	Section 20 Consultation Policy
Policy statement	The aim of a Section 20 consultation is to ensure that leaseholders, shared owners and any other variable service charge paying customers are informed and have the opportunity to be involved in decisions about major works or any long-term qualifying agreements entered into that will result in substantial financial charges and is designed to protect them from unfair or unexpected costs. This policy sets out the legal, regulatory, and operational management framework for Section 20 Consultations. The framework ensures that customers are consulted and listened to before any major expenditure is carried out or agreements entered into.
Objective	• To ensure Section 20 consultation legal and regulatory requirements are complied with. • To ensure customers are given an opportunity to express their views throughout the Section 20 consultation process. • To ensure consistent, transparent and fair approaches to service charge expenditure. • To maximise the lawful recovery of service charges.
Scope	This policy applies to Leaseholders, Shared Owners, Social Rented Tenancies and any variable service charge paying customer of Paradigm Housing Group. This policy does not apply to customers with a fixed service charge or where a customer is not required to pay a service charge.
Policy	**Legislation** Paradigm will comply with all the relevant legislative and regulatory requirements in relation to Section 20 consultations. This includes:

	• The Commonhold & Leasehold Reform Act 2002, Section 151 which sets out the requirements for statutory consultation. • The Service Charges (Consultation Requirements) (England) Regulations 2003 ("the 2003 service charge regulations"). • The Landlord and Tenant Act 1985 Section 20 (as amended). **Consultation** Paradigm will follow the prescribed Section 20 consultation process: • When the cost of the work will exceed £250 for any one leaseholder, shared owner or contributing customer (known as Major Works). • When we enter into an agreement for works or services that lasts more than 12 months and where the cost for any leaseholder, shared owner or contributing customer exceeds £100 (known as Qualifying Long-Term Agreement or QLTA). • Where any long-term agreement includes provision for carrying out works to the property and this will result in any one customer paying more than £100. The consultation will either include: 1. A Notice of Intention – this will describe the proposed works or services and will give reasons for the work. 2. A Notice of Landlord's Proposals including a Statement of Estimate(s) – this will include who we intend to use for a service or works and what the estimated contribution for the customer is. 3. A Notice of Award of Contract - who we have agreed to use for the service or works. **Exception to Section 20 Consultation** There will be circumstances where we are unable or will not carry out a Section 20 consultation, these are primarily (but not limited) to: • **Emergency works** – we will bypass the Section 20 consultation to address an immediate threat to the health and/or safety of customers or members of the public or

to prevent significant damage to a property that may incur greater costs and inconvenience in the longer term if not fixed quickly.

- **Works below the financial threshold** – we will not carry out a Section 20 consultation if the total cost of the works or services to any single leaseholder, shared owner or variable service charge payer does not exceed £250 for major works or £100 for long-term agreements.

- **Works Covered by an Existing Agreement** – where works are already covered under an existing agreement and a section 20 was previously completed.

- **Contracts of Less than 12 Months** – we will not carry out a Section 20 consultation if works or services is less than 12 months in duration and does not exceed the financial threshold.

- **Meeting Regulatory Compliance** – we will not carry out a Section 20 consultation where works are required to meet legal or regulatory requirements, and these require immediate action.

- **Executive Direction** – we will not carry out a Section 20 consultation where the Executive Team have deemed that consultation is not required. This will be in circumstances that may impact service delivery, business outcomes or conflicts with our operational requirements

Dispensation (Exemption)

Where a required Section 20 consultation is not possible to complete or would lead to significant problems (e.g. unnecessary delay resulting in damage or additional costs) and where it does not prejudice the customer in any away (e.g. their ability to make informed observations or nominations had they been consulted) or where there have been minor errors during the consultation (e.g. procedural), we will apply to seek dispensation (exemption) from the First Tier (Property Chamber) Tribunal (FTT).

Approval to apply for dispensation (exemption) will be sought from the Executive Director - Customer prior to the application being submitted.

	Observations from Customers Customers will be invited at each stage of the formal Section 20 consultation to give their views and opinions (known legally as observations) within 30 days. We will have due regard to any customer observations, and we will use a dedicated central mailbox to receive, record, respond to and manage customers observations. All observations from customers will be acknowledged in line with our customer care standards and recorded by the Home Ownership Team in a central register and responded to within 21 calendar days. **Nominated Contractors** Through the Section 20 consultation, customers will have the opportunity to nominate an independent contractor. Where a contractor has been nominated, we will seek to obtain an estimate for the proposed works. The nominated contractor must meet the acceptable appointment requirements, for example, have demonstrable experience and capacity to undertake the necessary works or service, have appropriate public liability insurance, confirmation of VAT status and confirmation of company status. Where the nominated contractor does not meet the criteria, we will notify the customer in writing and that an estimate for any works will not be obtained. Where any works are subject to public procurement regulations or the regulations require specific procurement procedures, (e.g. using a pre-approved list of contractors or using specialised expertise such as asbestos removal) customers will not be able to nominate a contractor.

	Sinking Funds We will inform customers of any reserve or sinking funds which may be used for any proposed works, we will also notify customers where there is a shortfall, and the balance will be charged directly to customers. **Management Fee** Through the day-to-day service charge there is a charge for a management fee. This is for the costs associated with the management and administration of a building or estate. Where we have entered into any QLTA for day-to-day services such as grounds maintenance, we will not levy any additional fees to customers for the procurement, management of the contract or the consultation exercise. These costs will be included in the Paradigm Management Fee. We will however charge a fee to manage Qualifying Works (e.g. cyclical decorations) at 10% of the pre-VAT value of works. This will be billed to customers alongside the works. When charging the cost of works to a sinking fund, the fee will be deducted at the same time. In circumstances such as service failures, maintenance failures or financial hardship, the Assistant Director or Executive Director of Customer will have the authority to reduce or waive the management fee. **Capping of Service Charges** Where a Section 20 consultation has not been carried out in line with the legal or regulatory requirements, service charges will be capped at the financial thresholds set out in the statutory process. The Rent & Service Charge Team will manage the reconciliation of actual expenditure, including capping at thresholds, in line with the Service Charge Policy.

	Re-Sales Management Information Packs We will provide any Section 20 notices served (on the property) up to a maximum of 5 years in any resale's packs, this will include notices received from Third Party Managing Agents.
Equality, Diversity and Inclusion	As part of our Section 20 consultation process, we recognise the importance of ensuring that all customers, regardless of their background, have an equal opportunity to participate and express their views. We welcome and value contributions from all customers, irrespective of age, disability, gender reassignment, marital status, pregnancy and maternity, race, religion or belief, sex, or sexual orientation. We will take action to deliver fair access to the section 20 consultation process. For example, providing larger font notices to visually impaired customers or in other languages upon request and ensuring that any meeting venues are accessible to individuals with disabilities. We will consider affordability of services and qualifying works and provide sufficient notice to customers to allow for their financial planning.
Performance monitoring, reporting and assurance	• The "Approval to Procure" process details Section 20 requirements and is signed off by the relevant Director or Executive Board depending on value. • The Customer Leadership Team Performance Deck has a key performance indicator which monitors the number of Notices that the Homeownership Team has issued. • The Service Charge Team will monitor adjustments that are made in the final reconciliation process, including removing expenditure due to non-consultation. • The Home Ownership Team has a central mailbox and uses a register to record all notices, customer observations and responses, ensuring timescales are adhered to. • A Section 20 Management Dashboard shows the responsive repairs in the current WIP (works in progress) against tenure and Section 20 threshold.

	• The Homeownership Team monitor the BI Report Management Dashboard regularly and flag potential section 20 requirements to the responsive repairs team. • Service Charge expenditure, including that above Section 20 threshold, is dealt with in accordance with the Service Charge processes and policy. • Works subject to Section 20 will be reviewed in the Operational Procurement working group.
Roles and Responsibility	Overall Accountability for the policy sits with the **Executive Director of Customer**. **Executive Director of Customer** is responsible for: - - Authorising reduction or removal of management fees for qualifying works. - Scrutiny of the Customer Management Performance Deck. - Authorising applications to the FTT for dispensation. **Head of Customer and Neighbourhood** is responsible for: - - Ensuring the Homeownership Team manage the Section 20 Consultation Process in line with legislation and regulations. - Escalating operational issues where needed. **Homeownership Team** is responsible for: - - Administering notices, accompanying documents and records of consultation. - Advising on prescribed procedures. - Co-ordinating the central mailbox, observations, and responses to customers. - Maintaining a central register of observations. - Managing customer nominations for contractors. - Providing S20 information for re-sales. - Assisting with the dispensation process. - Co-ordinating consultation across departments. **Head of Rent & Service Charges** is responsible for: - - Ensuring compliance with service charge recovery. - Monitoring non-recoverable service charge expenditure.

	- Scrutinising & authorising service charge expenditure over thresholds from Third Party Management Companies. - Managing sinking funds and billing including qualifying works and management fees. **Head of Procurement** is responsible for: - - Advising on the pipeline (forward plan) of procurement. - Ensuring Contracts are procured in line with the internal financial policy and the Procurement Act 2023. - With contract managers, confirming to colleagues the outcome of the approval to procure review including section 20 actions. - Communicate with contract managers to colleagues when contracts are extended and therefore section 20 is delayed. **Block and Lease Manager** is responsible for: - - Records of consultation from Third Party Management Companies. - Liaising with Third Party Management Companies to ensure Section 20 Consultation requirements have been complied with. **Rent Recovery Team** is responsible for: - - Collecting service charge expenditure that has been billed to customers. - Explaining transactions, including major works transactions to customers. **The Property Service Senior Leadership team have responsibility for ensuring that Contract Managers (e.g. Mechanical & Engineering Manager, Estate Services Manager, Insurance Team etc) carry out the following actions :** - - Providing a description of works or services. - Providing a minimum of 2 tenders / estimates. - Assisting with observation responses. - Liaising with the Service Charge Team for unit level cost information. - Reviewing nominated contractors and asking for an estimate or communicating to the Homeownership Team why they do not meet Paradigm’s requirements. - Ensuring the “approval to procure” is accurate and signed off by the correct colleague(s). - With Procurement colleagues, confirming to colleagues the outcome of the approval to procure review including section 20 actions.

	Legal Services is responsible for: - Assisting and advising on potential dispensation applications. - Assisting with dispensation hearings. - Advising on applicability of and compliant execution of the S20 process

Policy Owner	Executive Director of Customer
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