



G15 Residents' Group

A forum to unify and promote the resident voice to influence, reform and celebrate social housing

Raise the Views of residents - Promote Quality social housing - Advocate for the Future of social housing

G15 Residents' Group Response to the consultation on Strengthening leaseholder protections over charges and services

Submitted by: G15 Residents' Group

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Introduction

The G15 Residents' Group (G15RG) represents the voices of residents from London's largest housing associations, collectively housing **1 in 10 Londoners** in social and affordable homes. We welcome the Government's proposed changes and the opportunity to respond to the consultation on **Strengthening leaseholder protections over charges and services**, drawing on our lived experiences and policy expertise to highlight challenges and solutions.

The G15RG welcomes the Government's proposed changes to strengthen leaseholder protections over charges and services. This consultation is timely and sets out measures for leaseholders to have much clearer information about what they are being charged for, more consistent rights to challenge costs, and stronger safeguards against unfair practices. These are all policy aims that we support.

We do however recognise the challenges our landlords will face in implementing the reforms as proposed. It is important that the increased transparency being sought is balanced and remains affordable for leaseholders. The reforms should be aimed at improving trust between leaseholders and landlords, with the Government providing the required support for effective reform delivery.

Our response is informed by:

- Our members' lived experience across all tenure types, including leaseholders and shared owners, with representation from diverse demographics.
- Additional viewpoints received from G15 leaseholders including resident board members and leaseholder groups.
- Key concerns raised in Social Housing article by Mark Foxcroft- [Leasehold reform: implications for social housing providers](#)
- Discussions with Earley and Woodley MP Yuan Yang, member of Labour for Leaseholders

1. Service Charge Transparency

- a. Annual service charge bills in England & Wales rose by 4.3% in 2023 and 11.0% in 2024, averaging £2,300 per year, or £192 per month ([Property Report Article](#)). In some cases, leaseholders report that these charges are opaque and not well explained. Rising costs have also become unaffordable for some leaseholders. Set in the context of the current cost of living crisis, this can mean that for many leaseholders, their homes have turned from sanctuaries to money pits.
- b. The proposed reforms would require landlords to use clear, easy to understand, standard forms in plain English that are inclusive and accessible to everyone, with adjustments for leaseholders with additional needs. These forms should show what is being charged with an annual summary explaining costs, any building plans, and advance notice of increased charges.
- c. We strongly support the concept of service charge transparency. Ensuring leaseholders to understand what they are being charged for more clearly will have a huge impact on leaseholders. Providing accurate information is crucial if residents are to check charges and spot errors, and transparency will support personal financial planning. As part of this, we think it is important that a comparison of the previous years' service charge bill is provided with clear breakdown of what is driving any increase in cost.
- d. While we believe it's important to give leaseholders access to as much information as they would like about their home, we also understand that the proactive disclosure of large amounts of technical information would be costly, and could be counterproductive. We would therefore support an approach that allowed landlords to publish the full information using existing databases and / or additional software, reducing the resource and financial impacts to both landlords and leaseholders. Communication of information and service charge bills to Leaseholders should also be possible digitally in addition to traditional formats, upon request, to save costs.
- e. From a resident perspective, we think it would also be useful if service charge breakdowns included details of what charges are accrued for new regulatory requirements that landlords are mandated to introduce. This would aid transparency, ensure residents understand the charges, and help to maintain and build trust between landlords and leaseholders.
- f. Building plans or additional services not included as Section 20 major works, should include consultation with leaseholders (e.g. with dedicated service charge or leaseholder groups) as part of pre-budget activities. In addition to consultation with leaseholders on annual service charge budgets, it is important for the Government to hold landlords accountable for any discrepancies between estimated and actual service charge bills. Any discrepancies between estimated and actual bills should be notified in a timely manner, be reasonable, and come with transparent explanations, including identifying Government legislative charges. Where applicable, repayment options should be made available for leaseholders facing financial difficulties.

2. Insurance Charges

- a. Reports from the Financial Conduct Authority showed a 40% rise in insurance commission remuneration between 2019 and 2022, often without evidence of benefit to leaseholders. ([Propertymark Article](#)).
- b. Greater transparency on hidden insurance commissions and administration fees reduces the likelihood of overcharging, and makes it easier for leaseholders to challenge unfair costs.
- c. Landlords and the MHCLG should consider building safety improvements, sustainability initiatives and database software as ways of reducing building insurance premiums and the associated administrative costs.
- d. We also urge the Government to work with the insurance industry to ensure insurance is attainable and affordable. Landlords always try to get the best deal for a building but, in practice, often struggle to obtain quotes. Those they can obtain are coming at higher and higher prices. The Government and insurance industry need to work together on a solution to this, as the costs can add a huge financial burden for leaseholders and impact on not-for-profit landlords' ability to meet their social responsibilities.

3. Legal/Litigation Costs

- a. Landlords shouldn't be able to add legal costs to service charges without a tribunal determination. This will reduce the risk of surprise legal bills and better protection and reduced costs in challenging the landlord.
- b. This proposal encourages landlords to be more transparent, have better mediation strategies and stronger case preparation before litigation.

4. Major Works Regime

- a. Setting limits on charging for big repair projects and implementing a leaseholder funded savings pot (sinking fund) to cover future expenses is welcome.
- b. Advance notice of such major works should be provided to leaseholders to support consultation activities where practicable and cost effective (e.g. Costs for communal versus individual repair). Simple, transparent accounting and forecasting are essential for the sinking fund with notation on the service charge bill explaining what the sinking fund covers, historical usage, and any future plans. Repairs should offer good value for money.
- c. Fire safety costs such as replacement of fire doors are currently charged to leaseholders separately. The Government is urged to create and/or extend existing funding to support such costs and ensuring landlords are establishing sinking funds to plan and cover such safety costs when allocated funding, where the Building Safety Fund, is not applicable. This will help avoid unexpected large bills to leaseholders.

5. Agent Qualifications

- a. Improved service and greater accountability are intended with the proposal to introduce mandatory qualifications for external managing agents, requiring recognised credentials, licenses and oversight mechanisms. This could also lead to increased costs for leaseholders and a more competitive market for recruitment of qualified agents. Whilst a grace period will be provided to allow existing agents to be qualified, this may also lead to a disruption of services.
- b. Leaseholders believe that strong governance, regular audits, and transparent performance monitoring of managing agents are more effective in ensuring accountability than certification alone.
- c. The Government is urged to mandate managing agents to work in partnership with landlords to support leaseholders. Such a mandate can ensure compliance to avoid legal and reputational exposure as they remain accountable for the agents' actions.

Conclusion

The G15 RG urges the Government to implement the proposed changes to the Leasehold and Freehold Reform Act allowing homeowners to have greater rights, powers and protections, including greater transparency over service charges. However, we have concerns that some parts of the reform may be too extensive in scope with both operational and financial impact, especially in a not-for-profit setting. We therefore urge the Government to work with landlords to access available funding (e.g. Building Safety fund), existing resource and expertise (e.g. digital versus mailed paper annual reports) to provide the best outcome for leaseholders.

We request:

1. Government to support better working relationships between Leaseholders, not-for-profit Landlords and External management Companies in effective delivery of services through improving communication and transparency. This can be supported by targeted Government policy.
2. Government to consider a reasonable timeline of 2 to 3 years for an adequate roll out of this reform in parallel with other ongoing reforms.
3. Government to hold landlords accountable for charge discrepancies, particularly estimated charges. To also consider measures in line with the Commonhold and Leasehold Reform (Ground Rent) Act 2022, of retrospectively removing ground rent charges from existing leasehold agreements. Also to identify Government legislative directed charges that Landlords are

mandated to complete to be complainant, so residents can understand exactly where charges are coming from.

4. Government to mandate that Landlords work with Leaseholders that are part of Right To Manage (RTM), Resident Management Company (RMC) or Residents Association schemes to implement proposed changes in this consultation, including the right to challenge or remove estate managing agents when service quality is poor or costs are unreasonable. Proper enforcement is also required for landlords who break consultation rules or fail to provide accurate accounts. The government should set out clear penalties and have independent checks in place to make sure reforms are carried out and not ignored.
5. Government to work with the insurance industry on solutions to reduce the financial burdens for leaseholders and landlords.
6. Government to extend funding support for cyclical work sinking funds, particularly when covering costs relating to safety.
7. Government to mandate EMAs to work in partnership with landlords, especially on compliance actions.
8. We also ask the government to provide more support for vulnerable leaseholders who are hit hardest by rising service charges and major works costs. This could include tailored advice, financial help in cases of hardship, and stronger safeguards to stop people falling into arrears or losing their homes.
9. Lastly, a reasonable version of these reforms should be introduced with proper enforcement. The government should set out clear penalties and have independent checks in place to make sure reforms are carried out and not ignored.

Signed,

G15 Residents' Group

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