

# Section 20 Consultation — A Complete Guide

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For directors, freeholders and leaseholders

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## WHAT IS SECTION 20?

Section 20 of the Landlord and Tenant Act 1985 is the statutory requirement to consult with leaseholders before carrying out qualifying works or entering into qualifying long-term agreements where the cost to any individual leaseholder will exceed the relevant threshold. It is one of the most important procedural obligations in leasehold management — and one of the most commonly mishandled.

The consequence of getting it wrong is not a warning or an administrative adjustment. It is a hard financial cap on what can be recovered from leaseholders through the service charge, regardless of what the works actually cost.

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## KEY FACTS AT A GLANCE

- Qualifying works threshold: any one leaseholder would contribute more than £250
- Qualifying long-term agreements: more than 12 months where any one leaseholder contributes more than £100 per year
- Three-stage statutory process: Notice of Intention, Statement of Estimates, Notice of Reasons (where required)
- Each of stages 1 and 2 carries a 30-day minimum observation period for leaseholder responses
- Non-compliance caps recovery at £250 per leaseholder per qualifying works project — regardless of actual cost
- Also applies to qualifying long-term agreements above £100 per leaseholder per year
- Dispensation available in genuine emergencies — requires application to the First-tier Tribunal

# The Cost of Getting Section 20 Wrong

## WHY THE THRESHOLD MATTERS

The threshold applies per leaseholder, not to the total cost. A common misunderstanding is to compare the total works cost against the £250 threshold. On a block where costs are shared equally, the threshold is breached when the total cost exceeds £250 multiplied by the number of leaseholders.

For a development of 20 flats, the qualifying works threshold is therefore £5,000 in total. Any project above that figure requires full Section 20 consultation before costs above £250 per leaseholder can be recovered.

## FINANCIAL CONSEQUENCES OF NON-COMPLIANCE

Failure	Consequence
<b>No consultation at all</b>	Recovery capped at £250 per leaseholder regardless of total project cost
<b>Stage 1 notice defective or not served</b>	Entire process invalid — cap applies
<b>Stage 2 not completed before works begin</b>	Costs above cap not recoverable even if Stage 1 was valid
<b>Lowest estimate not chosen and no written reasons given within 21 days</b>	Leaseholders can challenge the appointment
<b>Works materially different from those described in Stage 1 notice</b>	New consultation required — costs for undescribed works capped
<b>Section 20 started but not completed before works begin</b>	Same as never starting — cap applies to all costs incurred before completion

# The Three-Stage Section 20 Process

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All three stages must be completed correctly and in sequence. The stages cannot be run concurrently or in the wrong order. Works cannot begin — and costs above £250 per leaseholder cannot be recovered — until the process is correctly completed.

## STAGE 1 — NOTICE OF INTENTION

The landlord notifies all leaseholders of the intention to carry out qualifying works. The notice must:

- Describe the proposed works in general terms
- Set out the landlord's reasons for considering the works necessary
- Invite each leaseholder to propose the name of a contractor to be invited to tender
- Invite written observations on the proposed works
- State that observations and nominations must be submitted within 30 days
- State the name and address to which observations should be sent

The 30-day observation period is a minimum. The landlord must have regard to all observations received before proceeding to Stage 2.

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## STAGE 2 — STATEMENT OF ESTIMATES

After the Stage 1 observation period has closed, the landlord must obtain estimates and serve a Statement of Estimates on all leaseholders. The statement must:

- Set out at least two estimates obtained from contractors
- Include an estimate from any contractor nominated by leaseholders at Stage 1
- State the name and address of each contractor providing an estimate
- Invite leaseholders to make written observations on the estimates within 30 days
- State where the estimates can be inspected

Leaseholders have the right to inspect the estimates and any supporting documents during the 30-day observation period.

## Stage 3 and Completing the Process

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### STAGE 3 — NOTICE OF REASONS (WHERE REQUIRED)

Stage 3 is only required in specific circumstances. If the landlord intends to award the contract to a contractor who was not nominated by leaseholders and who did not submit the lowest estimate, the landlord must serve a written notice within 21 days of awarding the contract explaining the reasons for the choice.

If the landlord chooses the lowest estimate, or chooses a contractor nominated by leaseholders, no Stage 3 notice is required.

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### WHEN CAN WORKS BEGIN?

Works can only commence — and full cost recovery is only secured — once all required stages have been validly completed. Starting works before the process is complete is one of the most common and costly mistakes in leasehold management. Even if Stage 1 has been served, beginning works before Stage 2 is completed will result in the financial cap applying to all costs incurred before completion of the process.

# Dispensation — When Section 20 Can Be Bypassed

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## SECTION 20ZA APPLICATION

Section 20ZA of the Landlord and Tenant Act 1985 allows the First-tier Tribunal to grant dispensation from all or any of the Section 20 consultation requirements. Dispensation is not automatic and is not available simply because consultation is inconvenient or time-consuming.

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## WHEN DISPENSATION IS APPROPRIATE

- Genuine emergency — works urgently needed to prevent immediate danger or serious damage where waiting 60+ days would cause significantly greater harm
- Contractor availability — specific expertise only available from one contractor within the required timescale
- Previously consulted works — where the exact works have previously been through full consultation

The Tribunal will only grant dispensation if it is satisfied that it is reasonable to do so, having regard to the interests of the leaseholders who would otherwise have benefited from compliance with the consultation requirements.

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## HOW TO APPLY FOR DISPENSATION

- Apply to the First-tier Tribunal (Property Chamber) using form T6
- Applications should be made before works begin wherever possible
- Provide full details of the emergency or circumstances justifying dispensation
- The Tribunal may impose conditions — for example requiring leaseholders to be notified
- Retrospective dispensation is possible but harder to obtain

# Leaseholder Rights During Consultation

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## YOUR RIGHTS AT EACH STAGE

- You have the right to submit written observations at both Stage 1 and Stage 2
- You have the right to nominate a contractor at Stage 1 — the landlord must invite that contractor to tender
- You have the right to inspect the estimates and all supporting documents during the Stage 2 observation period
- You cannot prevent the works from proceeding simply by making observations
- The landlord must have regard to your observations but is not bound to follow them
- If the landlord fails to comply with the process, you can apply to the First-tier Tribunal to limit recovery

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## SECTION 20 AND LONG-TERM AGREEMENTS

The Section 20 consultation process also applies to qualifying long-term agreements — agreements for a term of more than 12 months where any one leaseholder would contribute more than £100 per year. This commonly includes management contracts, maintenance contracts, cleaning contracts, and long-term service agreements. The same three-stage process applies, with the same financial consequences for non-compliance.

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## HOW BERGASON CAN HELP

**Bergason Property Services Limited manages the Section 20 consultation process on behalf of freeholders, RMC companies and RTM companies, ensuring full statutory compliance and transparent communication with leaseholders at every stage. Contact us: 0121 384 1333 | [info@bergason.co.uk](mailto:info@bergason.co.uk)**