



City of Westminster

MAJOR WORKS SERVICE CHARGES EXPLAINED



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GENERAL INFORMATION

Our managing agent will issue a section 20 notice for any proposed works before an estimated bill is issued. This estimated major works charge will be based on the service provider's finalised full estimated cost for the works and will therefore be in line with your section 20 consultation notice.

Once the works have been completed on site and after the defects periods has ended, we will issue a credit note, if there is a contingency. The defect periods are usually 12 months.

If you have been affected by COVID-19 and you have any concerns about your major works service charge invoice and how to make payment, please do not hesitate to contact Corporate Property directly where our staff will be able to discuss the payment options available to you:

Telephone: **020 7641 1502**

Email: huguenothouse@westminster.gov.uk



MAJOR WORKS SERVICE CHARGES EXPLAINED

What are Major works?

Major works projects are 'large scale' repairs such as window or roof replacements, fire safety works and communal decorations. Under the terms of the Lease, the landlord is responsible for these works and to maintain the common parts and fabric of the building.

Major works projects need a considerable amount of organising before they start. This document sets out what to expect at each stage of a major works project, including our commitments and how you can get involved.



SECTION 20 CONSULTATION

What is Section 20 consultation?

The Landlord and Tenant Act 1985 states that a Section 20 consultation must be carried out if any one leaseholder's contribution to the work is estimated to exceed £250.

As part of consultation, you will receive the following Notices:

1. Notice of Intention;
2. Statement of Estimates;
3. Notice of Award.

A summary of each process is as follows:

Stage 1 – Notice of Intention.

We will serve the first Section 20 Notice – the Notice of Intention. This is a notice which sets out a brief description of proposed works and why they need doing. It invites you to share your observations, recommendations and nominate a contractor. If lessees nominate more than one contractor then the contractor with most nominations will be treated as the lessees' nominated contractor.

You will have 30 days from the date of the notice to respond to the first notice (we will add 3 working days to the consultation to allow for postage). Once the first stage of consultation ends, we will summarise the observations and start producing the Specification of Works. You are invited to inspect the Specification of Works once it is finalised.

Once the Specification of Works is completed, it will be sent to two or more contractors for tender. It will also be sent to nominated contractors.

Please note that nominated contractors must be able to satisfy our standard quality requirements including public liability insurance to a minimum of £ 5,000,000.00 a current valid CIS registration (registration with HMRC under their Construction Industry Scheme) and financial & performance references.



Stage 2 – Statement of Estimates.

We will serve the second Section 20 Notice – the Notice of Estimates. This is a notice which lists tender returns from contractors. It includes details of the contractors, the cost of works, contingency, consultants' fees and VAT. You are invited to inspect the tender returns and to share your comments.

You will have 30 days from the date of the notice to share your observations (we will add 3 working days to the consultation to allow for postage).

Stage 3 – Notice of Award.

If the contract was awarded to the lowest tenderer or the contractor nominated by the leaseholders or a recognised leaseholders' association, then we do not have to serve the final notice but we may send it to confirm the successful contractor.

If the contract was not awarded to the lowest tenderer or a contractor that was nominated by the leaseholder, then you will receive the third notice.

The third notice will set out the reasons why another contractor was nominated to do the work. The reasons might be such as - quicker lead-in time, good recommendations, etc.

What is an observation?

The law says that you have a right to respond to a Section 20 notice in writing up to 30 calendar days from the date of the notice. Your reply is known as an 'observation'.

We will summarise observations received during consultation and reply to your observations at the end of consultation by listing them on the next consultation notice.

How do I make an observation?

All Section 20 Observations must be made in writing. Please ensure you are quoting the property name in the subject line. We cannot accept observations by telephone.



How are charges for major works billed?

Once the Section 20 consultation is finalised and the total cost of the project is confirmed, we will apportion the cost of the project between the leaseholders based on their lease apportionment.

Once the works have been completed and after the defects periods has ended, we will issue a credit note, if there is a contingency.



PAYMENT OPTIONS

Please talk to us

If you think you will find it difficult to pay your major works bill. The team is here to help and we can go through payment plans with you. It's important that you contact us as soon as possible to set up an agreement. Any delays may in some cases result in debt recovery action being taken and this may limit the help we can offer you.

Paying in instalments

If we send you an estimated bill for Major Works for more than £200 you can choose to pay in instalments. There are a number of instalment options, depending on how much you need to pay:

INVOICE AMOUNT	PAYMENT OPTIONS AVAILABLE
£200 – £2000	If the bill is under £2,000 you can spread your payments over a year in 12 equal monthly payments No interest or administration fee will be payable
£2000 AND ABOVE	If you receive a bill for more than £2,000 you can spread payments over two years in 24 equal monthly payments No interest or administration fee will be payable
£5000 AND ABOVE	If you receive a bill for more than £5,000 you may be able to spread payments up to five years To be eligible you must live in your property as your main home and not own any other property Years one and two no interest will be charged Years three, four and five interest will be charged at one per cent above the Bank of England base rate An administration fee will be payable at the beginning of the scheme.



BORROWING MONEY TO PAY YOUR BILL

If you need to borrow money to pay your bill, there are a number of options available:

Applying for a private loan

A loan from your mortgage lender will probably be the cheapest way to borrow money to pay for bill. You will usually be able to borrow money from your existing mortgage lender as a further mortgage or home loan. Any money that you borrow in this way will be secured against the value of your property.

To apply you should contact your mortgage lender and let them have a copy of your outstanding bill.

Getting a secured loan

If you have a large bill (for example more than £2,000) and you do not have a mortgage, you may wish to contact a lender to arrange a secured home loan.

The interest rate on secured home loans is lower than it is for unsecured loans. Please note your home is at risk if you fail to keep up repayments on a secured home loan.

We can provide you with details of banks and building societies that have granted mortgages recently on properties close to your home.

Getting an unsecured loan

A loan which is not secured against your property will charge a higher rate of interest than a secured home loan.

However, this type of loan may be more appropriate to pay for bills under £2,000 as you are not normally charged the legal and administration costs.

Getting a loan from the council

If you bought from the council and are in the first 10 years of your lease, have a low income and are unable to obtain a mortgage or loan privately, you may be entitled to a loan from the council. However, the Government requires us to charge a relatively high interest rate, so this should *not* be your first choice. You will also need to pay the administration costs involved.



SUMMARY OF TENANTS' RIGHTS AND OBLIGATIONS

1. *This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.*
2. *Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.*
3. *You have the right to ask the First-tier Tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine-*
 - *who should pay the service charge and who it should be paid to;*
 - *the amount;*
 - *the date it should be paid by; and*
 - *how it should be paid.*

However, you do not have these rights where-

 - *a matter has been agreed or admitted by you;*
 - *a matter has already been, or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose; or*
 - *a matter has been decided by a court.*
4. *If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.*
5. *Where you seek a determination from the First-tier Tribunal, you will have to pay an application fee and, where the matter proceeds to an oral hearing, a hearing fee, unless you qualify for fee remission or exemption.. Making such an application may incur additional costs, such as professional fees, which you may have to pay.*
6. *The First-tier Tribunal and the Upper Tribunal (in determining an appeal against a decision of the First-tier Tribunal) have the power to award costs in accordance with Section 29 of the Tribunals, Courts and Enforcement Act 2007.*



SUMMARY OF TENANTS' RIGHTS AND OBLIGATIONS

7. *If your landlord –*

- *proposes works on a building or any other premises that will cost you or any other tenant more than £250, or*
- *proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period.*

Your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or the First-tier Tribunal has agreed that consultation is not required.

8. *You have the right to apply to the First-tier Tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.*

9. *You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must-*

- *cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or*
- *cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods.*

The summary must be given to you within 1 month of your request or 6 months of the end of the period to which the summary relates whichever is the later.

10. *You have the right, within 6 months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.*

11. *You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.*

12. *Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.*



IMPORTANT CONTACT DETAILS

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Aston Rose, Managing Agents	<p>In the first instance if you have any queries about your property, please contact Aston Rose.</p> <p>Telephone: 020 7629 1533</p> <p>Email: PropertyManagement@astonrose.co.uk</p> <p>Postal address: 4 Tenterden Street London W1S 1TE www.astonrose.co.uk</p>
Corporate Property team	<p>The Corporate Property team can be contacted using the contact details below.</p> <p>Telephone: 020 7641 1502</p> <p>Email: huguenothouse@westminster.gov.uk</p>
Compliments, comments or complaints	<p>If you have any comments or complaints about our service, please contact Westminster City Council's Complaints Team</p> <p>W: www.westminster.gov.uk/complaints</p>
OTHER USEFUL CONTACTS	
The Leasehold Advisory Service	W: https://www.lease-advice.org/
Gas leaks	Phone: 0800 111 999
Thames Water	Customer services: 0844 448 8694 24 hour emergency phone: 0845 9200 800
Pest control	Phone: 0800 358 0514
London Fire Brigade	Non-Emergency Switchboard: 020 8555 1200
Citizens Advice Westminster	T: 0300 330 1191 W: www.westminstercab.org.uk
National Debtline	T: 0808 808 4000 W: www.nationaldebtline.org