

From the Chairman of the Association
Cllr James Jamieson

Clive Betts MP
Chair, Housing Communities and Local Government Committee
House of Commons
London
SW1A 0AA

16 November 2021

Dear Clive

Leasehold Reform (Ground Rent Bill)

Thank you for your letter dated 3 November in which you sought the LGA's views on the feasibility of funding the enforcement of the forthcoming ground rent restrictions through financial penalties levied on freeholders who illegally charge ground rent.

We fully support the intention of the Bill in putting an end to ground rents for new, qualifying long residential leases. This will come as a welcome relief to leaseholders signing up to new leases, but of course will not address the issues of some existing leaseholders who are facing high and escalating ground rents. We also welcome the provisions in the Bill that provide that a breach of the ground rent restriction will be a civil offence for which enforcement authorities may impose a financial penalty between £500 and £30,000. It is also positive that the Minister raised the maximum penalty from £5,000 to £30,000 on the back of Lords' concerns that the balance between the proportionality of enforcement and deterrence was not quite right.

However, whilst we agree that revenue from any financial penalties should be reinvested in enforcement services, we do not consider that this should be the sole source of funding for relevant compliance work. It is vital that other resources are provided to enable activity on new burdens such as this. Ideally, councils would not need to issue financial penalties because freeholders are supported to understand and comply with the new regulations and therefore would be used as a matter of last resort. Working with regulated parties in this way requires resources that will have to be diverted from elsewhere if the sole funding provided is expected to come from penalties revenue. This is a particular challenge for trading standards given the [wide range of new enforcement duties](#) the service is being tasked with enforcing.

We are aware that the Department for Levelling Up, Housing and Communities (DLUHC) have consulted with the National Trading Standards Estate and Letting Agent Team (NTSELA) in the development of this legislation. The LGA would support funding being made available to the NTSELA team to support councils in enforcing the new regulations. The use of a lead enforcement authority for this type of new responsibility helps ensure that funding is appropriately targeted at the organisations leading different types of enforcement activity. This is an approach that has been utilised with other recently introduced property related legislation, for example the Tenant Fees Act 2019.

You also asked whether the New Burdens Doctrine has been followed in relation to the Bill. We understand that officials are currently working on a new burdens assessment, but the LGA has not yet had sight of it. We are seeking further clarity on an indicative timescale for its completion.

I hope that is helpful and I would be happy to meet to discuss in further detail as necessary.

Yours sincerely

A handwritten signature in black ink, appearing to read "James Jamieson". The signature is written in a cursive style with a long, sweeping underline.

Cllr James Jamieson
Chairman