Ministry of Housing, Communities & Local Government

Matthew Pennycook MP
Minister of State for Housing and Planning
2 Marsham Street
London
SW1P 4DF

Your reference: HW34516
Our reference: PO2025/04236

Helen Whately MP
House of Commons
London
SW1A 0AA

7 March 2025

Dear Helen,

Thank you for your letter of 7 February on behalf of leaseholders and freeholders in your constituency.

I appreciate how important this matter is to your constituents and am grateful to you for taking the time to write. I have asked my officials to address your concerns in detail in the letter appended.

Please be assured that I am conscious of the matters you have raised, and I appreciate the insight your letter provides.

I hope the attached response suitably addresses your constituents' enquiry. If that is not the case, please don't hesitate to let me know.

Best wishes,



MATTHEW PENNYCOOK MP
Minister of State for Housing and Planning

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Dear Helen Whately MP,

Thank you for your letter, to which the Housing Minister has asked me to reply.

Firstly, on 21 November 2024, the Government made a statement on the next steps for leasehold and commonhold reform. The statement sets out the steps the Government intends to take to implement the reforms to the leasehold system, contained in the Leasehold and Freehold Reform Act 2024; and to progress a wider set of reforms to the leasehold and commonhold system over the course of this Parliament. The statement is available at: https://hansard.parliament.uk/commons/2024-11-21/debates/24112139000012/LeaseholdAndCommonholdReform

The statement reaffirmed the Government's commitment to enact the Leasehold and Freehold Reform Act 2024, acknowledging the need to rectify some flaws identified in the Act. This will be done via primary legislation before some of the measures can come into effect, including those on the amended valuation process. The Government will address these issues as soon as Parliamentary time allows.

For the parts of the Act which can be implemented quickly, the Government has done so. A number of provisions came into force on 24 July 2024 relating to rentcharge arrears, building safety legal costs and the work of professional insolvency practitioners. On 31 October 2024, the Government activated further building safety measures and on 2 December 2024, the Government launched a consultation on buildings insurance remuneration.

Secondly, for leaseholders, the following information may be of interest. If a leaseholder believes the service charge that they are being asked to pay is not reasonable, in the first instance they should raise this with their landlord or managing agent. If the issue is unable to be resolved via this route, the leaseholder may wish to make an application to the appropriate tribunal, the First-tier Tribunal (Property Chamber) in England, who can make a legal determination on the reasonableness of the service charge.

Information on how to do this in England can be found by visiting this website: https://www.gov.uk/government/publications/form-leasehold-3-application-for-a-determination-of-liability-to-pay-and-reasonableness-of-service-charges.

If there has been a significant failure by a managing agent or landlord, section 24 of the Landlord and Tenant Act 1987 allows a leaseholder to apply to the appropriate tribunal asking it to appoint an alternative manager.

It is important to note before making an application, that under the terms of a lease, leaseholders may be liable to pay the legal costs of their landlord, regardless of the outcome before the appropriate tribunal. In some cases, this may lead to a leaseholder facing bills that are higher than the charges they were seeking to challenge in the first place. Measures in the Leasehold and Freehold Reform Act 2024 will require landlords to apply to the relevant court or tribunal to pass any or all of their legal costs onto leaseholders; and will give leaseholders a new right to apply to the relevant court or tribunal to claim their legal costs from their landlords. The measures concerning legal costs are yet to come into force. The relevant court or tribunal will make a decision on applications that is just and equitable in the circumstances.

There are two Government approved codes of practice which outline best practice for managing agents, landlords or other relevant parties in relation to residential leasehold property management. Both documents can be taken into account as evidence in court and First-tier Tribunal hearings, including hearings on the reasonableness of service charges. The two codes of practice are the Royal Institution of Chartered Surveyors Code of Practice and the Association of Retirement Housing Managers Code of Practice.

The Department cannot provide legal advice on specific cases. However, free information and advice is funded by the Department and provided by The Leasehold Advisory Service ('LEASE'). LEASE offers a comprehensive range of online resources, as well as a telephone and email enquiry service. LEASE can be contacted through their website: www.lease-advice.org. They could also contact via telephone (020 7832 2500) or by email (info@lease-advice.org). The Department has also created a 'How to Lease' guide that is available at: www.gov.uk/government/publications/how-to-lease.

Third and finally, the following information may be of interest for freeholders. We are aware of different ownership models in place. For example, the ownership of the land can be passed on to the residents through an estate management company. In such circumstances some residents become the director of the company and, in many situations, are supported by a managing agent in discharging their obligations. Details of how companies are to be run are filed at Companies House and if the management company is not complying with the terms of the agreement, residents on the estate may seek to enforce the terms by way of an injunction for specific performance. Alternatively, should they wish to replace an existing director, they may also use relevant provisions under the Companies Act 2006.

Going forward, the Leasehold and Freehold Reform Act 2024 can require estate management companies who manage their estate themselves to sign up to a new mandatory redress scheme. These measures will require secondary legislation to ensure that the Government gets the detail right before they come into effect.

Thank you for taking the time to write.

Yours sincerely,

FRED SMAILES
Head of Ministerial Correspondence