable to budget for this fire safety related inspection and the budget sum of £225 is reasonable.
3133 Health & Safety Mgt	£0.00	The Respondent contended that this was for additional health and safety requirements that fall outside of the standard day-to-day management agreement. We considered that there was no justification for introduction of this line for 2022 and 2023. The Respondent accepted that there was no actual expenditure. We therefore considered it unreasonable to budget for it.
3151 Building/Estate Insurance	£0.00	We considered that it is for the freeholder to obtain insurance. This item should not be budgeted for as the Respondent accepted that it had no involvement in obtaining this and there was no evidence presented of historical invoicing.
3159 Lift Insurance Premium	£427.00	We considered it reasonable to budget for lift insurance. There was no evidence provided of comparable costs but it is reasonable to have some form of insurance and £427 does not seem to us to be excessive.
3170 Lift Maintenance	£1,700.00	It is reasonable to budget for lift maintenance and the budgeted sum seems to have gone down in recent years compared to historical expenditure. This appears to include the lift maintenance contract, which has been split out in 2024.
3180 Lighting & Electrical Rep	£250.00	We were provided with no justification for the over 1000% increase from previous years. It is, however, reasonable to have some provision and we consider that £250 would be reasonable for budget purposes.
3182 General Repairs & Maint	£3,000.00	We accept that this covers a broad range of works. It is reasonable to budget for in principle and £3,000 is reasonable given actual expenditure in 2021 was £6,751.
3193 Pest Control	£180.00	It is reasonable to budget for this item and £180 is a reasonable sum.
3199 Door Entry Systems Maint	£200.00	It is reasonable to budget for this item and £200 is a reasonable sum.
3200 Emergency Lighting	£738.00	It is reasonable to budget for this item and £738 is a reasonable sum.

3203 Fire Systems Maintenance	£711.00	We were provided with no reason for the introduction of this line. This appears to be a change from the Fire Safety Equipment expenditure. It is not unreasonable for there to be a budget for maintenance of the fire systems. It is not helpful when budgeted amounts are moved around under different cost codes or headings. However £711 is reasonable for budget purposes.
3280 External Reserve	£1,900.00	We consider £1,900 to be reasonable for budget purposes on the basis that this is a reduction from 2021.
3289 Internal Reserve	£2,000.00	We consider £2,000 to be reasonable for budget purposes on the basis that this is a reduction from 2021.

Total anticipated expenditure (Block) £24,839.00

2022 Grand Total (Estate + Block) £121,558.00

ANNEX 1

SERVICE CHARGE YEAR ENDING 31 DECEMBER 2023

Lansdowne House, Moultsford Mews, Reading, RG30 1ER

Case Reference: CAM/LSC/2024/0611

Item	Decision	Reasons
S1 - ESTATE		
3001 Audit & Accountancy	£3,759.00	We were not provided with comparables to show that this cost could be obtained cheaper. On evidence of expenditure for 2022 we considered that £3,759 is reasonable as a budgeted figure.
3003 Bank Charges	£500.00	We were provided with no evidence of actual bank charges. We considered £500 to be a reasonable budget sum.
3030 Management Fees	£21,646.00	We were told that there were 430 units in the Estate but it is not clear where 143 contributors has been taken from. On the face of it £21,646 equates to around £151 per unit, which appears reasonable to budget for with actual expenditure being susceptible to challenge after the Maintenance Adjustment. The Applicants contended that it was reasonable to pay £10,000 but there was no real rationale for this figure aside from what leaseholders in an unrelated and differently consituted block were paying. Allegations were also made of poor management but these will be matters potentially relevant in determining reasonableness of actual expenditure but not at the budget stage.

3042 Managing Agent Time Costs	£100.00	We would have expected to see the management agreement as evidence of the additional services and time costs budgeted for. We were told this was confidential despite our observation that these are court proceedings. We were not given a satisfactory explanation of what the additional time costs might entail. No accounts were provided to show that unforeseen time was in fact occurred historically. Page 210 and 211 of the Respondent's bundle shows £245.25 in time costs for 2022 but does not clarify which units/block this relates to and we note the budget was reduced from 2022 to 2023 from £150 to £100. We consider it reasonable to budget £100 for 'extra' costs. We would expect to see thorough justification referencing the management agreement terms permitting those 'extra' time costs and attribution to this particular block.
3049 Professional Fees	£0.00	We would have expected this expenditure to come under general maintenance. We were told that there was in fact no expenditure in 2023.
3066 Gardening/Landscaping	£21,000.00	We assume this includes the parking area (D39). We were not provided with a copy of the contract. Two invoices were provided but no context given - we expect gardening costs to vary by the time of year. One invoice was a one off job and the other was for the month of July which is a busy time. There was no evidence of expenditure over the winter months. We were told that the actual expenditure in 2022 was £18,720. We consider it reasonable to allow an inflationary increase of approximately 10%, giving £21,000.
3067 Treeworks	£1,000.00	We consider it reasonable to budget for treeworks separately to gardening and landscaping given the specialist nature of the work. We consider £1,000 to be reasonable for budgeting purposes (no change from 2022).
3073 Landscape Maintenance	£0.00	The Respondent conceded that this line was in error.
3110 Electricity	£0.00	The Respondent conceded that this line was in error.
3131 Risk Assessment	£0.00	We do not consider this to be reasonable to budget for given that there was no anticipated or expected risk assessment to be undertaken until 2024.
3148 RoSPA Inspection	£400.00	We consider it reasonable to budget for an annual inspection of the playground equipment. The actual expenditure in 2022 was £192. We would agree with the Applicants that £400 is reasonable to budget for.
3152 Public Liability Ins	£1,125.00	In the absence of clear evidence of market testing, we consider it reasonable to uplift the £1,020 budgeted for 2022 by 10% for 2023 to £1,125.

3153 D&O Liability Insurance	£468.00	We consider £468 to be a reasonable sum to budget, representing a 5% increase on the previous years budget of £446.
3180 Lighting & Electrical Rep	£1,000.00	The Respondent did not provide a justification for the substantial increase from the sum of £246 in 2021. We were more persuaded by the sum of £1,000 by the Applicant's rather than the Respondent's figure of twice this, which seems excessive.
3182 General Repairs & Maint	£4,000.00	The Respondent did not provide an explanation for the substantial increase from the sum of £3,572 in 2021. We were more persuaded by the sum proposed by the Applicants of £4,000 given the Respondent's own methodology.
3192 Drainage Clearance	£500.00	We consider it reasonable to budget for drainage clearance in principle, however this should be part of general maintenance. £500 is a reasonable sum to budget.
3217 Play Equipment Mtce	£2,000.00	We noted that, historically, annual expenditure did not exceed £1,200. The reserve was £3,000 in 2022 and 2023 and no explanation nor evidence was presented to support a 33% increase. We considered that there is likely to be some overlap with the reserve. We therefore consider it reasonable to budget for maintenance at £2,000 under this line and to contribute to the reserve at £3,000 (see below under expense code 3279).
3261 Water	£0.00	The Respondent conceded that this line was in error.
3279 Play Equip Reserve	£3,000.00	We consider it reasonable to budget for a separate reserve for future expenditure for play equipment replacement. As above, we have allocated between maintenance and reserves.

£60,498.00

S2 - CHP PLANT

3038 Mech/Elec Expend Plan	£0.00	There was no expenditure plan. We consider that, unless and until the Respondent can demonstrate a specific requirement, this item would fall under general maintenance.
3110 Electricity	£1,000.00	We consider it reasonable to budget for this cost, the Applicants can make any challenges to actual expenditure when accounts are prepared. The Respondent will need to provide invoices which tally with the plant room expenditure and demonstrate that the costs were reasonably incurred and reasonable in amount.

3112 Telephone	£850.00	We noted that the budgeted sum of £850 is lower than the 2021 budget. The Respondent informed us that the actual expenditure for 2022 is around £1,300. Plainly, the Respondent should have increased the budget but did not. We consider a modest increase on the sum of £825 budgeted in 2022 to be reasonable.
3124 Gas Admin Charges	£0.00	The Respondent conceded that this line was in error.
3150 Engineering Insurance	£2,101.00	We consider it reasonable to provide for an inflationary increase on the sum of £1,827 budgeted in the preceding year 2022.
3182 General Repairs & Maint	£7,000.00	We consider it reasonable to have one amount as a plant room maintenance fund to encompass boiler, generator and general repairs at £10,000. This is therefore allowed in combination with items 3207 and 3219 below.
3207 Boiler Maintenance	£2,160.00	We consider it reasonable to have an inspection regime. There was insufficient information as to the number of plant rooms but we have assumed two each, requiring two inspections a year. We were shown an invoice suggesting that the costs is £540 for each inspection. It would be reasonable to budget at £2,160 but the Respondent may be required to produce evidence that inspections are actually taking place on any assessment of actual accounts. We therefore allow £2,160 as part of the £10,000 budgeted sum above
3219 Generator Maintenance	£840.00	Please see comments above.
3236 Petty Cash/Sundries	£0.00	We consider it to be an unusual arrangement to buy unitemised parts held in stock by the contractor in 2021 (as shown at page 168 of the Respondents bundle) and there was no clarity over what parts are held and whether they been used. Therefore we see no need to budget for same amount year on year. We have not been told that stock levels have dropped. In any case, we would expect topping up to come out of the boiler reserve or the annual maintenance charge. We conclude that it is not reasonable to budget for additional items.

3290 Boiler Reserve	£10,000.00	The accounts for 2022 (at page 11) show around £188,000 in the boiler reserve. The response to the question of why a further £20,000 was needed was simply that this needs to be looked at. We consider that there is justification for what is effectively stockpiling. The reserve could be use for general maintenance. The Respondent contended that £52,000 was needed to replace one boiler in 2024 but the reserve has more than 3 times that sum. The Respondent has not been reconciling the accounts in a timely fashion so nobody knows where they are, what current reserve fund is. We consider it reasonable to assume that significant funds are held. The Applicants accept that £10,000 would be reasonable as a budgeted sum and we cannot say differently without seeing the current reserve value.
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£23,951.00

S3 - PARKING

3084 Ventilation System	£7,000.00	We were told that the actual expenditure for 2022 was £1,327. That actual figure appears to be 10% of the budgeted amount in 2022. We would have expected to see an adjustment in 2023 which would then follow in 2024. Any major repairs should come from the external reserve fund. The Respondent referred us to an invoice, which is an actual expense for 2024 and, in any event, relates to a breakdown repair (page 79 and 80 of the Respondent's bundle). We would have expected those repairs to come out of the reserve. We were therefore more persuaded by the Applicants suggested figure of £7,000.
3110 Electricity	£4,000.00	We were told that the actual expenditure for 2022 was £18,000 but no invoices were available so there was no evidence of what electricity was in fact consumed. There was no explanation for what this budgeted sum relates to, we can only assume that it relates to external lighting, the barrier etc. Unhelpfully, neither party gave evidence of the costs in 2021. Evidence was given of £5,693.43 but there were no invoices to support this. The Scott Schedule indicates that the budget has come down each year, contrary to electricity values over the period since 2021. We were therefore inclined to accept the Applicants suggested figure of £4,000.

3180 Lighting & Electrical Rep	£1,500.00	We were told that the actual expenditure for 2022 was £396. The budgeted sum for 2023 was £2,000. We were therefore inclined to accept the Applicant suggested figure of £1,500.
3182 General Repairs & Maint	£2,000.00	We were told that the actual expenditure for 2022 was £nil. The invoices which we were shown for 2023 totalled £746. Based on historical figures, and the fact that lighting and electrics are budgeted separately, a budgeted sum of £2,000 is reasonable.
3201 CCTV Maintenance	£1,000.00	The Respondent has not demonstrated the maintenance contract costs or what the contract covers. It is reasonable to have some budge, for example to cover failed cameras. We had no information from which to determine likely costs other than the £324 incurred in 2022. We were inclined to accept the Applicants suggested figure of £1,000.
3205 Shutters Int & Ext Maint	£2,000.00	We were told that the actual expenditure in 2022 was £1,846, which included a claims excess of £300. We consider it reasonable to budget £2,000 in 2023 and £2,200 in 2024.
3209 Smoke Ventilation Maint	£0.00	This items appears to be a duplication of expenditure code 3084 above. The Respondent suggested that it was for a maintenance contract but did not provide a copy of the contract, any detail by way of submission or evidence of what the contract related to, included etc. It was also not made clear why they had budgeted at 3084 for a significant sum for repairs if there was a maintenance contract in place. We did not therefore consider it reasonable to budget an additional sum.
3280 External Reserve	£3,000.00	We consider it reasonable to have a reserve, for example for future works such as shutter replacement. We consider £3,000 to be reasonable for a budget, in principle, however we did not have an indication of the overall reserve fund.

£20,500.00

S5 - CARETAKER

3015 Employment Costs	£1,000.00	We consider it reasonable to budget £1,000 for employment management matters consistent with the budgeted sum for 2022.
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3017 Caretaker/Warden/Security	£28,000.00	We consider it reasonable to take actual expenditure and budget for a 3.5% increases each year. We were told this was £26,860 in 2022, which would give £27,800 in 2023 (rounded to £28,000) and £28,733 in 2024 (rounded to £29,000). We were not provided with evidence of the employment terms and conditions suggesting that this was contrary to those.
3112 Telephone	£700.00	We were told that the budgeted sum was £276 in 2020, £108 in 2021, £700 in 2023 and £700 in 2024. There was no explanation for the substantial increase other than that the figure includes mobile and broadband. This would seem to be a total of £58 per month. We were directed to an invoice as an example for 2023 which was £83 for the month, albeit this included what is referred to as a service charge. We would anticipate that, if broadband is included, it may well be at this rate, but would expect when final accounts are produced there is a justification as to payability under the leases. This is because this seems an extraordinary amount for what an average person might pay for a tariff with unlimited calls and a data allowance.

£29,700.00

S6 - PORTMAN SQ MGMT CO

3043 Management Co Expenses	£793.00	We consider this is a reasonable sum for annual filing requirements and company secretary duties. The Applicants agreed this at the hearing.
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£793.00

S7 - WEST VILLAGE MGMT CO

3043 Management Co Expenses	£793.00	We consider this is a reasonable sum for annual filing requirements and company secretary duties. The Applicants agreed this at the hearing.
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£793.00

S8 - WATER BOOSTER

3088 Water Pump Maintenance	£2,500.00	We were told that the actual expenditure in 2022 was £4,000 for all systems. As above, it was not made clear to us what this overall contract is/covers. The invoice which we were shown at page 279 of the Respondent's bundle refers to a maintenance contract for West Village but there is no detail of that contract. The budgeted sum in 2023 was £2,520 but we were told that there was in fact no expenditure. We consider it reasonable for budgeting purposes for this to remain the same at £2,500.
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3110 Electricity	£500.00	There was no evidence of what the meters relate to, as shown on page 100 of the Respondent's bundle nor did we have all pages of the invoice. The budgeted sum was £500 for 2022 and 2023. We were directed to SSE invoices which were not complete as there were missing pages. These were for sums much larger than this (page 100 of the Respondent's bundle) and were not helpful as they do not identify what the electricity charged is for e.g., which meter relates to what area. It seems clear from the face of this invoice that there was a balance outstanding of over £22,000. Our impression was that there was little or no control over utility costs generally. Relying on a third party to broker a deal does not fully explain this. That said, evidently electricity is required but there was no evidence to say whether £1,000 is reasonable or not. We would expect, with the final account, invoices to be provided with actual readings and meter numbers, which correlate with costs incurred. For budgeting purposes, we consider £500 to be reasonable.
3150 Engineering Insurance	£0.00	This item appears to be a duplication of line 34 (item 3150) above. The Respondent was not able to clarify the position. This is not helped by the accounts not having been reconciled in a timely manner.
3182 General Repairs & Maint	£3,000.00	We were told that the actual expenditure in 2022 was £2,500. A budgeted expenditure of £3,000 for 2023 and 2024 is reasonable. £3,000 is on the high side for 2022 but we have insufficient information on what was covered by the maintenance contract and what was not.
3230 Water Tank Testing	£0.00	We enquired as to what this item related to, for example legionella testing, but no answer was provided by the Respondent. The Respondent accepted at the hearing that it can be taken out for 2024 but later adjusted if there was expenditure. However, we were not provided with any invoice or other explanation for how the figure was arrived at or what it relates to e.g., testing tank or testing water etc. It appears to be a new budget line introduced and there was no actual expenditure for testing in 2022. We considered that this was not a reasonable budget item for 2023.
3287 Reserve contribution	£200.00	The Applicants accepted at the hearing that £200 was a reasonable budgeted amount for the reserve fund.

£6,200.00

2023 Total anticipated expenditure (Estate)**£142,435.00****S9 - LANSDOWNE HOUSE BLOCK**

3001 Audit & Accountancy	£603.00	We consider it reasonable to make some provision for accounts preparation and would allow £603 as a budgeted figure.
3030 Management Fees	£6,119.00	We were told this related to approximately £291 per unit (with 21 units contributing) which represented an increase of 4% on the preceding year. We consider that this is not therefore excessive. The Applicants did not provide comparables showing this is excessive. If Applicants are not happy with the service can separately challenge actual figures.
3042 Managing Agent Time Costs	£100.00	We consider it reasonable to budget £100 for work falling outside the management contract but actual expenditure will need to be justified by reference to what work is within the scope of that contract.
3047 Out of Hours Service	£462.00	We considered it reasonable to allow for an out of hours service. The budgeted cost is reasonable and only a modest increase over a four year period.
3048 Reinstatement Cost	£0.00	This is a cost which we were told was incurred in 2024, it is not clear therefore that it was reasonable to schedule it earlier. There was no evidence of when the last inspection was carried out. We did not therefore considered this to be a reasonable item to budget.
3060 Cleaning	£2,850.00	Based on what the Respondent would have known when setting the budget at the end of 2022, they could not have known of the tender outcome or the increase in August 2023. We consider that the 2022 budget increased by 3% in line with other inflationary increases would be reasonable. This would be £2,832.50 (rounded to £2,850).
3062 Carpet Cleaning	£400.00	This was added in as an extra line as it was previously thought that it the work was carried out by the cleaners. It is reasonable to budget for this expenditure. If the carpets are not cleaned adequately or at all then the Applicants can seek to challenge this when the evidence is provided. We consider that £400 is a reasonable sum to budget for.

3063 Window Cleaning	£350.00	It is reasonable to budget for window cleaning. Neither party could explain to us how this is carried out in practice (e.g., a cherry picker would increase the cost). The Applicants can seek to challenge actual figures if it transpires that work is not carried out adequately or at all. We consider that £350 is a reasonable sum to budget for.
3110 Electricity	£2,860.00	We considered that £2,860 was not an unreasonable sum for electricity to the block, allowing for a 10% increase on the preceding year.
3112 Telephone	£500.00	We were told that the cost of the lift autodialer was £32 per month so a budget of £500 is reasonable, having regard also to the expenditure of £374 in 2021 and budgeted sum of £400 in 2022.
3131 Risk Assessment	£3,000.00	We considered it reasonable to budget an amount given the change in law at the time the budget was set. The likelihood is that the costs would be around £3,000 for a single building, in the expert view of the Tribunal. That figure is borne out by what was in fact incurred in 2024. There was no explanation or reasoning for the £7,339 contended for by the Respondent. We therefore allow £3,000.
3132 Dry Riser Maintenance	£270.00	We considered it reasonable to budget for this fire safety related inspection and the budget sum of £270 is reasonable, representing a modest increase on 2022.
3133 Health & Safety Mgt	£0.00	The Respondent contended that this was for additional health and safety requirements that fall outside of the standard day-to-day management agreement. We considered that there was no justification for introduction of this line for 2022 and 2023. The Respondent accepted that there was no actual expenditure. We therefore considered it unreasonable to budget for it.
3151 Building/Estate Insurance	£0.00	We considered that it is for the freeholder to obtain insurance. This item should not be budgeted for as the Respondent accepted that it had no involvement in obtaining this and there was no evidence presented of historical invoicing.
3159 Lift Insurance Premium	£491.00	We considered it reasonable to budget for lift insurance. There was no evidence provided of comparable costs but it is reasonable to have some form of insurance and £491 does not seem to us to be excessive, representing a modest increase on the £427 budgeted for 2022.

3170 Lift Maintenance	£1,751.00	It is reasonable to budget for lift maintenance and the budgeted sum seems to have gone down in recent years compared to historical expenditure. This appears to include the lift maintenance contract, which has been split out in 2024.
3180 Lighting & Electrical Rep	£250.00	We were provided with no justification for the over 1000% increase from previous years. There was no evidence of budgeting for an EICR nor were we provided with a copy report or invoice. It is, however, reasonable to have some provision and we consider that £250 would be reasonable for budget purposes.
3182 General Repairs & Maint	£3,000.00	We accept that this covers a broad range of works. It is reasonable to budget for in principle and £3,000 is reasonable given actual expenditure in 2021 was £6,751 and £3,000 budgeted in 2022. The Respondent contended for a 33% without justification.
3193 Pest Control	£180.00	It is reasonable to budget for this item and we were told that there was no actual expenditure nor were we given any justification for an increase on the 2022 budgeted sum. We therefore consider £180 is a reasonable sum.
3199 Door Entry Systems Maint	£220.00	It is reasonable to budget for this item and £220 is a reasonable sum, being a 10% increase on 2022.
3200 Emergency Lighting	£886.00	It is reasonable to budget for this item and £886 is a reasonable sum, being a modest increase on 2022.
3203 Fire Systems Maintenance	£853.00	We were provided with no reason for the introduction of this line. This appears to be a change from the Fire Safety Equipment expenditure. It is not unreasonable for there to be a budget for maintenance of the fire systems. It is not helpful when budgeted amounts are moved around under different cost codes or headings. However £853 is reasonable for budget purposes.
3208 Specialist Heating	£760.00	We considered that there is no justification for the 239% increase in budget. £630 from 2022 with a 10% increase for inflation would be around £760, which we consider reasonable to allow.
3280 External Reserve	£1,900.00	We would allow £1,900, with no change from 2022. We maintain our concern that there is no transparency on how much is held in reserves which would impact on whether it is reasonable to budget for the same contribution each year.

3289 Internal Reserve	£2,000.00	We would allow £2,000, with no change from 2022. We maintain our concern that there is no transparency on how much is held in reserves which would impact on whether it is reasonable to budget for the same contribution each year.
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2023 Total anticipated expenditure (Block) **£29,805.00**

2023 Grand Total (Estate + Block) **£172,240.00**



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

Case reference : **CAM/00MC/LSC/2024/0611**

Property : **Lansdowne House, Moultsford Mews,
Reading RG30 1ER**

Applicant : **Alexandru Ghica, Tsvetan Tsonkov and
others**

Representative : **Alexandru Ghica, Tsvetan Tsonkov**

Respondents : **Portman Square West Village Reading
Management Company Limited (Block
Manager) and West Village Reading
Management Company Limited (Estate
Manager)**

Representative : **Remus Property Management**

Type of application : **Application for a determination of
liability to pay and reasonableness of
service charges**

Tribunal : **Judge A. Arul
Gerard F. Smith MRICS FAAV**

Date of hearing : **20 August 2025**

Date of decision : **15 December 2025**

DECISION AND REASONS

Decisions of the Tribunal

- (1) The Tribunal determines that, for the purposes of section 27A of the Landlord and Tenant Act 1985, the service charges payable for each flat in the Property in respect of the 2022, 2023 and 2024 service charge years are as set out in this decision and its Annex.
- (2) The application for an order under section 20C of the Landlord and Tenant Act 1985 is granted.
- (3) The application for an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 is granted.
- (4) The Tribunal makes an order requiring the Respondent to reimburse the Applicants in respect of the Tribunal fees paid by them which are £330.

REASONS

The Applications

1. By an application dated 15 July 2024, the Applicants seek a determination under section 27A of the Landlord and Tenant Act 1985 (“the Act”) as to the liability to pay and reasonableness of service charges for the property known as Lansdowne House, Moulsoford Mews, Reading RG30 1ER (“the Property”). The relevant parts of the application before the Tribunal at the hearing related to the service charge years 2022, 2023 and 2024. There is also an application for an order under section 20C of the Act/paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 (“the 2002 Act”) preventing or limiting the Respondent’s ability to seek the costs of these proceedings via a service charge.
2. The application related to flats 1, 2, 4, 5, 7, 9, 10, 12, 14, 15, 16, 19, 20 and 21. The details of the owners of each of these flats were set out within the application form. The Tribunal subsequently received written confirmation from each flat owner, save for flat 15, that they were happy for Alexandru Ghica and Tsvetan Tsonkov to represent them.
3. On 18 March 2025, the Tribunal gave Directions in this matter. The critical dates in the Directions were for the Respondent to send to the Applicants certain service charge information by 14 April 2025 and for the Applicants to send to the Respondent a schedule, summary of its responses, copy quotations and any witness statements by 30 April 2025. The Respondent was to annotate the schedule with its comments and serve this along with any supporting documents or statements by 28 May 2025. The annotated schedule is the Scott Schedule referred to herein. The Applicants could then, if they wished, send a brief supplemental reply by 9 June 2025. The Applicants were to prepare a bundle for use

at the hearing by 12 June 2025. There was some adjustment to this timetable, which it is not necessary to repeat herein.

The Hearing

4. The hearing took place remotely using the CVP platform.
5. Alexandru Ghica and Tsvetan Tsonkov attended on behalf of the Applicants.
6. Robert Chapman, a legal adviser at Remus Property Management, attended for the Respondents. We were made aware that Mr Chapman was standing in on short notice for Lynddon Blandford, a legal officer with Remus, who had an unavoidable medical appointment. Hence, Mr Chapman had limited direct knowledge of the matter, notwithstanding which he did his best to assist the Tribunal. He was assisted by Nicole Morris (a property manager at Remus) and Georgia Strange (a regional director at Remus covering the Southern region).
7. The parties confirmed to us that the owners of flat 15 have sold their flat and were no longer participating in this application.
8. The documents before the Tribunal comprised a bundle from each party. The Applicants' bundle ran to 523 pages and the Respondent's bundle ran to 373 pages. These included copies of the Scott Schedule which was also provided as an Excel spreadsheet. There were also several zip files, within which there seemed to be some duplication but, in essence, contained some service charge budgets, accounts and demands and statements for flats 1 to 22.
9. There were witness statements produced by the parties, one for the Applicants, one for the Respondents and then a reply from the Applicants. These are shown at pages 125, 126 and 127 of the Applicants' bundle. None of these documents were fully compliant in being signed and having a statement of truth. Notwithstanding this, the hearing largely proceeded on the basis of submissions and we did not require either party to formally introduce live witness evidence.
10. It was explained to the parties that market research had limited value and the Tribunal needed to hear from the parties on the items in the Scott Schedule and be directed to evidence relevant to each. It was also emphasised that these were budget figures and some of the challenges made might be more appropriate if there was a dispute over actual figures after year end reconciliation.
11. The majority of the hearing was therefore spent working through the Scott Schedule. The Tribunal was mindful that the matter had only been listed for one day and the Scott Schedule was extensive. However, many of the areas of dispute related to issues which applied across the service charge years in dispute. The parties were therefore encouraged to work through the 2024 service charge year and direct the Tribunal to any

issues which might differ for 2022 and 2023 or any documents in the bundles which might assist our determination.

12. No inspection of the Property was requested, and the Tribunal did not consider that one was necessary to determine the issues.
13. Following the hearing, the Respondent was directed to provide a breakdown of insurance costs, where possible, by 1 September 2025 and to afford the Applicants a reasonable chance to respond to that.
14. The Tribunal convened without the parties on 2 September 2025 and 11 September 2025 to consider the submissions made. Between these dates the parties were invited to provide clarification regarding the number of units in the Block and on the Estate. We are grateful for their prompt replies.

The Issues

15. The primary issues to be determined in this case were:
 - (i) A determination under section 27A of the Act in respect of the service charges payable for the years 2022, 2023 and 2024, in particular whether the relevant charges are payable under the lease(s) and are reasonable; and
 - (ii) Whether an order under section 20C of the Act and/or paragraph 5A of Schedule 11 to the 2002 Act should be made i.e., an order to reduce or extinguish the tenant's liability to pay an administration charge in respect of litigation costs; and
 - (iii) Whether the fees paid by the Applicants should be reimbursed by the Respondent.

The Property and Lease

16. The Respondent is the registered freehold proprietor of the Property and Remus were managing agents for the relevant service charge periods 2022, 2023 and 2023.
17. The Property comprises a block of 23 residential flats, of which 21 pay the service charge. There was some difference of view between the parties on the extent of the estate and the block.
18. The Applicants considered that the block has 22 units and the estate has 447 units (or 446 excluding flat 18). This is based on 250 flats and 197 houses, of which 24 flats in Ashdown House are covered by a right to manage company.
19. The Respondent considered that the block has 21 units for the block. It explained that the properties are numbered 1 to 23 excluding 13 and 18, thus making 21 units. We were told that there was no lease registered for flat 18 and therefore this should not be included within calculations.

20. The Respondent provided a breakdown of the numbers of units applicable for each category of service charge as follows: S1 (Estate) – 430, S2 (CHP) – 226, S3 (Parking) – 255, S5 (Caretaker) – 255, S6 (Portman Square RMC) – 255, S7 (West Village RMC) – 340, S8 (Water boosters) – 255
21. We were provided with a copy of the lease for flat 7 which is dated 25 March 2013. This lease is between David Wilson Homes Limited and Rachel Coxhead and Michael Keel and provides for a term of 125 years from 1 January 2012.
22. It was common ground that the leases for the flats in the Property contained similar provisions to each other.
23. There were no material disputes as to the lease provisions so it is not necessary to set those out in full here. Clauses 3.2 and 3.3 deal with the liability of each leaseholder to pay a Service Charge and an Estate Charge. Part II of Schedule 4 provides for estimated charges, defined as Annual Maintenance Provision. The Maintenance Year is the 12 month period ending on 31 December (i.e., a calendar year) and Part II of Schedule 4 provides for a reconciliation, defined as a Maintenance Adjustment, after the end of the Maintenance Year. Schedule 5 sets out the purposes for which the Service Charge is to be applied.
24. The above summarises the central features of the leases and the Scott Schedule helpfully sets out the sums in issue which had given rise to these proceedings. A further analysis is set out below with our findings and reasons.

The Law

25. The law applicable in the present case is as follows:
26. Section 19 of the Act states:

19.— Limitation of service charges: reasonableness.

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 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.

....

27. The Tribunal's jurisdiction to address the issues in section 19 is contained in section 27A of the Act, which states the following:

27A Liability to pay service charges: jurisdiction

(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.

28. In construing the meaning of words used in the leases, the Tribunal is concerned to identify: *“What a reasonable person having all the background knowledge which would have been available to the parties would have understood them to be using the language in the contract to mean”*. In making this determination the Tribunal must focus: *“on the meaning of the relevant words...in their documentary, factual and commercial context.”* (Lord Neuberger in the case of *Arnold v Britton* [2015] UKSC 36 at [15]).

The parties’ submissions and the Tribunal’s determination

29. The Tribunal is required to determine the question of what a fair sum for service charges for each flat should be for the 2022, 2023 and 2024 service charge year.
30. The parties’ respective positions were set out in the Scott Schedule and elaborated upon in submissions.
31. Our findings are set out in the Annex to this decision, and we make the following more general observations.
32. The findings made relate to the budgeted costs in each of the service charge years, rather than actual costs. The Applicants will therefore, in principle, have an opportunity to challenge the actual expenditure once the Maintenance Adjustment is carried out. We have therefore approached our decision on the basis of what it would be reasonable to budget for, without any determination actual charges in terms of whether they were reasonably incurred, reasonable in amount, in accordance with the lease and/or evidenced.
33. The leases do not specify when the Maintenance Adjustment should take place, only that it should occur after the end of the relevant service charge year. It is implicit that this is within a reasonable time. We were concerned that the accounts for the service charge year ending 31 December 2022 were only signed (as completed and hence reconciled) on 14 January 2025. This is over two years after the service charge year end hence, even taking account the size of the budget and general delays (such as obtaining final invoices etc), this is plainly an unreasonable delay. Importantly, this then has a knock on effect, because two service charge years have passed without the leaseholders having a clear picture of their liability and the extent of reserves. In short, there is never a catch up where funds are paid based on estimated figures or on account of reserves. This is poor practice and lead to many of the issues which were disputed in these proceedings. We recommend that the Respondent complete the remaining Maintenance Adjustments for the service charge years ending 31 December 2023 and 31 December 2024 and be more

punctual in its reconciliations to mitigate the risk of future applications to the Tribunal or other litigation.

34. In the Scott Schedule and during the hearing the Respondent referred to several supporting documents, mostly comprising invoices or receipts. The numbering system was confusing, and the documents referred to did not always correspond with the page in the bundle, or the correct service charge year. Where this is material, we have identified any discrepancy in the Annex.
35. We noted that the Respondent had removed some items from general repair supposedly splitting off e.g. bin store and roof repairs. By way of example, this means that general repair costs for the Property reduced from around £4,000 in the 2023 service charge to around £2,200. However approximately £4,400 of other items were then added. It was not always clear exactly where this has been done. We consider there to be a general theme that this splitting off of the costs has made way for a higher amount overall. We have done our best to address this in the Annex where it has been possible to differentiate expenditure and form a view of what it would be reasonable to budget for overall. There also appears to be the addition of costs incurred in the preceding service charge year into the budget for the following year. This might then avoid accounts being produced.
36. The Annex sets out our decision on the sums it would be reasonable to budget for in each of the 2022, 2023 and 2024 service charge years in the context of the above matters and we find accordingly. In summary, the budgets shall be:
 - (a) 2022: Estate £96,719, Block £24,839 – total £121,558
 - (b) 2023: Estate £142,435, Block £29,805 – total £172,240
 - (c) 2024: Estate £165,552, Block £34,513.65 – total £191,064.65.
37. In relation to the applications under section 20C of the Act and paragraph 5A of Schedule 11 to the 2002 Act, the Applicants submitted that they had incurred costs themselves including time away from their employment. This, they said, was avoidable had proper accounts been produced and had there been transparency and no duplication of charges. They also asserted that their respective flats had been devalued. They therefore invited us to restrict the ability of the Respondent to recover costs related to these proceedings via a service charge. The Respondent indicated that it had incurred some costs but was not seeking to an indication of whether the Respondent in fact seeks to recover any such costs via the service charge.
38. We find that it is just and equitable to make an order under section 20C of the Act and paragraph 5A of Schedule 11 to the 2002 Act in respect of any costs incurred in these proceedings. We are mindful that the Respondent indicated it would not seek to do so however, for the avoidance of doubt, we make an order preventing the Respondent reclaiming these via a service charge.

39. The Applicants sought reimbursement of the Tribunal fees paid. We were told that this was the application fee of £110 and a hearing fee £220. The application seemed to expand during submissions, whereby the Applicants sought the costs of preparing for the case including days away from work. They also stated that they had taken legal advice, although no evidence of the costs of that advice, if any, was presented. The Respondent accepted that there were some gaps in information provided but maintained that the budgeted amounts were reasonable and they had made concessions where appropriate. It submitted that the matter could have been resolved without an application to the Tribunal.
40. We considered that it was reasonable for the Applicants to bring these proceedings. For the reasons mentioned earlier in this decision, reconciliation of historical service charge budgets had not been carried in a timely manner, and this had caused uncertainty and a lack of transparency. We are mindful that neither party produced evidence of actual costs incurred in taking legal advice or seeking legal representation. In any event, the Tribunal's jurisdiction is limited, in that it can only award wasted costs where a party has acted unreasonably in bringing, defending or conducting the proceedings. Both parties have incurred time preparing for the hearing and, whilst there are criticisms to be made of the Respondent, we were satisfied that its representatives did the best they could with the limited information available and made concessions where appropriate. This does not excuse the absence of information and transparency over the service charge accounts which may well have avoided the proceedings or at least narrowed the issues. However, it is not in our view sufficient to demonstrate unreasonableness. Accordingly, we do not make a wasted costs order but we do order that the Respondent should reimburse the fees incurred in the total sum of £330.

Name: Judge A. Arul

Date: 15 December 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).