

A RESIDENTIAL MANAGEMENT SHORT KEY GUIDE TO RUNNING PLANNED CYCLICAL MAINTENANCE & SECTION 20 PROCEDURE.

STEP 1 - PREPARING FOR THE FUTURE

THE FIRST STEP IS TO UNDERSTAND THE NEEDS OF YOUR BLOCK AND CONSIDER YOUR PRIORITY PROJECT BY PROJECT. AT CJ DELEMERE WE CHAMPION PRACTICAL PROJECT PLANNING IN GOOD ADVANCE. IN THE CASE OF BLOCKS WHERE RESERVES OR SINKING FUNDS ARE COLLECTED (AND ALLOWED UNDER THE LEASE), WE FIRST LIKE TO UNDERSTAND THE BUILDING COMPONENT SHELF LIFE AND LIKELY EXPECTED REDECORATION OR REPLACEMENT COSTS. THIS ALLOWS US TO PLAN ACCORDINGLY WITH COLLECTIONS OVER SEVERAL YEARS. SOME LEASES DON'T ALLOW FOR SINKING FUNDS OR RESERVES. THE COLLECTION OF LONG TERM CAPITAL IN THIS CASE CAN BE MUCH HARDER. THESE BLOCKS WOULD NEED TO CONSIDER A LEASE VARIATION.

STAGE 1. CONSIDER YOUR PRIORITY AND FINANCIAL POSITION. DO YOU HOLD ANY CAPITAL IN RESERVES OR A SINKING FUND?

STAGE 2. ASSESS THE LEGAL RESPONSIBILITIES SET OUT IN THE LEASE.

STAGE 3. CONSIDER IF YOU WILL REQUIRE A SURVEYOR TO ASSESS THE BUILDING TO UNDERSTAND SHELF LIFE OF BUILDING COMPONENTS. THIS CAN HELP YOU UNDERSTAND YOUR MAINTENANCE PRIORITY.

STEP 2 - IS IT QUALIFYING WORK?

ESTABLISH IF THE WORK YOU ARE INTENDING TO CARRY OUT IS GOING TO FALL INTO THE CATEGORY OF QUALIFYING WORKS UNDER SECTION 20 OF THE 1985 LANDLORD AND TENANT ACT AS AMENDED BY THE COMMON HOLD & LEASEHOLD REFORM ACT 2002. QUALIFYING WORK IN SHORT IS ANY WORK OR PROJECT WHICH WILL COST ANY ONE LEASEHOLDER £250 OR MORE. THE PROCESS OF CONSIDERING IF THE WORK IS QUALIFYING CHANGES SLIGHTLY ON BLOCKS WITH VARIABLE SERVICE CHARGES. IN THIS CASE IF ANY ONE PROPERTY QUALIFIES TO BE CONSULTED THEN YOU SHOULD CONSULT WITH EVERYONE. THE COST OF £250 INCLUDES ALL SURVEYOR AND VAT. IT IS BASED ON THE OVERALL EXPECTED COST OF SPEND.

KEY NOTE. IN THE CASE OF IMMEDIATELY REQUIRED, URGENT WORKS, THE FIRST TIER TRIBUNAL (PROPERTY CHAMBER) CAN GIVE DISPENSATION FROM THE FORMAL CONSULTATION PROCESS REQUIRED UNDER LAW. IN THE CASE OF THIS TYPE OF WORK AN APPLICATION SHOULD BE MADE TO THE TRIBUNAL FOR HEARING.

ASSOCIATED COSTS AND CONSIDERATIONS.

CJ DELEMERE ASSOCIATED COST FOR Preparation of specification, tenders and contract administration for any one project. Usually 10% of cost of works depending on the client contract.

CJ DELEMERE ASSOCIATED COST FOR As above but in conjunction with external surveyor management. For administration and management. Usually 5% of cost of works depending on the client contract.

CJ DELEMERE ASSOCIATED COST FOR Section 20 Notice preparation and administration (without works supervision). Usually 5% of cost of works depending on the client contract.

SURVEYOR ASSOCIATED COST FOR PROJECT SURVEYING AND CDM COORDINATION. DEPENDING ON THE MERIT OF THE PROJECT SIZE BUT USUALLY UP TO 10% OF THE COST OF WORKS.

Key note. The section 20 process is a minimum 3 month paper exercise, although there are other areas of potential delay which need to be considered. Chasing tenders and tender analysis, Gearing up and pre contract meetings, if a surveyor is instructed specification preparation and other administrative CDM & Health and safety requirements, Delivery of manufactured parts & Collection of any fund shortfalls. The process runs at best between 3-6 months in total. Realistically no less than 4 when you consider the reconciliation in between each stage. The length of time the process takes will be dependent on the scale of the project.

STEP 3 - PLANNING THE PROJECT MANAGEMENT

A DECISION NEEDS TO BE MADE REGARDING THE PREPARATION, PROJECT MANAGEMENT & SURVEYING OF THE INTENDED WORKS.

AS A GENERAL RULE OF THUMB AT CJ DELEMERE WE WILL CONSIDER EACH PROJECT ON THE MERIT OF THE SCALE AND COMPLEXITY OF THE INTENDED WORKS. I.E. A SMALL WORKS PROJECT CONSISTING OF INTERNAL REDECORATION OR MINOR REPAIRS MAY BE CONSIDERED MANAGEABLE IN HOUSE. ANY LARGER SCALE WORKS WILL WARRANT THE INVOLVEMENT OF A SURVEYOR, CDM COORDINATOR OR PRINCIPAL DESIGNER TO PREPARE A SPECIFICATION OF WORKS, PREPARE ALL CONTRACT DOCUMENTS, PROJECT MANAGE AND PROJECT SIGN OFF.

THIS IS USUALLY RECOGNISED AS PROJECT SURVEYING AND CDM COORDINATION AND WILL INCLUDE BUT NOT LIMITED TO PREPARING TENDER DOCUMENTS, OBTAINING TENDERS, INCLUDING VETTING SUITABLE CONTRACTORS AND PROVIDING REPORT AND RECOMMENDATIONS, ATTENDING TENANT MEETINGS TO REPORT TENDERS, PREPARING AND ISSUING JCT CONTRACTS, MONITORING WORK, ATTENDING SITE DURING THE WORKS, CHAIR AND MINUTE PROJECT MEETINGS, PREPARE MONTHLY VALUATION CERTIFICATES, AGREED BUILDING CONTRACTS FINAL ACCOUNT AND CONCLUDE CONTRACTS WITH PRACTICAL AND FINAL COMPLETIONS, AND GENERAL LIAISING WITH THE MANAGING AGENTS THROUGHOUT THE PROCESS.

IRRELEVANT OF PROJECT SIZE, CJ DELEMERE WILL STILL DO THE CONTRACT ADMINISTRATION OF THE SECTION 20 NOTICES SO ANY SURVEYOR, PRINCIPAL DESIGNER OR COORDINATOR WILL BE INVOLVED PURELY ON THE BASIS OF THE PROJECT MANAGEMENT ENSURING PEACE OF MIND ON LARGER SCALE PROJECTS.

Key Note. A surveyor is instructed for the obvious project management and expertise during larger more complex jobs. However, Projects which last longer than 30 days OR involve more than 500 person days of work are known as 'notifiable' projects under the CDM 2015 Regulations and as such require a CDM Coordinator. For notifiable work there is an additional legal duty. Where the work falls into this category we should appoint a CDM co-ordinator or principal designer as soon as possible, but no later than the initial design/preparation stage. CDM 2015 does not require the CDM co-ordinator or principal designer to supervise or monitor work on site. Failure to appoint a CDM co-ordinator or principal designer on a notifiable project will then deem (CJ Delemere or you, the client instructing) to adopt this role. This means being legally liable. This is why it's important at this stage to consider the project management and surveying services fully.

STEP 9 - FINAL WORK SIGN OFF.

FOLLOWING THE COMPLETION OF THE WORKS A RETENTION IS USUALLY HELD ON PROJECTS UNDER CONTRACT WHERE A SURVEYOR IS INVOLVED. THIS IS USUALLY 2.5%. THESE FUNDS ARE HELD AND RELEASED AT THE END OF THE DEFECTS LIABILITY PERIOD.

STEP 8 - CHOOSING A CONTRACTOR AND FORMAL INSTRUCTION.

USING THE TENDER LINE CONSULTED IN STAGE 2 NOTICE OF ESTIMATES, A CONTRACTOR SHOULD BE CHOSEN. USUALLY THE CHEAPEST CONTRACTOR IS CHOSEN AND IN THIS CASE, AS SOON AS FUNDS PERMIT YOU CAN PROCEED WITH ENTERING INTO YOUR WORKS CONTRACT. WHERE A SURVEYOR HAS BEEN INSTRUCTED AND USUALLY ON LARGE BUILDING WORKS THE HEALTH AND SAFETY COMPLIANCE CAN BEGIN, INSURANCE, PROGRAM OF WORKS ETC.

HOWEVER, IF YOU DECIDE NOT TO PROCEED WITH THE CHEAPEST TENDER RECEIVED A FURTHER STATUTORY NOTICE SHOULD BE CONSULTED WITH OWNERS.

STAGE 3 - NOTICE OF ESTIMATES

THIS IS A 30 DAY CONSULTATION TO OWNERS TO CONFIRM THE TENDERS RECEIVED AND MUST:

1. STATE THE REASONS FOR AWARDING THE CONTRACT, OR GIVING THE PLACE AND HOURS WHERE THOSE REASONS MAY BE INSPECTED;
2. GIVE A SUMMARY OF THE OBSERVATIONS RECEIVED ON THE ESTIMATE AND RESPOND TO THEM OR SPECIFY A PLACE AND HOURS AT WHICH THAT SUMMARY AND RESPONSE MAY BE INSPECTED.

STEP 7 - DO YOU HAVE THE FUNDS?

CJ DELEMERE CARRY OUT A RECONCILIATION OF AVAILABLE FUNDS VS OVERALL PROJECT COSTS. DEPENDING ON THE LEASE, IF ADDITIONAL FUNDS ARE REQUIRED.

- (A) A SUPPLEMENTARY DEMAND MAY BE RAISED TO COVER THE TOTAL COST OR THE DIFFERENCE BETWEEN HELD FUNDS AND PROJECT COSTS. LEASE DEPENDING.
- (B) THE FORTHCOMING YEAR'S BUDGET CAN BE INCREASED TO COVER THE COSTS OR THE DIFFERENCE BETWEEN HELD FUNDS AND PROJECT COSTS.

IT'S IMPORTANT TO UNDERSTAND IF THE LEASE FOR YOUR PROPERTY ALLOWS SUPPLEMENTARY DEMANDS OUTSIDE OF THE USUAL DEMAND DATES. IF THE LEASE IS NOT SPECIFIC AND IS SILENT ON THE SUBJECT ITS BEST TO THINK PRACTICALLY ON HOW YOU PROCEED. YOUR MANAGER WILL BE ABLE TO GIVE YOU SOME GUIDANCE ON TAKING NEXT STEPS.

STEP 4 - NOTICE OF INTENTIONS - FORMAL NOTICE

ONCE YOU ARE IN A POSITION TO UNDERSTAND THE NATURE OF WORK YOU INTEND TO CARRY OUT CJ DELEMERE CAN PREPARE THE REQUIRED STATUTORY CONSULTATION NOTICES AS REQUIRED TO BE SERVED IN ACCORDANCE WITH 1985 LANDLORD AND TENANT ACT AS AMENDED BY THE COMMON HOLD & LEASEHOLD REFORM ACT 2002.

STAGE 1 - NOTICE OF INTENTION TO CARRY OUT QUALIFYING WORK.

THIS IS A 30 DAY CONSULTATION TO OWNERS TO CONFIRM THE NATURE OF THE WORK YOU INTEND TO CARRY OUT GIVING THEM THE OPPORTUNITY TO PARTICIPATE ON TWO WAYS:

1. NOMINATE A CONTRACTOR.
2. MAKE AN OBSERVATION AGAINST THE INTENDED WORKS DESCRIPTION AS SPECIFIED IN THE STAGE 1 NOTICE.

KEY NOTE. THE NOTICE MUST BE IN A PRESCRIBED FORMAT AND INCLUDE SPECIFIC INFORMATION AS REQUIRED UNDER THE LEGISLATION. FAILURE TO CONSULT IN THE PRESCRIBED FORMAT OR IN FACT AT ALL CARRIES A POTENTIAL FINANCIAL RISK. IF YOU FAIL TO CONSULT PROPERLY OR AT ALL YOU MAY ONLY BE ABLE TO RECOVER UP TO £250 CAPPED.

FOLLOWING THE EXPIRY OF THIS 30 DAY CONSULTATION AND FOLLOWING THE RECONCILIATION OF THE FEEDBACK RECEIVED AS PART OF THIS STAGE YOU ARE NOW IN A POSITION TO PREPARE A SPECIFICATION OF WORKS TO ENABLE A FAIR TENDER EXERCISE.

STEP 6 - NOTICE OF ESTIMATES RECEIVED - FORMAL NOTICE

ONCE YOU ARE IN A POSITION WITH THE REQUIRED TENDERS ON THE TABLE, CJ DELEMERE CAN CONTINUE PREPARING THE REQUIRED STATUTORY CONSULTATION NOTICES AS REQUIRED TO BE SERVED IN ACCORDANCE WITH 1985 LANDLORD AND TENANT ACTION AS AMENDED BY THE COMMON HOLD & LEASEHOLD REFORM ACT 2002.

STAGE 2 - NOTICE OF ESTIMATES

THIS IS A 30 DAY CONSULTATION TO OWNERS TO CONFIRM THE TENDERS RECEIVED GIVING THEM THE OPPORTUNITY TO PARTICIPATE ON TWO WAYS:

1. INSPECT THE TENDERS RECEIVED
2. MAKE ANY OBSERVATIONS TO THE TENDERS RECEIVED.

Key Note. The notice required as part of this stage should include the tender prices received, all VATs & any other work associated costs i.e. Surveyor & professional fees. This stage is the opportunity to conclude a final cost of works. Failure to convey appropriate figures within this stage notice may limit the amount you can spend on the project, and how much is therefore recoverable. You almost are setting an overall cap on the amount you intend to spend. Usually and in some cases a provisional cost sum can be inserted within the specification for any unforeseen items. i.e. you may expect to replace 100 tiles, although it may be prudent to include for the replacement of 300 tiles, just to be sure.

FOLLOWING THE EXPIRY OF THIS 30 DAY CONSULTATION AND FOLLOWING THE RECONCILIATION OF THE FEEDBACK RECEIVED AS PART OF THIS STAGE YOU ARE NOW IN A POSITION TO CONSIDER WHICH OF THE TENDERS YOU INTEND TO PROCEED.

STEP 5 - APPOINTING A SURVEYOR (IF APPLICABLE) & PREPARING YOUR SPECIFICATION OF WORKS.

WHERE REQUIRED, INSTRUCT A SURVEYOR TO YOUR AGREED TERMS OF ENGAGEMENT AS PER THE OUTCOME OF STEP 3 OR PROCEED WITH PREPARING AN IN HOUSE SPECIFICATION OF WORKS TO ENABLE THE WORK TO BE TENDERED IN PREPARATION FOR STAGE 2 NOTICE OF ESTIMATES AS SHOWN IN STEP 6.