FIRST - TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)

Case Reference	**:**	**CAM/34UG/LSC/2020/0014**
Property	**:**	**3, 4, 5, 6 and 15 Burgess Square Brackley Northamptonshire NN13 7EA.**
Applicants	**:**	**Orbit Housing Association**
Respondent	**:**	**1. Simon Bingham 2. Burgess Square Management Company Limited**
Type of Application	**:**	**Application for the determination of the reasonableness and payability of service charges**
Tribunal Members	**:**	**Tribunal Judge S Evans**
Date and venue of Hearing	**:**	**Paper determination**
Date of Decision	**:**	**6 August 2020**

DECISION

The Tribunal determines that the relevant costs incurred or estimated to be incurred by the Respondents in respect of lift works for 2019/2020 are reasonable, but the amounts payable for each of the Applicant's flats shall be limited to £250.

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DECISION

Introduction

1. The Tribunal is asked to determine the payability and reasonableness of costs to be incurred by way of service charges pursuant to an application made under s.27A of the Landlord and Tenant Act 1985.

Relevant law

2. The relevant statutory provisions are set out in Appendix 1 to this decision.

Parties

3. The Applicant is a registered provider of social housing and the leasehold proprietor of 5 flats in a block of flats at Burgess Square, Brackley, Northamptonshire.

4. The Applicant sublets the 5 flats under assured shorthold tenancies which also contain a variable service charge clause, meaning that the Applicant is itself required to consult with its tenants under section 20 of the Landlord and Tenant Act 1985.

5. The First Respondent is named as Simon Bingham, business owner, with an email address of SJB properties. SJB Properties are the managing agent for the Second Respondent, Burgess Square Management Company Limited, which is a Management Company named as a party on the Lease.

6. There are 53 flats on the site.

The Lease

7. The Tribunal assumes for the purposes of this determination that each of the flats which are the subject property in this Application have leases on identical terms.

8. The sample Lease provided (for flat 15 Burgess Square) is for a term of 125 years from 29th September 2008 between Swan Hill Homes Limited as landlord and Chiltern Hundreds Charitable Housing Association Limited as tenant, with Burgess Square Management Company Limited (the Second Respondent) named as the Management Company.

9. The Tribunal proceeds on the basis that the Applicant is the successor in title to the tenant under the Lease.

10. Under the Lease:

    (1) The definition of Building Common Parts includes the lift in the building;

    (2) The landlord's covenants are contained in the 6th and 7th Schedules to the Lease;

    (3) By clause 5 of the Lease, the Management Company (Second Respondent) covenants with each of the landlord and the tenant in the terms set out in the 8th Schedule;

    (4) Service charges are detailed in the 8th Schedule;

    (5) By the 8th Schedule to the Lease the services are divided into 3 parts, and for the purposes of this application Part II services seem most apposite, in particular:

        - Paragraph 1.1.2.1, which includes the maintaining repairing amending altering rebuilding renewing and reinstating of the Building Common Parts;

        - Paragraph 1.1.2.2, which provides for the installing inspecting servicing maintaining repairing cleansing emptying draining amending overhauling replacing and insuring of the Building Common Parts from time to time including (without prejudice to the generality of the above) the lift within the Building.

    (6) Further by paragraph 1.2 of the 8th Schedule, the Second Respondent as Management Company covenants that it shall (subject to the payment by the tenant of the service charge) perform the services throughout the term in the manner which the Management Company may reasonably determine as being in the best interests of the tenants of the estate.

    (7) There are then provisions providing for payment and accounting of a variable service charge.

The Application

11. In summary, the Applicant asserts that the Management Company has not consulted formally with it, so as to satisfy the requirements of section 20 of the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003 in relation to works to lifts in the various blocks.

12. Accordingly, the Applicant asserts that the Respondent is limited to a recovery of the statutory £250 per flat, rather than the figure of £1698 per flat, as invoiced to the Applicant on 1st May 2019.

13. No application for dispensation with the requirements of the legislation has been made by the Management Company or its Managing Agents under s.20ZA of the Landlord and Tenant Act 1985.

The Issues

14. On 6th May 2020 directions were given in this matter by Tribunal Judge Wyatt. The Tribunal identified the following issues to be determined, although it noted that they may be amplified by the parties in their statements of case:

    (1) Whether the costs of the lift works are payable by the Leaseholder under the Lease;

    (2) In particular, whether the Management Company has complied with the consultation requirements under section 20 of the 1985 Act;

    (3) Whether the costs of the works are reasonable.

Whether the costs of the lift works are payable by the Leaseholder under the Lease

15. There does not appear to be any point taken in the Applicant's statement of case dated 23rd June 2020.

16. The Tribunal has limited information on the scope and extent of the works to be undertaken, although the Respondents' case is that there have been lift problems necessitating an upgrade of the lifts since July 2018. In a letter to the owners (of flats) dated 11th July 2018, to which I will refer in more detail later, the Managing Agents on behalf of the Management Company referred to a number of issues with the lifts at Burgess Square, in particular in blocks D, E and block F, including

breakdowns which had caused a number of people to become trapped in the lifts. The letter goes on to say that the lifts were supplied by the original developers when the site was constructed in 2006-2009, and were supplied by a Slovakian company; that the problem is that the lifts are now effectively obsolete, and obtaining parts for them could be almost if not impossible.

17. The letter goes on to describe a situation with which the Tribunal is all too familiar, that a lift company had been employed to keep the lifts going, but the time had come when the future had to be considered more carefully. In particular, whilst the lift cars and the main hydraulics could be kept, everything else would be best replaced with a complete new set-up of control and electronics, and by moving to a more widely-known and more industry-standard arrangement that is tried and tested, and for which parts are easily available.

18. Whilst no party appears to be taking a point on it, it seems to the Tribunal that the works proposed would fall within the definition of services required of the Management Company under the paragraphs of the 8th Schedule of the Lease set out in paragraph 10(5) above.

Whether there has been consultation in accordance with the legislation

19. This application, concerning as it does qualifying works (as opposed to qualifying long term agreements or qualifying works under long term agreements), the consultation requirements in a nutshell are as follows:

(1) There must be consultation if the works will cost more than £250 for any one contributing Leaseholder;

(2) Schedule 4 Part 2 of the Regulations requires the following steps:

(a) The landlord (which may include a Management Company which covenants to perform relevant services under a lease) first serves a notice of intention on all tenants and recognised tenants associations, describing the works generally and giving 30 days in which the tenants may make observations to a specified address on the proposed works, and nominate a person or persons from whom the landlord should try to obtain an estimate for the proposed works (paragraph 1);

(b) The landlord must have regard to observations made (paragraph 3);

(c) On the expiry of the 30 days, the landlord must obtain a minimum 2 estimates, and at least one from a contractor wholly unconnected with the landlord (para 4(8));

(d) Once estimates have been obtained, the landlord serves on the tenants and RTAs what is called a paragraph (b) statement, inviting observations free of charge, summarising at least 2 of the estimates, setting out any observations received, and giving the landlord's response thereto. It must also make the estimates available for inspection (para 4(5));

(e) A period of 30 days must then elapse, in which the tenants may make observations on estimates and respond to the landlord's paragraph (b) statement (para 4(10));

(f) The landlord is then obliged to consider the observations (para 5), but is free to enter into a contract immediately for works at this point if the contractor is tenant-nominated or gave the lowest quotation (para 6(2));

(g) If not, the landlord must wait 21 days, and then serve on the tenants/RTA a notice giving the reasons for awarding the contract, setting out the observations received and the responses to observations (para 6(1)).

20. Turning to the facts in this case, on 26th June 2018 Cotswold Lifts Limited provided a quotation to the Management Company for lift modernisation works as per an attached specification (which the Tribunal does not have), in the sum of £71,519.20 plus VAT.

21. On 11th July 2018 D&C Lifts limited provided to SJB Properties a quotation for lift modernisation works to the 4 lifts, ranging between £22,895 plus VAT and £24,791 plus VAT.

22. For sake of completeness I add that there was a quotation from the Chilton Lift Co Limited dated 13th July 2018, but the Tribunal has only been provided with the first page of that quotation, and which contains no figures.

23. As mentioned above, on 11th July 2018 the Management Company wrote to the owners of the flats and indicated the issue with the lifts, referring to a specification for required works, and that they had visited 4 lift companies to obtain quotes. The letter indicates the cost

implication of the project will be around £22,000 per lift including VAT, which equates to £88,000 for the whole site.

24. It is clear from the letter that the 4th quotation had not yet been obtained. There are then set out 4 options for the works, and the letter concludes:

    "We would be grateful if you would all consider the options whilst we obtain further quotes and then we can seek views of all flat owners. It may be that it might be wise to have a meeting at the end of the summer to discuss the matter, but in the meantime we suggest that anyone who has questions or may see other options can contact us at the office."

25. Not much then seems to have happened until 18th November 2018 when Notice of an Annual Meeting was given to flat owners.

26. On 28th November 2018, SJB Properties wrote to all flat owners indicating that the AGM on 6th December 2018 would be an important one, because there was a need to raise a significant amount of money for repair of the lifts. The letter stated that it was important the flat owners made every effort to attend the meeting if they wished to have the information, and be part of the decision-making process.

27. Two days later SJB wrote again to the flat owners regarding the lifts, stating that the main issues are with the electronics, not the actual hydraulics or cars themselves. The letter makes reference to quotations obtained from lift engineers, and sets out details of 3 quotes from Cotswold Lifts, the Chiltern Lift Company, and D&C lifts.

28. The letter goes on to say that the matter will be discussed at the Annual Meeting, at which SJB would be doing their best to answer questions.

29. On 3rd December 2018, SJB wrote to flat owners again. They stated that they had 3 competitive quotes; however, prior to any works being instructed, they were happy to receive any other quotations if any other member wished to provide additional information. They stated they were not in a position to provide a tender document with the specification, as each supplier had their preferred equipment, but they could provide a basic requirement if anyone wished to follow this up.

30. The AGM then took place on 6th December 2018, and I have the minutes of that meeting. It would appear but the Applicant was not represented at the meeting, nor was any occupier of either flat 3, 4, 5, 6,

or 15. There is a section 3 headed "Works required to the lifts" . There is then a record of the questions to and answers from SJB Properties' Mr Bingham. There is no record of decisions made.

31. On 21st December 2018 SJB wrote to all owners with a statement that the meeting on 6th December 2018 had agreed that the best option was to replace the electronics to all 4 lifts, and that it would be detrimental to the development and value of the flats to consider decommissioning and removing any of them, meaning that the Management Company would have to raise the £90,000 pounds to have all 4 lifts upgraded.

32. There is then set out costings to each of the flat owners of the proposed works and how it would be paid. Payment proposals were then offered. Feedback/comments were invited on the preferred options as to repayment.

33. The antepenultimate paragraph of the letter states:

"Based on the information that we are providing, we ask that all owners give some though[t] on the matter over the next three weeks and we ask each and every one to come back to us to confirm receipt of the information and to ask any questions that they may have, or suggest any other issues / ideas that may be taken into consideration ."

34. And then it is stated:

"Feedback is requested by 14th January 2019. Following this, we will then formulate the final proposal to be sent out late January with a voting form to be completed and returned. We would expect payments to be requested and in by beginning of April, following which one or more upgrades can be ordered."

35. On 28th February 2019, SJB wrote to all flat owners regarding the lift upgrade programme. The letter indicated that 11 representations had been received, and it is clear to the Tribunal that all those representations concerned how the costs should be shared between the various blocks. There are then set out various payment options to recoup £1698 pounds, the sum to be demanded from each flat owner.

36. There are then set out the costings from Cotswold Lifts Limited, the Chilton Lift Co Limited, and D&C Lifts Limited, in 3 columns which would appear to represent the net cost, the VAT amount, and the gross amount.

37. The letter then continues:

> "Cotswold lifts are the company that are currently used for the servicing and repairs, so it will be them that is chosen to carry out the works."

38. Then importantly:

> "We have undergone a consultation process which we believe satisfies the Section 20 process but as all Members are part of the Management Company, consultation in the manner negates a large bill for carrying out a section 20 process. In the event that any owner has questions please contact Simon Bingham at SJB Properties straight away."

39. On 1st May 2019, S JB properties invoiced the Applicant on behalf of the Management Company for the sum of £8490, being £1698 contribution payment for each of the Applicant's flats.

40. Although I do not have anything in writing, it would appear to be the case that notification of the commencement of works in block C was given on 11th June 2019, and flat 15 (if not the others) lies within that block.

41. The Tribunal also has before it a series of email exchanges between the Applicant and SJB properties on 12th June 2019. The exchange begins with an email from SJB at 12:29 which asserts that the Applicant had been invoiced previously for the lift works, but no payment had been made.

42. This was met with a one line response from the Applicant, "Are there section 20 letters?"

43. The response at 12:38pm is:

> "The Management Company have not used section 20 as letters were sent out to all owners at every stage, all owners were invited to meetings to discuss this matter and were all invited to provide any quotations, a number of quotations were obtained and presented to the owners at a meeting and the final contract was decided on by the Management Company. The nature of this work required was of a high urgency and therefore the process had to be quickly decided upon and so all owners were given full communication and were invited to assist

with this decision making process via meetings and responses to letters" .

44. The response from the Applicant was that to suggest that there should have been an attempt at dispensation with the consultation requirements.

45. The response in turn from SJB was that letters and meetings were provided to act as a Section 20 consultation process in this instance, and that all owners including the Applicant had been given the opportunity to voice any concerns.

46. Without going through all the ensuing emails, the Applicant thereafter suggested that the Management Company should obtain dispensation from this Tribunal.

47. On 3rd July 2019, SJB emailed the Applicant with the following documents as attachments:

- Letter dated 11th July 2018
- Minutes of meeting 6th December 2018
- Letter dated 28th February 2019
- Letter dated 11th June 2019
- Letter dated 21st December 2018
- Letter dated 28th November 2019
- Letter dated 30th November 2018
- Lift replacement options document.

48. Having set out the facts above, my conclusions on this issue can be briefly given:

49. In paragraph 20 of its statement of case, the Applicant would appear to be suggesting that it had not received any of the letters referred to above which had been sent by SJB properties. The Tribunal is not persuaded by that assertion, given the sheer number of documents which were sent to all flat owners.

50. Nevertheless, in the tribunal's judgment, the letter of 11th July 2018 does not satisfy paragraph 1 of Schedule 4, Part 2 of the Regulations, because:

(1) The letter does not specify an address to which observations may be sent;

(2) Nor does it state that they must be delivered within 30 days;

(3) Further, it does not state the date on which the "relevant period" of 30 days ends;

(4) Last but not least, the letter does not invite each tenant and any Residents Association to propose within the relevant time the name of a person from whom the landlord should try to obtain an estimate for the carrying out of the proposed works.

51. The whole tenor of the letter is that the Respondents alone would be seeking quotes, and that the only input for the flat owners was to decide which of the lifts would be retained and how the works should progress.

52. It is worth mentioning that by the date of this letter, 2 lift quotes had already been obtained by the Management Company. Estimates should not have been obtained until the preliminary notice had been sent, and observations received and considered. Instead the letter invites the addressee to consider the options whilst the Management Company obtains further quotes "and then we can seek the views of all flat owners."

53. The above defects in the 11th July 2018 letter are not remedied by the letters of 28th or 30th November 2018. What the second letter does indicate is that there would be a meeting with a view to covering the issue of the lifts and discussing the options, following which flat owners would be allowed some time to consider the options and decide on their preference, and that in the New Year (2019) there would be a postal/ email vote on the preferred options.

54. As is evident from the factual chronology above, there was no postal / email vote on preferred options.

55. Just three days before the meeting on 6th December 2018, SJB Properties indicated that they were "happy to receive any other quotations if any member wishes to provide any additional information." In the Tribunal's judgment, this is not what the legislation envisages. A tenant should be informed at the very first stage that s/he can give the name of a person from whom the landlord should try to obtain an estimate for carrying out the proposed works. By contrast, in this case some 5 months down the line the Management Company were imposing the heavier burden on the tenant to obtain an alternative quote and to supply it to them.

56. It is fair to say that the Management Company did obtain 3 estimates for the carrying out of the proposed works, and gave some of the details required in what is called the paragraph (b) statement, by setting out the amount specified: see letter dated 30th November 2018.

57. However, the Management Company did not summarise any observations made by any tenant in relation to the works, because none had been formally sought.

58. Nor is it clear to the Tribunal whether or not any of the estimates were from persons wholly unconnected with the landlord. This is a matter which the letter could easily have covered, and for which there is an evidential vacuum.

59. Nor did the letters above state that the estimates were available for inspection by each tenant.

60. Nor was there any specification of the place and hours at which the estimates might be inspected.

61. Moreover, the Management Company failed to invite the making (in writing) of observations in relation to those estimates, giving the address and period for tenants to do so.

62. It is fair to add that there was a question and answer session at the Annual General Meeting on 6th December 2018, and the minutes indicate that SJB properties were proposing to send letters out to everyone before Christmas, and then comments and feedback would be requested in January, after which voting on matters would take place, with the intention to have funds starting to come in around March/April 2019 for works to commence. The next letter dated 21st December 2018, however, only gave information on costs, and did not remedy any of the "paragraph b" deficiencies set out above.

63. As a result of the Management Company's failure to invite observations, it cannot be said that it had regard to any observations in relation to the estimates, as required by paragraph 5 of Schedule 4, Part 2 of the Regulations.

64. It is unclear when the Management Company entered into a contract for the carrying out of the works. Certainly, the letter dated 28th February 2019 indicated that Cotswold Lifts would be the chosen contractor, as it had given the lowest estimate. To that limited extent,

the Regulations were complied with. However, this letter does not remedy the other earlier defects, in the Tribunal's judgment.

65. For all the above reasons, this Tribunal concludes that the Management Company has not complied, either fully or substantially, with the requirements of the Regulations.

Whether the costs of the works are reasonable

66. The Applicant's Statement of Case does not advance a case challenging these costs.

67. The Applicant has not adduced any alternative quotes, despite the Tribunal giving directions allowing it to do so.

68. The Tribunal notes the cost is based on the lowest of the 3 quotes obtained, and in the Tribunal's experience, it does not appear excessive.

69. The Tribunal therefore finds the cost (subject to the issue of consultation), to be at a reasonable sum.

Conclusions

70. In all the circumstances, the decision of this Tribunal is that whilst the cost of works is covered by the Lease and reasonably incurred, the Management Company may recover no more than £250 per flat from the Applicant by reason of its failure to comply with the Consultation Regulations.

71. There has been no application for dispensation from the requirements of section 20 consultation. I say no more about that, other than the Supreme Court has held in *Daejan Investments Ltd v Benson* [2013] UKSC 14; [2013] 1 WLR 854, that when considering an application under section 20ZA, the Tribunal should focus on the extent, if any, to which the tenants were prejudiced by the failure to comply with the consultation requirements. A loss of opportunity, without more, to be able to make any representations on the procedure is insufficient to establish prejudice: *Aster Communities v Chapman* [2020] UKUT 177 (LC).

72. There is no application made under s.20C or Schedule 11, para. 5A.

Judge: 

S J Evans

Date:
6/8/20

ANNEX – RIGHTS OF APPEAL

1. If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-Tier at the Regional Office which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional Office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.
3. If the application is not made within the 28-day time limit, such application must include a request to an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

Appendix 1

Landlord and Tenant Act 1985

Section 18

(1) In the following provisions of this Act "service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent -
   (a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and
   (b) the whole or part of which varies or may vary according to the relevant costs.

(2) The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.

(3) For this purpose -
   (a) "costs" includes overheads, and
   (b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.

Section 19

(1) Relevant costs shall be taken into account in determining the amount of a service charge payable for a period -
   (a) only to the extent that they are reasonably incurred, and
   (b) where they are incurred on the provisions of services or the carrying out of works, only if the services or works are of a reasonable standard;

   and the amount payable shall be limited accordingly.

(2) Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise.

Section 27A

(1) An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to -
   (a) the person by whom it is payable,
   (b) the person to whom it is payable,
   (c) the amount which is payable,
   (d) the date at or by which it is payable, and
   (e) the manner in which it is payable.

(2) Subsection (1) applies whether or not any payment has been made.

(3) An application may also be made to the appropriate tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to -
(a) the person by whom it would be payable,
(b) the person to whom it would be payable,
(c) the amount which would be payable,
(d) the date at or by which it would be payable, and
(e) the manner in which it would be payable.

(4) No application under subsection (1) or (3) may be made in respect of a matter which -
(a) has been agreed or admitted by the tenant,
(b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
(c) has been the subject of determination by a court, or
(d) has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.

(5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

Service Charges (Consultation Requirements) (England) Regulations 2003/1987

Schedule 4, Part 2

1.—

(1) The landlord shall give notice in writing of his intention to carry out qualifying works–
(a) to each tenant; and
(b) where a recognised tenants' association represents some or all of the tenants, to the association.
(2) The notice shall–
(a) describe, in general terms, the works proposed to be carried out or specify the place and hours at which a description of the proposed works may be inspected;
(b) state the landlord's reasons for considering it necessary to carry out the proposed works;
(c) invite the making, in writing, of observations in relation to the proposed works; and
(d) specify–
(i) the address to which such observations may be sent;
(ii) that they must be delivered within the relevant period; and
(iii) the date on which the relevant period ends.

(3) The notice shall also invite each tenant and the association (if any) to propose, within the relevant period, the name of a person from whom the landlord should try to obtain an estimate for the carrying out of the proposed works.

2.—

(1) Where a notice under paragraph 1 specifies a place and hours for inspection–
(a) the place and hours so specified must be reasonable; and
(b) a description of the proposed works must be available for inspection, free of charge, at that place and during those hours.
(2) If facilities to enable copies to be taken are not made available at the times at which the description may be inspected, the landlord shall provide to any tenant, on request and free of charge, a copy of the description.

3. —

Where, within the relevant period, observations are made, in relation to the proposed works by any tenant or recognised tenants' association, the landlord shall have regard to those observations.

4.—

(1) Where, within the relevant period, a nomination is made by a recognised tenants' association (whether or not a nomination is made by any tenant), the landlord shall try to obtain an estimate from the nominated person.
(2) Where, within the relevant period, a nomination is made by only one of the tenants (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate from the nominated person.
(3) Where, within the relevant period, a single nomination is made by more than one tenant (whether or not a nomination is made by a recognised tenants' association), the landlord shall try to obtain an estimate–
(a) from the person who received the most nominations; or
(b) if there is no such person, but two (or more) persons received the same number of nominations, being a number in excess of the nominations received by any other person, from one of those two (or more) persons; or
(c) in any other case, from any nominated person.
(4) Where, within the relevant period, more than one nomination is made by any tenant and more than one nomination is made by a recognised tenants' association, the landlord shall try to obtain an estimate–
(a) from at least one person nominated by a tenant; and
(b) from at least one person nominated by the association, other than a person from whom an estimate is sought as mentioned in paragraph (a).
(5) The landlord shall, in accordance with this sub-paragraph and sub-paragraphs (6) to (9)–
(a) obtain estimates for the carrying out of the proposed works;

(b) supply, free of charge, a statement ("the paragraph (b) statement") setting out–
(i) as regards at least two of the estimates, the amount specified in the estimate as the estimated cost of the proposed works; and
(ii) where the landlord has received observations to which (in accordance with paragraph 3) he is required to have regard, a summary of the observations and his response to them; and
(c) make all of the estimates available for inspection.
(6) At least one of the estimates must be that of a person wholly unconnected with the landlord.
(7) For the purpose of paragraph (6), it shall be assumed that there is a connection between a person and the landlord–
(a) where the landlord is a company, if the person is, or is to be, a director or manager of the company or is a close relative of any such director or manager;
(b) where the landlord is a company, and the person is a partner in a partnership, if any partner in that partnership is, or is to be, a director or manager of the company or is a close relative of any such director or manager;
(c) where both the landlord and the person are companies, if any director or manager of one company is, or is to be, a director or manager of the other company;
(d) where the person is a company, if the landlord is a director or manager of the company or is a close relative of any such director or manager; or
(e) where the person is a company and the landlord is a partner in a partnership, if any partner in that partnership is a director or manager of the company or is a close relative of any such director or manager.
(8) Where the landlord has obtained an estimate from a nominated person, that estimate must be one of those to which the paragraph (b) statement relates.
(9) The paragraph (b) statement shall be supplied to, and the estimates made available for inspection by–
(a) each tenant; and
(b) the secretary of the recognised tenants' association (if any).
(10) The landlord shall, by notice in writing to each tenant and the association (if any)–
(a) specify the place and hours at which the estimates may be inspected;
(b) invite the making, in writing, of observations in relation to those estimates;
(c) specify–
(i) the address to which such observations may be sent;
(ii) that they must be delivered within the relevant period; and
(iii) the date on which the relevant period ends.
(11) Paragraph 2 shall apply to estimates made available for inspection under this paragraph as it applies to a description of proposed works made available for inspection under that paragraph.

5. —

Where, within the relevant period, observations are made in relation to the estimates by a recognised tenants' association or, as the case may be, any tenant, the landlord shall have regard to those observations.

6.—

(1) Subject to sub-paragraph (2), where the landlord enters into a contract for the carrying out of qualifying works, he shall, within 21 days of entering into the contract, by notice in writing to each tenant and the recognised tenants' association (if any)–
(a) state his reasons for awarding the contract or specify the place and hours at which a statement of those reasons may be inspected; and
(b) there he received observations to which (in accordance with paragraph 5) he was required to have regard, summarise the observations and set out his response to them.
(2) The requirements of sub-paragraph (1) do not apply where the person with whom the contract is made is a nominated person or submitted the lowest estimate.
(3) Paragraph 2 shall apply to a statement made available for inspection under this paragraph as it applies to a description of proposed works made available for inspection under that paragraph.