

# Section 20 consultation

## What this guide is about

This guide explains how we will consult you if we plan to carry out qualifying works funded by your service charge.

## Who is this guide for

This guide is for leaseholders.

## Bitesize summary

- As a leaseholder, you have the right to be consulted if we want to carry out any qualifying works funded by your service charge
- The requirements for this consultation are set out in Section 20 of the Landlord and Tenant Act 1985 (amended by section 151 of the Commonhold and Leasehold Reform Act 2002)
- A Section 20 consultation can take between 1 to 3 months to complete and will include information about what we plan to do and how much it is estimated to cost. It will give you the opportunity to take part in the consultation process and comment on what is being planned
- We will monitor the delivery of any qualifying works and make sure that it is carried out to a good standard.

## Section 20

Section 20 (S20) is a clause in the Landlord and Tenant Act 1985 intended to protect leaseholders from unnecessarily paying large sums for work to their building or estate. It also covers qualifying long-term agreements (QLTA) that a landlord may enter into for certain services.

Section 20 notices are intended to be served on:

- Leaseholders named on the lease agreements
- Secretaries of Recognised Residents' Associations

Sharing the cost of repairs, maintenance and improvements to the common areas of your building and estate is one of the extra expenses that come with owning your own home as a leaseholder.

- If we estimate that any one leaseholder's share of a programme of works will be more than £250, or £100 per year in the case of a QLTA, we are legally required to consult with all leaseholders affected
- Works that require consultation are referred to as 'qualifying works'

- The costs we charge to leaseholders for major works are in addition to your annual service charge. Costs applied under QTLAs (e.g. window cleaning) are usually included with your annual service charge.

## **Qualifying works**

Qualifying works can include planned maintenance, repair, improvement of the exterior and interior communal areas, and structure of the building.

The areas we are required to maintain are prescribed within your lease under 'Landlord Covenants'.

- Some examples of qualifying works are repairing or replacing the roof, window frames, soffits, fascias, external guttering and downpipes; maintaining exterior brickwork; decorating communal areas; and any works required to satisfy current health and safety compliance regulations
- This is not an exhaustive list; however, you should refer to your lease for further information about your site
- Qualifying works do not include maintenance and repair to your flat's interior parts or any areas you are required to maintain.

Your lease should have a definition of what is included within your

premises and what is, therefore, your responsibility. This is usually referred to as 'Lessee Covenants'.

- If your lease allows, Progress Housing Group may set up a reserve/sinking fund to which leaseholders contribute to in the annual service charge. This can help spread the cost of planned works over a longer period of time and eliminate or reduce the amount of additional costs to be invoiced once works have been completed.

## **Section 20 consultation**

A Section 20 consultation can take up to 3 months to complete. However, it is legally required and intended to protect leaseholders from paying unnecessarily large sums for work carried out to their building or estate.

Where qualifying work is required and QTLA is not in place, the consultation is divided into 3 stages:

### **Stage 1: the Notice of Intention**

We are required to send a notice to leaseholders setting out what works/QTLAs are proposed and the reasons why they are required. This notice gives leaseholders 30 days to make any observations regarding the intended works/QTLAs and nominate suitable contractors to provide estimates.

## **Stage 2: the Statement of Estimates**

We are required to obtain estimates (leaseholders may nominate a contractor if they wish) for the intended works/QLTAs. Once we have received the estimates, we will give you details and the estimated costs, how and where to inspect these estimates, and if we intend to proceed with the lowest one. This notice also gives leaseholders 30 days to make any observations about the estimates received.

If your lease permits, we will collect interest-bearing funds for permitted future repairs or replacements within your service charge payments. This is called a sinking fund/reserve fund. If your building has a sinking fund or reserve fund, we will let you know how we intend to use the funds. The amount collected may not always cover the full cost of the work, and you may be required to pay a top-up; if this is the case, you will be notified of this at the time. This is stage 2 of the consultation, also known as the Tender Stage.

## **Stage 3: the Notice of Reasons**

If we decide not to proceed with the lowest estimate received or a leaseholder nomination, we must send a notice to leaseholders once the contract has been awarded. This notice must explain our reasons for awarding this.

## **Qualifying work under a long-term agreement**

Where qualifying work is required and is covered under a QLTA there is one stage of consultation. It is not necessary to obtain estimates as the agreement for the contractor is already in place. We are required to send a notice setting out what works are proposed and will give leaseholders 30 days to make any observations.

## **Qualifying long-term agreements**

A qualifying long-term agreement (QLTA) is an agreement entered into by us with a wholly independent organisation or contractor for a period of more than 12 months.

If any one leaseholder is required to contribute over £100 under such an agreement in a financial year, we are required to carry out a consultation with leaseholders under Section 20 of the Landlord and Tenant Act 1985.

## **Examples of potentially qualifying long-term agreements are:**

- General building agreements (lifts, door entry systems, waste management or reactive/cyclical maintenance contracts)
- Communal cleaning and gardening services
- Buildings insurance

- Utility contracts
- Management agency agreements.

The consultation has 3 stages and is conducted in the same way as a 'major works' Section 20 consultation.

### Intention to carry out works

The adjacent flow chart is an example of the two Section 20 procedures. Please note this process will be different where the value of the works or services exceed procurement rule limits and 'public notice is required'.

For further advice, please see the lease website

[www.lease-advice.org](http://www.lease-advice.org)

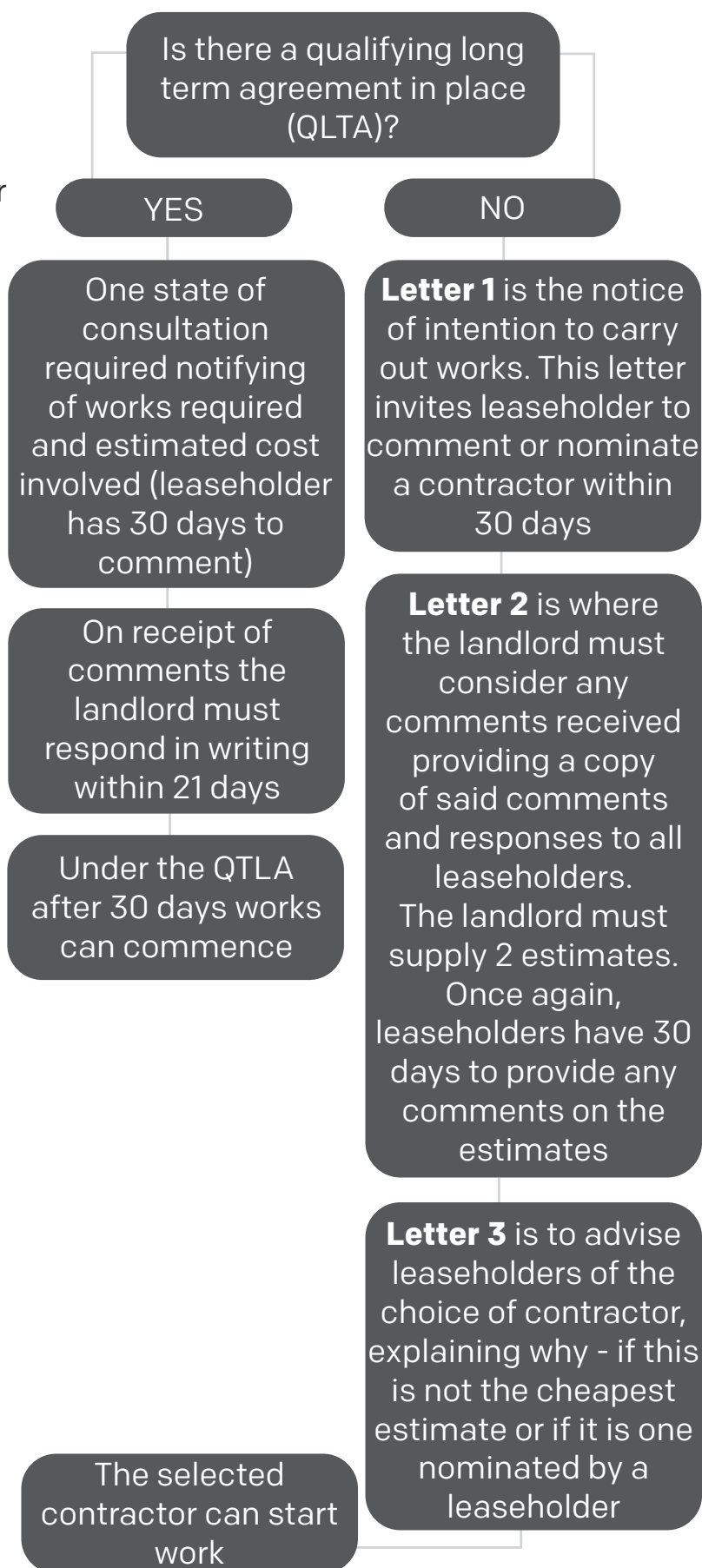
### Quality of major works

Our Asset Management Team will monitor the delivery of any programme of works and ensure that it is carried out to a good standard.

If you have any issues regarding the quality of work, you should contact us on **0333 320 4555** or email

[enquiries@progressgroup.org.uk](mailto:enquiries@progressgroup.org.uk)

Should you have any concerns, it may be helpful to explain your issue further by supplying evidence, such as notes, dates and photographs.



If we carry out works under an existing long-term agreement, the contractors are monitored on criteria specified within this agreement, such as customer care, customer satisfaction, cost and quality of work. 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.

Once our Asset Management Team has completed and signed off on a programme of work, each leaseholder will receive an invoice for their required contribution. The invoice has 30-day payment terms.

## **Payment for invoices**

When charging for major works, invoices are usually required to be paid within 30 days.

We may offer a range of payment options to leaseholders, depending on their circumstances.

We offer the following payment options:

- Once the Section 20 consultation has commenced, you have the option to start paying straightaway on account

- Once the works have been completed, usually we will take the cost of the works from your reserve fund. If there are insufficient monies held in your reserve fund to cover the cost, the difference will be invoiced to you on a separate basis.

Where the accumulative cost liable by a leaseholder for any major works programme exceeds £10,000 in any 5-year period, under the social landlords reduction of service charges: mandatory and discretionary directions 2014, we must reduce your bill to £10,000 if the works have been full or part-funded by specific government initiatives. This mandatory reduction will be made automatically if it applies to the works carried out. There is no need to apply for this.

The Department of Work and Pensions (DWP) may offer help to people in certain circumstances.

For further information, we recommend you visit the DWP website/[www.gov.uk/leasehold-property/service-charges-and-other-expenses](http://www.gov.uk/leasehold-property/service-charges-and-other-expenses) or The Leasehold Advisory Service webpage, [www.lease-advice.org](http://www.lease-advice.org)

## **Resolving disputes**

We seek to consult and agree with residents at all stages of the process. We also seek to minimise the cost impact by billing after the work is completed and offer payment options to leaseholders. We will always look to resolve issues amicably.

If you are not happy with how we have conducted a Section 20 consultation, the quality of work or the costs applied, in the first instance, you should contact the Property Services Team in writing to inform us of the dispute. We will endeavour, where possible, to resolve the matter via our internal complaints procedure.

In all instances, we are obliged to provide the following to leaseholders upon request:

- A copy of our internal complaints procedure
- A breakdown of costs with an explanation of the invoice
- A breakdown of estimates received and specifications of works/services
- Face-to-face meetings with groups and individual leaseholders to discuss issues at a mutually convenient date, time and location
- A joint inspection of works with leaseholder(s) and landlord's surveyor/asset management representative.

If a resolution cannot be found, you have the right to escalate your dispute to the First-tier Tribunal (Property Chamber). The First-tier Tribunal is part of the court system of the United Kingdom, and deals with settling disputes in relation to leasehold property and the private

rented sector. Further information can be found at [www.gov.uk/courts-tribunals/first-tier-tribunal-property-chamber](http://www.gov.uk/courts-tribunals/first-tier-tribunal-property-chamber)

## **Additional information**

Here you will find additional information regarding works to your home or estate.

## **Opting out**

You cannot opt-out. Any works being carried out by your landlord is their responsibility and is classed as communal. It is, therefore, not possible for any one resident to be excluded from the works.

## **Sinking fund/reserve fund**

If your lease permits, we will collect interest-bearing funds for permitted future repairs or replacements within your service charge payments. This is called a sinking fund/reserve fund.

The amount collected may not always cover the full cost of the works, and you may be required to pay a top-up, if this is the case, you will be notified of what this is at the time.

## **Selling your home prior to the works being completed or billed**

As part of the standard pre-assignment process, the solicitor of the prospective buyer would usually contact the seller's solicitor, asking for certain information regarding the property. This would include whether there were any known works planned. Assuming the sale is

completed prior to billing, the new homeowner would be responsible for settling any outstanding charges. A retention fee may be set aside between the two sets of solicitors to cover this amount. However, this is not a matter for us, and we will expect any amounts to be settled by the owner at the time.

### **Legal aspects of the consultation process**

There is a useful guide to the Section 20 consultation process on the website of The Leasehold Advisory Service at [www.lease-advice.org](http://www.lease-advice.org). The legal requirements are set out in the Landlord and Tenant Act 1985, Section 20, as amended by the Commonhold and Leasehold Reform Act 2002. The detailed processes we have to follow are set out in the Service Charges (Consultation Requirements) (England) Regulations 2003 (Statutory Instrument number 1987, 2003).

**Please contact us if you have any questions which are not answered here.**

### **You may also be interested in**

Progress Housing Group  
Leaseholder Handbook

## Get in touch

The quickest way to get in touch is online at [www.progressgroup.org.uk](http://www.progressgroup.org.uk) by:

- logging into your online tenant account
- emailing us
- live chat – available Monday to Friday, 8am to 5pm.

You can also:

- call us on 0333 320 4555
- visit or write to us - Sumner House, 21 King Street, Leyland, Lancashire, PR25 2LW.

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## Report or track a repair or check your rent balance

You can pay your rent, check your rent balance and report or track a non-emergency repair online 24/7.

Log in or sign up for your online tenant account at [www.progressgroup.org.uk](http://www.progressgroup.org.uk)

## Complaints and compliments

Your feedback is very important to us and helps us to improve our services. If you want to tell us that we have been doing something well or are unhappy about something, please tell us using the contact details on the left.

Our Complaints, Feedback and Redress Policy and process follow the standards set out in the Housing Ombudsman's Complaint Handling Code. You can read more on our website or let us know if you would like a leaflet.

## Information in another format or language

This leaflet is available in the following formats:

- Easy Read or pictorial
- Large print
- Audio
- Captioned video
- Braille
- High contrast
- Other languages.

More information is available at [www.progressgroup.org.uk/access](http://www.progressgroup.org.uk/access)