



City of Westminster

# MAJOR WORKS SERVICE CHARGES EXPLAINED





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## GENERAL INFORMATION

We will issue a section 20 notice for any proposed works before an estimated bill is issued. If there is a scheme planned in the Council's annual major works programme to your block (or estate), an estimated major works invoice will be issued with your estimated service charge account in April. 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 the final account for the actual expenditure on the whole contract. Defect periods are usually for a period of 12 months.

If you have any concerns about your major works service charge invoice and how to make payment, please do not hesitate to contact Leasehold Operations directly where our staff will be able to discuss the payment options available to you:

Telephone: 0800 358 3783

Email: [housing.enquiries@westminster.gov.uk](mailto:housing.enquiries@westminster.gov.uk)



## MAJOR WORKS SERVICE CHARGES EXPLAINED

### **What are major works service charges?**

Major works service charges are for necessary repairs, renewals, and in some cases, improvements which we can't do under the normal day-to-day repairs arrangement due to the amount of work involved.

We will write to you before going ahead with any work to tell you what we are planning and how much you are likely to be charged. We will also give you an opportunity to comment and ask questions.

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

Major works projects need a considerable amount of organising before they start. This document explains what major works are, the consultation involved, how your charges are calculated and the payment options that we offer you.

Please note that the process described here, primarily relates to larger traditional major works projects delivered by our major works term contractors. It also relates mainly to projects covering blocks of properties on estates.

The process may differ for individual street properties or smaller projects delivered by one of our other contractors such as fire safety works or emergency lighting upgrades. This is because they may differ in size in terms of budget, number of properties or timescales, or the work may need to be done urgently.

### **Who carries out major works?**

At the start of 2018, Westminster City Council entered into a ten-year partnering contract with two major works contractors. Axis Europe & United Living. United Living will deliver all major works projects in the south and central areas of the borough. In total we work with six long term contractors.



## MAJOR WORKS SERVICE CHARGES EXPLAINED

### How are charges for major works billed?

Before any major works contracts are started, we will issue a section 20 notice (Please see page 4 for details on section 20 consultation).

In April of each year, we will issue you the estimated costs for both service charge and major works (If applicable). Major works estimates are based upon the contract cost identified in the specification of the works. Under the terms of the lease you are required to pay on estimated invoice, this means payment will be due in April. Payment options are available for major works (please see page 6).

When the contract has completed and the defect liability period has ended, the final account is prepared by the contract manager. The final account details the works that was agreed on site and the amount that has been paid to the contractor to carry out the work. We will use the final account to revise the estimated cost that was billed to you to reflect what was actually spent on your block and (or) estate. Once the final account is complete, we will issue the adjustment and breakdown in the following October, along with your actualised service charge bill.

If your estimated charge for a contract was too low, you will receive a demand asking you to pay the additional amount. If you have an ongoing payment plan, this additional amount will be added to your remaining balance and your monthly instalments will be adjusted accordingly. If you had already finished paying off the estimate for this contract, then you will need to set up a new payment agreement for the additional amount. Our payment options on page 6 apply to this.

If your estimated service charge was too high, we will advise you of the credit to be put on your major works account. If there is a credit balance on your account, you can ask for this to be refunded to you. Alternatively, you can ask for the credit balance to remain on your account or be transferred to your service charge account and be applied to the next demand issued.



## SECTION 20 CONSULTATION

### What is Section 20 consultation?

Landlords, including councils, are legally required to consult with leaseholders before carrying out major works. This means that leaseholders are entitled to further consultation, often called a “Section 20” consultation because it was introduced by Section 20 of the Landlord and Tenant Act 1985.

### What does the Section 20 letter include?

A section 20 notice includes the following:

- A description of the works
- The name of the contractor
- An estimate of the proposed works
- An estimate of your contribution to the proposed works
- Notice period of 35 days to send us back your observations on the proposals.

### What is an observation?

The law states you have a right to respond to a Section 20 notice up to 30 calendar days from the date of the notice, however, Westminster City Council will give you up to 35 days from date of the section 20 notice. Your reply is known as an ‘observation’.

Westminster City Council must reply to any observations we receive within 21 calendar days. We must consider any comments or concerns you raise before going any further with the proposed works.

### How do I make an observation?

All Section 20 Observations must be made in writing to:

**Email:** [S20observations@westminster.gov.uk](mailto:S20observations@westminster.gov.uk)

**Post:** Leasehold Operations, 137 Lupus Street, London, SW1V 3HE.



Please ensure you are quoting the contract number and S20 observation in the subject line.  
We cannot accept observations by telephone.

## HOW ARE THE CHARGES CALCULATED?

The method for how we calculate your service charges is set out in your lease or transfer document. Subject to a clause in your lease, Westminster City Council may calculate your service charges based on *'a fair and reasonable proportion (as determined by the Lessor)'*.

Depending on the work or service provided, the cost is shared across the building or estate (if applicable) based on the number of bedspaces in your property compared to the number of bed spaces in your block and/or estate. Usually, the larger the property, the higher the bed spaces and, in turn, the amount charged.

Please note that some leases may contain clauses that effect your major works charges. For example, your lease may state that you are not liable to pay for any improvement works to your block/estate.

It is possible for properties that seem very similar to have different numbers of bed spaces and if different works or services are provided, then the service charge is different.

For example, if your property has 6 bedspaces, your apportionments would be as follows:

Location of Bedspaces	Number of Bedspaces	Calculation	Your Proportion
Your block	200	$6 \div 200$	3%
Your estate	600	$6 \div 600$	1%



## PAYMENT OPTIONS

To provide support to our leaseholders we offer the following payment options for our major works service charges;

INVOICE AMOUNT	PAYMENT OPTIONS AVAILABLE
Up to £2,000	If the bill is under £2,000 you can spread your payments over a year in 12 equal monthly payments. No interest is charged.
£2,000 AND ABOVE	If you receive a bill for more than £2,000 you can spread payments over two years in 24 equal monthly payments. You must complete an extended payment instalment form. No interest is charged.
£2,000 AND ABOVE (RESIDENT LEASEHOLDERS):	If you receive a bill for more than £2,000 you can spread payments over five years in 60 <b>equal monthly payments</b> . This option will not be made available where the property is sublet, owned by a company or owned by a housing association. You must complete an extended payment instalment form. No interest is charged.
£20,000 and above (Resident Leaseholders only)	If you receive a bill for more than £20,000 you can spread payments over ten years in 120 equal monthly payments. No interest is charged for months 1-60. Interest is charged on the balance remaining at month 60 at 1.5% above the Bank of England Base rate for months 61-120. This option will not be made available where the property is sublet, owned by a company, or owned by a housing association. You must complete an extended payment instalment form.
£20,000 and above	If you receive a bill for more than £20,000, Westminster City Council is now offering a Discretionary Service Charge loan, available to all leaseholders who are unable to secure borrowing from their mortgage company or a personal loan. The service charge loan will be secured by a way of a legal charge on the property for a maximum of 25 years. Interest will be charged at a variable rate of 1.5% above the Bank of England base rate and will be reviewed annually. You will also need to pay the administration costs involved. Westminster City Council is only a lender of the last resort.

If you have any questions about your major works service charge invoice and how to make payment, please do not hesitate to contact Leasehold Operations directly where our staff will be able to discuss the payment options available to you. Our friendly team are waiting for your call.

Telephone: 0800 358 3783

Email: [housing.enquiries@westminster.gov.uk](mailto:housing.enquiries@westminster.gov.uk)



## 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

<p>Westminster City Council Housing</p>	<p>In the first instance if you have any queries about your property or lease, contact us on:  <b>Telephone: 0800 358 3783</b>  <b>Email: <a href="mailto:housing.enquiries@westminster.gov.uk">housing.enquiries@westminster.gov.uk</a></b>  <b>Website: <a href="https://www.westminster.gov.uk/housing/leaseholders">https://www.westminster.gov.uk/housing/leaseholders</a></b></p>
<p>Leasehold Operations Team</p>	<p>The <b>Leasehold Operations team</b> can be contacted using the above-mentioned contact details. Alternatively, you can write to the team at the following address:  <b>Leasehold Operations</b>  <b>South Area Service Centre</b>  <b>137 Lupus Street, London, SW1V 3HE</b></p>
<p>Compliments, Comments, or Complaints</p>	<p>If you have any comments or complaints about our service, please contact Westminster City Council’s Complaints Team  <b>W: <a href="http://www.westminster.gov.uk/complaints">www.westminster.gov.uk/complaints</a></b></p>
<p>Cost of Living Support Hub</p>	<p>For information on the different types of support available, take a look at our cost of living support hub below.  <b>W: <a href="https://www.westminster.gov.uk/housing/help-and-support-rising-energy-costs">https://www.westminster.gov.uk/housing/help-and-support-rising-energy-costs</a></b></p>
<p>MyWestminster Online Portals</p>	<p>Westminster tenants and leaseholders can request repairs and view the status of their requests, report antisocial behaviour, make payments and update personal details.  <b>W: <a href="https://www.westminster.gov.uk/portals">https://www.westminster.gov.uk/portals</a></b></p>
<p>The Leasehold Advisory Service</p>	<p><b>W: <a href="https://www.lease-advice.org/">https://www.lease-advice.org/</a></b>  <b>T: 020 7832 2500</b></p>
<p>First-tier Tribunal (Property Chamber)</p>	<p><b>W: <a href="https://www.gov.uk/courts-tribunals/first-tier-tribunal-property-chamber">https://www.gov.uk/courts-tribunals/first-tier-tribunal-property-chamber</a></b></p>
<p>Gas leaks</p>	<p><b>T: 0800 111 999</b></p>
<p>Thames Water</p>	<p><b>Customer services: 0844 448 8694</b>  <b>24 hour emergency phone: 0845 9200 800</b></p>
<p>Citizens Advice Westminster</p>	<p><b>T: 0808 278 7834</b>  <b>W: <a href="http://www.westminstercab.org.uk">www.westminstercab.org.uk</a></b></p>
<p>National Debtline</p>	<p><b>T: 0808 808 4000</b>  <b>W: <a href="http://www.nationaldebtline.org">www.nationaldebtline.org</a></b></p>