Service charges consultation response from SHAC

This is a response to the government's consultation "Strengthening leaseholder protections over charges and services: consultation" published on 4 July 2025, on behalf of the Social Housing Action Campaign.

The Social Housing Action Campaign ("SHAC") links tenants, renters, shared owners, and leaseholders living in homes owned by housing association, council, and private landlords. We have thousands of members, across all tenures.

Question 1: geography

We cover all of the UK.

Question 2: name

Our name is "Social Housing Action Campaign"

Question 3: email address

The organisations's email address is: `shac.action@gmail.com`

`martin@no.ucant.org` is the the email address of the individual submitting the response on behalf of the organisation (he is a member of its committee).

Question 4: individual or organisation

a. Yes - The response is on behalf of an organisation

Question 5: type of respondent

a. I am responding as a leaseholder representative organisation

Question 39: list of requestable information

The list should include:

- whether there is a Recognised Tenants Association
- whether Right To Manage is in effect
- the identities of parties entitled to exercise management functions under the majority of leases of dwellings in the building(s), as distinct from managing agents, particularly where one such body delegates to another, as is now commonplace

Question 46: exemptions

No.

Both proposed exemptions are overbroad, and the commercial sensitivity exemption invites avoidance tactics.

The so-called "vexatious" heading may be misnamed; it may also catch requests that are foreseen as non-vexatious in the leases.

To exercise any exemption, the landlord should have to apply to court/tribunal and notify the tenant, in a similar manner to refusing a request for information under sections 116-118 of the Companies Act

Question 47: annual report for social housing

Yes.

In general, SHAC would tend to oppose any measures which put council/social leaseholders on a worse footing that private leaseholders (as, for example, the 1985 and 1987 Acts do in various respects).

The availability of additional rights for social rents (e.g., under STAIRS) should not give rise to a concomitant reduction of rights as general tenants, as might happen without explicit saving being made for them.

Question 104: resident-led

It seems that "resident-led" may be standing in for "thinly capitalised"; they are not necessarily the same thing.

Also, it cannot be inferred that an RTM company or Residents Management Company is resident-led simply by virtue of its name (etc). Both are potentially subject to capture by managing agents controlling the board of directors. This can be difficult to reverse without litigation.

There are serious definitional questions around "Residents Management Company", as the term is used in relation both to genuinely resident-led organisations, as well as simply meaning "management company party to leases, but whose members are restricted from exercising meaningful voting rights". Quantitative research has shown that about forty-five percent of RMCs are not resident-led for at least a substantial period of their existence.

Note also that some RMCs cover multiple blocks of flats, or a combination of a block of flats and freehold houses, and that some leaseholders have *two* RMCs that are party to their leases. In at least some of these cases, a perfectly democratic RMC is one in which leaseholders in a block can be outvoted by those outside their block.

Some RMCs also do not have robust restrictions against the addition of members/shareholders from outside the building/estate managed, which may permit "avoidance" of some regulations targeted at them.

Question 116: reserve funds in new leases

Yes, in general, of course reserve funds should be mandated for new leases. There may be trivial corner cases, but in principle the undercapitalisation of buildings should be strongly discouraged.

Question 117: reserve funds in existing leases

Yes, indeed reserve funds should, within reason, be mandated even where existing leaseholders do NOT want it. No-one should be "going commando". It's like driving without insurance.

Question 118: reserve funds generally

Our casework suggests that some managing agents simply use their control the reserve fund to get around various requirements of the 1985 Act (in particular, section 20 consultations and the 18 month limit on recoverability of service charges).

Whereas this is sometimes a criminal matter, it is very difficult to obtain adequate evidence or even police interest.

Question 119: AMPs in new leases

Leaseholders have bigger problems than the absence of standardised mandatory AMPs. Some managing agents distinguish themselves in the market by the quality of their AMPs (or whatever they choose to call them).

The issue is a lack of tenant control and accountability; that would drive up standards in and of itself if resolved.

Question 137: consulting intermediate leaseholders

Our research into the First Tier Tribunal (rather than casework) has thrown up examples of buildings with at least four levels of leases; in principle some of these intermediate leaseholders could be social organisations or similar. It may be fairer to ensure that all leaseholders below the freeholder be consulted in this context.

Question 138: reforming s20 dispensation

The Supreme Court decision was on the facts of that particular case; the broader interests of the very diverse populations of tenants and landlords and

building managers couldn't really be taken into account to the same extent as the government and parliament can.

If the provisions in the 2024 Act around "leasebacks" during enfranchisement are brought into force, there will be a growing population of blocks where the dispossessed former freeholder may hold substantial headleases; in any case, there may be conflicting interests in a block of flats, with a built-in minority block vote for any landlord or former landlord. The "tenant" or "leaseholder" may be the current or former landlord in a different corporate guise. These situations should be taken into account when reforming the dispensation regime.

Question 143: recovering predecessor monies

We have definitely seen the 1987 Act's "right of first refusal" give rise to an abortive acquisition process that fell apart due to the discovery of building defects, leading to "difficulties with recovering the monies from the previous party" ...

Question 145: other measures re recovering money

The best measures would be:

- ensuring the police take seriously the criminal offences that arise from what appear to be merely civil/commercial disputes
- requiring litigation-prone home ownership situations (such as leaseholds and new-build private estates) to obtain adequate Legal Services Cover on home insurance.

Standards would be driven up across the board if building managers feared genuine, well-funded pushback.

Question 151: vetoing MAs

Please see our responses above about the perils of conflating RMCs/RTMcos with "resident-led".

The trend towards housing associations insisting on a favoured "panel" of managing agents, for blocks where they have supposedly already granted management control to tenants, shows why a "veto" or "right to change" won't work. Policy should focus on removing constraints on the choice of managing agent, and fixing and expanding existing systems such as RTM.

Question 158: MA qualifications

The industry's approach seems to be to use "qualifications" to restrict entry to the market for providing building/estate management services, to counteract leaseholder power and reduce accountability.

The types of services being provided are things like cleaning and gardening. These are not regulated professions. The solution to being dissatisfied with one's gardener is to find a new one, not to set up regulatory standards and occupational licensing for gardeners, forcing underqualified gardeners out of work, and reducing the choices of garden owners.

We would prefer policy to focus on empowering leaseholders vis-a-vis managing agents. Regulation, while necessary for curbing abuses, should not focus on easily gamable systems like qualifications.