An aerial view of a city map, likely London, with a green tint. Several people are walking across the map, appearing as small figures. The map shows a network of streets and a river. The text is overlaid on the map.

“Worry and stress”: life as a leaseholder in London

Housing Committee

LONDONASSEMBLY

Housing Committee



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Foreword



Sem Moema AM

Chair of the Housing Committee 2024-25

Buying a home is for many the fulfilment of a dream, meant to provide security, stability, and a foundation for building a life. But for too many Londoners living in leasehold homes, it has instead become a source of anxiety and financial pressure.

London has more leaseholders than anywhere else in the country—**over a third of all homes in our city are leasehold**. Behind the doors of these homes are often stories of residents paying thousands of pounds in opaque service charges, battling for basic transparency, and facing mounting costs through no fault of their own. For many, the dream of homeownership can quickly become a nightmare.

For years I have heard deeply concerning reports from my constituents about unexpected rising charges, poor maintenance, inadequate communication, and an overwhelming lack of certainty. I’ve met shared owners, initially overjoyed at finally being able to afford their own home, instead faced with unregulated service charges undermining the very idea of affordability this model was meant to deliver.

Through this report we collected the views of over 900 Londoners, putting their views and experiences at its core. This report shines a light on the scale and complexity of the problem—and sets out **nine practical, targeted recommendations** that the Government, housing providers, managing agents and the Mayor can act on to provide financial clarity to over a million leaseholders and shared owners in London. From boosting transparency and affordability, to exploring commonhold, to capping service charges, these are changes that could transform the daily lives of thousands of Londoners.

We do not accept that this is simply “how it is.” I welcome the reforms such as the **Leasehold and Freehold Reform Act 2024** and the Mayor’s **Service Charge Charter**—it’s clear that more must be done to protect London’s leaseholders, and more quickly.

A truly affordable housing system isn’t just about the price of a home—it’s about the total cost of living in it. That means tackling excessive and unclear service charges head-on, and ensuring transparency, accountability, and fairness are built into the system from the outset.

Leaseholders deserve clarity. They deserve fairness. And above all, they deserve peace of mind in the place they call home.

Executive summary

For many Londoners, their leasehold home is a source of complex problems and deep financial stress. This is an issue that is particularly concentrated in London. There are more leasehold homes in London than anywhere else in the country. Over a third (36.1 per cent) of London’s homes are leasehold, compared to only 16 per cent in the rest of England.¹

Issues with leasehold as a tenure and the service charges that go with it are longstanding. Due to the tireless commitment of campaigners, leasehold reform was placed firmly on the Government’s agenda, with the previous government passing the Leasehold and Freehold Reform Act 2024. The current Government is now implementing that Act and developing the upcoming Commonhold Bill. The Mayor also has his own Service Charges Charter and Leasehold Guide for Londoners. However, despite these measures, the Committee has been extremely concerned to hear the ongoing reports of Londoners facing high service charges that often lack transparency and are, at worst, wrong and unfair.

First and foremost, we wanted to hear from Londoners on this issue. We ran a survey looking to find out what charges Londoners were paying, how they felt about their leasehold home and the charges they pay, and what they would like the Mayor to do. Over 900 Londoners responded to the survey. 798 were leaseholders, the rest were either freeholders or tenants.² We also heard from a range of experts who told us what is happening in London and why. We heard the following:

- High costs are one of the key challenges with service charges. Across different tenures, we heard of the challenge of unaffordable charges. Respondents to our survey were spending a median average of £3,912 per year (£326 per month) on their service charge.³
- Every person who represented freeholders or managing agents at our meetings agreed that transparency of leases and service charges is important. Yet our survey respondents repeatedly reported poor transparency, works done poorly or not at all, or charges seen as fraudulent and price-gouging.
- Thousands of Londoners are living in shared ownership homes funded by the Mayor. Many shared owners told us how current practice on service charges can undermine the very point of shared ownership – that it be an affordable housing product.

Part of the reason service charges are as high as they are, is because developers don’t build good-quality buildings. Without a stronger focus on the quality of the homes that we build, service charges will remain high. At the moment, where developments are built with poor-quality components, leaseholders and social tenants can end up footing the bill for expensive maintenance and repairs. This is not fair. Whatever the future holds for leasehold reform, Londoners deserve better. Our report sets out nine recommendations that we hope will deliver for London’s leaseholders.

¹ Source: MHCLG, [Leasehold dwellings 2022-23, 9 May 2024](#). Rest of England figures have been calculated to exclude London. MHCLG figures represent an estimate of the number of leasehold.

² Our survey respondents are ‘self-selecting’ – they chose to complete this survey and do not reflect all Londoners. This means that we can’t assume that our findings are true for all leaseholders.

³ The English Housing Survey 2022-23 found that the median annual service charge for London leaseholders was £1,450.

Recommendations

Recommendation 1

The Mayor should work to improve transparency in service charges in London. This should include updating the Leasehold Guide for Londoners. This should include the following:

- Updating the guide to reflect the Leasehold and Freehold Reform Act 2024, and the Building Safety Act 2022.
- Explaining the instances where leaseholders are likely to pay higher service charges, such as in taller buildings or where the freeholder is a private individual or company.
- Outlining what is and is not service-chargeable for leaseholders and social tenants, broken down by internal unit component; and external and estate management/maintenance charges. Separate to the guide, the Mayor should explore instances in London where external amenity spaces are service-chargeable and open to the wider public, with local authorities being encouraged to make a contribution to that maintenance

Recommendation 2

The Government should legislate to give social renters the same rights as leaseholders in terms of access to full service-charge statements and invoices. Ahead of this change taking place, the GLA should add equal transparency for social tenants to its Service Charges Charter by the end of 2025.

Recommendation 3

The GLA should work with the G15 to understand the impact that mergers and acquisitions are having on service charges. The GLA should set out good practice guidance for their investment partners with the aim of preventing mergers and acquisitions causing incorrect service charges. This work should be started by the end of 2025.

Recommendation 4

More Londoners should benefit from the greater transparency outlined by the Service Charges Charter. The Mayor should approach The Property Institute and the Residential Freeholders Association to request that they encourage their members to sign up to the Charter. This should happen by the end of October 2025.

Recommendation 5

The GLA should amend the Service Charges Charter to state that potential buyers should be provided with estimated service charge and rental increases, by raw numbers and by percentage increase, for each of the first 10 years of ownership. The example Key Information Document for shared owners at point of purchase should be updated to reflect this. This should be done by the end of 2025.

Recommendation 6

By the end of 2025, the GLA should amend the Service Charges Charter to state that investment partners should track affordability of shared ownership at specific intervals, such as years one, five, and 10. The GLA should work with housing providers to ensure that they have transparent, accessible policies for supporting shared owners whose housing costs have increased over 40 per cent of net household income. The GLA should collect data on affordability of shared ownership over time and use this to inform the next iteration of the product in the coming Affordable Homes Programme (AHP).

Recommendation 7

The GLA should conduct research on potential models for capping service charges in its new-build shared ownership. This should be completed by the end of 2025, and therefore be able to feed into shared ownership starts in the next iteration of the Affordable Homes Programme.

Recommendation 8

The Mayor should include ‘designing down service charges’ in his new London Plan. Developers should be required to submit to their local authorities steps they have taken to ensure maximum lifespan of building components and maximise whole-life value for money for leaseholders.

Recommendation 9

The Mayor should convene key stakeholders to create a commonhold taskforce to work on commonhold challenges in London. This would start work by the end of 2025. This would include looking at issues of shared ownership, mixed use buildings, and retrospective commonhold. This would inform the Mayor’s lobbying on the Leasehold and Commonhold Reform Bill.

What is leasehold and who is affected?

For many Londoners, their leasehold home is a source of complex problems and deep financial stress. Some of the key problems are as follows:

- High costs to extend a lease, especially if it has dropped under 80 years.
- Challenges buying and selling leasehold homes, especially where the lease has dropped under 80 years.⁴
- Challenges with leaseholders accessing advice and accessing compensation where things go wrong.⁵
- ‘Ground rent’ – a charge paid to the freeholder for which they do not have to provide any service.
- High service charges that lack transparency and deliver poor or zero service.⁶

What are service charges?

Freeholders are responsible for maintaining a block of flats. Sometimes they pay another company called a ‘management company’ to do this.

Freeholders and management companies charge leaseholders and social tenants for the cost of this maintenance. This means that leaseholders pay for work such as new roofs or lifts, as well as smaller-scale items such as cleaning communal hallways and gardens.

Service charges are a monthly charge. Sometimes leaseholders are asked to pay another fee at the end of the year to cover any further costs.

What is a leasehold?

In a block of flats, a landlord owns the building and the land. They are called the freeholder.

Flats are sold as ‘leasehold’. This means that the buyer does not fully own their home. Instead, they own a long lease, which is agreed with the freeholder and usually starts at around 90 years. This is how most flat ownership in England and Wales currently works. Shared ownership homes are also sold as leasehold.

Leasehold houses also exist but are less common.

Over decades, campaigners have raised that some leaseholders are facing extremely high service charges, with a lack of transparency about what that cost is for. The government has heard these concerns, along with many other issues about leasehold, and has committed to abolishing leasehold as a tenure. It would be replaced by ‘commonhold’ – a way for leaseholders to each own *their part* of the building, meaning that the freeholder would no longer exist. However, there is no detailed timeline for when current leaseholders could expect their ownership to change.

In the meantime, leaseholders and campaign groups have reported soaring service charge costs, with devastating effects. Some Londoners feel trapped in their homes: unable to afford the service charge but also unable to sell a flat that comes with such high costs. Many feel that service charges have escalated beyond reasonable costs, and that freeholders are exploiting the system.⁷

⁴ Lease-advice.org, [Leasehold ownership: 7 key issues briefly considered](#), accessed 12 May 2025

⁵ House of Commons, [Levelling up and Housing Select Committee, Shared Ownership](#), 28 March 2024

⁶ House of Commons Library, [Leasehold and commonhold reform](#), September 2023

⁷ BBC London, [‘We can’t sell our flat and can’t afford to live in it’](#), March 2024

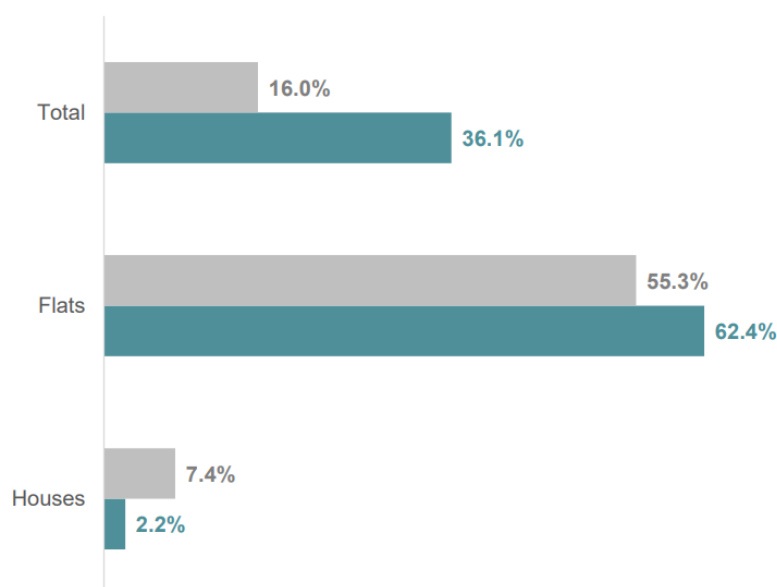
Which Londoners are affected?

There are 3.8 million homes in London. Around 2 million are either leasehold homes or social homes.⁸

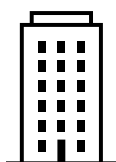
There are more leasehold homes in London than anywhere else in the country: 36.1 per cent of London’s homes are leasehold, compared to only 16 per cent in the rest of England. Most of London’s leasehold homes are flats: 1,308,000 flats compared to 36,000 houses.⁹

Figure 1: Proportion of leasehold housing stock by type, London compared to the rest of England¹⁰

Proportion of leasehold housing stock by type, **London** compared to the **rest of England** in 2022-23



Owner-occupier leaseholders



These are leaseholders who own their home either outright or with a mortgage. Their freeholders are councils, housing associations or private freeholders. Their building may also be managed by a management company. **There are around 1,344,000 leasehold homes in London.**¹¹ This figure includes shared ownership homes.

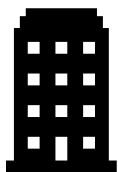
⁸ London Assembly Research Unit, [London’s Housing Stock](#), November 2024

⁹ Source: MHCLG, [Leasehold dwellings 2022-23, 9 May 2024](#). Rest of England figures have been calculated to exclude London. MHCLG figures represent an estimate of the number of leasehold.

¹⁰ MHCLG, [Leasehold dwellings 2022-23, 9 May 2024](#). Rest of England figures have been calculated to exclude London. MHCLG figures represent an estimate of the number of leasehold.

¹¹ MHCLG, [Leasehold dwellings 2022-23, 9 May 2024](#)

Shared owner leaseholders



Shared ownership is a kind of affordable home ownership mostly delivered by housing associations. Shared owners buy a share of a home – for example, 25 per cent or 50 per cent. At some point they may choose to buy a bigger share of the property, known as staircasing. They pay a mortgage on the share they own and pay rent on the rest of the property. The Mayor funds shared ownership through the GLA’s AHP. Shared ownership homes are leasehold by default, with the freeholder usually being a housing association or private company. Sometimes there is also a management company that looks after the building. Shared owners pay 100 per cent of the service charge no matter how much of the property they own.¹² **There are around 52,000 shared ownership homes in London.**¹³ These make up 3.9 per cent of the total 1,344,000 leasehold homes in London.

Social tenants



We have included social tenants in our investigation as they also pay a service charge. Social rent is a secure form of affordable housing where tenants pay around 50 per cent of market rent. **There are around 800,000 social-rented homes in London.**¹⁴

What has the GLA done on leasehold and service charges?

The Mayor has long been a vocal advocate for leaseholders. Beginning with his 2016 manifesto, he set out his commitment to a fair deal for leaseholders in estate regeneration, and “working with London boroughs to ensure leaseholders can access high-quality advice on service charges and leasehold extension.”¹⁵ In 2021, the Mayor introduced 999-year leases for shared ownership homes built with GLA funding.¹⁶ In 2024, he referred to unfair service charges as “everyday extortion” and called for “legal powers for leaseholders to withhold service charge payments if the justification has not been set out in writing.”¹⁷ The GLA has produced two key documents to push for better practice on service charges and to improve access to leasehold information for Londoners: The GLA Service Charges Charter and the Leasehold Guide for Londoners.

The GLA Service Charges Charter

In the funding guidance for the 2016–21 AHP, the Mayor set out the idea for the ‘Service Charges Charter’ to “standardise approaches to service charges and, where possible, reducing

¹² Shared owners who bought their home after 2021 may have an Initial Repairs Period (IRP) in their lease. During the IRP the freeholder is liable for 100 per cent of the repairs for an initial period, usually 10 years. After the period ends, all repairs are the leaseholders’ responsibility. Gov.uk, [Right to Shared Ownership: buying a share of your rented home](#), accessed online 12 May 2025

¹³ Office for National Statistics, [Tenure](#), Census 2021, January 2023

¹⁴ Gov.uk, [English Housing Survey 2021 to 2022: social rented sector](#)

¹⁵ Sadiq Khan, [A Manifesto for all Londoners](#), 2016

¹⁶ London.gov.uk, [Mayor demands 999-year leases for new shared-ownership homes](#), January 2021

¹⁷ The Standard, [Khan calls for end to ‘everyday extortion’ of unfair charges for leaseholders](#), April 2024

these charges for consumers.”¹⁸ The Charter is aimed at ‘Investment Partners’ – housing associations and councils who are awarded GLA funding to build affordable housing in London.

Last updated in 2021, the Service Charges Charter sets out commitments for housing providers in relation to four key areas:

- “Transparency – ensuring leaseholders are provided with the information they need to understand their service charges
- Affordability – ensuring that the affordability of service charges is a key consideration when setting or reviewing service charges
- Design – encouraging design approaches for new build developments that minimise service charges while ensuring high quality design
- Challenge and redress – ensuring that leaseholders are aware of how to challenge their service charges and the routes to redress that are available to them.”¹⁹

Leasehold Guide for Londoners

The Mayor has also published a ‘Leasehold Guide for Londoners’, created to “make the process of buying a leasehold property easier to understand.”²⁰ It features a comprehensive list of frequently asked questions about leasehold, as well as other sources of advice and support.

What this report does not cover

Leasehold is an extremely complex area. We heard evidence on a range of topics relating to leasehold and we are not able to cover all of them here. As the Housing Committee of the London Assembly, we have chosen to focus on the evidence on which we heard the most strength of feeling, and with the most potential to influence the Mayor of London. Topic areas we have not covered, but we recognise are still key to leasehold reform are:

- lease extension
- redress for incorrect service charges
- inequalities at First Tier Tribunal
- resident management companies
- insurance commissions.

¹⁸ London.gov.uk, [Homes for Londoners: Affordable Homes Programme 2016-21 funding guidance](#), November 2016

¹⁹ London.gov.uk, [Service Charges Charter](#), December 2021

²⁰ London.gov.uk, [The Mayor of London’s leasehold guide for Londoners](#), accessed 28 April 2025

Leasehold and service charges: what happens and why?

First and foremost, we wanted to hear from Londoners on this issue. We ran a survey looking to find out what charges Londoners were paying; how they felt about their leasehold home and the charges they pay; and what they would like the Mayor to do. The survey garnered 912 responses; of these, 798 were leaseholders, and the rest were either freeholders or tenants. Our survey respondents are ‘self-selecting’. Respondents were not randomly chosen to take part – they chose to take part themselves. This does mean that the survey isn’t necessarily representative of all leaseholders in London. However, we heard from a large and diverse group of leaseholders from across London, and we can learn a lot from the data about the challenges that leaseholders are facing.

The evidence collected through the survey, and through evidence shared in our meetings, identified three key issues with leasehold in London. These were all focused around the topic of service charges. These issues are: cost; transparency of charges; work not being done or not being done well; and ‘fraudulent’ charges. This chapter takes each of these issues and explores what is happening in London and why.

The cost of service charges

High costs are one of the key challenges with service charges. Across different tenures, we heard of the challenge of unaffordable charges. Respondents to our survey were spending a median average of £3,912 per year (£326 per month) on their service charge.²¹

The median service charge paid by our respondents was £3,912 per year.

One in ten respondents (11 per cent) were paying over £7,000 per year.

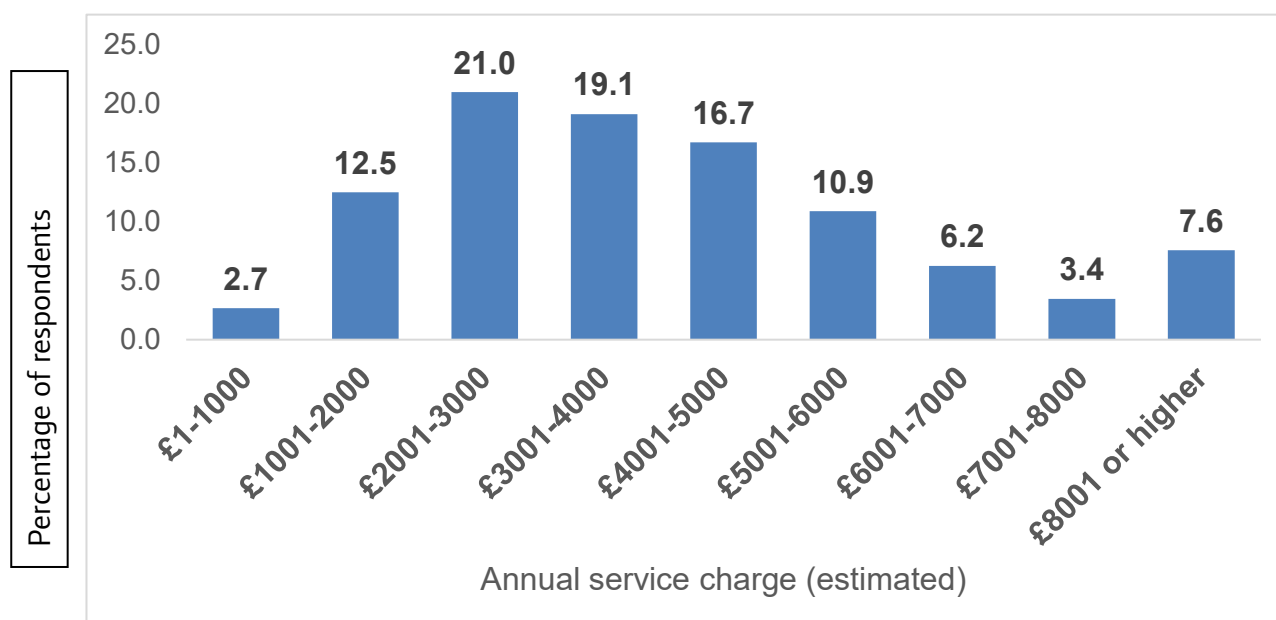
There was considerable variation in service charges, with one in ten respondents (11 per cent) paying over £7,000 per year. 95 per cent of respondents said that their service charge had increased in the past two years.²²

²¹ London Assembly Housing Committee, Survey of Leaseholders, 2024-25. The English Housing Survey 2022-23 found that the median annual service charge for London leaseholders was £1,450.

²² London Assembly Housing Committee, Survey of Leaseholders, 2024-25

Figure 2: Estimated annual service charge paid by Assembly survey respondents²³

Annual service charges (£)		
Range	Number of responses	% of responses
1-1000	20	2.7
1001-2000	94	12.5
2001-3000	158	21.0
3001-4000	144	19.1
4001-5000	126	16.7
5001-6000	82	10.9
6001-7000	47	6.2
7001-8000	26	3.4
8001-9000	18	2.4
9001-10000	10	1.3
10000 or higher	29	3.8



Londoners shared their thoughts about service charges. They flagged serious concerns about the cost of the charge and the services they receive.²⁴

“ Service charges have increased, but the service provided has reduced, such as communal and estate cleaning and maintenance. ”
Leaseholder, Lambeth

²³ London Assembly Housing Committee, Survey of Leaseholders, 2024-25

²⁴ London Assembly Housing Committee, Survey of Leaseholders, 2024-25

“My service charge has increased every year I've been there. They include costs like 'gardening' when we don't have a garden. If we query charges they don't respond and if you have any success whatsoever in challenging a charge they only apply it to your flat not your neighbours as well. It takes hundreds of hours to query service charges so it just wears you down and you give up.”

Leaseholder, Newham

“They have increased every year since I bought my share... I don't get clear accounts to show how this money is spent. Other residents in the past have tried to query the accounts and have had great difficulties in doing so.”

Leaseholder, Haringey

“I worked hard to pay off my mortgage but when I got sick found the worry and stress of meeting the ever increasing charges forced me back to work against medical advice. This position is unsustainable for me as I am now 60. The worry is I will find myself homeless.”

Leaseholder, Richmond

Why are service charges rising?

We held two meetings with experts in leasehold and service charges. Sue Phillips, Founder of Shared Ownership Resources, told us that part of the issue with service charge affordability is that they can “increase rapidly and unexpectedly”.²⁵ Martin Boyd, Chair of the Leasehold Advisory Service, and Chair of Trustees at Leasehold Knowledge Partnership, said: “There have been a number of unfortunate influences on service charges.” He gave examples including VAT changes, buildings insurance, utility prices, and the Building Safety Act.

²⁵ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

“The inability for the people paying the bills in most sites to have any influence whatsoever on their costs is what creates the huge problem. Everyone in the vast majority of sites is utterly disenfranchised from controlling the costs that relate to the running of their home, and it is simply not fair. It needs to change.”²⁶

Martin Boyd, Chair, the Leasehold Advisory Service; and Chair of Trustees, Leasehold Knowledge Partnership

Fiona Fletcher-Smith (Chief Executive of L&Q, and Chair of the G15) and Charmaine McQueen-Prince (Chair of the Leasehold Reform Subcommittee, Residential Freehold Association, which represents private freeholders) both said that inflation was a key driver in service charges rising.²⁷ Fiona Fletcher-Smith quoted research from the Property Institute that has found that insurance costs have risen 92 per cent and utilities 73 per cent.²⁸

“[L]ooking at L&Q’s own figures between 2019 and today... we have seen repairs and maintenance run at a 25 to 30 per cent increase for all sorts of reasons, which are labour shortages, material shortages, the war in Ukraine and the impact on energy. None of us in my sector have been good enough at explaining that to residents.”²⁹

Fiona Fletcher-Smith, Chief Executive of L&Q; and Chair of the G15

Building and fire safety

After the Grenfell Tower fire in 2017, it became clear that many buildings are unsafe. These buildings must be fixed. Many leaseholders and social tenants are paying towards fixing these safety issues through their service charges, or through other extra charges.

The Building Safety Act 2022 brought in new laws to protect some leaseholders (known as qualifying leaseholders) from paying for building remediation. Leaseholders in London whose property is valued at less than £325,000 are exempt from all historical safety remediation costs.

²⁶ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

²⁷ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

²⁸ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

²⁹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

Leaseholders are liable for non-cladding defects and interim measures (e.g., waking watch³⁰ costs, replacement of missing fire compartmentation, replacement of unsafe fire doors). However, these are capped depending on the value of the property, and the costs spread out over 10 years.³¹ Leaseholders whose property is valued at over £325,000 are only protected if their building owner is – or is associated with – the developer responsible for the defect.³²

Harry Scoffin, Campaigner at Free Leaseholders, said that even qualifying leaseholders are still facing extra costs.

“We need to learn from the building safety regulator and the Building Safety Act [2022]. That was supposed to protect the leaseholders. It has basically surcharged service charges. ...[A]ll it has done is increase compliance costs, which then get dumped onto our service charge.”³³

Harry Scoffin, Free Leaseholders

We asked Harry Scoffin what impact building safety measures have had on service charges in London. He stated it has been “ruinous” and gave the example of “a development that has come through to me and they have been charged in Wimbledon over £1 million under Building Safety Act related charges. That is not right.”³⁴

Respondents to our survey told us about the injustice of having to pay to fix safety issues that are not their fault.³⁵

“ The waking watch costs are scandalous and completely ineffective. Minimum wage people wandering around bored while fire safety companies rake in the money. There is a chance leaseholders won't need to pay these fees but for now they are included in service charges for the relevant block. ”

Leaseholder, Southwark

“ This was initially for an upgraded fire alarm but has become an ongoing cost for updating other fire safety remediations. It has now wiped out our reserve fund and will be billed in future service charges. ”

Leaseholder, Hackney

³⁰ A “waking watch” is a fire safety system where trained personnel continuously patrol a building to detect and respond to fire risks, including raising the alarm and managing evacuation

³¹ Gov.uk, [Remediation costs: what leaseholders do and do not have to pay](#), July 2022

³² Gov.uk, [Remediation costs: what leaseholders do and do not have to pay](#), July 2022

³³ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

³⁴ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

³⁵ London Assembly Housing Committee, Survey of Leaseholders, 2024–25

Building insurance

The cost of building insurance also risen. This is due partly to the building safety crisis, but also due to the impact of climate change, water leaks, and the rising cost of materials.³⁶ While some building remediation costs cannot be claimed from leaseholders, building insurance costs can be. A national Inside Housing study of 143 blocks found that building insurance renewal premiums rose from £7.8 million in 2019-20 to £29.1 million in 2020-21, an average increase of 374 per cent per block.³⁷

Fiona Fletcher-Smith stated that there is a block of flats at L&Q where “the insurance premium has risen 257 per cent”.³⁸ She described what is driving these increases:

“We are very concerned about [building insurance]. There are two reasons that that we think are driving it in London, as well as the global issues around climate change and the impacts that that is having on the insurance industry. There are two things, one being fire safety and the other one being those water leaks. Numerous claims are to do with leaks in tall buildings because, in a steel and concrete framed building without water detection, it is very hard to trace where leaks are coming from and you can have a number of flats damaged. You think water goes down with gravity, but it crawls along these structures.”³⁹

Fiona Fletcher-Smith, Chief Executive of L&Q, and Chair of the G15

One of the most unfair aspects of insurance premiums, is that even after a building is remediated – and is therefore safer – the cost does not always go down.

³⁶ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

³⁷ Inside Housing, [How insurance hikes for high rises are devastating social landlords and leaseholders](#), April 2024

³⁸ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

³⁹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

“In a word, no, [costs do not go down]. Sometimes it does, sometimes it does not. ...[S]ometimes insurers want to have a higher standard of fire remediation than is actually necessary under the regulations. We are protecting life and limb and the insurers are trying to protect a freeholder’s assets and those two things do not always join up. An insurer will sometimes put an extra premium in if they feel that the fire remediation is not going to mitigate every single issue. For example, in flats you can plug in your own whitegoods on occasions and they will put in a premium, assuming that that people will not buy brand new, A-rated whitegoods. They will make assumptions, for example, on social housing on that. They are not fair, but they are there.”⁴⁰

Fiona Fletcher-Smith, Chief Executive of L&Q, and Chair of the G15

Some of our survey respondents told us about their experiences with building insurance. They often described high costs and challenges understand why the costs are so high.⁴¹

“ Building insurance has doubled this year despite having no cladding, lifts or any facilities. ”
Leaseholder, Brent

“ The building insurance makes up the biggest part of the service charge but there is no transparency by the management company about their tender processes and how they select insurers. ”
Leaseholder, Southwark

“ The developer has offered to remediate. But the plans are yet to be actioned; flat owners are footing the sky high building insurance in the interim. ”
Leaseholder, Tower Hamlets

Fiona Fletcher-Smith flagged a related issue of leaseholders being charged for the maintenance of public parks.

⁴⁰ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁴¹ London Assembly Housing Committee, Survey of Leaseholders, 2024-25

“What we are finding is where we would have started a development 15 to 20 years ago when there was an assumption that a local authority would be able to take over that park, we are now finding halfway through the development for all sorts of reasons that local authorities simply do not have the money to be able to take over those parks. We find ourselves having to charge service charges for the maintenance of what is in effect a public park to the leaseholders who live around it.”⁴²

Fiona Fletcher-Smith, Chief Executive of L&Q, and Chair of the G15

These rises and costs reinforce the need for absolute transparency with leaseholders about what they are being charged for and why. Andrew Bulmer, CEO at The Property Institute, a membership body for managing agents, said that the current lack of transparency affects leaseholders to the point of not being able to sell their homes:

“For that reason, transparency around service charges and a robust and truthful reporting of service charges on an annual basis is important for consumers to understand what is coming because, as the service charges go up, we are already seeing some mortgage lenders now declining mortgages on some flats where service charges are perceived to be high.”⁴³

Andrew Bulmer, CEO, The Property Institute

We explore transparency further on page 25.

What other charges do leaseholders pay?

Ground rent

Ground rent is an annual charge to leaseholders by the freeholder. The freeholder does not have to provide a service in return.⁴⁴ As of June 2022, new leasehold homes cannot charge ground rent.

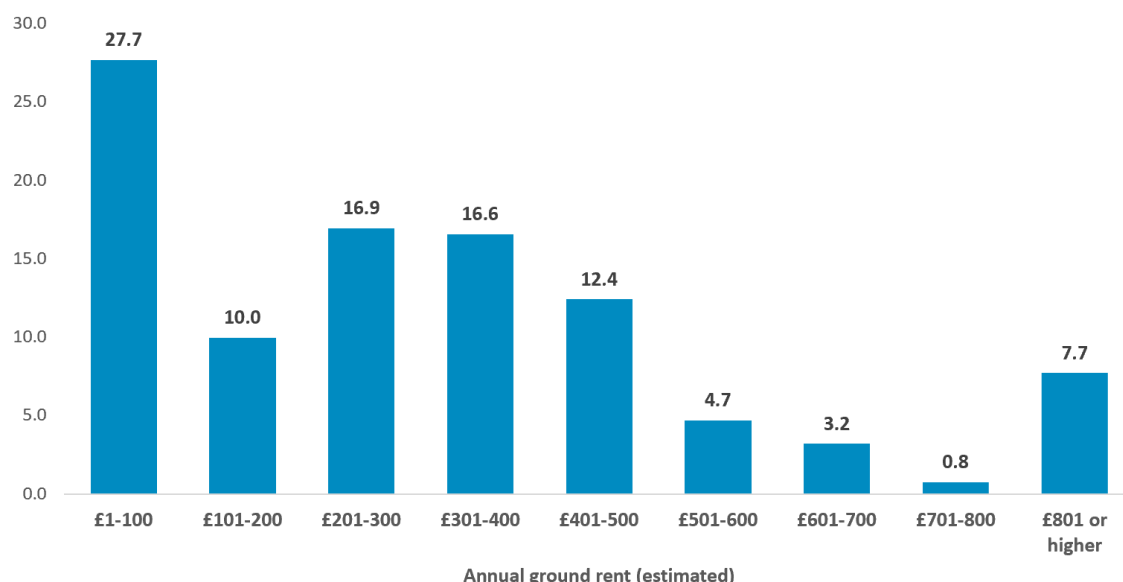
⁴² London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁴³ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁴⁴ Gov.uk, [Leasehold Reform \(Ground Rent\) Act 2022: Guidance for leaseholders, landlords and managing agents](#), accessed 27 November 2024

73 per cent of our respondents paid ground rent. The median ground rent paid was £275 per year.⁴⁵

How much do you pay in ground rent? (percentage of respondents)



While ground rent has now been banned in new-builds, leaseholders in flats built before June 2022 continue to pay it. The Leasehold and Freehold Reform Act 2024 added some restrictions to existing ground rent but did not eliminate it entirely.⁴⁶ The Committee believes that a charge for no service should be unlawful and will continue to support campaigners lobbying for the abolition of ground rent.

We also asked our respondents if they paid any additional administrative charges. According to the Lease Advice Service (a Government-funded advice service for leaseholders), these charges are for things like requesting additional documents, or for non-payment or breach of the lease.⁴⁷ 122 people said they paid these charges, and the median cost was **£490 per year**.⁴⁸

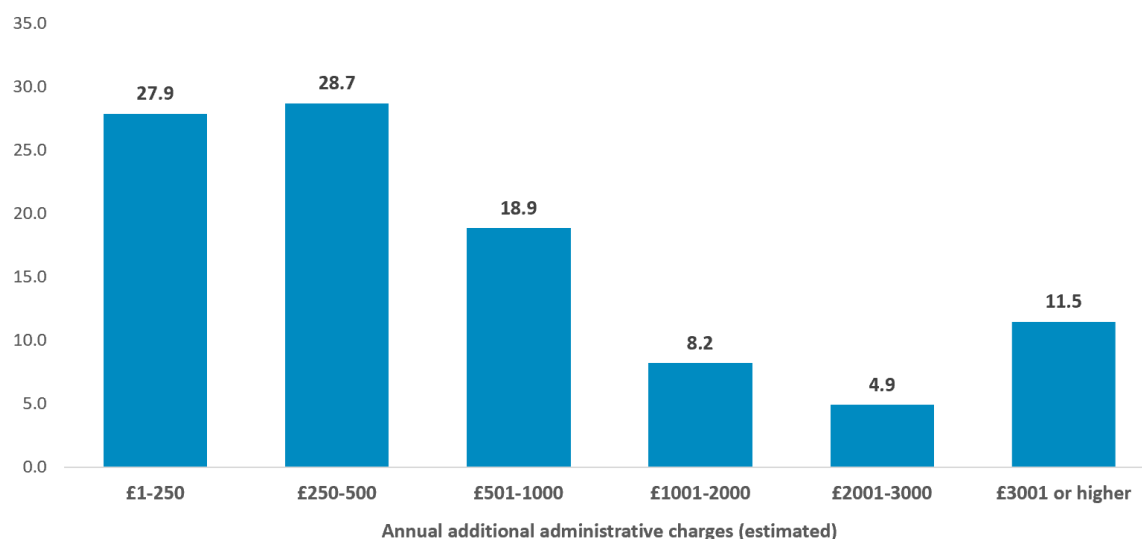
⁴⁵ Number of respondents = 531. Respondents could provide estimates of the rent they pay. Some respondents provided a range; in these cases, an amount in the centre of the range was used as the estimate. Where respondents provided monthly or quarterly estimates, these have been calculated as annual figures.

⁴⁶ Gov.uk, [Leasehold and Freehold Reform Act 2024](#)

⁴⁷ Leasehold Advisory Service, [Service charges and other issues](#), accessed online 14 April 2025

⁴⁸ London Assembly Housing Committee, Survey of Leaseholders, 2024-25

How much do you pay in additional administrative charges? (percentage of respondents)



49

Figure 3: Annual additional administrative charges⁵⁰

Do different types of leaseholders pay higher or lower service charges?

Shared owners

192 respondents to our survey were leaseholders through shared ownership. Their estimated median service charge was £3,600 per year. This is slightly lower than the overall median of £3,912. However, the median ground rent for shared owners was £391 per year, which is **42 per cent higher** than the overall median of £275 per year.

Leaseholders in taller buildings

734 respondents to the survey were leaseholders who own purpose-built flats. We asked how much leaseholders pay in service charges for buildings below six storeys or above six storeys. The difference was striking. Respondents living in flats over six storeys were paying a median service charge of £4,712 – **35 per cent higher** than the £3,500 paid by those living in buildings under six storeys.⁵¹

⁴⁹ London Assembly Housing Committee, Survey of Leaseholders, 2024-25

⁵⁰ London Assembly Housing Committee, Survey of Leaseholders, 2024-25

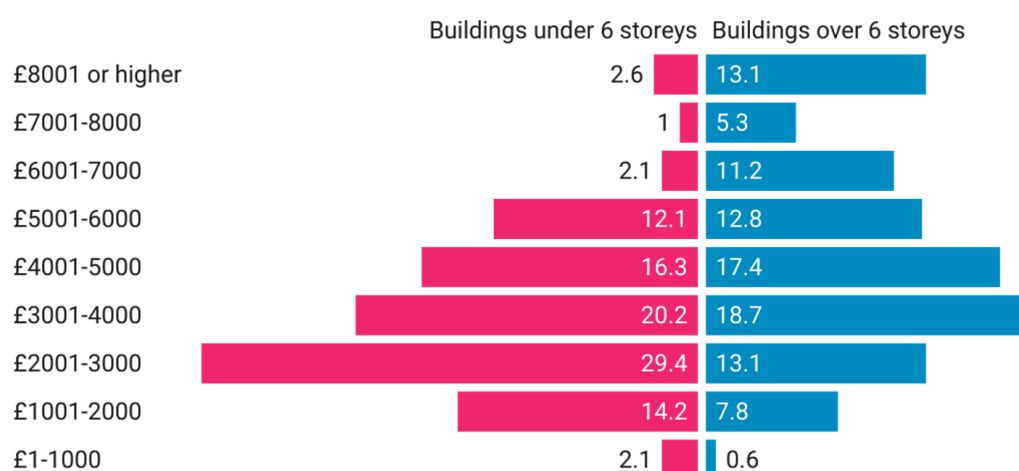
⁵¹ 381 respondents lived in purpose-built flats under six storeys. 321 respondents lived in purpose-built flats over six storeys. Respondents could provide estimates of the charges they pay. Some respondents provided a range; in these cases, an amount in the centre of the range was used as the estimate. Where respondents provided monthly or quarterly estimates, these have been calculated as annual figures.

The median annual service charge paid by purpose-built flat owners in buildings under six storeys was £3,500.

The median annual service charge paid by purpose-built flat owners in buildings over six storeys was £4,712.

Figure 4: service charges in buildings under and over six storeys⁵²

How much do you pay annually in service charges? (purpose-built flat owners, percentage of respondents)



We asked our meeting guests why this happened. Harry Scoffin said: “The bigger, the more complex, the charges are just going to be higher, whatever the structure.”⁵³ This includes costs such as lift maintenance and maintenance of communal areas. However, Harry Scoffin also said that high service charges in tall and complex buildings should not just be accepted at face value. He pushed for greater transparency to reveal what is and is not an essential cost in a high rise building:

“...[T]he London School of Economics keep pushing this argument that buildings are complex, they are always going to be expensive. To a point. We need to be able to separate out the costs that are unavoidable of running a building, a block of flats, from the costs that is all the fee-farming and all the commissions and all the hidden phantom invoices that are going on in leasehold with the third-party landlords. If we can do that, the cost difference will still be quite major.”⁵⁴

Harry Scoffin, Free Leaseholders

⁵² London Assembly Housing Committee, Survey of Leaseholders, 2024-25

⁵³ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁵⁴ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

Leaseholders with different types of freeholders

Freeholders can be councils, housing associations, or private individuals or companies. We wanted to know if the type of freeholder affected the service charges that people pay. We found that those with a private freeholder were paying the most, and those with a council freeholder paying the least.^{55, 56}

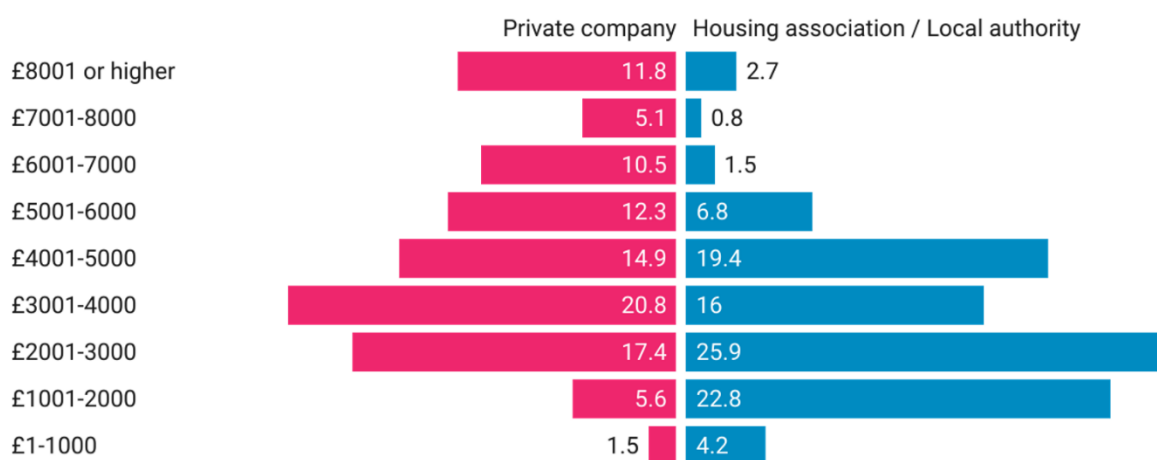
The median annual service charge paid by respondents with a private freeholder was £4,500.

The median annual service charge paid by respondents with a housing association freeholder was £3,000.

The median annual service charge paid by respondents with a local authority freeholder was £2,816.

Figure 5: Annual service charges with different freeholders⁵⁷

How much do you pay annually in service charges? (percentage of respondents)



⁵⁵ 390 respondents were leaseholders with a private freeholder. 149 respondents were leaseholders with a housing association freeholder and 114 with a local authority freeholder (these categories have been combined in the chart). Respondents could provide estimates of the charges they pay. Some respondents provided a range; in these cases, an amount in the centre of the range was used as the estimate. Where respondents provided monthly or quarterly estimates, these have been calculated as annual figures.

⁵⁶ London Assembly Housing Committee, Survey of Leaseholders, 2024-25

⁵⁷ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

Martin Boyd told us why service charges can vary depending on the freeholder. A lower service charge may seem good initially, but problems may emerge down the line. He explained that in the instance of council landlords, many do not have ‘sinking funds’.⁵⁸ This is a fund used to pay for major works that may occur out of the blue, for example a roof damaged in a storm. When these emergencies do occur, leaseholders then have to pay:

“[Major works] can often result in huge...bills and it is common to see bills in excess of £20,000, it is sometimes up to £50,000 to £60,000, and they are utterly unaffordable for anyone who lives in those buildings.”⁵⁹

Martin Boyd, Chair, the Leasehold Advisory Service; and Chair of Trustees, Leasehold Knowledge Partnership

Therefore, while respondents to our survey who were leaseholders with a council freeholder had the lowest annual service charges (£2,816 per year), ad hoc major works charges might drive costs up.

Martin Boyd also said that leaseholders in housing association homes can sometimes end up paying more than their private sector counterparts.⁶⁰ This is because they pay the full-service charge, but also an ‘intermediate landlord’ service charge. At another evidence session, we heard from Fiona Fletcher-Smith, who stated that leaseholders in housing association homes *do not* pay any additional fees. However, shared owners will be paying rent to the housing association, which owner-occupier leaseholders won’t. She said that the issue is transparency and misinformation about what it is people are paying for, and that housing associations still have some way to go on transparency around how rent is calculated.

“It is not the case that they will be paying different charges to leaseholders in the block, it is that [shared owners] will be paying rent. There is a question then about the transparency on the rent side of what they pay, as well as the transparency on the service charge. We have focused a lot on being very transparent about how your service charge is made up and first of all I want to admit we are not there yet, but we also need to be transparent with shared owners about what the rent is made up of as well.”⁶¹

Fiona Fletcher-Smith, Chief Executive of L&Q, and Chair of the G15

⁵⁸ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁵⁹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁶⁰ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁶¹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

Finally, Martin Boyd stated that the private sector is the ‘wild west’ in terms of service charges. Stating “the worst aspects within the private sector are we unfortunately have a subset of landlords who are very actively looking to manipulate the rules.”⁶² We explore this on page 30.

Evidence received by the Committee shows that leaseholders can expect to pay higher charges if they live in building six storeys or over and/or have a private freeholder. The Committee understands that taller buildings may be more expensive to maintain, and that buildings with private freeholders may be more likely to include services than to incur higher costs, such as a concierge. However, the Committee believes it is imperative that Londoners are informed about these likely higher costs before buying a leasehold property.

The Mayor’s Leasehold Guide for Londoners does include some information about expected service charge costs, citing research from the Association of Residential Managing Agents, which estimates the average flat owner in London pays £1,800 to £2,000 a year in service charges.⁶³ It states that “[service charges] can be higher or lower depending on the age of the building and how service charge is divided between leaseholders.”⁶⁴

However, the Leasehold Guide for Londoners does not make Londoners aware that they are more likely to face higher charges in taller buildings, or buildings with a private freeholder. We recommend that this is added to the guide, to ensure that leaseholders are better informed when purchasing their property. The additional issues of transparency and potential fraud are raised in the next sections.

Transparency

Every person who represented freeholders or managing agents at our meetings agreed that transparency of leases and service charges is important. Andrew Bulmer said that The Property Institute campaigned for the standardised accounts that are being introduced in the Leasehold and Freehold Reform Act 2024.⁶⁵ Charmaine McQueen-Prince said, “The legislation claims to give greater transparency to leaseholders, greater rights and greater protections. Great. That is exactly what we want leaseholders to have.”⁶⁶ Fiona Fletcher-Smith said, “As social housing landlords, we are very keen on that transparency and uniformity because it is really important for me that leaseholders are able to see the detail but also compare service charges across different developments.”⁶⁷

However, throughout our research, we heard again and again that service charges are not transparent. We asked our survey respondents to tell us if they thought their charges were transparent. Respondents could reply in their own words. Overwhelmingly, respondents told us their charges were not transparent, and that they are often billed for work that is not done or is done poorly. This is unacceptable.⁶⁸

⁶² London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁶³ London.gov.uk, [Leasehold Guide for Londoners](#)

⁶⁴ London.gov.uk, [Leasehold Guide for Londoners](#)

⁶⁵ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁶⁶ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁶⁷ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁶⁸ London Assembly Housing Committee, Survey of Leaseholders, 2024-25

“Charges [are] not transparent, just get a letter advising money owed. No estimates received prior to work and no invoices when work completed. If invoices requested they are over complicated and make no sense.”

Leaseholder, Islington

“No transparency. We ask for invoices and there is no link between what they send us and what the service charges actually say.”

Leaseholder, Tower Hamlets

“[The] housing association is unwilling to share receipts and contracts that correlate to the service charge.”

Leaseholder, Southwark

Transparency has long been an issue with service charges, and the Leasehold and Freehold Reform Act 2024 aims to improve this. The Act introduces several measures, including standardised service charge reporting, requirements for published service charge accounts and annual reports, and improved responses where leaseholders request service charge information from their freeholder.⁶⁹ The Government has said it will consult on these changes this year.⁷⁰ The Committee pushes Government to urgently publish this consultation, and to prioritise implementation of these measures early in this parliamentary term. Leaseholders cannot and should not wait any longer for greater transparency in their service charges.

The Housing Committee is concerned that London’s leaseholders are being kept waiting for change on transparency of service charges. We collected evidence on transparency in order to identify changes that can happen sooner.

“No transparency or control over service charges. It has gone up by 50-70% in last 4 years. We get back dated invoices from overspend 2-3 years ago and are asked to pay immediately. Our building has cladding issues but the managing agent has been unable to provide a clear response or path to resolution. We can't sell these properties and move on with our lives.”

Leaseholder, Islington

We heard from Martin Boyd that transparency issues are not limited to service charges, but leases are also a problem. “An awful lot of leaseholders have no idea what the provisions of their lease actually say. That is utterly ridiculous.”⁷¹ There is a particular issue for people with short leases, Martin Boyd explained.

⁶⁹ Legislation.gov.uk, [Leasehold and Freehold Reform Act 2024](#)

⁷⁰ Hansard.parliament.uk, [Leasehold and Commonhold Reform](#), 21 November 2024

⁷¹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

“There is currently a dearth of information about short leases available to consumers. An awful lot of ...[freeholders] allow their lease to fall under 80 years without anyone ever bothering to tell them because, the sooner you can get your lease under 80 years as a landlord, the sooner you can start making extra money when you extend the lease.”⁷²

Martin Boyd, Chair, the Leasehold Advisory Service; and Chair of Trustees, Leasehold Knowledge Partnership

The London Assembly has pushed the Mayor to provide better information to leaseholders. In February 2025 it called on the Mayor to fund a Leasehold Advice Centre, to “give London’s leaseholders advice, assistance and referrals to other services.”⁷³ We asked the Deputy Mayor to respond to this. He said that “this particular thing is not something that the GLA is best placed to deliver”.⁷⁴ Kate Webb, Head of Housing Strategy at the GLA, said that a service focused on leaseholders would not be appropriate, considering that there are so many other groups of Londoners who need advice and support:

“[I]f ...[the Deputy Mayor] asked me to scope this up, the first thing I am saying to you is, ‘Well, I need to consider the equalities impacts across all Londoners. Why are you asking me only to scope up a service for leaseholders, when we also have private tenants who are living in what is, rightly, often called the Wild West?’ Legislative reform coming would improve things, but we would all agree there is a serious need for legal advice for private tenants. Social tenants would also make the same claim. We have lots of Londoners who have no recourse to public funds, who would greatly benefit from increased legal assistance.”⁷⁵

Kate Webb, Head of Housing Strategy, GLA

The Committee believes that leaseholders in London urgently need better information. In lieu of an advice service for leaseholders, the Committee recommends a comprehensive update to the Leasehold Guide for Londoners, particularly to reflect the Leasehold and Freehold Reform Act 2024 Building Safety Act 2022, and to reflect other key issues identified by this investigation.

⁷² London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁷³ London.gov.uk, [The Mayor’s budget should fund a Leasehold Advice Centre](#), 25 February 2025

⁷⁴ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁷⁵ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

Recommendation 1

The Mayor should work to improve transparency in leasehold service charges in London. This should include updating the Leasehold Guide for Londoners. This should include the following:

- Updating the guide to reflect the Leasehold and Freehold Reform Act 2024, and the Building Safety Act 2022.
- Explaining the instances where leaseholders are likely to pay higher service charges, such as in taller buildings or where the freeholder is a private individual or company.
- Outlining what is and is not service-chargeable for leaseholders and social tenants, broken down by internal unit component; and external and estate management/maintenance charges. Separate to the guide, the Mayor should explore instances in London where external amenity spaces are service-chargeable and open to the wider public, with local authorities being encouraged to make a contribution to that maintenance.

Transparency for social tenants

“The service charges have never been correct in the 11 years we have lived here. There has been consistent overcharging and little interest from the housing association to put things right.”

Social Tenant, Greenwich

Our survey respondents reported that issues around transparency are related to leaseholders stating that the service they receive does not match their bills.⁷⁶ When they approach their freeholder for more information or to challenge the charge, they are met with difficulty. This includes challenges such as no response or delayed replies, or responses that do not make sense. Suz Muna, Campaigner at the Social Housing Action Campaign, explained that it is challenging to get hold of the accounts or invoices due to slow or zero responses from freeholders. When leaseholders or tenants do get the invoices, they are hard to understand or appear to be full of errors. Suz Muna stated that this is even more of a challenge for social tenants, who don't have the same rights to access information as leaseholders.⁷⁷

“Leaseholders and shared owners have at least a theoretical entitlement to the full statement and the invoice pack, that is section 21 and section 22 of the Landlord and Tenant Act, but that does not apply to full renters. They do not even have the right to see what they are paying for, they do not have a legal right. The landlord might tell them anyway. Your first battle might be, especially if you are a renter, your first battle is to get the information of, ‘They have sent me this massive bill. What does it all relate to? What are the invoices?’”⁷⁸

Suz Muna, Campaigner, Social Housing Action Campaign

⁷⁶ London Assembly Housing Committee, Survey of Leaseholders, 2024-25

⁷⁷ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁷⁸ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

The Housing Committee is concerned about this inequity of rights for social tenants. We believe the Government must address this issue, and the GLA and housing providers must act in the meantime. We asked Fiona Fletcher-Smith about transparency for social tenants. She outlined that while there is currently no legal right, she believes social landlords have a duty to provide this information for tenants as well as leaseholders.⁷⁹ We also asked Deputy Mayor Tom Copley, who agreed that “social tenants deserve the same transparency as leaseholders,” and said: “Perhaps either the regulator or the Government could just clarify that [the Consumer standard for social tenants] includes a breakdown of service charges, and then that should resolve this.”⁸⁰

“ I have been challenging the service charges for the last four years to no avail. There have been a number of errors i.e. putting charges on for Services that we don't actually have here. Also there have been seriously high increases for services that used to be covered by rent i.e. tree pruning or communal electricity. I am very worried about covering these charges especially as they will likely increase even more from April 2025.”
Social tenant, borough not provided

The Committee welcomes the Mayor's Service Charges Charter and feels that it is right that one of its key aims is improving transparency of service charges. However, the Service Charges Charter does not mention social tenants. We believe there is an opportunity here for the Mayor to deliver for London's social tenants ahead of any legislative change.

Recommendation 2

The Government should legislate to give social renters the same rights as leaseholders in terms of access to full service-charge statements and invoices. Ahead of this change taking place, the GLA should add equal transparency for social tenants to its Service Charges Charter by the end of 2025.

Enforcement of the Service Charges Charter

Respondents to our survey and some guests at our meetings told us that, while they support the Service Charges Charter, it needs “more teeth” in order to have a greater impact on transparency. At the moment, it is a voluntary charter without enforcement. Harry Scoffin called for greater incentives for housing providers to abide by the Charter:

“Yes, for the Service Charges Charter, it needs a bit more teeth in terms of enforcing it. When there is a delivery partner that is signing up to abiding by the principles, maybe there could be a covenant in the deal with the GLA or the Mayor to say, ‘If you do not abide by these principles, maybe if the service charges get too high, you will have to pay back the money.’ The thing is, it is all about incentives. If they do not feel that there is any jeopardy for them not upholding the principles of the Charter, they are not really going to follow it.”⁸¹

⁷⁹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁸⁰ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁸¹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

We asked Deputy Mayor Tom Copley about opportunities for the Charter to be more strongly enforced. He said it was challenging for the GLA:

“The Service Charges Charter is about driving best practice. It is very difficult for us, because we are not a regulator, to be able to actually enforce it. It sets out how the Mayor expects our partners to behave when it comes to service charges. There are, of course, mechanisms for residents and shared owners who wish to challenge their service charges to do so, and that is absolutely right. That is why transparency is so important. It is difficult to see how we could, as a non-regulator, give it teeth in reality. We are not really set up to do that.”⁸²

The Housing Committee recognises these challenges around enforcement. However, in lieu of enforcement, the Committee feels strongly that the Charter must be kept up to date and that challenges with implementation must be understood.

Kate Webb stated: “We are still not at the point where we have 100 per cent take-up by investment partners in the AHP.” Kate Webb said that the focus therefore is on getting 100 per cent sign up over “tweaking” it.⁸³

The Committee agrees that 100 per cent sign-up is a priority. However, the Service Charges Charter was published in 2021. Given the Leasehold and Freehold Reform Act, and the Building Safety Act, as well as the complex challenges and rises in service charges over recent years, we see now as an opportunity for an update to the Charter. This would be published in 2026, five years on from the previous Charter. Martin Boyd illustrated this point: “Both [the Service Charges Charter and Leasehold Guide for Londoners] do need updating. There are missing elements. The whole set of issues about Building Safety Act, which need to be incorporated in the documents.”⁸⁴ We include recommendations about the Service Charges Charter and Leasehold Guide for Londoners throughout this report. We also recommend that Government explore options for greater enforcement around service charges as part of its implementation of the Leasehold and Freehold Reform Act.

Are freeholders gaming service charges for profit?

Beyond challenges of cost and transparency, lies the most controversial aspect of service charges – the allegation that some charges are fraudulent. Harry Scoffin described how discussions of inflation and costs rising can hide this critical issue.

⁸² London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁸³ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁸⁴ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

“...[The Property Institute] put out a service charge index – Hamptons does as well now – but the way they write it up is very vanilla. It is almost as if to say it is inflation, it is the Building Safety Act, and not saying what the elephant in the room is, is that this is being gamed, service charges, in an industrial way, and this is a multi-billion-pound industry in other people’s homes.”⁸⁵

Harry Scoffin, Free Leaseholders

Service charges are supposed to be actual costs.⁸⁶ However, we heard accounts that across the different types of freeholder, instances of inaccurate or unreasonable costs happen. Guests representing tenants or leaseholders stated that this happened on purpose and is fraud. Guests representing freeholders stated this happened by accident.

Suz Muna outlined what this looks like in the social sector:

“We are talking about the service charges that are just out and out wrong, the ones where people are being charged for a concierge and there is just no concierge in that block, or for lift maintenance and there is just no lift in that block to be maintained – what we would call the fraudulent charges, we cannot see them as being anything else, invoices are put in for work that just does not exist and there is a massive amount of it.”⁸⁷

Suz Muna, Campaigner, Social Housing Action Campaign

She stated that this is widespread:

“95 per cent maybe of the service charge accounts where people have sent us details and we have been able to look into them, they are riddled with inaccuracy. This is not just that somebody has not really put in enough, one landlord or two landlords have not put enough checks and balances in the system, this is a system that is being played by landlords. The service charge accounts are absolutely riddled with inaccuracies.”⁸⁸

Suz Muna, Campaigner, Social Housing Action Campaign

⁸⁵ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁸⁶ Gov.uk, [Landlord and Tenant Act 1985](#)

⁸⁷ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁸⁸ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

Harry Scoffin said that unreasonable service charges are “endemic”. He continued: “The reality is that if every leaseholder wanted to litigate on this, they would be queuing around the whole British Isles.”⁸⁹ Martin Boyd agreed, adding: “The most egregious of it occurs in the social sector.” He went on to state: “The general assumption is, within the social sector, it is a lack of competence. Within the private sector, it is far more likely to be cynical and intentional.”⁹⁰ Harry Scoffin told us:

“For the private sector it is systemic basically, it is about making sure you can extract as much income from the hapless tenants as you can possibly do and hope that they will not go to Tribunal and most people do not because they have got lives, they have got jobs, they have got stresses. That is what landlords rely on.”⁹¹

Harry Scoffin, Free Leaseholders

If this is taking place, the situation would not be acceptable nor legal. We asked organisations representing freeholders and managing agents to explain what is happening.

Fiona Fletcher-Smith said that she recognises issues with high service charges, but that “it is not profiteering in any way.”⁹² She added that L&Q operates on a loss when it comes to service charges: “We will run at a deficit of somewhere between £7 million and £20 million on our service charge income. It is normal to run at a loss.”⁹³

We questioned Fiona Fletcher-Smith about examples of seemingly fraudulent service charges such as Suz Muna’s example of being charged for a lift where there is no lift. These kinds of charges were also reported by our survey respondents. Fiona Fletcher-Smith stated that this is “usually cock-up rather than conspiracy,” and explained that housing associations merging, or unfit technology often caused these issues.⁹⁴ Messy data acquisition means that housing associations can inherit historical service charges that no longer exist. The data must be cleaned and checked before the service charges will be definitively accurate.

⁸⁹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁹⁰ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁹¹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

⁹² London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁹³ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁹⁴ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

“Over the past 12 years L&Q merged with or acquired seven different organisations. We did at least, in London, three major stock transfers from local authorities. What happens is all of that data comes in and it is very rare that you take a step back and actually test that data. In setting up these new IT systems that go live in April [2025], we have 109,000 homes and so you would think we would have 109,000 addresses. We found something like 1.2 million address records. That was just on the address. All of that has to be tidied up.”⁹⁵

Fiona Fletcher-Smith, Chief Executive of L&Q, and Chair of the G15

We also heard from Charmaine McQueen-Prince on this issue. She also said that incorrect charges are down to error:

“In a previous life, I worked as in-house counsel for a property management company and so I used to see them preparing their year-end accounts. Sometimes what would happen is invoices were just put in the wrong cost heading and so it was error. Say, for example, if there were communal steps outside and [...] if there was a repair to the communal steps and there was a heading in the accounts that said ‘communal area’, that is where the invoice would go. Then people would say, ‘Actually, we do not have a communal area. What are you talking about?’ But it was a repair to the communal steps. Sometimes it is just easier to put it in that heading. I am not saying that it is right, but I am just saying that sometimes it is not fraud. It is not overcharging.”⁹⁶

Charmaine McQueen-Prince, Residential Freeholders Association

The Committee acknowledges that data cleaning at this scale is a huge task. But we do not think London’s leaseholders should be footing the bill for “cock-ups”, errors, or inadequate IT systems.

The Committee accepts that some unreasonable charges are caused by error. However, we cannot ignore the strength of feeling from our survey respondents, and from some of our guests, that leaseholders are being price-gouged by some – not all, but some – freeholders.

Tom Copley agreed that in some instances service charges are unjustified. “Certainly, there have been countless examples in the media of ridiculously high service charges. There is absolutely no doubt that there are cases and probably too many cases where this is happening.”⁹⁷

⁹⁵ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁹⁶ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁹⁷ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

“What the Mayor has called for is for leaseholders to be able to withhold unjustified service charges. That would be where the freeholder fails to provide, essentially, an account and an annual report, as they are required now to do by law but, as I understand it, under the current law there is no redress for leaseholders where that does not take place.

“It is a really difficult issue, though, and this is why I would talk about designing out service charges in the first place. That is really important, at the building design stage, making sure that service charges can be kept down not just to start with but over the lifetime of the building.”⁹⁸

Tom Copley, Deputy Mayor for Housing and Residential Development, GLA

The Committee understands that the Leasehold and Freehold Reform Act should improve data and transparency in service charges and make it easier for leaseholders to identify an erroneous charge. However, the Committee is concerned that this won't be enough to totally eradicate fraudulent charges. To go a step further, the Committee agrees with the Mayor's call for leaseholders to be able to withhold unjustified service charges.⁹⁹

The Committee believes that there is more the Mayor can do within the social and affordable housing sector in London. We are particularly concerned that acquisitions and mergers are causing such problems with service charges. Acquisitions and mergers occur at a high rate in the housing sector and housing associations must ensure that they do not lead to incorrect service charges for leaseholders and social tenants.

Recommendation 3

The GLA should work with the G15 to understand the impact that mergers and acquisitions are having on service charges. The GLA should set out good practice guidance for their investment partners with the aim of preventing mergers and acquisitions causing incorrect service charges. This work should be started by the end of 2025.

Broadening sign-up to the Service Charge Charter

In addition, we believe that there is an opportunity for sign-up to the Service Charges Charter to be broadened. Representatives from The Property Institute and the Residential Freeholders Association both made statements about the importance of transparency in service charges.

⁹⁸ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

⁹⁹ The Guardian, [Sadiq Khan: leaseholders in England should have the right to withhold service charges](#), April 2024

When discussing the Leasehold and Freehold Reform Act, Andrew Bulmer said:

“This conversation [about the Leasehold and Freehold Reform Act] will move more to how we can improve leaseholders’ understanding of the information that they are given because it is not the quantity of the information or the frequency. It is the transparency of it and its ability to be understood. I would welcome a discussion around that.”¹⁰⁰

Andrew Bulmer, CEO, The Property Institute

Charmaine McQueen-Prince said:

“We would say that there are positives of Leasehold and Freehold Reform Act. The legislation claims to give greater transparency to leaseholders, greater rights and greater protections. Great. That is exactly what we want leaseholders to have. We have no issue with that.”¹⁰¹

Charmaine McQueen-Prince, Residential Freeholders Association

Given these stakeholders’ appetite for greater transparency, and the fact that many of London’s leaseholders are living in homes not covered by the Service Charges Charter, we believe there is an opportunity to improve transparency ahead of any upcoming changes due to the Leasehold and Freehold Reform Act.

Recommendation 4

More Londoners should benefit from the greater transparency outlined by the Service Charges Charter. The Mayor should approach the Property Institute and the Residential Freeholders Association to request that they encourage their members to sign up to the Charter. This should happen by the end of October 2025.

¹⁰⁰ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹⁰¹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

Shared ownership – affordable home ownership gone wrong?

What does the GLA deliver on shared ownership?

Shared ownership is one of the affordable home ownership products that the Mayor funds through the AHP.¹⁰² Londoners qualify to access the tenure if they have a gross household income of £90,000 or less.¹⁰³

Thousands of Londoners are living in shared ownership homes funded by the Mayor. The previous Government prioritised the delivery of shared ownership in the 2016-23 AHP. The Mayor started 42,070 shared ownership homes as part of this AHP.¹⁰⁴ The current 2021-26 AHP has a focus on delivering social rent, and the Housing Committee agrees with this focus. So far, under the 2021-26 AHP, eleven per cent of programme starts have been shared ownership homes.¹⁰⁵

On 11 June 2025 the Chancellor announced £39 billion funding over 10 years for affordable housing, with a focus on social rent. Government has not yet announced how much of that will be for London.¹⁰⁶ As a Committee we recognise that shared ownership will be a less of a priority for the Mayor in coming years, as development shifts to social rent. However, given the number of Londoners in shared ownership homes, we felt it still important to understand the issues faced by shared owner leaseholders in London.

Shared ownership and service charges – our findings

The key issues reported are the same – affordability and transparency. However, we were concerned to hear how current practice on service charges can undermine the very point of shared ownership – that it is an affordable housing product.

“A lot of people would say that the problems that shared owners face are the same problems that leaseholders face more generally. The problem with that argument is that shared owners come into the scheme on the promise that it is an affordable homes scheme and that it is a pathway to full home ownership.”¹⁰⁷

Sue Phillips, Founder, Shared Ownership Resources

The London Plan is the Mayor’s strategic planning document for London.¹⁰⁸ It covers a broad range of topics including housing and housing affordability. It states: “For dwellings to be

¹⁰² GLA, [Shared ownership scheme](#), accessed 12 May 2025

¹⁰³ GLA, [Buying an affordable home](#), accessed 30 October 2024

¹⁰⁴ London Assembly Housing Committee, [Affordable Housing Monitor 2023](#), November 2023

¹⁰⁵ GLA, [Affordable Housing statistics](#), accessed 11 June 2025

¹⁰⁶ Inside Housing, [‘Historic’ turning point: sector reacts to Spending Review](#), 11 June 2025

¹⁰⁷ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#)

¹⁰⁸ [The London Plan 2021](#)

considered affordable, annual housing costs, (including mortgage, rent and service charge), should be no greater than 40 per cent of net household income.”¹⁰⁹

Why does shared ownership become unaffordable?

Sue Phillips explained that when shared owners buy their property, an income assessment takes place. Buyers must buy the maximum share that they can afford. Given the challenges with increasing service charges outlined above, Sue Phillips outlined the key issue for shared owners is that the three parts of their housing costs (rent, mortgage and service charges) have been rising faster than wages:

“Rents increase faster than inflation. There is a lot of evidence that service charges do rise faster than inflation. Household incomes tend not to increase as fast. The logic of that is that people are probably going to end up paying more than 40 per cent of their net income in their total housing costs.”¹¹⁰

Sue Phillips, Founder, Shared Ownership Resources

The lack of data on service charges means that it is not possible to know how many shared owners across London are paying more than 40 per cent of their net income on housing costs. We don’t know how many shared owners now find their housing unaffordable. Sue Phillips said that the Joseph Rowntree Foundation has done some initial – unpublished – research on this, estimating that one in ten shared ownership households are paying over 40 per cent of their household income in housing costs.

“ The service charge here has tripled in two years. The service charge is completely mismanaged. The housing association has provided us receipts and we will be taking them to 1st [tier] tribunal this year. The receipts show an almost total incompetence and disregard for keeping costs down. Our building is in worse shape than when we bought it eight years ago. ”

Shared owner, borough not provided

Sue Phillips also made the point that shared owners are a diverse group. Some shared owners will be able to absorb cost increases more easily. Without data, it is hard to know who the product is working for and who it is failing. The Committee would like to see improved data collection across shared ownership in London. We think this can be done through improved affordability checks that happen at several points over the first 10 years. We discuss this on page 40.

¹⁰⁹ [The London Plan 2021](#)

¹¹⁰ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

“The other point I want to make about that is that you have a really wide range of households coming into shared ownership. You have the £90,000 – in London – upper income threshold. If someone is coming in as an individual with a £90,000 salary, to a lot of people, that looks like somebody fairly affluent. You have the question not just of what percentage of their incomes is being spent on housing costs, but what is their residual income? How much do they have left after their housing costs for their basic needs?”

“There is going to be a really wide range of households within the shared ownership scheme, some of whom may have quite a lot of income left after housing costs. People at the lower end, the people at whom probably it is really targeted, the people who were most in need of a secure, affordable home, may actually be the people who have the least residual income left.”¹¹¹

Sue Phillips, Founder, Shared Ownership Resources

Affordability checks

Affordability checks only take place before a shared ownership sale. In addition to this, Deputy Mayor Tom Copley stated that across all developers, “[t]here is a drive certainly to keep the level of service charges down at the beginning, because of course that makes properties more attractive to sell. That is the sort of thing that needs to be pushed out of the system.”¹¹² Therefore, it is difficult for prospective shared owners to know how their costs are expected to increase. Sue Phillips shared a case study from Shared Ownership Resources which gets to the heart of the issue:

“What is the point of affordability testing? I had to pass an affordability test with the housing association initially to see if I could afford to pay for the share of the flat and the associated costs, but now nobody cares if I can still afford it.”¹¹³

The problem can get worse for shared owners where they want to sell their flats, as Sue Phillips explained.

¹¹¹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

¹¹² London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹¹³ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

“If you come into it expecting it to be affordable and then within two, three, five years suddenly it is not affordable and possibly, even though you cannot afford the costs, you may find that you do not have a viable exit route because it may be that those high service charges and other costs make it difficult to sell.”¹¹⁴

Sue Phillips, Founder, Shared Ownership Resources

Transparency in shared ownership

“Absolutely appalling, incorrect charges, errors, unjustified charges, failure to align charges across different property types, incorrect categorisation of costs, failure to allow Shared Owners to look at invoicing and cost records, failure to keep financial records. 12 years of unacceptable and unlawful incompetence.”

Shared owner, borough not provided

Shared ownership is supposed to be an affordable housing product. We asked the Deputy Mayor and Fiona Fletcher-Smith why so many shared owners feel it is not affordable. Fiona Fletcher-Smith said that transparency is key, and L&Q is working with the Shared Ownership Council to pilot a Code of Conduct.¹¹⁵ This aims to improve information at the point of sale. She also said that the G15 are currently doing some research on shared ownership affordability over time.

Tom Copley also stated that information for shared owners at point of sale is important.

“There needs to be much more clarity – and we really believe in clarity and transparency – about what the service charges are likely to be over a period of time with that property.

“We have tried to extend that transparency with things like mandating key information documents and things like that for shared owners of homes that we fund, but I do think it is important that prospective shared owners are given all the necessary information that they need when they are considering purchasing a property.”¹¹⁶

Tom Copley, Deputy Mayor for Housing and Residential Development, GLA

¹¹⁴ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

¹¹⁵ Shared Ownership Council, [Shared Ownership Code](#), June 2025

¹¹⁶ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

The Service Charges Charter does outline that best practice is that “potential buyers should be provided with a long-term estimate of their service charges that goes beyond warranty/defect periods. As an example, they could be provided with a year-3 estimate with all the expected repair and defect costs included.”¹¹⁷ The Committee welcomes this but believes this should go further and provide 10 years of estimated costs.

The Service Charges Charter also recommends that shared owners receive a Key Information Document before purchase, “in which estimates of service charges should be included.”¹¹⁸ A template Key Information Document is on the GLA website. This does include service charge cost at point of sale. It does not suggest that housing associations should be providing estimates of service charge increases over coming years.¹¹⁹

The Committee understands that it is not possible to accurately predict service charge increases. As outlined in this report, there are complex reasons behind increases and sometimes these are unpredictable. However, shared owners deserve better information about the product they are buying. We believe that *estimated* service charge increases provided at the point of sale would help buyers understand how much more they are likely to need to earn to be able to keep their housing costs affordable.

Recommendation 5

The GLA should amend the Service Charges Charter to state that potential buyers should be provided with estimated service charge and rental increases, by raw numbers and by percentage increase, for each of the first 10 years of ownership. The example Key Information Document for shared owners at point of purchase should be updated to reflect this. This should be done by the end of 2025.

Recommendation 6

By the end of 2025, the GLA should amend the Service Charges Charter to state that investment partners should track affordability of shared ownership at specific intervals, such as years one, five, and 10. The GLA should work with housing providers to ensure that they have transparent, accessible policies for supporting shared owners whose housing costs have increased over 40 per cent of net household income. The GLA should collect data on affordability of shared ownership over time and use this to inform the next iteration of the product in the coming AHP.

Could shared ownership service charges be capped?

Some of the evidence we heard suggested that service charges should be capped. Harry Scoffin said: “You need to be able to cap or control those costs because at the moment it just feels like a free-for-all.”¹²⁰ Some of our survey respondents stated that they want the Mayor and government to cap service charges.

Martin Boyd said that service charge caps have been tried but have often failed:

¹¹⁷ London.gov.uk, [Service Charges Charter](#), accessed 12 May 2025

¹¹⁸ London.gov.uk, [Service Charges Charter](#), accessed 12 May 2025

¹¹⁹ London.gov.uk, [Key documents for shared ownership](#)

¹²⁰ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

“We had Florrie’s Law passed in 2014, which was designed to cap maximum service charges. It never worked as a system, unfortunately. We end up with a position where the social landlord will sit there and say, ‘Well, if you try and cap my service charges, where else am I going to get the money from if I cannot get it from the leaseholders?’ The leaseholders sit there and say, ‘Well, if my service charges are not capped, I am potentially living in an utterly unaffordable property’. It needs some bigger picture thinking.”¹²¹

Martin Boyd, Chair, the Leasehold Advisory Service; and Chair of Trustees, Leasehold Knowledge Partnership

However, service charge caps do exist. Fiona Fletcher-Smith said L&Q have “a couple of regeneration schemes where we have capped the service charges of returning leaseholders and tenants, and that is a commitment made as part of the regeneration scheme at the early stages of consultation.”¹²²

The GLA also caps service charges on its London Living Rent scheme. It does this by benchmarking total rent and service charge costs.¹²³ The GLA also proposes to cap service charges on its new Key Worker Living Rent scheme.¹²⁴

We asked the GLA why, if service charge caps do exist for other GLA products, can they not be applied to shared ownership? Deputy Mayor Tom Copley said: “[caps are] something, obviously that is signed up to by providers right at the start. It is part of the package. I suspect that it probably does potentially reduce the attractiveness of delivering those from provider perspective.”¹²⁵

Kate Webb, Head of Housing Strategy, GLA, explained that the caps would work differently in different products. In London Living Rent, because it is the *combined* rent and service charge that is capped, providers may take a loss on rent if service charges increase. However, in shared ownership the rent is connected to the market value of the property, and service charges are separate. There is not the same flexibility. Additionally, the funding for shared ownership is lower than London Living Rent, meaning providers need to get higher income from rent.¹²⁶

Deputy Mayor Tom Copley acknowledged that that was no GLA research on capping service charges in shared ownership. He expected capping service charges to pose complex problems:

¹²¹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

¹²² London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹²³ London.gov.uk, [London Living Rent](#), accessed 10 January 2025

¹²⁴ London.gov.uk, [Intermediate Homes for London](#), accessed 10 January 2025

¹²⁵ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹²⁶ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

“The first thing I would say is there is no GLA research on this so it is difficult in some ways to comment. ... My concern is that as simple as it sounds doing, say, Consumer Prices Index (CPI) plus one or something like that for service charges, if the cost of those services to the owner of the building is increasing at a much higher rate than that, they are having to either take a big loss or significantly reduce the quality of the services that are being provided, and with some it will not be possible to reduce the quality because they would be safety-critical.

“As I say, we have not looked into this issue or we do not have any research on this issue, but just based on what we are hearing, as attractive as it may sound, there could be some quite significant problems with that.”¹²⁷

Tom Copley, Deputy Mayor for Housing and Residential Development, GLA

However, uncapped service charges also create complex problems, as we have heard throughout this investigation. Given the impact of high service charges on Londoners in GLA funded affordable shared ownership, the Committee recommends that the GLA does undertake this research, working with housing providers to understand potential solutions. We recognise that the GLA will be delivering less shared ownership through upcoming AHPs, but we still believe that the Londoners who go on to buy these affordable housing products, should live in housing that is genuinely affordable.

Recommendation 7

The GLA should conduct research on potential models for capping service charges in its new-build shared ownership. This should be completed by the end of 2025, and therefore be able to feed into shared ownership starts in the next iteration of the Affordable Homes Programme.

¹²⁷ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

Designing down service charges

We heard that one of the reasons service charges are so high, is because developers are not building good-quality buildings. We are concerned that without a stronger focus on the quality of the homes that we build, service charges will stay high. At the moment, where developments are built with poor-quality components that fail or need repair, leaseholders and social tenants foot the bill.

As buildings age, they become very expensive to maintain, particularly if the building is high rise. Andrew Bulmer told us that service charges are going to continue to rise: “We need to be very transparent about this because, I am afraid, service charges are going to continue to go up. The standard of construction over the last 20 years, our members would tell us, has been quite poor.”

“Research has ... illustrated that a building at 65 years of age is almost as cheap to drop and rebuild as it is to maintain. Where you have a leasehold or commonhold structure, a fractionally owned structure, you are not going to be dropping them. The cost of maintaining these buildings is going to go up, I am afraid.”¹²⁸

Andrew Bulmer, CEO, The Property Institute

At our meeting, Deputy Mayor Tom Copley discussed the term ‘designing out service charges’ – ensuring that better-quality buildings are planned and built, which should reduce service charges for residents. Andrew Bulmer suggested that ‘designing down’ was a better term, as service charges will never fully be eliminated.¹²⁹ Tom Copley explained the importance of this right from the design stage.

¹²⁸ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹²⁹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

“That is really important, at the building design stage, making sure that service charges can be kept down not just to start with but over the lifetime of the building. That is really important. Where developers are designing buildings, where local planning authorities perhaps are asking for particular things within buildings, to think about the impact that that could have – it might be really nice to have – but the impact that that could have, particularly as buildings get older, on the level of service charges.”¹³⁰

Tom Copley, Deputy Mayor for Housing and Residential Development, GLA

Deputy Mayor Tom Copley said that designing down service charges this was particularly important for high rise buildings, which he states are critical to meeting London’s housing need.

“It is about making sure that where there are tall buildings – and in order to achieve the densities we need to achieve in London, there are going to have to be more tall buildings – they are built well in the first place, corners are not cut and costs are not scrimped on upfront because you will end up paying -- the developer will not end up paying for that down the line. The residents will end up paying for that down the line. Maybe that means not installing the cheapest lift but installing a more expensive lift that is going to require less maintenance over the years. Just thinking in general, what is there that needs to be maintained? What there needs to be cleaned? Just have a real upfront look at the whole life of that building take into account reducing those lifetime costs for residents.”¹³¹

Tom Copley, Deputy Mayor for Housing and Residential Development, GLA

Kate Webb stated that designing down service charges is a priority for the GLA. The Mayor’s Service Charges Charter has a section on ‘designing to minimise service charges’. This acknowledges that “improvements to design should be considered which may have a higher initial cost but minimise ongoing cost to the leaseholder”.¹³² It sets out advice around procurement and consulting stakeholders as part of this work.

We believe that this is a good start but that there are other opportunities for the Mayor to work to his goal of designing down service charges. The Mayor is now working on a new London

¹³⁰ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹³¹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹³² London.gov.uk, [Service Charges Charter](#), accessed 12 May 2025

Plan, which is an opportunity to strengthen this guidance and broaden it out to private developers.

Recommendation 8

The Mayor should include ‘designing down service charges’ in his new London Plan. Developers should be required to submit to their local authorities steps they have taken to ensure maximum lifespan of building components and maximise whole-life value for money for leaseholders.

The future: commonhold

Commonhold is a system of ownership for multi-occupancy developments. Each homeowner owns the freehold of their home, and a commonhold or residents' association owns and manages the common parts of the property.¹

One of the main criticisms of the Leasehold and Freehold Reform Act 2024 was that it did not introduce commonhold.¹ As Martin Boyd stated, “The most fundamental element missing from the 2024 [Act] was the inclusion of commonhold. It is something that we have all been campaigning for, for a long time.”¹ The government plans instead to bring forward a Leasehold and Commonhold Reform Bill. A document outlining key proposals for this Bill was published in March 2025.¹ It introduces plans for commonhold ownership for new-builds, but not for moving existing leasehold properties to commonhold.

Martin Boyd said that moving to commonhold “will reduce service charges”, but the benefits will go much further:

“The benefit of commonhold is much bigger than reducing service charges. They become a relatively unimportant thing at the end of the day because the benefit you get from commonhold is you have a collective interest in ensuring the value of your homes and adding to the value of your homes and so you have an active incentive to invest in your building. In the leasehold world, where you have a third-party landlord, their only interest is in making a profit from you. Long term, the real benefit we will get out of commonhold is that we will end up with better quality homes.”¹³³

Martin Boyd, Chair, the Leasehold Advisory Service; and Chair of Trustees, Leasehold Knowledge Partnership

However, Charmaine McQueen-Prince said that there were several issues with commonhold, including the challenge for residents of running the building themselves.¹³⁴

“Property management is not easy. If we are talking about building safety and ensuring that people are safe in their homes, then property management is not about doing it at the weekend. It is not about doing it after a full day’s work. It is not about doing it in your retirement. It is 24/7. It is a tough gig. If people think that they can just pick this up, they are going to be sadly mistaken.”¹³⁵

Charmaine McQueen-Prince, Residential Freeholders Association

¹³³ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 12 December 2024

¹³⁴ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹³⁵ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

The Mayor has called for commonhold. In the Mayor’s 2021 manifesto, he committed to piloting a commonhold scheme ‘to show how this form of ownership can become the new national standard for new flats.’¹³⁶ In May 2021, the Mayor stated;

“I am keen to explore how the GLA can use its powers and resources to support uptake of commonhold in London, and I want to explore how a GLA-led pilot could help achieve this. My team is currently engaging with stakeholders, including MHCLG and those represented in the Government’s recently established Commonhold Council, to better understand what is needed for any pilot to be successful.”¹³⁷

This pilot did not happen, and the 2021 commitment was not repeated in his 2024 manifesto, where he committed to continuing to campaign for commonhold.¹³⁸ We asked the Deputy Mayor what the reasons were for not starting a pilot. He said it was challenging to pilot commonhold while waiting for more information from government. He added: “There are difficulties delivering [a pilot] under the current system when that system is, we hope, now about to be reformed by the Government.”¹³⁹ We also asked Fiona Fletcher-Smith if the G15 would be interested in taking part in a pilot. She said that while “we are always up for a pilot to see if something works or does not,”¹⁴⁰ it would be difficult to pilot commonhold as most G15 homes are social rent or shared ownership, and most commonhold new builds will be owner-occupied commonhold.

Shared ownership poses issues for commonhold. The shared owner does not own the full home, and therefore a type of lease will still be required. Fiona Fletcher-Smith outlined the challenges for housing providers:

“Shared ownership is a massive [issue] we have built lots of shared ownership homes over the years and it is really quite tough for shared owners already and this might add a layer of complexity to it. They need to find an answer for commonhold.”¹⁴¹

Fiona Fletcher-Smith, Chief Executive of L&Q, and Chair of the G15

The Commonhold White Paper published on 19 March 2025 did introduce a model for shared ownership within commonhold. This will mean that shared owners effectively remain leaseholders. It states:

“Shared owners and those buying with a home purchase plan will continue to be leaseholders (with the provider owning the freehold of the commonhold unit) but will

¹³⁶ Sadiq Khan, [Sadiq Khan for London Manifesto](#), 2021

¹³⁷ [MQ 2021/1380](#)

¹³⁸ Sadiq Khan, [A fairer, safer, greener London for everyone](#), 2024

¹³⁹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹⁴⁰ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

¹⁴¹ London Assembly Housing Committee, [Transcript of Agenda Item 5 – Leasehold and Service Charges](#), 26 February 2025

benefit from a wide range of commonhold rights not available to them in leasehold blocks.”¹⁴²

Shared ownership and mixed-use buildings, where there are homes but also commercial units in one building, were given in the Commonhold White Paper as some of the key reasons for previous commonhold reform failing.

“A combination of limitations and flaws in the law has made commonhold less flexible compared to leasehold and therefore, harder to use in the same number and variety of settings, in particular for mixed-use and large sites. For instance, the failure to accommodate shared ownership, or for use on mixed-sites and to protect commercial owners from residential owners’ decisions, and vice versa, has made it unviable for many developments.”¹⁴³

Mixed-use buildings are common in London. Harry Scoffin said: “It is a big thing in London to have that combination of residential and commercial premises in a development or in a block.” Fiona Fletcher-Smith said:

“As housing associations we tend to build mixed use, multi-tenure, and I fear that that the proposals as stand may just make that even more complicated to manage and explain to people, which is not where we want to be.”

Again, the Commonhold White Paper has introduced measures to attempt to address these issues. It states:

“We will introduce ‘sections’ into the commonhold framework. Under this new system, a building or estate can be divided into different sections to separate out the management of different areas or groups of units within a commonhold ... For example, in a mixed-use block, a floor of retail or office units that does not use the same facilities as the flats above them can be a separate section from the flats.”¹⁴⁴

The Committee welcomes the introduction of commonhold as long as it meets its intended aims – to give homeowners more control over their buildings and to reduce costs where possible. The Committee also welcomes the Government’s proposals to address the failings of previous commonhold reform. However, the Committee is concerned that many of the challenges raised in relation to commonhold disproportionately impact London. This includes shared ownership and mixed-use buildings, as well as the lack of a clear plan from Government to retrospectively change leasehold homes to commonhold.

There is a clear role for the Mayor here. The Assembly has previously called for the Mayor to run a commonhold pilot,¹⁴⁵ and the Committee believes that there are still many questions to be answered about how commonhold can best work for Londoners. We recommend the Mayor revisit this issue in light of the Commonhold White Paper and upcoming Leasehold and Commonhold Reform Bill.

Recommendation 9

¹⁴² Gov.uk, [Commonhold White Paper](#), 19 March 2025

¹⁴³ Gov.uk, [Commonhold White Paper](#), 19 March 2025

¹⁴⁴ Gov.uk, [Commonhold White Paper](#), 19 March 2025

¹⁴⁵ London.gov.uk, [Commonhold V Leasehold – Assembly wants pilot project](#), 13 February 2025

The Mayor should convene key stakeholders to create a commonhold taskforce to work on commonhold challenges in London. This would start work by the end of 2025. This would include looking at issues of shared ownership, mixed use buildings, and retrospective commonhold. This would inform the Mayor’s lobbying on the Leasehold and Commonhold Reform Bill.

Committee activity

This investigation sought to:

- examine the costs associated with the leasehold model of home ownership – service charges, ground rents and remediation, including cases of excessive increases or unexpected charges – and the impact on Londoners
- examine and compare leasehold service charges with social tenant service charges
- assess the extent to which shared ownership – a form of leasehold marketed as ‘affordable home ownership’ – becomes unaffordable in London, due to these charges
- identify if and how the Mayor and the Government support leaseholders in London facing excessive charges.

Evidence collected:

- **Committee meeting 1:**
 - Martin Boyd, Chair, the Leasehold Advisory Service; and Chair of Trustees, Leasehold Knowledge Partnership
 - Harry Scoffin, Campaigner, Free Leaseholders
 - Suz Muna, Campaigner, Social Housing Action Campaign
 - Sue Phillips, Founder, Shared Ownership Resources
- **Committee meeting 2:**
 - Tom Copley, Deputy Mayor for Housing and Residential Development, GLA
 - Kate Webb, Head of Housing Strategy, GLA
 - Charmaine McQueen-Prince, Chair of the Leasehold Reform Subcommittee, Residential Freehold Association
 - Andrew Bulmer, CEO, The Property Institute
 - Fiona Fletcher-Smith, Chief Executive, L&Q; Chair G15
- **Survey**
 - The survey was open from December 2024 to February 2025.
 - We received 912 responses from Londoners.

Other formats and languages

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Chinese

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