

What is a section 20 consultation and why does it affect me?

Anyone who pays a service charge whether they are a leaseholder, shared owner or tenant maybe be affected by a section 20 consultation.

Through your service charge you pay a proportional share for various services provided to your property or the estate in which you live, for example grounds maintenance.

If you are a leaseholder, you have also committed to paying a proportional cost for repairs, maintenance, or improvements to your home or to the building or estate in which you live.

The Section 20 consultation process (sometimes referred to as S20) was put in place to protect service charge payers and to make sure that landlords only carry out work or enter into service contracts that are necessary and at a reasonable cost.

The process also allows service charge payers the chance to comment on the works and sometimes to suggest contractors for the works depending on the value of the contract.

Because of the legal terminology we are required to include in our letters and notices by law, section 20 consultations can be quite difficult to understand. To help you to understand the process and what you need to do, we've included below some useful FAQs, these can also be found on our website.

When is the S20 consultation process used?

For any one-off work that will cost an individual service charge payer over £250 or for any new service (for example ground maintenance) that lasts longer than 12 months and will cost any service charge payer over £100, we need to let you know and give you the chance to comment on what we are planning.

Your comments form part of a formal consultation between us and you and it's our legal requirement under section 20 of the Landlord and Tenant Act 1985 to involve you.

How does the Section 20 consultation process work?

This may vary according to the type of work and the cost but it's usually along these lines:

1. We send you a legal Notice telling you what work or type of contract we are planning. This will include letting you know where you can find out more details and how you can provide your comments
2. We get some quotes from contractors, taking in to account any comments we've received
3. We send you a 'notice of estimates' which gives you the details of the estimated costs. You can provide feedback to us on the estimates

4. Considering any feedback, we received we award the contract to a preferred supplier to carry out the work
5. If the contractor is not the cheapest, we will write to explain why they have been awarded the contract.

Can I suggest a contractor who is not on your approved list?

Yes. They will be considered against the same criteria as all other approved contractors and will need to meet our requirements and provide an estimate within the consultation period.

They will need to have: -

Employers Liability: Minimum of £10 million

Public Liability: Minimum of £5 million

Product Liability Minimum of £5 million

Contractors All Risks Minimum of £1 million

Professional Indemnity Minimum of £2 million

What is an observation?

You have a right to reply with your comments to a Section 20 notice up to 30 calendar days from the date of the notice. Your reply is known as an 'observation'. We will acknowledge any observations we receive within 21calendar days.

A summary of all the observations received and our responses to them are sent out with the next stage of the consultation documents and may also be available on the website.

All the comments and feedback we receive are taken into account when planning the work and awarding the contract.

How do I make an observation?

You can make an observation about a notice in writing either by letter or e-mail. You can't make observations verbally either over the telephone or in person.

I have received a Section 20 letter, is this notice a bill?

No, this is not a bill. You don't need to make any payment in response to receiving this letter or any enclosed notices.

Can we see a specification of the works proposed?

A copy is available on our website aster.co.uk/existing-customers/get-involved/consultations. Arrangements can be made to email the full specification.

How much will this cost me?

This is not a demand for payment at this stage. During the consultation process you will be advised of the estimated costs and will have the opportunity to comment on these.

When will we be expected to pay?

Following completion of works, final invoice, and the service charge reconciliations, it is anticipated that customers will be invoiced by Summer of 2023.

What is a Sinking Fund/Reserve Fund?

Each year some homeowners pay into a reserve or sinking fund. This fund is money that is set aside, year by year, to pay for longer term maintenance for the development. The amount collected may not always cover the full costs of the works and you may be required to pay a top up, you will be told if this is the case.

If your lease does not include this provision, you may be required to pay your apportionment or share of any major works in full. We strongly advise for you to plan and make provision for any future works costs.

I have received a S20 notice but I don't think it's for me

If you receive a notice to your address but not in your name, please let us know, it may be that our records need updating or that the leaseholder is subletting the property to you.

If you are a leaseholder sub-letting your property, please let us have a correspondence address so we can send S20 Notices to you there.

I am planning to sell my property before the work described in the S20 notice is completed

You should keep the documents safe and pass them to your solicitor when you have accepted an offer. Any potential purchaser needs to be aware of works that are planned at your property.

Where can I go for advice?

You can contact your local Citizens Advice Bureau for independent advice. The following websites also have useful information about the S20 process:

<http://www.lease-advice.org>

<http://www.leaseholderadvicecentre.co.uk>