

Section 20 Policy

Document Owner	Operations Director
Prepared by	Steve Hickman-Brown Interim Head of Housing Services
Approved by	Directors Group
Approved date	December 2023
Date of next review	December 2026
Lines of Defence/how is the document audited?	<ol style="list-style-type: none"> 1. Consultation with leaseholders/responsible team 2. Director Approval for all section 20s 3. Central Log of Section 20 log

1. Scope and Aims

- 1.1. This policy outlines how and when Hexagon Housing Association (Hexagon) will consult with tenants and leaseholders about major works and changes to services. This includes consultation about costs and recovering these costs through service charges.
- 1.2. Our aim is to comply with Section 20 of the Landlord and Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002) and to give leaseholders and tenants an opportunity to decide and influence how their funds are spent.
- 1.3. In this Policy, the term “leaseholder” will refer to both tenants and leaseholders.
- 1.4. Hexagon will complete a Section 20 Consultation with leaseholders in buildings where Hexagon is the Freeholder or Head Lease, in the following circumstances:
 - 1.4.1. Hexagon is entering into an agreement, that will last 12 months or more, with an independent organisation or contractor to deliver services to the property, where this will result in service charges of £100 or more per leaseholder per year. For example; cleaning, gardening, or buildings insurance.
 - 1.4.2. We are completing work on the building or premises that will result in service charges of £250, or more, per leaseholder.

2. Consultation stages

- 2.1. The Section 20 Consultation process consists of three stages, including two consultations periods:
 - 2.1.1. Pre-tender stage: where contractors are invited to tender for the work (i.e to give an estimated cost). This is the first consultation period.
 - 2.1.2. Tender stage: when Hexagon have received the tenders (estimates). This is the second consultation period.
 - 2.1.3. Award of contract stage: where the contract for the works is awarded to the successful tender.
- 2.2. A different Section 20 (S20) Notice will be provided to leaseholders at each stage. Notices will be addressed to each leaseholder. Where there is a Joint Tenant/Leaseholder, individually addressed letters will be sent to each. Where the name of the leaseholder is not known, correspondence will be addressed to ‘The Leaseholder/Tenant’.

- 2.3. If there is a relevant Registered Tenants Association (RTA) or Co-operative, Hexagon will also send the S20 Notices to these organisations.
- 2.4. Leaseholders have the right to give Hexagon their views and comments on the plans during the consultation periods. Each stage lasts for at least 30 days.
- 2.5. Hexagon must take note of any comments it receives and carefully consider the comments and suggestions about the work or the long-term agreement.
- 2.6. Where Hexagon is planning to do major work, Hexagon will hold a meeting for leaseholders before serving the S20 notice. This will give leaseholders an opportunity to hear about the work being planning and to comment on that work.

3. Pre-tender stage: Notice of Intent

- 3.1. At the pre-tender stage, Hexagon will send leaseholders a Section 20 Notice letter called a "Notice of Intent", which will contain:
 - 3.1.1. A description, in general terms, of the proposed works or service.
 - 3.1.2. Valid reasons why the works or service are necessary.
 - 3.1.3. The estimated cost.
 - 3.1.4. An invitation for leaseholder comments to be submitted in writing on either the proposed works or the estimated cost, and details of how to submit these including a deadline for submission.
 - 3.1.5. A clear date on which the consultation period for the proposed works ends.
- 3.2. At this stage, leaseholders can recommend a contractor for the works. This must be submitted in writing before the deadline set out in the Notice of Intent. There are certain conditions that contractors will have to meet to win a contract, these will be summarised in the Notice of Intent.
- 3.3. Hexagon will confirm in writing the receipt of any nomination. Where more than one contractor is nominated, Hexagon will choose the contractor who had the most nominations. If two or more contractors receive the same number of nominations, Hexagon will randomly choose just one of those contractors.
- 3.4. A Leaseholders' association can only nominate a contractor if it has a constitution that has been approved or recognised under Section 29 of the Landlord and Tenant Act 1985, and is therefore classed as a Recognised Tenants Association (RTA). If an RTA nominates a contractor, Hexagon must try to get an estimate from that contractor.

3.5. If the RTA and leaseholders nominate different contractors Hexagon must try to get an estimate from both contractors.

3.6. The consultation period will always begin at least 30 days from the date of the notice. Hexagon will allow a period of at least three extra days between posting the notice to allow leaseholders to receive it.

4. Tender Stage: Notice of Proposal

4.1. Once tenders are received, having followed the Hexagon Procurement Procedure, the relevant team (initiating, overseeing or carrying out the work) will prepare at least two proposals based on the tender submissions. Hexagon must include the tender from any contractor nominated by a leaseholders/tenant or the RTA (see section 3).

4.2. Each proposal will:

4.2.1. Describe the work or services that are to be carried out under the agreement.

4.2.2. Give the name and address of the contractor.

4.2.3. Explain any connection between the contractor and Hexagon.

4.2.4. Where possible, give an estimated cost or any other relevant costs.

4.2.5. Provide details of any arrangements for making changes to the terms of the agreement.

4.2.6. Say how long the agreement will last; and

4.2.7. Provide a summary of any comments received following the first notice (notice of intent) and the response to those comments.

4.3. Hexagon will then send a second S20 notice to leaseholders. This is known as the notice of proposal. This notice will:

4.3.1. Include copies of at least two proposals, or say where and when leaseholders can see them and/or get copies;

4.3.2. Invite leaseholders to make comments in writing on the proposals and give an address to send comments to; and

4.3.3. Give the date when the consultation period ends after a minimum period of 30-days.

5. Third stage: Award of Contract Notice

5.1. Hexagon will only need to go through this stage if the contract is awarded to a contractor who did not offer the lowest price or we did not award the contract to a contractor nominated by a leaseholders/tenants or RTA.

5.2. Generally, Hexagon will choose the lowest priced tender, but there may be occasion where this is not considered the better option. In this case, Hexagon will issue a third S20 notice, known as an 'Award of Contract' notice.

5.3. The Award of Contract notice will:

5.3.1. Give the reason for awarding the contract to that contractor; and

5.3.2. Provide a summary of any comments received from leaseholders/tenants about the second S20 notice (Notice of Proposal) and the responses to those comments. Or, where and when they can see the information and get copies.

6. Legal Framework

6.1. Landlord and Tenant Act 1985

6.2. Commonhold and Leasehold Reform Act 2002

7. Related Hexagon policies, strategies and procedures

7.1. Procurement Procedures

7.2. Code of Conduct

7.3. Fraud, Theft and Bribery Policy

7.4. Service Charge Policy

Appendix 1: Equality Impact Assessment

Part one: Initial Screening

Name of policy, service or function	Section 20 Policy
Current or Proposed	Proposed
Persons completing Initial screening	Carly Foley, NESL Elisha Steadman, Leasehold Officer Michael Gault, Head of Property Safety Rumana Khair, Stock Improvement Mgr Andy Vincent, Director of Operations Linda Bekkari, Responsive Repairs Mgr Niamh Mannion, Policy Officer Brian Bailey, Rent & Service Charge Mgr

Leaseholder Involvement

Method	Data
None	Due to the legal implications of this policy, this policy has not been submitted for Leaseholder consultation.

Screening

Protected Characteristic	Is impact positive, negative, or none			Reason
	Positive	Negative	No Impact	
Age			X	No impact identified
Disability			X	No impact identified
Sex			X	No impact identified
Gender reassignment			X	No impact identified
Race			X	No impact identified
Religion or belief			X	No impact identified
Sexual orientation			X	No impact identified
Socio-economic status	X			The Policy protects all Leaseholders and Tenants from unjustifiable expenditure on their service charges.

Literacy			X	The templates can be quite unforgiving based on the need for legal compliance. Public Meetings and consultation is included in the policy to support those with literacy needs. Additional support will be offered to individuals in line with our Vulnerable Residents and Reasonable Adjustments Policy, and our Translation and Accessible Communication Policy.
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What are the arrangements for monitoring the policy and its impact on customers?

The policy requires the responsible team to facilitate consultation meetings including product demonstrations and explanation of the need for the work/QLA