

Section 20 Consultation: Major Works (MW) & Qualifying Long Term Agreements (QLTA)

Equity Housing Group has a responsibility for maintaining some common and structural parts of its buildings and communal parts of its estates.

This includes immediate common parts such as roads and parking areas. We advise you to check and familiarise yourself with your Lease agreement to understand who has obligations for repairs and maintenance to your building, block and/or estate.

Depending on the terms of your Lease, households are required to pay a proportion of the costs towards services, repairs, maintenance and (where required) pay into a sinking fund for replacement of components. In addition Leaseholders may be required to pay for improvement works where the Lease allows this.

Equity Housing Group, in accordance with its legal obligations will consult with all affected households about any proposed / planned major works or contract renewals for services paid through their Service Charge to their block and/or estate, where the cost of the work exceeds the prescribed amount.

What is Section 20 (S20) and how does the consultation process work?

This is government legislation requiring landlords to consult with its homeowners for any upcoming major works or a review of a contract due to be put in place for more than 12 months. Whenever we plan to carry out works to a block that are likely to cost an individual household more than £250 or where a contract is likely to incur costs of more than £100 per household, per annum. We are required by law to serve a formal consultation notice (Section 20 notice) that includes a description of the proposed works and the estimated contribution.

The specific consultation requirements are contained within the 2003 service charge regulations. The three relevant sections for Section 20 are: -

- Qualifying Long-Term Agreement
 - Schedule 1 – A three-stage consultation through a tender process
 - Schedule 2 - A two-stage consultation with advertisement via public notice in the Office Journal of European Union (OJEU)
- Works undertaken through an existing long-term agreement
 - Schedule 3 – A one-stage consultation with the contract being awarded to a contractor already within an existing Long-Term Agreement
- Major works



Schedule 4 (Part 1) – A two-stage consultation with works advertised via public notice in the Official Journal of European Union (OJEU)

Schedule 4 (Part 2) – A three-stage consultation through a tender process

Will I be required to pay for the works?

Yes. Where we have an obligation as part of your Lease, we are required to repair and renew the common and structural parts of your building and, where applicable, the communal parts of the estate.

If stipulated under the terms of your Lease, you are required to pay a proportion of any costs we incur in carrying out this work and in most cases this will be in the form of sinking fund contributions you will have made as part of a service charge and/or in incidences from the resale of your premises. The total costs due could also include a contribution towards the cost of any professional fees, for example for consultants, engineers and/or surveyors and an administration charge.

How does Equity Housing Group decide what work needs to be carried out?

There are several criteria that determine when major works are carried out. The main ones being;

1. When components are at the end of their life-cycle and a/or in poor condition (e.g. roofs, windows, gutters)
2. Apparatus has reached the end of their standard industry life cycle

and replacement is required to maintain safe operation (e.g. lifts, communal entrance doors)

3. Compliance; any changes in legislation such as compliance with the Fire Safety Order 2005
4. Agreed service provision, for instance; cyclical painting programme that will be stipulated in your lease or transfer document.

Can I opt out of having this work done?

It is not possible for you to simply opt out of having this work done. We have an obligation under the terms of the Lease to repair and maintain or improve the structural and common parts of the building and to keep it in good order and condition for all residents.

However, Section 20 Consultations do give you the opportunity to make observations throughout the process.



How does Equity Housing Group expect me to pay for the works if there is not sufficient money in the sinking fund?

We understand that when there is not enough money in the sinking fund to pay for major works it can be difficult for some leaseholders to pay for any additional charges. This is why in certain circumstances we can offer flexible repayment options that should allow you to settle the major works invoice.

Can I nominate a contractor to do this work?

This may be possible, however it will depend on which notice we have to serve. If you can nominate we will be clear in our communication to you. Any nomination is subject to them meeting our criteria outlined in the contractor nomination forms. Equity Housing Group must ensure that contractors comply with the Groups necessary procurement requirements.

How will Equity Housing Group ensure that work is carried out to a high standard?

Equity's Asset Management team will monitor the delivery process and will ensure that they are carried out to a good standard. If you have any issues regarding the quality of works, you should contact Equity on **0300 123 4460**. Should you have any concerns it may be helpful to explain your issue further by supplying evidence, such as

notes, dates and photographs. If Equity carry out works under an existing agreement, the contractors are monitored on criteria including customer care, customer satisfaction, cost and quality of works.

It is in the contractor's interests to ensure that work is completed on time and to the required standard to ensure the continuation of the long-term agreement. As part of the contract terms, contractors are required to remedy any defects discovered within 12 months of work completing on site at no additional cost to leaseholders (excluding any works undertaken due to negligence by any customer or visitors to the scheme).

How do I know that the way this work has been procured represents best value for leaseholders?

Tendering and evaluation processes are carried out in accordance with the Group's financial regulations and procurement procedures to ensure best value is obtained.

It should be noted that Equity Housing Group is not obliged to accept the lowest priced tender returned by contractors. Tenders are evaluated on a balance of quality and costs.



Will the work be guaranteed?

All works carried out, generally, have a standard 12 month defect liability period, during which any remedial works caused as a result of faulty materials and/or workmanship would be at the contractor's expense.

Where manufacturers offer guarantees on certain materials/components/workmanship - any remedial works required during the guarantee period will not be recharged to leaseholders.

What is the 'contingency sum' for?

A contingency sum is included to cover the cost of any unforeseen works that may come to light during the project. If no extra works are identified this sum will not be charged.

What are covered by 'preliminaries'?

Preliminaries are the contractor's costs associated with managing all works that are undertaken. They typically include site set-up (including personnel who will manage the works), welfare facilities, Health and Safety, contractor's administration costs and the cost of utility services that are used during the works, for example, water, electricity, etc.

Depending on the form of contract executed, contract documents usually require preliminaries to be itemised separately from the main works to allow

evaluation to ascertain whether these costs are a true reflection of site set up and running costs and represent value for money.

What is the administration charge for?

The administration charge is the cost Equity Housing Group incurs for monitoring and overseeing the project in its entirety, carrying out statutory consultations, arranging meetings, monitoring the works, scrutinising the tenders, analysing and setting up on our systems any nominated contractors, responding to observations, calculating invoices, collecting any works charges from leaseholders and setting up any agreements. The cost of administering major works projects is not covered by your annual management charge.

What is the professional fee for?

The professional fee covers the provision of construction, technical and professional experts that may be required to manage and control the contractors and suppliers engaged to deliver a particular project. This will include Project Managers, Contract Administrators, Cost Managers, Clerks of Works, Planning Supervisors, and other professional support required for specialist works such as electrical and mechanical installations, structural engineers or any specialist architectural or surveying inputs.



How can I find out more or make observations?

Please read the notice carefully as you may wish to comment. Observations must be made in writing within 30 days of the date on the notice using the contact details provided.

How can I find out more about my rights as a Leaseholder?

This notice is being served under the provisions of the Commonhold & Leasehold Reform Act 2002.

Further information may be obtained by contacting the following independent organisation which provides free advice: Leasehold Advisory Service (LEASE);

Email: info@lease-advice.org;

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

