

Consultation Regarding Major Works and Long Term Contracts

There are many rules governing and restricting what action a freeholder can take in relation to the maintenance and improvement of the property. A freeholder or their managing agent is normally responsible for maintaining the premises and may have to engage third parties to undertake work at the property. In certain circumstances when such contracts are considered there is an obligation on the landlord to consult the lessees. These consultation requirements have recently been tightened therefore property managers need to be certain that they are following the correct procedure.

Major Works

If proposed work to be carried out on the premises will cost an individual payer of service charge more than £250.00 the landlord must undertake a formal consultation procedure. Each person who is expected to contribute to the cost of the work must have notice of the proposed works served on them and be invited to take part in this consultation procedure. This notice must take a prescribed form, containing certain information and the lessees must be given thirty days to reply to it with their views and suggestions. They may at this point ask any questions and even suggest a contractor that they would like to do the work. The landlord must then supply the lessees with details of the proposed works and at least two estimates of the costs, or alternatively make the estimates available for inspection by the lessees. If the lessees have requested a particular contractor the landlord must try to include an estimate from that contractor. The landlord must also answer any queries that the lessees raised in their initial response. The landlord then invites observations from the lessees and waits for a further

thirty days for a reply. The landlord is under an obligation to have regard to the comments of the leaseholders but does not have to act according to them. The landlord should note however, that he may have to show that his dismissal of any observation of a lessee was reasonable at a later LVT. It is possible to dispense with the consultation procedure in matters of urgency by application to an LVT. If a landlord has not received this dispensation and fails to follow the consultation procedure he faces being able to claim a maximum of £250.00 per lessee for the work done. This could leave the landlord seriously out of pocket, so it is sensible for freeholders and managing agents to follow the procedures carefully.

Long Term Contracts

If the landlord wishes to enter into a long-term contract in relation to services at the premises, a consultation procedure again may have to be followed. This process must be followed if the contract is for longer than 12 months and/or will cost a service charge payer £100.00 or more per year. The landlord must serve a notice in the prescribed form on the lessees and give them thirty days to respond with any comments. After this the landlord must provide the lessees with estimates of the cost of the contract, again in a prescribed form. The landlord must have regard to any comments of the lessees and should try to include an estimate from a contractor that they have nominated. The landlord must invite observations from the lessees and give them thirty days in which to reply before he enters into any contract. If the landlord fails to follow this procedure he will only be able to recover up to £100.00 per year from each lessee.

Contact information

Caroline Lee - Head of Property Management

Strathmore House, Waterperry Court, Banbury OX16 4QD **Tel:** (01295) 661412 **Email:** carolinelee@brethertons.co.uk