



Ministry of Housing,
Communities &
Local Government

Matthew Pennycook MP
*Minister of State (Minister
for Housing and Planning)*

Florence Eshalomi MP
Chair, Housing, Communities and Local Government
Committee

04 July 2025

Dear Florence,

Strengthening leaseholder protections on charges, fees and services

I am writing to you in your role as Chair of the Housing, Communities and Local Government Committee.

As you are aware, the government is progressing the wider set of reforms necessary to honour the commitments made in our manifesto and finally bring the feudal leasehold system to an end.

However, we are acutely aware that millions of leaseholders are currently suffering as a result of unfair and unreasonable practices and that they need urgent relief. That is why we continue to implement those reforms to the leasehold system already in statute, balancing speed with care to ensure that the measures brought into force are to the lasting benefit of leaseholders and residential freeholders.

To that end, I am today launching a wide-ranging consultation on ‘*Strengthening leaseholder protections over charges and services*’:

<https://www.gov.uk/government/consultations/strengthening-leaseholder-protections-over-charges-and-services-consultation> This consultation sets out key reforms for leaseholders to hold landlords and managing agents to account for the services they provide and the charges and fees they levy.

The cost of living remains a pressing concern for leaseholders across England and Wales. In addition to managing the costs of household bills and other essentials, many are struggling to cope with the additional financial strain placed on them by high and rising service charges that are all too often opaque in nature.

The consultation is in two parts. The first focuses on measures contained in the Leasehold and Freehold Reform Act 2024 to improve fairness and transparency in

the calculation and presentation of service charges, and reducing the barriers to challenge unreasonable charges. Once enacted, these will ensure that all leaseholders are issued with standard service charge documentation in a form that provides clear, detailed information about how their service charges are calculated and spent. The result will be service charge demands that are more easily challengeable at the First-tier Tribunal (or Leasehold Valuation Tribunal in Wales) if leaseholders consider them to be unreasonable.

This section will seek views to implement measures on:

- Improving fairness and transparency in the calculation and presentation of service charge demands, including new standardised service charge demand forms, annual reports and service charge accounts. This will mean that service charges are more easily challengeable at the First-tier Tribunal (or Leasehold Valuation Tribunal in Wales) if leaseholders consider them to be unreasonable;
- Addressing the unreasonable practice where landlords are able to recover their litigation costs from leaseholders regardless of the outcome of a legal challenge; and
- Improving buildings insurance transparency, including what information should be provided to leaseholders, so they have assurance they are getting fair value and are better able to challenge any unreasonable insurance charges.

The second part of the consultation focuses on proposals that go beyond the leasehold system already in statute as a result of the Leasehold and Freehold Reform Act 2024. In particular, it seeks views on:

- Reforming the Section 20 process that leaseholders must go through when a landlord wants to carry out 'major works' funded by a service charge. We know that one-off, unexpected, and often very large bills for major works can place huge financial strain on leaseholders. Far too many receive little or no notice about such works and so have little time to obtain sufficient funds;
- Considering the case for greater protections for leaseholders paying fixed service charges, giving leaseholders the power to switch and veto managing agents and improvements to the process for appointing a manager in cases of serious management failure (the 'Section 24 process');
- Opportunities to encourage the provision of information and services digitally to be more accessible and reduce costs; and
- Taking initial steps to strengthen the regulation of managing agents by introducing mandatory professional qualifications that will set a new basic standard that managing agents will be required to meet. This will not be the final step in strengthening the regulation of managing agents, and we are also looking again at Lord Best's 2019 report on regulating the property agent sector.

For further information about the detail of what the Government is consulting on, please see **Annex A** of this letter.

These proposals relate to England and Wales. This is a joint consultation with the Welsh Government, and will inform the development of secondary legislation by both the UK government and Welsh Government. The consultation will be open for 12 weeks and closes on Friday 26 September.

Taken together, the various proposals outlined in the consultation will provide existing leaseholders with far greater rights and protections and will empower them to challenge poor practice and unreasonable charges and fees. Following the consultation, we intend to bring the various measures into force as quickly as possible.

More broadly, we also remain firmly committed to commencing the remaining provisions in the Leasehold and Freehold Reform Act 2024 and to progressing the wider set of reforms necessary to end the feudal leasehold system for good as set out in my Written Ministerial Statement of 21 November 2024.

Very best wishes,

A handwritten signature in black ink, appearing to read 'Matthew Pennycook', with a large, stylized loop at the end.

MATTHEW PENNYCOOK MP
Minister of State for Housing and Planning

Annex A: Major policy measures in the consultation document

PART 1: IMPLEMENTATION OF THE LEASEHOLD AND FREEHOLD REFORM ACT 2024

New annual reports

Landlords will be required to give leaseholders an annual report containing relevant financial and non-financial information. We are consulting on the proposed contents and form as well as proposed exemptions or different arrangements where necessary.

New standardised service charge demand forms

The government will be able to prescribe the form and content of service charge demand forms. This consultation will set out the proposed form for the demand sent to leaseholders at the start of the financial year as well as any in-year demands.

Clarity of future service charge demands

The government may specify the form or content of a notice that landlords must use to inform leaseholders in circumstances where major works are likely to take longer, and leaseholders can expect to be charged their contribution for these works later, than anticipated. We are consulting on proposed contents and form, and circumstances when an extension of time may be justified.

Extended rights to obtain Information on request

The 2024 Act contains measures to enable leaseholders to request information relating to their service charge or the condition of their building from their landlord on request. We are consulting on the detail of how to ensure this works effectively in practice, including: what information must be provided, e.g. relating to the building (surveys, contract specifications, enforcement notices) and financial information, such as invoices and receipts; and proposed timeframes for responding to information requests.

Impact of reforms on those who rent properties

The measures in the 2024 Act relating to service charge demand forms, annual reports and right to request information will extend to all tenants renting from housing associations who pay fixed and variable service charges unless expressly exempt. We are consulting on the extent to which the relevant measures should apply.

Administration charge schedule

Administration charges are one-off charges that may be charged to an individual leaseholder in addition to service charges, for specific requests outlined in the lease. The 2024 Act requires landlords to publish a schedule of these charges. Government

can prescribe the form and content of the schedule, and we are consulting on the proposed form and how it is to be published.

Information about insurance

The government can prescribe what information landlords must provide leaseholders with regard to the buildings insurance, in what format and over what time frame. We are consulting on: the information we propose landlords must share with leaseholders on the buildings insurance, including as regards conflict of interest; a proposed template that landlords would need to use to provide this information; and detailed questions on timeframes, a transition period and any possible exemptions from the requirement.

Service charge accounts

The 2024 Act introduces a requirement for most landlords to provide a written statement of accounts within six months of the end of the accounting period. We are consulting on the contents of service charge accounts, who should verify their accuracy, what financial reporting standards should be adhered to, as well as exemptions. It will also seek information about costs and likely transition time required.

Litigation costs

Measures in the 2024 Act seek to rebalance the leasehold litigation costs regime by requiring landlords to apply to the court or tribunal in order to recover their litigation costs from leaseholders; and by giving leaseholders a new right to apply to the court or tribunal to claim their litigation costs from their landlord. The measures include powers to make exemptions to the landlord application requirement; and a power to suspend the landlord application requirement until a later time. There is also a power to set the types of cases (e.g. reasonableness of service charge cases) the leaseholder right to claim their litigation costs from their landlord should apply to. This consultation seeks views on the detail of these powers as well as how to best transition to the new regime.

PART 2: NEW SERVICE CHARGE REFORMS

Reform of the major works regime ('section 20')

We are seeking views on the current major works (or "section 20") regime, for example for large works where a roof or lift needs replacing. The consultation sets out proposals for reform, including:

- Making reserve funds mandatory for new and existing leases, to enable leaseholders to spread the cost of major works over a longer time period;
- Mandating landlords to prepare asset management plans, which are costed long-term maintenance plans for individual buildings to enable leaseholders to understand what future works may be happening; and

- Proposals to streamline the 'section 20' consultation process, including: changes to the threshold for consultation and scope of activities covered by the major works process; proposals to speed up the process; and proposals to limit grounds for not consulting.

Other service charge matters

We are seeking views on a number of discreet policy areas to either stress test their ongoing effectiveness or whether new proposals should be introduced. These include reviewing the current effectiveness of leaseholder client money protection, and rights and protections around the use of fixed service charges. We are also seeking views on potential improvements to the Section 24 process to appoint a manager in cases of serious management failure, and whether leaseholders should have greater rights to switch, or veto the appointment of, managing agents.

Qualifications for managing agents

We are seeking views on the detail of proposals for introducing mandatory qualifications for managing agents. This would cover issues such as:

- The level of qualification required;
- The bodies designated to offer the qualification;
- Continuous Personal Development requirements;
- Enforcement of the requirement to obtain qualifications; and
- Transition arrangements.