



Housing, Communities and Local Government Committee

House of Commons, London SW1A 0AA

Tel 020 7219 5364 Email hclgcom@parliament.uk Website www.parliament.uk

Eddie Hughes
Minister for Rough Sleeping and Housing
Department for Levelling Up, Housing and Communities
4th Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

23 November 2021

Dear Eddie,

I am writing to you regarding the costs that local authorities will incur in enforcing the proposed reforms contained in the Government's Leasehold Reform (Ground Rent) Bill.

The Bill has passed through the House of Lords and has had its first reading in the House of Commons, with second reading scheduled for 29 November. The Bill will require that only a peppercorn rent is charged as a ground rent for new, qualifying long residential leasehold properties in England and Wales. The Bill states that the enforcement authorities will be every local authority in England and Wales that has responsibility for local weights and measures, and that other district councils in England may act as enforcement authorities if they choose to do so. The Bill also states that the revenue from financial penalties levied against freeholders who charge a prohibited rent may be used towards meeting the costs and expenses incurred by the authority for the enforcement.

I wrote to the Chair of the Local Government Association (LGA) about this proposal. In his response, which I attach with this letter, he set out the LGA's view that financial penalties should not be the sole source of funding for enforcement. Its view is that other resources will be needed, especially given the increase in the range of new enforcement duties being placed upon trading standards departments. The LGA also hopes that there will be sufficient compliance by freeholders to avoid the need to resort to financial penalties.

Furthermore, the LGA expressed support for funding being made available to the National Trading Standards Estate and Letting Agent Team (NTSELA) to help support councils in enforcing the new regulation. The LGA also states that it understands that the new burdens assessment relating to the Bill is being worked on by departmental officials, but neither the assessment nor its timeframe for publication has been made public.

Therefore, I would be grateful if you could clarify the proportion of the enforcement costs that you expect will come from financial penalties, and the proportion you expect

will come from other sources. It would be helpful if you could set out the information, or assumptions, that have informed these expectations. In addition, can you set out whether resources will be provided to NTSELA to support local authorities' enforcement of the provisions of the Bill. I would also be grateful if you could set out the timeframe for the publication of the new burdens assessment connected with the Bill.

As is usual practice, I plan to put this letter and your response in the public domain.

A handwritten signature in black ink, appearing to read 'Clive Betts', written in a cursive style.

Clive Betts MP
Chair, Housing, Communities and Local Government Committee