propertymark

Ministry of Housing, Communities and Local Government

Strengthening leaseholder protections over charges and services consultation

Response from Propertymark

September 2025

Background

1. Propertymark is the UK's leading professional body of property agents, with over 19,000 members representing over 12,500 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.[1]

Consultation – overview

2. The Ministry of Housing, Communities and Local Government (MHCLG) is seeking views on a range of reforms to leasehold properties in England and Wales. These follow the enactment of the Leasehold and Freehold Reform Act 2024 which laid out various requirements for landlords and managing agents to provide leaseholders such as standardised forms for collecting service charge, new annual reports and information about insurance products among other changes. While the Act set these requirements, the design of these forms has been in development since the Act passed and now the UK Government is seeking views on the details of these forms. Additionally, the consultation seeks views on new reforms that were not included within previous legislation. This includes reforms to major works, protections for fixed service charges and qualifications for managing agents.

Propertymark response – summary

3. Propertymark welcomes the opportunity to respond to the MHCLG's consultation on Strengthening Leaseholder Protections over Charges and Services. Propertymark's membership largely consists of letting and estate agents and while Propertymark doesn't have a membership option explicitly for managing agents, some Propertymark members also provide management services. Considering this, we are responding primarily on behalf of our members who provide management

[1] https://www.propertymark.co.uk/

services as they will be most affected by the proposals but will also comment on the implications for estate and letting agents where appropriate. In general, much of the proposals should not have significant implications for Propertymark members as many already meet the proposed new requirements for managing agents. Broadly speaking, our response is based on the following four points:

- **Greater transparency ultimately benefits all parties involved** – leaseholders benefit from a clearer understanding of their charges and managing agents who are able to justify charges will spend less time disputing charges to leaseholders.

- **Standardisation of forms will help create parity within the sector –** managing agents who take over the management of new properties struggle with missing information. Mandating that information needs to be provided regularly in a standardised format will prevent this, reducing costs and improving the service provided by managing agents.

- **Providing more information early will help leaseholders sell their homes faster –** existing requirements under the Digital Market, Competition and Consumers Act 2024, estate agents are required to provide upfront information about properties which can be difficult when selling leasehold properties. Standardised forms with service charge and other lease information will help improve the speed of property sales considerably.

- **Professional bodies must play a larger role in enforcement –** considering the proposals to introduce new qualification and CPD requirements for managing agents, existing professional bodies are best placed to support the enforcement of higher standard. This would be especially effective if membership of these bodies was made mandatory.

Consultation Questions

Question 1: Where are you based?

4. Propertymark is based in Warwickshire, but we are responding on behalf of our membership which is UK-wide.

Question 2: What is your name?

5. Our response is on behalf of an organisation rather than an individual.

Question 3: What is your email address?

6. Policy@propertymark.co.uk

Question 4: Are you responding on behalf of an organisation?

7. Yes, we are responding on behalf of the organisation Propertymark.

Question 5: If you are responding on behalf of an organisation, how would you describe your organisation?

8. Propertymark is the UK's largest professional body of property agents. Further details on our background have been included in paragraph 1 of our response.

Question 6: If you are responding as an individual, what best describes you?

9. We are not responding as an individual.

Question 7: If you are a managing agent: How many staff members do you employ?

10. We are not responding as a single managing agent, but Propertymark's membership covers a wide range of firms, from large corporations with multiple offices to smaller single-branch firms.

Question 8: If you are a managing agent: How many blocks do you manage?

11. We are not responding as an individual managing agent.

Question 9: If you are a managing agent: How many leasehold units / dwellings do you manage?

12. We are not responding as an individual managing agent.

Question 10: If you are a landlord or managing agent: How many properties (e.g. individual flats) are you responsible for?

13. We are not responding as an individual managing agent.

Question 11: If you are a landlord or managing agent: Do you charge a fixed or variable service charge?

14. We are not responding as an individual managing agent.

Question 12: If you are a landlord or managing agent: How many times a year do you issue a service charge demand form to each of the leaseholders you manage?

15. We are not responding as an individual managing agent.

Question 13: If you are a landlord or managing agent, how do you issue a service charge demand form?

16. We are not responding as an individual managing agent.

Question 14: If you are a landlord or managing agent: Do you rely on an external software provider for general data collection?

17. We are not responding as an individual managing agent.

Question 15: In your role as landlord or managing agent, have you been involved in proceedings related to a leasehold issue before a relevant court or tribunal?

18. We are not responding as an individual managing agent.

Question 16: If you are a leaseholder: Have you been involved in proceedings related to a leasehold issue before a relevant court or tribunal?

19. We are not responding on behalf of leaseholders.

Question 17: Do you agree with the minimum information proposed for the annual report (at paragraph 29)?

20. We agree with the minimum information proposed for the annual report. In addition to the existing requirements, we propose the following additions. Firstly, the section on works should explicitly include questions that enable the managing agent to provide details on the units or areas of the building that will face disruption, the degree to this disruption and when the disruption is expected to end. This will be especially important if a leaseholder would lose access to any utilities or access to their property. Secondly, we would encourage the inclusion of a section that allows for management agents to include any further information that they believe is important to maintain a record of and provide to residents. This allows for the inclusion of information specific to individual buildings while ensuring standardisation since any new information can be included within the same section across all annual reports.

Question 18: Should the information in the annual report be set out in a prescribed and standardised manner?

21. Yes, presenting information in the annual report in a prescribed and standardised manner has benefits for managing agents, leaseholders and estate agents. Although since we do not represent leaseholders, we shall focus on the benefits for estate and management agents.

22. There are two clear benefits for managing agents. Firstly, it will make the process of collecting information about a property easier when a managing agent takes over the management of another building. Propertymark agents have expressed frustration in the past when they are managing a new block where record keeping was poor. Requiring annual reports to be provided with this information should alleviate this problem. Secondly, the standardisation of how information is provided to residents can help support managing agents who have recently switched companies. Rather than having to learn a new process or what information that particular agent provides, the new employee working for that agent would already know what information to provide in the annual report.

23. For estate agents, the annual report will help prevent situations where important information needed for a sale is missing. Under the Digital Markets, Competition and Consumers Act 2024, estate agents are required to provide all the information that the average consumer would need

to make an informed decision. The information needed could include lease details but also important information on how the service charge is calculated, ongoing works, when common parts are cleaned etc, which requires the estate agent to contact the freeholder, management company or agent who has details on the lease or is responsible for the common parts of the building. The process of collecting information takes time, especially if it is not readily available. Since the information is required to be provided on the property listing, it can leave sellers frustrated and likely to find an estate agent who doesn't provide upfront information. By ensuring that the information on the property is collected in a prescribed and standardised manner, the information is more likely to be readily available and up to date, making this process quicker and easier for both the estate agent and the leaseholder.

Question 19: Do you agree with the proposals for the annual report for leaseholders in retirement properties and pay both fixed service charges and an event fee?

24. We disagree with proposals for annual reports for leaseholders in retirement properties that pay both fixed service charges and an event fee to omit the section on details of formal actions or statutory processes affecting the building. As detailed in the draft annual report provided by MHCLG, this section would include details on the ability to dispute service charges or raise a complaint. While we agree that this would not be required in the majority of circumstances, there may be instances where a less scrupulous company raises fixed service charges or event fees without demonstratable benefits to residents. This is a possibility if a new organisation takes over the management of another and reviews the amount of service charge and event fees paid. In this case, having the knowledge on how to dispute increases in fees can prevent unquantified increases in fees for residents. We would envision that the proposal to include details on the event fee obligation would suffice as an explanation to how payments work. By doing this, leaseholders in retirement properties would understand they would be expected to pay a fee but also dispute an unexpected rise in charges.[2]

Question 20: For those with a superior landlord, how do accounting periods differ between that of the superior landlord and the head lessor?

[2] Propertymark has long agreed with calls for a disclosure document concerning Event Fees in specialist retirement developments as drafted by the Law Commission in March 2017 to be introduce. Companies that own or manage specialist retirement properties, usually flats owned on a long leasehold basis, often include a clause in their lease agreements requiring owners to pay an "exit" or "transfer" fee when they wish to sell or rent out their homes. Further consumer awareness about these clauses is needed.

25. We cannot comment on individual cases, our response is a combination of experiences of all our members, each with broadly different accounting periods.

Question 21: Where there are different accounting periods between head lessors and superior landlords, do you agree with annual report exemption Option 1 or Option 2 as a means to ensure leaseholders receive timely information?

26. Out of the two options provided, option 1: that head lessors wait until the superior landlord provides the relevant information before providing the annual report, or option 2: that head lessors provide all the information they hold before the superior landlord provides the remaining information, option 2 is our preferred option. Option 2 is more beneficial to leaseholders and estate agents during the sales process. This is because they would have more access to information earlier compared to option 1. This enables the estate agent to start creating the property listing with existing information and identify any potential gaps in information they would need to obtain. This would speed up the sales process compared to option 1 when the leaseholder and estate agent would have to wait until all the information was ready.

Question 22: What circumstances are there where the proposed minimum information may not be available to the landlord to provide the annual report in the specified time period? Please, explain your answer.

27. While we do not consider that proposed minimum information to be challenging for managing agents to provide, there are three circumstances where the proposed minimum information may not be available to the landlord. Firstly, where a superior landlord has not taken an active role in managing the building. This is especially the case where the landlord is overseas and is not in regular contact with the managing agent or leaseholders, but has delegated a lot of control to the managing agent. Even if managing agent may does the information required, they may need approval from the landlord in order to provide the information in a new format on a regular basis. Secondly, if there have been multiple recent changes in ownership or management of the building. This can mean some information such as planned major works, maintenance or outstanding payments from leaseholders has not been transferred, especially if the previous management company become insolvent. Thirdly, specifically on the appointment of the principal accountable

person, we understand there continue to be ongoing disputes around who exactly should be the principal accountable person for regulated buildings in England.

28. To prevent information from being lost during the transfer of ownership or management, we would propose the following solution. While there will be challenges for existing buildings where the information has been lost due to recent change or ownership or management, going forward the legislation should add the ability for existing landlords and managing agents/companies to request information from previous owners and managers. This could be achieved through various means, including legally requiring information to be handed over to new owners/managers or having the ability for new owners/managers to file requests through the Courts. Either way, the need to provide information and the ability to access it must be enshrined through legislation with legal and financial penalties for not providing it. This would have the additional benefit of charging owners and managers who did not provide annual reports once the legislation has come into force.

Question 23: Should there be any other exemptions for provision of some or all parts of the proposed annual report which should apply?

29. We do not think any further exemptions should be applied. Further exemptions risk reducing the standardisation of annual reports, which would make collecting information harder for estate agents and managing agents taking over the management of a new building.

Question 24: Do you agree with the proposed contents of the initial service charge demand form?

30. We agree with the proposed contents of the initial service charge demand form. As with the annual report, we encourage that the form be considered the minimum requirements to include as some management agents may already have system in place where they provide information to leaseholders. By allowing more information to be included in service charge demand forms, managing agents would be able to adapt more easily to the new legislative requirements.

Question 25: [England only] Do you consider that the new building safety information should be provided as part of the service charge demand or annual report?

31. We would recommend that Building Safey Information should be split between the service charge demand and annual report. The annual report would be able to provide details on what fire safety

measures are being implemented and where any works are being carried out. This can fit easily into the "major works" and "ongoing maintenance" sections of annual report. The service charge demand form would include a breakdown on how building safety measures are being costed.

Question 26: Which option do you think provides the most appropriate level of breakdown of heads of costs budget headings for the annual budget document?

32. Out of options 1 and 2, option 2 presented by MHCLG breaks down costs even further, providing greater detail on how much is being charged. We support option 2 over option 1 for three reasons. Firstly, breaking down service charge in this amount of detail helps to prevent potential disputes between leaseholders and management agents. Broken down, leaseholders would be able to see how each part of the service charge is justified, reassuring them that the charge is being used for a beneficial purpose. This helps prevent legal costly legal battles where further information would have made it clear that the service charge was being used. Secondly, by making it clear what each part of the service charge will be used for, it can make it easier for leaseholders to legitimately challenge unfair service charges if one or more aspects of the annual budget was not carried out. Thirdly, it ensures that managing agents justify the entire service charge as every detail will be accounted for. Through option 1, a management agent or landlord could potentially estimate costs and over-charge, when this would be more difficult through a detailed breakdown.

Question 27: Do you consider that details of the budget should be provided as part of the initial demand form or as part of the annual report?

33. We consider that details of the budget should be provided through the initial demand form. This makes it easier for leaseholders to understand what each form is used for as the initial demand form includes all the charges and while the annual report includes all the other important information they need to know.

Question 28: Do you agree with the proposed interim and reconciliation demands forms?

34. We agree with standardising the process of refunding or acquiring additional funds from leaseholders. However, within the proposed reconciliation demand form, there is no space explicitly for the purpose of providing an explanation as to why an additional service charge is being requested or why leaseholders are due a refund. We would encourage that this be provided

in reference to the initial demand form with a space to explain what the funding was going to be used for and why there has been an increase or decrease in costs. This will help to justify any increase in service charge to tenants.

Question 29: Should there be any exemptions from providing service charge demands using standardised forms?

35. Service charge demands should always be issued using the standardised forms but managing agents must have the ability to add further information to these forms if it is necessary for their management procedures.

Question 30: Do you agree that existing flexibilities to agree how service charge demand forms are provided should continue to apply?

36. We agree that a degree of flexibility is required in how service charge demand forms are provided, as this allows for managers of blocks to retain how they are providing service charge demand forms if it works for existing leaseholders. However, there may be circumstances where individual leaseholders would be unable to receive service charge demand forms. For example, if the management system only provides emails to leaseholders, those without access to an electronic device would never receive the service charge demand form. To prevent these situations, we propose that the block manager is unable to reasonably refuse a request on how an individual leaseholder's service charge demand forms are provided.

Questions 31: Landlords and managing agents only: Is there any information for the proposed service charge demand and annual report that you do not already collect?

37. In the experience of Propertymark members, the vast majority of information is already provided through the service charge demand and annual report. Managing agents who already provide this information would be best supported by the ability to build upon existing forms, so that they can meet minimum requirements while maintaining current forms if they provide additional information. This will minimise interruption for those who are providing beyond the minimum requirements.

Question 32: Landlords and managing agents only: Do you use management software, or do you manually process demands?

38. In Propertymark's experience, our members typically use a range of methods, and it is not possible to provide a broad overview and accurate assessment of the percentage that use management software or manual procedures. Typically, however, larger firms are more likely to use management software.

Question 33: Landlords and managing agents only: Would you need to make significant adjustments to your systems to meet the new information requirements?

39. It is our understanding that the majority of members would not have to make significant adjustments.

Question 34: Landlords and managing agents only: How long would it take and how much would it cost you (or, if outsourced, the provider) in terms of set up costs to adjust systems to collect and provide the information proposed in the demand forms or annual report and thereafter additional ongoing costs? Please provide a breakdown of both set up costs which may be required and any additional costs of providing the information on an ongoing basis after set up.

40. It is not possible for Propertymark to make an assessment to the average cost of our members if they were required to adjust their business practices to the new system of collecting information.

Question 35: Do you agree that 12 months is an acceptable transition period for landlords to prepare for the new demand form and annual report arrangements to commence?

41. We agree that 12 months is an acceptable transition period for landlords to prepare for the new demand form and annual report arrangements to commence.

Question 36: Do you agree with the proposed structure and content of the future demand notice in Annex C?

42. We do not agree with the proposed structure and content of the future demand notice. While we have no concerns with the current content, we are concerned that it does not include the ability

for an explanation of the item to be included. For potentially contentious items, there should be the ability for the management agent to include a greater description of the item and an explanation as to why it is needed. Even if this takes additional time to complete, this can help prevent potential disputes with leaseholders who may wish to question the necessity of the new fee.

Question 37: Do you agree with the proposed grounds for extending the estimated demand date?

43. We agree with the proposed grounds for extending the estimated demand date within the demand notice, these being delays to major works and disputes which delay the invoice of the final bill. We would also recommend including disruption of management (including the landlord) which may not delay the invoice of the final bill or the works being carried out but would delay the collection of the service charge.

Question 38: Should we legislate so that costs should not be recovered if the time limit has lapsed on the initial future demand form or capped if the estimate on the initial form has been exceeded?

44. We disagree that the UK Government should legislate so that costs should not be recovered if the time limit has lapsed on the initial future demand form or capped if the estimate on the initial form has been exceeded. There are circumstances where works could be delayed by the company contracted to carry out the works or where a company hired has become insolvent. If the UK Government is planning on legislating on this, they must provide a list of reasonable circumstances where costs can still be recovered even if there are delays. These exemptions would focus on circumstances outside of the control of the management.

Question 39: Do you agree with the proposed list of information that leaseholders can request from their landlords in Table 1?

45. Yes, we agree with the proposed list of information that leaseholders can request from their landlords.

Question 40: Do you agree with the proposal to give leaseholders the right to request to retrieve documents relating to matters for up to six years?

46. Yes, we agree with proposals to give leaseholders the right to request to retrieve documents relating to matters for up to six years. Where the information is not six years old, we would recommend including a stipulation that leaseholders have the right to request to retrieve documents relating to matters for up to six years or the earliest available documents relating to matters that are not six years old.

Question 41: Please comment or suggest any changes to the proposals to the enhanced rights to request information.

47. Where information is not directly held by the landlord, for example a managing agent or an accountable person who is not the principal accountable person, leaseholders would be best supported by being informed how to contact these people. Considering this, where information is not held by the landlord, leaseholders should be provided contact details of the individual/organisation that holds it and be recommended to contact them directly instead of the landlord.

Question 42: Do agree that 28 calendar days is a reasonable timeframe for a landlord to provide requested information to a leaseholder (in Table 1)?

48. We disagree that 28 calendar days is a reasonable timeframe for a landlord to provide requested information to a leaseholder. We would recommend a shorter timeframe for two reasons. Firstly, the majority of Propertymark members who have been asked this question stated that they could provide this information in a shorter timeframe and the request for information is more likely to be actioned sooner if the timeframe was shorter. It would also be even easier to provide this information once the legislation comes into force as more information will be recorded and shared with leaseholders. Secondly, this information is often requested when a property is in the process of being sold. Since estate agents have to provide upfront information on property listings, any missing information that is required from the landlord or managing agent needs to be provided before the property is listed for sale, or requested part-way through the process if a potential buyer requests further information. The longer the deadline for requesting information, the slower the sales process is. This is especially important for leasehold properties as they already take longer to sell than freehold[3]. Reducing the timeframe from 28 to 14 days, which is still achievable, would help prevent unnecessary delays to the sale of leasehold property.

[3] https://www.zoopla.co.uk/discover/buying/is-a-leasehold-property-harder-to-buy-and-sell/

Question 43: Do you agree with the circumstances under which the overall 28 day time period should be extended, and the proposal to allow an additional 7 extra calendar days?

49. We agree that there should be exemptions of an additional 7 calendar days when the information is held by a third-party. However, the additional timeframe may influence landlords and managing agents to hold off requests until several days into the timeframe. In order to ensure this exemption works as intended, in order to grant the exemption landlords and managing agents must demonstrate that they contacted the third-party within 7 days of receiving the request. By doing so, any additional calendar days to receive the information would be because the third-party took time to respond rather than because the landlord or managing agent did not request the information early enough.

Question 44: Do you agree that the Receiving Party should respond to the landlord's request within 15 days?

50. We agree that the Receiving Party (third-party which has received a request for information from the landlord/managing agent) should respond to the landlord's request within a given time frame. However, since we support a shorter timeframe for the landlord or managing agent to provide information, we would recommend a shorter timeframe for the Receiving Party to respond.

Question 45: Do you agree that leaseholders should have a maximum of three months after making a request to inspect documents in person? Please provide reasons for your answer and any changes you consider necessary.

51. While we understand the reasons behind setting the maximum timeframe of three months, this timeframe is not feasible if the request is made during a property transaction. We also recognise that it would be challenging if not impossible to legislate this. We therefore recommend that the UK Government issue guidance to landlords and managing agents on this, recommending that they organise an in-person inspection of these documents as soon as possible if they are for the purpose of completing a property sale.

Question 46: Do you agree with the proposed exemptions to the duty to provide requested information? If not, what exemptions, if any, do you think should be provided and why?

52. We disagree with the proposed exemption "commercially sensitive information" to the duty to provide requested information. Commercially sensitive information is too vague a category and could be open to potential abuse from the landlord who may use it as an excuse not to provide the information, or to provide cover for themselves if the information has not been recorded properly. If the information is essential for a property sale, this could prevent the property from being sold.

Question 47: Do you agree that social housing tenants of Private Registered Providers and Registered Social Landlords should receive an annual report and right to access specific information?

53. Yes, we agree that social housing tenants, regardless of provider, should have access to the same benefits as private tenants. Not only does this create parity between the social and private sectors but arguably ensuring service charges are justified is even more important for social tenants for two reasons. Firstly, since social housing providers receive funding from the taxpayer, ensuring the accuracy and necessity of costs of any works or maintenance is not just in the residents' best interests but the taxpayers' as well. Secondly, social housing tenants are more likely to be from vulnerable groups and financially vulnerable. Any additional cost to them should include the same level of scrutiny that Private landlords would. The annual report and request for information would help social tenants provide this necessary level of scrutiny.

Question 48: Would you suggest any modifications to our proposed format of the annual report and information that may be requested? If no, please give your specific reasons

54. We disagree with the approach that MHCLG has proposed to simplify the annual report in all circumstances. We would recommend that the annual report should provide all information on services that are covered by their service charges which should be bespoke for each building. This would help to highlight situations where social tenants' service charges are used in a particular building when it is not typical to do so. This will ensure that the annual report provides all the information relevant to the social tenant. To achieve this, we would recommend including a section at the end of the report which details atypical services covered by the service charge.

Question 49: What would be the additional cost to Private Registered Providers and Registered Social Landlords of obtaining and supplying this information to social housing tenants? Please provide a breakdown of both initial costs and long term sustained additional costs.

55. We are unable to provide an estimation of the cost for social landlords as our members do not have sufficient experience working with social landlords and social housing tenants.

Question 50: Do you think that 12 months is an acceptable transition period for Private Registered Providers and Registered Social Landlords to adjust their systems and train their staff to the new arrangements? If no, what should be an appropriate period and why?

56. We agree that 12 months is an acceptable transition period for Private Registered Providers and Registered Social Landlords to adjust their systems and train their staff to the new arrangements. This would help to create parity between private and social housing tenants.

Question 51: Do you agree with the proposed structure and contents of the administration charge schedule as set out at Annex D

57. As with previous forms, we have no issues regarding the format and text that is currently included within the form. We would only recommend that an additional section be included at the bottom that managing agents and landlords can add which aren't listed in the form. This would retain the intention of the form to create consistency across leasehold buildings across England and Wales while allowing for managing agents to add any charges that aren't currently listed. The consistency benefits potential buyers, leaseholders and estate agents as they would know to expect this form and could potentially challenge any missing information. It also benefits managing agents who take over control of a new block as this information would be readily available in this format. The ability to provide additional information would prevent the need for managing agents to provide an additional form which could be easily lost or misplaced when compared to the annual report or form for buyers. It would also be difficult for new managing agents to identify these additional charges if these charges are not written down and included in the form.

Question 52: Do agree that landlords should make the administration charge schedule available on request (see Table 1), in addition to as part of the annual report?

58. We agree that landlords should make the administration charge schedule available on request to leaseholders for one main reason. During a sale, it would be useful for the annual report to be requested separately from the annual report. This could be sent to conveyancers, potential buyers or other parties involved in the sale process in a more digestible form. When provided as a separate document from the annual report, it would be easier for all parties involved to understand the charge schedule and potentially challenge any discrepancies. This would ultimately improve the speed in which the home can be sold, which is a benefit to all involved.

Question 53: Are there any other situations when landlords should be able or required to provide the administration charge schedule to leaseholders? [Free text] Provide details.

59. In addition to providing the schedule when requested, as part of the annual report and to purchasers, we would recommend that the administration charge schedule should be made available to leaseholders when the leasehold is being sold as soon as possible, even if it has not been requested. Having it provided by default ensures the documents are ready and can be included within the property listing if needed. This would prevent situations where the leaseholder is not aware that buyers should receive it, leaving the estate agent to request the form from the landlord directly which could delay sales.

Question 54: Do you think that managing agents and landlords should also have to declare conflicts of interests with the insurance broker and insurer? [Yes/No]

60. Yes, we think that managing agents and landlords should have to declare conflict of interest with the insurance broker and insurer. As highlighted by the consultation document, there are instances where the landlord or managing agent could be incentivised to hire an insurance broker who would not provide the best or most cost-effective service. It is therefore in the best interests of leaseholders to be aware of any conflicts of interest. Additionally, if leaseholders found any conflict of interest after the insurance was chosen, they would likely challenge the decision even if the particular policy chosen was best value for money. By improving transparency, all parties involved benefit from a clearer understanding of options and less disruption as long as the managing agent and landlord are acting in good faith.

Question 55: Are there any other conflicts in the chain of organising, managing and providing insurance that should be declared to a leaseholder?

61. We would recommend a broad definition of "conflict of interest" that could capture other conflicts in the chain of organising, managing and providing insurance which all must be declared to the leaseholder.

Question 56: Do you think that the FCA definition of a conflict of interest covers conflicts that are relevant to leaseholders?

62. There are two other conflicts which leaseholders should be aware of. The first is that the insurance product is bespoke to that particular property, meaning that the product is different from its usual products beyond minor changes that would take into account the specific characteristics of the property. This could potentially indicate that leaseholders are not receiving a good deal as the insurance provider has negotiated a new product with the landlord/managing agent. This could indicate a potential conflict of interest. The second is that the firm should declare any personal relationship with the managing agent or landlord. This could indicate preferential treatment when deciding which insurance policy to choose.

Question 57: If the information required under FCA rules, additional details about conflicts of interest and making a claim were sent to all leaseholders, would this be the right amount of information?

63. We would recommend seeking the views of leaseholders directly for this as Propertymark does not have sufficient knowledge on leaseholder experiences in this area.

Question 58: Do you think there should be any circumstances where the duty to provide information on insurance should not apply?

64. It is in the best interest of leaseholders, managing agents and landlords to provide information on insurance in all circumstances.

Question 59: Should landlords be required to provide information in a set template?

65. We would welcome a set template, but with the ability for landlords and managing agents to provide additional information in an annex at the end. This is for the same reasons that we have detailed when answering questions on required forms throughout the consultation.

Question 60: What is your opinion of the proposed template provided at Annex E? Provide details.

66. We are happy with the proposed template, as long as landlords and managing agents have the ability to include additional information within an annex at the end of the form.

Question 61: Should landlords be able to provide leaseholders with insurance information only by email?

67. We disagree that landlords should be able to provide leaseholders with insurance information only by email. We are concerned that there may be leaseholders, particularly vulnerable leaseholders, who do not have easy access to an email address. To avoid that situation, a landlord should provide the option for leaseholders to request that insurance information should be provided via post or a copy handed directly by the managing agent.

Question 62: Do you think 30 days is enough time to give landlords to provide building insurance information to leaseholders?

68. We agree that 30 days within the insurance coming into effect is enough time to give landlords to provide building insurance information to leaseholders. However, we are concerned that there are no requirements for insurance information to be provided during the sale of a leasehold property. Waiting 30 days after the property has been sold is too late as the information could be considered material information, especially if the new leaseholder would not have bought the property if they had known the full insurance information. We would therefore recommend that the insurance information be provided to potential buyers as early as possible during the sale process as it potentially may need to be included within the property listing. Its inclusion within the property listing will depend on material information guidance that is currently being designed between the property sector, MHCLG, the Competition and Markets Authority and National Trading Standards. By mandating that this information should be provided to leaseholders or their estate agents when the property is in the process of being brought onto the market, MHCLG can help align leasehold

reforms with wider reforms to the home buying and selling process and improve the speed in which properties are bought and sold.

Question 63: Do you think there are any circumstances where this time period should be extended?

69. We do not think there should be any circumstances where this time period should be extended.

Question 64: Should landlords be required to request information from a third person in a certain way?

70. We think that landlords and managing agents should be required to request information from a third person in a certain way for three reasons. Firstly, requesting information through a formal method can help demonstrate the importance of receiving the information in a timelier manner. Secondly, a more formal request form is easier to enforce if there are time limits on the third party to respond to the request. Thirdly, if the request is not responded to, a formal request that can be shared with leaseholders helps to demonstrate that the landlord or managing agent followed the correct procedure. Ultimately, while landlords and managing agents would need to spend more time submitting requests, the benefits of receiving information in a timelier manner, being less likely to be ignored by the third party and the ability to provide reassurances to leaseholders outweighs this.

Question 65: Should there be any circumstances where a person is exempt from the duty to provide information to the landlord?

71. We envision that there would be two circumstances where a person is exempt from the duty to provide information to the landlord. The first is when the third person does not hold the kind of information that the landlord is looking for. The second is when the third party would commit an offence should they provide the information to the landlord, or that the landlord would be committing and offence by requesting the information.

Question 66: Should there be a set time period within which a request for information from a landlord to a third party be made?

72. We would recommend that there should be a set time period within which a request for information from a landlord to a third party be made. However, it is difficult to determine a suitable period for all third parties to respond as different organisations will have to provide different information and have a different capacity to respond to requests. While a broad 7-day requirement may be beneficial, we would recommend that MHCLG work with public bodies to ensure they have suitable times to respond. Time limits can also be updated as more information on the capacity for third parties to respond is available.

Question 67: [If you are a landlord or managing agent What do you think transitioning to these new arrangements would cost your organisation?

73. While Propertymark is not a managing agent, Propertymark has engaged extensively with our members on the topic of providing more information to leaseholders through mandated templates. The vast majority of members have reported that they currently provide much of the information and that the transition would not be an issue. Many of the concerns regarding switching to specific forms can be addressed by including an annex that allows landlords and managing agents to add more information based on what they currently provide leaseholders.

Question 68: [If you are a landlord or managing agent] How much would it cost you to obtain the required information that you do not currently have?

74. We are unable to provide an accurate average cost for our members to obtain the information they currently do not have. However, mandating this information will help to reduce the costs for managing agents who take control of new buildings, as there will be less of a risk that no or little information is collected and shared with leaseholders. Therefore, in the long term we can expect impact on costs for managing agents to be marginal.

Question 69: Do you think that 3 months is the right amount of time to allow landlords and managing agents to adjust their systems and train their staff to carry out the new arrangements?

75. We would recommend allowing six months for manging agents to adjust their systems and train their staff to carry out the new arrangements. While the transition would not be challenging for many Propertymark members, some may need for time if some landlords do not play an active role in managing the property but still hold onto some information. Additionally, in the long term

6 months will help to ensure more managing agents who don't currently collect the minimum required amount of information proposed in the legislation meet their requirements. This will be a considerable help to managing agents taking over the responsibility of a building that was managed poorly by the previous managing agent or landlord. Considering the range of new requirements, we are likely to see more landlords or management companies hire a managing agent. This would necessitate a longer transition period as it is more likely that management companies or landlords who are concerned about meeting the new legislative requirements would not be currently collecting all the information required.

Question 70: Do you agree that accounts must include the following minimum information:

a. **a balance sheet for the service charge fund which sets out the assets and liabilities of the**
b. **block an income and expenditure account and explanatory notes**
c. **sinking fund or reserve funds statements (where applicable)**
d. **a statement of service charge collection deficits**

76. We agree that accounts must include the minimum information displayed above, with the ability for managing agents and landlords to provide bespoke information if required. Considering these forms demonstrate the total expenditure, there is less of a requirement to personalise these accounts to each leaseholder, and doing so could potentially cause more confusion between different leaseholders in the same building.

Question 71: Do you agree that, where there are multiple service schedules, a balance sheet should be provided with each schedule?

77. We disagree that a balance sheet must be provided for each schedule. Considering that leaseholders would receive an overall sheet for the year, we see no benefit in providing multiple sheets throughout the year. Providing one sheet can be easier for leaseholders to follow and will help to offset some of the additional work managing agents will be required to do in order to standardise their procedures.

Question 72: Do you agree that ISRS4400 should be the default reporting standard for assuring service charge accounts?

78. We have no concerns with ISRS4400 being considered an acceptable reporting standard, however this should not be promoted as the default standard. We would recommend allowing managing agents and chartered accountants to maintain their existing arrangements, should they be compliant with all other standards. This prevents needless disruption and allows auditing arrangements to continue without the need for an unnecessary switch in standards.

Question 73: Are there any other reporting standards, such as ISRE 2400, that should be followed?

79. MHCLG should take a holistic view of other existing reporting standards that are used across the industry, assess them individually, and allow for a wide range of reporting standards to be used as long as they meet high standards.

Question 74: Do you agree with the format of the statement of declaration (at Annex G)?

80. We agree with the format of the statement of declaration.

Question 75: Do you agree with the proposals to expand the number of qualified people who can prepare the written report?

81. We agree with the proposals to expand who would be qualified to prepare a written report to qualified members of professional bodies. This would provide reassurances to leaseholders of the quality of the report provided while also ensuring there is a clear complaints procedure and redress for leaseholders should they have an issue with the written report.

Question 76: What financial information do local authorities, Private Registered Providers and Registered Social Landlords provide to their leaseholders? [Please highlight all that are relevant]

- **Balance Sheet**
- **Income and Expenditure report**
- **Sinking/reserve fund statement**
- **Other**

82. Our members only provide private homes and therefore this question is not applicable to Propertymark.

Questions 77-79 also only cover social homes which is not relevant to Propertymark and thus we have not responded to these questions.

Question 80: Do you already provide your leaseholders with service charge accounts?

83. It is not possible for us to provide a full picture of how common landlords and managing provide service charge accounts. The majority of Propertymark members who provide management services who we have spoken to do provide service charge accounts. However, it should be noted that those who are more willing to engage with Propertymark and who are members of Propertymark or another professional membership body, are more likely to provide these accounts.

Question 81: What are the differences between these new proposals and the information you currently provide to leaseholders?

84. As with question 80, many of our members have stated that much of proposals for standardised forms, including service charge account measures, is already best practice across the industry. It is highly likely that the service charge accounts already provided by the majority of managing agents are not dissimilar to the UK Government's proposals.

Question 82: How long does it take you to prepare accounts now? How long would it take you to prepare accounts if you had to implement the proposals?

85. We are unaware of the average time it takes for managing agents to prepare these accounts however based on the information that our members have provided, it does not appear that it would take a significant amount of additional time. This would especially be the case if managing agents were able to implement the minimum requirements into existing documents used by managing agents.

Question 83: How much does it cost you to prepare a set of accounts on average? Please give specific examples and a range if possible.

86. We do not have the sufficient information to provide an accurate assessment of the average cost of preparing a set of accounts for managing agents.

Question 84: What additional costs or savings would you face if you had to implement the proposals? Please include where these costs or savings would occur, e.g. number of people to prepare; new people to verify.

87. Costs for our members would depend on their existing arrangement with leaseholders. It is not possible for us to comment on how each individual member would be impacted which this question asks.

Questions 85-86 also ask for how changes would specifically impact an individual agent's costs and practices which we cannot provide further information for.

Question 87: Do you agree that 12 months is enough time to allow landlords and managing agents to adjust their systems and train their staff to the new arrangements?

88. Yes, based on the majority of members we have spoken to and the experience of Propertymark as an organisation, 12 months is enough time for Propertymark members to adjust their systems. However, there are managing agents and landlords who may struggle with the changes, depending on how much information they provide to leaseholders in a regular and systematic way. The less information they provide and more non-compliant they would be with proposed legislation, the more time they would need. However, a shorter transition period has benefits for leaseholders, estate agents and managing agents. Managing agents who are taking on the management of properties from freeholders would benefit from greater access to information, which the reforms would provide. Leaseholders would have easier access to information, which they could use to challenge any unutilised service charge payments and estate agents would be able to provide these service charge accounts (as well as all the other necessary forms) to potential buyers earlier on during the home buying and selling process.

Question 88: Would set up costs be reduced if we provided a longer transition period?

89. Considering the benefits of a shorter transition period, we would not consider a reduction in costs, even if this could be achieved, to be a substantial enough justification for introducing a longer transition period.

Question 89: Should there be an exemption to the requirement for landlords to apply to the court or tribunal in order to recover their litigation costs as an administration charge where a landlord has issued a debt claim in the civil court (e.g. for the debt of an unpaid service charge) where the leaseholder has admitted to the claim or not defended the claim?

90. We would consider there should be an exemption if the landlord and leaseholder dispute the amount owed to the landlord, even if the leaseholder has admitted a debt is owed or is not defending the claim. This would prevent situations where a leaseholder is asked to pay more than they believe to owe, which would necessitate restarting the legal process. Requiring the landlord to verify the amount owed before applying to the court would identify if there is a dispute, allowing for the landlord to apply to the court or tribunal to determine the extent of the debt owed.

Question 90: We would welcome further evidence on the proportion of cases to recover a debt brought by the landlord which are undefended or admitted to by the leaseholder.

91. We are unaware of the proportion of cases to recover a debt brought by the landlord which are undefended or admitted to by the leaseholder.

Question 91: We would also welcome evidence from leaseholders about whether they have ever had to pay a landlord's litigation costs as part of a debt claim, and if so, how much were those costs?

92. We are not responding on behalf of leaseholders and do not have access to this information.

Question 92: Are there any other cases where you think there needs to be an exemption to the landlord requirement to apply in order to recover their litigation costs as an administration charge?

93. We consider that it is necessary for a landlord to apply to the court or tribunal to recover litigation costs as an administration charge in all circumstances where the leaseholder challenges or does not admit to the claim. Situations may arise when a managing agent or other third party hired by the landlord has been tasked in obtaining service charges, but these charges have not and can no longer be passed onto the landlord. These situations would require legal judgments to prevent leaseholders from paying twice for their service charge.

Question 93: We are aware that some landlords may not be able to recover their litigation costs from an individual leaseholder as an administration charge due to the terms of the lease. Are there instances that such an exemption should be made to allow a landlord to recover their litigation costs through the service charge without an application to the court or tribunal?

94. In situations where litigations costs cannot be recovered due to the terms of a lease, we disagree that an exemption should be made to allow a landlord to recover their litigation costs without an application to the court or tribunal. Should the lease be written in this way, we would recommend MHCLG to make it easier to amend lease terms in these situations. In order to protect leaseholders from unsubstantiated amendments to their lease, we would recommend that leaseholders should be able to apply to the court or tribunal to challenge changes that go beyond the ability to recover litigation costs.

Question 94: These measures will apply to social landlords who are seeking to pass their litigation costs onto leaseholders. We would welcome views from social landlords and their leaseholders on any further considerations in relation to the power to exempt certain situations from the landlord application requirement.

95. This question is not applicable to Propertymark.

Question 95: Where the leaseholder has partially admitted a debt (and so has defended another part of the debt) and therefore the claim will go before a judge who can then assess a landlord's application for litigation costs, do you think the exemption to the landlord application requirement should not apply?

96. Yes, we agree that if part of the debt is challenged, a court or tribunal would be best placed to determine the amount of debt that is due. We are concerned that if the application still applies, leaseholders will not have the ability to challenge part of a debt owed.

Question 96: We would welcome any further evidence of the proportion of cases to recover a debt brought by the landlord which are partially admitted to by the leaseholder.

97. We are unaware of the proportion of cases to recover a debt brought by the landlord which are only partially admitted to by the leaseholder.

Question 97: Do you think that the proposed exemption to the landlord application requirement should not apply where the leaseholder has successfully applied to set aside a default judgment?

98. Yes, we agree that landlords should still have to apply to the court or tribunal when a leaseholder has successfully applied to set aside a default judgement.

Question 98: Should the proposed exemption extend to cases where the leaseholder has unsuccessfully applied to set aside a default judgment?

99. We disagree that if the leaseholder was unsuccessful in applying to set aside a default judgement, that the landlord should be exempt from applying to the court or tribunal to recover a debt. It may be possible that the reasons for denying a default judgement may not have established the level of debt that needs to be paid. Therefore, it is still important for a landlord to apply to the court or tribunal to establish the exact amount that should be paid.

Question 99: Should there be an exemption to the landlord application requirement to recover their costs as an administration charge where the civil court has automatically struck out a leaseholder's case because of something the leaseholder has done or failed to do?

100. We disagree that if a leaseholder has had a case automatically struck down due to something they did or failed to do that there should be an exemption in all circumstances for the landlord to apply to the courts to recover their costs. We understand there will be circumstances where a leaseholder could challenge the case repeatedly in order to delay or prevent themselves from paying a debt they owe when they know they have no case. Therefore, if they do not adhere with a court's or tribunal's requirements for them, demonstrating a lack of seriousness with the legal challenge, the landlord should be able to recover the debts owed to them without the need to go through the legal process. However, the consultation document clearly states that this exemptions for landlords would apply to "any case before the civil court which is brought by either a landlord or a leaseholder, not only debt cases". We disagree that it should apply to cases not related to debt as these are separate cases and this exemption could be abused by a landlord to ask for additional debt that is not owed to them or where a leaseholder would dispute it. Additionally, we argue that the exemption should only apply if the current case from the leaseholder has been struck down. This would maintain protections for the landlord from having cases challenged multiple times

while ensuring the leaseholder maintains the legal right to challenge cases even if a previous case was struck down.

Question 100: We would welcome any further evidence of the proportion of cases where a landlord and a leaseholder is involved which are struck out "automatically", without a formal reviewing of a case.

101. We have no further information to provide at this time.

Questions 101-109 concern "resident-led" management systems which is not applicable to Propertymark and therefore have been omitted from our response.

Question 110: Should the leaseholder right to apply to the court or tribunal to claim their litigation costs from their landlord broadly align with the right to litigation costs that landlords have?

102. Yes, it is essential that a leaseholder has the same right to claim their litigation costs from their landlord that landlords have to claim litigation costs from leaseholders. Combined with efforts to increase transparency between all parties, we should see a reduction in illegitimate claims or claims raised due to poor or missing information. Should lease terms prevent either the landlord or the leaseholder from being able to claim litigation costs, we would encourage the UK Government to introduce a mechanism for changes to be made or for these terms to be superseded by legislative requirements for litigation costs to be recovered. Any potential unintended consequences for either party to make legal claims that are unlikely to succeed (which would be burdensome to the courts) can be mitigated through mediation with managing agents. Proposals to ensuring managing agents are qualified further improve their ability to prevent lengthy unnecessary legal cases.

Question 111: Do you think the proposed cases (those set out in Table 2 and 3) should be those that relevant proceedings must relate to in order for the leaseholder to have the right to apply to the court or tribunal to claim their litigation costs from their landlord?

103. The proposed cases are as follows for applications to be made to civil courts:

- Possession and forfeiture
- Arrears (this could include arrears of a service charge, administration charge or ground rent)

- Other breach of the lease
- Nuisance claims
- Landlord unreasonably withholding consent for improvements (Section 19(2) of the Landlord and Tenant Act 1927)
- Service charge monies not held in trust (Section 42 of the Landlord and Tenant Act 1987)

And for applications made to the relevant tribunal:

- Determination of breach of covenant or condition
- Service charge reasonableness
- Liability to pay service charge
- Enforcement of duties relating to service charges (not yet brought into force)
- Administration charge reasonableness
- Liability to pay administration charges
- Enforcement of duty to publish administration charge schedules (not yet brought into force)
- Challenge to a landlord's nominated insurer (where a lease requires the leaseholder to insure the property with an insurer nominated by the landlord)
- Right to claim where excluded insurance costs charged (not yet brought into force)
- Enforcement of duty to provide insurance information (not yet brought into force)

104. We agree with all the above cases, especially as "other breach of lease" can cover the majority of other very specific claims that could be taken that are not on the provided list. However, we would also recommend including an additional case "Section 20 process not (or inappropriately) followed". Maintaining an explicit case related to the section 20 process (which could be renamed "consultation on major works not carried out" to prevent instances of leaseholders not understanding what a section 20 process is) can improve the likelihood of leaseholders challenging when a section 20 process has not been carried out.

Question 112: Do you have any views and evidence on whether lease terms allowing for the recovery of litigation costs from leaseholders generally give landlords the right to recover their costs for varying a lease (under Section 35 of the Landlord and Tenant Act 1987)?

105. We do not have sufficient information or evidence to provide a reasonable estimation over how common it is for lease terms that allow for the recovery of litigation costs from leaseholders to

also give landlords the right to recover their costs for varying a lease. However, the reforms introduced by the Leasehold and Freehold Reform Act 2024 should provide the opportunity to ensure that leases ensure both parties the opportunity to recover their litigation costs from varying a lease. This would ensure a level playing field.

Question 113: Do you think leaseholders should be given the right to apply to the court or tribunal to claim their litigation costs from varying a lease (under Section 35 of the Landlord and Tenant Act 1987) from their landlord – either by bringing a claim or defending a claim?

106. Our response to this question is included within our response to question 112.

Question 114: These measures will apply to leaseholders who have social landlords. We would welcome views from social landlords and their leaseholders on any further considerations in relation to the leaseholder right to apply to the court/tribunal to claim their litigation costs from their landlord.

107. This question is not applicable to Propertymark.

Question 115: What transition period do you envisage being sufficient to provide time for landlords, resident-led buildings and the courts to transition to a new system for litigation costs once the regulations have been made?

108. We would envision that a 12-month transition period would provide sufficient time for landlords, managing agents and the courts to transition to the new system for litigation costs. Unlike previous proposals, the new system for litigation costs sets new requirements for landlords and managing agents that aren't necessarily best practice but would require a considerable level of discussions between all parties, so they understand the changes. Additionally, some leases may need to be updated to reflect the changes. We are also aware of existing challenges with the capacity of the Courts. A longer transition period will help support the Courts to prepare and prevent a larger influx of new cases.

Question 116: Do you agree that reserve funds should be mandated for new leases?

109. We agree that reserve funds should be mandated for new leases. Propertymark members have highlighted that a reserve fund is more beneficial than asking leaseholders to pay large one-off payments which could be disputed. If leaseholders are suddenly asked to pay a considerable sum, they are more likely to challenge the payment if they are able to afford it in the first place. This means necessary repairs and refurbishments can be funded and started quicker which is in the best interest of all parties involved.

Question 117: Do you agree that UK and Welsh governments should legislate to mandate or encourage creation of reserve funds for existing leases where leaseholders want it?

110. Yes, we agree that the UK and Welsh Governments should mandate that reserve funds for existing leases should be introduced if leaseholders want it in the vast majority of situations. Propertymark has been informed by our members that there are very few circumstances where a reserve fund is not beneficial or that it is difficult to set up. Any potential concerns that leaseholders would be unable to afford an increase in service charge would be offset by a discussion between leaseholders and the managing agent to set up a reasonable increase in service charge to cover the reserve fund.

111. We understand that the UK Government is proposing exemptions for local authorities, retirement homes which are covered by a fixed service charge and smaller, leasehold-run dwellings. While it is unlikely that leaseholders would want a reserve fund created in these types of buildings, we accept that some exemptions should be made where a reserve fund is not practical and agree with the exemptions suggested.

Question 118: Do you have any other comments or observations on how reserve funds should work in practice that need to be taken into account when preparing legislation?

112. As stated in our response to question 117, as the UK Government is looking to regulate managing agents, there is an opportunity to support greater communication between managing agents and leaseholders. Considering this, we would recommend that consultation between the managing agents and leaseholders should take place before a reserve fund is established. This would help to ensure that the increase in service charge is proportionate to Asset Management Plans (AMPs) and is affordable for leaseholders. By recommending or mandating that one takes place, managing agents and leaseholders can prevent challenges in collecting the additional service charge and can

set requirements to meet before a reserve fund is established if it is found that one cannot be set up at the point of consultation.

Question 119: Do you think that AMPs should be mandated for new leases?

113. Yes, we think that Asset Management Plans should be mandated for new leases. This fits right in with the need to set up reserve funds. Through an AMP, leaseholders would better understand what reserve funds would pay for, making it easier to justify the initial service charge increase to establish the reserve fund and demonstrate any need to increase the service charge. Improving transparency over service charge payments is ultimately beneficial for all parties involved. It allows compliant managing agents to demonstrate clearly what is being funded through the service charge, reducing disputes, and leaseholders benefit from the ability to plan their finances and challenge any unscrupulous landlords or managing agents raising charges for reasons not justified through the AMP.

Question 120: Do you think that AMPs should be mandated for existing leases?

114. We agree that AMPs should be mandated for existing leases for the reasons we provided in our response to question 119. As with our answer to question 117, we accept there are some exemptions and have no issues with the exemptions proposed by the UK Government.

Question 121: Do you have any comments or observations on how the details of AMPs should be communicated to leaseholders?

115. As with our response to question 118, given that managing agents are going to be regulated with greater standards for the profession, we recommend that managing agents should provide details of AMPs with leaseholders with the ability for leaseholders to challenge certain aspects through an official process set up by the managing agent. This would help to improve transparency and provide an opportunity for the managing agent to reassure leaseholders of the importance of their service charge.

Question 122: What should be an appropriate transition period for introducing AMPs? Provide details.

116. We understand the majority of Propertymark members who provide management services provide an AMP. While they may not necessarily follow the steps or include all the details that would be required by the new legislation, we do not consider the proposed transition period of two years to be a challenge to meet. We would however recommend a shorter transition period for buildings that are covered by the Building Safety Act 2022. This can help encourage landlords to identify if there is any unsafe cladding or other fire safety issues present in the building and their plans to remediate the building. This would have two key benefits. Firstly, leaseholders would be reassured that fire safety issues would be resolved. Secondly, leaseholders looking to sell would be able to reassure mortgage providers, valuers and potential buyers that fire safety issues have been identified and will be resolved. This can ensure buyers are able to obtain a mortgage and that the property would not be sold under market value.

Questions 123-126 are directly addressed to landlords and therefore are not relevant to Propertymark.

Question 127: Do you agree with the proposed approach to enforcement of the provision of AMPs? If no, what other way do you suggest?

117. We agree that the proposed approach to enforcement, that a leaseholder can apply to the appropriate tribunal to force the landlord to comply and seek any relevant damages for failure to provide information within the specified timescale. However, we would also recommend that if a landlord has lost multiple legal cases against them to provide information, that a managing agent who is a member of a regulated body should be appointed to ensure that information is provided. We propose this because multiple failures to provide information could demonstrate that the landlord is oblivious to or not interested in meeting their legislative requirements, which negatively impacts leaseholders. Having an appointed managing agent can ensure these requirements are met by a qualified professional.

Question 128: Do you agree that the threshold should change to £600 for major works and £300 for QLTAs?

118. Yes, we agree that the threshold should increase for major works. One of the challenges especially for new managing agents is meeting all the requirements within a Section 20 consultation process and the delays it causes to organising works. There are occasions where a Section 20 process

causes more issues than it resolves, with the scope of required works and costs often changing during the process as it drags on, delaying works even further and leading to further consultation. While qualifications and Continuing Professional Development (CPD) requirements will improve the ability for managing agents to complete section 20 procedures, increasing the threshold will help reduce the workload required throughout the year and ensure works that are required to be completed quickly can start earlier.

119. However, we disagree with the approach taken that costs should be the same across all buildings, regardless of the number of units. The cost of carrying out a Section 20 process increases for every unit in the building as well as the cost of carrying out works. We therefore encourage that a baseline threshold for major works should be £500. In addition to the baseline increase, there should be multiple thresholds based on the number of flats in a property.

Question 129: Should energy and other utility contracts, as well as single energy providers, be taken out of the Section 20 consultation process if they meet specific criteria set out in paragraph 234?

120. The UK Government is proposing that utility contracts be exempt from the Section 20 consultation process if they meet the following criteria:

a) Energy contracts. Landlords or managing agents are encouraged to shop around to secure the best value for money deal for themselves and their leaseholders. However, the energy market is fast-moving, and many tariffs and contracts are time-limited (sometimes lasting only a day). Longer lasting contracts generally have higher prices. Therefore, to get the best deal, the landlord will either have to seek dispensation well in advance or, alternatively, rely on 12-month contracts which are often set at a higher price.

b) Single utility providers. There may be circumstances where, due to the nature of the industry, the service can only be provided by a single provider. This includes heat networks where there is only one provider.

121. We agree that single utility providers should be exempt from the Section 20 consultation process. However, we argue that managing agents and landlords should still be required to provide a justification for signing up to an energy contract. We propose that to avoid a Section 20 process

when signing up to an energy contract, the landlord and managing agent must meet the following criteria:

- There are no conflicts of interest from both the landlord and managing agent
- Neither the landlord nor managing agent were financially incentivised when
- The cost of utilities from the provider is no greater than 10% higher than the next highest price of available competitors.
- The cost of utilities from the provider is no greater than 20% higher than the lowest price of available competitors.
- The landlord or managing agent provides a written explanation to all leaseholders demonstrating the practical reason for deciding the utility provider if one or both cost requirements are not met.
- Anything else deemed important by the Secretary of State.

122. Through the criteria listed above, landlords, managing agents and leaseholders can benefit from quicker registrations with new utility providers. This also prevents cases where landlords and managing agents sign up to utility providers that do not provide the best or most cost-effective service for leaseholders.

Question 130: Are there any other activities which should be removed from the Section 20 process?

123. We do not consider the removal of other activities from the Section 20 process to be important or necessary. Propertymark members instead have raised other concerns which we will address in our answer to questions 135 and 136.

Question 131: Where existing activities are taken out of the Section 20 process – do you consider there should be a mechanism whereby leaseholders are notified of these costs?

124. Yes, we agree that leaseholders should be notified of any decisions made. This would fit within existing proposals to provide Asset Management Plans and reserve funds. Managing agents and landlords would be able to demonstrate how these activities fit within the AMPs and detail the impact on the total reserve fund collected.

Questions 132 to 134 relate specifically to QLTAs which are predominantly used by local authorities. Since Propertymark members have limited experience in using QLTAs, we have omitted these questions from our response.

Question 135: Which of the following options do you think will speed up the consultation process? [Standardised form/shorter consultation period/setting a deadline for works to begin].

125. As mentioned in our response to question 130, Propertymark members have stressed that raising the threshold and providing exemptions is welcome, but there are other methods that would ease the pressure on conducting Section 20 notices. We agree that a standardised form, shorter consultation period and setting a deadline for works to begin will all increase the speed of the consultation process. A standardised form, with a template that can be provided to leaseholders, will ensure that managing agents and leaseholders will be more familiar with the process especially if they move to another flat or a new managing agent (even from the same company) takes control of the Section 20 process in the same building. A shorter consultation period and set deadline for works to begin sets expectations and encourages all parties to participate. If no deadline is set, leaseholders could falsely believe they have more time to respond than they actually do or what would be beneficial to ensure the Section 20 process can conclude.

Question 136: What further changes to the proposed measures, or otherwise, should we make to improve the process?

126. As part of the consultation process, we would recommend allowing the managing agent to set a maximum timeframe for leaseholders to respond or share their thoughts if they do not do so through an AGM or other scheduled in person meeting. This would emphasise the importance of leaseholders to engage with the Section 20 process.

Question 137: Do you agree that, where intermediate landlords are in place, both the resident leaseholder and intermediate landlord should be consulted?

127. We agree that both the resident leaseholder and intermediate landlord should be consulted where intermediate landlords are in place.

Question 138: Do you agree with the plans for reforming the existing dispensation arrangements?

128. We have some disagreements over plans to reform existing dispensation arrangements (where a Section 20 process is not carried out due to the need to carry out works quickly). We agree that clear grounds for when dispensation is justified should be set. This will provide clarity for managing agents and landlords who will have certainty over their ability to proceed with emergency works without going through a Section 20 process. This certainty is essential for emergency works and is in the best interests of leaseholders affected. We however believe that there will be circumstances when urgent works are required that would be of significant detriment to leaseholders if delayed, more so than would usually qualify for dispensation. In these circumstances, the need for the tribunal to consider the extent to which landlords have formally consulted leaseholders should be disregarded. Instead, landlords should provide notice to leaseholders that the section 20 consultation process shall not be going ahead with reference to the criteria that allows them to do so. This criteria should include the specific circumstances when a landlord or managing agent can do this.

Question 139: What other proposals would you recommend that we take forward to reform the dispensation arrangements?

129. Where works would impact areas of leaseholders more severely than others, we propose that the threshold to need at least 85-90% of all leaseholders should be disregarded. For example, where several units face an emergency issue that requires a refurbishment across the entire building, the need for 85-90% leaseholders to agree could mean that needed works are delayed, since not all leaseholders would be impacted to the same extent as others and while the majority of leaseholders would prefer to take the time to go through the Section 20 process, there is a minority of leaseholders who would need repairs to take place immediately. In these situations, the need to consult should focus on those impacted the most, such as leaseholders who have had to vacate their property due to risk of harm to themselves.

Question 140: Do you have any other comments about the major works process that should be considered?

130. We have no further comments to make at this time.

Questions 141 and 142 are addressed to leaseholders only and are thus not applicable to Propertymark.

Question 143: When taking over management of a property, whether as residents who have bought the freehold or acquired management, or as a landlord or managing agent, have you ever had difficulties with recovering the monies from the previous party?

131. Based on Propertymark's understand of the issues our members face, this is not a common problem. Propertymark members have stressed the importance of researching a property they are taking over the management of and any debt is usually provided when a written explanation is sent to the previous manager or landlord.

Question 144: What evidence do you have that the existing arrangements are or are not working effectively?

132. We have no evidence that existing arrangement to protect leaseholders' money through the transfer of management or ownership is not working effectively.

Question 145: What extra measures, if any, should we introduce? Explain your reasoning

133. We have no further comments.

Question 146: What evidence do you have that those paying fixed service charges are not sufficiently protected?

134. There are unintended consequences for leaseholders paying fixed service charges which have not increased for an extended period of time. If a new managing agent takes over the management of the block, then this charge will likely need to increase to take into account rising administration, service or building costs. Some managing agents may be tempted to increase the service charge to market rate, which leaseholders may be unable to afford. In these situations, where it can be demonstrated that the service charge is considerably lower than market rate, we would recommend that a managing agent or landlord apply to the relevant tribunal in order to increase the service charge, otherwise the service leaseholders would receive would be poor and any necessary repairs would require additional requests for payments. When doing so, we would

recommend that the increase in service charge should be decided through the tribunal with a limit set by the UK Government on how much service charge can increase until it meets a rate decided by the tribunal. This would ensure that leaseholders have access to a better service, and prevent large one-off costs without an unaffordable sudden increase for leaseholders. If the service charge increase is transparent, with clear references to why the charge was increase in service charge demand forms, disputes should be prevented.

Question 147: Should tenants and leaseholders be able to challenge the reasonableness of fixed service charges at the appropriate tribunal.

135. We agree that tenants and leaseholders should be able to challenge the reasonableness of a fixed service charge, if a landlord or managing agent cannot demonstrate what the service charge will be used for. A fixed-service charge as it cannot always account for what it needs to be used for. This is especially apparent in leases where a service charge is set to increase by an aggregate amount each year, leading to service charges that cannot be justified through the service charge demand form budget.

Question 148: What measures can or should be put in place to better protect leaseholders and tenants who pay fixed service charges?

136. We have no further comments.

Question 149: If you have tried to use the Section 24 process in the past, please describe your experiences with the existing process?

137. This question is not applicable to Propertymark.

Question 150: How could the existing process for appointing a manager under Sections 21 to 24 of the Landlord and Tenant Act 1987 be improved?

138. We would recommend introducing the need for a regulatory or professional body (under the proposals set later in the consultation) to investigate the practices of the agent and provide recommendations for them to follow. If the agent fails to meet these recommendations sufficiently, then leaseholders should be given a fast-track process to replace the managing agent.

This has two benefits than replacing the agent without an investigation. Firstly, having a regulatory body mediate the process lends a degree of professionalism to the process, ensuring that the managing agent better understands their regulatory requirements, which they are more likely to understand if their regulatory body is identifying any poor practices. Secondly, if improvements can be made to satisfy leaseholders, this prevents disruption to the management process where the replacement may not meet good standards either.

Question 151: Do you think that leaseholders should have rights to veto or force a change in managing agent, without the party responsible losing full control?

139. We agree that leaseholders should have rights to veto or force a change in managing agent. However, we would encourage that regulators or professional bodies should play a role in auditing the behaviour of the managing agent as an independent actor. As detailed in our response to question 150, leaseholders could be given the powers to request an investigation or audit of the behaviour of their managing agent. Alongside the benefits mentioned in our response to question 150, this would have the additional benefit of raising standards across the sector which is not likely if agents are just replaced. It is not guaranteed that leaseholders in other buildings the managing agent manages would use these powers, so they would still receive a poor service.

Question 152: What are your thoughts about the proposed process and challenges in developing these measures? Provide details

140. We see challenges in enforcing this requirement as there are no proposals to ensure that landlords are qualified to ensure they understand their new duties. There is also no guarantee that leaseholders would understand their rights to be notified and by the time the agent takes over management, leaseholders may not know how to challenge these proposals. To enforce this properly, we would recommend providing professional and regulatory bodies the ability to issue penalties, with termination for the most extreme cases, if an agent was appointed without the leaseholders being informed or having an opportunity to veto the agent. This would include some protections if the landlord mislead the agent but if this does occur, the management agent must not be able to begin managing the block until leaseholders have had an opportunity to accept the agent. To ensure awareness of this requirement, professional and regulatory bodies including Propertymark would provide guidance for agents and leaseholders. If it came to light that the

landlord was actively misleading the managing agent, we envision that enforcement would be carried out by local authorities.

Question 153: Who is best placed to enforce the measures and resolve any disagreement between landlords and leaseholders?

141. Regulatory and professional bodies of property agents would be best placed to enforce these measures and resolve disputes between landlords and leaseholders. The ability to terminate membership and issue penalties to managing agents sets strong incentives for managing agents to comply and to ensure their landlords follow their legislative requirements as they could face the possibility of losing their business. Any actions directed at landlords would be carried out by local authorities. Providing regulatory functions to existing professional bodies, some of whom already carry out investigations into their members and have their own membership rules, will reduce the workload for local authorities who are currently under considerable pressure.

Question 154: Are there any unintended consequences that the UK and Welsh governments should be aware of in considering these measures?

142. We consider that the majority of unintended consequences can be avoided by providing professional bodies more powers to regulate their members and to set membership of these bodies as a prerequisite to operating in England and Wales.

Question 155: Do you think that more documents or exchange of correspondence between landlords and leaseholders should be done via electronic means?

143. We agree that more documents and exchange of correspondence between landlords and leaseholders should be done via electronic means. This ensures fewer correspondence is missed and ensures communication can take place more frequently.

Question 156: What steps can the UK and Welsh governments take to encourage greater digitalisation of service?

144. The majority of Propertymark members carry out their communication with leaseholders via electronic means. It is uncommon for correspondence between managing agents and leaseholders

to not be done via digital means. However, there are circumstances where leaseholders may prefer physical information or may not have access to digital services. In these circumstances, these leaseholders should receive physical copies of documents.

Question 157: What safeguards should be in place to protect leaseholders?

145. We recommend that when a new managing agent takes over a block, they should introduce a pack of information that must be physically and electronically passed to all occupants and leaseholders. This pack should include much of the standardised forms detailed in the consultation and any further information the managing agent deems fit. This can include a clear request for leaseholders and occupants to receive a copy of information physically as well as digitally from that point onwards with the understanding that they would only receive digital information unless requested.

Questions 158 and 159: Do you agree that individual managing agents should be accountable for gaining qualifications? Do you think that managing agent firms should be responsible for ensuring their employees hold the required qualifications?

146. We agree that individual managing agents should be accountable for gaining qualifications. At Propertymark, individual agents are responsible for ensuring they are qualified and follow Propertymark's membership rules in order to maintain their membership. This incentivises the individual agent to work towards achieving their qualification and allows them a great level of flexibility as to how they can do so. This ultimately in Propertymark's experience leads to more agents completing their qualification. However, focusing on the individual agent alone works for individual members at Propertymark because ultimately obtaining a qualification and joining Propertymark is a choice. Given that MHCLG is proposing to regulate all managing agents, firms will need to play a role in enforcing qualification requirements. Failure to establish requirements for firms to ensure their staff are regulated would incentivise firms to support their employees to complete their qualifications. This would increase the number of managing agents who are able to complete their qualifications. Additionally, if employers face no penalty for maintaining staff who are not qualified, they may seek to forego any training and hide the fact that their employees are not qualified in order to reduce potential training costs.

Question 160: Do you think that the requirements in this consultation should apply to estate managers of freehold estates in the same way as managing agents of leasehold properties?

147. We agree that estate managers of freehold estate should be expected to achieve some level of qualification or meet CPD requirements. While Propertymark members are not typically estate managers of freehold estates, extending the need for qualifications and higher standards to estate managers would create parity across the sector. However, it should be understood that the degree of knowledge for an estate manager of freehold estates may be lower than that of a managing agent and qualification requirements should be adjusted accordingly.

Question 161: Do you agree that level 4 should be the proposed minimum level of qualifications for managing agents in most cases?

148. We agree that a Level 4 should be the proposed minimum level of qualification for a managing agent in the majority of cases, as recommended within the Regulation of Property Agents (RoPA) working group report chaired by Lord Best[4]. While the RoPA report recommends that estate and letting agents should achieve Level 3 at a minimum, leasehold management is sufficiently complex to require a minimum of Level 4. Setting the minimum qualification requirement at Level 4 will raise standards across the industry.

149. We do however understand the need to support more skilled professionals into the industry to ensure an effective supply of managing agents. To maintain standards while encouraging new entrants, we would propose that the UK and Welsh Governments should support existing qualified property agents to take modular courses on leasehold management in order to transition to leasehold management without needing to take another full qualification.

Question 162: Do you agree that where agents only undertake more basic functions, a lower level of qualification could be required?

150. As part of ensuring that qualifications are accessible, while retaining quality, we support the RoPA recommendation to ensure that apprenticeships are a supported route into the sector. We would envision that a Level 4 apprenticeship would be accessible for learners who have achieved a Level 3 qualification or apprenticeship. At the same time, we would encourage that managing agents

[4] Regulation of Property Agents: working group report - GOV.UK

currently taking a Level 4 qualification should be able to achieve it while working as a managing agent. We would encourage that these learners would only carry out work that is appropriate to their experience and be supervised by a managing agent who is qualified.

151. Regarding staff who do not carry out explicit managing agent activities, we would recommend that these members of staff would not have to be qualified. On that note, it is essential that the UK and Welsh Governments provide a clear list of the kind of work that would require qualifications.

Question 163: Do you agree that there are some areas where agents could require a higher level of qualification than Level 4, e.g. a Company Director, or a Managing Agent with significant building safety responsibilities?

152. As recommended in the RoPA report, we agree that a Level 4 qualification for managing agents should be sufficient, even for Company Directors. Any additional required education would be best provided by professional bodies through shorter courses. This would enable managing agents to gain more skills without the need to take an additional full qualification.

Question 164: What types of role and functions performed do you think require a) a lower or b) higher level of qualification than Level 4?

153. We envision that any role that goes beyond core functions should require additional training. This would include any additional business management, legislative responsibilities beyond agency work (such as those responsible for GDPR or anti-money laundering) or financial responsibilities.

Question 165: Which qualifications already offered by providers provide managing agents with the requisite skills and knowledge to perform effectively?

154. As Propertymark provides qualifications via a sister organisation, Propertymark Qualifications[5], it would be inappropriate to comment on the quality of qualifications from other providers. While Propertymark does not offer a qualification that specifically applies to block management, Propertymark has the capacity to develop such a qualification. Additionally Propertymark offers a range of training courses on block management to support other property agents looking to

[5] https://www.propertymark.co.uk/pmq.html

improve their professional capabilities in block management: Understanding leasehold block management | Propertymark

Question 166: Do you agree that qualifications should be Ofqual-regulated or equivalent?

155. Yes, we agree that qualifications should be Ofqual-regulated or equivalent. Propertymark qualifications are currently regulated by Ofqual and we agree that this provides a high standard of quality for qualifications.

Question 167: What do you consider to be the best way of ensuring that any syllabus prepared is robust and kept up to date?

156. The best way of ensuring that any syllabus prepared is robust would be one where professional membership bodies play a larger role in reviewing and providing qualifications. As a professional body, we maintain high standards for our members and the quality of qualifications that we produce, which we understand to be consistent with other membership bodies. To maintain this level of quality, we would recommend that only qualifications provided or approved by UK Government approved professional membership bodies should be accepted as applicable qualifications for managing agents. These would still have to be reviewed and approved by Ofqual to further ensure quality. This would ensure qualifications are robust and kept up to date because professional membership bodies are best-placed to understand the challenges facing the sector and would have the ability to review feedback to the qualifications themselves and the general competency of members. This is currently how Propertymark designs the topic of our courses and content of qualifications to ensure that our members and non-Propertymark members who take our qualifications are best prepared for the constantly evolving property landscape.

Question 168: Do you think that the UK government should mandate that managing agents must complete CPD? If so, how many hours of CPD should agents be required to complete and over what period?

157. Yes, we think that the UK Government should mandate that managing agents must complete CPD for two reasons. Firstly, CPD can help to ensure that managing agents continue to stay up to date with legislative developments or best practice within the industry without the need to retake qualifications. Secondly, CPD allows agents to seek particular specialist topics such as building

safety, anti-money laundering or new legislative requirements which could be provided in shorter courses. This ensures managing agents can be kept up to date with their requirements or open themselves up to specialise without the need to study for a lengthy period of time. This makes gaining new knowledge and skills more accessible to more agents, improving the quality of service of managing agents more broadly.

158. Propertymark current requires members to complete 12 hours of CPD every year. This is split into attending conferences, courses and self-directed private study that must be logged in and verified through Propertymark's online portal. We consider this to be a good and achievable level of CPD for agents to complete every year.

Question 169: Do you have any other views about requirements for managing agents to undertake CPD?

159. We have no further comments to make at this time.

Question 170: Do you think that UK government should require that all individual managing agents become members of a designated professional body, and that to do so, agents must achieve a professional qualification?

160. Yes, we agree that it should be mandated that all individual managing agents should become members of a designated professional body and that they must achieve a professional qualification. We believe this for three reasons. Firstly, mandating membership helps to remove non-compliant managing agents who do not meet the new standards set out by UK Government's proposals. There is currently little recourse for managing agents who regularly fail to meet standards, even if leaseholders vote to change their managing agent, managing agents can always find other properties to manage. Setting the requirement to join a membership body who has the power to revoke membership establishes that failure to meet standards can result in businesses being unable to operate until standards are met. This is a much more effective incentive to improve standards and over time will reduce the number of firms and individuals who fail to meet standards in the sector. Secondly, professional bodies can help provide up to date guidance and support for members to ensure they can improve their quality of service and are more likely to adapt to new legislation quickly. Thirdly, Propertymark has its own compliance function where members are audited and behaviour investigated through our official complaints procedures. If decisions on

membership and other penalties can be made through the professional body, this reduces the strain on the Courts system and prevents additional pressure being placed on local authorities.

Question 171: Do you think that UK government should require that all managing agent firms become members of a designated professional body, and that those firms must ensure that their members achieve a professional qualification?

161. We agree that all managing agent firms should become members of a designated professional body. We this this for much of the same reasons as outlined in our response to question 170 and 159. By also requiring a firm to become a member of a professional body, the entire firm is incentivised to support their employees to meet the standards set by the professional body. Additionally, Propertymark offers additional support and benefits that are more applicable to firms rather than individual members, offering both types of membership. This allows both individuals and firms to have access to support and benefits more applicable to them.

Question 172: What conditions should designated professional bodies have to meet to be appointed to undertake a role in the implementation of mandatory professional qualifications?

162. We suggest that professional bodies should meet the following conditions:

- Only provide qualifications that are Ofqual regulated.
- Provide a minimum level of Ofqual regulated qualifications per year.
- Include an independent compliance function to regulate member firms.
- Have clear Code of Conduct and Membership Rules.
- Be officially designated as a non-profit organisation.
- If a professional body for other types of property agents, they would need to have a specific offer for managing agents.
- (When first introduced) Meet a set level of members.
- (When first introduced) Meet a set minimum age as an organisation.
- Be approved through a Government-led process that is ultimately signed off by the Secretary of State.

Question 173: Which existing bodies could perform the role of a designated professional body?

163. As a professional body of property agents, it would be inappropriate for Propertymark to comment on the capabilities of other professional bodies. However, Propertymark would be suited to perform the role of a designated professional body and we would be in a position to provide qualifications for managing agents.

Question 174: Do you think that designated professional bodies would need any additional support to fulfil this role?

164. Currently, since membership of professional bodies is not mandatory, professional bodies cannot carry out investigations into members without leaseholders first going through official legal processes or the Housing Ombudsman. This is because professional bodies are limited in their scope and other organisations have been set up as official mediators between leaseholders and managing agents or landlords. However, should professional bodies be given a larger role in the enforcement of standards by being established as statutory regulatory bodies, then they will have sufficient powers to regulate their members to the greater degree proposed by MHCLG.

Question 175: Do you agree with the proposed role for local authorities to undertake enforcement under this option?

165. We agree that local authorities should play a role in enforcing requirements to agents who continue to operate without being a member of a professional body. It would be difficult for professional bodies to identify and take action against agents who are not their members. We would recommend that if a member of the public reaches out to a professional body about a managing agent who appears to not be a member of a body, that the professional body informs the local authority where the building resides. This can help to raise potential managing agents who are looking to avoid membership requirements.

Question 176: Do you have any views about the level of cost this approach would create for managing agents?

166. Propertymark's membership fees are £295 a year and come with benefits that have attracted over 19,000 individual property agents to become Propertymark members who see the membership fee as more than reasonable to pay for what their membership provides. Other professional bodies

offer a variety of costs and benefits. We do not consider the cost to managing agents to be an issue should they need to become a member of a professional body.

Question 177: Do you have any views about asking government-approved redress schemes to take a role in the implementation of the proposals?

167. We disagree that government-approved redress schemes should take a larger role in the implementation of the proposals than professional membership bodies. Professional membership bodies already have the infrastructure, expertise and existing membership to support the implementation of the proposals. It would be more beneficial to property agents if the redress schemes all adjudicated in the same way against a single code of practice for the sector and it's disciplines of property agency.

Question 178: Do you agree with the proposed role for local authority enforcement under this option? Question 179: Do you have any views about the level of cost this approach would create for managing agents?

168. We disagree with the option for government-approved redress schemes to take a role in the implementation of the proposals instead of professional bodies. Therefore, we have little to say about its details.

Question 180: Do you think that local authorities should be responsible for enforcement, with no statutory role in implementation for designated professional bodies or redress providers?

169. We disagree that local authorities should solely be responsible for enforcement. As stated earlier, professional bodies are best placed to regulate managing agents as they already do so in some capacity and already provide qualifications and CPD. While the degree in which they'd have to implement new changes based on the proposals will differ from body to body, Propertymark is in a good position to adopt the proposals suggested by MHCLG and is willing to work closely with MHCLG to ensure that we can provide the kind of regulatory and enforcement function that MHCLG is looking for.

Question 181: In your view, should minimum qualifications be required of managing agents and estate managers of freehold estates in Wales, in the same way has been outlined in relation to England?

170. Yes, we agree that minimum qualification should be required of managing agents and estate managers of freehold estates in Wales in the same way that has been outlined for England. We do not see any major differences between expectations of standards from leaseholders in Wales compared to England.

Question 182: Do you have any comments about how proposals would need to be adapted to function appropriately in Wales?

171. Yes, primarily steps would need to be taken to ensure that managing agents understand they need to meet their requirements specifically. The Welsh Government is currently committed to implementing additional leasehold reforms which will need to be communicated effectively. As is the same for legislative difference between England and Wales for letting agents, Propertymark has experience in supporting members understand these difference, with additional guidance and separate courses to support our Welsh members. Aside from this, professional bodies who work across the UK have the capacity to ensure that agents in Wales are supported, with differences in regulatory requirements accounted for and clarified.

Question 183: Do you consider that the proposed transition period for qualifications is appropriate?

172. We agree that 36 months is an appropriate transition period for agents who need to achieve a Level 4 qualification. We also agree that 24 months is a suitable transition period for managing agents who are required to achieve a Level 3 qualification.

Question 184: What different transition periods for qualifications, if any, should be put in place?

173. Once the transition period has passed, we would recommend that new managing agents who are working towards their Level 4 qualification while working should have 24 months to achieve their qualification.

Question 185: Do you consider that, under the preferred option, the transition period for joining a designated professional body is appropriate?

174. We disagree that the transition period should be 36 months for managing agents to join a professional body. The most time consuming part of joining a professional body is the need to achieve a qualification if the professional body requires that their members do so. In addition to a 3 year transition period being unnecessary, becoming a member of a professional body before or while a managing agent is working towards their qualification can have benefits to make achieving their qualification easier. Propertymark provides discounts, study materials and a dedicated team to support members through their qualifications. Setting the transition period to the same length as the need to acquire a qualification could lead to managing agents joining a professional body after they have achieved their qualification, when they would benefit more from doing so before they start. We would therefore encourage managing agents to join a professional body as early as possible, with the transition period of 12 months. We would recommend that professional bodies would have to take the qualification transition period into account for these new members as often their membership rules may require members to become qualified within a year of joining.

Question 186: Do you agree that where agents have already undertaken relevant qualifications to the required level for their role, that this will count as the required qualification?

175. Yes, we would recommend that approved qualifications that are already or were previously provided by professional bodies should count as required qualifications. This will prevent managing agents from having to take the same or similar qualification twice.

Question 187: Do you think that agents should be able to top up qualifications?

176. Yes, we agree this is an important aspect of Grandparenting. Enabling managing agents to top up their skills through additional shorter courses and help to ensure agents currently delivering a good service to leaseholders can stay in the industry without needing to take entire foundation degrees which they may not be able to complete. This would limit disruption to the sector while maintaining high standards.

Question 188: Do you have any other views on grandparenting? Provide details

177. We have no other views on grandparenting.

Question 189: Do you have any views on the cost of this intervention?

178. We do not consider the costs of qualification requirements to be substantial. Any costs that would be passed onto leaseholders would be marginal and under the new requirements would be transparently demonstrated is being used for training purposes to ensure quality services. Given this, we do not envision that the service charge increase would be marginal and supported by leaseholders.

Questions 190 and 191 relate to the specific actions taken by individual managing agents which we cannot provide as a professional body and thus have been omitted by our response.

Question 192: What other issues relating to qualifications should we be aware of or take into account?

179. We do not consider there to be any other issues related to qualifications. We support a greater number of managing agents becoming qualified which would be a net positive for the sector, managing agents and leaseholders.

Questions 193-205 relate to leaseholders, the individual operating practices of managing agents, the Welsh language and protected characteristics. These are not applicable to Propertymark and have therefore been left out of our response.