

## Residential Service Charges

### Notices of Intention



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### Introduction

- What is Service Charge?
- Reasonableness
- The 18 month window
- Triggers for consultation process
- Notices of Intention – Section 20
- Consultation timetable
- Dispensation
- Services of Notices

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## Definitions

- Dwelling - A building or part of building occupied or intended to be occupied as separate dwelling, together with any yard, garden, outhouses and appurtenances belonging to it or usually enjoyed with it (s. 38, LTA 1985).
- Qualifying Works - Works on a building or any other premises (section 20ZA(2), LTA 1985).
- Qualifying long term agreement (QLTA) - agreement entered into, by or on behalf of landlord or superior landlord for term of more than 12 months (section 20ZA(3), LTA 1985). Agreements specified in regulation 3 of Consultation Regulations are not QLTA's.

## Section 18 LTA 1985 meaning of service charge

- 1) In following provisions of Act "service charge" means amount payable by 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) 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.

## Key rights for residential tenants



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**Does it apply  
to all  
properties?**

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## Service Charge costs must be Reasonable



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### 1) Reasonably incurred



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## 2) Reasonable standard



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## Advanced payments

Section 19(2) of the LTA 1985:

“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.”

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## Service charge demands - 18 month window



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## London Borough of Brent v Shulem B Association [2011] EWHC 1663 (Ch)



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## Triggers for consultation

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## What are qualifying works?



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## What is a qualifying long-term agreement?



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## Notices of Intention ("Section 20 Notices")



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## Timetable



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## Service charge



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## Landlords intentions to carry out Qualifying Works

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## Dispensation

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## Services of Notices



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## Akorita v 36 Gensing Road Limited [2009] EWLands LRX 16 2008

### Facts



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**What do  
you think???**

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**Decision**



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## Tenant's appeal

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## Questions?



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