

SCHEDULES

SCHEDULE 2

AMENDMENTS RELATING TO SERVICE CHARGES

Limitation of service charges: estimates and consultation

- 3 The following section shall be substituted for section 20 of the 1985 Act—
- “**20** (1) Where relevant costs incurred on the carrying out of any qualifying works exceed the limit specified in subsection (3), the excess shall not be taken into account in determining the amount of a service charge unless the relevant requirements have been either—
- (a) complied with, or
 - (b) dispensed with by the court in accordance with subsection (9);
- and the amount payable shall be limited accordingly.
- (2) In subsection (1) "qualifying works", in relation to a service charge, means works (whether on a building or on any other premises) to the costs of which the tenant by whom the service charge is payable may be required under the terms of his lease to contribute by the payment of such a charge.
- (3) The limit is whichever is the greater of—
- (a) £25, or such other amount as may be prescribed by order of the Secretary of State, multiplied by the number of dwellings let to the tenants concerned; or
 - (b) £500, or such other amount as may be so prescribed.
- (4) The relevant requirements in relation to such of the tenants concerned as are not represented by a recognised tenants' association are—
- (a) At least two estimates for the works shall be obtained, one of them from a person wholly unconnected with the landlord.
 - (b) A notice accompanied by a copy of the estimates shall be given to each of those tenants or shall be displayed in one or more places where it is likely to come to the notice of all those tenants.
 - (c) The notice shall describe the works to be carried out and invite observations on them and on the estimates and shall state the name and the address in the United Kingdom of the person to whom the observations may be sent and the date by which they are to be received.
 - (d) The date stated in the notice shall not be earlier than one month after the date on which the notice is given or displayed as required by paragraph (b).
 - (e) The landlord shall have regard to any observations received in pursuance of the notice; and unless the works are urgently required they shall not be begun earlier than the date specified in the notice.

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- (5) The relevant requirements in relation to such of the tenants concerned as are represented by a recognised tenants' association are—
- (a) The landlord shall give to the secretary of the association a notice containing a detailed specification of the works in question and specifying a reasonable period within which the association may propose to the landlord the names of one or more persons from whom estimates for the works should in its view be obtained by the landlord.
 - (b) At least two estimates for the works shall be obtained, one of them from a person wholly unconnected with the landlord.
 - (c) A copy of each of the estimates shall be given to the secretary of the association.
 - (d) A notice shall be given to each of the tenants concerned represented by the association, which shall—
 - (i) describe briefly the works to be carried out,
 - (ii) summarise the estimates,
 - (iii) inform the tenant that he has a right to inspect and take copies of a detailed specification of the works to be carried out and of the estimates,
 - (iv) invite observations on those works and on the estimates, and
 - (v) specify the name and the address in the United Kingdom of the person to whom the observations may be sent and the date by which they are to be received.
 - (e) The date stated in the notice shall not be earlier than one month after the date on which the notice is given as required by paragraph (d).
 - (f) If any tenant to whom the notice is given so requests, the landlord shall afford him reasonable facilities for inspecting a detailed specification of the works to be carried out and the estimates, free of charge, and for taking copies of them on payment of such reasonable charge, as the landlord may determine.
 - (g) The landlord shall have regard to any observations received in pursuance of the notice and, unless the works are urgently required, they shall not be begun earlier than the date specified in the notice.
- (6) Paragraphs (d)(ii) and (iii) and (f) of subsection (5) shall not apply to any estimate of which a copy is enclosed with the notice given in pursuance of paragraph (d).
- (7) The requirement imposed on the landlord by subsection (5)(f) to make any facilities available to a person free of charge shall not be construed as precluding the landlord from treating as part of his costs of management any costs incurred by him in connection with making those facilities so available.
- (8) In this section "the tenants concerned" means all the landlord's tenants who may be required under the terms of their leases to contribute to the costs of the works in question by the payment of service charges.
- (9) In proceedings relating to a service charge the court may, if satisfied that the landlord acted reasonably, dispense with all or any of the relevant requirements.
- (10) An order under this section—

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- (a) may make different provision with respect to different cases or descriptions of case, including different provision for different areas, and
- (b) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.”