



Leasehold and Freehold Reform Act 2024

2024 CHAPTER 22

PART 4

REGULATION OF LEASEHOLD

Service charges

PROSPECTIVE

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

Status: This version of this provision is prospective.

Changes to legislation: There are currently no known outstanding effects for the Leasehold and Freehold Reform Act 2024, Section 56. (See end of Document for details)

- (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—
 - (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—

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- (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.
- (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;

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- (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 (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

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

Status:

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Changes to legislation:

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