Major Works and the Section 20 Process

As a leaseholder paying a variable service charge, you are obliged under the terms of your lease to pay towards the cost of services, repairs maintenance or improvements to your building and estate.

Section 20 of the Landlord and Tenant Act 1985 requires us to provide you with details and ask your opinions about intended works and services. This is known as consultation. Section 20 sets out the way we must consult with you. If we do not do this, we might not be able to charge you the full costs of the works and services.

The following information is provided to help you understand the consultation process. For further information you may wish to visit the website of the Leasehold Advisory Service (www.lease-advice.org) which is an independent organisation set up by the government to provide advice on all leasehold matters.

What do we consult you about?

On behalf of your landlord, Southend-on-Sea Borough Council we must consult you before we do any of the following.

- Carry out work which will cost any one leaseholder more than £250 (known as “Qualifying Works”)
- Enter into a long-term agreement (more than 12 months) with outside contractors for work, supplies or services which will cost any one leaseholder more than £100 a year (known as a “Qualifying Long Term Agreement”)
- Carry out work under a long-term agreement where the work will cost any one leaseholder more than £250

Why do we use Qualifying Long Term Agreements (QLTAs)?

QLTAs are used because they provide an efficient way to get work done and are more cost-effective for our leaseholders. Giving contractors a longer contract helps to keep costs down.

What is the Section 20 consultation process?

The Section 20 consultation process generally has three stages:

- **Notice of Intention**
  A notice of intention tells you that we intend to carry out work or provide a service that leaseholders will have to pay towards. We must serve this notice on any leaseholder who will be affected by the work or will receive the service. The notice will include information about what we plan to do and why and will give you a time and place where further description of the works may be inspected. The notice will give you the opportunity to comment on what is being planned and also to nominate a contractor. The consultation period will last 30 days from the date of the notice. Careful consideration is given to any comments and suggestions within the consultation period. Once the consultation period has finished we will invite contractors to provide estimates for the work.
- **Notice of Estimates**
  After we have received estimates from contractors we must prepare two proposals. One of these must be from a contractor who is not connected with the council and we must also include the estimate from any contractor nominated by a Leaseholder. A Notice of Estimates includes estimated costs from at least two contractors. The notice, as in the Notice of Intention, will give you a time and place where the details of the estimates can be inspected and will give you the opportunity to comment on the proposed work. Any comments are considered within the 30 day consultation period. Comments received in response to the Notice of Intention will also be summarised in this notice together with our response to those comments.

- **Award of Contract Notice**
  You will only receive this notice if we awarded the contract to a contractor who did not offer the lowest price or if we did not award the contract to a contractor nominated by a leaseholder. The Award of Contract Notice gives our reasons for awarding the contract to that contractor and provides a summary of any comments received in response to the Notice of Estimates and our response to those comments.

**In what circumstances do we have to serve public notice?**

If the total works contract is over £3,927,000 or the contract for the supply of goods or services if over £156,442 the proposed contract must be advertised by public notice in the Official Journal of European Union (OJEU).

**What difference does serving a public notice make?**

- If public notice is required the opinions and views of Leaseholders must still be invited however they do not have the right to nominate a contractor for these contracts. You can however suggest that a contractor looks on the website of the OJEU and to express their interest through the official process.
- In the Notice of Estimates we only need to give you one estimate. We will tell you the name of the contractor and the estimated costs.
- You will not receive an Award of Contract Notice.

**Consulting you about work we do under a long-term agreement**

We will carry out work or provide a service that is covered under a long-term agreement with a contractor, for example day-to-day repairs. We will have consulted you about the original agreement but we must consult you again if we are going to do work using a long-term agreement which will cost more than £250 for any one Leaseholder.

You will receive a Notice of Intention which will outline the planned works, advise you when and where you can inspect the plans, explain why the works are required, give the total estimated cost, invite you to make comments and give you the date the consultation period will end (30 days from the date of the notice). Any comments received will be considered and we will respond within 21 days.
What happens if we do not consult you?

If we do not follow the regulations we are limited to how much we can charge you for the work or service. The limits are £250 per item of repair work and £100 for services that we provide under a long-term agreement.

An application can be made to the First-tier Tribunal for an order to dispense with the Section 20 consultation process. The Tribunal can dispense with the consultation requirements in particular cases if satisfied that it is reasonable to do so. For example in a case where emergency repairs are needed.