

SOUTHERN RENT ASSESSMENT PANEL  
LEASEHOLD VALUATION TRIBUNAL

Case No: CHI/24UF/LSC/2008/0127

Application under Section 27A of the Landlord and Tenant Act 1985

Re: 22 – 103 Carless Close, Rowner, Gosport

Applicant	Carless Close (Gosport) Management Limited	
Respondents	Mr C V Ridgley – No 35 Mr & Mrs D Poolton – No 85	
Date of Application	31 <sup>st</sup> October 2008	
Date of Inspection	6 May 2009	
Date of Hearing	none	
Members of the Leasehold Valuation Tribunal:		
	M J Greenleaves	Lawyer Chairman
	D Lintott FRICS	Valuer Member
	R T Dumont	Lay Member
Date of Tribunal's Decision:	20 <sup>th</sup> July 2009	

**Decision**

1. The Tribunal determines in accordance with the provisions of Section 27A of the Landlord and Tenant Act 1985 (the Act) that for the service charge – calendar - years 2007 and 2008 the following are reasonable sums for actual expenditure for 2007 and budgeted items for 2008 and payable in respect of the 82 units comprising 67 houses and 15 maisonettes in Carless Close:
  - a. 2007. Each item of service charge claimed as set out in the Service charge account for that year showing actual total expenditure of £37,469.04 is reasonable and payable.
  - b. 2008. Each item of estimated service charge set out in the Estate Budget for 1<sup>st</sup> January 2008 to 31<sup>st</sup> December 2008 showing a total budget

expenditure sum of £34,440.02 is reasonable, save that in respect of Directors & Officers Liability Insurance a reasonable sum, is £700.

## Reasons

### **Introduction**

2. This was an application made by Carless Close (Gosport) Management Limited (the landlord) for determination by the Tribunal under Section 27A of the Landlord and Tenant Act 1985 of the reasonable sums payable in respect of service charges for the accounting year 2007 (actual expenditure) and 2008 (budgeted expenditure)

### **Inspection**

3. On 6 May 2009 the Tribunal inspected the premises in the presence of representatives of the landlord.
4. The premises form part of a larger development built in the 1960s. The development is laid out in a number of blocks and includes 67 houses and 15 maisonettes which are affected by this application. There are communal grounds included paved/metalled areas and gardens and other grounds with mature trees. These premises and the surrounding areas appear to be in reasonable condition for their age and character.

### **Representations**

5. No lessees, either Respondents or other potential Respondents had made any representations.. The only representations were received on behalf of the Landlord and these had been augmented as a result of further request from the Tribunal.
6. No party had requested a hearing.

### **Consideration**

7. We considered all of the case papers, a copy of the original submissions and additional evidence on some items, particularly for some of the larger items, requested by the Tribunal and provided by the Applicant.
8. In the light of the documents provided and taking into account its inspection, using its own knowledge and experience we were satisfied that each of the service charge items referred to in the above decision were reasonable save that in respect of Directors & Officers Liability Insurance for 2008 budgeted at £850.
9. The Applicant informed us in its letter of 8<sup>th</sup> June 2009, that "their insurers would charge in the region of £600 .... depending on claims history". In the light of that information we decided that a reasonable budgeted sum for that item would be £700 instead of that proposed.
10. The Tribunal made its decisions accordingly.



Chairman

A member of the Leasehold Valuation Tribunal  
appointed by the Lord Chancellor

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Date of Tribunal's Decision:                  20<sup>th</sup> July 2009

**Applicant's application for leave to appeal the  
decision dated 20 July, 2009**

**Decision**

1. Leave to appeal is refused

**Reasons**

2. By letter dated 4 August, 2009 the Applicant applies for leave to appeal the decision of the Tribunal .
3. The ground of appeal is in respect of the Tribunal's finding in relation to the budget for 2008 that the figure of £850 budgeted for director and officers insurance was not reasonable, the Tribunal determining that £700 was reasonable.
4. In support of the application:
  - a. the Applicant provides us with a copy of the service charge accounts for 2008 showing that the actual cost of this insurance was £945 for 2008.
  - b. That account also shows that the actual cost for this item in 2007 was £767.15.

- c. They also say that they have sought 2 quotations for this insurance via their broker Deacon insurance, those quotations being £729.16 and £825 respectively.
5. On that basis they seek leave to appeal the Tribunal's decision.
6. The Tribunal has refused the application for leave to appeal for the following reasons: --
  - a. When considering the application, which we emphasise was to consider budgeted figures only, the 2008 accounts were not available to the Tribunal which was only asked to consider whether budgeted figures for that year were reasonable. Further, when considering a budget, the Tribunal has to look at the time when the budget was set so that it is necessarily a forecast and needs to be a reasonable forecast.
  - b. Nor did we know of the actual cost for this insurance in 2007. We did have before us a copy of service charge accounts for the year 2007 but they did not show a specific figure for, or identify, insurance cover of this nature so we were not aware until the making of this application for leave that there was a cost of £767.15 for this item in 2007.
  - c. Nor did we have evidence of the 2 quotations the Applicant says it has obtained from their broker Deacon Insurance as mentioned above.
  - d. Indeed, it was only after a further request by the Tribunal to the Applicant, that the Applicant provided any evidence to guide the Tribunal as to the proper decision. That evidence was provided by letter dated the 8th June 2009.
  - e. Under the heading of directors and officers liability insurance, the Applicant told us "our broker has advised that, based on their insurance sliding scale for directors and officers insurance with a limit of indemnity of £1 million, their insurers would charge in the region of £600 for Carless Close (Gosport) Management Limited (depending on claims history). They based the quotation on the number of properties under the jurisdiction of the resident management company and I believe other insurers do the same."
  - f. On the basis of that available evidence the Tribunal considered that a reasonable sum for budget purposes would be £700.
7. For the above reasons we refuse leave to appeal.

  
M J Greenleaves

Chairman

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appointed by the Lord Chancellor