FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case reference	:	**LON/00AU/LSC/2024/0744**
Property	:	**Flats 101 -103 and 202 -212, 5 Esther Anne Place, London, N1 1UL**
Applicant	:	**Leaseholders of the above properties**
Representative	:	**Mrs L Worthington (Lead Tenant)**
First Respondent	:	**Peabody Trust**
Representative	:	**Ms Ford, counsel**
Second Respondent	:	**Sager House (Almeida) Limited**
Representative	:	**Mr Armstrong, counsel**
Tribunal	:	**Judge Tueje** **Mrs J Rodericks MRICS**
Venue	:	**10 Alfred Place, London, WC1E 7LR**
Date of hearing	:	**4th, 5th December 2025 and 5th June 2026**
Date of decision	:	**11th November 2026**

DECISION

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

Decisions of the Tribunal

(1) The Tribunal makes the determinations set out below.

(2) The applications for reimbursement of the Tribunal fees, and for orders under section 20C of the Landlord and Tenant Act 1985 and paragraph 5A of Schedule 11 of the Commonhold and Leasehold Reform Act 2002 are dealt with at paragraphs 208 to 213 below.

Ownership and Legal Interests

1. The properties which are the subject of this application form part of a mixed-use development in Islington, constructed on the site of the former Royal Mail sorting office. The development comprises four buildings providing around 368 units of residential accommodation in addition to non- residential premises.

2. Since October 2018, SHAL (Freehold) Limited has been the registered freeholder of the land on which the development is situated, of which 5 Esther Anne Place forms part. Sager House (Almeida) Limited ("SHAL"), the Second Respondent, and SHAL (Nominee) Limited ("SNL"), another company within the same corporate group, are the landlords of Peabody, the First Respondent, under the Headlease in respect of the premises known as 5 Esther Anne Place, which comprises 15 residential flats.

3. Peabody is the immediate landlord of the Applicants, who are fourteen of the 15 leaseholders of 5 Esther Anne Place. The Applicants are listed in the schedule appended to this decision.

4. In this determination, "Peabody" and "the First Respondent" are used interchangeably, as are "SHAL" and "the Second Respondent".

5. The development is divided into five zones: the Commercial Zone; the Market Residential Zone; the Serviced Accommodation Zone; Common Parts Estate; and the Affordable Housing Zone. 5 Esther Anne Place is situated in the Affordable Housing Zone, and occupies approximately 17% of the square footage of the development. Accordingly, leaseholders are required to pay 17.6108% of the Estate Costs, which were allocated to Schedule 13 up to the year ending 2024. They are also required to pay 100% of the Building Costs, which are costs relating to 5 Esther Anne Place. These service charges were allocated to Schedule 17 up to the year ending 2024.

6. The Affordable Housing Zone comprises Gordon Court 1 Wick Place, Gordon Court 2 Wick Place, 5 Esther Anne Place, 3 Esther Anne Place and 17 Esther Anne Place.

The Headlease

7. The relevant provisions in the Headlease are set out below.

8. The Particulars of the Headlease provides as follows:

the Building Service Costs	*Means the proportion of service costs assessed by the landlord in accordance with clause 12.*
the Estate Service Costs	*Means the proportion of service costs assessed by the landlord in accordance with clause 12.*
the Service Charge Percentage	*The fair and proper proportion of the estate service costs and the building*

service costs as the landlord shall determine acting reasonably following practical completion of the property.

9. Clause 12(2) defines *"the Service Costs"* as the costs and expenses of works and services incurred by SHAL in carrying out its obligations under the Headlease.

10. As to the proportion of SHAL's expenditure which is recoverable and Peabody's obligation to pay, clause 12 of the Headlease continues:

    (3) For the avoidance of doubt the apportionment of the service costs between the Estate Service Costs and the Building Service Costs shall be determined by the Landlord or its agent acting reasonably and on the basis that the items which benefit or relate to the Building should be treated as Building Service Costs and the items which relate to the Estate (excluding the Building) shall be treated as Estate Service Costs.

    (4) The Tenant shall yield and pay to the Landlord as additional rent throughout the term the Service Charge Percentage of the Service Charge Cost but by not more frequent payments than two half yearly instalments save in the case of emergency.

    (5) The Landlord may from time to time during the financial year make estimates as to the amount of the Service Charge Costs for that year and demand and recover from the Tenant payment of the Service Charge Percentage of the estimated Service Charge Costs.

    (6) At the end of the fiscal year, the Service Costs, the Service Charge Percentage of the Service Charge Costs, and the amount properly payable by the Tenant for that financial year shall be certified by the Landlord's agent, and the Landlord shall serve a copy of the certificate on the Tenant

    (7) Within 21 days of service of the certificate under sub- clause (6) above the Tenant shall pay the Landlord, or as the case may be the Landlord shall credit the Tenant's service charge account with, the difference between the amount of the advance payments made by the Tenant under sub- clause (5) above and the amount certified as the Service Charge Percentage of the Service Charge Costs for that year.

11. Clause 13(1) provides that Peabody agrees:

    To pay the rents due to the Landlord on the days that they fall due for payment and without any deduction, whether by way of legal or equitable set off or otherwise.

The Underlease

12. The relevant provisions in the Applicants' underleases, which we understand to all be in substantially similar terms, are set out below.

13. The Particulars of the lease includes the following:

Headlease Proportion	*Means the amounts due under the head lease as defined in the head lease including but without limitation the service charge percentage of the service costs*

14. Clause 3 contains the leaseholder's covenants, including in respect of payment of the Headlease Proportion, sub-clause 3.3.6 states:

To pay the Headlease Proportion and any variation without deduction to the Landlord and in the manner as set out in the Headlease the first payment to be made on the granting of this lease to the Landlord provided always if and whenever the Headlease Proportion and any other monies due to the Landlord from the Leaseholder shall at any time be unpaid after becoming payable the same shall until paid bear interest as set out in this Lease and the Headlease

15. Clause 5 contains the landlord's covenants, and sub-clause 5.10, which is titled *"Headlease"* reads:

The Landlord shall pay the rent reserved by and observe and perform the covenants and conditions relating to the premises contained in the Headlease and on its part to be paid observed and performed except only insofar as they do not fall to be paid observed and performed by the Leaseholder under this lease or any other party under the terms of the Lease or any other lease

16. Clause 7 deals with service charges payable by the leaseholder to the landlord where the latter provides services and/or carries out works that it is obliged to under the terms of the lease.

17. The following are the most relevant sub-clauses.

7.2 When calculated

The Service Provision in respect of any account year shall be calculated before the beginning of the account year and should be calculated in accordance with clause 7.3 (How calculated)

7.3 How calculated

The Service Provision shall consist of a sum comprising the expenditure estimated by the authorised person as likely to be incurred in the account year by the Landlord for the matters specified in clause 7.4 (service provision) together with:

> *(a) an appropriate amount as a reserve for or towards the matters specified in clause 7.4 (Service Provision) as are likely to give rise to expenditure after such account year being matters which are likely to arise either only once during the then unexpired term of this Lease or at intervals of more than one year including (without limitation) such matters as the decoration of the exterior of the Building (the said amount to be rated in a manner which will ensure as far as is reasonably possible*

that the Service Charge Provision shall not fluctuate unduly from year to year); but

(b) reduced by any unexpended reserve already made pursuant to clause 7.3(a)

7.4 Service Provision

…

7.5 Adjustment to actual expenditure

As soon as practicable after the end of each account year the Landlord shall determine and certify the amount by which the estimate referred to in clause 7.3 (How calculated) shall have exceeded or fallen short of the actual expenditure in the account year and shall supply the Leaseholder with a copy of the certificate and the Leaseholder shall be allowed or (as the case may be shall pay immediately following receipt of the certificate the specified proportion of the excess or the deficiency

The Procedural Background

18. The Application seeks a determination under section 27A of the Landlord and Tenant Act 1985 as to whether service charges are payable.

19. The Application also seeks an order for the limitation of the Respondents' costs in the proceedings under section 20C of the Landlord and Tenant Act 1985 and an order to reduce or extinguish the Applicant's liability to pay an administration charge in respect of legal costs, under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002.

20. The Application is dated 6th December 2024, and has a long procedural history as set out in the Applicants' Amended Statement of Case. The Applicants express concerns particularly regarding disclosure, but also about other procedural aspects of the case. However, in the interests of proportionality, that history will not be set out in this decision. The Applicant's procedural chronology is at pages 1018 to 1021 of the hearing bundle.

21. This decision focuses on the substantive issues in the case, and therefore only deals briefly with the procedural history.

22. Nonetheless, it is appropriate to record that the final hearing had originally been listed on 1st July 2025, which the First Respondent applied to adjourn, and the Second Respondent applied around two days before to be removed as a party to the Application. The hearing on 1st July 2025 proceeded as a case management hearing with directions made in respect of disclosure, and the final hearing being relisted on 4th and 5th December 2025. That hearing was adjourned part-heard to 5th June 2026 with further directions stating that estimated service charges for the periods ending 31st March 2024 and 31st March 2025 would be dealt with at the adjourned hearing.

23. At the final hearing the Applicants were represented by Mrs Worthington. Peabody was represented by Ms Ford, Counsel, and SHAL was represented by Mr Armstrong, Counsel.

24. We heard evidence from Mrs Worthington during the course of the hearing.

25. Mr Costello, a Regional Service Charge Manager, gave evidence on behalf of Peabody, and Mr Knapp, Head of Operations, gave evidence on behalf of SHAL in December 2025.

26. At the hearing on 5th June 2026, the Vice President of Asset Management at Cain International, part of the same corporate group as the Second Respondent, Ms Perry-Hilsdon MRICS, gave evidence on behalf of the Second Respondent. Although she had to leave the hearing by midday, which meant Mrs Worthington was unable to complete cross examination of Ms Perry-Hilsdon.

27. Initially, in accordance with the directions made following the hearing in December 2025, the Tribunal intended to deal with estimated service charges for 2024 and 2025, which is the basis on which the Second Respondent had prepared for the June 2026 adjourned hearing. However, both Mrs Worthington and Ms Ford's position was that the hearing should deal with the actual service charges for 2024 and estimated service charges for 2025. In light of this Mr Armstrong agreed to proceed on that basis. It is noted this matter is repeatedly referred to in the Second Respondent's closing submissions implying resistance to this course. But as stated, and contrary to the assertion in the Second Respondent's closing submissions, it was Mr Armstrong who agreed to proceed on this basis, this was not done at the Tribunal's direction.

28. The purpose of adjourning consideration of the service charges for the years ending 31 March 2024 and 31 March 2025 was to provide an opportunity for the Second Respondent to finalise the relevant service charge accounts for the former period.

Documentation

29. We were provided with a substantial quantity of documentation for the hearing including the following:

<u>On behalf of all parties:</u>
29.1 3632- page hearing bundle
29.2 2384-page supplementary hearing bundle
29.3 174-page bundle of miscellaneous documents

<u>On behalf of the Applicants:</u>
29.4 4-page skeleton argument dated 26th June 2025
29.5 15-page skeleton argument for the hearing on 5th June 2026
29.6 119-page skeleton appendix for the hearing on 5th June 2026
29.7 27-page closing submissions
29.8 8-page closing submissions in reply

<u>On behalf of the First Respondent:</u>

29.9 11-page skeleton argument dated 1st December 2025
29.10 6-page supplemental skeleton argument dated 19th May 2026
29.11 Various authorities
29.12 17-page closing submissions dated 26th June 2026

On behalf of the Second Respondent:
29.13 Witness statement of Aaron Knapp
29.14 Credit note dated 27th November 2025
29.15 14-page skeleton argument dated 2nd December 2025
29.16 10-page supplemental skeleton argument dated 2nd June 2026
29.17 2-page hearing note for the hearing on 5th June 2026
29.18 25-page closing submissions dated 10th July 2026
29.19 Various authorities

30. A brief summary of the parties' cases is set out below.

31. The Applicants' case is that, as their landlord, the First Respondent is contractually obliged to ensure that the charges demanded from leaseholders are properly incurred, supported by appropriate evidence, recoverable under the lease and compliant with the requirements of the Headlease, including obtaining and relying upon certified accounts where the lease requires them. They also place considerable emphasis on the incongruity between the service charge periods used by Peabody and SHAL.

32. The First Respondent's case is that under the Headlease it is contractually obliged to pay a proportion of the service charges demanded by the Second Respondent. Under the Underleases, the Applicants are contractually obliged to reimburse the First Respondent for those liabilities by paying the Headlease Proportion. The First Respondent therefore acts essentially as an intermediary, passing through service charge liabilities incurred under the Headlease rather than originating those charges itself. The only component of the service charges paid by the Applicants that does not relate to costs incurred by the Second Respondent is the management fee charged by the First Respondent. That fee is levied at a fixed rate and is calculated on the basis that the Block is under third-party management.

33. The Second Respondent's position, as set out in its Statement of Case, is that disputes concerning the Applicants' obligations under the Underleases are primarily matters between the Applicants and the First Respondent, whereas the Second Respondent's role is confined to the service charges levied under the Headlease.

34. We have received over 100 pages of submissions in the form of skeleton arguments and written submissions, we have heard 3 days of oral evidence, and been provided with multiple hearing bundles amounting to in excess of 6,000 pages. Therefore, it would be neither practical nor proportionate to deal with each and every issue raised by the parties.

35. The various Scott Schedules contain 111 line items, of which 20 are agreed, and 91 are disputed and therefore require determination. That is an enormous number which we have dealt with proportionately by providing concise reasons,

which nonetheless allow the parties to understand why they have won or lost on a particular issue. Even with that approach, this determination runs to in excess of 70 pages.

Legal Framework

36. Section 18 of the Landlord and Tenant Act 1985 defines service charges or relevant costs. By section 19, where a landlord is seeking to recover actual service charge costs, those costs are payable only to the extent that the costs are reasonably incurred for works or services that are of a reasonable standard. Where the costs relate to on account service charges, no greater amount than is reasonable is payable.

37. By section 21 of the Act, a tenant may request a written summary of service charge costs, and by section 21A, where a landlord fails to comply with a request made under section 21, the leaseholder may withhold the relevant service charge payments. Where a leaseholder has obtained a summary under section 21, they have a right to request information supporting the accounts from the landlord or superior landlord under sections 23 and 24 respectively. However, enforcement of these rights is outside the jurisdiction of the First-tier Tribunal.

38. In Wallace-Jarvis v (1) Optima (Cambridge) Ltd (2) Khazai *[2013] UKUT 328 (LC)* the Upper Tribunal held that where there is prima facie evidence that service charge costs are unreasonably high, it is for the landlord to show that the costs claimed are reasonably incurred.

39. The Second Respondent relied on Waaler v Hounslow London Borough Council [2017] 1 W.L.R. 2817. In that case the Court of Appeal noted the following (see paragraph 20):

> *… where a contract, in this case a lease, empowers one party to it to make discretionary decisions which affect the rights of both parties, the law recognises that the exercise of that discretion gives rise to a potential conflict of interest. That is all the more so where the discretionary decision of one party to the contract imposes a financial liability on the other. The solution which the law has devised in those circumstances is to restrict the exercise of the discretion to what is rational. The Supreme Court gave extensive consideration to this question in Braganza v BP Shipping Ltd [2015] 1 WLR 1661 . It was, I believe, agreed by all members of the court that the exercise of a contractual discretion is constrained by an implied term that the decision-making process be lawful and rational in the public law sense, that the decision is made rationally (as well as in good faith) and consistently with its contractual purpose; and that the result is not so outrageous that no reasonable decision-maker could have reached it: para 30 (Baroness Hale of Richmond DSPC); para 53 (Lord Hodge JSC) and para 103 (Lord Neuberger of Abbotsbury PSC). However, as Lord Hodge pointed out this is a rationality review, not the application of an objective test of reasonableness.*

40. The Court continued (see paragraph 22):

> *Lord Sumption JSC explored the same theme in Hayes v Willoughby [2013] 1*

WLR 935 where the question was whether a course of conduct was for the purpose of detecting crime. At para 14, he said:

"Rationality is not the same as reasonableness. Reasonableness is an external, objective standard applied to the outcome of a person's thoughts or intentions. … A test of rationality, by comparison, applies a minimum objective standard to the relevant person's mental processes. It imports a requirement of good faith, a requirement that there should be some logical connection between the evidence and the ostensible reasons for the decision, and (which will usually amount to the same thing) an absence of arbitrariness, of capriciousness or of reasoning so outrageous in its defiance of logic as to be perverse."

41. The Applicants rely on the cases of Windermere Marina Village v Wild [2014] UKUT 163 (LC) and Williams v Southwark LBC 32 HLR 517 (CA) to argue that particularly in a mixed-use development, apportionment should be transparent and allow leaseholders to scrutinise costs allocation. We consider it is uncontroversial that service charge apportionment and allocation should be comprehensible to leaseholders.

42. They also rely on Flats 3 and 20 Newynn Court (CHI/18UK/LSC/2020/0042 21st December 2020). This is a First-tier Tribunal decision, so it is not binding. The reasoning for disallowing certain charges was that the landlord in that case had failed to comply with the provisions in the lease, which we do not consider to be the case here.

43. Regarding apportionment, the Applicants rely on the decision in Barney and Morell v Eastern Green Limited [2013] UKUT 0331 (LC) without stating how it supports their case. The Upper Tribunal's decision confirms that, where a lease confers discretion as to apportionment, the Tribunal's function is to determine whether the landlord's chosen apportionment is reasonable, not whether an alternative methodology might be preferable. We have followed that approach when considering the Applicants' challenges on apportionment.

The Substantive Application

44. Dealing with the Application in more detail, the Applicants' Statement of Case focussed primarily on the global annual service charge costs, rather than on the cost of specific service charge line items or the reasonableness of the works or services. In particular, the high and fluctuating nature of these global costs, and the budgeting and accounting processes were emphasised.

45. However, the Tribunal must determine the specific disputes before it rather than conduct an audit of the Respondents' accounting practices, except to the extent that those practices affect the payability of service charges in the context of a section 27A application. Whilst the Applicants raise mainly queries, but sometimes concerns, regarding the overall level of the charges, the adequacy of disclosure, the accounting methodology adopted and the management of the development, those matters do not, without more, establish that the charges claimed are unreasonable or irrecoverable.

46. In their closing submissions the Applicants submit they are not seeking to conduct an audit, but are instead seeking to exercise their rights under sections 22 and 23. However, these rights are dependent upon a section 21 request having been made, which was not done. In any event, these rights are not enforceable in the Tribunal. Therefore, the relevance of any alleged inadequate disclosure is whether there is a sufficient evidential basis for concluding that particular items of expenditure were not incurred, were unreasonable in amount, or fall outside the service charge provisions of the lease.

47. Apportionment is an issue which the Applicants frequently raise. The Tribunal's function under section 27A is to determine the payability and reasonableness of the service charges. It is not sufficient for the Applicants to merely assert that the Respondents have not adequately explained the apportionment. Ordinarily, the Applicants need to identify a basis upon which the Tribunal could conclude that the apportionment adopted is unreasonable. A lack of explanation may affect the weight to be attached to the Respondents' evidence, but it does not of itself establish that the resulting charge is unreasonable.

48. Regarding the First Respondent, in broad terms the Applicants' Amended Statement of Case includes the following submissions.

49. The Applicants submit that the First Respondent has failed to comply with its contractual obligation to ensure that the service charges demanded from leaseholders pursuant to the Underlease are correct, and it has failed to ensure that SHAL has complied with the relevant requirements of the Headlease. They rely in particular upon clauses 5.10 and 3.3.6 of the Underlease.

50. They complain that Peabody has not obtained supporting information from SHAL prior to issuing service charge demands to leaseholders, which has resulted in various problems including errors in budgeting and apportionment and the fluctuation and escalation of service charge costs without proper explanation.

51. It is further alleged that Peabody's obligations under clause 7.3 include ensuring service charge costs do not fluctuate.

52. Despite repeated requests for invoices or other documentation supporting the service charge costs, Peabody has not provided these which the Applicants contend amounts to a breach of sections 22 and 23 of the Landlord and Tenant Act 1985.

53. The Applicants state that the service charges are based on an annual budget prepared by the First Respondent for its accounting year running from April to March. The Second Respondent prepares its budget on a calendar-year basis (January to December) and invoices the First Respondent twice each year, in January and July, with each invoice covering six months in advance. Because of the differing accounting periods, when the First Respondent sets its own April-

March budget and issues service charge demands, it may not yet have received the Second Respondent's budget estimate for the final 25% of the relevant period. According to the Applicants, this mismatch of accounting years, coupled with reliance on forward estimates, creates confusion and results in service charge demands being based on incomplete figures.

54. The Applicants repeat this criticism regarding the different accounting periods between the First and Second Respondents in their written closing submissions, where reliance is placed on clause 7.2, 7.3 and 7.5 of the Underlease.

55. The Applicants point out SHAL's actual service charges must be certified before being passed on to them by Peabody for payment; its alleged Peabody has failed to comply with this requirement.

56. As to the estimated costs, the Applicants argue as follows:

The Applicants therefore submit that the later actuals are not relied upon simply to say that an estimate was wrong because events later turned out differently. They are relied upon because they expose whether there was a reliable estimation, allocation and reconciliation process in the first place. Where subsequent disclosure shows confusion, unexplained corrections, credits, inconsistent allocation, changes in service line item between estimates and accounts and difficulty matching invoices to working papers, that is relevant to the weight the Tribunal should attach to the Respondents' assertion that the estimates were reasonable when demanded.

57. The First Respondent is criticised for failing to act consistently with its status as a registered provider of social housing, and it has admitted there have been difficulties with transparency and accountability, noting that it relies on information regarding the service charges provided by SHAL.

58. The First Respondent's response to the Applicants' case is set out below.

59. The First Respondent denies it is under a contractual responsibility to obtain supporting information or documentation from SHAL in respect of the service charge costs, scrutinise the demands or ensure the amounts demanded are correct or that the requirements of the Headlease are met.

60. The First Respondent accepts that there have been some errors in calculating service charge demands, for instance in respect of concierge charges for the year 2023/2024, and other errors in respect of the financial year 2020/2021. It therefore agreed to credit the Applicants' accounts prior to the hearing originally listed on 1st July 2025.

61. As to ensuring there is no fluctuation in the service charges, during his oral evidence, Mr Costello pointed out that clause 7.3(a) relates specifically to any reserve fund.

62. In its statement of case the First Respondent states that the underbudgeting the Applicants complain of was due to a system error. It further states that the

balancing charge was subsequently reduced to take account of a credit made to rectify an overcharge levied by SHAL.

63. The First Respondent contends that the Headlease provides for a financial year running from 1 April to 31 March, but that SHAL has elected to bill on a calendar-year basis from 1 January to 31 December. Because Peabody's accounting year remains 1 April to 31 March, it must divide SHAL's annual service charge budget between two financial years and apportion the costs on a pro rata basis.

64. The First Respondent states that, when calculating the Headlease Proportion payable by leaseholders, Peabody ordinarily uses the budget supplied by SHAL each January. However, because there is often only a short period between receipt of SHAL's budget and the need to finalise Peabody's own service charge estimates, Peabody may sometimes rely instead on other information, such as recent actual expenditure or a previous budget adjusted for inflation. The First Respondent maintains that the Headlease permits SHAL to recover service charges by way of estimates and that Peabody is correspondingly entitled to recover the Headlease Proportion from leaseholders on an estimated basis.

65. To make payment more manageable for leaseholders, Peabody includes the service charge within the monthly rent account and recovers it in monthly instalments throughout the year.

66. It continues that clause 12(6) of the Headlease requires SHAL's agent to certify the service charge costs demanded by SHAL are payable by Peabody, which Peabody states has been done in respect of the service charge periods ending 31st December 2020, 31st December 2021 and 31st December 2022. These are exhibited to the First Respondent's statement of case. These contain breakdowns, explanatory notes, and except for 2023, they are certified by chartered accountants.

67. The certified accounts for the period ending 31st December 2023 which are dated 4th July 2024 are exhibited to Mr Knapp's witness statement, and for the period ending 31st December 2024, these are contained in the supplementary bundle.

68. The First Respondent maintains that it has only demanded a balancing charge where it has received a certified copy of the accounts from SHAL.

69. The First Respondent acknowledges it is a registered provider of social housing but points out that the shared ownership leases are not social housing.

70. Our judgment on the Applicants' submissions and Peabody's responses are set out below.

71. Regarding Peabody's alleged contractual obligations: properly read, clause 7.3(a) deals with calculation of the reserve contributions, requiring that so far as reasonably possible, undue fluctuations in service charges from year to year should be avoided, rather than imposing a duty to ensure that service charges

do not in fact fluctuate unduly. Therefore, it is not a mandatory requirement, but instead is qualified by the words “as far as is reasonably possible”.

72. The Applicants have not specified the clause within the Underlease that is relied upon to support their contention that the First Respondent is contractually responsible to ensure the amounts demanded are correct and that SHAL has complied with its obligations under the Headlease.

73. We also do not accept that the Underlease imposes such an obligation. Clause 3.3.6 requires leaseholders to pay the Headlease Proportion. The Headlease Proportion is defined by reference to amounts payable under the Headlease. Clause 3.3.6 therefore identifies what costs may be recovered from leaseholders. It does not impose any additional obligation upon the First Respondent to investigate or verify the correctness of those charges before seeking recovery. Therefore, while we note Mr Costello’s oral evidence is that he was unaware whether anyone at Peabody questioned any aspect of the Headlease Proportion, there is no requirement for them to do so.

74. Again, we do not consider the Applicants reliance on clauses 7.2, 7.3 and 7.5 provide any meaningful assistance, because the only service charge costs payable by the Applicants that is claimed pursuant to clause 7 is Peabody’s management fee, which fee is not challenged by the Applicants as unreasonable.

75. Clause 5.10 requires the First Respondent to pay the rent reserved by, and observe and perform the covenants contained in, the Headlease so far as those obligations do not fall upon the leaseholder. Properly construed, that provision regulates the relationship between the First Respondent and SHAL. It requires the First Respondent to comply with its obligations under the Headlease. It does not impose a duty to audit, verify or challenge each item of expenditure before making recovery from leaseholders.

76. The Headlease itself contains a mechanism by which service charge costs are certified by the superior landlord's agent and a separate provision permitting the First Respondent to challenge those costs. The existence of a contractual right to challenge service charges is not the same thing as an obligation to do so.

77. The Tribunal therefore rejects the Applicants' submission that the Underlease imposes a contractual duty on the First Respondent to ensure that all charges passed down from SHAL are correct.

78. The First Respondent is correct that its obligations under clause 12(6) of the Underlease is limited to serving a copy of the certification provided by SHAL’s agents in respect of the service charge costs. It also correctly points out that clause 12(9) empowers, but does not require, it to challenge service charges demanded by SHAL.

79. In that respect and bearing in mind that the First Respondent does not procure the works and services, it has fulfilled its contractual obligations owed to the Applicants. Whether the amounts demanded from the Applicants is payable will depend upon whether the underlying service charge costs incurred by the

Second Respondent and passed on to the First Respondent meet the section 19 definition of reasonable. The disputed elements of those service charges are mostly dealt with in Appendix 1, but see also paragraphs 152 to 207 below.

80. By clause 12(1) of the Headlease, the Financial Year ends on 31 March. In practice, however, SHAL prepares its budgets and service charge demands by reference to the calendar year. As a consequence, when Peabody prepares its service charge estimates for the forthcoming financial year, it does not possess a SHAL budget covering the entirety of the relevant period.

81. Peabody's evidence is that SHAL first issues estimated service charge invoices. Peabody pays those invoices and, where necessary, apportions them across its own accounting years. Those sums are then recovered from leaseholders. SHAL subsequently prepares certified accounts which reveal whether the estimated charges were too high or too low. If the estimates exceed the certified amount, SHAL issues a credit to Peabody. If the certified amount exceeds the estimates already paid, SHAL demands a balancing payment from Peabody. Peabody then reflects the resulting credit or balancing charge in its own service charge accounts and passes the adjustment on to leaseholders in the service charge year in which Peabody receives the credit or becomes liable for the balancing payment.

82. In their closing submissions, the Applicants contend that this approach is inconsistent with the reconciliation mechanism contemplated by clause 7.5 of the Underlease. In particular, they submit that Peabody seeks to recover balancing charges before receiving SHAL's certified accounts.

83. We reject that submission. We accept Mr Costello's written and oral evidence that Peabody does not demand a balancing charge before receiving SHAL's certified accounts. On the contrary, the certified accounts are the mechanism by which Peabody identifies whether a credit or balancing charge has arisen and calculates the adjustment to be passed on to leaseholders.

84. The Applicants are correct that the First Respondent demanded a balancing charge on 29th November 2024, which was later reduced on 7th February 2025, in respect of the service charge year ending 31st March 2024. At that time, the First Respondent had not yet received the certified accounts for its service charge year ending 31st March 2024, which were not received until January 2026. However, the balancing charge demands issued in November 2024 and February 2025 were calculated by reference to SHAL's accounting period ending 31st December 2022.

85. We also prefer Peabody's construction of the Underlease. In our judgment, clause 3.3.6 is the primary source of the leaseholder's liability in respect of SHAL's charges. The clause requires the leaseholder to pay the Headlease Proportion, together with any variation, in the manner provided for by the Headlease. The natural meaning of that provision is that the leaseholder must bear not only estimated service charges demanded under the Headlease but also subsequent credits and balancing adjustments arising when SHAL's certified accounts are produced.

86. We attach weight to the fact that, apart from Peabody's management fee, which is not challenged in these proceedings, the charges in dispute comprise liabilities passed through from SHAL rather than costs generated by Peabody itself. Clause 3.3.6 therefore provides the contractual mechanism by which those liabilities are ultimately borne by the leaseholder.

87. Whilst clause 7 contains provisions relating to service charge estimates and annual reconciliations, we do not consider that those provisions displace the specific obligation contained in clause 3.3.6. Rather, they govern service charge costs incurred directly by Peabody. In the present case, the only such charge is Peabody's management fee, which is not in dispute. We therefore do not accept the Applicants' submission that clauses 7.2, 7.3 and 7.5 prevent Peabody from passing on credits and balancing charges arising under the Headlease in the way that it has been doing.

88. The mismatch between Peabody's accounting year and SHAL's accounting year means that, when Peabody sets its annual budget, it will typically possess SHAL's budget for the period ending 31 December but not for the period from 1 January to 31 March. This increases the risk that the estimates may later prove to be inaccurate. In those circumstances, Peabody estimates anticipated costs for the unbudgeted period using the information reasonably available to it, including recent actual expenditure and previous budgets adjusted as appropriate.

89. We are satisfied that this approach is not contrary to the terms of the Underlease. The lease requires Peabody to estimate anticipated expenditure. It does not require Peabody to possess final figures for the entirety of the accounting period before issuing estimated demands. We therefore accept Peabody's submission that its methodology is consistent with the contractual scheme.

90. Accordingly, we conclude that the Underlease permits Peabody to pass on to leaseholders credits and balancing charges arising from SHAL's certified accounts when those adjustments fall to be accounted for between SHAL and Peabody, notwithstanding the fact that the two Respondents operate different accounting periods.

91. As to the Applicants' criticism that the First Respondent has paid the Headlease Proportion to the Second Respondent without obtaining the relevant supporting information, Peabody correctly points out that it is not required to do so.

92. Furthermore, to deal with a point suggested in the Applicants closing submissions, section 19 does not require disclosure of supporting documents. Although such documents may assist evidentially in determining whether the service charge costs are reasonable. But ultimately, the Tribunal needs to consider whether the costs were reasonably incurred, whether the works or services are of a reasonable standard, or in the case of estimated costs, whether the amount claimed is no greater than is reasonable. Therefore, this ground does not provide justification to determine that the service charges are

irrecoverable on the basis of an alleged failure to disclose all supporting documentation.

93. As to the First Respondent's status as a social landlord, we accept its submission that shared ownership is not classified as social housing. We therefore do not consider the First Respondent's status as a housing provider is relevant to the issues we are required to determine. In any event, section 27A does not allow the Tribunal to distinguish between private and social landlords.

94. As to SHAL, the Applicants' complaints, as set out at paragraphs 35 to 36.6 of their Statement of Case, relate in significant part to procedural matters, in particular disclosure, including the necessity for the Applicants to make applications for disclosure and the various directions issued by the Tribunal in respect of disclosure.

95. For instance, the Applicants submit that there has been inadequate disclosure, with no insurance or window cleaning invoices being disclosed. Regarding other invoices, where these have been disclosed they are at times duplicated, some are allocated to the wrong Schedules, or describe the services/works in vague terms, thus obfuscating what is being charged for.

96. There are (unexplained) discrepancies between SHAL's working spreadsheets and the certified final service charge accounts.

97. The Applicants allege that inconsistent information has been provided regarding what comprises the service charges in respect of the insurance premiums. It is stated that, on the one hand, Mr Colenso, the Second Respondent's solicitor, stated that it received no commission on the insurance, but the final 2023 service charge accounts state that London Residential Management Limited (the managing agents at the time) received commission for administrative tasks such as checking that the content and level of cover is appropriate and ensuring claims are processed timeously.

98. As to service charges relating to cleaning costs, these have only been apportioned between 17EAP and 5EAP, thus excluding other areas which received the cleaning services. Additionally, concierge costs have been apportioned to the Applicants although this service is not provided to them.

99. Furthermore, the Applicants are concerned that SHAL's proposed reapportionment model, which is being prepared without an independent audit, raises the potential for errors and cost-shifting away from commercial premises to residential leaseholders.

100. Dealing with the Applicants' complaint that insufficient invoices have been provided, and their contention that those invoices which have been disclosed

are difficult to reconcile with the final accounts, we do not consider that the fact that only 12.5% of invoices can allegedly be matched to the working papers is, of itself, sufficient to establish that any particular service charge is unreasonable or irrecoverable. An inability to reconcile documents may indicate deficiencies in the Respondents' evidence. However, section 19 is primarily concerned with whether the costs were reasonably incurred (which we address elsewhere in this determination when considering the reasonableness of the individual line items), whether they are recoverable under the lease, whether the amount charged is reasonable, and whether the service was carried out to a reasonable standard.

Jurisdiction

101. The limits of the Tribunal's jurisdiction is relevant both to the Applicants' substantive challenge and the relief sought.

102. At the start of the hearing on 4th December 2025 we explained the Tribunal's jurisdiction. Section 27A confers jurisdiction on the Tribunal to determine whether a service charge cost is payable and, if so, by whom it is payable, to whom it is payable, the amount which is payable, the date on which it is payable and the manner in which it is payable.

103. We further explained that in determining whether a service charge is payable, the Tribunal may consider all matters relevant to recoverability under the lease and under the statutory controls imposed by Parliament. Those matters include, for example, whether the costs fall within the contractual service charge provisions of the lease, whether they have been reasonably incurred within the meaning of section 19 of the 1985 Act, whether any statutory consultation requirements have been complied with, whether any demand has been validly made, and whether any limitations on recovery imposed by statute apply.

104. The Tribunal's jurisdiction under section 27A is, however, a limited one. It is concerned with determining liability for service charge costs. It is not a general supervisory jurisdiction over the management of residential developments, landlords or managing agents.

105. Therefore, its function is to determine whether the service charges demanded are payable under the relevant lease and statutory provisions. Whilst accounting material may be relevant evidence in that exercise, the Tribunal is concerned with recoverability of the service charges claimed rather than the correctness of accounting treatment as an end in itself.

106. Even if deficiencies in accounting practices were established, that would not, without more, determine the issues before the Tribunal. The Tribunal would still need to be satisfied that those deficiencies had a material bearing upon the particular service charges whose payability falls to be determined.

107. Similarly, the Tribunal has no jurisdiction in these proceedings to determine whether either Respondent has acted improperly in a broader management sense, whether either Respondent has complied with regulatory obligations applicable to registered providers of social housing, or whether their conduct accords with best practice guidance or industry codes except insofar as such matters assist in determining the recoverability, reasonableness or payability of the service charges in dispute.

108. To the extent that the Applicants contend that provisions of the headlease require particular accounting, certification or auditing processes, the Tribunal's concern is limited to whether compliance or non-compliance with those provisions affects the recoverability of the service charges claimed under the Applicants' leases.

109. However, the Tribunal has no free-standing jurisdiction under section 27A to make declarations of statutory breach or to impose sanctions for alleged failures to comply with sections 22 or 23 of the 1985 Act.

110. The Applicants return to the issue of disclosure in their closing submissions. It should be remembered that disclosure is a procedural issue intended to ensure that the parties and the Tribunal have sight of the relevant documents to enable them to understand the issues. It is not a substantive issue that the Tribunal will adjudicate upon as part of its final determination, although, where appropriate the Tribunal may make inferences based on disclosure issues.

111. Therefore, to reiterate, the Tribunal's jurisdiction under section 27A is limited to determining whether a person is liable to pay service charges, to whom service charges are payable, the amount payable in respect of relevant costs as defined by section 18, the date by which they are payable, and the manner in which they are payable. Any other matters on which the Applicants seek a determination is outside the Tribunal's jurisdiction.

The Parties' Submissions on Relief as Set Out in the Statements of Case

112. The relief sought by the Applicants in their statement of case can be summarised as follows:

113. A determination that unsupported service charges for 2020-2024/25 are irrecoverable and must be refunded.

114. A declaration that no further demands may be made for those charges.

115. A determination that the 2023/24 balancing charge is not payable and must be removed.

116. A direction that the Second Respondent provides independently audited annual service charge accounts in accordance with the headlease.

117. A direction that the First Respondent obtains and supplies audited accounts before seeking any balancing charges.

118. A direction requiring full and timely disclosure, with non-compliant charges disallowed and refunded.

119. A direction that any 2025 reapportionment of service charges:

119.1 Is independently verified.

119.2 Excludes charges for services not received.

119.3 Does not transfer commercial costs to residential leaseholders.

119.4 Is not applied retrospectively without contractual authority.

119.5 An order preventing the Respondents from recovering their costs of these proceedings through service charges or administration charges.

119.6 A finding that the First Respondent remains responsible for ensuring the accuracy and recoverability of service charge demands, including compliance with audit requirements.

120. The Second Respondent's response to the relief sought is set out below.

121. The Second Respondent contends that the relief sought is, in large part, outside the Tribunal's jurisdiction and powers. It suggests that the Applicants have not identified specific service charge items that are irrecoverable, but are instead dissatisfied with the level of disclosure and explanation provided.

122. In relation to the proposed 2025 reapportionment, the Second Respondent argues that the issue does not arise within the present application. It further contends that the Applicants cannot directly challenge SHAL's apportionment decisions because their contractual relationship is with Peabody Trust, not SHAL.

123. In relation to the Applicants' request for refunds of service charges already paid and confirmation that no further demands can be made, the Second Respondent submits that the Tribunal cannot order repayment of sums already paid. It says the Tribunal's role is limited to determining whether service charges are payable, and that any claim for reimbursement would need to be pursued in the civil courts.

124. The Second Respondent makes no substantive response to the relief sought concerning the disputed 2023/24 balancing charge or the requirement for Peabody Trust to obtain certified accounts, on the basis that those matters concern Peabody Trust rather than SHAL.

125. As to the Applicants' request for future certification of accounts, the Second Respondent submits that the Tribunal cannot direct SHAL to take such steps in the future. It also disputes the Applicants' interpretation of clause 12(6) of the Headlease, maintaining that the clause requires expenses to be "certified" but does not require certification by a qualified independent auditor. It further asserts that the accounts have in fact been certified by accountants.

126. The Second Respondent contends that the Tribunal has no power to require either Respondent to provide future disclosure in the manner proposed by the Applicants.

127. Finally, the Second Respondent submits that the Tribunal cannot make directions regulating any future reapportionment of service charges, whether for 2025 or any subsequent year.

128. Our decision regarding the relief sought is as follows.

129. As stated above, the absence of supporting documentation such as invoices is evidential. It is not determinative of whether service charge costs are payable or reasonable, that depends on whether the costs are reasonably incurred for works or services carried out to a reasonable standard. Therefore, it would not be appropriate to make a blanket determination that service charge costs for which there is no invoice or similar supporting document are irrecoverable. The evidence in respect of the service charge costs is dealt with in respect of the specific service charge costs where this challenge is raised.

130. As stated above, the Tribunal cannot make an order regarding prospective service charge accounts.

131. Our decision regarding the balancing charge for 2023/2024 is dealt with at paragraph 84 above.

132. Payability is determined by whether the service charge costs are reasonable and not by the timing or sufficiency of disclosure, although the latter may be relevant evidentially.

133. The Tribunal cannot prohibit a landlord from serving further demands.

134. The Tribunal cannot make an order regarding prospective service charge accounts; under section 27A the Tribunal can determine whether service charge costs being claimed are reasonable and/or payable.

Submissions on Relief as Set Out in the Applicants' Closing Submissions

135. The Applicants' closing submissions address the amount of service charges that they say is payable as follows:

> *The Applicants respectfully submit that the Tribunal should determine the reasonable amount payable for Flat 211 as £201.02 per month up to 31 December 2024 and £217.07 per month from 1 January 2025 to 31 March 2025, including the uncontested £160 annual management fee charged by Peabody. The 2025 calculation is explained in the Applicants' methodology [Miscellaneous pp.156-168]. Both figures should be adjusted correspondingly for other leaseholders according to their respective percentages.*

136. This is a request to deal with service charge costs on an annual global basis, rather than what is reasonable for the specific line items comprising the service

charge costs. As previously stated, the Tribunal's jurisdiction relates to the payability of specific service charge costs, and to make a global determination of the service charges payable, falls outside the Tribunal's jurisdiction.

Disclosure and Evidential Issues

137. The Applicants place considerable reliance upon alleged deficiencies in disclosure. They submit that invoices and supporting documentation have not always been provided, that some information has been disclosed only following Tribunal directions, and that the documentation provided is, at times, difficult to reconcile with the service charge accounts and working papers. They contend that these matters undermine confidence in the charges claimed.

138. We accept that the disclosure provided during these proceedings has not been complete in all respects. Not every document sought by the Applicants has been produced. We also accept that the Applicants are justified in criticising aspects of the disclosure process and in submitting that the level of transparency could and should have been better.

139. However, disclosure is not itself a substantive issue for determination under section 27A. The Tribunal's task is to determine whether the challenged service charges are payable and reasonable. The absence of invoices or other supporting documents may affect the weight that can be attached to particular evidence, but it does not automatically render a service charge unreasonable or irrecoverable.

140. A landlord seeking to recover service charges will often be assisted by producing invoices and supporting documentation, particularly where costs appear unusually high or where their reasonableness is specifically challenged. Failure to provide such material may weaken the evidential foundation for a charge. Nevertheless, the Tribunal is required to determine the issues on the evidence available and is not obliged to treat every disputed charge as unreasonable merely because it has been challenged and not even where the landlord has no invoice. It will depend upon all the evidence available, including evidence as to whether the service was in fact provided, which if established, may tend to show that the costs were incurred even where the landlord is unable to produce the underlying invoice.

141. Therefore, we adopt the approach identified by the Upper Tribunal in Enterprise Home Developments LLP v Adam [2020] UKUT 151 (LC). Whilst there is no formal burden of proof, an Applicant ordinarily needs to show some evidential basis for their challenge. Where a charge is not objectionable on its face and there is little or no evidence that the relevant works or services could have been provided more cheaply, or that the costs fall outside the charging

provisions of the lease, the Tribunal may conclude that the challenge has not been made out.

142. The Applicants also rely upon the decision in Flats 3 and 20 Newynn Court. As a first-instance decision, it is not binding. In any event, that case turned upon its own facts and lease provisions, including findings concerning failures to comply with the contractual scheme for recovery and deficiencies in the supporting evidence. We do not regard it as establishing any general principle that the absence of complete supporting documentation necessarily prevents recovery of service charges.

143. Accordingly, whilst we take the disclosure deficiencies into account when assessing the evidence, we do not treat those deficiencies as determinative. Rather, they form part of the overall evidential picture to which we have had regard when considering the individual service charge items disputed by the Applicants.

144. The Tribunal considers all the circumstances of the case, including the documentary and witness evidence available, to determine whether service charges are reasonable and/or recoverable.

145. The Tribunal's findings should not be taken as determining any wider dispute between the parties beyond those matters necessary for the resolution of the service charge issues that fall within the jurisdiction of section 27A.

Determination on the Issues

146. Whilst a number of the Applicants' witness statements contained complaints concerning cleaning, gardening and window cleaning, those issues were not included in the Scott Schedules, nor pleaded with any specificity in the Statement of Case, were not developed through the evidence of Mrs Worthington, and the witnesses concerned did not attend to give evidence. In fact, the only issue Mrs Worthington raised at the hearing about landscaping related to charges in respect of Bonsai trees which it was claimed Affordable Housing did not benefit from. The Tribunal has taken the written evidence into account as evidencing dissatisfaction amongst some leaseholders. However, the allegations were not tested in cross-examination and the Tribunal does not consider that they provide a sufficient evidential basis for finding that any particular service was provided to an unreasonable standard for the purposes of section 19.

147. Regarding window cleaning, we have noted some of the Applicants' witness statements complained about the service provided. However, the issues raised in the Scott Schedules and by Mrs Worthington at the hearing relate to reconciling invoices with the amounts charged and apportionment, and those are the issues which we have determined.

148. Additionally, our determination is based on the Scott Schedules covering the period up to 31st December, although the service charges the Applicants pay is based on a service charge period up to 31st March. That is because those Scott Schedules include the commentary from the Second Respondent. However, where required, our findings can be adjusted to the period used by Peabody.

149. In determining the reasonableness of the service charge costs we have adopted the approach in cases such as Enterprise Home Developments LLP v Adam, and we therefore consider that the Applicants bear an evidential burden to advance some evidence that the disputed service charges are unreasonable.

150. In many cases the basis of the Applicants' challenge on reasonableness was not clear from the Scott Schedule, where the Applicants' entries mostly consisted of asking questions or raising accounting queries. Therefore, at the hearing we gave Mrs Worthington an opportunity to tell us orally what was unreasonable about the specific service charge costs, and what would be a reasonable amount. As the Second Respondents point out, this was effectively allowing Mrs Worthington to provide evidence-in-chief, but the Applicants are not legally represented, and we considered it was in accordance with the overriding objective to ensure there was a fair hearing, and in particular, that the Applicants had the opportunity to advance their case.

151. The Tribunal's determination in respect of the actual service charge costs for the years ending 31st December 2020, 31st December 2021, 31st December 2022, 31st December 2023 and 31st December 2024 are set out in the Scott Schedule at Appendix 1. The Scott Schedule reproduces those completed by the parties, except that Peabody's entries are omitted because they largely state they have simply passed on information provided by the Second Respondent.

The Estimated Service Charges for Y/E 31st December 2024

152. The adjournment in December 2025 was not intended to provide an opportunity for the parties to raise new grounds of challenge. Accordingly, to the extent that the Applicants have raised new challenges to items of expenditure for the years ending 31 March 2024 or 31 March 2025, we make no determination in respect of those matters. No application has been made to amend the Application and, in the circumstances, it would not be appropriate for us to consider those new issues.

153. Accordingly, the Tribunal makes no determination in respect of the Applicants' challenge regarding an alleged failure to comply with section 20, which is relied on in respect of numerous items of expenditure in the 2024 and 2025 Scott Schedules.

154. The Scott Schedule for the actual service charges disputed for the year ending 31st December 2024 is at page 30 of the 2384- page bundle prepared for the reconvened hearing in June 2026. That Scott Schedule does not include a separate challenge for security costs and site management. However, those costs are challenged by the Applicants, including in their written closing submissions.

155. The challenge raised in respect of the site management fees complains that no information has been provided regarding the roles, function or necessity of various staff roles. We reject that contention.

156. We find that the Respondent has provided this information within the Scott Schedule or it has referred to information contained in the Service Charge Budget Pack, which can be found at pdf page 626 of the 2384-page bundle. We find that this provides a breakdown of the various roles in respect of which service charges are claimed. The Applicants have not made reference to these explanations in their closing submissions, for instance regarding why, despite the provision of this information, they still maintain that this service charge cost is unreasonable.

157. As to security costs, this challenge essentially reiterates the challenge raised in respect of the budgeted cost of these items in the year ending 31st December 2025, which are addressed at paragraphs 167 to 171 below. We find the costs for security and site management to be reasonable for the reasons stated respectively at paragraphs 155 to 156 above, and paragraphs 167 to 171 below.

The Estimated Service Charges for Y/E 31st December 2025

158. The test for estimated service charge costs under section 19(2) is that the amount demanded is no greater an amount than is reasonably required. This is usually an evaluative exercise in respect of most expenditure because the amount of costs is likely to be anticipatory. However, the amount estimated is always subject to the requirement that it is no greater an amount than is reasonable.

159. The Applicants have primarily relied on the same arguments in respect of the section 19(1) challenge relating to actual service charge costs in support of the section 19(2) challenge relating to estimated costs, and where this involves issues of recoverability and apportionment, taking all relevant matters into account, we consider that the costs are payable except in respect of internal cleaning. Where the Applicants repeat arguments relied on for earlier periods, our reasons are the same as the reasons we have given for our findings relating to the same service charge expenditure in previous years.

160. Except for the Schedule 13 costs and a few others which are dealt with below, most of the Applicants' challenge to the line items of expenditure relating to the estimated costs for the year ending 31st December 2025 fall into one or more of the following categories, namely a challenge on the grounds of section 20, a challenge already raised in respect of the previous years' service charge costs, or based on an allegedly lack of information regarding the roles, function or necessity of various staff.

161. Our decision in respect of challenges based on these three categories are set out below:

<u>Schedule 1 - Estate All - Management Fees</u>

162. This estimated cost raises a challenge based on section 20. Therefore, for the reasons stated at paragraphs 152 and 153 above, we make no determination in respect of the section 20 challenge.

Schedule 1 - Estate All - Staff Costs

163. This estimated cost raises challenges based on the alleged failure to comply with section 20, relies on arguments previously raised, and an alleged failure to provide information about the roles, function or necessity of staff. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge. As to the remainder of the challenges, we consider the amount claimed is no greater an amount than is reasonably required for the reasons stated at paragraphs 155 to 156, and 159 above.

Schedule 1 - Estate All - Electricity (Awaiting Sub-Metering Survey)

164. This estimated cost is partly challenged on the basis of an alleged failure to comply with section 20, arguments previously raised, and an alleged failure to provide information about the roles, function or necessity of staff. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge. As to the remainder of the challenges, we consider the amount claimed is no greater an amount than is reasonably required for the reasons stated at paragraphs 155 to 156, and 159 above.

165. The Applicants also raise a new issue that some invoices indicate that the supply was out of contract suggesting electricity may have been supplied on higher default tariffs. The Second Respondent denies the supply was out of contract. The Applicants have not specified which periods were allegedly out of contract, making it difficult to quantify what impact this potentially had on the costs being claimed, nor have they quantified the amount. We also note that the Operating Margin table exhibited to Ms Perry Hilsdon's witness statement dated 21st April 2026 is inconsistent with the supply being out of contract, at least in the period up to 31st March 2024, which covers most of the period relating to actual service charge costs. The relevance of this point to the amount of the estimated costs is not articulated. In the absence of this information, we are not satisfied that the supply was out of contract, or if it was, that it was out of contract for a sufficiently long period to make the overall costs or estimated costs unreasonable. The standard required is a reasonable one. If the electricity supply was out of contract for a limited period, that would not necessarily be unreasonable. However, as the Applicants do not state the period the supply was allegedly out of contract we are not satisfied the estimated cost is unreasonable.

166. As to the Second Respondent's alleged failure to confirm the basis of apportionment of electricity costs, we reject that argument. Paragraphs 9 to 12 of Ms Perry-Hilsdon's witness statement and exhibit GPH2 explain the apportionment.

Schedule 1 - Estate All - Security Contract

167. This estimated cost is partly challenged on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 and 153 above, we make no determination in respect of the section 20 challenge.

168. This cost is also challenged on the following basis:

"... that the extent of the security provision is driven by the mixed-use commercial elements of the development, and that residential leaseholders may be bearing a disproportionate share of costs which primarily benefit the commercial units."

169. The Applicants have not identified any evidence demonstrating that the level of security provision is materially attributable to the commercial elements of the estate or that the allocation adopted results in residential leaseholders bearing an excessive proportion of the costs. The challenge rests largely on the proposition that commercial and residential occupiers may derive different levels of benefit from the security arrangements.

170. That proposition, on its own is insufficient to establish that the allocation is unreasonable. The existence of commercial occupiers does not, of itself, demonstrate that a different allocation ought reasonably to have been adopted. Nor does it establish that the methodology applied by SHAL falls outside the range of reasonable approaches available to it.

171. In the absence of evidence demonstrating that the security costs have been incorrectly or unreasonably allocated between the residential and commercial elements of the development, we are satisfied that there is no proper basis upon which to determine that the allocation adopted is unreasonable. This aspect of the challenge therefore fails.

Schedule 1 - Estate All - Internal Cleaning

172. In respect of the internal cleaning, this cost is challenged on the grounds of an alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

173.

Schedule 1 - Estate All - M&E Maintenance Contract

174. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

Schedule 13 – Car Park

175. Schedule 13 deals with car park expenditure which the Applicants challenge in its entirety, which relates to the following costs:

- Management Fees

- Audit Fees
- Office Costs (Phones / Stationery)
- Staff Costs
- Internal Cleaning
- Internal Repairs and Maintenance

176. Their grounds for challenging this cost are relied on in support of all aspects of car park expenditure.

177. The Applicants' challenge in respect of the car park expenditure reads:

Car park costs are disputed.
The applicant has no right to use the car park under the terms of the lease and derives no benefit from it. It is therefore unclear on what basis the costs of the car park are recoverable from residential leaseholders.
No explanation has been provided as to how these costs are permitted under the lease or why they are apportioned to flats which do not have access to the facility. The applicant disputes that these costs are payable under the lease or reasonably incurred in relation to the properties in 5 Esther Anne place.

178. The Respondent's response is as follows:

Billed as per apportionment schedule on parking bays. Details of the schedule were provided in the budget notes issued to all tenants. Extract on the car park schedule included below; this schedule covers the costs associated with maintaining the car park. This has been apportioned based on use and floor area. This means that the floor area of the cycle stores has been allocated to all residents, and the car park space area has been allocated to those who have a right to park. If you have a space in the car park you will be charged on a per space basis.

There are still some unsold spaces which are treated as voids and therefore still chargeable to the landlord.

179. The Applicants contend that they have no right to use the car park, derive no benefit from it, and that the Respondent has failed to explain why the costs are recoverable from residential leaseholders or how they have been apportioned.

180. We do not accept that challenge. The Respondent's evidence is that costs attributable to parking spaces are charged only to those leaseholders entitled to use them, on a per-space basis. Leaseholders without parking rights do not contribute to those costs. Rather, they contribute only to the costs attributed to the cycle store element, which is apportioned by floor area. That methodology is set out in the Respondent's response in the Scott Schedule and is corroborated by the Explanation of Schedules document at page 630 of the supplementary bundle.

181. Although these costs include internal cleaning which we have found to be unreasonable elsewhere, the Applicant has not raised the same arguments in respect of internal cleaning of the car park (or the cycle store).

182. We therefore reject the Applicants' contention that they are being required to contribute towards the cost of parking spaces from which they derive no benefit. We are satisfied on the evidence before us that the Respondent has adequately explained both the nature of the expenditure and the basis of its allocation. The Applicants have not identified any provision of the lease which precludes recovery of these costs, nor have they demonstrated that the apportionment methodology produces an unreasonable allocation of expenditure. We are satisfied that the costs were reasonably incurred, reasonably apportioned and recoverable under the lease. Accordingly, the charge is payable.

Schedule 14 - Building 2 All Tenants - Management Fees

183. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 and 153 above, we make no determination in respect of the section 20 challenge.

Schedule 14 - Building 2 All Tenants - Staff Costs

184. This estimated cost raises challenges based on the alleged failure to comply with section 20, relies on arguments previously raised, and an alleged failure to provide information about the roles, function or necessity of staff. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge. As to the remainder of the challenges, we consider the amount claimed is no greater an amount than is reasonably required for the reasons stated at paragraphs 155 to 156 and 159 above.

Schedule 14 - Building 2 All Tenants - Electricity (Awaiting Sub-Metering Survey)

185. We find these costs are reasonable for the reasons stated at paragraphs 164 to 166 above.

Schedule 14 - Building 2 All Tenants - Internal Cleaning

186. In respect of the internal cleaning, the Applicants complain about apportionment, and the Respondent has used the same methodology as it applied in previous years, namely based on floor area. For the reasons stated in the Scott Schedule, we consider this is not an appropriate apportionment method because it results in costs that are unreasonable. In the absence of any alternative information regarding a reasonable estimated cost for internal cleaning, we consider that an estimate of £756 is a reasonable amount, and is no greater than is reasonably required.

187. This estimated cost is also challenged based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

Schedule 14 - Building 2 All Tenants - M&E Maintenance Contract

188. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

Schedule 14 - Building 2 All Tenants – External Repairs & Maintenance

189. The Applicants challenge this cost on the following basis:

External repairs and maintenance costs are disputed.

The development comprises multiple buildings. For 2025, the Respondent has changed the service charge structure, combining blocks B and C under a schedule named 'Building 2' which were previously accounted for separately. No explanation has been provided for this change or the basis on which costs are now allocated.

If the external repair costs relate to specific buildings, it is unclear why the Applicant should contribute to works carried out to buildings in which the Applicant does not reside. Alternatively, if the costs are intended to be estate-wide, it is unclear why they are not included within the estate services schedule (schedule 1) and apportioned consistently across all units.

In the absence of a clear explanation and proper apportionment, the Applicant disputes that the costs have been reasonably allocated or are payable under the lease. £0 pending justification

190. The Respondent refers the Applicants to information contained in the Service Charge Budget Pack, which for 2025 can be found at pdf page 626 of the 2384-page bundle prepared for the reconvened hearing on 5th June 2026, in particular, this cost is dealt with at page 631.

191. The Applicants' position is that nothing is recoverable pending justification. We consider this addresses the Applicants query by providing sufficient justification of this expenditure. We note the Applicants have not made reference to this in their closing submissions as to why, despite this information, they still maintain that this service charge cost is unreasonable. In light of the explanation available to the Applicants, we do not consider this challenge is well-founded.

Schedule 22 - 5 Esther Anne Place - Management Fees

192. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

Schedule 22 - 5 Esther Anne Place - Management Staff Costs

193. This estimated cost raises challenges based on the alleged failure to comply with section 20, relies on arguments previously raised, and an alleged failure to provide information about the roles, function or necessity of staff. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no

determination in respect of the section 20 challenge. As to the remainder of the challenges, we consider the amount claimed is no greater an amount than is reasonably required for the reasons stated at paragraphs 155 to 156 and 159 above.

Schedule 22 - 5 Esther Anne Place - Maintenance Operative

194. This estimated cost is partly challenged on the alleged failure to comply with section 20, and relies on arguments previously raised. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge. As to the remainder of the challenges, we consider the amount claimed is no greater an amount than is reasonably required for the reasons stated at paragraphs 155 to 156 and 159 above.

195. This cost is also challenged on the following basis:

Maintenance operative costs are disputed.
No explanation has been provided as to the role, duties, or necessity of the maintenance operative, nor how this position differs from the services already covered by repair, maintenance, or management costs. The Applicant is concerned that this may represent duplication of costs.

196. This is essentially a new argument relating to Maintenance Operatives because this item of expenditure has not previously been challenged. However, the issue of the roles, duties or necessity of these staff is addressed in the Service Charge Budget Pack, which addresses the queries raised by the Applicants. Therefore, we do not accept that the Applicants have had no explanation regarding these roles, accordingly we do not consider there is a sufficient basis to find there has been duplication or unreasonable costs in another format.

Schedule 22 - 5 Esther Anne Place - Building Insurance

197. This estimated cost raises challenges based on arguments previously raised. Therefore, for the reason stated at paragraph 159 above, we consider the amount claimed is no greater an amount than is reasonably required.

Schedule 22 - 5 Esther Anne Place - Fire Equipment (incl. M&E)

198. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

Schedule 26 - Heating - Management Fees

199. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

Schedule 26 - Heating - Staff Costs

200. This estimated cost raises challenges based on the alleged failure to comply with section 20, relies on arguments previously raised, and an alleged failure to provide information about the roles, function or necessity of staff. Therefore, for the reason stated above, we make no determination in respect of the section 20 challenge. As to the remainder of the challenges, we consider the amount claimed is no greater an amount than is reasonably required for the reasons stated at paragraphs 155 to 156 and 159 above.

Schedule 26 - Heating - M&E Maintenance Contract

201. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

Schedule 28 - Hot Water - Management Fees

202. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

Schedule 28 - Hot Water - Staff Costs

203. This estimated cost raises challenges based on the alleged failure to comply with section 20, relies on arguments previously raised, and an alleged failure to provide information about the roles, function or necessity of staff. Therefore, for the reason stated above, we make no determination in respect of the section 20 challenge. As to the remainder of the challenges, we consider the amount claimed is no greater an amount than is reasonably required for the reasons stated at paragraphs 155 to 156 and 159 above.

Schedule 28 - Hot Water - M&E Maintenance Contract

204. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated above, we make no determination in respect of the section 20 challenge.

Schedule 29 - Borehole - Management Fees

205. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated at paragraphs 152 to 153 above, we make no determination in respect of the section 20 challenge.

Schedule 29 - Borehole - Staff Costs

206. This estimated cost raises challenges based on the alleged failure to comply with section 20, relies on arguments previously raised, and an alleged failure to provide information about the roles, function or necessity of staff. Therefore, for the reason stated above, we make no determination in respect of the section 20 challenge. As to the remainder of the challenges, we consider the amount claimed is no greater an amount than is reasonably required for the reasons stated at paragraphs 155 to 156 and 159 above.

Schedule 29 - Borehole - M&E Maintenance Contract

207. This estimated cost raises challenges based on the alleged failure to comply with section 20. Therefore, for the reason stated above, we make no determination in respect of the section 20 challenge. As to the remainder of the challenges, we consider the amount claimed is no greater an amount than is reasonably required for the reasons stated at paragraphs 155 to 156 and 159 above.

Costs

208. The Applicants seek orders pursuant to section 20C of the Landlord and Tenant Act 1985 and paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002. They also seek reimbursement of the Tribunal application fee.

209. Although the Applicants have been unsuccessful in the majority of their substantive challenges, we are satisfied that it is appropriate to grant each of these applications.

210. In reaching that conclusion, we have had regard to the history of the dispute. Before commencing proceedings, the Applicants made repeated requests for information and explanations concerning the charges. The material before us demonstrates that information was either not provided or was not provided in full. The application to the Tribunal was therefore, in our view, a measure of last resort.

211. Further, as a consequence of these proceedings, some charging issues were identified and certain overcharges were revealed with credits being applied to the service charge accounts. In addition, although relatively modest in value when compared to the overall amount being challenged, the Tribunal has identified that the 2022 electricity costs and the amount of the cleaning costs were unreasonable. In those circumstances, it would not be just and equitable for the Applicants to bear the financial consequences of having brought proceedings which were necessary to obtain the information and scrutiny that ultimately resulted.

212. Taking all of the circumstances into account, we consider it just and equitable to make an order under section 20C of the Landlord and Tenant Act 1985 and an order under paragraph 5A of Schedule 11 to the Commonhold and Leasehold Reform Act 2002. We also direct that the Applicants are entitled to reimbursement of the Tribunal application fee.

213. The Respondent requested a further opportunity to make submissions in relation to costs. We decline that request in respect of section 20C and paragraph 5A. The issue has been addressed by all the parties in their written closing submissions, including SHAL's written submissions. This case has already been the subject of extensive written argument throughout these proceedings, including skeleton arguments, supplemental skeleton arguments,

closing submissions amounting to almost 260 pages. Further submissions on section 20C and paragraph 5A would not be proportionate.

Name: Judge Tueje **Date:** **11th November 2026**

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).

Appendix 1
(see below)

DISPUTED SERVICE CHARGES S/C				
YEAR ENDED 31/12/2020				
Item	**Cost**	**Applicants' comments ***	**SHAL's comments**	**The Tribunal's Decision and Reasons**
SCHEDULE 13 - Affordable All				
Management Staff Costs	£5,989.01	Unclear if invoices have been provided	Staff Management Costs sit outside of the Management Fee cost	Decision: This cost is reasonable
		which match to Islington Square Working	heading in a service charge budget - hence these are separate. They	
		Papers 31 December 2020 v3.	account for 10% of the costs associated with the General Manager -	Reasons: The Applicants don't dispute a manager is employed to carry out the tasks described by SHAL, which are distinct from the
		On this document there are no invoice	managing and walking and inspecting the buildings. The cost does not	duties of a concierge. The Applicants also do not challenge the 10% apportionment. We accept SHAL's evidence that Management
			relate to Concierge services at all.	Staff Costs do not include concierge costs, because the documentary evidence shows that where concierge costs are claimed elsewhere,
		numbers against these line items.		those costs are billed in a separate category. Furthermore, there is no basis to dispute the Respondent's account that Management Staff
		Questions:		Costs are distinct from the concierge costs. The amount of these costs is not directly challenged by the Applicants, and in any event, we
		Why are there separate management staff		consider the amount is reasonable, the service is reasonably required, and there is no complaint about the standard of the service
		costs?		provided. We accept that the invoices identified by the Applicants do not appear readily to reconcile with the working papers. However,
		Are these not included as part of the		the expenditure is nevertheless recorded within the certified accounts. Whilst inclusion in the accounts is not conclusive of
		management fee?		reasonableness or recoverability, it is a factor to which we attach some weight. Having considered the certified accounts, which we prefer
		If these relate to Concierge we do not have		over the working papers, considering also SHAL's explanation of the expenditure, and in the absence of evidence suggesting the costs
		access to concierge.		were excessive or improperly allocated, we are satisfied on the balance of probabilities that the costs were reasonably incurred and
				reasonable in amount.
Staff Accommodation	£1,191.54	It does not appear invoices have been	Staff Accommodation costs relate to staff sundries and site consumables	Decision: This cost is reasonable
		provided which match to invoice numbers in	such as tea, coffee, water and other general day to day items.	
		Islington Square - Working Papers 31		Reasons: As it is either agreed and/or has been determined that it is reasonable to charge for engaging staff, we also consider that the
		December 2020 v3.		associated costs, such as for staff uniforms etc., are costs that are reasonably incurred. Whilst the Applicants submit that the invoices
		Questions:		don't correspond with the working papers, this expenditure is reflected in the accounts. Although that does not conclusively establish the
		Is this not included as part of the		propriety of the charge, it constitutes evidence supporting the Respondent's case. The Applicants do not challenge the amount as
		management fee?		unreasonable, so they have not provided an evidential basis on which we could find the amount of the costs were unreasonable. The
		We assume these relate to the running of an		Applicants' query as to whether the costs relate to running an office is answered by SHAL, which explains the staff accommodation costs
		office but it is unclear.		do not relate to physical space, but in accommodating the day-to-day needs of staff. This answer is credible, and we therefore accept it.
Health & Safety	£1,404.00	It does not appear invoices have been	Health & Safety and Fire Risk Assessments are conducted on an	Decision: This cost is reasonable

		provided which match to invoice numbers in	annual basis where an assessor inspects all of the communal areas	
		Islington Square - Working Papers 31	across the estate, identifies any hazards and flags these in the reports	Reasons: This cost is reasonably incurred. At the hearing Mrs Worthington did not object to this cost: the Applicants' position is that they
		December 2020 v3.	from low to high risk.	do not know what the costs represent. We consider it is of vital importance that appropriate resources are allocated to deal with health
		Questions:	The H&S and Fire Risk Assessments are completed by the same	and safety, particularly the landlord's regulatory obligations, particularly in respect of fire safety, and especially where it relates to a block assert that there are any grounds for us to do so.
		What is this charge for?	consultant for both the residential and commercial elements of the	comprising multiple dwellings. Having regard to the number of properties this cost relates to, we do not consider that the amount is
		Are there separate Commercial and	Estate and any suggested actions identified in the risk assessments are	unreasonable, and the Applicants do not complain that it is. Their main position is they do not understand what it relates to, which the
		Residential contracts for this?	split between Commercial and Residential, where applicable.	Second Respondent has now explained. The Second Respondent states the cost has been correctly apportioned, we have no basis on which
		How is this apportioned?	The Audits and Assessments were completed by CBRE and cross	to dispute that.
			charged to the residential schedules accordingly.	
Landscaping	£16,576.29	It does not appear invoices have been	The Landscaping costs are apportioned on the same basis as other	Decision: The Tribunal makes no determination
		provided which match to invoice numbers in	general costs in the budget and are based on a floor area basis.	

		Islington Square - Working Papers 31	Peabody are charged a fair and proper proportion of the Estate and	Reasons: At the hearing, Mrs Worthington stated the sole basis for disputing these costs were that they included £274.16 for Bonsai trees
		December 2020 v3.	Building Service Cost in accordance with its lease.	which are located in part of the development which the Applicants have no access to, and so do not benefit from. SHAL agreed to deduct
		Note: Three costs for Zen/Bonsai		this cost from the service charge costs, accordingly the remaining charge is agreed by the Applicants, therefore pursuant to subsection
		Maintenance have been included in the		27A(4)(a), the Tribunal has no jurisdiction to determine this issue.
		accounts totaling £274.16 - none of the		
		social housing tenants have enjoyment of		
		these either via access to or visibility of the		
		Japanese Garden which is located within 8		
		Esther Anne.		
		Questions:		
		How is landscaping in general apportioned?		
Pest Control	£415.32	No invoice number provided to cross	Noted.	Decision: The Tribunal makes no determination
		reference in Islington Square - Working		
		Papers 31 December 2020 v3.		Reasons: This charge is agreed by the Applicants, therefore pursuant to subsection 27A(4)(a), the Tribunal has no jurisdiction to
		However we believe this is a reasonable		determine this issue.
		figure and are not challenging this amount		
Window Cleaning	£9,734.07	It does not appear invoices have been	The residential flats benefit from a separate window cleaning contract	Decision: This cost is reasonable
		provided which match to invoice numbers in	which does not form part of the commercial window cleaning contract.	
		Islington Square - Working Papers 31	Costs were split and apportioned in line with the contractor's time spent	When Mrs Worthington was asked to clarify whether the Applicants' consider this cost is reasonable or unreasonable, she responded
		December 2020 v3.	on various elements of the property, labour and their access equipment	that the Applicants' position was that it was presently unknown whether the cost was reasonable. As to the Applicants' questions

		Questions:	requirements.	regarding apportionment, this is answered in Scott Schedule, and also during the hearing, when SHAL's evidence was that the cost
		How is the cost of window cleaning split		depends on a number of factors, including whether mechanical access is required (such as in the case of Block A). We accept the
		across the Estate?		Respondent's evidence, which is supported by invoices in the bundle indicating that more than one company cleans the windows. We
		Are there separate contracts for Commercial		do not consider the absence of some invoices, of itself, is sufficient reason to determine that these costs are irrecoverable. Although the
		vs. Residential?		Applicants point out that the invoices do not appear to match the working papers, we note that this expenditure is recorded in the
				accounts. Whilst that fact is not conclusive, it provides some support for the Respondent's position. Therefore, having considered
				the certified accounts which include these costs, SHAL's explanation of the expenditure, and the absence of direct evidence suggesting
				the costs were excessive or improperly allocated, we are satisfied on the balance of probabilities that the costs were reasonably incurred
				and are reasonable in amount.
M&E Maintenance	£15,144.52	It does not appear invoices have been	The M&E Maintenance costs principally covered the cold water boosted	Decision: This cost is reasonable
		provided which match to invoice numbers in	supply and all associated equipment with this as well as PPM (planned	
		Islington Square - Working Papers 31	preventative maintenance) costs that were completed. When LRM were	Reasons: Mrs Worthington clarified at the hearing that the reason for including this item in the Scott Schedule is that the Applicants did
		December 2020 v3.	appointed to manage the residential elements of the estate, the M&E	not know what this category represents. The Applicant's queries regarding what this item of expenditure covers and how the costs are
		Questions:	contract with GWS CBRE was transferred over and is now managed	apportioned has been addressed in SHAL's entry in the Scott Schedule. We were not provided with any grounds to justify rejecting that
			directly by LRM. All apportionment splits associated with the contract	explanation. Therefore, we accept SHAL's explanation of the nature and allocation of the expenditure. Furthermore, we accept that the
		Please describe what M&E covers?	were provided by CBRE until the estate was handed over post	invoices identified by the Applicants do not appear readily to reconcile with the working papers. However, the expenditure
		How is the cost of this split across the	construction from 2019. Following the handover, asset registers were	is nevertheless recorded within the audited accounts. Whilst inclusion in the accounts is not conclusive of reasonableness or
		Estate?	available which provided information to confirm the split of the	recoverability, it is a factor to which we attach some weight. In the absence of evidence suggesting that the costs were excessive,
		Are there separate contracts for Commercial	maintenance for the Estate/Commercial/Residential.	improperly allocated, or otherwise unreasonable, we find that the charges were reasonably incurred and reasonable in amount.
		vs. Residential?		

Fire Equipment Maintenance	£4,454.27	It does not appear invoices have been	The cost split of the Fire Equipment Maintenance was provided by	Decision: This cost is reasonable
		provided which match to invoice numbers in	CBRE and their contractors GWS CBRE. There were no separate	
		Islington Square - Working Papers 31	contracts for Commercial and Residential.	Reasons: This cost is reasonably incurred. As with the health and safety and fire risk assessments, it is also of vital importance that fire
		December 2020 v3.		safety and fire fighting equipment is adequately maintained to ensure it is in a suitable condition in the event of a fire emergency.
		Questions:		Therefore, it is appropriate that resources are allocated to deal with this. Whilst the Applicants submit that the invoices do not correspond
		How is the cost of this split across the		with the working papers, the expenditure in question is reflected in the accounts. Although that does not conclusively establish the
		Estate?		propriety of the charge, it constitutes evidence supporting the Respondent's case. The Applicants' entry in the Scott Schedule does not
		Are there separate contracts for Commercial		amount to a positive challenge regarding the reasonableness of this cost, but reflects Mrs Worthington's position at the hearing which is
				that the Applicants didn't know what this cost represents. That has now been explained to them. The Applicants also do not dispute the
				equipment is provided and maintained. Having regard to SHAL's explanation, we consider this provides a sufficient basis for us to
				conclude that the relevant costs satisfy the requirements of reasonableness under section 19. We therefore determine that the costs were
		vs. Residential?		reasonably incurred and reasonable in amount.

Electricity	£10,000.00	It does not appear invoices have been	How was this figure arrived at? The expenditure sum was arrived at	Decision: This cost is reasonable
		provided which match to invoice numbers in	through the allocation of electricity invoices received at the time.	
		Islington Square - Working Papers 31	Unfortunately, we have been unable to locate these historic invoices.	Reasons: The Applicants contend that the disclosed invoices do not
		December 2020 v3.		correspond with the invoice numbers recorded in the working papers and
		Questions:	How is the cost of this split across the estate? The cost was split as per	question how the electricity expenditure was calculated and apportioned.
		How was this figure arrived at? Surprised to	other cost headings in the budget and was based on a split of total floor	The absence of those invoices does not, in itself, establish that the
		see such a round figure.	area per building.	charge was not incurred, was incorrectly recorded, or was
		How is the cost of this split across the		unreasonable. The expenditure appears in the certified service charge
		Estate?	Are there separate meters for Commercial vs Residential? SHAL has	accounts and no evidence has been identified which suggests that
		Are there separate meters for Commercial	been advised that there are separate meters.	the amount claimed does not reflect electricity costs properly
		vs. Residential?		incurred.
		How is the apportionment determined for	How is the apportionment determined for Private vs Social Housing	
		Private vs. Affordable Housing residents?	residents? Is this based on apportionment? Yes, this was based on a	
			floor area apportionment. .	In relation to apportionment, the Respondent has produced an
			Why did Affordable pay more for electricity than private in 2021? We	electricity supply schedule exhibited to the witness statement of Ms
			understand this was due to a larger apportionment share for the	Perry-Hilsdon (Supplementary Bundle, PDF p.549 onwards). That
			Affordable.	schedule identifies the various electricity supplies serving the
				development and explains the allocation of electricity costs between
				the commercial, private residential and affordable residential
				elements of the estate. The Respondent's evidence is that the
				relevant apportionments were determined by reference to floor
				area.
				The Applicants' challenge is, in substance, a request for an
				explanation of how the electricity costs were allocated. That
				explanation has been provided. The Applicants have not identified
				any specific error in the methodology, any incorrect
				apportionment, or any alternative calculation which would
				demonstrate that the charges levied were unreasonable.
				Considering the evidence as a whole, we are satisfied on the balance
				of probabilities that the electricity costs were properly incurred and
				apportioned in accordance with the methodology explained by the
				Respondent. We therefore reject this aspect of the challenge.
Water	£500.00	No invoice number provided to cross	Noted.	Decision: The Tribunal makes no determination
		reference in Islington Square - Working		
		Papers 31 December 2020 v3.		This charge was agreed by Mrs Worthington at the hearing, as
		However we believe this is a reasonable		reflected in the Applicants' entry in the Scott Schedule. Therefore
		figure and are not challenging this amount		pursuant to subsection 27A(4)(a), the Tribunal has no jurisdiction
				to determine this issue.

Management Fees	£12,000.00	No invoice number provided to cross	The Management Fees are raised in line with the agreed fees under	Decision: The Tribunal makes no determination
		reference in Islington Square - Working	the property management agreement. This is a fixed cost and reviewed	
		Papers 31 December 2020 v3.	annually in line with the terms of the agreement which was a	This charge is agreed by the Applicants, therefore pursuant to
		Questions:	performance based review against KPIs (key performance indicators).	subsection 27A(4)(a), the Tribunal has no jurisdiction to determine
			In terms of what the fee includes the cost of the day to day	this issue.
		Is this a fixed annual cost?	management, head office, resources, support for the estate.	
		What does this include?		
Audit Fees	£527.00	It does not appear invoices have been	Noted.	Decision: The Tribunal makes no determination

		provided which match to invoice numbers in		
		Islington Square - Working Papers 31		This charge is agreed by the Applicants, therefore pursuant to
		December 2020 v3.		subsection 27A(4)(a), the Tribunal has no jurisdiction to determine
		Note: In the End of Year actuals PDF		this issue.
		amount shown as £527 despite accounts		
		provided showing £501.92		
		However we believe this is a reasonable		
		figure and are not challenging this amount		
Estate Contribution	£103,921.50	It does not appear invoices have been	The Estate Costs cover the following cost headings: management fees,	Decision: This cost is reasonable
		provided which match to invoice numbers in	accounting fees, M&E costs, fabric repairs and maintenance,	
		Islington Square - Working Papers 31	engineering insurance, all risks insurance cover, site management	Reasons: The Applicants' queries regarding what this item of expenditure covers and how the costs are apportioned have been addressed. The Applicants do not challenge this explanation, and we therefore accept it. There is no specific challenge to the amount of this head of expenditure. Having reviewed the documentary evidence, and having considered SHAL's responses to the Applicants' queries, we are not persuaded that there is any sufficient basis for concluding that the costs were unreasonably incurred, unreasonable in amount, or incorrectly apportioned. As previously stated, the absence of invoices, which the Applicants refer to here, is not determinative of the payability or reasonableness of these costs. Finally, although the Applicants point out that the invoices do not appear to match the working papers, we note that this expenditure is recorded in the accounts. Whilst that fact is not conclusive, it provides some support for the Respondent's position. We also note that the Applicants advance no separate challenge to the adequacy or reliability of the audit process.
		December 2020 v3.	resources, health and safety and environmental management, security,	expenditure covers and how the costs are apportioned have been
		Questions:	cleaning and environmental. These are apportioned as a 70.5436%	addressed. The Applicants do not challenge this explanation, and we
			percentage of the total estate budget. Please refer to the 2020 Service	therefore accept it. There is no specific challenge to the amount of
		Please explain what Estate Costs cover?	Charge Reconciliation, which is enclosed for further details. There is no	this head of expenditure. Having reviewed the documentary
		How are these apportioned?	sinking fund for the 2020 service charge period.	evidence, and having considered SHAL's responses to the Applicants'
		Is there a sinking fund as part of this?		queries, we are not persuaded that there is any sufficient basis for
				concluding that the costs were unreasonably incurred, unreasonable

				in amount, or incorrectly apportioned. As previously stated, the
				absence of invoices, which the Applicants refer to here, is not
				determinative of the payability or reasonableness of these costs.
				Finally, although the Applicants point out that the invoices do not
				appear to match the working papers, we note that this expenditure is
				recorded in the accounts. Whilst that fact is not conclusive, it
				provides some support for the Respondent's position.
Building & Terrorism Insurance	£30,942.64	It does not appear invoices have been	There is one group insurance policy but separate allocated rates and	Decision: This cost is reasonable
		provided which match to invoice numbers in	sum insured for each building depending on the risk information	
		Islington Square - Working Papers 31	provided which is reviewed annually.	In their closing submissions, the Applicants acknowledge that more
		December 2020 v3.	No commission rebate has ever been paid to either the property owner	documents relating to insurance have been provided. Accordingly,
		We are unable to obtain an alternative quote	No commission rebate has ever been paid to either the property owner or any other agent.	the principal issue in dispute concerns the apportionment of
		due to lack of disclosure on Insurance	Brokers fees are c.15.6%.	insurance costs.
		Policy.	There are no management fees related to insurance.	
		Questions:		The Applicants submit that SHAL has not adequately justified the
		Are there separate policies for each building		allocation of insurance costs between the residential and
		or for Commercial vs. Residential?		commercial elements of the estate. In particular, they contend that
		Is there any commission being paid?		certain commercial uses may present insurance risks that differ
		Any brokers fees?		from those associated with residential occupation.

		Any management fees?		
				The Applicants' challenge rests principally upon the proposition that
				commercial and residential risks may differ. However, that general
				proposition does not, of itself, establish that the insurance
				apportionment in this development is unreasonable. We accept
				SHAL's evidence that the insurer assesses risk information when
				determining the premium and that the premium applicable to the
				relevant building is not derived from a broad estate-wide allocation.
				Whether or not a different methodology might also have been
				reasonable, we find there is insufficient evidence that the
				methodology adopted by SHAL was unreasonable.
SCHEDULE 17 - 5 Esther Anne Place				
Resident Portal	£124.27	No invoice number provided to cross	Noted.	Decision: The Tribunal makes no determination
		reference in Islington Square - Working		
		Papers 31 December 2020 v3.		This charge is agreed by the Applicants, therefore pursuant to subsection
		However we believe this is a reasonable		27A(4)(a), the Tribunal has no jurisdiction to determine this issue.
		figure and are not challenging this amount		
Cleaning Contract	£226.19	No invoice number provided to cross	Noted.	Decision: The Tribunal makes no determination
		reference in Islington Square - Working		

		Papers 31 December 2020 v3.		This charge is agreed by the Applicants, therefore pursuant to subsection
		However we believe this is a reasonable		27A(4)(a), the Tribunal has no jurisdiction to determine this issue.
		figure and are not challenging this amount		
Lift Inspection	£461.22	No invoice number provided to cross	This expenditure relates to Invoice 23762 which totals £6,918.24 and	Decision: The Tribunal makes no determination
		reference in Islington Square - Working	was split and apportioned to all schedules in the budget. Schedule 17's	
		Papers 31 December 2020 v3.	contribution towards the Lift Inspection cost heading is £461.22.	At the final hearing Mrs Worthington agreed that this charge was
		Questions:		reasonable accordingly, the Tribunal has no jurisdiction to determine
		Are costs relating to lifts charged to the		this issue.
		specific property schedule for which they are		
		in? e.g. Schedule 17: 5 Esther Anne Place		

DISPUTED SERVICE CHARGES S/C				
YEAR ENDED 31/12/2021				
Item	**Cost**	**Applicants' comments ***	**SHAL's comments**	
SCHEDULE 13 - Affordable All				
Management Staff Costs	£6,684.37	Unclear if invoices have been provided which match to	Staff Management Costs sit outside of the Management Fee	Decision: This cost is reasonable
		Islington Square - Working Papers 31 December 2021 new.	cost heading in a service charge budget - hence these are	
		On this document there are no invoice numbers against these	separate. They account for 10% of the costs associated with	Reasons: The Applicants raise identical issues to those raised the year before, therefore our reasons for
			the General Manager - managing and walking and inspecting	finding these costs reasonable are those previously stated.
		line items.	the buildings. The cost does not relate to Concierge services	
		Questions:	at all.	
		Why are there separate management staff costs?		
		Are these not included as part of the management fee?		
		If these relate to Concierge we do not have access to		
		concierge.		
Staff Accommodation	£1,622.17	It does not appear invoices have been provided which match	Staff Accommodation costs relate to staff sundries and site	Decision: This cost is reasonable
		to invoice numbers in Islington Square Working Papers 31	consumables such as tea, coffee, water and other general	
		December 2021 new.	day to day items.	Reasons: The Applicants raise identical issues to those raised the year before, therefore our reasons for
		Questions:		finding these costs are reasonable are those previously stated.
		Is this not included as part of the management fee? We		
		assume these relate to the running of an office but it is		
		unclear.		

Door Entry-Key System	£216.00	It does not appear invoices have been provided which match	This expenditure relates to PPM (planned preventative	Decision: The Tribunal makes no determination
		to invoice numbers in Islington Square Working Papers 31	maintenance) costs and reactive call outs for maintenance of	
		December 2021 new	the door entry systems. The costs associated with door entry	This charge is agreed by the Applicants, therefore pursuant to subsection 27A(4)(a), the
		Questions:	key systems are split across all residential blocks and	Tribunal makes no determination
			commercial elements of the estate, as the systems are linked.	
		Why are door entry costs under Schedule 13: All - Social	Therefore there was a sum applicable to Schedule 13.	
		Housing? Lifts are under each property schedule e.g.		
		Schedule 17: 5 Esther Anne Place.		
Health & Safety	£1,038.00	It does not appear invoices have been provided which match	Health & Safety and Fire Risk Assessments are conducted on	Decision: This cost is reasonable
		to invoice numbers in Islington Square Working Papers 31	an annual basis where an assessor inspects all of the	
		December 2021 new.	communal areas across the estate, identifies any hazards and	Reasons: In some respects, the Applicants raise the same issues raised in respect of the previous year's
		Note: For 2021 for Schedule 1: Private All the actuals show	flags these in the reports from low to high risk.	health and safety costs, and in respect of those matters, our decision and reasons are the same. A further
		£586 which is less than Schedule 13: Affordable All.	The H&S and Fire Risk Assessments are completed by the	issue raised in respect of these costs is querying why the service charge costs for Affordable Housing is
		Questions:	same consultant for both the residential and commercial	more than for Private Housing. SHAL states the costs include the assessments and any suggested actions
			elements of the Estate and any suggested actions identified in	which evidence we accept. Therefore, we do not consider that the fact that this is a greater cost than

		What is this charge for?	the risk assessments are split between Commercial and	another part of the development, on its own, is sufficient to indicate the higher costs are unreasonable
		Are there separate Commercial and Residential contracts for	Residential, where applicable.	when those costs include works that may be required.
		this?	The Audits and Assessments were completed by CBRE and	
		How is this apportioned?		
		Why did Affordable pay more than Private?	cross charged to the residential schedules accordingly.	
Landscaping	£10,352.87	It does not appear invoices have been provided which match	The Landscaping costs are apportioned on the same basis as	Decision: The Tribunal makes no determination
		to invoice numbers in Islington Square Working Papers 31	other general costs in the budget and are based on a floor	
		December 2021 new.	area basis. Peabody are charged a fair and proper proportion	Reasons: At the hearing, Mrs Worthington stated the sole basis for disputing these costs was that
		Note: Two costs for Zen/Bonsai Maintenance have been	of the Estate and Building Service Cost in accordance with its	they included £208.79 for Bonsai trees which are located within another building in the development.
			lease.	SHAL agreed to deduct this cost from the service charge costs. Accordingly the remaining charge is
		included in the accounts totaling £208.79 none of the social		agreed by the Applicants, therefore pursuant to subsection 27A(4)(a), the Tribunal has no jurisdiction to determine this issue.
		housing tenants have enjoyment of these either via access to		
		or visibility of the Japanese Garden which is located within 8		
		Esther Anne.		
		Questions:		

		How is landscaping apportioned?		
Pest Control	£354.00	No invoice number provided to cross reference in Islington	Noted.	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2021 new.		
		However we believe this is a reasonable figure and are not		This charge is agreed by the Applicants, therefore pursuant to subsection 27A(4)(a), the
				Tribunal has no jurisdiction to determine this issue.
		challenging this amount		
Window Cleaning	£14,634.00	It does not appear invoices have been provided which match	The residential flats benefit from a separate window cleaning	Decision: This cost is reasonable
		to invoice numbers in Islington Square Working Papers 31	contract which does not form part of the commercial window	
		December 2021 new.	cleaning contract. Costs were split and apportioned in line	Reasons: In almost all respects, the Applicants raise the same issues as they did in relation to the previous year's window cleaning costs and, in respect of those
		Note: in the 2021 actuals there are no other window cleaning	with the contractors time spent on various elements of the	matters, our decision and reasons are the same.
			property, labour and their access equipment requirements.	The additional point raised is that window cleaning costs appear only under Schedule 13. However, beyond identifying that feature of the accounts, they do
		charges for any schedule other than 13.		not point to any evidence that the charges relate to other parts of the estate, nor do they suggest any alternative apportionment. The fact that no corresponding charge appears in another schedule does not, by itself, establish that the allocation adopted is incorrect.
		Questions:		
		How is the cost of window cleaning split across the Estate?		We further note that the amount charged is broadly consistent with the level of expenditure charged in previous and subsequent years. Taking the evidence as a
		Are there separate contracts for Commercial vs. Residential?		whole, we are satisfied that the costs were reasonably incurred, reasonably apportioned, and reasonable in amount.
		Why are there window cleaning charges only on Schedule 13?		
M&E Maintenance	£25,542.96	It does not appear that all invoices have been provided which	The M&E Maintenance costs principally covered the cold	Decision: This cost is reasonable
		match to invoice numbers in Islington Square - Working	water boosted supply and all associated equipment with this	
		Papers 31 December 2021 new.	as well as PPM (planned preventative maintenance) costs	Reasons: The Applicants raise substantially the same issues as in the previous year and, in respect of those matters, our decision and reason are the same.
		Note: those that do match appear to be a set monthly cost of	that were completed. When LRM were appointed to manage	The Applicants additionally note that the invoices capable of being reconciled with the working papers relate to a recurring monthly charge, of which 12.79%
			the residential elements of the estate, the M&E contract with	is allocated to Affordable Housing. Affordable Housing comprises approximately 17% of the development's total floor area. In those circumstances, the allocation of
		£10,396.06 of which 12.79% is passed to Schedule 13: All -	GWS CBRE was transferred over and is now managed	a lower proportion of 12.79% of the cost to Affordable Housing does not, without more, provide a sufficient basis for concluding that the apportionment is
		Social Housing.	directly by LRM. All apportionment splits associated with the	unreasonable.

		Questions:	contract were provided by CBRE until the estate was handed	The Applicants do not propose an alternative apportionment or identify evidence demonstrating that the allocation adopted by SHAL, or the resulting charge, is
			over post construction from 2019. Following the handover,	unreasonable. We are therefore satisfied that the costs were reasonably incurred, reasonably apportioned, and reasonable in amount.
		Please describe what M&E covers.	asset registers were available which provided information to	
		How is the cost of this split across the Estate?	confirm the split of the maintenance for the	
		Are there separate contracts for Commercial vs. Residential?	Estate/Commercial/Residential. We understand the	
		How is the apportionment determined for Private vs. Social	apportionment for Private vs Social Housing residents was	
		Housing residents?	determined on a floor area basis.	

Fire Equipment Maintenance	£7,948.97	It does not appear that all invoices have been provided which	The cost split of the Fire Equipment Maintenance was	Decision: This cost is reasonable
		match to invoice numbers in Islington Square - Working	provided by CBRE and their contractors GWS CBRE. There	Reasons: The central focus of a section 27A application is whether the costs are
		Papers 31 December 2021 new.	was no separate contract for Commercial vs. Residential. We	reasonably incurred and/or whether works and services are carried out to a reasonable
		Note: those that do match appear to be a set monthly cost of	understand the apportionment for Private vs Social Housing	standard. The Applicants do not assert that these service charge costs are unreasonable
			residents was determined on a floor area basis.	on that basis. The Applicants question the allocation and apportionment of these costs
		£10,396.06 of which 58.95% is passed to Schedule 13: All -		and note that the invoices do not readily reconcile with the working papers. As
		Social Housing. These are the same invoices as listed under		previously stated, the inability to reconcile invoices with the working papers is not, of
		M&E Maintenance.		itself, determinative of reasonableness or recoverability. We accept SHAL's explanation
		Questions:		of the basis upon which the costs were allocated and apportioned, including the
		How is the cost of this split across the Estate?		application of the 58.95% apportionment. The Applicants do not identify any error
		Are there separate contracts for Commercial vs. Residential?		in that apportionment, propose an alternative methodology, or adduce evidence
		How is the apportionment determined for Private vs. Social		demonstrating that the resulting charge is unreasonable. We are therefore satisfied that
		Housing residents?		the costs were reasonably incurred, reasonably apportioned, and reasonable in amount.

Electricity	£19,177.00	It does not appear invoices have been provided which match	How was this figure arrived at? *The expenditure sum was*	Decision: This cost is reasonable
		to invoice numbers in Islington Square - Working Papers 31	*arrived at through the allocation of electricity invoices*	
		December 2021 new.	*received at the time. Unfortunately, we have been unable to*	Reasons: The Applicants contend that the disclosed invoices do not
		Note: In the End of Year actuals PDF amount shown as	*locate these historic invoices.*	correspond with the invoice numbers recorded in the working papers
		£19,177 despite accounts provided showing £10,000.	How is the cost of this split across the estate? *The cost was*	and question how the electricity expenditure was calculated and
			split as per other cost headings in the budget and was based	apportioned.
		Note: On 2021 Actuals Schedule 1 (Private ALL) had £16,005	*on a split of total floor area per building.*	
		for Electricity which is less than affordable. In the previous	Are there separate meters for Commercial vs Residential?	The absence of those invoices does not, in itself, establish that the
		year (2020)Schedule 13's share was half that of Schedule 1.	*SHAL has been advised that there are separate meters..*	charge was not incurred, was incorrectly recorded, or was
		Questions:		unreasonable. The expenditure appears in the certified service
		How was this figure arrived at?	How is the apportionment determined for Private vs Social	charge accounts, and no evidence has been identified which
		How is the cost of this split across the Estate?	Housing residents? Is this based on apportionment? *Yes, this*	suggests that the amount claimed does not reflect electricity costs
		Are there separate meters for Commercial vs. Residential?	*was based on a floor area apportionment.*	properly incurred.
		How is the apportionment determined for Private vs. Social		In relation to apportionment, the Respondent has produced an
		Housing residents?	Why did Affordable pay more for electricity than private in	electricity supply schedule exhibited to the witness statement of Ms
		Why did Affordable pay more for Electricity than Private in	2021? *We understand this was due to a larger apportionment*	Perry- Hilsdon (supplementary Bundle, PDF page 549 onwards).
		2021?	*share for the Affordable.*	That schedule identifies the various electricity supplies serving the
				development and explains the allocation of electricity costs between
				the commercial, private residential and affordable residential
				elements of the estate. The Respondent's evidence is that the relevant
				apportionments were determined by reference to floor area. The
				Applicants' challenge is, in substance, a request for an explanation of
				how the electricity costs were allocated. That explanation has been
				provided. The Applicants have not identified any specific area in the
				methodology, any incorrect apportionment, or any alternative
				calculation which would demonstrate that the charge charges levied
				were reasonable. Considering the evidence as a whole, we are
				satisfied on the balance of probabilities that the electricity costs were
				properly incurred and apportioned in accordance with the
				methodology explained by the Respondent. We therefore reject this
				challenge.

Water	£500.00	No invoice number provided to cross reference in Islington	Noted.	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2021 new.		
		However we believe this is a reasonable figure and are not		This charge was agreed by Mrs Worthington at the hearing, as
		challenging this amount		reflected in the Applicants ' entry in the Scott Schedule. Therefore
				pursuant to subsection 27A(4)(a), the Tribunal has no
				jurisdiction to determine this issue.
Management Fees	£12,359.52	No invoice number provided to cross reference in Islington	The Management Fees are raised in line with the agreed fees	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2021 new.	under the property management agreement. This is a fixed	
		Questions:	cost and reviewed annually in line with the terms of the	This charge is agreed by the Applicants, therefore pursuant to
			agreement which was a performance based review against	subsection 27A(4)(a), the Tribunal has no
		Is this a fixed annual cost?	KPIs (key performance indicators). In terms of what the fee	jurisdiction to determine this issue.
		What does this include?	includes the cost of the day to day management, head office,	
			resources, support for the estate.	
Audit Fees	£800.00	No invoice number provided to cross reference in Islington	Noted.	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2021 new.		
		However we believe this is a reasonable figure and are not		This charge is agreed by the Applicants, therefore pursuant to subsection 27A(4)(a), the
				Tribunal has no jurisdiction to determine this issue.
		challenging this amount		
Estate Contribution	£110,126.00	It does not appear invoices have been provided which match	The Estate Costs cover the following cost headings:	Decision: This cost is reasonable
		to invoice numbers in Islington Square - Working Papers 31	management fees, accounting fees, site management	
		December 2021 new.	resources, professional fees, utilities, soft services (security,	Reasons: As previously stated, the absence of invoices is not, of
			cleaning and sustainability, marketing and promotions), hard	itself, determinative of reasonableness or recoverability.
		Note: In the End of Year actuals PDF amount shown as	services (M&E costs, lift and escalators, fabric repairs and	The Applicants' challenge to this item consists primarily of
		£110,126 despite accounts provided showing £169,985.50	maintenance) interest and insurance (engineering and all	requests for further information concerning the nature of the
		Questions:	risks cover) These are apportioned as a 70.5436%	expenditure, the basis of
			percentage of the total estate budget. Please refer to the	apportionment, and whether a sinking fund is included.
		Please explain what Estate Costs cover?	2021 Service Charge Reconciliation, which is enclosed for	
		How are these apportioned?	further details. There is no sinking fund for the 2021 service	SHAL's response identifies the categories of expenditure comprising
		Is there a sinking fund as part of this?	charge period.	the Estate Costs, explains that the charge is apportioned by
				reference to 70.5436% of the total estate budget,
				confirms that no sinking fund is included, and refers the
				Applicants to the 2021 Service

				Charge Reconciliation for further particulars.
				The Applicants do not advance any substantive challenge to the
				reasonableness of those costs, the apportionment adopted, or the
				amount charged. Nor do they identify any evidence
				demonstrating that this charge is unreasonable or irrecoverable.
				We are therefore satisfied
				that the charge is recoverable and reasonable in amount.
Building &	£71,728.38	It does not appear invoices have been provided which match	There is one group insurance policy, but separate allocated	Decision: This cost is reasonable
Terrorism Insurance		to invoice numbers in Islington Square - Working Papers 31	rates and sum insured for each building depending on the risk	
		December 2021 new.	information provided which is reviewed annually.	Reasons: The Applicants raise identical issues to those raised the year before,
		We are unable to obtain an alternative quote due to lack of	No commission rebate has ever been paid to either the	therefore our reasons for finding these costs reasonable are those previously stated.
		disclosure on Insurance Policy.	property owner or any other agent.	

		Questions:	Brokers fees are c.15.6%.	
		Are there separate policies for each building or for Commercial	There are no management fees related to insurance.	
		vs. Residential?		
		Is there any commission being paid?		
		Any brokers fees?		
		Any management fees?		
SCHEDULE 17 - 5 Esther Anne Place				
Resident Portal	£388.00	No invoice number provided to cross reference	Noted.	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2021 new.		
		However we believe this is a reasonable figure and are not		This charge is agreed by the Applicants, therefore pursuant to
		challenging this amount		subsection 27A(4)(a), the Tribunal has no jurisdiction to
				determine this issue.
Cleaning Staff Contract	£4,152.99	No invoice number provided to cross reference in Islington	We have previously shared details on the time split and time	Decision: This cost is unreasonable. We consider a reasonable cost
		Square - Working Papers 31 December 2021 new.	log for the cleaners during the 2021 period. Please refer to	to be £720, being the amount calculated by the Applicants.
		Questions:	these documents for further details on time spent and	
			associated costs. In terms of the LLW comment, this does not	Reasons: We accept that the Headlease confers a discretion upon SHAL to apportion costs
		Please explain the following discrepancy...	account for PAYE, pension and National Insurance	fairly and that the Tribunal should not interfere merely because an alternative
			contribution and also VAT deductions.	apportionment methodology may also be reasonable. We also accept that SHAL is entitled,
		This amount is incredibly high for Schedule 17: 5 Esther Anne		in principle, to apportion cleaning costs by reference to floor area rather than time spent.
		Place based on the service received as confirmed by Grace at		
		RMG. The onsite cleaning team complete a weekly 1 hour lift		Whilst an apportionment of communal cleaning by reference to the entire floor area of each
		clean, this figure would equate to paying £79.87 per hour.		block may, in principle, be permissible, it does not of itself establish that the resulting charge is reasonable.
		Schedule 16: 17 Esther Anne Place have been charged		
		£3,452 for the same period but receive 5.5 hours of cleaning		Purely by way of example, where a larger block contains a
		each week. Kan Court, Gordon Court and 3 Esther Anne also		relatively small communal area, apportioning the costs of
		receive 1 hour per week for lift clean but haven't been charged		cleaning that communal area by reference to the floor area of the
		at all.		block as a whole may result in some leaseholders bearing a
		Based on the charge for 17 Esther Anne Place (£3,452 / 52		disproportionate share of those costs when compared to a smaller
		weeks / 5.5 hours = £12.07 per hour) we believe this figure		block with a larger communal area that is cleaned.
		should be £627.64 however we expect this should be the		Therefore, the Tribunal must still consider whether the resulting
		London Living Wage of £13.85 per hour which would total		charge is reasonable in all the circumstances.
		£720.20.		
				Therefore, the existence of such a discretion does not preclude the Tribunal
				from determining whether the resulting charge is reasonable pursuant to
				section 19 of the Landlord and Tenant Act 1985.
				The evidence before us establishes that the cleaning provided was to a
				relatively limited communal area and amounted to approximately one hour
				per week. Mrs Worthington's evidence, which was not challenged in any
				material respect, was that the direct labour cost associated with that level of
				service was approximately £720 per annum.
				Whilst SHAL submitted that the cost of providing the service would include
				PAYE, pension contributions, National Insurance contributions,
				administration and other overheads, it produced no evidence enabling the
				Tribunal to determine the extent to which such costs were attributable to

				this service. In those circumstances, the Tribunal is unable to make any
				additional allowance for such matters.
				In contrast, the only evidence before the Tribunal as to the actual cost of
				providing the service was Mrs Worthington's calculation of
				approximately £720 per annum.
				Standing back and making a broad evaluative assessment of the evidence as a
				whole, we conclude that the amount demanded significantly exceeds the
				range of charges that it would be reasonable to levy for a service comprising
				approximately one hour of cleaning per week. Doing the best we can on the
				available evidence, we determine that a reasonable amount is £720.
Cleaning Consumables	£143.00	No invoice number provided to cross reference in Islington	Noted.	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2021 new.		This charge is agreed by the Applicants, therefore pursuant to subsection
		However we believe this is a reasonable figure and are not		27A(4)(a), the Tribunal has no jurisdiction to determine this issue.
		challenging this amount		
Lift Inspection	£0.00	This is shown as £0 in the actuals and there is no line item in	The costs relate to Schedule 18.	
		the accounts for 2021 for lifts for Schedule 17: 5 Esther Anne		Decision: The Tribunal makes no determination
		Place however invoices disclosed show:		
		Date: 26/07/2021		Reasons: The amount claimed is zero, therefore we do not consider that there
		Invoice Number: 38360862		are grounds to challenge the reasonableness of this cost, and no positive
		Amount: £874.84		challenge is advanced by the Applicants.
		Block C, 5 Esther Anne Place Equipment ID: C3-P,		
		Equipment serial number 42871853, date of completion		
		25/07/21 Engineer arrived to find equipment not running at		
		floor level with doors not operational. Caused by a faulty		
		contact. Work performed 0252 fault. Adjusted parameter and		
		checked over locks. Tested and left in service.		
		Questions:		

DISPUTED SERVICE CHARGES S/C				
YEAR ENDED 31/12/2022				
Item	**Cost**	**Applicants' comments ***	**SHAL's comments**	**The Tribunal's Decision and Reasons**
SCHEDULE 13 - Affordable All				
Management Staff Costs	£7,049.19	Partial invoices provided which match to 'Expenditure' tab	Staff Management Costs sit outside of the	Decision: This cost is reasonable
		on Islington Square - Working Papers 31 December 2022	Management Fee cost heading in a service	
		document however they do not fully add up.	charge budget - hence these are separate.	Reasons: To the extent that these costs are
		Questions:	They account for 10% of the costs associated	challenged on the basis of incomplete invoices, we
			with the General Manager - managing and	do not consider that, without more, makes these
		Why are there separate management staff costs?	walking and inspecting the buildings. The cost	costs unreasonable. Absent any other positive
		Are these not included as part of the management fee?	does not relate to Concierge services at all.	challenge in respect of the amount or the level of
		If these relate to Concierge we do not have access to		service provided, for the reasons stated in respect of
		concierge.		previous service charge periods for this line item, we
				find that the costs are reasonable.
Staff Accommodation	£2,005.15	It does not appear invoices have been provided which	Staff Accommodation costs relate to staff	Decision: This cost is reasonable
		match to invoice numbers in Islington Square - Working	sundries and site consumables such as tea,	
		Papers 31 December 2022.	coffee, water and other general day to day	The Applicants contend that certain invoice numbers
		Note: For 2021 for Schedule 1: Private All the actuals	items. The Affordable had a cost included due	referred to in the Islington Square Working Papers for
			to the allocation of a HR review which was	the year ending 31 December 2022 cannot be
		shows £0 which is less than Schedule 13: Affordable All.	later reallocated during the service charge	matched to invoices disclosed by the Respondent.
		Questions:	reconciliation.	They also note that, for 2021, the actual expenditure
		Is this not included as part of the management fee?		shown for Schedule 1 (Private All) is £0, whereas
		We assume these relate to the running of an office but it is		expenditure is shown for Schedule 13 (Affordable All).
		unclear.		We accept SHAL's explanation that the apparent
		Why did Affordable have a cost for this where Private have		discrepancy arose from the allocation and subsequent
		nothing?		reallocation of HR review costs during the
				reconciliation process.
				We do not consider that these observations, without
				more, provide a sufficient evidential basis upon which
				the Tribunal could conclude that the relevant service
				charge costs were unreasonably incurred,
				unreasonable in amount, or incorrectly charged.
				Whilst the Applicants submit that the invoices do not
				correspond with the working papers, the expenditure
				in question is reflected in the accounts. Although that
				does not conclusively establish the propriety of the
				charge, it constitutes evidence supporting the
				Respondent's position.
				Whilst the Applicants have identified matters which
				they say require explanation, they have not
				demonstrated how those matters establish that any
				costs were not incurred, were incorrectly allocated, or
				were unreasonable. Nor have they provided evidence
				enabling the Tribunal to conclude that any balancing
				charge, reconciliation, or accounting adjustment

				reflected in the certified accounts is wrong.
				In those circumstances, and taking into account the
				certified accounts and any year-end reconciliations or
				balancing adjustments reflected therein, we are not
				satisfied on the evidence before us that the disputed
				charges are unreasonable.
Refuse Removal	£756.00	There is no line item for this expenditure against Schedule	The reason for the expenditure was due the	Decision: This cost is reasonable
		13: All Affordable in Islington Square - Working Papers 31	cost of bulky or dumped waste that could not	
		December 2022.	be allocated to a specific resident or	Reasons: This is an item of expenditure that is not
		Questions:	leaseholder to recharge.	unusual on a development where there are multiple
		What is this charge for and where has it come from as it is		occupiers. The Applicants do not contend it was
		not on the 'Expenditure' tab on Islington Square - Working		unreasonable to incur the cost, nor do they contend
		Papers 31 December 2022 document?		that the amount or the service were unreasonable.
				SHAL has answered the Applicants' question
				regarding what the expenditure is for. Although they

				point out that there is no line item for the expenditure
				in the Working Papers, it is included in SHAL's 2022
				certified accounts. In the absence of any express
				challenge on reasonableness, we find that this cost is
				reasonable.
Door Entry System	£559.24	It does not appear invoices have been provided which	This expenditure relates to costs for PPM	Decision: The Tribunal makes no determnation
		match to invoice numbers in Islington Square - Working	(planned preventative maintenance) and	
		Papers 31 December 2022.	reactive call outs for maintenance of the door	Reasons: The Applicants agree that this cost is reasonable. Accordingly, the Tribunal has
		Questions:	entry systems. The costs associated with door	Jurisdiction under section 27A(4).
			entry key systems are split across all	
		Why are door entry costs under Schedule 13: All - Social	residential blocks and commercial elements of	
		Housing? Lifts are under each property schedule e.g.	the estate, as the systems are linked.	
		Schedule 17: 5 Esther Anne Place.	Therefore there was a sum applicable to	
			Schedule 13.	
Landscaping	£15,979.00	It does not appear invoices have been provided which	The Landscaping costs are apportioned on the	Decision: This cost is reasonable
		match to invoice numbers in Islington Square - Working	same basis as other general costs in the	
		Papers 31 December 2022.	budget and are based on a floor area basis.	Reasons: The absence of invoices is not a sufficient
		Note: The total on the expenditure tab is £10,144.08	Please refer to the 'Landscaping 2022' tab.	basis to find that this cost is unreasonable. The
			Peabody are charged a fair and proper	remainder of the Applicants' entry either asks
		whereas we have a higher figure in the actuals.	proportion of the Estate and Building Service	questions or raises what they consider to be a
		Questions:	Cost in accordance with its lease.	discrepancy, all of which are addressed in SHAL's
		How is this apportioned?	The discrepancy is due to accruals from the	response.
		Why is there a discrepancy?	previous budget year.	
Window Cleaning	£13,538.40	It does not appear invoices have been provided which	The residential flats benefit from a separate	Decision: This cost is reasonable
		match to invoice numbers in Islington Square - Working	own window cleaning contract which is not part	
		Papers 31 December 2022.	of the commercial window cleaning contract.	Reasons: Although the Applicants point out that the
		Questions:	Costs were split in line with contractors time	invoices do not appear to match the working papers,
			spent on various elements of the property,	we note that this expenditure is recorded in the
		How is the cost of window cleaning split across the Estate?	labour and access equipment requirements.	accounts. Whilst that fact is not conclusive, it
		Are there separate contracts for Commercial vs.		provides some support for the Respondent's position.
		Residential?		Therefore, the absence of invoices is not a sufficient
				basis to find that this cost is unreasonable. The
				remainder of the Applicants' challenge amounts to
				queries regarding what they consider to be a

				discrepancy, all of which are addressed in SHAL's
				response. Having reviewed the documentary evidence,
				including the certified accounts, and considered
				SHAL's responses to the Applicants' queries, we are
				not persuaded that there is any sufficient basis for
				concluding that the costs were unreasonably incurred,
				unreasonable in amount, or incorrectly apportioned.
M&E Maintenance	£40,420.00	It does not appear that all invoices have been provided	The M&E Maintenance costs principally	Decision: This cost is reasonable
		which match to invoice numbers in Islington Square -	covered the cold water boosted supply and all	
		Working Papers 31 December 2022.	associated equipment with this as well as PPM	Reasons: Although the Applicants point out that the
		Note: The total on the expenditure tab is £21,286.99	(planned preventative maintenance) costs that	invoices do not appear to match the working papers,
			were completed. When LRM were appointed to	we note that this expenditure is recorded in the
		whereas we have a higher figure in the actuals.	manage the residential elements of the estate,	accounts. Whilst that fact is not conclusive, it provides
		Questions:	the M&E contract with GWS CBRE was	some support for the Respondent's position.
			transferred over and is now managed directly	Therefore, the absence of invoices is not a sufficient
		Please describe what M&E covers.	by LRM. All apportionment splits associated	basis to find that this cost is unreasonable. The
		How is the cost of this split across the Estate?	with the contract were provided by CBRE until	remainder of the Applicants' challenge amounts to
		Are there separate contracts for Commercial vs.	the estate was handed over post construction	queries regarding what they consider to be a
		Residential?	from 2019. Following the handover, asset	discrepancy, all of which are addressed in SHAL's
		How is the apportionment determined for Private vs. Social	registers were available which provided	response. Having reviewed the documentary evidence,
		Housing residents?	information to confirm the split of the	including the certified accounts, and considered
		Why is there a discrepancy?	maintenance for the	SHAL's responses to the Applicants' queries, we are not
			Estate/Commercial/Residential. We	persuaded that there is any sufficient basis for
			understand the apportionment for Private vs	concluding that the costs were unreasonably incurred,
			Social Housing residents was determined on a	unreasonable in amount, or incorrectly apportioned.
			floor area basis. The discrepancy is due to	
			accruals that were made at year end.	

Fire Equipment Maintenance	£7,218.00	It does not appear that all invoices have been provided	The cost split of the Fire Equipment	Decision: This cost is reasonable
		which match to invoice numbers in Islington Square -	Maintenance was provided by CBRE and their	
		Working Papers 31 December 2022.	contractors GWS CBRE. There was no	The Applicants raise substantially the same matters as in previous years. Our reasons for finding these costs reasonable are the same as those given in respect of previous years.
			separate contract for Commercial vs.	The Applicants additionally query how the costs are split across the
		Note: The total on the expenditure tab is £88,811.19 which	Residential. The discrepancy was due to a	estate, whether separate contracts exist for commercial and
		is significantly higher than the figure on the actuals	number of invoices that were due to be	residential premises, how the apportionment is determined, and the
		document.	reallocated across schedules.	reason for the apparent discrepancy between the working papers and
		Questions:		the actual expenditure. SHAL has explained that the costs arise
		How is the cost of this split across the Estate?		under a single contract provided by CBRE and its contractors, that
		Are there separate contracts for Commercial vs.		there is no separate commercial and residential contract, and that the
		Residential?		discrepancy arose because a number of invoices required
		How is the apportionment determined for Private vs. Social		reallocation across schedules. We accept that explanation.
		Housing residents?		
		Why is there a discrepancy?		The only remaining issue raised by the Applicants is that certain
				invoices referred to in the working papers have not been provided.
				As previously stated, the absence of invoices is not, of itself,
				sufficient to establish that a charge is unreasonable or irrecoverable.
				The Applicants do not identify any error in the apportionment,
				contend that the services were not provided, or advance evidence
				demonstrating that the amount charged is unreasonable.
				In those circumstances, and for the reasons given in previous
				years in respect of this line item, we are satisfied that the costs
				were reasonably incurred, correctly apportioned, and reasonable in amount.

Electricity	£50,819.95	It does not appear invoices have been provided which	How was this figure arrived at? *The*	Decision: We find the cost is unreasonable. We consider £10,500 is a reasonable amount.
		match to invoice numbers in Islington Square - Working	*expenditure sum was arrived at through the*	
		Papers 31 December 2022. **Questions:**	*allocation of electricity invoices received at the*	The Applicants challenge the electricity expenditure of
		This figure is much higher than the previous year - why has	*time. Unfortunately, we have been unable to*	£50,819.95. The Applicants note that the corresponding charge in
		there been such a huge increase?	*locate these historic invoices.*	the previous year was approximately £10,000. We note that is a 400% increase. The Tribunal
		How was this figure arrived at?		further notes that the corresponding charge in the following year
		How is the cost of this split across the Estate?	How is the cost of this split across the estate?	was approximately £11,000. The expenditure for the year under
		Are there separate meters for Commercial vs. Residential?	*The cost was split as per other cost headings*	consideration is substantially higher than the expenditure
		How is the apportionment determined for Private vs. Social	*in the budget and was based on a split of total*	incurred in the adjoining accounting periods.
		Housing residents?	*floor area per building.*	
			Are there separate meters for Commercial vs	The Landlord's evidence is that the figure was derived from
			Residential? *SHAL has been advised that*	electricity invoices received at the time. However, the Landlord
			there are separate meters..	accepts that it has been unable to locate those invoices. The
			How is the apportionment determined for	Landlord has therefore been unable to produce the primary
			Private vs Social Housing residents? Is this	documents from which the charge was calculated. Nor has it
			based on apportionment? *Yes, this was based*	provided any other documentary evidence, or any satisfactory
			on a floor area apportionment.	explanation, for the increase in expenditure in the year in
				question.
				The Tribunal accepts the Landlord's evidence as to the method by
				which the costs were apportioned across the estate. However, that
				evidence does not explain the underlying expenditure of
				£50,819.95. Whilst the absence of historic invoices is not, of itself,
				determinative, the Tribunal would ordinarily expect some
				evidential basis for a charge which is substantially higher than the
				equivalent charges incurred in both the preceding and following
				years.
				The Tribunal also accepts that electricity expenditure was
				incurred and notes that the service charge accounts record
				expenditure of £50,819.95. However, despite the Applicants
				having specifically queried the substantial increase in comparison
				with the previous year, the Landlord has neither produced the
				underlying invoices nor provided any satisfactory explanation for
				the increase. This amount is an outlier which should either be explained or supported by
				invoices. In the absence of either, and in light of the significant variance, the Tribunal attaches
				limited weight to the figure recorded in the accounts and is not satisfied that expenditure of
				£50,819.95 has been established. The Tribunal considers the
				expenditure incurred in the adjoining accounting periods to be
				the best available evidence of the likely level of expenditure in the
				year under consideration and determines that £10,500, being the

				average of those figures, is a reasonable and recoverable amount
				for this item.
Water	£500.00	No invoice number provided to cross reference	Noted.	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2022.		This charge is agreed by the Applicants, therefore pursuant to
		However we believe this is a reasonable figure and are not		subsection 27A(4)(a), the Tribunal has no jurisdiction
		challenging this amount		to determine this issue.
Management Fees	£12,731.30	No invoices appear to have been provided which match to	The Management Fees are raised in line with	Decision: This cost is reasonable
		those in Islington Square - Working Papers 31 December	the agreed fees under the property	
		2022	management agreement. This is a fixed cost	Reasons: The Applicants raise identical issues to those raised in

		Questions:	and reviewed annually in line with the terms of	previous years, therefore our reasons for finding these costs
			the agreement which was a performance	reasonable are those previously stated.
		Is this a fixed annual cost?	based review against KPIs (key performance	
		What does this include?	indicators). In terms of what the fee includes	
			the cost of the day to day management, head	
			office, resources, support for the estate.	
Audit Fees	£800.00	No invoice number provided to cross reference in Islington	Noted.	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2022.		
		However we believe this is a reasonable figure and are not		This charge is agreed by the Applicants, therefore pursuant to
		challenging this amount		This charge is agreed by the Applicants, therefore pursuant to subsection 27A(4)(a), the Tribunal has no jurisdiction to determine this issue.
				determine this issue.
CCTV	£258.01	No invoice number provided to cross reference in Islington	Noted.	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2022.		
		However we believe this is a reasonable figure and are not		This charge is agreed by the Applicants, therefore pursuant to
		challenging this amount		subsection 27A(4)(a), the Tribunal has no jurisdiction to
				determine this issue.
Estate Contribution	£127,598.00	It does not appear invoices have been provided which	Please refer to the 2022 Service Charge	Decision: This cost is reasonable
		match to invoice numbers in Islington Square - Working	Reconciliation, which is enclosed.	
		Papers 31 December 2022.	The Estate Costs cover the following cost	Reasons: Aside from one additional matter, the Applicants raise
		Note: In the End of Year actuals PDF amount shown as	The Estate Costs cover the following cost headings: management fees, accounting fees,	the same issues and questions as in previous years. Our reasons
		£127.598 however the working document totals	mechanical and electrical, lifts and escalators,	for finding these costs reasonable are the same as in previous
		£133,314.66	fabric repairs and maintenance, engineering	years.
		Questions:	insurance, all risks insurance cover, site	
			management resources, health, safety and	
		Please explain what Estate Costs cover?	environmental management, electricity, water,	The additional matter concerns an alleged discrepancy between
		How are these apportioned?	security, cleaning and environmental.	*the working papers and the year-end actuals, the amount*
		Is there a sinking fund as part of this?	These are apportioned as a 70.5436%	claimed being lower than the amount shown in the working papers.
			percentage of the total estate budget. Please	However, we do not consider that discrepancy, without more,
			refer to the 2022 Service Charge	*provides a sufficient evidential basis for concluding that the*
			Reconciliation, which is enclosed for further	*relevant costs were unreasonably incurred, unreasonable in*
			details.	*amount, or incorrectly charged.*
			There is no sinking fund for the 2022 service	The Respondent has provided certified accounts in support of the
			charge period.	charge and has explained the nature of the expenditure, the basis
				upon which it was apportioned, and that no sinking fund formed
				part of the charge. We accept that explanation. Whilst the
				Applicants identify matters which they say require explanation,
				they have not demonstrated how those matters establish that any
				costs were not incurred, were incorrectly allocated, or were
				unreasonable. Nor have they provided evidence enabling the
				Tribunal to conclude that any balancing charge, reconciliation, or
				accounting adjustment reflected in the certified accounts is
				incorrect.
				Having considered all the evidence before us, including the
				certified accounts and SHAL's explanation of the expenditure and
				apportionment methodology, we are satisfied that the costs were
				incurred for the purposes described, were properly apportioned,
				and were reasonable in amount. We therefore find, on the balance

				of probabilities, that the costs were reasonably incurred and
				reasonable in amount.
Building & Terrorism Insurance	£118,865.00	It does not appear invoices have been provided which	There is one group insurance policy, but	Decision: This cost is reasonable
		match to invoice numbers in Islington Square - Working	separate allocated rates and sum insured for	

		Papers 31 December 2022.	each building depending on the risk	Reasons: The Applicants raise identical issues to those raised the
			information provided which is reviewed	year before, therefore our reasons for finding these costs
		Note: In the End of Year actuals PDF amount shown as	annually.	reasonable are those previously stated.
		£127.598 however the working document totals £90,231.83	No commission rebate has ever been paid to	
		We are unable to obtain an alternative quote due to lack of	No commission rebate has ever been paid to either the property owner or any other agent.	
		disclosure on Insurance Policy.	Brokers fees are c.15.6%.	
		Questions:		
		Are there separate policies for each building or for	There are no management fees related to	
		Commercial vs. Residential?	insurance.	
		Is there any commission being paid?		
		Any brokers fees?		
		Any management fees?		
SCHEDULE 17 - 5 Esther Anne				
Resident Portal	£301.43	No invoice number provided to cross reference	Noted.	Decision: The Tribunal makes no determination
		Square - Working Papers 31 December 2022.		
		However we believe this is a reasonable figure and are not		This charge is agreed by the Applicants, therefore pursuant to
		challenging this amount		subsection 27A(4)(a), the Tribunal has no jurisdiction to
				determine this issue.

Cleaning Contract	£4,175.68	It does not appear that all invoices have been provided	Time allocations of cleaning per week per	Decision: This cost is unreasonable. We
		when cross referencing in Islington Square Working	building remained the same as prior years.	consider a reasonable cost to be £720, being
		Papers 31 December 2022.	Cleaning staff member salaries were reviewed	the amount calculated by the Applicants
		Questions:	on an annual basis, this included a review in	
			line with LLW standards. Furthermore, the	Reasons: Our reasons are the same as those provided for
		Please explain the following discrepancy…	comments relating to LLW do not account for	our decision in 2021.
			PAYE, pension and National Insurance	
		This amount is incredibly high for Schedule 17: 5 Esther	contribution and also VAT deductions.	
		Anne Place based on the service received as confirmed by		
		Grace at RMG. The onsite cleaning team complete a		
		weekly 1 hour lift clean, this figure would equate to paying		
		£80.30 per hour. Schedule 16: 17 Esther		
		Anne Place have been charged £3,473 for the same period		
		but receive 5.5 hours of cleaning each week. Kan Court,		
		Gordon Court and 3 Esther Anne also receive 1 hour per		
		week for lift clean but haven't been charged at all.		
		Based on the charge for 17 Esther Anne Place (£3,473 / 52		

		weeks / 5.5 hours = £12.14 per hour) we believe this figure		
		should be £631.28 however we expect this should be the		
		London Living Wage of £13.85 per hour which would total		
		£720.20.		
Lift Maintenance	£2,659.00	No invoice number provided to cross reference in Islington	Please refer to lift maintenance tabs provided	Decision: This cost is reasonable
		Square - Working Papers 31 December 2022.	which explain the breakdown in cost allocation	
		Note: In the End of Year actuals PDF amount shown as	and apportionment.	Reasons: The Applicants note that certain
		£2,659 however the working document totals £2,049.60		invoice numbers referred to in the Islington Square
				Working Papers for the year ending 31 December
		Questions:		2022 cannot be matched to disclosed invoices.
		Are costs relating to lifts charged to the specific property		They also identify an apparent discrepancy
		schedule for which they are in? e.g. Schedule 17: 5 Esther		between the total shown in the working papers and
		Anne Place		the amount recorded in the year-end actuals, and
				question whether lift-related costs have been
				allocated to the appropriate property schedules.
				SHAL refers to the lift maintenance schedules,
				which explain the allocation and apportionment of
				the costs. The lift maintenance schedule in the
				hearing bundle (at pdf page 227) is consistent
				with the figures in the accounts, subject only to
				rounding. Therefore, we accept the Respondent's
				explanation.
				We do not consider that the absence of certain
				invoices, without more, provides a sufficient basis
				for concluding that the costs were unreasonably
				incurred, unreasonable in amount, or incorrectly
				allocated. Nor do we consider that the alleged
				discrepancy between the working papers and the
				year-end actuals establishes that the charge is
				unreasonable, particularly in circumstances where
				certified accounts have been provided.

				Whilst the Applicants identify matters which they
				say require explanation, they do not demonstrate
				how those matters establish that any costs were not
				incurred, were allocated to the wrong schedule, or
				were unreasonable. Nor do they provide evidence
				enabling the Tribunal to conclude that any
				balancing charge, reconciliation, or accounting
				adjustment reflected in the accounts is incorrect.
				Having considered all of the evidence before us,
				including the certified accounts and SHAL's
				explanation of the allocation and apportionment of
				the costs, we are satisfied that the costs were
				incurred for the purposes described, were correctly

				allocated, and were reasonable in amount. We
				therefore find, on the balance of probabilities, that
				the costs were reasonably incurred and reasonable
				In amount

DISPUTED SERVICE CHARGES S/C YEAR				
ENDED 31/12/2023				
Item	**Cost**	**Applicants' comments ***	**SHAL's comments**	**The Tribunal's Decision and Reasons**
SCHEDULE 13 - Affordable All				
Management Staff Costs	£7,663.31	Invoices provided which match to invoice numbers on tab 'A3-	Staff Management Costs sit outside of the Management Fee cost	Decision: This cost is reasonable
		Expenditure - Client' in ISL004 - Islington Square TC WP - 31-12-23 v2 -	heading in a service charge budget - hence these are separate.	
		CC 2024.06.19	They account for 10% of the costs associated with the General	Reasons: The issue of invoices and the questions posed are
		Questions:	Manager - managing and walking and inspecting the buildings.	essentially the same as raised in previous years, and for the
		Why are there separate management staff costs?	The cost does not relate to Concierge services at all.	same reasons we have given in previous years in respect of
		Are these not included as part of the management fee? If these relate to		management staff costs, we find these costs are reasonable.
Staff Accommodation	£2,064.85	It does not appear invoices have been provided which match to invoice	Staff Accommodation costs relate to staff sundries and site	Decision: This cost is reasonable
		numbers on tab 'A3- Expenditure - Client' in ISL004 - Islington Square -	consumables such as tea, coffee, water and other general day to day items.	
		TC WP - 31-12-23 v2 - CC 2024.06.19		Reasons: The grounds of challenge do not materially differ
				from those considered in previous years. Applying the same
		Questions:		reasoning as in those decisions, we conclude that the cost is
		Is this not included as part of the management fee? We assume these		reasonable.
		relate to the running of an office but it is unclear.		
Landscaping	£8,374.00	It does not appear invoices have been provided which match to invoice	The Landscaping costs are apportioned on the same basis as	Decision: This cost is reasonable
		numbers on tab 'A3- Expenditure - Client' in ISL004 - Islington Square -	other general costs in the budget and are based on a floor area	
		TC WP - 31-12-23 v2 - CC 2024.06.19	basis. Please refer to the 'Landscaping 2023' tab. Peabody are	Reasons: The absence of invoices is not a sufficient basis to
		Note: It is £7,528.28 in the working doc and £8,374 in the actuals.	charged a fair and proper proportion of the Estate and Building	find that this cost is unreasonable. The remainder of the
			Service Cost in accordance with its lease.	Applicants' entry either asks questions or raises what they
		Questions:	The discrepancy is an accrual for the missing costs and	consider to be a discrepancy, all of which are addressed in
		How is this apportioned?	subsequent charges in November 2023.	SHAL's response
		Why is there a discrepancy?		
Window Cleaning	£5,339.44	It does not appear invoices have been provided to cross reference with	The residential flats benefit from a separate own window cleaning	Decision: This cost is reasonable
		invoice numbers on tab 'A3- Expenditure - Client' in ISL004 - Islington	contract which is not part of the commercial window cleaning	
		Square - TC WP - 31-12-23 v2 - CC 2024.06.19	contract. Costs were split in line with contractors time spent on	Reasons: The Applicants' challenge raises substantially the
		Questions:	various elements of the property, labour and access equipment	same issues as in previous years. For the reasons set out in

			requirements.	our previous decisions, which apply equally here, we find the
		How is the cost of window cleaning split across the Estate?		cost to be reasonable.
		Are there separate contracts for Commercial vs. Residential?		
M&E Maintenance	£46,822.84	It does not appear that all invoices have been provided to cross reference	The M&E Maintenance costs principally covered the cold water	Decision: This cost is reasonable
		with invoice numbers on tab 'A3- Expenditure Client' in ISL004 -	boosted supply and all associated equipment with this as well as	
		Islington Square - TC WP - 31-12-23 v2 - CC 2024.06.19	PPM (planned preventative maintenance) costs that were	Reasons: The issue of invoices and the questions posed are

		Questions:	completed. When LRM were appointed to manage the residential	the same as raised in previous years, and for the same
			elements of the estate, the M&E contract with GWS CBRE was	reasons we have given in previous years in respect of M&E
		Please describe what M&E covers.	transferred over and is now managed directly by LRM. All	costs, we find these costs are reasonable. Aside from one
		How is the cost of this split across the Estate?	apportionment splits associated with the contract were provided	additional matter, the Applicants raise the same issues and
		Are there separate contracts for Commercial vs. Residential?	by CBRE until the estate was handed over post construction from	questions as in previous years. Our reasons for finding these
		How is the apportionment determined for Private vs. Social Housing	2019. Following the handover, asset registers were available	costs reasonable are the same as our reasons in previous years.
		residents?	which provided information to confirm the split of the maintenance	
			for the Estate/Commercial/Residential. We understand the	The additional matter raised is the Applicants' query as to
			apportionment for Private vs Social Housing residents was	how the apportionment between private housing and social
			determined on a floor area basis.	housing residents is determined. SHAL has explained that the
				apportionment is determined on a floor-area basis. The
				Applicants have not identified any basis upon which the
				Tribunal could conclude that that methodology, or the
				resulting apportionment, is unreasonable.
Fire Equipment Maintenance	£12,769.87	It does not appear that all invoices have been provided to cross reference	The cost split and breakdown was provided by CBRE and their	Decision: This cost is reasonable
		with invoice numbers on tab 'A3- Expenditure Client' in ISL004 -	contractors GWS CBRE. There was no separate contract for	
		Islington Square - TC WP - 31-12-23 v2 - CC 2024.06.19	Commercial vs. Residential. We understand the apportionment for	Reasons: The issue of invoices and the questions posed are
		Questions:	the Private vs. Social Housing was determined by floor area.	essentially the same as raised in previous years, and for the
			However, a full handover and asset register was completed in	same reasons we have given in previous years in respect of
		How is the cost of this split across the Estate?	2023 confirming further details on the fire equipment.	management staff costs, we find these costs are reasonable.
		Are there separate contracts for Commercial vs. Residential?		
		How is the apportionment determined for Private vs. Social Housing		
		residents?		
Door Entry System Maintenance	£2,777.00	It does not appear invoices have been provided to cross reference with	This expenditure relates to costs for PPM (planned preventative	Decision: This cost is reasonable
		invoice numbers on tab 'A3- Expenditure - Client' in ISL004 - Islington	maintenance) and reactive call outs for maintenance of the door	

		Square - TC WP - 31-12-23 v2 - CC 2024.06.19	entry systems. The costs associated with door entry key systems	Reasons: Aside from one additional matter, the Applicants raise the
		Note: It is £2,632.80 in the working doc vs £2,777 in the actuals.	are split across all residential blocks and commercial elements of	same issues and questions as in previous years. Our reasons
			the estate, as the systems are linked. Therefore there was a sum	for finding these costs reasonable are the same as our
		Questions:	applicable to Schedule 13. The discrepancy of £144 was a journal	reasons in previous years.
			that was reallocated from Sch 1 to Sch 13.	
		Why are door entry costs under Schedule 13: All Social Housing? Lifts		The additional matter raised relates to an alleged discrepancy
		are under each property schedule e.g. Schedule 17: 5 Esther Anne		between the Working Papers and the year-end actuals. In
		Place.		particular, the Applicants point out that certain invoices do
		Why the discrepancy from working doc to actuals?		not appear to match the working papers. However, we note
				that the expenditure in question is reflected in the certified
				accounts. Whilst that fact is not conclusive, it provides some
				support for the Respondent's position.
				The Applicants do not identify any specific item of
				expenditure which they contend was not incurred, was
				incorrectly allocated, or was unreasonable in amount. Nor do
				they challenge the accuracy of the certified accounts
				themselves. In those circumstances, we are not persuaded
				that the matters relied upon by the Applicants provide a
				sufficient basis for concluding that the costs were

				unreasonably incurred or unreasonable in amount.
				Having considered all of the evidence before us, including the
				certified accounts, we are satisfied that the costs were
				reasonably incurred and reasonable in amount.
Electricity	£11,035.58	It does not appear invoices have been provided which match to invoice	How was this figure arrived at? The expenditure sum was arrived	Decision: This cost is reasonable
		numbers on tab 'A3- Expenditure - Client' in ISL004 - Islington Square -	at through the allocation of electricity invoices received at the time.	
		TC WP - 31-12-23 v2 - CC 2024.06.19**Questions:**		Reasons: The Applicants raise substantially the same issues and
		How was this figure arrived at?	How is the cost of this split across the estate? The cost was split	questions as in 2021. Our reasons for finding these
		How is the cost of this split across the Estate?	as per other cost headings in the budget and was based on a split	costs reasonable are the same as those given in respect
		Are there separate meters for Commercial vs. Residential?	of total floor area per building.	of previous years.
		How is the apportionment determined for Private vs. Social Housing		
		residents?	Are there separate meters for Commercial vs Residential? SHAL	
			has been advised that there are separate meters.	
			How is the apportionment determined for Private vs Social	
			Housing residents? Is this based on apportionment? Yes, this was	
			based on a floor area apportionment.	

Water	£600.00	It does not appear invoices have been provided and no invoice number is	The £600 charge is due to an accrual to the budgeted figure as no	Decision: This cost is reasonable
		provided to match to on tab 'A3- Expenditure - Client' in ISL004 - Islington	invoices were received during the year. The costs are typically	
		Square - TC WP - 31-12-23 v2 - CC 2024.06.19	split on a usage basis across the estate and then apportioned	Reasons: The Applicants note that no invoices
		Note: It is -£1,813.70 in the accounts provided.	based on floor area. We understand there are separate meters,	or invoice numbers have been provided, that the
			however we could not confirm the specification and location of	accounts record a figure of -£1,813.70, and ask why a
		Questions:	these.	charge has been raised and how the costs have been
		If we are in credit, why were we charged?		apportioned.
		How is the cost of this split across the Estate?		
		Are there separate meters for Commercial vs. Residential?		SHAL's evidence is that the £600 charge is an accrual
		How is the apportionment determined for Private vs. Social Housing		because no invoice was received during the accounting
		residents?		year. We accept that explanation.
				To the extent that the Applicants question the
				apportionment of the cost, we note that concerns regarding
				the absence of supporting invoices for this category of
				expenditure were raised in previous years but not pursued.
				We have seen no evidence that the allocation methodology
				has changed or been applied incorrectly in the year under
				review.
				Whilst SHAL does not specifically explain the significance
				of the -£1,813.70 figure, the absence of invoices and the
				accounting discrepancy identified by the Applicants do not,
				without more, establish that the charge is unreasonable.
				The Applicants do not contend that the accrual was
				incorrectly calculated, improperly apportioned, or
				excessive.
Management Fees	£13,367.00	Some invoice appear to have been provided to match to on tab 'A3-	The Management Fees are raised in line with the agreed fees	Decision: This cost is reasonable
		Expenditure - Client' in ISL004 - Islington Square - TC WP - 31-12-23 v2 -	under the property management agreement. This is a fixed cost	
		CC 2024.06.19	and reviewed annually in line with the terms of the agreement	Reasons: The Applicants note that the working papers
		Note: The total is £15,397.55 in the working document but £13,367 in the	which was a performance based review against KPIs (key	record management fees of £15,397.55, whereas the
			performance indicators). In terms of what the fee includes the cost	certified accounts record £13,367, and ask why the figures
		final accounts.	of the day to day management, head office, resources, support for	differ.
		Why is there a difference in the working doc figure and the actuals? Is	the estate.	
				We accept that a discrepancy exists and that SHAL has not
				specifically explained it. However, the existence of a
				discrepancy between working papers and the certified
				accounts does not, without more, establish that the costs
				were not reasonably incurred or were unreasonable in
				amount.
				SHAL's evidence is that the management fee is charged in
				accordance with the property management agreement, is
				subject to annual review, and covers the provision of
				management and support services to the estate. We have
				seen no evidence that the fee was charged other than in
				accordance with that agreement, or that the amount
				ultimately charged was excessive.
				We place greater weight on the certified accounts, which
				record the final amount charged. We note the certified
				figure (£13,367) is lower than the figure shown in the
				working papers (£15,397.55). The discrepancy therefore

				does not suggest that leaseholders have been overcharged.
				Whilst the discrepancy may warrant explanation, it is
				insufficient by itself to establish that the costs were
				unreasonable. We accordingly find that the management
				fee was reasonably incurred and reasonable in amount.
Audit Fees	£840.00	No invoice number provided to match to on tab 'A3- Expenditure - Client'	The expenditure shows £840, this is an accrual to the budgeted	Decision: This cost is reasonable
		in ISL004 - Islington Square - TC WP - 31-12-23 v2 - CC 2024.06.19	figure as no invoices were received in the year.	
		Note: It is -£800 in the working document but £840 in the actuals.		Reasons: The Applicants note that no invoice number has
		Questions:		been provided, that the working papers record -£800
		Why is there a difference in the working doc figure and the actuals?		whereas the certified accounts record £840, and ask why a
		Why have we been charged when it appears we received a credit?		charge has been raised where the working papers appear to
				show a credit.
				SHAL's evidence is that the £840 is an accrual included
				because no invoice was received during the accounting year.

				We accept that explanation.
				The absence of invoices, and the discrepancy between the
				working papers and the certified accounts, do not of
				themselves establish that the costs were not reasonably
				incurred or were unreasonable in amount. We place
				greater weight on the certified accounts, which record the
				final amount charged following the year-end accounting
				process.
				The Applicants do not advance a positive case that the
				accrual was improperly made, excessive, or incurred for an
				improper purpose. Having considered the certified
				accounts and SHAL's explanation, we are satisfied that the
				charge was properly included and has not been shown to be
				unreasonable.
				We therefore find, on the balance of probabilities, that the
				costs were reasonably incurred and reasonable in amount.
Estate Contribution	£145,344.00	It does not appear invoices have been provided and no invoice number is	Please refer to the 2023 Service Charge Reconciliation, which is	Decision: This cost is reasonable
		provided to match to on tab 'A3- Expenditure - Client' in ISL004 - Islington	enclosed.	
		Square - TC WP - 31-12-23 v2 - CC 2024.06.19	The Estate Costs cover the following cost headings: management	Reasons: The issues and the nature of the discrepancy
		Note: It is £164,712.98 in the working document but £145,344 in the	The Estate Costs cover the following cost headings: management fees, accounting fees, mechanical and electrical, lifts and	raised are the same as in previous year. Our reasons for
		actuals.	escalators, fabric repairs and maintenance, engineering	finding these costs reasonable are the same as they were
		Questions:	insurance, all risks insurance cover, site management resources,	for 2022.
			health, safety and environmental management, electricity, water,	
		Please explain what Estate Costs cover?	security, cleaning and environmental.	
		How are these apportioned?		
		Is there a sinking fund as part of this?	These are apportioned as a 70.5436% percentage of the total	
			estate budget. Please refer to the 2023 Service Charge	
			Reconciliation, which is enclosed for further details.	
			There is no sinking fund for the 2023 service charge period.	

Building & Terrorism Insurance	£90,316.00	It does not appear invoices have been provided and no invoice number is	There is one group insurance policy, but separate allocated rates	Decision: This cost is reasonable
		provided to match to on tab 'A3- Expenditure - Client' in ISL004 - Islington	and sum insured for each building depending on the risk	
		Square - TC WP - 31-12-23 v2 - CC 2024.06.19	information provided which is reviewed annually.	Reasons: Aside from one additional matter, the Applicants
		Note: It is £120,421.51 in the working document but £90,316 in the	No commission rebate has ever been paid to either the property	raise the same issues and questions as in previous years.
		actuals.	owner or any other agent.	Our reasons for finding these costs reasonable are the same
		We are unable to obtain an alternative quote due to lack of disclosure on	Brokers fees are c.15.6%.	as our reasons in previous years.
		Insurance Policy.	There are no management fees related to insurance.	
		Questions:		
		Are there separate policies for each building or for Commercial vs.		As to the additional point raised, this is regarding an
		Residential?		alleged discrepancy between the working document and
		Is there any commission being paid?		the end of year actuals. However, in the absence of
				evidence that the certified accounts are incorrect, we are not
				satisfied that the alleged discrepancy makes the disputed
				charges are unreasonable or irrecoverable.
SCHEDULE 17 - 5 Esther Anne Place				
Resident Portal	£239.37	Some invoice appear to have been provided to match to on tab 'A3-	Noted.	Decision: The Tribunal makes no determination
		Expenditure - Client' in ISL004 - Islington Square - TC WP - 31-12-23 v2 -		
		CC 2024.06.19		This charge is agreed by the Applicants, therefore pursuant to subsection 27A(4)(a), the Tribunal has no jurisdiction
		However we believe this is a reasonable figure and are not challenging		to determine this issue.
		this amount		
Cleaning Contract	£5,002.89	Invoices have been provided match to on tab 'A3- Expenditure - Client' in	Please refer to comments previously provided for 'Cleaning Staff'	Decision: This cost is unreasonable. We consider a
		ISL004 - Islington Square - TC WP - 31-12-23 v2 - CC 2024.06.19	costs in 2020-2022.	reasonable cost to be £756, being the amount calculated by
		Questions:		the Applicants.
		Please explain the following discrepancy...		
		This amount is incredibly high for Schedule 17: 5 Esther Anne Place		Reasons: This raises the same issues in respect of this line item that has been raised in previous years. For the same reasons previously

		based on the service received as confirmed by Grace at RMG. The onsite		given, we find the amount claimed is unreasonable.
		cleaning team complete a weekly 1 hour lift clean, this figure would		
		equate to paying £96.21 per hour. Schedule 16: 17 Esther Anne Place		
		have been charged £4,161 for the same period but receive 5.5 hours of		
		cleaning each week. Kan Court, Gordon Court and 3 Esther Anne also		
		receive 1 hour per week for lift clean but haven't been charged at all.		
		Based on the charge for 17 Esther Anne Place (£4,161 / 52 weeks / 5.5		
		hours = £14.55 per hour) we believe our figure should be £756.60.		
Lift Inspection	£2,898.02	It does not appear invoices have been provided and no invoice number is	See Lift Maintenance 2 tab.	
		provided to match to on tab 'A3- Expenditure - Client' in ISL004 - Islington		
		Square - TC WP - 31-12-23 v2 - CC 2024.06.19		
		Questions:		
		Are costs relating to lifts charged to the specific property schedule for		Decision: This cost is reasonable
		which they are in? e.g. Schedule 17: 5 Esther Anne Place		
				Reasons: The Applicants raise substantially the same
				challenge as in the previous accounting year, namely

				whether lift-related costs have been allocated to the correct
				property schedule and whether the absence of invoices
				affects the reasonableness of the charge.
				For the same reasons as those given in relation to the
				equivalent challenge for the previous year, we are satisfied
				that the costs have been correctly allocated. SHAL relies
				upon the lift maintenance schedules, which explain the
				allocation and apportionment of the expenditure. We
				accept that explanation.
				The absence of invoices or invoice numbers, without more,
				is insufficient to establish that the costs were not incurred,
				were allocated to the wrong schedule, or were
				unreasonable in amount. Nor have the Applicants
				identified any evidence that lift-related costs attributable
				to one property have been charged to another.
				Having considered the certified accounts, the lift
				maintenance schedules and SHAL's explanation of the
				allocation methodology, we are satisfied that the costs were
				incurred for the purposes described, were correctly allocated
				to the relevant schedules, and were reasonable in amount.
				We therefore find, on the balance of probabilities, that the
				costs were reasonably incurred and reasonable in amount.

DISPUTED SERVICE CHARGES S/C Y/E 31.12.2024				
Item	**Cost**	**Applicants' comments ***	**EMA's comments**	**The Tribunal's Decision and Reasons**
SCHEDULE 13 - Affordable All				
Staff Wages	£18,624.01	Staff wages are disputed. The Respondent already charges a separate management fee. No explanation has been provided as to the roles, functions, or necessity of these staff, or how their duties differ	The management fee covers the costs associated with business overheads including the Senior Property Manager, the Associate Director, and core head office functions, including finance, customer service, and other central support teams, etc. Built into the	Decision: This cost is reasonable Reasons: The Applicants contend that this charge duplicates the management fee, lacks sufficient explanation and includes staffing costs from which leaseholders derive no discernible benefit. We do not accept those submissions. We accept the Respondent's evidence that this charge relates to onsite staffing functions whereas the management fee relates to separate management and administrative services. The Applicants have identified no evidence demonstrating overlap or duplication between the two charges.
		from the services covered by the management fee. The Applicants are concerned that this may represent duplication of costs. The original budget shows that the total staff cost was made up of separate items for management staff, concierge staff, and maintenance staff. The Applicants do not receive	management fee is also the agents profit margin for providing management services. The Management Staff fees relate specifically to the on-site Building Manager. 5 Esther Anne Place does not contribute to Concierge Staff costs.	The Respondent has explained the nature of the staffing arrangements and the functions performed. Whilst the Applicants seek further detail concerning the allocation of staffing costs, the Tribunal's function is to determine whether the expenditure was reasonably incurred and is recoverable under the lease. The Respondent's explanation is sufficient.

		any concierge service and is concerned that staff costs are being bundled together, resulting in leaseholders paying for services from which they derive no benefit. It is also unclear whether the staff are directly employed or provided under a long-term service contract.	The management agreement with RMG is not for a fixed term exceeding 12 months and accordingly, s.20 of the Landlord and Tenant Act 1985 ("LTA1985") does not apply. A copy of the agreement is provided in accordance with the 2nd Respondent's continuing duties of	Having considered the evidence as a whole, we are satisfied that the expenditure relates to services provided for the benefit of the development, was reasonably incurred and has been properly included within the service charge. The charge is therefore payable.
		If the costs arise from a long-term agreement exceeding 12 months and £100 per leaseholder per year, they would constitute a Qualifying Long-Term Agreement under Section 20 of the Landlord and Tenant Act 1985. No evidence of Section 20 consultation has been provided. £0 pending justification	disclosure. An agreement is not a qualifying long term agreement ("QLTA") if it is a contract of employment;	
Legal Fees	£21,136.80	Legal fees are disputed. In the budget, these costs were described as "BSA – ASC Compliance Fees", suggesting they related to Building Safety Act compliance. However, in the accounts they are	The heading "Legal Fees" is the fixed label used within our accounting software and cannot be amended. The description within the budget is therefore used to provide additional clarity on what this cost category includes.	Decision: This cost is reasonable. Reasons: The Applicants contend that the nature of the expenditure has not been adequately explained and question whether costs described as legal fees fall within the service charge provisions of the lease. We accept the Respondent's evidence that this expenditure relates to compliance work undertaken in connection with obligations arising under the Building Safety Act 2022 and that the change in description from the budgeted wording reflects accounting terminology rather than a change in the underlying expenditure.
		simply described as "legal fees", with no explanation of the nature of the work undertaken or why the description has changed. No sufficient information has been provided to identify what legal services were provided, why they were necessary, or how they relate to costs recoverable under the lease.	The purpose and scope of this heading have not changed. It encompasses all legal-related costs, including the preparation of the Building Safety Case Report, which is required under the Building Safety Act 2022 because the building exceeds 18 metres in height. This report is	The Respondent has identified the nature and purpose of the services provided and the basis upon which recovery is claimed. Having considered the relevant provisions of the lease, we are satisfied that the expenditure falls within the relevant service charge covenant. We are further satisfied that the expenditure was incurred for matters connected with the management and compliance requirements of the building and that the costs claimed are reasonable in amount. The Applicants have identified no specific item that was unnecessary or unrelated to those purposes.
		It is also unclear whether any of these costs relate to obligations under the Building Safety Act 2022 and, if so, whether they are recoverable from leaseholders. In the absence of a clear explanation and contractual basis, the Applicant disputes that these costs are payable under the lease or reasonably incurred. £0 pending justification	a statutory requirement, and the associated preparation costs are recoverable through the service charge.	Accordingly, we are satisfied that the expenditure falls within the relevant service charge covenant, was reasonably incurred, and is therefore recoverable through the service charge.

Reserve Fund	£7,050.00	Reserve fund contribution is disputed. In the original budget, this sum was described as relating to major works. However, in the actual accounts it has been reclassified as a reserve fund contribution, with no	The terms Major Works and Reserve Fund refer to the same type of expenditure; the difference in terminology is purely due to the labels used within the accounting software.	Decision: This cost is reasonable
		explanation for the change in description or the purpose of the charge. No sufficient information has been provided to explain what the contribution relates to, how it has been calculated, or why the nature of the charge has changed between the	For the 2024 budget, it was agreed that a Reserve Fund would begin to be established due to the age and future maintenance needs of the development. Reserve Funds are designed to accumulate over time so that adequate resources are available for significant future	Reasons: The Applicants object to the description of this item as a reserve fund and contend that insufficient explanation has been provided concerning the purpose of the contribution. Whilst the Applicants also seek further explanation of the purpose of the contribution, the principal focus of their submissions is the change in description from "Major Works" to "Reserve
		budget and the accounts. In the absence of a clear explanation and proper justification, the Applicant disputes that this cost has been reasonably incurred or correctly described. £0 pending justification	expenditure—such as internal redecorations—or for unforeseen urgent works, for example repairs to plant or equipment. The Reserve Fund contribution for 2024 was calculated at £75 per unit.	Fund". We accept the Respondent's evidence that the change reflects accounting nomenclature and does not represent a materially different category of charge from that previously recovered for future major expenditure.

				The Tribunal is satisfied that the purpose of the contribution is to provide funding towards future significant expenditure relating to the development, which is expressly provided for by clause 7.3(a) of the lease. Having considered the lease provisions relied upon by the Respondent, we are satisfied that contributions of this nature are recoverable through the service charge mechanism. The Respondent has explained the basis upon which the contribution was calculated. We have identified no error in that calculation and are satisfied that the amount claimed is reasonable.
				Accordingly, we are satisfied that the contribution is recoverable under the lease, reasonable in amount and payable.
Fire Equipment Maintenance (Schedule 13)	£42,334.93	Fire equipment maintenance costs are disputed. The amount has increased significantly from the previous year's actual cost of £12,769.87 to £42,334.93 with no explanation provided for the increase or the nature of the works	As set out in the 2024 budget document, the M&E Maintenance and Fire Equipment budget headings were consolidated for the 2024 service charge year. The GWS contract which encompasses all fire safety equipment as well as the M&E maintenance provision has been	Decision: This cost is reasonable.
		or services included. The amount also exceeds £100 per leaseholder per year and appears to arise from a long-term agreement exceeding 12 months. It therefore constitutes a Qualifying Long-Term	increased by 10% for this period. The CBRE Managed Services Limited Agreement is not for a fixed term exceeding 12 months and accordingly, s.20 LTA1985 does not	Reasons: The Applicants challenge the reasonableness of the expenditure and rely in particular upon the increase compared with previous years. Having considered the evidence as a whole, we accept the Respondent's explanation that expenditure previously charged under separate headings was, during the relevant period, consolidated within this category. That provides a rational explanation for the increase and means that a simple comparison with historic figures does not accurately reflect the nature of the expenditure incurred.
		Agreement under Section 20 of the Landlord and Tenant Act 1985. No evidence of Section 20 consultation or tribunal dispensation has been provided. In the absence of proper consultation, recovery should be limited to the statutory cap.	apply. A copy of the agreement is provided in accordance with the 2nd Respondent's continuing duties of disclosure.	The Applicants have not identified any specific aspect of the expenditure which persuades us that the costs were unnecessary, excessive or unrelated to the maintenance of the fire safety systems serving the development. Nor have they produced evidence demonstrating that the works were not undertaken or that the amounts charged were unreasonable. We are satisfied that the services were required for the proper operation and safety of the building and that the expenditure was incurred for that purpose. Accordingly, we find that the costs were reasonably incurred and are recoverable through the service charge.
Electricity (Schedule 13)	£39,813.80	Electricity costs are disputed. Although invoices have been provided, they are inconsistent and difficult to reconcile with the amounts claimed. The disclosure includes duplicate invoices under different file	See Electricity Supply List with meter details and contribution percentages . Affordable contribute to eight meters across the estate (as shown). Affordable residential is the amount recharged to the Peabody properties. Estate charges are split in the estate schedule within	Decision: This cost is reasonable. Reasons: The Applicants challenge the electricity charge on a number of grounds, including alleged inconsistencies within the supporting documentation, concerns regarding the treatment of credit notes, meter identification, procurement arrangements and the basis of apportionment.

		names, credit notes mixed with invoices, and invoices which do not clearly identify the relevant meter or location. At least one invoice appears to relate to a different site. Several invoices indicate that the supply was "out of contract", suggesting that electricity may have been procured on higher default tariffs. No explanation has been provided as	the service charge using the same approach as other service charge costs and split 47.47% to the residential (which is subsequently split 29.4564% to the Affordable Housing) and 53.53% to the commercial properties. In YE 2024 the electricity invoices that were peviously	We have considered those submissions carefully. The Applicants do not, however, contend that the amount of electricity consumed was excessive, that any particular item of expenditure was unnecessary, or that the sums charged were unreasonable in amount. Their challenge is directed principally to the supporting documentation and evidential basis for the charge.

		to why the supply was out of contract or what steps were taken to obtain competitive rates. The Respondent has also not confirmed the basis on which electricity costs are apportioned.	directly charged between the private apartments and the Affordable apartments were also included within the residential estate schedule, rather than dircetly being included within the residential managing agents service charge. All supplies were under contract. The	In relation to procurement, we are satisfied that the electricity supply was covered by the electricity supply contract exhibited to the witness statement of Ms Perry-Hilsdon. Insofar as the Applicants contend that electricity was supplied outside contractual arrangements, we do not accept that contention. In any event, the evidence does not establish the duration or financial impact of any alleged period of out-of-contract supply. Even had there been such a period, that would not, without more, demonstrate that the expenditure was unreasonable in amount. The statutory test is one of reasonableness, not perfection.
		In the absence of a clear and reliable breakdown, the Applicant disputes that the electricity costs have been properly evidenced, reasonably incurred, or correctly apportioned. £0 pending justification	Respondent was previously provided with details of the electricy meters and apportionment of charges but objected to the witness statement of Rachel Walker. No supply was "out of contract" pursuant to the Electricity Supply Contract for the period 2020 to 2024 a	As to apportionment, the Respondent has previously explained the basis upon which the electricity costs were allocated and the Applicants' contribution calculated. We are not satisfied that the Applicants have identified any error in that methodology.
			copy of which is provided in accordance with the 2nd Respondent's continuing duties of disclosure.	The expenditure is reflected in the certified service charge accounts. Whilst certification is not conclusive, it is evidence that the costs were incurred. Having considered the Applicants' criticisms individually and cumulatively, we are not satisfied that they establish that the expenditure was not incurred, was incorrectly apportioned, or was unreasonable in amount. Taking the evidence as a whole, we find that the electricity costs were reasonably incurred and reasonable in amount. The charge is therefore payable.
Management Fees (Schedule 13)	£12,253.08	This cost is disputed. The amount exceeds £100 per leaseholder per year and appears to arise from a long-term agreement exceeding 12 months. It therefore constitutes a Qualifying Long-Term	The management agreement is not for a fixed term exceeding 12 months and accordingly, s.20 LTA1985 does not apply.	Decision: This cost is reasonable.
		Agreement under Section 20 of the Landlord and Tenant Act 1985. No evidence of Section 20 consultation or tribunal dispensation has been provided. In the absence of proper consultation, recovery should be limited to the statutory cap.		Reasons: The Applicants challenge the management fee and question whether the amount claimed is properly recoverable. The Respondent's evidence is that the charge relates to the provision of professional management services required for the administration and operation of the development. We accept that evidence.
				The Tribunal has considered the matter on the evidence before it. Whilst similar challenges have arisen in previous years, we have reached our own conclusion based upon the evidence and submissions presented in these proceedings. No materially different evidence has been advanced from that previously considered. The Respondent has explained the nature of the management services provided and the basis upon which the fee has been charged. We are satisfied that those services fall within the management functions contemplated by the lease. We have identified no aspect of the charge which falls outside the lease or which renders the amount claimed unreasonable.
				Having considered the Respondent's explanation of the services provided and the lease provisions relied upon, we are satisfied that the fee is recoverable through the service charge, was reasonably incurred and is reasonable in amount.
Estate Contribution (Schedule 13)	£203,360.77	Estate contribution costs are disputed. A total charge of £203,360.77 has been included under the heading "Estate Contributions", but no breakdown or explanation has been provided as to what this sum relates to.	The Year end service charge reconcillation pack has been issued which provides details of the expenditure split by cost and by schedule and associated commentary. The only schedule in these accounts the Peabody properties are contributing to is schedule 9, which is	Decision: This cost is reasonable

		Although a separate actuals breakdown for 2024 has been provided for CBRE, it is not clear how the figures in that document correspond to the service charge schedules or to this specific charge. As a result, the Applicant is unable to identify which items in the CBRE actuals relate to the amount being charged, or to break the cost down further.	detailed at the beginning of the pack. This schedule is split between the private apartments and the Peabody apartments. The Peabody apportionment is 29.4564% of schedule 9, which is outlined in the pack. Schedule 9 is is 47.47% of the overall estate costs. The	Reasons: The Applicants contend that insufficient information has been provided to explain the nature of the charge and the basis upon which it has been apportioned between residential and commercial occupiers.
		No information has been provided to identify the services or works included, how the amount has been calculated, or how it has been apportioned between the residential and commercial elements of the development.	remaining 52.53% is commercial costs for the same estate services and are shown in schedule 8. The schedules are separate as residential pay gross and commercial pay net. The service charge budget has also been provided which sets out the costs by schedule	The Respondent has produced the year-end service charge reconciliation pack together with explanatory commentary identifying the expenditure comprising the estate charge and the basis upon which those costs are allocated across the wider development. The evidence explains the distinction between residential and commercial estate costs and how the Applicants' contribution is calculated.
		In the absence of a clear breakdown and proper supporting documentation, the Applicant disputes that these costs have been reasonably incurred or are payable under the lease. £0 pending justification	and service with explanatory notes.	The Applicants have not identified any specific item of expenditure which they contend falls outside the scope of the lease, was not incurred, or was unreasonably incurred. Nor have they identified any provision of the lease which they say has been misapplied or any alternative apportionment which would accord with the lease terms.
				The Tribunal accepts that a leaseholder is entitled to sufficient information to understand and scrutinise service charge expenditure. However, the issue before the Tribunal is whether the costs were reasonably incurred and properly recoverable under the lease. Having considered the documentary and witness evidence, we are satisfied on the balance of probabilities that the Respondent has provided a sufficient explanation of both the expenditure and the method of allocation. In the absence of any identified defect in the expenditure itself or in the apportionment adopted, we find that the sum claimed was reasonably incurred, reasonably apportioned, and is recoverable under the lease. The charge is therefore payable.
Building & Terrorism Insurance (Schedule 13)	£103,090.34	Buildings insurance costs are disputed. The development is a mixed-use estate comprising both residential and commercial elements. The total premium charged to residential leaseholders is approximately	The premium allocation was calculated on the basis of area (square foot basis) and including an allowance for the energy centre. Insurers charge the same rate for residential and commercial occupants. The basis of the sum insured is a Reinstatement Cost Assessment (RCA)	Decision: This cost is reasonable.
		£481,961.79. It is unclear whether this figure represents the total premium for the entire development or only the residential portion. No explanation has been provided as to how the insurance	provided by commercial real estate advisors - Avison Young - in 2022 and which in subsequent years has been increased by the rate of index linking. A tender process is undertaken each year but our brokers (Kerry London) have not found any insurer prepared to offer more	We accept the Respondent's evidence that the premium is apportioned principally by reference to floor area, with a separate allowance made for the energy centre. The apportionment is therefore not derived solely by applying a uniform floor-area calculation across all elements of the development. The Applicants have not identified any respect in which the methodology is inconsistent with the lease or demonstrated that it produces an unreasonable allocation of the premium. The fact that a different methodology might also have been available does not establish that the methodology adopted was unreasonable. Having considered the evidence as a whole, we are satisfied that the Respondent has adequately explained the basis of apportionment and that the methodology adopted is both consistent with the lease and reasonable. We therefore find that the insurance and terrorism costs were reasonably incurred, reasonably apportioned and payable.

		costs have been apportioned between the residential and commercial elements, or whether residential leaseholders are bearing a disproportionate share of the risks associated with the commercial units.	competitive rates than those offered by the existing insurers. Broker commission is at standard levels (circa 15.5%) and at no time has any form of remuneration been made by Insurers or the broker to the landlord or their agents or representatives and for the avoidance of	
		The insurance has been included within the residential schedule, and no sufficient explanation or supporting documentation has been provided to justify the level of the premium, the basis of the sum insured, or the procurement process. No evidence has been provided of competitive tendering, alternative quotations, or disclosure of any broker or landlord	doubt confirm that no commission payment or similar has been made to any party other than from the Insurer to the broker as confirmed by letter dated 27 March 2026 from Kerry London a copy of which is provided in accordance with the 2nd Respondent's continuing duties	
		commissions. The Applicant disputes that the insurance costs have been reasonably incurred or properly apportioned. £0 pending justification	of disclosure.	
SCHEDULE 17 - 5 Esther Anne Place				
Cleaning Contract	£1,245.44	Cleaning costs are disputed. The amount charged for 2024 differs significantly from the level of cleaning costs charged in previous years, where substantially higher sums were claimed for lift cleaning.	The second Respondent confirmed that there had been some historic overcharging in relation to cleaning charges relating to 5 Esther Anne Place and 17 Esther Anne Place for the years 2021 to 2024 as a result of incorrect calculations. A credit note has since been	Decision: This cost is unreasonable. We determine that a reasonable amount is £720.
		Following challenges by the Applicants, the Respondent accepted that earlier charges were excessive, and the cost has now reduced to a much lower figure. However, no clear explanation has been provided for the basis of the revised amount or how it has been calculated. In addition, no corresponding provision for this cost appears	issued. Charges relate to Human One Global invoices received by previous agents (LRM) and were split as per the budget provided by LRM for YE2024.	Reasons: We accept that the Respondent has a discretion to apportion cleaning costs and that the Tribunal should not interfere merely because another methodology may also be reasonable. However, the Tribunal must still determine whether the amount demanded is reasonable for the purposes of section 19 of the Landlord and Tenant Act 1985.
		in the 2025 budget, which raises further uncertainty as to the nature and consistency of the charge. In the absence of a clear breakdown and justification, the Applicant disputes that the cleaning costs have been reasonably incurred. £0 pending justification		The cleaning service was limited in scope and amounted to approximately one hour per week. The Applicants' evidence, which was not materially challenged, was that the direct cost of providing that service was approximately £720 per annum.
				The Respondent submits that additional employment, management and administrative costs are incurred. We accept that such costs may properly arise. However, the Respondent has produced no evidence enabling the Tribunal to quantify those costs or assess the extent to which they are attributable to this service.
				We recognise that the charge now claimed is substantially lower than that considered in earlier proceedings. However, the evidential position is materially unchanged. The only evidence before the Tribunal as to the cost of providing the service remains the Applicants' figure of approximately £720 per annum. Doing the best we can on the available evidence, we are not satisfied that a higher charge has been shown to be reasonable. We therefore determine that a reasonable charge is £720.

Appendix 2

New Applicant	Flat
Pradipta Kumar	101
Jon Olav Stokke	102
Amber Whiley	103
Gemma Murray and Matthew Hall	202
Nilolay Dzhulay	203
Danil Alexandrov	204
Andrew Scott	205
Sophie Poole	206
Emma Louise Fenelon	207
Dianne Danica Guevarra	208
Chloe Evans	209
Dominic Tighe	210
Dinh vu Nguyen	212

Appendix 3

Extracts from the Landlord and Tenant Act 1985

18.— Meaning of "service charge" and *"relevant costs"* .

(1) In the following provisions of this Act *"service charge"* means an amount payable by a tenant of a dwelling as part of or in addition to the rent—

(a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and

(b) the whole or part of which varies or may vary according to the relevant costs.

(2) The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.

(3) For this purpose—

(a) *"costs"* includes overheads, and

(b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period

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—

© CROWN COPYRIGHT

(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

21.— Request for summary of relevant costs.

(1) A tenant may required the landlord in writing to supply him with a written summary of the costs incurred—

(a) if the relevant accounts are made up for periods of twelve months, in the last such period ending not later than the date of the request, or

(b) if the accounts are not so made up, in the period of twelve months ending with the date of the request,

and which are relevant costs in relation to the service charges payable or demanded as payable in that or any other period.

(2) If the tenant is represented by a recognised tenants' association and he consents, the request may be made by the secretary of the association instead of by the tenant and may then be for the supply of the summary to the Secretary.

(3) A request is duly served on the landlord if it is served on—

(a) an agent of the landlord named as such in the rent book or similar document, or

(b) the person who receives the rent on behalf of the landlord;

and a person on whom a request is so served shall forward it as soon as may be to the landlord.

(4) The landlord shall comply with the request within one month of the request or within six months of the end of the period referred to in subsection (1)(a) or (b) whichever is the later.

(5) The summary shall state whether any of the costs relate to works in respect of which a grant has been or is to be paid under section 523 of the Housing Act 1985 (assistance for provision of separate service pipe for water supply) or any provision of Part I of the Housing Grants, Construction and Regeneration Act 1996 (grants, &c. for renewal of private sector housing) or any corresponding earlier enactment and set out the costs in a way showing how they have been or will be reflected in demands for service charges and, in addition, shall summarise each of the following items, namely—

(a) any of the costs in respect of which no demand for payment was received by the landlord within the period referred to in subsection (1)(a) or (b),

(b) any of the costs in respect of which—
(i) a demand for payment was so received, but

(ii) no payment was made by the landlord within that period, and

(c) any of the costs in respect of which—
(i) a demand for payment was so received, and

(ii) payment was made by the landlord within that period,

and specify the aggregate of any amounts received by the landlord down to the end of that period on account of service charges in respect of relevant dwellings and still standing to the credit of the tenants of those dwellings at the end of that period

(5A) In subsection (5)*"relevant dwelling"* means a dwelling whose tenant is either—
(a) the person by or with the consent of whom the request was made, or

(b) a person whose obligations under the terms of his lease as regards contributing to relevant costs relate to the same costs as the corresponding obligations of the person mentioned in paragraph (a) above relate to.

(5B) The summary shall state whether any of the costs relate to works which are included in the external works specified in a group repair scheme, within the meaning of Chapter II of Part I of the Housing Grants, Construction and Regeneration Act 1996 or any corresponding earlier enactment, in which the landlord participated or is participating as an assisted participant.

(6) If the service charges in relation to which the costs are relevant costs as mentioned in subsection (1) are payable by the tenants of more than four dwellings, the summary shall be certified by a qualified accountant as—

(a) in his opinion a fair summary complying with the requirements of subsection (5), and

(b) being sufficiently supported by accounts, receipts and other documents which have been produced to him.

22.— Request to inspect supporting accounts &c.

(1) This section applies where a tenant, or the secretary of a recognised tenants' association, has obtained such a summary as is referred to in section 21(1) (summary of relevant costs), whether in pursuance of that section or otherwise.

(2) The tenant, or the secretary with the consent of the tenant, may within six months of obtaining the summary require the landlord in writing to afford him

reasonable facilities—

(a) for inspecting the accounts, receipts and other documents supporting the summary, and

(b) for taking copies or extracts from them.

(3) A request under this section is duly served on the landlord if it is served on—

(a) an agent of the landlord named as such in the rent book or similar document, or

(b) the person who receives the rent on behalf of the landlord;

and a person on whom a request is so served shall forward it as soon as may be to the landlord.

(4) The landlord shall make such facilities available to the tenant or secretary for a period of two months beginning not later than one month after the request is made.

(5) The landlord shall—

(a) where such facilities are for the inspection of any documents, make them so available free of charge;

(b) where such facilities are for the taking of copies or extracts, be entitled to make them so available on payment of such reasonable charge as he may determine.

(6) The requirement imposed on the landlord by subsection (5)(a) to make any facilities available to a person free of charge shall not be construed as precluding the landlord from treating as part of his costs of management any costs incurred by him in connection with making those facilities so available.

23.— Request relating to information held by superior landlord.

(1) If a request under section 21 (request for summary of relevant costs) relates in whole or in part to relevant costs incurred by or on behalf of a superior landlord, and the landlord to whom the request is made is not in possession of the relevant information—

(a) he shall in turn make a written request for the relevant information to the person who is his landlord (and so on, if that person is not himself the superior landlord),

(b) the superior landlord shall comply with that request within a reasonable time, and

(c) the immediate landlord shall then comply with the tenant's or secretary's request, or that part of it which relates to the relevant costs incurred by or on behalf of the superior landlord, within the time allowed by section 21 or such further time, if any, as is reasonable in the circumstances.

(2) If a request under section 22 (request for facilities to inspect supporting accounts, &c.) relates to a summary of costs incurred by or on behalf of a superior landlord—

(a) the landlord to whom the request is made shall forthwith inform the tenant or secretary of that fact and of the name and address of the superior landlord, and

(b) section 22 shall then apply to the superior landlord as it applies to the immediate landlord.