

**UPPER TRIBUNAL (LANDS CHAMBER)**



**UT Neutral citation number: [2016] UKUT 0504 (LC)**

**UTLC Case Number: LRX/73/2016**

**TRIBUNALS, COURTS AND ENFORCEMENT ACT 2007**

***LANDLORD AND TENANT – Service Charges – non-compliance with contractual procedure – estimate for the purposes of obtaining on account payments omitting to include any element regarding major works – whether landlord entitled to rely on the estimate to recover on account payments towards ordinary service charge expenses***

**IN THE MATTER OF AN APPEAL AGAINST A DECISION  
OF THE FIRST-TIER TRIBUNAL (PROPERTY CHAMBER)**

**BETWEEN:**

**LONDON BOROUGH OF SOUTHWARK**

**Appellant**

**and**

**NIGEL PROKTOR**

**Respondent**

**Re: Flat 20,  
Broughton House,  
Tennis Street,  
London SE1 1YF**

**His Honour Judge Huskinson**

**The Royal Courts of Justice**

**3 November 2016**

*Christine Cooper*, instructed by London Borough of Southwark for the Appellant  
The Respondent appeared in person

The following cases are referred to in this decision:

*London Borough of Southwark v Woelke* [2013] UKUT 0349 (LC)

*Re Christie* [2013] UKUT 0327 (LC)

## DECISION

### Introduction

1. This is an appeal from the decision of the First-tier Tribunal Property Chamber (Residential Property) (hereafter “the F-tT”) dated 17 March 2016 whereby the F-tT decided under section 27A of the Landlord and Tenant Act 1985 as amended that no sum was due from the respondent to the appellant in respect of service charges for the year 2012/2013.

2. Various other points were originally in issue between the parties before the F-tT. However ultimately all of these were resolved except for the service charges payable for 2012/2013 and for 2013/2014. As regards this latter year it appears that during the course of the hearing this also became agreed. The only issue which the F-tT was called upon to decide (and the issue which is the subject of the present appeal) is the question of what if any service charges were payable by the respondent to the appellant for the year 2012/2013. The way in which the matter had come before the F-tT was that the appellant had issued proceedings in the Lambeth County Court claiming various money sums from the respondent by way of service charge; the matter had been transferred by the county court to the F-tT; the matter was transferred back to the county court to enable certain amendments to be made to the pleading; and subsequent to those amendments the matter was transferred back to the F-tT pursuant to an order dated 10 September 2015 by District Judge Zimmels.

3. It is convenient to note at this point that no issues were raised in relation to the claim for service charges for 2012/2013 as to whether any of the relevant costs had been reasonably incurred or as to whether any of the services or works provided were of a reasonable standard. Nor was there any dispute as to whether any of the items of service or work claimed for were items which could properly be charged upon the true construction of the lease. The basis upon which the respondent resisted paying service charges for 2012/2013 was because he contended that the appellant had failed to comply with the provisions of the lease dealing with the obligation to pay service charges. In short the respondent’s contention was that under the relevant covenant in the lease (clause 2(3)(a)) he was obliged:

“To pay the Service Charge contributions set out in the Third Schedule hereto at the times and in the manner there set out.”

He contended that if one examined the provisions of the third schedule it was apparent that, giving due weight to the words in clause 2(3)(a) “at the times and in the manner there set out”, nothing had become payable by him by way of service charge for 2012/2013. In support of this contention he relied upon the decision of the Upper Tribunal (Deputy President, Martin Rodger QC) in *London Borough of Southwark v Woelke* [2013] UKUT 0349 (LC), which is a case to which I will refer further below.

4. The covenant to pay the service charges is set out in paragraph 3 above. The provisions of the third schedule are in the following terms:

“1(1) In this Schedule ‘year’ means a year beginning on 1<sup>st</sup> April and ending on 31<sup>st</sup> March

(2) Time shall not be of the essence for service of any notice under this Schedule

2(1) Before the commencement of each year (except the year in which this lease is granted) the Council shall make a reasonable estimate of the amount which will be payable by the Lessee by way of Service Charge (as hereinafter defined) in that year and shall notify the Lessee of that estimate

(2) The Lessee shall pay to the Council in advance on account of Service Charge the amount of such estimate by equal payments on 1<sup>st</sup> April 1<sup>st</sup> July 1<sup>st</sup> October and 1<sup>st</sup> January in each year (hereinafter referred to as “the payment days”)

3. [Not presently relevant]

4(1) As soon as practicable after the end of each year the Council shall ascertain the Service Charge payable for that year and shall notify the Lessee of the amount thereof

(2) Such notice shall contain or be accompanied by a summary of the costs incurred by the Council of the kinds referred to in paragraph 7 of this Schedule and state the balance (if any) due under paragraph 5 of this Schedule

5(1) If the Service Charge for the year (or in respect of the first year hereof the apportioned part thereof) exceeds the amount paid in advance under paragraph 2 or 3 of this Schedule the Lessee shall pay the balance thereof to the Council within one month of service of the said notice

(2) If the amount so paid in advance by the Lessee exceeds the Service Charge for the year (or the apportioned part thereof for the first year hereof) the balance shall be credited against the next advance payment or payments due from the Lessee (or if this lease has then determined be repaid to the Lessee)

6(1) The Service Charge payable by the Lessee shall be a fair proportion of the costs and expenses set out in paragraph 7 of this Schedule incurred in the year

(2) The Council may adopt any reasonable method of ascertaining the said proportion and may adopt different methods in relation to different items of costs and expenses

7 The said costs and expenses are all costs and expenses of or incidental to .... [there is then a list of various heads of expenses]

8. The summary of costs referred to in paragraph 4 of this Schedule shall contain an explanation of the manner in which the proportion of those costs apportioned to the flat under paragraph 6 of this Schedule has been calculated”

5. Prior to the decision in *Woelke* the practice of the appellant so far as concerns the preparation of estimates under paragraph 2 of the third schedule was to include within such estimates only those expenses as could be said to be ordinary or routine expenses as opposed to expenses on major works. As regards major works, which would be the subject of consultation under section 20, the practice of the appellant was to include nothing in the estimate prepared in advance of the relevant 1 April but instead to wait until later and then in due course send in an account to the tenant (with documentation indicating that assistance might be available towards payment or by way of staging of payments).

6. In the present case the appellant did prior to 1 April 2012 prepare and send to the respondent an estimate of the revenue service charge for 2012/2013 in the sum of £1,277.38 – this was sent under cover of the letter dated 28 March 2012. This did not include any estimate

for any contemplated major works and in particular contained nothing in respect of any estimate for some emergency lighting works.

7. As at the date of the preparation of this estimate it appears that it was already contemplated by the appellant that major works, which would give rise to consultation procedures under section 20, were likely to be undertaken starting some time during the service charge year 2012/13. Thus in paragraph 14 of its decision the F-tT stated:

“Nor was it asserted that an estimate for these works could not have been served together with the estimate of the “ordinary” service charges at the start of the 2012/2013 service charge year.”

Accordingly something could have been included by way of estimate in respect of the contemplated emergency lighting works, but in fact nothing was included.

8. Moving forward in time so far as concerns the emergency lighting works, the appellant (having undertaken section 20 consultation procedures) sent a letter dated 27 February 2013 to the respondent notifying him of the proposed charging for the emergency lighting works and that due in year one (which was stated to be the year 1 April 2012 - 31 March 2013) the amount payable was £326.27 payable on 1 April 2013. In fact ultimately the appellant never recovered any money from the respondent in respect of the emergency lighting works. The appellant accepted that there were certain legal problems not presently relevant which had arisen (I understand these may have been under section 20B of the 1985 Act) which operated to render the intended charge for these emergency lighting works irrecoverable.

9. The respondent contended, on the basis of the words of the lease backed by the *Woelke* case, that the estimate sent out on 28 March 2012 was invalid because it only contained estimates for the ordinary or routine expenses and did not contain anything in respect of the then contemplated (albeit subsequently abandoned) charging for the emergency lighting works. The omission to include anything in the estimate as regards these contemplated emergency lighting works meant that the estimate was not an estimate in accordance with paragraph 2 of the third schedule and accordingly was wholly ineffective and did not give rise to any liability upon the respondent to pay anything – i.e. not only was he not obliged (of course) to pay anything for the emergency works (which had not been estimated or demanded) but he was also not obliged to make any payment as regards the ordinary service charges for which an estimate had been made and a demand had been served.

10. The F-tT concluded that this argument on the part of the respondent was correct. In paragraph 14 of its decision the LVT stated:

“Therefore, it appears to the Tribunal that the Applicant has repeated its error identified in *Woelke* notwithstanding that the charges for the major works have now been withdrawn. It is the Tribunal’s view that a realisation by the Applicant of the effect of section 20B of the Landlord and Tenant Act 1985 and a “re-charge” of the amount of these “major” works does not provide a mechanism by which “ordinary” sums due for service charges, which have not been notified in accordance with the lease terms, become payable. Therefore, it is the Tribunal’s view that none of the service charges for 2012/2013 are due from the respondent tenant.”

11. The F-tT granted permission to appeal to the appellant.

### **The Upper Tribunal's decision in *Woelke***

12. It is convenient at this point to consider the decision of the Upper Tribunal in *London Borough of Southwark v Woelke* [2013] UKUT 0349 (LC). The following points of potential relevance to the present case may be noted:

- (1) The *Woelke* case was concerned with a lease of a housing unit held from the present appellant. The terms of that lease were in effect identical to the terms of the lease in the present case.
- (2) The *Woelke* case was concerned with the attempted recovery by the appellant, through the service charge provisions of the lease, of the tenant's contribution towards major works programmes. In particular there were two relevant programmes, namely the replacement of windows and also the refurbishment and replacement of cold water tanks.
- (3) Paragraphs 22, 29 and 41 of the decision in *Woelke* are relevant. These show that the proceedings before the Leasehold Valuation Tribunal related only to the service charges for the major works. The sole ground on which permission was granted to appeal to the Upper Tribunal was the appellant's contention that the LVT had been wrong to interpret the third schedule as requiring that a demand be served consolidating both the ordinary service charges and the charges for major works in each year. The questions before the Upper Tribunal were described as "narrow" questions and were whether certain invoices delivered by the appellant on 6 July 2005, 7 October 2009 and 4 November 2010 were sufficiently in conformity with the third schedule to create a liability on the part of the respondent tenant to pay. These invoices were seeking payment not on the basis of an estimate under paragraph 2 but instead on the basis of there having been a valid notification under paragraph 4 of the third schedule.
- (4) In paragraph 55 the Tribunal stated:

"55. Paragraphs 4(1), 4(2) and 8 lay down the minimum requirements of a valid notification. It must have four features:

  - (1) It must notify the leaseholder of the amount of the Service Charge payable for the relevant year.
  - (2) It must contain or be accompanied by a summary of the costs incurred by the appellant of the kinds referred to in paragraph 7.
  - (3) It must state the balance (if any) due under paragraph 5.
  - (4) The summary of costs which it contains must include an explanation of the manner in which the proportion of those costs apportioned to the flat under paragraph 6 has been calculated."

- (5) However part of the analysis of the working of the service charge provisions undertaken in *Woelke* involved looking at the provisions for the making of estimates under paragraph 2, see paragraphs 43 and following of the decision.
- (6) It was pointed out that time was not of the essence of the steps to be taken under the third schedule.
- (7) In paragraph 47 the Tribunal referred to the obligation under paragraph 2 of the third schedule in respect of estimates in the following terms:

“47. Paragraph 2(1) requires the appellant to make “a reasonable estimate of the amount which will be payable by the Lessee by way of Service Charge (as hereinafter defined) in that year.” This case raises the question whether the appellant is entitled to omit from its estimate some component of the expenditure which it can reasonably anticipate will be incurred. That is what it did in relation to the leaseholder’s share of the window replacement contract which was not included in the service charge estimate for 2004-05 or 2005-06.”

- (8) In paragraph 51 the tribunal analysed the obligation under paragraph 2 in the following terms:

“51. I therefore conclude that paragraph 2(1) imposes a positive obligation on the appellant, which it is not entitled to waive, to provide a reasonable estimate before the start of the year of the Service Charge which will be payable by the leaseholder in that year. Interpolating the definition of Service Charge from paragraph 6(1), the appellant’s obligation is to provide a reasonable estimate of the fair proportion of the costs and expenses to be incurred in the year which will be payable by the leaseholder. If the appellant reasonably anticipates that its expenditure will include expenditure on major works, as it could have done in this case, it is required to include that expenditure in its estimate. The omission of such expenditure from the estimate is not consistent with the contract.”

- (9) In paragraph 52 the Tribunal considered what might be the consequences of a failure to give a proper estimate under paragraph 2. Various consequences which might theoretically arise were mentioned. The Tribunal then stated as follows:

“In normal circumstances, however, the only practical consequence of a failure to take account of major works in the estimate would be that the appellant would not be entitled to collect advance payments from the leaseholders which included any contribution towards the costs of those works.”

The Tribunal noted that there could be no suggestion that the appellant would be prevented from recovering the cost of the major works altogether and further noted that counsel for the tenant did not suggest that the omission of the major works from the estimate under paragraph 2(1) would provide a defence if the cost of the works was later included in a proper notice under paragraph 4(1). It was recognised that

the cost of the major works remained part of the service charge for the year or years in which it was incurred, whether or not it was included in the original estimate.

(10) Ultimately the Tribunal concluded on the facts of that case that the documents which had been sent by way of purported demand for service charge for major works did not comply with paragraph 4. It was however recognised that the provisions of the appellant's standard lease were not such as to give the appellant only one opportunity to get its demands right. Accordingly it was recognised that valid demands might in due course be made.

### **The appellant's submissions**

13. On behalf of the appellant Ms Cooper advanced the following arguments.

14. She pointed out that the ordinary sums claimed by way of service charge (as opposed to any sums in respect of prospective major works) had been properly included in the estimate served prior to 1 April 2012.

15. She submitted that an omission to include something within the estimate which should be included (such as a prospective charge for major works) did not have the effect of rendering the entire estimate invalid for all purposes as regards all expenses. Instead the result was, she submitted, that if the appellant included nothing in the estimate in respect of contemplated major works then the appellant could not, of course, seek to recover by way of payments on account in advance anything in respect of these major works. The appellant would have to wait until final accounts were prepared and paragraphs 4 and 5 of the third schedule were properly operated. However as regards the items which were included in the estimate she submitted that these remained payable as being items for which a valid estimate had been made and valid demand had been served. She drew attention to the passage quoted in paragraph 12(9) above from *Woelke* and submitted that the only practical consequence in the present case of a failure to take account of major works in the estimate would be that the appellant was not entitled to collect advance payments from the respondent which included any contribution towards the cost of those major works. She submitted that the analysis in *Woelke* pointed towards (rather than away from) the proposition which she contended for.

16. Ms Cooper also drew attention to the decision of the Upper Tribunal (Deputy President, Martin Rodger QC) in *Re Christie* [2013] UKUT 0327 (LC). This was a case concerned with whether permission to appeal out of time should be granted. The Tribunal recognised that an omission to include within the estimate anything for major works would have been likely to have led to the conclusion that so much of the service charges as related to major works had not yet become due. However the tribunal added the observation that:

“The applicant would probably have remained liable to pay the routine and historic service charges totalling £3,574, since it was Southwark's practice to account for those in accordance with the procedure laid down by its standard lease.”

Once again Ms Cooper submitted that the analysis in that case pointed towards (rather than away from) her contention that the omission of contemplated major works from an estimate



did not mean that the estimate was invalid even as regards to the ordinary service charge items which were contained within the estimate.

17. The foregoing constituted Ms Cooper's primary argument on the part of the appellant. However she also advanced a separate secondary argument. This argument was not foreshadowed in the appellant's grounds of appeal – nor, it would appear, was it expressly raised before the F-tT. Certainly the F-tT makes no reference to this argument. The argument however is summarised in paragraph 19 of Ms Cooper's skeleton argument and is to the effect that the sums claimed were payable in any event (i.e. even if the estimate was invalid) by reason of the fact that:

“After the end of the year, the Council notified Mr Proktor of the amount payable and provided the other information required by paragraph 4 of the Third Schedule. It was therefore entitled to payment pursuant to paragraph 5(1) on 4 November 2013 (one month after service of the notice).”

Thus Ms Cooper's arguments are to the following effect. First she says that the money was properly payable pursuant to the estimate in accordance with the terms of paragraph 2 of the third schedule. Alternatively, if that is wrong, the amount claimed was due pursuant to the notification issued on 4 October 2013 showing the final figures for the relevant service charge year. Ms Cooper submits that this documentation involved proper compliance with paragraphs 4 and following of the third schedule and that the sum so notified as the actual service charge for 2012/2013, namely £1091.08, therefore became payable under paragraphs 4 and 5 even if (which the appellant disputed) there had been some problem regarding the validity of the earlier estimate.

### **The respondent's submissions**

18. The respondent helpfully prepared a detailed statement of case which is at pages 35-43 of the bundle. At the hearing he told me that he relied upon this statement of case as setting out all the points which he wished to raise. In summary and by way of introduction to his statement of case he added orally that his interpretation of the relevant provisions was straightforward. The lease was an agreed document and told each party how to behave. The appellant has not behaved in accordance with those provisions. The F-tT's decision is correct. In order for an estimate to be valid all relevant contemplated expenses should be included. The appellant has ridden roughshod over the provisions of the lease and has dealt with charging for service charges in an ad hoc manner.

19. In a little more detail the points he raised taken from his statement of case were as follows:

- (1) He complained regarding the appellant's general handling of this long running dispute and their alleged failure to negotiate.
- (2) He suggested it was wrong for them to have two bites of the cherry by bringing this appeal to the Upper Tribunal having lost before the F-tT. The appellant should accept the F-tT's decision.

- (3) The appellant failed to follow the simple and easy mechanism in the lease. They have issued ad hoc invoices to pay money which are not synchronised with the agreed timeframes in the lease.
- (4) The omission to include estimates for major works (here the emergency lighting) was not an oversight or carelessness. It was deliberate practice by the appellant not to follow the provisions of the lease. Having failed to follow the specific term regarding the mechanism for the collection of money the appellant had forfeited the right to recover anything.
- (5) He relied upon the decision in *Woelke*.

20. As regards Ms Cooper's secondary argument based upon the documentation served by way of the purported actual service charge breakdown for the year (page 70 of the bundle) he submitted that this could not assist the appellant. This document was not a valid document for the purposes of paragraphs 4 and following of the third schedule. Instead it made reference to and was based upon the earlier estimate. It sought to adjust matters by reference to the estimate. However the estimate was invalid. Accordingly a document seeking to build upon and adjust the estimate must also itself be invalid.

## **Discussion**

21. The provisions of the lease regarding service charges are intended to constitute practical machinery enabling the appellant to receive appropriate sums towards foreseen expenditure so that the appellant can properly and efficiently perform its obligations and provide the repairs and services etc pursuant to its obligations in the lease.

22. It is commonplace for a lease of a flat to contain service charge provisions requiring the tenant to make an on account payment in advance, on the basis of an estimate, towards the future expenses to the landlord of performing the services during the forthcoming service charge year. Such leases then invariably include a provision for a balance to be struck after the end of the year by way of final accounts and for the tenant either to pay the shortfall or to be reimbursed (or credited) with the excess already paid.

23. I consider that it must be possible to say immediately in respect of an estimate whether it is a valid estimate within the provisions of paragraph 2 of the third schedule or whether instead it is an invalid estimate. The validity of the estimate cannot depend upon subsequent events. It cannot be right that an apparently valid estimate may become invalid (query *ab initio* or query from the date of the supervening event) when at some later date during the service charge year the appellant decides that there will be some major works carried out during that service charge year for which the estimate included nothing. In the present case it could have not have been contended that the estimate for 2012/2013 was invalid if the appellant's plans had been (and had resulted in) no works to the emergency lighting being carried out until into the next service charge year 2013/2014.

24. However it appears to be the result of the F-tT's decision that the subsequent events (i.e. subsequent to the date of the estimate and subsequent to 1 April 2012 which was the first day

of the service charge year) have invalidated an otherwise apparently valid estimate. The invalidity apparently arising because of the fact that at a later date, but within that service charge year, the appellant tried to charge for/carry out some major works not included in the estimate.

25. I reject the proposition that an otherwise valid estimate can be rendered invalid by subsequent events. On the basis that the estimate is either valid or invalid at the date when it is served (or at the relevant 1 April when the service charge year commences) potential difficulties arise from the F-tT's decision. Supposing that as at the date of the estimate the appellant is half minded to think that some major works may become necessary within the year. How sure does the appellant have to be regarding these possible works before it is essential for some element of cost to be included in the estimate for that year – with the penalty of the entire estimate for everything (including the ordinary service charge items) becoming invalid if nothing is so included? It would be remarkable if the validity of the estimate for the ordinary items depended upon the fixity of the appellant's intention regarding these possibly/probably contemplated major works, for which nothing was included in the estimate.

26. I respectfully agree with the analysis of the Deputy President in *Woelke* where he contemplated in paragraph 52 that in normal circumstances the only practical consequence of a failure to take account of major works in the estimate would be that the appellant would not be entitled to collect advance payments from the leaseholders which included any contribution towards the cost of those works. It would not result in the estimate in relation to the matters which were included within it (the ordinary service charges) being invalid and incapable of giving rise to any liability in the tenant to pay anything on account under paragraph 2 of the third schedule.

27. By so concluding I am not in any way disagreeing with the conclusion in paragraph 51 in *Woelke* (see paragraph 12(8) above). If the appellant reasonably anticipates that its expenditure will include expenditure on major works it is required to include that expenditure in its estimate. The omission of such expenditure from the estimate is not consistent with the contract. However the fact that the appellant has acted inconsistently with the contract does not have the result of making nothing payable pursuant to the estimate. Instead it may have consequences such as those contemplated in paragraph 52 in *Woelke*.

28. Accordingly I find that the estimate sent under cover of the letter of 28 March 2012 in the sum of £1,277.38 was a valid estimate and gave rise to a liability pursuant to paragraph 2 of the third schedule requiring the respondent to pay this sum to the appellant by the four instalments set out in paragraph 2. In fact the appellant accepts that the final service charge for 2012/13 was less than this, namely only £1,091.08. I was told that the appellant further accepts that the respondent did make a small payment on account towards this amount such that the amount due from the respondent in respect of 2012/13 which is still outstanding is the sum of £1,046.83 being the amount shown as due for 2012/13 in the amended particulars of claim in the county court.

29. I therefore find that the appellant was entitled to recover one quarter of the estimated sum (i.e. one quarter of £1,277.38) upon each of the payment days stipulated in paragraph 2(2) of

the third schedule, namely 1 April 2012, 1 July 2012, 1 October 2012 and 1 January 2013, but that recovery must be limited to £1,046.83 (which recognises that the final charge was £1,091.08 and which further recognises that a small sum has already been paid against this amount).

30. I conclude therefore that the appellant is entitled to succeed on its primary argument.

31. Bearing this in mind I now turn to consider whether it is proper for me to reach a conclusion upon the appellant's secondary argument set out in paragraph 17 above.

32. This argument was not developed in any detail at the hearing before me -- so much so that after the hearing I caused the Tribunal to communicate with both parties inviting them, within a limited time frame, to send in such further representations in writing as they wished in relation to the secondary argument. The appellant did send in further representations upon it.

33. The following matters may be noted in relation to the appellant's secondary argument as raised before the Upper Tribunal:

(1) this secondary argument is not considered at all in the F-tT's decision (understandably in the light of the matters set out below);

(2) nor is it raised in the grounds of appeal which the appellant submitted to the F-tT and on the basis of which the F-tT ruled that "permission is granted to the Applicant on all Grounds of Appeal specified in its application";

(3) nor is it raised in the Statement of Facts and Issues prepared by the appellant for the hearing before the Upper Tribunal;

(4) nor is it raised in the appellant's statement of case prepared for the Upper Tribunal;

(5) nor is it raised in the appellant's reply prepared for the Upper Tribunal;

(6) nor (so far as I can see) was it raised in the statement of case which the appellant prepared when submitting its case to the F-tT;

(7) nor was it raised in the appellant's original particulars claim in the County Court which led to the litigation which in due course was transferred to the F-tT -- the relevant claim is pleaded on the basis of the estimate for 2012/13;

(8) nor was it raised in the appellant's amended particulars of claim in the County Court -- in the amended pleading reference is made to notifications of service charge for

certain years (see paragraph 4.1) but these do not include 2012/13 which appears still to be demanded for upon the basis of the estimate.

Instead the secondary argument was raised for the first time in counsel's skeleton argument and at the oral hearing before the Upper Tribunal in a case against a litigant in person.

34. Having considered the matter further I have concluded that I should not seek to reach a decision upon the appellant's secondary argument bearing in mind the matters set out above and bearing also in mind that it is not necessary to reach a decision upon it for the purpose of disposing of this appeal. In fact, bearing in mind paragraph 33 (2) above, this secondary argument is not open to the appellant unless permission is granted to the appellant to amend its grounds of appeal. I decline to grant such permission.

### **Conclusion**

35. In the result I allow the appellant's appeal as recorded in paragraph 29 above.

36. The appellant indicated at the hearing that it would not seek to recover the costs of these proceedings before the Upper Tribunal from the respondent through the service charges. In the circumstances I was not invited to make any order under section 20C of the Landlord and Tenant Act 1985 as amended.

A handwritten signature in black ink, appearing to read 'Nicholas H. Huskinson', with a long horizontal flourish extending to the right.

His Honour Judge Huskinson

14 November 2016