



Leasehold and Freehold Reform Act 2024

2024 CHAPTER 22

PART 4

REGULATION OF LEASEHOLD

PROSPECTIVE

Service charges

53 Extension of regulation to fixed service charges

- (1) The Landlord and Tenant Act 1985 (“the LTA 1985”) is amended in accordance with subsections (2) to (6).
- (2) In section 18 (meaning of “service charge” and “relevant costs”)—
 - (a) in the heading, after ““service charge”” insert “, “variable service charge””;
 - (b) for subsections (1) and (2) substitute—
 - “(1) In the following provisions of this Act—
“service charge” means an amount payable by a tenant of a dwelling, as part of or in addition to the rent, which is payable, directly or indirectly, for the purpose of meeting, or contributing towards, the relevant costs;
“variable service charge” means a service charge the whole or part of which varies or may vary according to the relevant costs.
 - (2) The “relevant costs” are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with services, repairs, maintenance, improvements or insurance or the landlord’s costs of management.”;
- (c) in subsection (3)(b), for “a service charge” substitute “a variable service charge”.

Status: This version of this cross heading contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Leasehold and Freehold Reform Act 2024, Cross Heading: Service charges. (See end of Document for details)

- (3) In the provisions referred to in subsection (4)—
- (a) for “service charge” substitute “variable service charge”;
 - (b) for “service charges” substitute “variable service charges”.
- (4) The provisions are—
- (a) in section 19 (reasonableness of service charges), the heading and subsections (1) and (2);
 - (b) in section 20 (consultation requirements), the heading and subsection (2);
 - (c) in section 20A (grant-aided works), the heading and subsections (1) and (2);
 - (d) in section 20B (time limit on making demands), the heading and subsection (1) in the first place “service charge” occurs;
 - (e) in section 20D (remediation works), the heading and subsections (4) and (5);
 - (f) in section 20F (excluded costs for higher-risk buildings), the heading and subsection (2);
 - (g) in section 30D (liability for building safety costs), subsection (2)(a)(ii);
 - (h) in section 30E (liability for remuneration), subsection (1)(c).
- (5) In section 30E(3), for ““service charge” has the meaning” substitute ““service charge” and “variable service charge” have the meaning”.
- (6) In section 39 (index of defined expressions), at the end insert—

“variable service charge

section 18(1)”.

- (7) The Landlord and Tenant Act 1987 (“the LTA 1987”) is amended in accordance with subsections (8) to (10).
- (8) In the provisions referred to in subsection (9), in each place they occur—
- (a) for “service charge” substitute “variable service charge”;
 - (b) for “service charges” substitute “variable service charges”.
- (9) The provisions are—
- (a) in section 24 (appointment of manager by tribunal), subsections (2) and (2A);
 - (b) in section 35 (application by party to lease for variation of lease), subsections (2) and (4);
 - (c) in section 42 (service charge contributions to be held in trust), the heading and subsections (1), (2), (3), (4), (6), and (8).
- (10) In section 35(8), for ““service charge” has the meaning” substitute ““service charge” and “variable service charge” have the meaning”.
- (11) In section 167 of the CLRA 2002 (failure to pay small amount for short period)—
- (a) in subsection (1), for “service charges” substitute “variable service charges”;
 - (b) in subsection (5), for “service charge” substitute “variable service charge”.

Commencement Information

II S. 53 not in force at Royal Assent, see [s. 124\(3\)](#)

Status: This version of this cross heading contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Leasehold and Freehold Reform Act 2024, Cross Heading: Service charges. (See end of Document for details)

54 Notice of future service charge demands

In section 20B of the LTA 1985 (time limit on making service charge demands), in subsection (2), for the words from “notified in writing” to the end substitute “given a future demand notice in respect of those costs.

- “(3) A “future demand notice” is a notice in writing that—
- (a) relevant costs have been incurred, and
 - (b) the tenant will subsequently be required under the terms of the lease to contribute to the costs by the payment of a variable service charge.
- (4) A future demand notice must—
- (a) be in the specified form,
 - (b) contain the specified information, and
 - (c) be given to the tenant in a specified manner.

“Specified” means specified in regulations made by the appropriate authority.

- (5) The regulations may, among other things, specify as information to be contained in a future demand notice—
- (a) an amount estimated as the amount of the costs incurred (an “estimated costs amount”);
 - (b) an amount which the tenant is expected to be required to contribute to the costs (an “expected contribution”);
 - (c) a date on or before which it is expected that payment of the variable service charge will be demanded (an “expected demand date”).
- (6) Regulations that include provision by virtue of subsection (5) may also provide for a relevant rule to apply in a case where—
- (a) the tenant has been given a future demand notice in respect of relevant costs, and
 - (b) a demand for payment of a variable service charge as a contribution to those costs is served on the tenant more than 18 months after the costs were incurred.
- (7) The relevant rules are—
- (a) in a case where a future demand notice is required to contain an estimated costs amount, that the tenant is liable to pay the service charge only to the extent it reflects relevant costs that do not exceed the estimated costs amount;
 - (b) in a case where a future demand notice is required to contain an expected contribution, that the tenant is liable to pay the service charge only to the extent it does not exceed the expected contribution;
 - (c) in a case where a future demand notice is required to contain an expected demand date, that, if the demand is served after the expected demand date, the tenant is not liable to pay the service charge to the extent it reflects any of the costs.
- (8) Regulations that provide for the relevant rule in subsection (7)(c) to apply may also provide that, in a case set out in the regulations, the rule is to apply as if, for the expected demand date, there were substituted a later date determined in accordance with the regulations.

- (9) Regulations under this section—

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- (a) are to be made by statutory instrument;
- (b) may make provision generally or only in relation to specific cases;
- (c) may make different provision for different purposes;
- (d) may include supplementary, incidental, transitional or saving provision.

(10) A statutory instrument containing regulations under this section is subject to the negative procedure.”

Commencement Information

I2 S. 54 not in force at Royal Assent, see [s. 124\(3\)](#)

55 Service charge demands

- (1) The LTA 1985 is amended in accordance with subsections (2) and (3).
- (2) Omit the following sections—
 - (a) section 21 (request for summary of relevant costs);
 - (b) section 21A (withholding of service charges);
 - (c) section 21B (notice to accompany demands for service charges).
- (3) Before section 22 insert—

“21C Service charge demands

- (1) A landlord may not demand the payment of a service charge unless the demand—
 - (a) is in the specified form,
 - (b) contains the specified information, and
 - (c) is provided to the tenant in a specified manner.

“Specified” means specified in regulations made by the appropriate authority.

- (2) Accordingly, where a demand for payment of a service charge does not comply with subsection (1), a provision of the lease relating to non-payment or late payment of service charges does not have effect in relation to the service charge.
- (3) The appropriate authority may by regulations provide for exceptions from subsection (1) by reference to—
 - (a) descriptions of landlord;
 - (b) descriptions of service charge;
 - (c) any other matter.
- (4) Regulations under this section—
 - (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;
 - (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.

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- (5) A statutory instrument containing regulations under this section is subject to the negative procedure.”
- (4) In the LTA 1987—
- (a) in section 47 (landlord’s name and address to be contained in demands for rent etc), after subsection (3) insert—
- “(3A) Subsections (2) and (3) do not apply in relation to a written demand for payment of a service charge if section 21C of the Landlord and Tenant Act 1985 requires the demand to include information which subsection (1) also requires the demand to include.”;
- (b) in section 47A (building safety information to be contained in demands for rent etc), after subsection (3) insert—
- “(3A) Subsections (2) and (3) do not apply in relation to a written demand for payment of a service charge if section 21C of the Landlord and Tenant Act 1985 requires the demand to include information which subsection (1) also requires the demand to include.”

Commencement Information

I3 S. 55 not in force at Royal Assent, see s. 124(3)

56 Accounts and annual reports

- (1) The LTA 1985 is amended as follows.
- (2) After section 21C (as inserted by section 55) insert—

“21D Service charge accounts

- (1) This section applies in relation to a lease of a dwelling if—
- (a) a variable service charge is or may be payable under the lease, and
- (b) any of the relevant costs which are or may be taken into account in determining the amount of that variable service charge are or may be taken into account in determining the amount of variable service charges payable by the tenants of three or more other dwellings (“connected tenants”).
- (2) The following terms are implied into the lease—
- (a) that, on or before the account date for each accounting period, the landlord must provide the tenant with a written statement of account in a specified form and manner setting out—
- (i) the variable service charges arising in the period which are payable by the tenant and each connected tenant,
- (ii) the relevant costs relating to those service charges, and
- (iii) any other specified matters;
- (b) that, on or before the account date for an accounting period in respect of which a statement of account is provided, the landlord must provide the tenant with a written report about the statement prepared by a qualified accountant, which—

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- (i) is prepared in accordance with specified standards for the review of financial information, and
- (ii) includes a statement by the accountant, in a specified form and manner, that the report is a faithful representation of what it purports to represent;
- (c) that the landlord must provide adequate accounts, receipts or other documents or explanations to the accountant to enable them to provide the report;
- (d) that, if the landlord incurs costs in obtaining the report, the tenant must pay the landlord a fair and reasonable contribution to those costs.

“Specified” means specified in regulations made by the appropriate authority.

- (3) An “accounting period” is—
 - (a) a period of 12 months specified in the lease as an accounting period, or
 - (b) if no such period is specified in the lease, a period of 12 months beginning with 1 April.
- (4) The “account date” for an accounting period is the final day of the period of six months beginning with the day after the final day of the accounting period.
- (5) An amount payable under the term implied by subsection (2)(d)—
 - (a) is a variable service charge for the purposes of section 18, and the provisions of this Act relating to service charges apply accordingly;
 - (b) is payable irrespective of whether a lease, contract or other arrangement provides for it to be payable as a service charge.
- (6) The appropriate authority may by regulations provide for circumstances in which a term in subsection (2)—
 - (a) is not to be implied into a lease, or
 - (b) is to be implied into a lease in a modified form.
- (7) Regulations under this section—
 - (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;
 - (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.
- (8) A statutory instrument containing regulations under this section is subject to the negative procedure.

21E Annual reports

- (1) A landlord must, on or before the report date for an accounting period, provide the tenant with a report in respect of service charges arising in that period.
- (2) The appropriate authority may by regulations make provision as to—
 - (a) the information to be contained in the report in respect of those service charges;
 - (b) the form of the report;
 - (c) the manner in which the report is to be provided.

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- (3) The appropriate authority may by regulations also make provision requiring information to be contained in the report in respect of other matters which the appropriate authority considers are likely to be of interest to a tenant, whether or not they directly relate to service charges or to service charges arising in the period.
 - (4) An “accounting period” is—
 - (a) a period of 12 months specified in the lease as an accounting period, or
 - (b) if no such period is specified in the lease, a period of 12 months beginning with 1 April.
 - (5) The “report date” for an accounting period is the final day of the period of one month beginning with the day after the final day of the accounting period.
 - (6) The appropriate authority may by regulations provide for exceptions from the duty in subsection (1) by reference to—
 - (a) descriptions of landlord;
 - (b) descriptions of service charge;
 - (c) any other matter.
 - (7) Regulations under this section—
 - (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;
 - (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.
 - (8) A statutory instrument containing regulations under this section is subject to the negative procedure.”
- (3) In section 28 (meaning of “qualified accountant”)—
- (a) in subsection (1), for the words from “in section” to “person” substitute “in [section 21D\(2\)\(b\)](#) (report on service charge account) is to a person”;
 - (b) for subsection (2) substitute—
 - “(2) A person has the necessary qualification if the person—
 - (a) is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006, or
 - (b) satisfies such other requirement or requirements as may be specified in regulations made by the appropriate authority.”;
 - (c) in subsection (4)(d), for the words from “covered” to the end substitute “covered by the statement of account in question relate”;
 - (d) after subsection (6) insert—
 - “(7) Regulations under this section—
 - (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;
 - (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.

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(8) A statutory instrument containing regulations under this section (whether alone or with other provision) is subject to the affirmative procedure.”

(4) In section 39 (index of defined expressions), in the entry for “qualified accountant”, for “section 21(6)” substitute “[section 21D\(2\)\(b\)](#)”.

Commencement Information

I4 S. 56 not in force at Royal Assent, see [s. 124\(3\)](#)

57 Right to obtain information on request

- (1) The LTA 1985 is amended as follows.
- (2) After section [21E](#) (as inserted by section [56](#)) insert—

“21F Right to obtain information on request

- (1) A tenant may require the landlord to provide information specified in regulations made by the appropriate authority.
- (2) The appropriate authority may specify information for the purposes of subsection (1) only if it relates to—
 - (a) service charges, or
 - (b) services, repairs, maintenance, improvements, insurance, or management of dwellings.
- (3) The landlord must provide the tenant with any of the information requested that is within the landlord’s possession.
- (4) The landlord must request information from another person if—
 - (a) the information has been requested from the landlord under subsection (1),
 - (b) the landlord does not possess the information when the request is made, and
 - (c) the landlord believes that the other person possesses the information.
- (5) That person must provide the landlord with any of the information requested that is within that person’s possession.
- (6) A person (“A”) must request information from another person (“B”) if—
 - (a) the information has been requested from A under subsection (4) or this subsection,
 - (b) A does not possess the information when the request is made, and
 - (c) A believes that B possesses the information.
- (7) B must provide A with any of the information requested that is within B’s possession.
- (8) The appropriate authority may by regulations—
 - (a) provide for how a request is to be made under this section;

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- (b) provide that a request under this section may not be made until the end of a particular period, or until another condition is met;
- (c) make provision as to the period within which a request under subsection (4) or (6) must be made;
- (d) provide for circumstances in which a duty to comply with a request under this section does not apply.

(9) Section 21G makes further provision about requests under this section.

(10) For the purposes of this section—

- (a) “information” includes a document containing information, and a copy of such a document;
- (b) references to a tenant include the secretary of a recognised tenants’ association representing the tenant, in circumstances where the tenant has consented to the association acting on the tenant’s behalf for the purposes of this section.

(11) Regulations under this section—

- (a) are to be made by statutory instrument;
- (b) may make provision generally or only in relation to specific cases;
- (c) may make different provision for different purposes;
- (d) may include supplementary, incidental, transitional or saving provision.

(12) A statutory instrument containing regulations under this section is subject to the negative procedure.

21G Requests under section 21F: further provision

- (1) Subsections (2) to (6) apply where a person (“R”) requests information under section 21F from another person (“P”).
- (2) R may request that P provide the information to R by allowing R access to premises where R may inspect the information and make and remove a copy of the information.
- (3) P must provide information which P is required to provide under section 21F—
 - (a) before the end of a specified period beginning with the day the request is made, and
 - (b) if R has made a request under subsection (2), by allowing R the access requested during a specified period.

“Specified” means specified in regulations made by the appropriate authority.

- (4) P may charge R for the costs of doing anything required under section 21F or this section.
- (5) But, if P is a landlord, P may not charge the tenant for the costs of allowing the tenant access to premises to inspect information (but may charge for the making of copies).

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- (6) The costs referred to in subsection (4) may be relevant costs for the purposes of a variable service charge (whether charged to the tenant making the request under section 21F(1) or another tenant).
- (7) Regulations under subsection (3) may provide for circumstances in which a specified period is to be extended.
- (8) The appropriate authority may by regulations make further provision as to how information requested under section 21F is to be provided.
- (9) Regulations under this section—
 - (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;
 - (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.
- (10) A statutory instrument containing regulations under this section is subject to the negative procedure.

21H Effect of assignment on requests under section 21F

- (1) The assignment of a tenancy does not affect an obligation arising as a result of a request made under section 21F before the assignment.
- (2) But, in the circumstances of such an assignment, a person is not obliged to provide the same information more than once in respect of the same dwelling.”
- (3) Omit the following sections—
 - (a) section 22 (request to inspect supporting accounts);
 - (b) section 23 (request relating to information held by superior landlord);
 - (c) section 24 (effect of assignment on request).

Commencement Information

I5 S. 57 not in force at Royal Assent, see [s. 124\(3\)](#)

58 Enforcement of duties relating to service charges

- (1) The LTA 1985 is amended as follows.
- (2) Omit section 25 (offences).
- (3) Before section 26 insert—

“25A Enforcement of duties relating to service charges

- (1) A tenant may make an application to the appropriate tribunal on the ground that the landlord—
 - (a) demanded the payment of a service charge otherwise than in accordance with section 21C(1);
 - (b) failed to provide a report in accordance with section 21E.

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- (2) On an application made under subsection (1), the tribunal may make one or more of the following orders—
 - (a) an order that the landlord must, before the end of the period of 14 days beginning with the day after the date of the order—
 - (i) demand the payment of a service charge in accordance with section 21C(1);
 - (ii) provide a report in accordance with section 21E;
 - (b) an order that the landlord pay damages to the tenant for the failure;
 - (c) any other order which the tribunal considers consequential on an order under paragraph (a) or (b).
- (3) A person (“C”) may make an application to the appropriate tribunal on the ground that another person (“D”) failed to comply with a requirement under section 21F or 21G.
- (4) On an application made under subsection (3), the tribunal may make one or more of the following orders—
 - (a) an order that D comply with the requirement before the end of the period of 14 days beginning with the day after the date of the order;
 - (b) an order that D pay damages to C for the failure;
 - (c) any other order which the tribunal considers consequential on an order under paragraph (a) or (b).
- (5) Damages under this section may not exceed £5,000.
- (6) The appropriate authority may by regulations amend the amount in subsection (5) if the appropriate authority considers it expedient to do so to reflect changes in the value of money.
- (7) A landlord may not for any purpose set off damages payable by the landlord to a tenant under this section against any present or future liability of the tenant to the landlord.
- (8) Where a landlord is “the payee” for the purposes of section 42 of the Landlord and Tenant Act 1987, and the landlord uses sums that are held on trust under that section to pay damages under this section, such use is a breach of that trust.
- (9) Amounts payable by way of damages under this section are not to be regarded as relevant costs to be taken into account in determining the amount of any variable service charge payable by a tenant (whether or not a tenant to whom the damages are paid).
- (10) A lease, contract or other arrangement is of no effect to the extent that it would make provision contrary to subsections (7) to (9).
- (11) Regulations under this section—
 - (a) are to be made by statutory instrument;
 - (b) may make provision generally or only in relation to specific cases;
 - (c) may make different provision for different purposes;
 - (d) may include supplementary, incidental, transitional or saving provision.

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(12) A statutory instrument containing regulations under this section is subject to the negative procedure.”

Commencement Information

I6 S. 58 not in force at Royal Assent, see [s. 124\(3\)](#)

Status:

This version of this cross heading contains provisions that are prospective.

Changes to legislation:

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