

# Leaseholder offer and Section 20 consultation explained



## What leaseholders will receive?



Landlords have a legal duty to consult with leaseholders on rechargeable works taking place to their block or home when the costs are above £250.

The consultation process is called a Section 20 consultation, under the Landlord and Tenant Act. There are two stages to the process - a notice of intention and a notice of proposal. The landlord will notify the leaseholder of its intention to carry out works and their nature. Once the landlord finalises their plans, they will notify the leaseholder of the proposed work including estimated costs, the contractor, and the estimated recharge to the leaseholder.

Some of the works planned for Lancaster West will be above this £250 threshold. The works have been divided into a series of packages. You will receive a Section 20 consultation notice from RBKC for each category of work (each consisting of one or more packages): the refurbishment works, and the heat network.

Leaseholder recharges are calculated using a standard formula based on the size of the property and the block the property relates to. RBKC will also consider whether the leaseholder is a resident or non-resident, any government grant received and grant conditions as well as applying discounts committed to following the Grenfell Tower Tragedy and government policy such as 'Florrie's Law' when calculating a recharge.

## Rules impacting calculation of charge

Rule	Charge to leaseholder
Works package funded by SHDF Demonstrator (Government decarbonisation funding)	<b>£0 for that package of works</b>
Works package funded by SHDF Wave 1 (Government funding)	<b>Capped at £3,300 for that package of works</b>
Leaseholder <b>not</b> living in the property as their only or principal home at the time of the Grenfell Tower Tragedy or invoice	<b>Full Charge (after SHDF caps) in accordance with the lease</b>
Leaseholder or Shared Owner potentially charged more than £15k in a five year period living in the property as their only or principal home at the time of invoice	<b>No charge above £15k in a five year period if work is carried out to your building using central government funding</b>
Leaseholder or Shared Owner living in the property as their only or principal home at the time of the Grenfell Tower Tragedy, and at the time of invoice	<b>Reduce charge by 54.4% - this figure of discount is based on an illustrative figure in 2019, the figure applied may vary</b>

# Ensuring that charges are affordable

## Payment options summary

The information below summarises the current payment options available to leaseholders to help them pay for invoices raised in respect of major works carried out on their properties. We will only invoice you once the work has been completed.

### Resident Leaseholders

(If the property to which the major works invoice relates is your only or principal home)

- You are able to pay your invoice **interest free over 5 years**.
- If the value of the invoice is £10,000 or more, **you can spread your payments over a period of ten years**. You will only pay interest\* from years 6-10.
- **The minimum monthly payment amount is £50**.
- **The Council has capped the maximum monthly payment it will ask you to pay for major works invoices at £500**. This effectively means the repayment period for higher value invoices will be longer than the 10 and 20-year terms.

### Non-Resident Leaseholders

(if you do not live in the property to which the major works invoice relates)

- Payments for major works invoices for less than £40,000 can be spread over two years, interest free.

*\* Where applicable, interest will be charged at the Bank of England base rate plus one per cent. This charge will be reviewed annually.*

### The following conditions apply to both Resident and Non-resident Leaseholders

- If you pay your invoice in full within 12 weeks of the invoice date, you will be **entitled to a 5 per cent 'prompt payment' discount**.
- Please note council policy requires that you agree to a voluntary charge on your property if your invoice is £15,000 or more and you take up a payment plan option. The charging order will not apply if your invoice is paid in full. Please note there is an arrangement fee of £240. This figure will be reviewed annually. When the invoice has been fully paid, you will need to pay the same fee to remove the charging order.
- We have a flexible approach to overpayments, so if you're able to, you can pay lump sums towards your invoice in addition to your monthly payments without penalty whenever you wish.
- All monthly payments must be made by Direct Debit.

### How will I be invoiced?

We will consult you before any work is carried out and tell you how much we estimate you will be asked to contribute towards the work. This estimate is based on the tender we select from the options submitted. We will only invoice you once the work has been completed. To ensure the final invoice is in line with what you were expecting, based on the estimated costs, we will not issue a final account invoice that is more than 20 per cent greater than the estimate provided when we consulted you on the works

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