



**Ministry of Housing, Communities
and Local Government:
Strengthening Leaseholder
Protections over Charges and
Services**

A response by
The Chartered Institute of Legal Executives
(CILEX)

September 2025

Introduction

to include responses to questions 1-16

- 0.1. CILEX would like to take the opportunity to respond to the MHCLGs consultation in relation to strengthening leaseholder protections over charges and services. CILEX represents a substantial number of conveyancing practitioners, and members working in housing litigation.
- 0.2. The Chartered Institute of Legal Executives (CILEX) is the professional association and governing body for Chartered Legal Executive lawyers (commonly known as 'CILEX Lawyers'), other legal practitioners and paralegals. Under the Legal Services Act 2007, CILEX acts as the Approved Regulator (AR) and delegates these regulatory powers to the independent regulator, CILEx Regulation Ltd (CRL).
- 0.3. CILEX represents over 17,000 members of which 76% of the membership are female, 16% of members are from an ethnic minority background, 4% are LGBTQA+ and 7% have a disability. Additionally, in terms of social mobility, 77% of CILEX members attended a state-run or state-funded school and 41% have an undergraduate university degree. 15% of members come from households which received free school meals.
- 0.4. As part of this response, CILEX surveyed members working in both property and civil law, receiving responses from conveyancers, housing litigation practitioners and those working in insurance. CILEX therefore will only be responding to questions where there is sufficient evidential data to support its submissions.

1. Question 17: Do you agree with the minimum information proposed for the annual report (at paragraph 29)? If no, what additions or changes would make it more effective?

- 1.1. CILEX strongly agrees with the minimum information proposed for the annual report as set out in paragraph 29. CILEX supports the inclusion of a minimum standard of information in the annual report and believes that this is essential to ensure that reports are clear, accessible and useful for leaseholders to understand.
- 1.2. In relation to the contents of the minimum standard, CILEX would include references that detail the responsibilities of each actor. For example, members noted that if there is a landlord, agent, and management company, often consumers and lawyers spend 'copious amount of time' navigating who holds which responsibilities. Members noted that this is particularly the case in buildings which are subject to the Building Safety Act 2022 (BSA). Moreover, CILEX members hope that further involvement of insurance companies and insurance information can be incorporated into the minimum standard.
- 1.3. CILEX is concerned that the addition of a minimum information standard for the annual report, whilst welcomed, will inevitably lead to increased costs passed onto

the leaseholder. CILEX believes that this will furthermore reduce the feasibility for individuals to join the housing market, which is in the public interest.

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

- 2.1.** CILEX believes that the information in the annual report should be set out in a prescribed and standardised manner. CILEX acknowledges that there may be limitations when applying the standard retrospectively, however CILEX remains confident that the consistent application of prescribed and standardised information leaves little room for ambiguities or inconsistencies. CILEX believes that this will produce long term administrative benefits for those engaged in a leasehold transaction.
- 2.2.** Considering exemptions, 92% of CILEX members surveyed agreed with the view of MHCLG that there should be no exemptions until proven otherwise, in order to not undermine the efforts of achieving consistent practices. Out of the 8% that believed that there should be some exemptions, members noted that *'small buildings of a minimal number of flats, and owner-occupied premises'* should be exempted from the minimum information standard.
- 2.3.** Furthermore, CILEX notes the benefits of a minimum standard of information in cases of property litigation. Consistent inputting of a standardised model of information in the annual report could promote swift resolution early on in proceedings and reduce judicial pressures. CILEX understands that this also has inherent cost benefits, noting that the earlier litigation is settled, the less costs that are incurred by both the leaseholder and the landlord.

3. 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? Please explain your answer

- 3.1.** CILEX members disagree that Part G (in relation to details of formal actions or statutory processes affecting the building) should be exempt in retirement properties. 88% of members believe that the information in Part G is still relevant and important for retirement properties and therefore should not be omitted.
- 3.2.** It is important that those purchasing retirement properties are still provided with the vital information relating to enforcement notices, litigation, and enfranchisement claims. Each of these may impact a buyers decision making, and should be included.

4. Question 24: Do you agree with the proposed contents of the initial service charge demand form? If not, what changes to the proposed contents would you like to see?

- 4.1.** Out of the members surveyed, 54% of CILEX members agreed with the contents of the initial service charge demand form, noting that it is complete and transparent. CILEX endorses the findings in Lord Best's review into the regulation of property

agents (RoPA)¹, in that service charge demand forms serve the purpose of promoting transparency and providing leaseholders with all the information they need.

- 4.2.** 17% of members surveyed agreed in principle, but believed the contents should be simplified, and 8% noted that they disagreed with the contents and that it requires significant changes. Members noted that the form should *'set out commissions or referral fees payable to anyone'*, and also *'require a full CapEx report'*. CILEX also notes concerns that landlords may be required to reasonably increase service charges due to the administrative burden of maintaining and supplying the service demand forms, particularly where current capabilities may be non-existent. CILEX refers to the point raised in response to question 17, relating to quantity of leaseholder buildings.

5. Question 25: Do you consider that the new building safety information should be provided as part of the service charge demand or annual report? Please explain your answer.

- 5.1.** CILEX believes that new building safety information should be provided as both part of the service charge demand and the annual report. Including this information in both forms/reports would ease systemic pressures from all parties engaged in the home buying and selling process of a leasehold property, particularly conveyancers.
- 5.2.** CILEX notes that ensuring building safety information is available and accessible in both the service charge demand and annual report, should ease the *'unanimous concern surrounding the ineffective operation of the current rules around the creation, maintenance and handover of building safety and fire safety information'*². Furthermore, CILEX hopes that upfront information in relation to building safety of leasehold properties, where it is subject to the regulations in the Building Safety Act 2022, will allow conveyancers to make it clear to consumers at the outset of a property transaction whether they will be able to act on behalf of the client. CILEX references the concerns submitted to the Inquiry into the Building Safety Regulator for more information.³

6. Question 26: Which option do you think provides the most appropriate level of breakdown of heads of costs budget hearings for the annual budget document? Please explain your preference.

- 6.1.** When surveying members, 75% of CILEX practitioners believe that option 2, in line with Lord Best's recommendations⁴, is the most appropriate level of breakdown for the annual budget document. CILEX agrees with Lord Best that implementing option 2 will help leaseholders understand the costs better, with some members

¹ Lord Best, 'Regulation of Property Agents Working Group Final Report', 2019.

² RICS, 'How will the golden thread work in practice?', [How will the golden thread work in practice? | Journals | RICS](#).

³ CILEX, 'Inadequate' building safety regime needs urgent reform, says CILEX', ["Inadequate" building safety regime needs urgent reform, says CILEX | CILEX](#).

⁴ Ibid (n.3).

noting that option 2 remains the preference even when considering additional administrative resource.

- 6.2.** Out of the 25% who did not believe option 2 was the most appropriate, some members noted that *'a simplified version should be in the demand with a click through to the demand sub-categories for those that want more detail'*. CILEX also agrees that this is a feasible option to consider; however, notes that the administrative output remains the same.

7. 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? Explain your answer

- 7.1.** CILEX members felt somewhat divided in relation to how the details of the budget should be provided. Notably, 46% of members believed that the details of the budget should be provided in both the initial demand form and as part of the annual report; whereas 38% believed that the information should be held in the initial demand form only.
- 7.2.** CILEX recommends that the budget information should be supplied in both the initial demand form and the annual report. CILEX notes that including details in the initial demand form ensures that all information is upfront for the leaseholders and the conveyancer. Additionally, including information in the annual report will ensure that the information is reviewed on an annual basis and kept up to date where appropriate.

8. Question 29: Should there be any exemptions from providing service charge demands using standardised forms? If yes, please explain what exemptions should apply and why?

- 8.1.** CILEX believes that for the majority, there should not be exemptions from providing service charge demands using standardised forms. However, CILEX recognises that for particularly smaller leasehold dwellings, where there are between 2-4 units, it may not be proportionate to hold these dwellings to the same standard as larger dwellings. CILEX therefore proposes that where dwellings are below 4 units, they should be exempted from using standardised forms and should instead be provided with a form that is more suitable for the dwelling size and capabilities.
- 8.2.** For all dwellings above 4 units, CILEX believes that there should be no exemption from providing service charge demand using standardised forms. CILEX believes that where possible and proportionate, the use of a standardised form is more desirable to ensure that there is consistent application and provision of information across the sector. CILEX believes that in these instances, this standard should be upheld to avoid potential ambiguities.

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

9.1. CILEX agrees with the proposed ground B *'disputes which delay the invoice of the final bill'* as a ground for extending the estimated demand date. CILEX however seeks clarification in reference to ground A *'delays to major works'*.

9.2. CILEX understands that there are various reasons as to why major works could be delayed, including (but not limited to) delays with the building safety regulator, build cost inflation, skills shortages, and uncontrollable factors such as poor weather conditions⁵. However, CILEX believes that open-ended delays may lead to leaseholders being subject to unethical practices and unsafe conditions. CILEX recommends that the adoption of the well-established reasonableness test, alongside stakeholder collaboration, can support leaseholders and their legal representatives as to what constitutes *'reasonable delays to major works'*.

10. Question 39: Do you agree with the proposed list of information that leaseholders can request from their landlords in Table 1? What changes do you think are needed?

10.1. Out of the members surveyed, 92% agreed with the proposed list of information, believing the list to be comprehensive. In comparison, 8% of members believed that the list was too extensive and should be shorter. Some members noted that existing assessments, surveys and documents are sufficient for leaseholders, and that the previous year requirement is overly burdensome for landlords/managing agents.

10.2. CILEX therefore recommends that the list be adopted as proposed, but with consideration as to streamlining requirements where existing assessments or surveys already provide the necessary information.

11. Question 40: Do you agree with the proposal to give leaseholders the right to request to retrieve documents relating to matters for up to 6 years?

11.1. CILEX agrees that 6 years is an appropriate period for leaseholders to retrieve documentation. CILEX notes that an action in respect of a right or duty of a kind in relation to leasehold property shall not be brought after the expiration of six years from the date on which the cause of action occurred⁶, and therefore believes this to be sufficient for leaseholders to understand their legal rights and responsibilities in the event of litigation.

12. Question 42: Do you agree that 28 calendar days is a reasonable timeframe for a landlord to provide requested information to a leaseholder?

12.1. 75% of CILEX members agree that 28 calendar days is a reasonable timeframe for a landlord to provide requested information to a leaseholder. Several members however noted that *'all information should be accessible digitally on a secure*

⁵ Architect's Journal, *'Housebuilding continues to slide according to new figures'*, [Housebuilding continues to slide according to new figures](#).

⁶ Limitation Act 1980, s.19A

leaseholder portal to avoid cost, delay and capricious parties asking for documents to waste resources’.

12.2. CILEX is aware that HM Land Registry have a digital registration service, which can accommodate the digital adoption of new applications. However, this is not applied retrospectively, and therefore there are various documents that are still held on a paper basis, causing delays and frustration for both leaseholders and landlords. CILEX supports the Ministry of Housing, Communities and Local Government plans to modernise home buying and selling through digital adoption, noting that the plans *‘sit alongside further reforms to improve the lives of leasehold homeowners across the country, allowing them to more easily and cheaply take control of the buildings they live in’*⁷. CILEX hopes that this work can be streamlined, and that the government continue to engage with sector groups such as the Digital Property Marketing Steering Group (DPMSG) to make this a reality.

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

13.1. CILEX agrees with this proposal.

14. Question 46: Do you agree with the proposed exemptions to the duty to provide requested information?

14.1. CILEX agrees with the proposed exemptions; however, where there is cross over that is not direct duplication, documents should still be provided but redacted according to any commercially sensitive information.

15. Question 51: Do you agree with the proposed structure and contents of the administration charge schedule as set out at Annex D? If no, what changes do you think are needed?

15.1. CILEX agrees with the principle that the administration charge schedule should be clear, easy to understand and detailed enough to inform leaseholders about potential costs. CILEX further agrees with the structure and contents of the administration charge schedule and hopes that this can be successfully implemented post consultation.

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

16.1. CILEX agrees that landlords should make the administration charge available on request.

⁷ Gov.uk, ‘Home buying and selling to become quicker and cheaper’, [Home buying and selling to become quicker and cheaper](https://www.gov.uk/home-buying-and-selling-to-become-quicker-and-cheaper) - GOV.UK.

17. Question 54: Do you think that managing agents and landlords should also have to declare conflicts of interests with the insurance broker and insurer? Please explain your answer.

- 17.1.** 79% of CILEX members believed that landlords and managing agents should also have to declare conflicts of interests with the insurance broker and insurer. When providing comments, CILEX members noted the following:

'To enable transparency in the running of blocks of leasehold flats and avoid inflationary costs due to referrals and kickbacks between managing agents and other parties'; and

'Disclosure of conflicts of interest is applicable in most areas of transactional real estate, and I don't see why there should be an exemption – especially as the insurance costs are passed to leaseholders through various charges so there absolutely should be transparency around any conflicts of interest as the managing agent or landlord could be benefitting at the expense of the leaseholder, as it is the landlord/managing agent selecting the insurer without any oversight.'

18. Question 59: Should landlords be required to provide information in a set template? Please explain your answer.

- 18.1.** CILEX agrees that landlords should be required to provide information in a set template. CILEX believes that this will maximise the likelihood that information is accessible for consumers, legal representatives and assist landlords in providing consistent information.

19. Question 61: Should landlords be able to provide leaseholders with insurance information only by email? If the landlord can send insurance information only and does so, what safeguards, if any should be put in place to make sure the leaseholder received it?

- 19.1.** CILEX encourages the use of digitisation in the property sector, noting that there are many benefits to all involved in the property transaction. CILEX understands however, that there are consumers have different preferences and different confidence levels with technology amongst residents, and therefore CILEX recommends that communications be sent in relation to insurance information in both email and post format.
- 19.2.** CILEX believes that this also ensures that there is a relevant safeguard in both instances, as should the physical copy be destroyed, there is an electronic copy, and vice versa.

20. 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 issues 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? If no, please explain your answer. Are there any further considerations or unintended consequences to this proposed exemption?

20.1. Out of those members surveyed, 67% of respondents believe that there should be exemptions to the requirement for landlords to apply to recover litigation costs as an administrative charge, specifically in claims which are simpler, such as admissions and undefended claims.

21. 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?

21.1. CILEX believes that the scope of exemptions should be limited; however, CILEX understands that there are instances where requiring landlords to make formal applications in every case may be disproportionate. For example, members noted that where there are circumstances of:

- *Default judgments being entered ;*
- *Enforcement of CCJs;*
- *Persistent history of non-payment; and*
- *Repeated applications;*

the exemption should still apply.

21.2. CILEX notes that exemptions should not extend to cases where there are disputes relating to service charge reasonableness or landlord conduct, where judicial scrutiny is essential. CILEX believes that safeguards such as proportionality gaps, and the right for leaseholders to challenge costs should remain in place.

22. 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 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?

22.1. CILEX does not believe that there are instances where 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. CILEX believes that it is the role of the judiciary, with the already established knowledge and expertise, to conduct a costs assessment and award any costs as necessary.

23. 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? Are there any further considerations or unintended consequences to this approach?

- 23.1.** CILEX agrees that the exemption to the landlord application requirement should not apply in instances where the leaseholder has partially admitted a debt and the claim proceeds to a hearing.
- 23.2.** CILEX believes that there should be no assumption that costs are automatically recoverable as an administration charge. CILEX notes that under civil court awards, it is for the tribunal to assess whether the landlord can recover the costs from the leaseholder, regardless of the court's award. CILEX believes that applying the exemption in these cases risks promoting ambiguity and inconsistent application in enforcing costs.

24. 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? Are there any further considerations or unintended consequences to this approach?

- 24.1.** CILEX agrees that the exemption should not apply. CILEX believes that introducing such an exemption where the leaseholder has successfully applied to set aside the default judgment will discourage future challenges and in turn, negate access to justice. Furthermore, CILEX is concerned that any exemption could be overly burdensome for the tribunal and/or court dealing with the matter.

25. Question 98: Should the proposed exemption extend to cases where the leaseholder has unsuccessfully applied to set aside a default judgment? Are there any further considerations or unintended consequences to this approach?

- 25.1.** CILEX does not believe that the proposed exemption should be extended where the application from the leaseholder was unsuccessful. CILEX notes that unsuccessful applications to set aside a default judgment does not automatically mean that there was unreasonable conduct in respect of costs, and therefore tribunal scrutiny is still required.
- 25.2.** Furthermore, CILEX is concerned that implementing an exemption in the proposed circumstances could risk the incentivisation of debt and cost recovery, as opposed to dispute resolution.

26. 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?

- 26.1.** CILEX believes that reasonableness still needs to be considered by a tribunal or court prior to receiving costs automatically. CILEX notes that retaining tribunal and court oversight prevents disproportionate charging and ensures that a

comprehensive assessment as to whether costs were reasonably incurred can take place.

27. 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.

27.1. Out of the members surveyed, the majority noted that cases where a landlord and a leaseholder are involved are 'never' struck out automatically without a formal reviewing of the case. Other respondents noted that this occurred 'rarely'.

28. Question 102: Should the requirement for landlords to apply to the court/tribunal to recover their litigation costs from leaseholders to be 'suspended' until a later time for resident-led buildings (enabling them to recover litigation costs from the service charge prior to proceedings)?

28.1. In order to preserve access to justice and uphold the principles of the judiciary under the rule of law, CILEX believes that there should be no suspension of applications to the court or tribunal, even temporarily, to allow cost recovery through the service charge prior to proceedings.

28.2. CILEX furthermore expresses deep concern in relation to the recovery of costs prior to proceedings being issued. CILEX notes that leaseholders would be charged in advance for legal action that they may not support or agree with, at the risk that the costs might be irrecoverable post litigation and there would be no opportunity for leaseholders challenging reasonableness before the charge is levied.

29. Question 103: Should the proposed use of the suspension power apply to resident-led buildings only?

29.1. CILEX believes that the proposed suspension power should not apply at all.

30. Question 107: Do you think that any other organisation or person; or any other situation should have the requirement to apply for litigation costs, either for recovery through the service charge or as an administration charge, suspended until a later date in this way?

30.1. CILEX does not believe that situations where suspending the requirement to apply for litigation costs would be appropriate, irrespective of the organisation or person.

31. Question 109: Should the requirement for resident-led buildings to apply to recover their litigation costs be re-suspended if the court or tribunal agrees for a case to go to appeal and places a 'stay' on the determination of an application for costs in a substantive case until the appeal concludes?

31.1. CILEX agrees with this proposal on the basis that the court or tribunal has agreed for the case to go to appeal, placing a 'stay' on the determination of an application

for costs until the appeal concludes. CILEX refers to the concerns raised in response to question 102.

32. 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?

32.1. CILEX agrees in principle, noting that litigation costs should be balanced and reciprocal. When asking members whether they believe leaseholders should have reciprocal rights to claim litigation costs from landlords, 100% responded 'yes'.

32.2. CILEX raises concern that due to the power imbalance between leaseholder and landlord, whilst the rights remain the same, the limited access to resources to pursue litigation or to enforce cost recovery keep leaseholders at a disadvantage in comparison to their landlord.

33. Question 111: Do you think the proposed cases 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?

33.1. CILEX agrees with this proposal.

34. 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?

34.1. Out of the members surveyed, 100% of respondents agreed that leaseholders should be given the right to apply to the court or tribunal to claim their litigation costs from varying a lease. CILEX believes that this ensures consistency with other litigation cost rights, but caveats that this proposal should remain subject to reasonableness and proportionality rules.

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

35.1. On balance, CILEX members agree that reserve funds should be mandated for new leases, with 67% of members indicating that they agree with this proposal. CILEX believes that mandating reserve funds can encourage long-term maintenance and ensures financial planning for major works, including unexpected bills. Furthermore, CILEX believes that this proposal promotes fairness, so all leaseholders contribute over time.

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

36.1. 58% of CILEX members believe that the UK and Welsh government should legislate to encourage creation of reserve funds for existing leaseholders where leaseholders want it, over 33% opting for mandating.

36.2. CILEX believes that encouraging the creation of reserved funds where leaseholders want them would improve long-term building maintenance, reduce disputes and support leaseholder financial security. The legislative endorsement promotes the protection of both leaseholders and landlords by providing the relevant safeguards of transparency, flexibility and stability.

37. 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? Provide details.

37.1. CILEX members noted the following:

- *'There needs to be a proportion of the service charges which should increase with time or if the building is listed or in a conservation area as costs are always higher and buildings need to be kept in order more often as time goes on';*
- *'where buildings only contain a minimal number of units (e.g. house conversions to 2-4 flats) and the freehold is owned by the leaseholders, and maintenance is carried out on and as required basis this would be unnecessarily burdensome. The rules need to be building relevant'; and*
- *'There should be a standardised way of calculating required contributions and rules governing how the money is spent in those funds to ensure leaseholders are protected in the event that the funds are required to be used'.*

38. 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?

38.1. CILEX agrees with the proposal that energy and other utility contracts, as well as single energy providers, should be taken out of the section 20 consultation process, with the caveat of meeting the specific criteria.

39. 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]

39.1. Overall, CILEX members believe that standardised forms are the most effective way of speeding up the consultation process, closely followed by setting a deadline for works to begin.

39.2. CILEX understands that major works processes are an important factor in ensuring transparency and protecting leaseholders from excessive or unnecessary costs.

However, CILEX notes that these processes should be proportionate, and avoid creating unnecessary delay or administrative expense on landlords.

- 39.3. CILEX would also recommend that government endorsed sector guidance be provided alongside the forms, with relevant proportionality safeguards.

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

- 40.1. CILEX agrees with this proposal.

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

- 41.1. CILEX agrees with this proposal.

42. Question 147: Should tenants and leaseholders be able to challenge the reasonableness of fixed service charges at the appropriate tribunal (or some other body)?

- 42.1. CILEX believes that tenants and leaseholders should be able to challenge the reasonableness of fixed service charges at the appropriate tribunal.

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

- 43.1. CILEX believes that many of the following measures proposed are already indicated throughout this consultation paper. For example, CILEX believes that ensuring transparency and accountability through mandatory cost breakdowns and annual disclosure statements would assist leaseholders and tenants who pay fixed service charges. CILEX notes that the proposed annual service charge demand form would resolve this point.
- 43.2. Several other recommendations include the implementation of caps for annual increases, unless justified by exceptional costs. CILEX believes that under the new proposals, the service charge demand form can accommodate any justification for increase in service charges (as viewed in Annex D). Additionally, CILEX members believe that an oversight by an independent housing management regulator was desirable for leaseholders and tenants. CILEX agrees that independent oversight is vital in ensuring that fees remain reasonable and proportionate for members; however, acknowledges the additional administrative resources required for this to be feasible. CILEX recommends that consultation with bodies such as the Housing Ombudsman, alongside other organisations such as the Leasehold Advisory Service, could facilitate such a discussion.
- 43.3. Finally, CILEX members believe that imposing fines for non-compliance to landlords is an efficient protection for leaseholders and tenants paying fixed service charges.

44.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?

- 44.1. CILEX believes that a balanced approach may be more appropriate. Understanding that leaseholders should be reasonably allowed to seek accountability if their managing agent is not performing up to standard, CILEX is concerned that in allowing leaseholders to retain the rights to veto or force a managing agent exclusively, which could cause fragmentation in decision making due to conflicting interests.
- 44.2. In proposing a balanced approach, CILEX recommends that leaseholders obtain performance review rights, noting that leaseholders collectively could initiate a review of the managing agent if a threshold/quorum supports the decision to review (this is to be decided based on the volume of flats/total number of leaseholders). Additionally, CILEX believes that the introduction of a leasehold management committee, holding formal influence, could work best for the interests of both the leaseholders and the managing agent.

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

- 45.1. CILEX believes that the relevant tribunals are best equipped to enforce measures and resolve any dispute between leaseholder and landlord. Where disputes do not require legal enforcement, CILEX recommends introducing and appointing an independent oversight housing management regulator as a form of alternative dispute resolution.

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

- 46.1. CILEX refers to the submission in response to question 61. CILEX notes that there are many benefits in exchanging documents and information via electronic format, including reduced cost and administrative resource. CILEX however hopes that for leaseholders and tenants who prefer paper-based communication, they can opt for this without resistance from landlords. CILEX is aware that under a hybrid model, businesses still save over 30% on postage⁸ and therefore, offering both digital exchange and a postal option is still beneficial to the landlord.

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

- 47.1. One of the fundamental areas of concern in relation to digitisation of service in the UK and Wales is the digital divide. CILEX is aware that currently, 8.5 million people

⁸ Stratas, 'What are the advantages of using electronic mail instead of physical post?', [What are the advantages of using electronic mail instead of physical post?](#)

lack basic digital skills⁹, including the ability to access and share documentation that might have been sent to them.

47.2. CILEX firstly believes that the UK and Welsh governments should focus on the confidence and trust of its users. Notably, research suggests that for every £1 invested in digital skills, there's a return to the government of £9.48¹⁰. The increase in confidence of users, will enable digitisation to grow organically, and CILEX believes this is the first step in ensuring that consumers are not left behind in digital advances.

47.3. Additionally, CILEX believes that the UK and Welsh government can endorse the works of groups such as DPMSG and other sector led organisations in their ambition to use digital technologies to improve not only the home buying and selling process, but also the experiences of those living in a leasehold property.

48. Question 157: What safeguards should be in place to protect leaseholders? Provide details.

48.1. As noted in response to question 155, CILEX believes that an 'opt-out' model would work sufficiently in protecting leaseholders in the digitalisation of services.

49. Question 158: Do you agree that individual managing agents should be accountable for gaining qualifications?

49.1. CILEX agrees that individual managing agents should be accountable for gaining qualifications. CILEX notes that there are many benefits for those seeking qualification, such as professional recognition and career progression. Additionally, CILEX endorses the regulation of managing agents, and believes that it is imperative that individual managing agents keep up to date with their regulatory requirements.

50. Question 159: Do you think that managing agent firms should be responsible for ensuring their employees hold the required qualifications?

50.1. 100% of CILEX members surveyed strongly agree that managing agent firms should be responsible for ensuring their employees hold the required qualifications. Not only does this protect leaseholders but also promotes competition in the property market.

51. 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?

⁹ Good Things Foundation, 'How deep is the UK's digital divide?', [How Deep Is The UK's Digital Divide?](#)
[| Good Things Foundation](#)

¹⁰ Ibid.

51.1. CILEX agrees with the government's position that the requirements for qualification should also apply to estate managers of freehold estates, to ensure consistency in the sector.

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

52.1. 71% of members believe that a lower level of qualification could be required for those who undertake more basic functions. However, CILEX caveats that the roles and responsibilities of the basic functions should be clearly prescribed so that these agents are aware of what activities they can and cannot do.

53. Question 163: Do you agree that there are some areas here 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?

53.1. CILEX also agrees that there should be a higher level of qualification for those undertaking more senior roles, such as a Managing Agent with significant building safety responsibilities. CILEX not only believes that there are benefits for those undertaking complex works that require additional expertise but also believes that in creating multiple levels of qualification can enhance career progression and opportunities for agents.

54. 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? Provide details.

54.1. For roles and functions requiring a qualification of lower than level 4, CILEX believes that these should typically be operational, administrative or routine tasks that do not require legal, technical or managerial expertise. An example of this could be a routine inspections clerk, who carry out checklist-based inspections and escalate any complex issues.

54.2. For roles and functions that require higher than a level 4 qualification, CILEX believes that these should be strategic management roles, legal compliance, dispute resolution, or those holding significant financial or safety responsibility. An example of a role could be a complex dispute resolution specialist, who deals with tribunal/court preparations, interpreting lease covenants and engages in high-stake negotiations.

55. 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?

55.1. CILEX agrees that the UK government should mandate that managing agents must complete CPD. CILEX members believe that 'managing agents should keep up to date with the latest regulations and legislation' and believes that CPD is the most appropriate way to achieve this.

56. 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?

56.1. CILEX strongly agrees that the UK government should require that all individual managing agents should become members of a designated professional body, and that they must achieve a professional qualification to do so. Several CILEX members noted that they believe there should be an independent property agent regulator and professional body to accommodate this. CILEX is aware that all roles are vastly different in the property sector and therefore placing managing agents in already established professional bodies, without the relevant guidance and training, could risk ambiguity for the consumer and risk of ineffective regulation.

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

57.1. CILEX refers to the response to question 170.

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

58.1. CILEX believes that government-approved redress schemes should take a role in the implementation of proposals to ensure that any redress schemes are proportionate and practical in various circumstances. CILEX welcomes views and input from various stakeholders that may interact or be affected by such proposals.

59. 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 that has been outlined in relation to England?

59.1. CILEX believes that the minimum qualifications standard should be required of managing agents and estate manager of freehold estates in Wales. CILEX believes that consistent practices across the UK and Wales are essential to promote market efficiency.

60. 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?

60.1. CILEX agrees with this proposal and believes that it is reasonable, as long as any previous qualifications meet the requirements of the proposed qualifications.

61. Conclusion

61.1. CILEX welcomes the MHCLG's work in strengthening leaseholder protections and hopes that many of the consultation proposals in relation to improving transparency for leaseholders and aligning rights on litigation costs come into

fruition. CILEX further hopes that MHCLG continue to review the regulation of property agents in their wider reforms.