

## **Sec 20 procedure – customer version**

As a leaseholder, you pay a service charge towards the cost of services or work we carry out on the building your home is in, or the estate it is on. This is set out in your lease.

Under section 20 of the Landlord and Tenant Act 1985 (amended by section 151 of the Commonhold and Leasehold Reform Act 2002), we must consult you about the work or services we provide in certain circumstances.

### **1. When must leaseholders be consulted?**

- If Hexagon carry out one-off work which will cost any one leaseholder more than £250 (examples include repairs, redecoration, cyclical works – please see more information below on sinking funds).
- If we enter into a long-term agreement (for more than 12 months) with outside contractors for work, supplies or services which will cost any one leaseholder more than £100 a year (examples include lift servicing, grounds maintenance, building insurance).

### **2. What about money I've paid into the sinking fund?**

Sinking funds act as a savings account for a building for items of large expenditure outside of day-to-day spend. If your block has a sinking fund it will often be used to cover the cost of cyclical works. If the sinking fund is more than the cost of the work, we won't ask you to pay any more, but we'll send you a final account so that you know exactly how much of the fund is being used. We will only invoice leaseholders if the amount in the sinking fund isn't sufficient to cover the costs.

### **3. How does the process work?**

There is a process we need to follow by law which gives you opportunities to comment on the proposals and provide your feedback. It involves a series of formal notices and generally includes three stages which take place at 30-day intervals:

- **Stage 1:** We write to you with an overview of the service or work we are considering. You have a minimum of 30 days to send back any comments on what we are proposing to do and, in some cases, you can nominate a contractor.
- **Stage 2:** We write to you again and provide details of the quotes we have received from the tendering process. This allows us to estimate how much the contract is likely to cost you. You then have a further minimum of 30 days to give your feedback.
- **Stage 3:** If the chosen contractor didn't provide the lowest quote, or if they weren't nominated by a resident, we will write again to explain why we chose them. At this stage, we can begin the work and costs will be included in your subsequent service charges.

#### **4. What if I don't want the work to be carried out?**

Section 20 notices are issued for work to communal areas and therefore, as per the terms of your lease, all leaseholders have to contribute and can't be excluded.

#### **5. Can I nominate a contractor?**

You can nominate or suggest a contractor to carry out work that we don't need to give public notice for. We have to give public notice when the likely cost of a contract is above a certain value (usually over £118,000). In those instances we have to advertise on the Government's [Find a Tender website](#).

#### **6. Can work start before the consultation is finished?**

No, we will not award a contract or start any work until the consultation has finished.

#### **7. What happens if you don't consult me?**

If we don't consult you over any qualifying works, the amount we can charge is capped at £250 for one-off works and £100 for long-term contracts.

There are situations where we might not be able to consult you – mainly where emergency work needs to be carried out immediately. In those instances we can apply to the first-tier tribunal (Property Chamber) to proceed without having first consulted, although we would need to comply with any conditions the tribunal might impose.

#### **8. How do you work out my contribution?**

The way we calculate your contribution is set out in the terms of your lease. The most common way is to calculate by dividing the by the number of homes in a building. It might also be based on rateable value, floor area or percentage split.

#### **9. Where can I find out more?**

There is lots of useful information on the [Leasehold Advisory Service website](#). This is a government-funded service that provides independent advice for residential leaseholders.