House of Commons

Committee Stage: Tuesday 30 January 2024

Leasehold and Freehold Reform Bill
(Committee Stage Decisions)

This document sets out the fate of each clause, schedule, amendment and new clause considered at committee stage.

A glossary with key terms can be found at the end of this document.

First to Tenth Sittings

First and Second Sittings

Lee Rowley **Agreed to**

That–

1. the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 16 January) meet—
   (a) at 2.00 pm on Tuesday 16 January;
   (b) at 11.30 am and 2.00 pm on Thursday 18 January;
   (c) at 9.25 am and 2.00 pm on Tuesday 23 January;
   (d) at 11.30 am and 2.00 pm on Thursday 25 January;
   (e) at 9.25 am and 2.00 pm on Tuesday 30 January;
   (f) at 11.30 am and 2.00 pm on Thursday 1 February.
2. the Committee shall hear oral evidence in accordance with the following Table:

Date	Time	Witness
Tuesday 16 January	Until no later than 9.50 am	The Leasehold Advisory Service (LEASE)
Tuesday 16 January	Until no later than 10.25 am	Leasehold Knowledge Partnership; Velitor Law

Date	Time	Witness
Tuesday 16 January	Until no later than 11.00 am	The National Leasehold Campaign
Tuesday 16 January	Until no later than 11.25 am	Law & Lease
Tuesday 16 January	Until no later than 2.30 pm	The Law Commission
Tuesday 16 January	Until no later than 3:00 pm	The Financial Conduct Authority
Tuesday 16 January	Until no later than 3:40 pm	Free Leaseholders; Commonhold Now; HoRnet (The Home Owners Rights Network)
Tuesday 16 January	Until no later than 4:15 pm	The Property Institute; Fanshawe White
Tuesday 16 January	Until no later than 4:50 pm	The Home Buying and Selling Group; The Conveyancing Association
Tuesday 16 January	Until no later than 5:15 pm	Public First
Tuesday 16 January	Until no later than 5:40 pm	Dr Douglas Maxwell
Thursday 18 January	Until no later than 12:10 pm	HomeOwners Alliance; The Federation of Private Residents' Associations; Shared Ownership Resources
Thursday 18 January	Until no later than 12:40 pm	Professor Andrew J. M. Steven (Professor of Property Law, University of Edinburgh); Professor Christopher Hodges OBE (Emeritus Professor of Justice Systems, University of Oxford)
Thursday 18 January	Until no later than 1:00 pm	The Building Societies Association
Thursday 18 January	Until no later than 2:20 pm	The Competition and Markets Authority
Thursday 18 January	Until no later than 2:40 pm	Policy Exchange

Date	Time	Witness
Thursday 18 January	Until no later than 3:10 pm	The Law Society; Philip Rainey KC
Thursday 18 January	Until no later than 3:30 pm	The Residential Freehold Association
Thursday 18 January	Until no later than 3:50 pm	End Our Cladding Scandal

3. proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 4; Schedule 1; Clauses 5 to 11; Schedules 2 to 5; Clauses 12 to 19; Schedule 6; Clauses 20 and 21; Schedule 7; Clauses 22 to 37; Schedule 8; Clauses 38 to 65; new Clauses; new Schedules; remaining proceedings on the Bill;
4. the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Thursday 1 February.

Lee Rowley **Agreed to**

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.

Lee Rowley **Not moved**

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.

The following Witnesses gave oral evidence:

Martin Boyd, Chair, Leasehold Advisory Service,

Sebastian O'Kelly, CEO, Leasehold Knowledge Partnership and **Liam Spender**, Senior Associate, Velitor Law,

Katie Kendrick, Co-founder, **Jo Derbyshire**, Co-founder, and **Cath Williams**, Co-founder, National Leasehold Campaign,

Amanda Gourlay, Barrister, Law and Lease,

Professor Nicholas Hopkins, Law Commissioner for property, family and trust law, Law Commission,

Matt Brewis, Director of Insurance, Financial Conduct Authority,

Harry Scoffin, Founder, Free Leaseholders, **Karolina Zoltaniecka**, Founding Director, Commonhold Now, and **Cathy Priestley**, Founder, Co-ordinator, and **Halima Ali**, Joint Co-ordinator, HoRnet (The Home Owners Rights Network),

Andrew Bulmer, CEO, The Property Institute and **Angus Fanshawe**, Fanshawe White,

Kate Faulkner, Chair, Homebuying and Selling Group and **Beth Rudolf**, Director of Delivery, Conveyancing Association,

Professor Tim Leunig, Director, Public First,

Dr Douglas Maxwell, Barrister, Henderson Chambers.

Third and Fourth Sittings

The following Witnesses gave oral evidence:

Paula Higgins, CEO, Homeowners Alliance, **Bob Smytherman**, Chairman, Federation of Private Residents' Associations and **Sue Phillips**, Founder, Shared Ownership Resources,

Professor Andrew Steven, Professor of Property Law, The University of Edinburgh and **Professor Christopher Hodges**, Emeritus Professor of Justice Systems, Centre for Socio-Legal Studies, University of Oxford,

Paul Broadhead, Head of Mortgage Policy, Building Societies Association,

George Lusty, Senior Director for Consumer Protection and **Simon Jones**, Director of Leasehold Investigation, Competition and Markets Authority,

James Vitali, Head of Political Economy, Policy Exchange,

Philip Freedman KC, Land Law and Conveyancing Committee, The Law Society and **Philip Rainey KC**, Tanfield Chambers,

Jack Spearman, Chair of Leasehold Reform, Residential Freehold Association,

Giles Grover, End Our Cladding Scandal.

Fifth and Sixth Sittings

Clauses 1 and 2 agreed to.

Matthew Pennycook **Negatived on division 1**

Mike Amesbury

Clause 3, page 2, line 19, at end insert—

"(2) After section 4(5) of the LRHUDA 1993, insert—

"(6) The Secretary of State or the Welsh Ministers may by regulations amend this section to provide for a different description of premises falling within section 3(1) to which this Chapter does not apply.

(7) Regulations may not be made under subsection (6) unless a draft of the regulations has been laid before, and approved by resolution of—

(a) in the case of regulations made by the Secretary of State, both Houses of Parliament;

(b) in the case of regulations made by the Welsh Ministers, Senedd Cymru."

(3) In section 100 of the LRHUDA 1993—

(a) in subsection (2), after "making", insert "provision under section 4(6) or";

(b) in subsection (3), after "making", insert "provision under section 4(6) or"."

Member's explanatory statement

This amendment would enable the Secretary of State or (in the case of Wales) the Welsh Ministers to change the description of premises which are excluded from collective enfranchisement rights. Such a change would be subject to the affirmative resolution procedure.

Clause agreed to.

Clause 4 agreed to.

Lee Rowley **Agreed to Gov 57**

Schedule 1, page 82, line 16, at end insert—

"Exception to enfranchisement for certified community housing providers

3A (1) The LRA 1967 is amended as follows.

(2) In section 1 (tenants eligible for enfranchisement and extension), after subsection (1B) insert—

"(1C) This Part of this Act does not confer on a tenant a right to acquire the freehold of a house and premises if the landlord under the existing tenancy is a certified community housing provider (see section 4B)."

(3) After section 4A insert—

"4B Meaning of "certified community housing provider"

(1) For the purposes of this Part of this Act, a person is a "certified community housing provider" if the appropriate tribunal has issued a community housing certificate in respect of the person.

(2) A community housing certificate is a certificate that the tribunal has determined that the person—

(a) is a community land trust within the meaning of section 2(7A) of the Leasehold Reform (Ground Rent) Act 2022, or

(b) is of a description, or satisfies conditions, specified for this purpose in regulations made by the Secretary of State.

(3) The tribunal may issue a community housing certificate only in respect of a person that has made an application to the tribunal for the certificate.

(4) The tribunal may cancel a community housing certificate—

(a) on the application of the person in respect of which the certificate is issued, or

(b) on the application of a tenant affected by the certificate, if the tribunal considers that—

(i) the person in respect of which the certificate is issued does not fall within subsection (2)(a) or (b), or

(ii) the certificate was obtained by deception or fraud.

For this purpose a tenant is "affected by" a certificate if, by virtue of section 1(1C), the tenant does not have the right to acquire the freehold because the certificate is issued in respect of their landlord.

(5) The effect of the tribunal cancelling the certificate is that the person is not a certified community housing provider unless the tribunal issues a new community housing certificate.

(6) The Secretary of State may by regulations provide for—

(a) the procedure to be followed in connection with an application for a community housing certificate;

(b) the procedure to be followed for the cancellation of a community housing certificate (including in connection with an application for the cancellation);

(c) any matters to which the tribunal must have regard in deciding whether to issue or cancel a community housing certificate.

(7) The Secretary of State may by regulations make provision about the application of this Part in circumstances where—

(a) a landlord's application for a community housing certificate has not been concluded when a tenant gives notice of their desire to have the freehold of a house and premises under this Part, or

(b) a tenant's claim to have the freehold of a house and premises under this Part has not been concluded when a landlord's application for a community housing certificate is made.

(8) Regulations under subsection (7) may in particular provide for—

(a) the claim for the freehold to be paused or to have no effect;

(b) a time period for the purposes of this Part to be extended in connection with the application;

(c) the landlord to compensate a tenant or reversioner in respect of reasonable costs incurred in connection with a claim to acquire the freehold—

(i) if the tenant ceases to have the right to acquire the freehold because of the issue of a certificate under this section, or

(ii) if the costs are incurred as a result of the claim being suspended because of an application for a certificate under this section;

(d) enforcement by the appropriate tribunal of any of the requirements of the regulations;

(e) the appropriate tribunal to make orders that are supplementary to the issue of a community housing certificate.

(9) Regulations under this section—

(a) may make different provision for different purposes;

(b) are to be made by statutory instrument.

(10) A statutory instrument containing regulations under this section (whether alone or with other provision) may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament."

3B (1) The LRHUDA 1993 is amended as follows.

(2) In section 5 (qualifying tenants for enfranchisement), after subsection (2)(a) insert—

"(aa) the immediate landlord under the lease is a certified community housing provider (see section 8B); or".

(3) Before section 9 insert—

"8B Meaning of "certified community housing provider"

(1) For the purposes of this Chapter, a person is a "certified community housing provider" if the appropriate tribunal has issued a community housing certificate in respect of the person.

(2) A community housing certificate is a certificate that the tribunal has determined that the person—

(a) is a community land trust within the meaning of section 2(7A) of the Leasehold Reform (Ground Rent) Act 2022, or

(b) is of a description, or satisfies conditions, specified for this purpose in regulations made by the Secretary of State.

(3) The tribunal may issue a community housing certificate only in respect of a person that has made an application to the tribunal for the certificate.

(4) The tribunal may cancel a community housing certificate—

(a) on the application of the person in respect of which the certificate is issued, or

(b) on the application of a leaseholder affected by the certificate, if the tribunal considers that—

(i) the person in respect of which the certificate is issued does not fall within subsection (2)(a) or (b), or

(ii) the certificate was obtained by deception or fraud.

For this purpose a leaseholder is "affected by" a certificate if, by virtue of section 5(2)(aa), the leaseholder is not a qualifying tenant because the certificate is issued in respect of their immediate landlord.

(5) The effect of the tribunal cancelling the certificate is that the person is not a certified community housing provider unless the tribunal issues a new community housing certificate.

(6) The Secretary of State may by regulations provide for—

(a) the procedure to be followed in connection with an application for a community housing certificate;

(b) the procedure to be followed for the cancellation of a community housing certificate (including in connection with an application for the cancellation);

(c) any matters to which the tribunal must have regard in deciding whether to issue or cancel a community housing certificate.

(7) The Secretary of State may by regulations make provision about the application of this Chapter in circumstances where—

(a) a landlord's application for a community housing certificate has not been concluded when a nominee purchaser gives notice under section 13 of a claim to exercise the right to collective enfranchisement, or

(b) a claim to exercise the right to collective enfranchisement has not been concluded when a landlord's application for a community housing certificate is made.

(8) Regulations under subsection (7) may in particular provide for—

(a) the claim for the freehold to be paused or to have no effect;

(b) a time period for the purposes of this Chapter to be extended in connection with the application;

(c) the landlord to compensate the nominee purchaser, a tenant or a reversioner in respect of reasonable costs incurred in connection with a claim to exercise the right to collective enfranchisement—

(i) if a person ceases to be a participating tenant because of the issue of a certificate under this section (and in this case the compensation may relate to reasonable

costs for which the person is liable that are incurred after the person ceases to be a participating tenant),

(ii) if the participating tenants cease to have the right to collective enfranchisement because of the issue of a certificate under this section, or

(iii) if the costs are incurred as a result of the claim being suspended because of an application for a certificate under this section;

(d) enforcement by the appropriate tribunal of any of the requirements of the regulations;

(e) the appropriate tribunal to make orders that are supplementary to the issue of a community housing certificate."

(4) In section 39(3)(a) (qualifying tenants for extension), before "(5)" insert "(2)(aa), ".

(5) In section 100 (orders and regulations), after subsection (2) insert—

"(2A) But a statutory instrument containing regulations under section 8B (whether alone or with other provision) may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.""

Member's explanatory statement

This amendment would provide for an exception to enfranchisement (but not extension) for tenants of certified community housing providers (persons certified as managing land for the benefit of local communities).

Lee Rowley **Agreed to Gov 58**

Schedule 1, page 82, line 28, at end insert—

"Eligibility of leases of National Trust property for extension

4A For section 32 of the LRA 1967 (saving for National Trust) substitute—

"32 National Trust property

(1) Property is "inalienable National Trust property" for the purposes of this section if an interest in the property is vested inalienably in the National Trust for Places of Historic Interest or Natural Beauty under section 21 of the National Trust Act 1907.

(2) This Part does not prejudice the operation of section 21 of the National Trust Act 1907, and accordingly a tenant does not have the right under this Part to acquire the freehold of inalienable National Trust property.

(3) The right to an extended lease has effect subject to the following provisions of this section only if and to the extent that the existing tenancy demises inalienable National Trust property.

(4) In a case where the existing tenancy is a post-commencement protected National Trust tenancy, the tenant does not have the right to an extended lease.

(5) In a case where the existing tenancy is a pre-commencement protected National Trust tenancy, this Act is to have effect in relation to the right to an extended lease without the amendments made by the Leasehold and Freehold Reform Act 2024 (but without altering the effect of this subsection).

(6) In any other case, the right to an extended lease has effect subject to subsections (7) and (8).

(7) In determining whether the tenant has the right to an extended lease, the following requirements in section 1 do not apply—

(a) any requirement for the tenancy to be at a low rent;

(b) any requirement in section 1(1)(a)(i) or (ii) for the house and premises or the tenancy to be above a certain value.

(8) If the tenant exercises the right to an extended lease, the new tenancy must contain the buy-back term which is prescribed for this purpose in regulations made by the Secretary of State (the "prescribed buy-back term").

(9) A "buy-back term" is a term which gives the National Trust the right to buy the whole or part of the extended lease if—

(a) it is proposed to make a disposal of the extended lease that is of a description specified in that term (which may be a disposal of the whole or a part of the property demised), or

(b) the National Trust exercises a prescribed buy-back term that is contained in a lease which is inferior to the extended lease.

(10) The prescribed buy-back term may, in particular, make provision about—

(a) the procedure where it is proposed to make a disposal that is of a description specified in the term;

(b) the procedure for exercising the right to buy;

(c) the price payable;

(d) the payment of costs incurred in connection with the operation of the term (including requirements for one person to pay costs incurred by another person);

(e) the operation of the term if the National Trust is not a party to the extended lease.

(11) If the National Trust is not the landlord under the extended lease, the National Trust may at any time apply to the appropriate tribunal for an order to secure that the extended lease is varied to contain (if or to the extent that it does not already do so) the prescribed buy-back term; and an order made on such an application may appoint a person who is not party to the extended lease to execute a variation of the lease.

32ZA Section 32: supplementary provision

(1) For the purposes of section 32, the existing tenancy is a "protected National Trust tenancy" if the tenancy is prescribed, or is of a description of tenancies prescribed, in regulations made by the Secretary of State.

(2) Regulations may not provide for a tenancy to be a protected National Trust tenancy unless the tenancy is within case A or case B.

(3) *Case A*: some or all of the property let under the tenancy is—

(a) property to which the general public has access, or

(b) part of property to which the general public has access (whether or not the general public has access to any property let under the tenancy),

whether the arrangements for public access are managed by the National Trust, the tenant or another person.

(4) *Case B*: the existing tenancy was granted to—

(a) a former owner,

(b) a relative of a former owner, or

(c) the trustees of a trust whose beneficiaries are or include—

(i) a former owner, or

(ii) a relative of a former owner.

(5) Regulations under section 32 or this section—

(a) may make different provision for different purposes;

(b) are to be made by statutory instrument.

(6) A statutory instrument containing regulations under section 32 or this section is subject to annulment in pursuance of a resolution of either House of Parliament.

(7) In section 32 and this section—

"commencement" means the day on which paragraph 4A of Schedule 1 to the Leasehold and Freehold Reform Act 2024 comes into force;

"disposal", in relation to an extended lease, includes—

(a) the grant of a sub-lease of property demised by the extended lease;

(b) a change in control of a body (whether or not incorporated) which owns the extended lease;

(c) the surrender of the extended lease;

(d) a disposal (of any kind) for no consideration;

"former owner", in relation to inalienable National Trust property let under a tenancy, means—

(a) a person who transferred the freehold of the property to the National Trust,

(b) a person who owned the freehold of the property immediately before its transfer to the National Trust by, or at the direction of—

(i) the Commissioners for His Majesty's Revenue and Customs,

(ii) the Commissioners of Inland Revenue, or

(iii) the Treasury,

(c) a person whose executors transferred, or directed the transfer of, the freehold of the property to the National Trust, or

(d) a person who was a beneficiary under a trust whose trustees transferred, or directed the transfer of, the freehold of the property to the National Trust;

"post-commencement protected National Trust tenancy" means a tenancy which—

(a) was granted on or after commencement, unless it was granted under an agreement made before commencement, and

(b) is a protected National Trust tenancy;

"pre-commencement protected National Trust tenancy" means a tenancy which—

(a) was granted—

(i) before commencement, or

(ii) on or after commencement under an agreement made before commencement, and

(b) is a protected National Trust tenancy;

"relative" includes a person who is related by marriage or civil partnership;

"right to an extended lease" means the right under this Part to acquire an extended lease."

4B For section 95 of the LRHUDA 1993 (saving for National Trust) substitute—

"95 National Trust property

(1) Property is "inalienable National Trust property" for the purposes of this section if an interest in the property is vested inalienably in the National Trust for Places of Historic Interest or Natural Beauty under section 21 of the National Trust Act 1907.

(2) Chapter 1 does not prejudice the operation of section 21 of the National Trust Act 1907, and accordingly there is no right under Chapter 1 to acquire an interest in inalienable National Trust property.

(3) The right to a new lease has effect subject to the following provisions of this section only if and to the extent that the existing lease demises inalienable National Trust property.

(4) In a case where the existing lease is a protected National Trust tenancy, the tenant does not have the right to a new lease.

(5) If—

(a) the existing lease is not a protected National Trust Tenancy, and

(b) the tenant exercises the right to a new lease,

the new lease must contain the buy-back term which is prescribed in regulations made by the Secretary of State (the "prescribed buy-back term").

(6) A "buy-back term" is a term which gives the National Trust the right to buy the whole or part of the new lease if—

(a) it is proposed to make a disposal of the new lease that is of a description specified in that term (which may be a disposal of the whole or a part of the property demised), or

(b) the National Trust exercises a prescribed buy-back term that is contained in a lease which is inferior to the extended lease.

(7) The prescribed buy-back term may, in particular, make provision about—

(a) the procedure where it is proposed to make a disposal that is of a description specified in the term;

(b) the procedure for exercising the right to buy;

(c) the price payable;

(d) the payment of costs incurred in connection with the operation of the term (including requirements for one person to pay costs incurred by another person);

(e) the operation of the term if the National Trust is not a party to the new lease.

(8) If the National Trust is not the landlord under the new lease, the National Trust may at any time apply to the appropriate tribunal for an order to secure that the new lease is varied to contain (if or to the extent that it does not already do so) the prescribed buy-back term; and an order made on such an application may appoint a person who is not party to the new lease to execute a variation of the lease.

95A Section 95: supplementary provision

(1) For the purposes of section 95, the existing lease is a "protected National Trust tenancy" if the lease is prescribed, or is of a description of leases prescribed, in regulations made by the Secretary of State.

(2) Regulations may not provide for a lease to be a protected National Trust tenancy unless the lease is within case A or case B.

(3) *Case A*: some or all of the property let under the lease is—

(a) property to which the general public has access, or

(b) part of property to which the general public has access (whether or not the general public has access to any property let under the lease),

whether the arrangements for public access are managed by the National Trust, the tenant or another person.

(4) *Case B*: the existing lease was granted to—

(a) a former owner,

(b) a relative of a former owner, or

(c) the trustees of a trust whose beneficiaries are or include—

(i) a former owner, or

(ii) a relative of a former owner.

(5) Regulations under section 95 or this section—

(a) may make different provision for different purposes;

(b) are to be made by statutory instrument.

(6) A statutory instrument containing regulations under section 95 or this section is subject to annulment in pursuance of a resolution of either House of Parliament.

(7) In section 95 and this section—

"disposal", in relation to a new lease, includes—

(a) the grant of a sub-lease of property demised by the new lease;

(b) a change in control of a body (whether or not incorporated) which owns the new lease;

(c) the surrender of the new lease;

(d) a disposal (of any kind) for no consideration;

"former owner", in relation to inalienable National Trust property let under a tenancy, means—

(a) a person who transferred the freehold of the property to the National Trust,

(b) a person who owned the freehold of the property immediately before its transfer to the National Trust by, or at the direction of—

(i) the Commissioners for His Majesty's Revenue and Customs,

(ii) the Commissioners of Inland Revenue, or

(iii) the Treasury,

(c) a person whose executors transferred, or directed the transfer of, the freehold of the property to the National Trust, or

(d) a person who was a beneficiary under a trust whose trustees transferred, or directed the transfer of, the freehold of the property to the National Trust;

"relative" includes a person who is related by marriage or civil partnership;

"right to a new lease" means the right under Chapter 2 to a new lease.""

Member's explanatory statement

This amendment would provide for tenants of National Trust properties to have the right to extension, subject to exceptions, and subject to a requirement to grant the National Trust the right to buy back the property in certain circumstances.

Schedule agreed to.

Clause 5 agreed to.

Barry Gardiner **Withdrawn after debate 127**

Clause 6, page 9, line 42, at end insert—

"(3A) Any lease granted to the freeholder under paragraph 7A must contain a provision that any sub-lease created by the freeholder under their leaseback must contain a provision requiring the sub-lessee to contribute to the service charges reasonably incurred by the managing agent directly or indirectly appointed by the nominee purchaser.

(3B) The provision mentioned in subsection (3A) is implied into all pre-existing subordinate leases to a leaseback granted to a freeholder under paragraph 7A."

Clause agreed to.

Clauses 7 to 11 agreed to.

Lee Rowley **Agreed to Gov 59**

Schedule 2, page 90, line 28, at end insert—

"Business tenancies

10A(1) This paragraph applies only to—

(a) the transfer of a freehold house under the LRA 1967, or

(b) the grant of an extended lease of a house under the LRA 1967.

(2) The standard valuation method is not compulsory for the property comprised in the current lease if that lease is a tenancy to which Part 2 of the Landlord and Tenant Act 1954 applies (see section 1(1ZC) of the LRA 1967)."

Member's explanatory statement

This amendment would prevent the standard valuation method in Schedule 2 from being compulsory if the current lease is a business tenancy (which benefit from the rights of enfranchisement and extension under the LRA 1967 in the circumstances set out in section 1(1ZC) of the LRA 1967).

Lee Rowley **Agreed to Gov 60**

Schedule 2, page 90, line 28, at end insert—

"Acquisition of a freehold house under the LRA 1967: shared ownership leases

10A(1) This paragraph applies only to the transfer of a freehold house under the LRA 1967.

(2) The standard valuation method is not compulsory for any property comprised in the newly owned premises if it, or any part of it, is demised by a shared ownership lease."

Member's explanatory statement

This provides that the standard valuation method is not compulsory for the freehold enfranchisement of a shared ownership lease of a house (which is only possible if the shared ownership lease does not meet the criteria in section 33B of the LRA 1967).

Lee Rowley **Agreed to Gov 61**

Schedule 2, page 91, line 21, leave out "38(1)" and insert "101(1)"

Member's explanatory statement

This amendment is consequential on Amendment 74.

Lee Rowley **Agreed to Gov 62**

Schedule 2, page 92, line 15, leave out sub-paragraph (2) and insert—

"(2) *Assumption 1*: it must be assumed that—

(a) in the case of a freehold enfranchisement, any lease which the claimant is acquiring as part of the enfranchisement is merged with the freehold;

(b) in the case of a lease extension, any lease which is deemed to be surrendered and regranted as part of the lease extension is merged with the interest of the person granting the lease extension."

Member's explanatory statement

This amendment would ensure that where an intermediate leaseholder grants a lease extension, the lease which is deemed to be surrendered and regranted as part of that extension is assumed to be merged with the intermediate leaseholder's lease for the purposes of valuation.

Lee Rowley **Agreed to Gov 63**

Schedule 2, page 94, line 22, leave out "property" and insert "premises"

Member's explanatory statement

This amendment would amend the sub-paragraph to use the correct defined term.

Lee Rowley **Agreed to Gov 64**

Schedule 2, page 94, line 24, leave out "that property" and insert "those premises"

Member's explanatory statement

This amendment would amend the sub-paragraph to use the correct defined term.

Lee Rowley **Agreed to Gov 65**

Schedule 2, page 97, line 14, leave out from second "of" to end of line 21 and insert "the premises being valued.

(4A) The "premises being valued" are the premises that—

(a) are demised by the lease being valued, and

(b) are subject to the standard valuation method.

(4B) The "market value" of the premises being valued is—

(a) in the case of a freehold enfranchisement, or lease extension, under the LRA 1967, the amount which the freehold of the premises being valued could have been expected to realise if it had been sold on the open market with vacant possession by a willing seller at the valuation date;

(b) in the case of a collective enfranchisement or lease extension under the LRHUDA 1993, the share of the relevant freehold market value which is attributable to the premises being valued.

(4C) The "relevant freehold market value" is —

(a) in the case of a collective enfranchisement, the amount which the freehold to be acquired on the collective enfranchisement could have been expected to realise if it had been sold on the open market with vacant possession by a willing seller at the valuation date;

(b) in the case of a lease extension under the LRHUDA 1993, the amount which the freehold of the building and any other land which contain the premises being valued could have been expected to realise if it had been sold on the open market with vacant possession by a willing seller at the valuation date."

Member's explanatory statement

This amendment would clarify that where the term value of a lease of a flat and any other property is being valued under Schedule 2, the market value is a share of the freehold value of the premises which contain the flat and other property.

Lee Rowley **Agreed to Gov 66**

Schedule 2, page 97, line 33, at end insert—

"(9) If the lease being valued is a shared ownership lease—

(a) the rent that is to be used for the purposes of sub-paragraph (1) and (2) is the rent that is payable under the lease in respect of the tenant's share in the property demised by the lease;

(b) where the lease does not reserve separate rents in respect of the tenant's share in the demised premises and the landlord's share in the property demised by the lease, any rent reserved is to be treated as reserved in respect of the landlord's share."

Member's explanatory statement

This provides that, where there is a shared ownership lease, the rent payable in respect of the share owned by the tenant is to be taken into account when determining the term value; and deals with the case where no rent is specifically reserved in respect of the share owned by the tenant.

Lee Rowley **Agreed to Gov 67**

Schedule 2, page 97, line 39, leave out "the freehold of"

Member's explanatory statement

This amendment is consequential on Amendment 68.

Lee Rowley **Agreed to Gov 68**

Schedule 2, page 98, line 7, leave out from first "of" to end of line 10 and insert "the premises being valued is—

(a) in the case of the transfer of a freehold house under the LRA 1967, the amount which the freehold of the premises being valued could have been expected to realise if it had been sold on the open market with vacant possession by a willing seller at the valuation date;

(b) in the case of a collective enfranchisement, the share of the relevant freehold market value which is attributable to the premises being valued.

(3A) The "relevant freehold market value" is the amount which the freehold to be acquired on the collective enfranchisement could have been expected to realise if it had been sold on the open market with vacant possession by a willing seller at the valuation date."

Member's explanatory statement

This amendment would clarify that where the reversion value of a lease of a flat is being valued under Schedule 2 for the purposes of enfranchisement, the market value is a share of the value of the freehold being acquired on the collective enfranchisement.

Matthew Pennycook **Negatived on division 2**

Mike Amesbury

Schedule 2, page 98, line 25, at end insert—

"(7A) In setting the deferment rate the Secretary of State must have regard to the desirability of encouraging leaseholders to acquire their freehold at the lowest possible cost."

Member's explanatory statement

This amendment would ensure that when determining the applicable deferment rate, the Secretary of State would have to have regard to the desirability of encouraging leaseholders to acquire their freehold at the lowest possible cost.

Richard Fuller **Not called 146**

Schedule 2, page 98, line 25, at end insert—

"(7A) In setting the deferment rate the Secretary of State must have regard to market rates of interest."

Member's explanatory statement

This amendment would ensure that when determining the applicable deferment rate, the Secretary of State would have to have regard to market rates of interest.

Lee Rowley **Agreed to Gov 69**

Schedule 2, page 99, line 19, at end insert—

"(5A) But if the current lease is a shared ownership lease—

(a) the amount determined under step 2 must be multiplied by the tenant's share in the premises being valued, and

(b) the amount so calculated is the "reversion value" of the premises being valued."

Member's explanatory statement

This requires that, in the case of a shared ownership lease, the reversion value is reduced in proportion to the share of the property owned by the tenant.

Matthew Pennycook **Not called 3**

Mike Amesbury

Schedule 2, page 99, line 25, at end insert—

"(6A) In setting the deferment rate the Secretary of State must have regard to the desirability of encouraging leaseholders to extend their lease at the lowest possible cost."

Member's explanatory statement

This amendment would ensure that when determining the applicable deferment rate, the Secretary of State would have to have regard to the desirability of encouraging leaseholders to extend their lease at the lowest possible cost.

Richard Fuller **Not called 147**

Schedule 2, page 99, line 25, at end insert—

"(6A) In setting the deferment rate the Secretary of State must have regard to market rates of interest."

Member's explanatory statement

This amendment would ensure that when determining the applicable deferment rate, the Secretary of State would have to have regard to market rates of interest.

Lee Rowley **Agreed to Gov 70**

Schedule 2, page 101, line 5, at end insert ", or

(c) the person is the landlord under a lease which is varied under paragraph 12A of Schedule 1 to the LRA 1967 or paragraph 12 of Schedule 11 to the LRHUDA 1993 as a result of the lease extension."

Member's explanatory statement

This amendment is consequential on Amendment 73.

Lee Rowley **Agreed to Gov 71**

Schedule 2, page 101, line 6, leave out from "is" to end of line 7 and insert "—

(a) where sub-paragraph (1)(a) or (b) applies, the grant of the statutory lease, or

(b) where sub-paragraph (1)(c) applies, the variation of the lease."

Member's explanatory statement

This amendment is consequential on Amendment 73.

Richard Fuller **Not called 148**

Schedule 2, page 105, line 28, at end insert—

"(1A) In determining the applicable capitalisation rate in relation to the right to vary a long lease to replace rent with peppercorn rent, the Secretary of State must have regard to market rates of interest."

Richard Fuller **Not called 149**

Schedule 2, page 105, line 28, at end insert—

"(1B) In determining the applicable capitalisation rate in relation to the right to vary a long lease to replace rent with peppercorn rent, the Secretary of State must have regard to regional variations in market conditions."

Schedule, as amended, agreed to.

Schedules 3 and 4 agreed to.

Lee Rowley **Agreed to Gov 72**

Schedule 5, page 115, line 27, leave out second "competent landlord" and insert "tenant"

Member's explanatory statement

This amendment would mean that a tenant may be required to pay the price payable into the tribunal.

Schedule, as amended, agreed to.

Lee Rowley **Agreed to Gov 29**

Clause 12, page 15, line 6, at end insert—

"(8) See also sections 20CA and 20J of the Landlord and Tenant Act 1985, which prevent costs in connection with a claim under this Part being recovered by way of a variable service charge (within the meaning of section 18 of that Act)."

Member's explanatory statement

This amendment is consequential on NC7.

Lee Rowley **Agreed to Gov 30**

Clause 12, page 15, line 14, at end insert—

"(za) the claim ceasing to have effect under regulations under section 4B (landlord certified as community housing provider);"

Member's explanatory statement

This amendment is consequential on Amendment 57.

Matthew Pennycook **Negatived on division 4**

Mike Amesbury

Clause 12, page 16, leave out from line 19 to line 12 on page 17

Member's explanatory statement

This amendment would leave out the proposed new section 19C of the Leasehold Reform Act 1967, and so ensure that leaseholders are not liable to pay their landlord's non-litigation costs in cases where a low value enfranchisement or extension claim is successful.

Clause, as amended, agreed to.

Lee Rowley **Agreed to Gov 31**

Clause 13, page 20, line 12, at end insert—

"(12) See also sections 20CA and 20J of the Landlord and Tenant Act 1985, which prevent costs in connection with a claim under Chapter 1 or 2 being recovered by way of a variable service charge (within the meaning of section 18 of that Act)."

Member's explanatory statement

This amendment is consequential on NC7.

Lee Rowley **Agreed to Gov 32**

Clause 13, page 20, line 20, at end insert—

"(za) the claim ceasing to have effect under regulations under section 8B (landlord certified as community housing provider);"

Member's explanatory statement

This amendment is consequential on Amendment 57.

Matthew Pennycook **Not called 5**

Mike Amesbury

Clause 13, page 21, leave out from line 26 to line 12 on page 22

Member's explanatory statement

This amendment would leave out the proposed new section 89C of the Leasehold Reform, Housing and Urban Develo pment Act 1993, and so ensure that leaseholders are not liable to pay their landlord's non-litigation costs in cases where a low value enfranchisement or extension claim is successful.

Barry Gardiner **Not called 128**

Clause 13, page 22, leave out lines 13 to 39

Member's explanatory statement

This amendment would leave out the proposed new section 89D of the Leasehold Reform, Housing and Urban Development Act 1993, and so ensure that leaseholders are not liable to pay their landlord's non-litigation costs in cases where a leaseback has been granted under Chapter 1.

Clause, as amended, agreed to.

Lee Rowley **Agreed to Gov 33**

Clause 14, page 26, line 12, at end insert—

"(ha) any matter arising under paragraph 12A of Schedule 1 (reduction of rent under intermediate leases on grant of an extended lease), including what rent under an intermediate lease is apportioned to the house and premises;"

Member's explanatory statement

This amendment is consequential on Amendment 73.

Lee Rowley **Agreed to Gov 34**

Clause 14, page 26, line 41, at end insert—

"(5A) In relation to paragraph 12A of Schedule 1—

(a) if the landlord under a qualifying intermediate lease cannot be found or their identity cannot be ascertained, the appropriate tribunal may make such order as it thinks fit, including—

(i) an order dispensing with the requirement to give notice under paragraph 12A(3) of Schedule 1 to that landlord, or

(ii) an order that such a notice has effect and has been properly served even though it has not been served on that landlord;

(b) the appropriate tribunal may make an order appointing a person to vary a lease in accordance with paragraph 12A of Schedule 1 on behalf of the landlord or tenant;

(c) if the appropriate tribunal makes a determination that a notice under paragraph 12A(3) of Schedule 1 was of no effect, it may—

(i) determine whether another landlord or tenant could have given such a notice, and

(ii) if it determines that they could have done so, order that paragraph 12A of Schedule 1 is to apply as if they had done so.

(5B) The variation of a lease on behalf of a party in consequence of an order under subsection (5A)(b) has the same force and effect (for all purposes) as if it had been executed by that party."

Member's explanatory statement

This would give the tribunal jurisdiction to deal with cases where landlords cannot be found or identified, to appoint a person to execute a variation of a lease (eg. if a party to the lease is absent or unco-operative), and to enable the Schedule to continue to apply if the notice given was of no effect.

Lee Rowley **Agreed to Gov 35**

Clause 14, page 27, line 15, at end insert—

"21ZA Jurisdiction for other proceedings

(1) This section applies to proceedings—

(a) relating to the performance or discharge of obligations arising out of a tenant's notice of their desire to have the freehold or an extended lease under this Part, and

(b) for which jurisdiction has not otherwise been conferred under or by virtue of this Part.

(2) Jurisdiction is conferred on the appropriate tribunal for proceedings to which this section applies.

(3) But jurisdiction is instead conferred on the court where a purpose of the proceedings is to obtain a remedy that could not be granted by the appropriate tribunal but could be granted by the court.

(4) If, in proceedings before the court to which this section applies, it appears to the court that—

(a) the remedy (or remedies) sought could be granted by the appropriate tribunal, it must by order transfer the proceedings to the appropriate tribunal;

(b) a remedy sought could be granted by the appropriate tribunal and another remedy sought could only be granted by the court, it may by order transfer the proceedings to the appropriate tribunal insofar as

the proceedings relate to the remedy that could be granted by the appropriate tribunal.

(5) Following a transfer of proceedings under subsection (4)(b)—

(a) the court may dispose of all or any remaining proceedings pending the determination of the transferred proceedings by the appropriate tribunal,

(b) the appropriate tribunal may determine the transferred proceedings, and

(c) when the appropriate tribunal has done so, the court may give effect to the determination in an order of the court.

(6) Rules of court may prescribe the procedure to be followed in a court in connection with or in consequence of a transfer under this section.

(7) A reference in this Part to the jurisdiction conferred on the appropriate tribunal or the court includes that conferred by this section.

(8) This section does not prevent the bringing of proceedings in a court other than the county court where the claim is for damages or pecuniary compensation only."

Member's explanatory statement

This amendment moves the provision that would have been inserted into the 1967 Act as section 21C. It also includes a new subsection (8) to clarify the effect of the new section.

Lee Rowley **Agreed to Gov 36**

Clause 14, page 27, line 27, leave out subsections (3) and (4) and insert—

"(3) An application may not be made under subsection (1) to the court unless the application relates to proceedings in respect of which the court has jurisdiction under or by virtue of any provision of this Part (including section 21ZA)."

Member's explanatory statement

This amendment provides that applications under section 21A of the 1967 Act may be made to the county court only if the court is dealing with related proceedings under the 1967 Act.

Lee Rowley **Agreed to Gov 37**

Clause 14, page 28, line 5, leave out subsection (7)

Member's explanatory statement

This amendment is consequential on Amendment 36.

Lee Rowley **Agreed to Gov 38**

Clause 14, page 29, line 8, leave out from beginning to end of line 41

Member's explanatory statement

This amendment removes provision that is reproduced by Amendment 35.

Clause, as amended, agreed to.

Clause 15 agreed to.

Lee Rowley **Agreed to Gov 39**

Clause 16, page 32, line 43, at end insert—

"(ha) any matter arising under paragraph 12 of Schedule 11 (reduction of rent under intermediate leases on grant of a new lease), including what rent under an intermediate lease is apportioned to the flat;"

Member's explanatory statement

This amendment is consequential on Amendment 73.

Lee Rowley **Agreed to Gov 40**

Clause 16, page 33, line 26, at end insert—

"(5A) In relation to paragraph 12 of Schedule 11—

(a) if the landlord under a qualifying intermediate lease cannot be found or their identity cannot be ascertained, the appropriate tribunal may make such order as it thinks fit, including—

(i) an order dispensing with the requirement to give notice under paragraph 12(3) of Schedule 11 to that landlord, or

(ii) an order that such a notice has effect and has been property served even though it has not been served on that landlord;

(b) make an order appointing a person to vary a lease in accordance with paragraph 12 of Schedule 11 on behalf of the landlord or tenant;

(c) if the appropriate tribunal makes a determination that a notice under paragraph 12(3) of Schedule 11 was of no effect, it may—

(i) determine whether another landlord or tenant could have given such a notice, and

(ii) if it determines that they could have done so, order that paragraph 12 of Schedule 11 is to apply as if they had done so.

(5B) The variation of a lease on behalf of a party in consequence of an order under subsection (5A)(b) has the same force and effect (for all purposes) as if it had been executed by that party."

Member's explanatory statement

This would give the tribunal jurisdiction to deal with cases where landlords cannot be found or identified, to appoint a person to execute a variation of a lease (eg. if a party to the lease is absent or unco-operative), and to enable the Schedule to continue to apply if the notice given was of no effect.

Lee Rowley **Agreed to Gov 41**

Clause 16, page 34, line 36, leave out from beginning to end of line 2 on page 35 and insert—

"(3) An application may not be made under subsection (1) to the court unless the application relates to proceedings in respect of which the court has jurisdiction under or by virtue of any provision of Chapter 1, 2 or 7 (including section 91A)."

Member's explanatory statement

This amendment provides that applications under section 92 of the 1993 Act may be made to the county court only if the court is dealing with related proceedings under the 1993 Act.

Lee Rowley **Agreed to Gov 42**

Clause 16, page 35, line 17, leave out subsection (7)

Member's explanatory statement

This amendment is consequential on Amendment 41.

Clause, as amended, agreed to.

Clause 17 agreed to.

Lee Rowley **Agreed to Gov 43**

Clause 18, page 37, line 28, leave out "section 21C" and insert "section 21ZA"

Member's explanatory statement

This amendment is consequential on Amendments 35 and 38.

Clause, as amended, agreed to.

Clause 19 agreed to.

Lee Rowley **Agreed to Gov 73**

Schedule 6, page 117, line 39, at end insert—

"Reduction of rent under intermediate leases

5A In Schedule 1 to the LRA 1967 (enfranchisement and extension by sub-tenants), after paragraph 12 insert—

"12A(1) This paragraph applies if at the relevant time (see section 37(1)(d))—

(a) relevant rent is payable under the tenancy in possession,

(b) that relevant rent is more than a peppercorn rent, and

(c) there are one or more qualifying intermediate leases.

(2) For the purposes of this paragraph a lease is a "qualifying intermediate lease" if—

(a) the lease demises the whole or a part of the house and premises,

(b) the lease is immediately superior to—

(i) the tenancy in possession, or

(ii) one or more other leases that are themselves qualifying intermediate leases,

(c) relevant rent is payable under the lease, and

(d) that relevant rent is more than a peppercorn rent.

(3) The landlord or the tenant under a qualifying intermediate lease may, by giving notice to the reversioner and other landlords before the grant of the lease under section 14, require the rent payable under the qualifying intermediate lease to be reduced in accordance with sub-paragraphs (6) to (8).

(4) If—

(a) under sub-paragraph (3) the rent under a lease is required to be reduced in accordance with this paragraph, and

(b) that lease is superior to one or more other qualifying intermediate leases,

the rent payable under the other qualifying intermediate lease or leases is also to be reduced in accordance with sub-paragraphs (6) to (8).

(5) The landlord and tenant under a qualifying intermediate lease must vary the lease—

(a) to give effect to a reduction of the rent in accordance with sub-paragraphs (6) to (8); and

(b) to remove any terms of the lease which provide for an increase in the rent, or part of the rent, so reduced.

(6) If the whole of the rent under a qualifying intermediate lease is relevant rent, the rent under that lease is to be reduced to a peppercorn rent.

(7) If only part of the rent under a qualifying intermediate lease is relevant rent—

(a) that part of the rent is to be reduced to zero, and

(b) the total rent is to be reduced accordingly.

(8) But the amount of the reduction in a person's rental liabilities as tenant is limited to the amount of the reduction in the person's rental income as landlord; and here—

(a) "reduction in a person's rental liabilities as tenant" means the reduction in accordance with sub-paragraph (6) or (7) of the rent payable by the person as tenant under the qualifying intermediate lease;

(b) "reduction in that person's rental income as landlord" means the amount (or total amount) of the relevant reduction (or reductions) in rent payable to that person as landlord of one or more other reduced rent leases.

(9) In this paragraph—

"reduced rent lease" means—

(a) the tenancy in possession, or

(b) a qualifying intermediate lease;

"relevant reduction" means—

(a) in relation to the tenancy in possession, a reduction resulting from that tenancy being substituted by the tenancy at a peppercorn rent granted under section 14;

(b) in relation to a qualifying intermediate lease, a reduction resulting from this paragraph.

"relevant rent" means rent that has been, or would properly be, apportioned to the whole or a part of the house and premises"

5B In Schedule 11 to the LRHUDA 1993 (procedure where competent landlord is not tenant's immediate landlord), after paragraph 11 insert—

"PART 3

REDUCTION OF RENT UNDER INTERMEDIATE LEASES

12 (1) This paragraph applies if at the relevant date—

(a) relevant rent is payable under the existing lease,

(b) that relevant rent is more than a peppercorn rent, and

(c) there are one or more qualifying intermediate leases.

(2) For the purposes of this paragraph a lease is a "qualifying intermediate lease" if—

(a) the lease demises the whole or a part of the relevant flat,

(b) the lease is immediately superior to—

(i) the existing lease, or

(ii) one or more other leases that are themselves qualifying intermediate leases,

(c) relevant rent is payable under the lease, and

(d) that relevant rent is more than a peppercorn rent;

but a lease is not a qualifying intermediate lease if it is superior to the lease whose landlord is the competent landlord.

(3) The landlord or the tenant under a qualifying intermediate lease may, by giving notice to the competent landlord and other landlords before the grant of the lease under section 56, require the rent payable under the qualifying intermediate lease to be reduced in accordance with sub-paragraphs (6) to (8).

(4) If—

(a) under sub-paragraph (3) the rent under a lease is required to be reduced in accordance with this paragraph, and

(b) that lease is superior to one or more other qualifying intermediate leases,

the rent payable under the other qualifying intermediate lease or leases is also to be reduced in accordance with sub-paragraphs (6) to (8).

(5) The landlord and tenant under a qualifying intermediate lease must vary the lease—

(a) to give effect to a reduction of the rent in accordance with sub-paragraphs (6) to (8); and

(b) to remove any terms of the lease which provide for an increase in the rent, or part of the rent, so reduced.

(6) If the whole of the rent under a qualifying intermediate lease is relevant rent, the rent under that lease is to be reduced to a peppercorn rent.

(7) If only part of the rent under a qualifying intermediate lease is relevant rent—

(a) that part of the rent is to be reduced to zero, and

(b) the total rent is to be reduced accordingly.

(8) But the amount of the reduction in a person's rental liabilities as tenant is limited to the amount of the reduction in the person's rental income as landlord; and here—

(a) "reduction in a person's rental liabilities as tenant" means the reduction in accordance with sub-paragraph (6) or (7) of the rent payable by the person as tenant under the qualifying intermediate lease;

(b) "reduction in that person's rental income as landlord" means the amount (or total amount) of the relevant reduction (or reductions) in rent payable to that person as landlord of one or more other reduced rent leases.

(9) In this paragraph—

"reduced rent lease" means—

(a) the existing lease, or

(b) a qualifying intermediate lease;

"relevant flat" means the flat and any garage, outhouse, garden, yard and appurtenances that are to be demised by the lease granted under section 56;

"relevant reduction" means—

(a) in relation to the existing lease, a reduction resulting from that lease being substituted by the lease at a peppercorn rent granted under section 56;

(b) in relation to a qualifying intermediate lease, a reduction resulting from this paragraph.

"relevant rent" means rent that has been, or would properly be, apportioned to the whole or a part of the relevant flat.""

Member's explanatory statement

This would provide for rent under superior leases to be reduced where a lease is extended under the LRA 1967 or LRHUDA 1993 (at a peppercorn rent).

Lee Rowley **Agreed to Gov 74**

Schedule 6, page 118, leave out lines 1 to 22 and insert—

"PART 1A

SHARED OWNERSHIP LEASES AND THE LRA 1967 ETC

Amendment of the LRA 1967

5A The LRA 1967 is amended in accordance with paragraphs 5B to 5F.

Repeal of exclusions of shared ownership leases from Part 1 of the LRA 1967

5B (1) In section 1 (tenants entitled to enfranchisement or extension), omit subsection (1A).

(2) In section 3(2) (tenancies deemed to be long tenancies), omit the words from "(other than" to "this Act)".

(3) Omit section 33A and Schedule 4A (exclusion of certain shared ownership leases).

Rateable value limits and low rent tests not to apply to shared ownership leases

5C In section 1 (tenants entitled to enfranchisement or extension), after subsection (6) insert—

"(6A) In determining whether a tenant under a tenancy which is a shared ownership lease has the right to acquire a freehold or extended lease under this Part, the following requirements of this section do not apply—

(a) any requirement for the tenancy to be at a low rent;
(b) any requirement in subsection (1)(a)(i) or (ii) for the house and premises or the tenancy to be above a certain value."

No right of enfranchisement for certain shared ownership leases

5D Before section 36 insert—

"33B Shared ownership leases which provide for 100% acquisition etc

(1) A notice of a person's desire to have the freehold of a house and premises under this Part is of no effect if, at the relevant time, the tenancy—
(a) is a shared ownership lease, and
(b) meets conditions A to D.

(2) But conditions C and D do not need to be met if the shared ownership lease is of a description prescribed for this purpose in regulations made by the Secretary of State.

(3) *Condition A*: the tenancy allows for the tenant to increase the tenant's share in the demised premises by increments of 25% or less (whether or not the tenancy also provides for increments of more than 25%).

(4) *Condition B*: the tenancy provides—
(a) for the price payable for an increase in the tenant's share in the demised premises to be proportionate to the market value of the premises at the time the share is to be increased, and
(b) if the tenant's share is increased, for the rent payable by the tenant in respect of the landlord's share in the demised premises to be reduced by an amount reflecting the increase in the tenant's share.

(5) *Condition C*: the tenancy allows for the tenant's share in the demised premises to reach 100%.

(6) *Condition D*: if and when the tenant's share of the demised premises is 100%, the tenancy—
(a) allows for the tenant to acquire the freehold of the premises (if the landlord has the freehold), or
(b) provides that the terms of the lease which make the lease a shared ownership lease cease to have effect (if the landlord does not have the freehold),
without the payment of any further consideration.

(7) Regulations under this section are to be made by statutory instrument.

(8) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.

(9) In this section "demised premises" means the premises demised under the shared ownership lease."

Inclusion of terms for sharing staircasing payments

5E In Schedule 1 (enfranchisement and extension by sub-tenants), after paragraph 12A insert—

"12B(1) This paragraph applies if—

(a) at the relevant time—

(i) the tenancy in possession is a shared ownership lease (the "original shared ownership lease"), and

(ii) the tenant's share of the dwelling is less than 100%, and

(b) the landlord who grants the new tenancy (the "new shared ownership lease") is not the immediate landlord under the original shared ownership lease.

(2) At any time after the grant of the new shared ownership lease—

(a) the immediate landlord under the new shared ownership lease, or

(b) the landlord under any relevant intermediate lease,

may apply to the appropriate tribunal for an order making provision to secure that each relevant intermediate lease is varied to include (if or to the extent that it does not already do so) a payment sharing term.

(3) A "payment sharing term" is a term under which staircasing payments are to be shared between—

(a) the immediate landlord under the new shared ownership lease, and

(b) each landlord under a relevant intermediate lease,

in a way which fairly and reasonably reflects staircasing losses that are incurred after the variation of the lease to include this term.

(4) An order under this paragraph may include—

(a) an order relating to a relevant intermediate lease not specified in the application;

(b) an order appointing a person who is not party to a relevant intermediate lease to execute a variation of the lease.

(5) A lease is a "relevant intermediate lease" if—

(a) the lease demises some or all of the shared ownership premises, and

(b) the lease is intermediate between—

(i) the new shared ownership lease, and

(ii) the interest of the landlord who granted the new shared ownership lease.

(6) In this paragraph—

"shared ownership premises" means the premises demised by the new shared ownership lease;

"staircasing loss", in relation to a staircasing payment, means the loss that a landlord incurs because of the increase in

the tenant's share in the shared ownership premises to which the staircasing payment relates;

"staircasing payment" means a payment made by the tenant under the new shared ownership lease to their immediate landlord in consideration of an increase in the tenant's share in the shared ownership premises."

Meaning of "shared ownership lease"

5F (1) In section 37(1) (interpretation of Part 1)—

(a) after paragraph (b) insert—

"(bza) "landlord's share", in relation to a shared ownership lease, means the share in the premises demised by the lease which is not comprised in the tenant's share;";

(b) after paragraph (d) insert—

"(da) "shared ownership lease" means a lease of premises—

(i) granted on payment of a premium calculated by reference to a percentage of the value of the premises or of the cost of providing them, or

(ii) under which the tenant (or the tenant's personal representatives) will or may be entitled to a sum calculated by reference, directly or indirectly, to the value of the premises;

(db) "tenant's share", in relation to a shared ownership lease, means the tenant's initial share in the premises demised by the lease, plus any additional share or shares in those demised premises which the tenant has acquired;".

Amendment of the Housing and Planning Act 1986

5G (1) Schedule 4 to the Housing and Planning Act 1986 is amended as follows.

(2) Omit paragraphs 3 to 6 (amendments of the LRA 1967 relating to shared ownership leases).

(3) In paragraph 11—

(a) in sub-paragraph (1), after "this Schedule" insert "(other than the amendment made by paragraph 7)";

(b) omit sub-paragraph (2) (saving of section 140 of the Housing Act 1980, which excludes certain shared ownership leases from Part 1 of the LRA 1967).

PART 1B

SHARED OWNERSHIP LEASES AND THE LRHUDA 1993

Amendment of the LRHUDA 1993

5H The LRHUDA 1993 is amended in accordance with this Part of this Schedule.

Repeal of special provision for shared ownership leases in definition of "long lease"

5I In section 7 (definition of "long lease")—

(a) at the end of subsection (1)(c) insert "or";

(b) omit subsection (1)(d);

(c) in subsection (7), omit the definitions of "shared ownership lease" and "total share".

No right to collective enfranchisement for certain shared ownership leases

5J (1) In section 5 (qualifying tenants), after subsection (2)(c) insert "or

(d) the lease is an excluded shared ownership lease (see section 5A);".

(2) After section 5 insert—

"5A Excluded shared ownership leases

(1) For the purposes of this Chapter a lease is an "excluded shared ownership lease" if it—

(a) is a shared ownership lease, and

(b) meets conditions A to D.

(2) But conditions C and D do not need to be met if the shared ownership lease is of a description prescribed for this purpose in regulations made by the Secretary of State.

(3) *Condition A*: the lease allows for the tenant to increase the tenant's share in the demised premises by increments of 25% or less (whether or not the lease also provides for increments of more than 25%).

(4) *Condition B*: the lease provides—

(a) for the price payable for an increase in the tenant's share in the demised premises to be proportionate to the market value of the premises at the time the share is to be increased, and

(b) if the tenant's share is increased, for the rent payable by the tenant in respect of the landlord's share in the demised premises to be reduced by an amount reflecting the increase in the tenant's share.

(5) *Condition C*: the lease allows for the tenant's share in the demised premises to reach 100%.

(6) *Condition D*: if and when the tenant's share in the demised premises is 100%, the tenancy provides that the terms of the lease which make the lease a shared ownership lease cease to have effect, without the payment of any further consideration.

(7) In this section "demised premises" means the premises demised under the shared ownership lease."

(3) In section 38(1) (interpretation of Chapter 1 of Part 1), after the definition of "conveyance" insert—

""excluded shared ownership lease" has the meaning given in section 5A;".

Tenant under shared ownership lease to have right to new lease

5K In section 39(3)(a) (definition of qualifying tenant: application of section 5), after "subsections" insert "(2)(d),".

Consequential amendment

5L In section 77(2)(b) (qualifying tenants for audit rights), for "that section" substitute "section 101".

Collective enfranchisement: mandatory leaseback

5M In Schedule 9 to the LRHUDA 1993 (grant of leases back to the former freeholder), after paragraph 3 insert—

"Flats etc let under shared ownership leases

3A (1) This paragraph applies where immediately before the appropriate time—

(a) any flat falling within sub-paragraph (2) is let under an excluded shared ownership lease (and accordingly the tenant is not a qualifying tenant of the flat), and

(b) the landlord under the lease is the freeholder.

(2) A flat falls within this sub-paragraph if—

(a) the freehold of the whole of it is owned by the same person, and

(b) it is contained in the specified premises.

(3) Where this paragraph applies, the nominee purchaser shall grant to the freeholder (that is to say, the landlord under the shared ownership lease) a lease of the flat in accordance with section 36 and paragraph 4 below.

(4) In this paragraph any reference to a flat includes a reference to a unit (other than a flat) which is used as a dwelling."

Inclusion of terms for sharing staircasing payments

5N In Schedule 11 (procedure where competent landlord is not tenant's immediate landlord), after paragraph 10 insert—

"10A(1) This paragraph applies if—

(a) at the relevant date—

(i) the existing lease is a shared ownership lease (the "original shared ownership lease"), and

(ii) the tenant's share of the dwelling is less than 100%, and

(b) the landlord who grants the new tenancy (the "new shared ownership lease") is not the immediate landlord under the original shared ownership lease.

(2) At any time after the grant of the new shared ownership lease—

(a) the immediate landlord under the new shared ownership lease, or

(b) the landlord under any relevant intermediate lease,

may apply to the appropriate tribunal for an order making provision to secure that each relevant intermediate lease is varied to include (if or to the extent that it does not already do so) a payment sharing term.

(3) A "payment sharing term" is a term under which staircasing payments are to be shared between—

(a) the immediate landlord under the new shared ownership lease, and

(b) each landlord under a relevant intermediate lease,

in a way which fairly and reasonably reflects staircasing losses that are incurred after the variation of the lease to include this term.

(4) An order under this paragraph may include—

(a) an order relating to a relevant intermediate lease not specified in the application;

(b) an order appointing a person who is not party to a relevant intermediate lease to execute a variation of the lease.

(5) A lease is a "relevant intermediate lease" if—

(a) the lease demises some or all of the shared ownership premises, and

(b) the lease is intermediate between—

(i) the new shared ownership lease, and

(ii) the interest of the landlord who granted the new shared ownership lease.

(6) In this paragraph—

"shared ownership premises" means the premises demised by the new shared ownership lease;

"staircasing loss", in relation to a staircasing payment, means the loss that a landlord incurs because of the increase in the tenant's share in the shared ownership premises to which the staircasing payment relates;

"staircasing payment" means a payment made by the tenant under the new shared ownership lease to their immediate landlord in consideration of an increase in the tenant's share in the shared ownership premises."

Meaning of "shared ownership lease"

5P (1) In section 101(1) (general interpretation of Part 1)—

(a) after the definition of "interest" insert—

""landlord's interest" in relation to a shared ownership lease, means the share in the premises demised by the lease which is not comprised in the tenant's share;";

(b) after the entry relating to "lease" and "tenancy" insert—

""shared ownership lease" means a lease of premises—

(a) granted on payment of a premium calculated by reference to a percentage of the value of the premises or of the cost of providing them, or

(b) under which the tenant (or the tenant's personal representatives) will or may be entitled to a sum calculated by reference, directly or indirectly, to the value of the premises;

"tenant's share", in relation to a shared ownership lease, means the tenant's initial share in the premises demised by the lease, plus any additional share or shares in those demised premises which the tenant has acquired;"."

Member's explanatory statement

This adds provision about the treatment of shared ownership leases under the LRA 1967 and LRHUDA 1993.

Schedule, as amended, agreed to.

Clause 20 agreed to.

Lee Rowley **Agreed to Gov 44**

Clause 21, page 38, line 16, leave out "a peppercorn rent is payable" and substitute "the whole or part of the rent payable becomes and will remain a peppercorn rent"

Member's explanatory statement

This amendment corresponds to the change to paragraph 1(1) of Schedule 7 which would be made by Amendment 75.

Clause, as amended, agreed to.

Seventh and Eighth Sittings

Lee Rowley **Agreed to Gov 75**

Schedule 7, page 118, line 35, leave out from "have" to end of line 4 on page 119 and insert "any obligation under the lease to pay rent varied so that the whole or part of the rent payable becomes and will remain a peppercorn rent"

Member's explanatory statement

This amendment ensures that the nature of the right conferred by Schedule 7 is better described by paragraph 1(1).

Matthew Pennycook **Negatived on division 6**

Mike Amesbury

Schedule 7, page 119, line 12, leave out sub-sub-paragraph (a)

Member's explanatory statement

This amendment would ensure that all leaseholders, not just those with residential leases of 150 years or over, have the right to vary their lease to replace rent with peppercorn rent.

Lee Rowley **Agreed to Gov 76**

Schedule 7, page 119, line 20, leave out "the freehold or"

Member's explanatory statement

This amendment provides for the right to reduce the rent of a house to be available only where there is right to an extended lease under the Leasehold Reform Act 1967.

Lee Rowley **Agreed to Gov 77**

Schedule 7, page 119, line 22, leave out from "only" to "a" in line 25 and insert "by virtue of—

(i) section 1(1)(a)(i) or (ii), (5) or (6) of that Act (requirements relating to rateable value etc),

(ii) section 1(1)(aa) of that Act (requirement relating to lease at a low rent), or

(iii)"

Member's explanatory statement

This amendment provides for the right to reduce the rent of a house to also be available where there is no right to acquire an extended lease because the rateable value of the house is not low.

Lee Rowley **Agreed to Gov 78**

Schedule 7, page 119, line 38, leave out "the freehold or"

Member's explanatory statement

This amendment is consequential on Amendment 76.

Lee Rowley **Agreed to Gov 79**

Schedule 7, page 120, line 3, leave out from "to" to end of line 4 and insert "—

(a) the landlord under the qualifying lease, and
(b) any other party to the qualifying lease."

Member's explanatory statement

This amendment expands the range of persons to whom a rent variation notice must be given to include persons who are party to the lease (but are not a landlord).

Lee Rowley **Agreed to Gov 80**

Schedule 7, page 120, line 5, leave out from "notice" to end of line 7 and insert "is of no effect if it is given at a time when—

(a) a lease extension notice,
(b) a lease enfranchisement notice, or
(c) another rent variation notice,

which relates to the qualifying lease has effect.

(2A) Paragraph 3A makes provision about the suspension of a rent variation notice."

Member's explanatory statement

This provides that a rent variation notice may not be given if another such notice is already in effect; and changes the provision dealing with cases where there is a current claim for collective enfranchisement under the LRHUDA 1993.

Lee Rowley **Agreed to Gov 81**

Schedule 7, page 120, line 15, at end insert—

"(4A) A rent variation notice must also specify—
(a) the premium which the tenant is proposing to pay for the rent reduction, and
(b) any other variations which need to be made to the lease in consequence of the reduction of the rent in accordance with this Schedule."

Member's explanatory statement

This requires a rent variation notice to specify the tenant's proposals for the premium payable for the reduction in rent and for consequential changes to the lease (eg. relating to rent reviews in the lease).

Lee Rowley **Agreed to Gov 82**

Schedule 7, page 120, line 20, leave out sub-paragraphs (6) to (8) and insert—

"(6) Where a rent variation notice is given, the rights and obligations of the tenant are assignable with, but are not capable of subsisting apart from, the qualifying lease or that lease so far as it demises qualifying property (see paragraph 2(5) and (6)); and, if the qualifying lease or that lease so far as it demises qualifying property is assigned—

(a) with the benefit of the notice, any reference in this Schedule to the tenant is to be construed as a reference to the assignee;

(b) without the benefit of the notice, the notice is to be deemed to have been withdrawn by the tenant as at the date of the assignment.

(7) If a rent variation notice is the subject of a registration or notice of the kind mentioned in sub-paragraph (5), the notice is binding on—

(a) any successor in title to the whole or part of the landlord's interest under the qualifying lease, and

(b) any person holding any interest granted out of the landlord's interest;

and any reference in this Schedule to the landlord is to be construed accordingly."

Member's explanatory statement

This deals with the effect on a rent variation notice of an assignment of the lease or the reversion.

Lee Rowley **Agreed to Gov 83**

Schedule 7, page 120, line 41, at end insert—

"Suspension of rent variation notices

3A (1) This paragraph applies if conditions A and B are met.

(2) Condition A is met if—

(a) a rent variation notice is current at the time when a collective enfranchisement notice is given, or

(b) a collective enfranchisement notice is current at the time when a rent variation notice is given.

(3) Condition B is met if—

(a) the rent variation notice relates to premises to which the claim for collective enfranchisement relates, and

(b) the tenant under the lease to which the rent variation notice relates is not a participating tenant in relation to the claim for collective enfranchisement.

(4) The operation of the rent variation notice is suspended during the currency of the claim for collective enfranchisement; and so long as it is so suspended no further notice may be given, and no application may be made, under this Schedule with a view to resisting or giving effect to the tenant's claim for a peppercorn rent.

(5) Where the operation of the rent variation notice is suspended by virtue of this paragraph, the landlord must, not later than the end of the relevant response period, give the tenant a notice informing the tenant of—

(a) the suspension, and

(b) the date on which the collective enfranchisement notice was given, and

(c) the name and address of the nominee purchaser for the time being appointed in relation to the claim for collective enfranchisement.

(6) The landlord must give that notice—

(a) as soon as is reasonably practicable, if a rent variation notice is current when a collective enfranchisement notice is given; or

(b) before the end of the period for responding specified in the rent variation notice in accordance with paragraph 4(7), if a collective enfranchisement notice is current when a rent variation notice is given.

(7) Where, as a result of the claim for collective enfranchisement ceasing to be current, the operation of the rent variation notice ceases to be suspended by virtue of this paragraph—

(a) the landlord must, as soon as possible after becoming aware of the circumstances by virtue of which the claim for collective enfranchisement has ceased to be current, give the tenant a notice informing the tenant that the operation of the rent variation notice is no longer suspended as from the date when the claim for collective enfranchisement ceased to be current;

(b) any time period for performing any action under this Schedule (including the response period) which was running when the rent variation was suspended begins to run again, for its full duration, from and including the date when the claim for collective enfranchisement ceased to be current.

(8) In this paragraph—

"claim for collective enfranchisement" means the claim to which the collective enfranchisement notice relates;

"collective enfranchisement notice" means a notice under section 13 of the LRHUDA 1993 (notice of claim to exercise right to collective enfranchisement)."

Member's explanatory statement

This provides for a rent variation notice to be suspended at any time when a claim for collective enfranchisement is current, and the tenant is not participating in the collective enfranchisement.

Lee Rowley **Agreed to Gov 84**

Schedule 7, page 121, line 9, at end insert—

"and which also specifies an address in England and Wales at which notices may be given to the landlord under this Schedule."

Member's explanatory statement

This requires a counter-notice to specify an address for service for the landlord.

Lee Rowley **Agreed to Gov 85**

Schedule 7, page 121, line 13, leave out "qualifying"

Member's explanatory statement

This is a technical amendment which removes unnecessary wording.

Lee Rowley **Agreed to Gov 86**

Schedule 7, page 121, line 19, at end insert—

"and must also give the landlord's response to the proposed premium, and any other consequential variations to the lease, specified in the rent variation notice in accordance with paragraph 3(4A)."

Member's explanatory statement

This requires the landlord to respond to the tenant's proposals for the premium and consequential changes to the lease (see Amendment 81).

Lee Rowley **Agreed to Gov 87**

Schedule 7, page 121, line 29, leave out "qualifying"

Member's explanatory statement

This is a technical amendment which removes unnecessary wording.

Lee Rowley **Agreed to Gov 88**

Schedule 7, page 121, line 36, leave out paragraphs 5 and 6 and insert—

"Application to appropriate tribunal where claim or terms not agreed

5 (1) This paragraph applies if the landlord is given a rent variation notice by the tenant.

(2) If the landlord gives the tenant a counter-notice before the end of the response period which disputes—

(a) that the tenant had the right to a peppercorn rent,

(b) that the right applies to the rent in respect of which it is claimed,

(c) the amount of the premium which the tenant is proposing to pay, or

(d) the consequential variations of the lease proposed by the tenant,

the landlord or tenant may apply to the appropriate tribunal to determine the matters in dispute.

(3) Any application under sub-paragraph (2) must be made before the end of the period of 6 months beginning with the day after the day on which the counter-notice is given.

(4) If the landlord does not give the tenant a counter-notice before the end of the response period, the tenant may apply to the appropriate tribunal to determine—

(a) whether the tenant has the right to a peppercorn rent,

(b) what rent that right applies in respect of,

(c) the amount of the premium which the tenant is to pay, or

(d) the variations of the lease that are to be made.

(5) Any application under sub-paragraph (4) must be made before the end of the period of 6 months beginning with the day after the last day of the response period."

Member's explanatory statement

This provides for the Tribunal to have jurisdiction where the tenant's claim for a peppercorn rent or the terms of lease variation are not agreed by the landlord.

Lee Rowley **Agreed to Gov 89**

Schedule 7, page 123, line 12, after "tenant" insert ", and any other party to the qualifying lease,"

Member's explanatory statement

This requires any third parties to a lease to join in variation of the lease to reduce the rent payable.

Lee Rowley **Agreed to Gov 90**

Schedule 7, page 123, line 13, leave out "before the end of the payment period"

Member's explanatory statement

The removes the separate period for payment of the premium for the rent reduction.

Lee Rowley **Agreed to Gov 91**

Schedule 7, page 123, line 16, leave out from "when" to end of line 29 and insert "the landlord admits or the appropriate tribunal determines—

(a) that the tenant has the right to a peppercorn rent, and

(b) all the terms on which the lease is to be varied, including what premium is payable."

Member's explanatory statement

This provides for a rent variation notice to be enforceable from the time when it is settled that there is a right to a peppercorn rent and the terms of the variation are settled (whether by agreement or by the Tribunal).

Lee Rowley **Agreed to Gov 92**

Schedule 7, page 123, line 30, leave out from "is" to end of line 34 and insert "the variation of the lease as admitted by the landlord or determined by the appropriate tribunal (see sub-paragraph (3)(b))."

Member's explanatory statement

This provides for the rent variation to be in accordance with the terms that are settled (whether by agreement or by the Tribunal).

Lee Rowley **Agreed to Gov 93**

Schedule 7, page 123, line 35, after "is" insert "the value of the right to receive rent over the remaining term of the qualifying lease.

(5A) Except in the case of a lease falling within paragraph 8, 10 or 10A of Schedule 2 (market rack rent lease, lease already renewed under the LRA 1967 or business tenancy), that value is"

Member's explanatory statement

This amendment would mean that, if a lease is at a market rack rent or has already been renewed under the LRA 1967, the premium payable for a rent reduction would be the value of the right to receive that rent for the rest of the term, and that value would not be calculated using paragraph 22 of Schedule 2.

Lee Rowley **Agreed to Gov 94**

Schedule 7, page 123, leave out lines 38 to 40

Member's explanatory statement

This is consequential on Amendment 90.

Lee Rowley **Agreed to Gov 95**

Schedule 7, page 123, line 43, at end insert—

"Reduction of rent under intermediate leases

7A (1) This paragraph applies if, at the time when a rent variation notice is given, there are one or more qualifying intermediate leases.

(2) For the purposes of this paragraph a lease is a "qualifying intermediate lease" if—

(a) the lease demises the whole or a part of the property to which the rent variation notice relates,

(b) the lease is immediately superior to—

(i) the lease to which the rent variation notice relates, or

(ii) one or more other leases that are themselves qualifying intermediate leases,

(c) relevant rent is payable under the lease, and

(d) that relevant rent is more than a peppercorn rent.

(3) The landlord or the tenant under a qualifying intermediate lease may, by giving notice to the relevant landlord or landlords before the variation of lease to which the rent variation notice relates, require the rent payable under the qualifying intermediate lease to be reduced in accordance with sub-paragraphs (6) to (8).

(4) If—

(a) under sub-paragraph (3) the rent under a lease is required to be reduced in accordance with this paragraph, and

(b) that lease is superior to one or more other qualifying intermediate leases,

the rent payable under the other qualifying intermediate lease or leases is also to be reduced in accordance with sub-paragraphs (6) to (8).

(5) The landlord and tenant under a qualifying intermediate lease must vary the lease—

(a) to give effect to a reduction of the rent in accordance with sub-paragraphs (6) to (8), and

(b) to remove any terms of the lease which provide for an increase in the rent, or part of the rent, so reduced.

(6) If the whole of the rent under a qualifying intermediate lease is relevant rent, the rent under that lease is to be reduced to a peppercorn rent.

(7) If only part of the rent under a qualifying intermediate lease is relevant rent—

(a) that part of the rent is to be reduced to zero, and

(b) the total rent is to be reduced accordingly.

(8) But the amount of the reduction in a person's rental liabilities as tenant is limited to the amount of the reduction in the person's rental income as landlord; and here—

(a) "reduction in a person's rental liabilities as tenant" means the reduction in accordance with sub-paragraph (6) or (7) of the rent payable by the person as tenant under the qualifying intermediate lease;

(b) "reduction in that person's rental income as landlord" means the amount (or total amount) of the relevant reduction (or reductions) in rent payable to that person as landlord of one or more other reduced rent leases.

(9) In this paragraph—

"reduced rent lease" means—

(a) the lease to which the rent variation notice relates, or

(b) a qualifying intermediate lease;

"relevant landlord" means—

(a) the landlord under the qualifying lease, and

(b) any superior landlord who must be given a copy of the rent variation notice in accordance with paragraph 9D or 9E;

"relevant reduction" means—

(a) in relation to the lease to which the rent variation notice relates, a reduction resulting from that tenancy being varied in accordance with the other provisions of this Schedule;

(b) in relation to a qualifying intermediate lease, a reduction resulting from this paragraph.

"relevant rent" means rent that has been, or would properly be, apportioned to the whole or a part of the property to which the rent variation notice relates."

Member's explanatory statement

This provides for rent to be reduced (commuted) under leases that are superior to the lease in respect of which a rent variation notice is given under Schedule 7.

Lee Rowley **Agreed to Gov 96**

Schedule 7, page 124, line 9, at end insert—

"(2A) An order under this paragraph may appoint a person to execute the variation of the lease on behalf of a party to the variation; and a variation executed in consequence of such an order has the same force and effect (for all purposes) as if it had been executed by that party."

Member's explanatory statement

This authorises the Tribunal to appoint a person a execute the variation of a lease on behalf a party (eg. if they are absent or unco-operative).

Lee Rowley **Agreed to Gov 97**

Schedule 7, page 124, line 11, leave out from first "of" to end of line 12 and insert "four months beginning with the day on which the rent variation notice becomes enforceable (within the meaning of paragraph 7)."

Member's explanatory statement

This changes the period within which an application under paragraph 8 may be made.

Lee Rowley **Agreed to Gov 98**

Schedule 7, page 124, line 12, at end insert—

"*Missing landlord or third party*

8A (1) On an application made by the tenant under a qualifying lease, the appropriate tribunal may make a determination that the landlord under, or another party to, a qualifying lease cannot be found or their identity cannot be ascertained.

(2) The following provisions of this paragraph apply if the appropriate tribunal makes such determination.

(3) The appropriate tribunal may make such order as it thinks fit including—

(a) an order dispensing with the requirement to give notice under paragraph 3 to that landlord or other party, or

(b) an order that such a notice has effect and has been properly served even though it has not been served on that landlord or other party.

(4) If the appropriate tribunal is satisfied that the tenant has the right to a peppercorn rent, the tribunal make such order as it thinks fit with respect to the variation of the qualifying lease to give effect to that right.

(5) An order under sub-paragraph (4) may appoint a person to execute the variation of the lease on behalf of a party to the variation; and a variation executed in consequence of such an order has the same force and effect (for all purposes) as if it had been executed by that party.

(6) Before making a determination or order under this paragraph, the appropriate tribunal may require the tenant to take such further steps by way of advertisement or otherwise as the court thinks proper for the purpose of tracing the person in question.

(7) If, after an application is made under this paragraph and before the lease is varied to give effect to the right to a peppercorn rent, the landlord or other party is traced—

(a) no further proceedings shall be taken with a view to a lease being varied in accordance with this paragraph,

(b) the rights and obligations of all parties shall be determined as if the tenant had, at the date of the application, duly given the rent variation notice, and

(c) the appropriate tribunal may give such directions as it thinks fit as to the steps to be taken for giving effect to the right to a peppercorn rent, including directions modifying or dispensing with any of the requirements of this Schedule or any regulations."

Member's explanatory statement

This enables the Tribunal to deal with the situation where the landlord or third party to a lease cannot be found or identified.

Lee Rowley **Agreed to Gov 99**

Schedule 7, page 124, line 15, after "landlord" insert ", before the lease is varied in pursuance of the rent variation notice,"

Member's explanatory statement

This clarifies that a notice of withdrawal can only be given before the lease is varied.

Lee Rowley **Agreed to Gov 100**

Schedule 7, page 124, line 17, leave out from "is" to end of line 17 and insert "varied in accordance with the notice"

Member's explanatory statement

This provides that rent variation notice ceases to have effect when the lease is varied in accordance with the notice.

Lee Rowley **Agreed to Gov 101**

Schedule 7, page 124, line 19, leave out paragraph (c) and insert—

"(c) a lease enfranchisement notice or lease extension notice which relates to the qualifying lease is given;"

Member's explanatory statement

This is consequential on Amendment 119.

Lee Rowley **Agreed to Gov 102**

Schedule 7, page 124, line 21, leave out paragraph (d) and insert—

"(d) any order setting aside the notice is made by the appropriate tribunal or a court;"

Member's explanatory statement

This is a technical amendment to correct the reference to kind of order that would be made.

Lee Rowley **Agreed to Gov 103**

Schedule 7, page 124, line 22, at end insert—

"(da) the appropriate tribunal determines on an application under paragraph 5 that the tenant does not have the right to a peppercorn rent;

(db) the period of six months mentioned in paragraph 5(3) or (5) ends, where the application mentioned there could be made, but is not made before the end of that period;

(dc) the period of four months mentioned in paragraph 8(3) ends, where the application mentioned there could be made, but is not made before the end of that period;"

Member's explanatory statement

This sets out additional circumstances in which a rent variation notice ceases to have effect.

Lee Rowley **Agreed to Gov 104**

Schedule 7, page 124, line 28, leave out from "effect," to end of line 16 on page 125 and insert "except for any obligation arising under any provision of the LRA 1967 or the LRHUDA 1993 that applies by virtue of paragraph 11."

Member's explanatory statement

This clarifies which obligations continue after a rent variation notice ceases to have effect.

Lee Rowley **Agreed to Gov 105**

Schedule 7, page 125, line 16, at end insert—

"Tenant's liability for costs

9A (1) A tenant is not liable for any costs incurred by any other person as a result of the tenant's exercise of the right to a peppercorn rent, except as referred to in—

(a) sub-paragraph (4),

(b) paragraph 9B (liability where claim ceases to have effect), and

(c) paragraph 9C (liability where tenant obtains the variation of the lease).

(2) A former tenant is not liable for any costs incurred by any other person as a result of the former tenant's claim to the right to a peppercorn rent,except as referred to in sub-paragraphs (4) and (5).

(3) A lease, transfer, contract or other arrangement is accordingly of no effect to the extent it would provide to the contrary.

(4) A tenant or former tenant is liable for costs incurred by another person in connection with proceedings before a court or tribunal if—

(a) the court or tribunal has power under this Schedule or another enactment to order that the tenant or former tenant pay those costs, and

(b) the court or tribunal makes such an order.

(5) A former tenant is liable for costs incurred by a successor in title to the extent agreed between the former tenant and that successor in title.

(6) In this paragraph and paragraphs 9B and 9C—

"claim" includes an invalid claim;

"former tenant" means a person who was a tenant making a claim to the right to a peppercorn rent, but is no longer a tenant.

Liability for costs: failed claims

9B (1) A tenant is liable to the landlord for a prescribed amount in respect of non-litigation costs if the tenant's claim ceases to have effect by virtue of paragraph 9(1), unless it ceases to have effect by virtue of—

(a) paragraph 9(1)(b), or

(b) paragraph 9(1)(e) because of the application of section 55 of the LRHUDA 1993.

(2) For the purposes of this paragraph—

(a) "prescribed" means prescribed by, or determined in accordance with, regulations made—

(i) in relation to England, by the Secretary of State;

(ii) in relation to Wales, by the Welsh Ministers;

(b) "non-litigation costs" are costs that are or could be incurred by a landlord as a result of a claim under this Schedule other than in connection with proceedings before a court or tribunal;

(c) where a claim ceases to have effect by virtue of a person who was a tenant assigning their lease without assigning the claim under paragraph 3(6), "tenant" includes that person.

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

Liability for costs: successful claims

9C (1) A tenant is liable to the landlord for the amount referred to in subsection (2) if—

(a) the tenant makes a claim to the right to a peppercorn rent,
(b) the rent is reduced in consequence of the claim,
(c) the premium payable by the tenant for the variation of the lease is less than a prescribed amount,
(d) the landlord incurs costs as a result of the claim,
(e) the costs are incurred other than in connection with proceedings before a court or tribunal,
(f) the costs incurred by the landlord are reasonable, and
(g) the costs are more than the premium payable.

(2) The amount is the difference between—
(a) the premium payable by the tenant, and
(b) the costs incurred by the landlord, or, if those costs exceed a prescribed amount, that prescribed amount.

(3) In this paragraph "prescribed" means prescribed by, or determined in accordance with, regulations made—
(a) in relation to England, by the Secretary of State;
(b) in relation to Wales, by the Welsh Ministers.

(4) A statutory instrument containing regulations under this paragraph is subject to the negative procedure."

Member's explanatory statement

This provides for a tenant's liability for costs incurred by other persons in connection with a claim for a peppercorn rent.

Lee Rowley **Agreed to Gov 106**

Schedule 7, page 125, line 16, at end insert—

"Duty of landlord to give copies of the rent variation notice to superior landlords

9D (1) This paragraph applies if the landlord is given a rent variation notice by the tenant.

(2) The landlord must give a copy of the rent variation notice to any person whom the landlord believes is a superior landlord.

(3) But that duty does not apply if the landlord has been notified under paragraph 9E(5)(b) that a copy of the rent variation notice has been given to that person.

(4) The landlord must comply with that duty as soon as reasonably practicable after—
(a) being given the rent variation notice, or
(b) forming the belief that a person is a superior landlord (if that is after the rent variation notice was given).

(5) If the landlord gives a copy of the rent variation notice to a person under sub-paragraph (2), the landlord must, together with the copy, give that person the names of—

(a) all of the persons to whom the landlord has given a copy of the notice under this paragraph, and

(b) any other persons that the landlord is aware have been given a copy of the notice.

(6) If the landlord fails to comply with a duty in this paragraph, the landlord is liable in damages for any loss suffered by any other person as a result of the failure.

Duty of superior landlord to give copies of the rent variation notice to other superior landlords

9E (1) This paragraph applies if a superior landlord is given a copy of a rent variation notice under paragraph 9D or this paragraph.

(2) The superior landlord (the "forwarding landlord") must give a copy of the rent variation notice to any person whom the forwarding landlord believes is a superior landlord.

(3) But that duty does not apply if the forwarding landlord has been notified under paragraph 9D or this paragraph that a copy of the rent variation notice has been given to that person.

(4) The forwarding landlord must comply with that duty as soon as reasonably practicable after—

(a) being given the copy of the rent variation notice, or

(b) forming the belief that a person is a superior landlord (if that is after the copy of the rent variation notice was given).

(5) If the forwarding landlord gives a copy of the rent variation notice to a person under sub-paragraph (2), the forwarding landlord—

(a) must, together with the copy, give that person the names of—

(i) all of the persons to whom the forwarding landlord has given a copy of the notice under this paragraph, and

(ii) any other persons that the forwarding landlord is aware have been given a copy of the notice;

(b) must notify the landlord that the forwarding landlord has given the copy to that person.

(6) If the forwarding landlord fails to comply with a duty in this paragraph, the forwarding landlord is liable in damages for any loss suffered by any other person as a result of the failure."

Member's explanatory statement

This requires notice of a claim for a peppercorn rent to be given to superior landlords.

Lee Rowley **Agreed to Gov 107**

Schedule 7, page 125, line 18, leave out paragraph 10

Member's explanatory statement

This is consequential on Amendment 109.

Lee Rowley **Agreed to Gov 108**

Schedule 7, page 127, leave out line 1 and insert "*Provisions of the LRHUDA 1993 that apply for the purposes of this Schedule*"

Member's explanatory statement

This is consequential on Amendment 109.

Lee Rowley **Agreed to Gov 109**

Schedule 7, page 127, line 4, leave out from first "Schedule" to end of line 5 and insert "(whether in its application to a house or flat)"

Member's explanatory statement

This provides for paragraph 11 to apply to all claims under Schedule 7, not just to claims where the qualifying lease is of a flat (and so it means that paragraph 10 is longer needed).

Lee Rowley **Agreed to Gov 110**

Schedule 7, page 127, line 19, first column, leave out "and (4)" and insert "(a) and (c)"

Member's explanatory statement

This alters the provision in section 56 of the LRHUDA 1993 which is applied to Schedule 7.

Lee Rowley **Agreed to Gov 111**

Schedule 7, page 127, second column, leave out line 19 and insert "The reference to any premium and other amounts payable by virtue of Schedule 13 has effect as a reference to the required premium payable under paragraph 7 of this Schedule"

Member's explanatory statement

This modifies the wording of section 56 of the LRHUDA 1993 in its application to Schedule 7.

Lee Rowley **Agreed to Gov 112**

Schedule 7, page 127, line 24, first column, leave out "(1), (2), (5), (6) and (7)" and insert ", except for subsection (4)"

Member's explanatory statement

This alters the provision in section 58 of the LRHUDA 1993 which is applied to Schedule 7.

Lee Rowley **Agreed to Gov 113**

Schedule 7, page 127, line 24, second column, insert "A reference to the new lease has effect as a reference to the deed of variation of the lease"

Member's explanatory statement

This modifies the wording of section 58 of the LRHUDA 1993 in its application to Schedule 7.

Lee Rowley **Agreed to Gov 114**

Schedule 7, page 127, leave out lines 28 to 31

Member's explanatory statement

This removes provision of the LRHUDA 1993 which no longer needs to apply to Schedule 7.

Lee Rowley **Agreed to Gov 115**

Schedule 7, page 128, line 10, at end insert—

"Schedule 12, paragraph 9 (inaccurate notices)"	

Member's explanatory statement

This adds further provision of the LRHUDA 1993 which is to apply to Schedule 7.

Lee Rowley **Agreed to Gov 116**

Schedule 7, page 128, line 21, at end insert—

"Property which the tenant is, or is not, entitled to have demised under a new lease	Property in respect of which the tenant has, or does not have, the right to a peppercorn rent under this Schedule
The premium payable for the new lease	The required premium payable under paragraph 7 of this Schedule
A notice under section 42 to claim the right to a new lease	A rent variation notice"

Member's explanatory statement

This provides for the modification of additional terminology used in the LRHUDA 1993 in its application to Schedule 7.

Lee Rowley **Agreed to Gov 117**

Schedule 7, page 129, line 13, at end insert—

"(4A) Regulations under this paragraph are subject to the negative procedure."

Member's explanatory statement

This makes regulations under paragraph 12 subject to the negative procedure (see clause 62(4)).

Lee Rowley **Agreed to Gov 118**

Schedule 7, page 129, line 18, leave out paragraph (d)

Member's explanatory statement

This is consequential on Amendment 104.

Lee Rowley **Agreed to Gov 119**

Schedule 7, page 129, leave out lines 29 to 37 and insert—

""lease enfranchisement notice" means a notice under—

(a) section 8 of the LRA 1967 (notice of desire to acquire freehold of house), or

(b) section 13 of the LRHUDA 1993 (notice of claim to exercise right to collective enfranchisement);

and a lease enfranchisement notice under section 13 of the LRHUDA 1993 relates to the qualifying lease if the tenant under the lease is one of the participating tenants in relation to the claim under the notice;

"lease extension notice" means a notice under—

(a) section 14 of the LRA 1967 (notice of desire to extend lease of house), or

(b) section 42 of the LRHUDA 1993 (notice of claim to exercise right to acquire new lease of flat);"

Member's explanatory statement

This provides for separate definitions of "lease enfranchisement notice" and "lease extension notice" (instead of a single definition of both terms).

Lee Rowley **Agreed to Gov 120**

Schedule 7, page 129, leave out line 39

Member's explanatory statement

This is consequential on Amendment 104.

Schedule, as amended, agreed to.

Barry Gardiner **Withdrawn after debate 129**

Clause 22, page 38, line 21, leave out "50%" and insert "75%"

Member's explanatory statement

This amendment would allow leaseholders with a higher proportion of commercial or non-residential space in their building to claim the Right to Manage.

Matthew Pennycook **Withdrawn after debate 26**

Mike Amesbury

Clause 22, page 38, line 21, at end insert—

"(b) after paragraph 1(4) insert—

"(5) The Secretary of State or the Welsh Ministers may by regulations amend this paragraph to provide for a different description of premises falling within section 72(1) to which this Chapter does not apply.""

Member's explanatory statement

This amendment would enable the Secretary of State or (in the case of Wales) the Welsh Ministers to change the description of premises which are excluded from the right to manage. By virtue of Amendment 27, such a change would be subject to the affirmative resolution procedure.

Matthew Pennycook **Not called 27**

Mike Amesbury

Clause 22, page 38, line 21, at end insert—

"(2) In section 178 of the CLRA 2002—

(a) in subsection (4), after "171", insert ", paragraph 1(5) of Schedule 6";

(b) after subsection (5), insert—

"(6) Regulations shall not be made by the Welsh Ministers under paragraph 1(5) of Schedule 6 unless a draft of the instrument has been laid before and approved by resolution of Senedd Cymru.""

Member's explanatory statement

See explanatory statement to Amendment 26.

Clause agreed to.

Lee Rowley **Agreed to Gov 45**

Clause 23, page 39, line 30, at end insert—

"(8) See also sections 20CA and 20J of the Landlord and Tenant Act 1985, which prevent costs in connection with a claim under this Chapter being recovered by way of a variable service charge (within the meaning of section 18 of that Act)."

Member's explanatory statement

This amendment is consequential on NC7.

Matthew Pennycook **Negatived on division 7**

Mike Amesbury

Clause 23, page 39, leave out from line 31 to line 32 on page 40

Member's explanatory statement

This amendment would leave out the proposed new section 87B of the Commonhold and Leasehold Reform Act 2002 and so ensure that RTM companies cannot incur costs in instances where claims cease.

Clause, as amended, agreed to.

Clauses 24 and 25 agreed to.

Matthew Pennycook **Withdrawn after debate 10**

Mike Amesbury

Clause 26, page 42, leave out lines 12 and 13

Member's explanatory statement

This amendment would ensure that the statutory test of reasonableness would apply to fixed service charges.

Lee Rowley **Agreed to Gov 46**

Clause 26, page 42, line 19, leave out ", and subsection (2)"

Member's explanatory statement

This amendment is consequential on NC6.

Clause, as amended, agreed to.

Matthew Pennycook **Withdrawn after debate 11**

Mike Amesbury

Clause 27, page 43, leave out line 12

Member's explanatory statement

This amendment would remove provision for the appropriate authority to exempt certain categories of landlord from the requirements relating to service charge demands set out in subsection (1) of the clause.

Lee Rowley **Agreed to Gov 47**

Clause 27, page 43, line 24, after "1987" insert "("the LTA 1987")"

Member's explanatory statement

This amendment and Amendment 54 align references to the Landlord and Tenant Act 1987 with other references to Acts.

Matthew Pennycook **Withdrawn after debate 12**

Mike Amesbury

Clause 27, page 43, line 38, at end insert—

"(c) in section 48 (notification by landlord of address for service of notices), after subsection (3) insert—

"(3A) Subsections (2) and (3) do not apply in relation to a written demand for payment of a service charge if section 21C of the Landlord and Tenant Act 1985 requires the demand to include information which subsection (1) also requires to be provided to the tenant.""

Member's explanatory statement

This amendment would ensure consistency between the information requirements provided for by Clause 27 and specific contractual requirements set out in leases.

Clause, as amended, agreed to.

Barry Gardiner **Negatived on division 130**

Clause 28, page 44, line 17, at end insert—

"(iii) a statement of all transactions relating to any sinking fund or reserve fund."

Member's explanatory statement

This amendment would require the written statement of account which the landlord will be required to provide to a tenant to include a statement of all transactions relating to any sinking fund or reserve fund in which their monies are held.

Barry Gardiner **Withdrawn after debate 131**

Clause 28, page 44, line 34, at end insert—

"(4A) Any of the contributing tenants, or the sole contributing tenant, may withhold payment of a service charge if the tenant has reasonable grounds for believing that the payee has failed to comply with the duty imposed by subsections (1) to (4); and any provisions of the tenancy relating to non-payment or late payment of service charges do not have effect in relation to any period for which a service charge is withheld in accordance with this subsection."

Member's explanatory statement

This amendment would enable leaseholders to withhold service charge payments where the landlord has failed to comply with the obligation to provide a written statement of account in the specified form and manner within the six month period from the end of the financial year.

Matthew Pennycook **Negatived on division 13**

Mike Amesbury

Clause 28, page 45, line 4, at end insert—

"(8) Where a landlord of any such premises fails to comply with the terms implied into a lease by subsection (2), any rent, service charge or administration charge otherwise due from the tenant to the landlord shall be treated for all purposes as not being due from the tenant to the landlord at any time before the landlord does comply with those subsections."

Member's explanatory statement

This amendment would require courts and tribunals to treat the landlord's compliance with the implied term requirement for annual accounts and certification as a condition precedent to the lessee's obligation to pay their service charges.

Matthew Pennycook **Not called 14**

Mike Amesbury

Clause 28, page 45, line 40, at end insert—

"(9) Where a landlord fails to comply with subsection (1), any rent, service charge or administration charge otherwise due from the tenant to the landlord shall be treated for all purposes as not being due from the tenant to the landlord at any time before the landlord does comply with that subsection."

Member's explanatory statement

This amendment would require courts and tribunals to treat the landlord's compliance with the implied term requirement for annual accounts and certification as a condition precedent to the lessee's obligation to pay their service charges.

Clause agreed to.

Matthew Pennycook **Withdrawn after debate 15**

Mike Amesbury

Clause 29, page 46, line 19, at end insert—

"(3) Information specified for the purposes of section (1) must include accruals and prepayments and digital copies of service charge accounts."

Member's explanatory statement

This amendment would ensure that regulations made by the appropriate authority must provide tenants with the right to accruals and prepayments and digital copies of service charge accounts.

Matthew Pennycook **Negatived on division 16**

Mike Amesbury

Clause 29, page 48, leave out lines 1 to 8 and insert—

"(4) P may not charge R any sum in excess of the prescribed amount in respect of the costs incurred by P in doing anything required under section 21F or this section.

(5) The prescribed amount means an amount specified in regulations by the appropriate authority; and such regulations may prescribe different amounts for different activities.

(6) If P is a landlord, P may not charge the tenant for the costs of allowing the tenant access to premises to inspect information (but may charge for the making of copies)."

Member's explanatory statement

This amendment would make the appropriate authority (i.e. the Secretary of State or the Welsh Ministers) responsible for setting a prescribed amount for the costs of providing information to

leaseholders. That prescribed amount would be the maximum amount that freeholders and managing agents employed by them could seek to recover through a service charge.

Barry Gardiner **Not called 132**

Clause 29, page 48, leave out lines 1 and 2

Member's explanatory statement

This amendment would prevent a landlord from recovering the costs of complying with the requirements to provide information imposed by new sections 21F and 21G.

Barry Gardiner **Not called 133**

Clause 29, page 48, line 3, leave out "But,"

Member's explanatory statement

This amendment is consequential on Amendment 132.

Clause agreed to.

Matthew Pennycook **Withdrawn after debate 19**

Mike Amesbury

Clause 30, page 49, line 15, leave out "damages" and insert "penalties"

Member's explanatory statement

This amendment, together with Amendments 20 to 25, would make clear that the sum to be paid to the tenant in circumstances where a landlord failed to comply with duties relating to service charges is a punishment rather than a recompense for loss to the leaseholder thus ensuring it is not necessary to provide proof of financial loss. See also Amendments 17 and 18.

Matthew Pennycook **Not called 20**

Mike Amesbury

Clause 30, page 49, line 27, leave out "damages" and insert "penalties"

Member's explanatory statement

See explanatory statement to Amendment 19.

Barry Gardiner **Not called 134**

Clause 30, page 49, line 29, at end insert—

"(4A) An order under subsection (2)(c) or (4)(c) may include an order that the landlord remedy any breach revealed by the application in respect of any other leaseholder.

(4B) Where the tribunal makes on order under subsection (4A), the tribunal may make an order that the landlord, or (as the case may be) D, pay damages to any other leaseholder in respect of whom a breach revealed by the application must be remedied."

Member's explanatory statement

This amendment would enable a tribunal to order the remedy of a breach in respect of, and damages to be paid to, a leaseholder affected by a breach revealed by the application to the tribunal, even if that leaseholder is not a party to the litigation.

Matthew Pennycook **Not called 21**

Mike Amesbury

Clause 30, page 49, line 30, leave out "Damages" and insert "Penalties"

Member's explanatory statement

See explanatory statement to Amendment 19.

Matthew Pennycook **Withdrawn after debate 17**

Mike Amesbury

Clause 30, page 49, line 30, leave out "£5,000" and insert "£30,000"

Member's explanatory statement

This amendment would raise the cap on penalties under this section (see explanatory statement to Amendment 19) for a failure to comply with duties relating to service charges to £30,000.

Richard Fuller **Not called 142**

Clause 30, page 49, line 30, leave out "£5,000" and insert "£50,000"

Member's explanatory statement

This amendment would increase from £5,000 to £50,000 the maximum amount of damages which may be awarded for a failure on the part of a landlord to comply with the obligations imposed by new sections 21C (service charge demands), 21E (annual reports), or 21F or 21G (right to obtain information on request) of the Landlord and Tenant Act 1985.

Matthew Pennycook **Not called 18**

Mike Amesbury

Clause 30, page 49, line 30, at end insert—

"(6) Penalties under this section must be at least £1,000."

Member's explanatory statement

This amendment would insert a floor on penalties under this section (see explanatory statement to Amendment 19) of £1,000.

Matthew Pennycook **Not called 22**

Mike Amesbury

Clause 30, page 49, line 34, leave out "damages" and insert "penalties"

Member's explanatory statement

See explanatory statement to Amendment 19.

Matthew Pennycook **Not called 23**

Mike Amesbury

Clause 30, page 49, line 39, leave out "damages" and insert "penalties"

Member's explanatory statement

See explanatory statement to Amendment 19.

Matthew Pennycook **Not called 24**

Mike Amesbury

Clause 30, page 49, line 41, leave out "damages" and insert "penalties"

Member's explanatory statement

See explanatory statement to Amendment 19.

Matthew Pennycook **Not called 25**

Mike Amesbury

Clause 30, page 50, line 2, leave out "damages" and insert "penalties"

Member's explanatory statement

See explanatory statement to Amendment 19.

Lee Rowley **Agreed to Gov 48**

Clause 30, page 50, line 14, leave out subsections (4) and (5)

Member's explanatory statement

This amendment is consequential on Amendment 123.

Clause, as amended, agreed to.

Lee Rowley **Agreed to Gov 49**

Clause 31, page 50, line 24, leave out from beginning to "insert" in line 25 and insert "After section 20F of the LTA 1985"

Member's explanatory statement

This amendment is consequential on Amendment 51.

Barry Gardiner **Negatived on division 151**

Clause 31, page 50, line 32, leave out from beginning to end of line 32 and insert—

"(a) exceed the net rate charged by the insurance underwriter for the insurance cover, and"

Member's explanatory statement

This amendment would define an excluded insurance cost as any cost in excess of the actual charge made by the underwriter for placing the risk, where such cost is not a permitted insurance payment.

Barry Gardiner **Not called 135**

Clause 31, page 50, line 34, at end insert—

"(2A) Costs for insurance are also "excluded insurance costs" where—

(a) a recognised tenants' association has not been provided in advance with three quotations from reputable insurance companies or brokers, or

(b) the recognised tenants' association has not had the opportunity to submit a further quotation (in addition to the quotations required by paragraph (a)), which the landlord must consider prior to placing the insurance."

Member's explanatory statement

This amendment would require a landlord to provide a recognised tenants' association with three insurance quotes before placing the insurance, and provide an opportunity for a recognised tenants' association to submit an alternative quotation.

Barry Gardiner **Negatived on division 152**

Clause 31, page 50, line 35, leave out from beginning to end of line 6 on page 51

Member's explanatory statement

This amendment, to leave out subsection (3) of the proposed new section 20G of the Landlord and Tenant Act 1985, is consequential on Amendment 151.

Barry Gardiner **Negatived on division 153**

Clause 31, page 51, line 18, at end insert—

"(5A) The regulations must specify a broker's reasonable remuneration at market rates as a permitted insurance payment.

(5B) The regulations must exclude any payment which arises, directly or indirectly, from any breach of trust, fiduciary obligation or failure to act in the best interests of the tenant."

Member's explanatory statement

This amendment would require "permitted insurance payment" to include payment of a reasonable sum to a broker at market rates for placing the cover, and to exclude any payments which have arisen from wrongdoing.

Lee Rowley **Agreed to Gov 50**

Clause 31, page 51, line 36, leave out "A" and insert "For the purposes of this section, a"

Member's explanatory statement

This amendment is consequential on NC7.

Barry Gardiner **Not called 137**

Clause 31, page 52, line 24, leave out third "the" and insert "a reasonable"

Member's explanatory statement

This amendment would ensure that the costs which a landlord can recover from tenants in making "permitted insurance payments" are reasonable.

Lee Rowley **Agreed to Gov 51**

Clause 31, page 52, line 33, leave out subsection (3)

Member's explanatory statement

This amendment is consequential on Amendment 123.

Clause, as amended, agreed to.

Barry Gardiner **Not called 154**

Clause 32, page 51, line 3, leave out "Sub-paragraph (2) applies" and insert "Sub-paragraphs (1A) and (2) apply"

Member's explanatory statement

This is a paving amendment for Amendment 155.

Barry Gardiner **Not called 155**

Clause 32, page 53, line 5, at end insert—

"(1A) Within six weeks of the insurance being effected, the insurer, or, where the insurance has been arranged by a broker, the broker, must provide all tenants with a written copy of the contract of insurance."

Member's explanatory statement

This amendment would ensure that tenants are provided with the contract of insurance which covers their building.

Barry Gardiner **Not called 136**

Clause 32, page 53, line 12, at end insert—

"(2A) Regulations under sub-paragraph (2) must specify the contract of insurance containing the full extent of the protection afforded by the insurance, and the associated costs."

Member's explanatory statement

This amendment would require a landlord to provide a tenant with the contract of insurance containing the full extent of the protection afforded by the insurance, and the associated costs.

Barry Gardiner **Not called 156**

Clause 32, page 53, line 22, leave out from beginning to the end of line 23

Member's explanatory statement

This amendment, to remove sub-paragraph (7) of new paragraph 1A of the Schedule to the LTA 1985, would remove the landlord's right to charge tenants for providing them with information about insurance.

Barry Gardiner **Negatived on division 157**

Clause 32, page 54, line 20, leave out from beginning to the end of line 21

Member's explanatory statement

This amendment, to remove sub-paragraph (7) of new paragraph 1B of the Schedule to the LTA 1985, would remove the right of a person required to provide information about insurance from charging for providing that information.

Barry Gardiner **Not called 138**

Clause 32, page 54, line 21, after "the" insert "reasonable"

Member's explanatory statement

This amendment would ensure that the costs payable by a landlord for information requested by him from another person, under paragraph 1A(2)(a), are reasonable.

Clause agreed to.

Clause 33 agreed to.

Matthew Pennycook **Not selected 8**

Mike Amesbury

Page 58, line 2, leave out Clause 34

Clause 34 agreed to on division.

Clauses 35 to 37 agreed to.

Lee Rowley **Agreed to Gov 121**

Schedule 8, page 132, line 9, at end insert—

"13A The LTA 1985 is amended in accordance with paragraphs 14 to 14B."

Member's explanatory statement

This amendment is consequential on Amendment 123.

Lee Rowley **Agreed to Gov 122**

Schedule 8, page 132, line 10, leave out "of the LTA 1985"

Member's explanatory statement

This amendment is consequential on Amendment 121.

Lee Rowley **Agreed to Gov 123**

Schedule 8, page 132, line 18, at end insert—

"14A In section 26 (exception for tenants of certain public authorities)—

(a) in subsection (1)—

(i) for the words from "Sections 18 to 25" to "do not apply" substitute "Sections 18 to 25A do not apply";

(ii) for ", in which case sections 18 to 24 apply but section 25 (offence of failure to comply) does not" substitute "(but see subsection (1A));

(b) after subsection (1) insert—

"(1A) The following sections do not apply to a service charge payable by a tenant under a long tenancy of a landlord referred to in subsection (1)—

(a) section 20H (right to claim where excluded insurance costs charged);

(b) section 20K (right to claim where costs charged in breach of section 20J);

(c) section 25A (enforcement of duties relating to service charges)."

14B In section 27 (exception for rent registered and not entered as variable), for the words from "Sections 18 to 25" to "do not apply" substitute "Sections 18 to 25A do not apply""

Member's explanatory statement

This amendment would consolidate the consequential amendments to section 26 of the Landlord and Tenant Act 1985 required by virtue of clauses 30 and 31 and NC7 into a single paragraph of Schedule 8.

Lee Rowley **Agreed to Gov 124**

Schedule 8, page 132, line 21, leave out "Landlord and Tenant Act" and insert "LTA"

Member's explanatory statement

This amendment is consequential on Amendments 47 and 54.

Lee Rowley **Agreed to Gov 125**

Schedule 8, page 132, line 35, at end insert—

"(ca) in section 160 (third parties with management responsibilities), omit subsection (4)(d);"

Member's explanatory statement

This amendment is consequential on NC8.

Lee Rowley **Agreed to Gov 126**

Schedule 8, page 133, line 22, after "(anaw 7)," insert "in the English language text and in the Welsh language text,"

Member's explanatory statement

This amendment would clarify that section 128 of the Housing (Wales) Act 2014 is to be repealed in both the English and Welsh language texts of that Act.

Schedule, as amended, agreed to.

Clause 38 agreed to.

Lee Rowley **Agreed to Gov 52**

Clause 39, page 66, line 8, at end insert—

"(e) a charge payable by a unit-holder of a commonhold unit to meet the expenses of a commonhold association.

(9A) For the purposes of subsection (9)(e)—

(a) "unit-holder", "commonhold unit" and "commonhold association" have the same meaning as in Part 1 of the CLRA 2002 (see section 1(3) of that Act);

(b) the expenses of a commonhold association include the building safety expenses of the association (within the meaning given in section 38A of the CLRA 2002)."

Member's explanatory statement

This amendment would exclude charges in respect of the expenses of a commonhold association from the definition of "estate management charge" for the purposes of Part 4.

Clause, as amended, agreed to.

Clause 40 agreed to.

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Richard Fuller **Negatived on division 145**

Clause 41, page 66, line 28, at end insert—

"(c) only where they are incurred in the provision of services or the carrying out of works that would not ordinarily be provided by local authorities."

Member's explanatory statement

This amendment would mean that services or works that would ordinarily be provided by local authorities are not relevant costs for the purposes of estate management charges.

Matthew Pennycook **Not called 150**

Mike Amesbury

Clause 41, page 66, line 28, at end insert—

"(c) where they are incurred in the provision of services or the carrying out of works, only where the requirement for those services or works is not the result of defects in the original construction."

Member's explanatory statement

This amendment would ensure that services or works on private or mixed-use estate that are required as a result of defects in its construction are not relevant costs for the purposes of estate management charges.

Clause agreed to.

Clause 42 agreed to.

Lee Rowley **Agreed to Gov 53**

Clause 43, page 68, line 7, leave out from "not" to end of line 12 and insert "given a future demand notice in respect of the costs before the end of the period of 18 months beginning with the date on which the costs were incurred.

(2) A "future demand notice" is a notice in writing that—

(a) relevant costs have been incurred, and

(b) the owner will subsequently be required to contribute to the costs by the payment of an estate management charge.

(3) A future demand notice must—

(a) be in the specified form,

(b) contain the specified information, and

(c) be given in a specified manner.

"Specified" means specified in regulations made by the Secretary of State.

(4) The regulations may, among other things, specify as information to be contained in a future demand notice—

(a) an amount estimated as the amount of the costs incurred (an "estimated costs amount");

(b) an amount which the owner is expected to be required to contribute to the costs (an "expected contribution");

(c) a date on or before which it is expected that payment of the estate management charge will be demanded (an "expected demand date").

(5) Regulations that include provision by virtue of subsection (4) may also provide for a relevant rule to apply in a case where—

(a) the owner has been given a future demand notice in respect of relevant costs, and

(b) a demand for payment of an estate management charge as a contribution to those costs is served on the owner more than 18 months after the costs were incurred.

(6) The relevant rules are—

(a) in a case where a future demand notice is required to contain an estimated costs amount, that the owner is liable to pay the charge only to the extent it reflects relevant costs that do not exceed the estimated costs amount;

(b) in a case where a future demand notice is required to contain an expected contribution, that the owner is liable to pay the charge only to the extent it does not exceed the expected contribution;

(c) in a case where a future demand notice is required to contain an expected demand date, that, if the demand is served after the expected demand date, the owner is not liable to pay the charge to the extent it reflects any of the costs.

(7) Regulations that provide for the relevant rule in subsection (6)(c) to apply may also provide that, in a case set out in the regulations, the rule is to apply as if,

for the expected demand date, there were substituted a later date determined in accordance with the regulations.

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

Member's explanatory statement

This amendment would require notice of future service charge demands (as envisaged in clause 43(b)) to be given in accordance with regulations.

Clause, as amended, agreed to.

Richard Fuller **Withdrawn after debate 139**

Clause 44, page 68, line 31, at end insert—

"(3A) Where the appropriate tribunal has made a determination on an application under subsection (1) or (3) that an estate management charge is not payable because the costs incurred by an estate manager are not relevant costs under section 41(1)(b) (services or works to be of a reasonable standard), the tribunal may impose a penalty on the estate manager which is payable to the residents of affected managed dwellings; and the tribunal may determine how much of the penalty is to be paid to the residents of each affected managed dwelling."

Member's explanatory statement

This amendment would enable the tribunal to impose a financial penalty, payable to residents of affected managed dwellings, where estate management work has not been completed to a reasonable standard.

Richard Fuller **Withdrawn after debate 140**

Clause 44, page 69, line 6, at end insert—

"(7) The Secretary of State must by regulations provide—

(a) that an estate manager's litigation costs incurred as a consequence of an application under this section may not be recouped through the estate management charge, except where the tribunal considers it just and equitable for such costs to be so recouped;

(b) for the right of an applicant under this section to claim litigation costs incurred as a consequence of an application under this section from the estate manager, where the tribunal considers it just and equitable in the circumstances.

(8) Regulations under subsection (7) may amend primary legislation."

Member's explanatory statement

This amendment would require the Secretary of State to make regulations preventing estate managers from passing their litigation costs on to residents through the estate management charge, and providing for residents to be able to reclaim their litigation costs from an estate manager.

Clause agreed to.

Clauses 45 to 48 agreed to.

Richard Fuller **Withdrawn after debate 141**

Clause 49, page 72, line 26, leave out "£5,000" and insert "£50,000"

Member's explanatory statement

This amendment would increase from £5,000 to £50,000 the maximum amount of damages which may be awarded for a failure on the part of an estate manager to comply with the obligations imposed by clauses 45 to 48 (rights relating to estate management charges).

Clause agreed to.

Clauses 50 and 51 agreed to.

Richard Fuller **Not called 143**

Clause 52, page 74, line 10, leave out "£1,000" and insert "£10,000"

Member's explanatory statement

This amendment would increase from £1,000 to £10,000 the maximum amount of damages which may be awarded for a failure on the part of an estate manager to comply with the provisions of clause 51 (duty of estate managers to publish administration charge schedules).

Richard Fuller **Not called 144**

Clause 52, page 74, line 13, at end insert—

"(5) An estate manager may not for any purpose set off damages payable by the estate manager to the owner under subsection (2)(b) against any present or future liability of the owner to the estate manager."

Member's explanatory statement

This amendment would prevent estate managers from recouping damages from residents through subsequent charges.

Clause agreed to.

Clauses 53 to 58 agreed to.

Matthew Pennycook **Not selected 9**

Mike Amesbury

Page 77, line 1, leave out Clause 59

Member's explanatory statement

See explanatory statement to NC4.

Clause agreed to on division.

Lee Rowley **Agreed to Gov 54**

Clause 60, page 80, line 13, at end insert—

""the LTA 1987" means the Landlord and Tenant Act 1987;"

Member's explanatory statement

This amendment and Amendment 47 align references to the Landlord and Tenant Act 1987 with other references to Acts.

Clause, as amended, agreed to.

Clause 61 agreed to.

Lee Rowley **Agreed to Gov 55**

Clause 62, page 80, line 33, at end insert—

"(1A) A power to make regulations under Part 4A also includes power to make different provision for different areas."

Member's explanatory statement

This amendment would expressly provide that a power to make regulations under the new Part to be inserted after Part 4 includes the power to make different provision for different areas.

Lee Rowley **Agreed to Gov 56**

Clause 62, page 81, line 13, at end insert—

"(4A) If a draft of a statutory instrument containing regulations under Part 4A would, apart from this subsection, be treated for the purposes of the standing orders of either House of Parliament as a hybrid instrument, it is to proceed in that House as if it were not a hybrid instrument."

Member's explanatory statement

This amendment would provide that a draft of a statutory instrument containing regulations under the new Part to be inserted after Part 4 is not to be treated as a hybrid instrument (where it would otherwise be treated as such).

Clause, as amended, agreed to.

Clauses 63 to 65 agreed to.

Lee Rowley **Added Gov NC6**

To move the following Clause—

"Notice of future service charge demands

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

(3) A "future demand notice" is a notice in writing that—

(a) relevant costs have been incurred, and

(b) the tenant will subsequently be required under the terms of the lease to contribute to the costs by the payment of a variable service charge.

(4) A future demand notice must—

(a) be in the specified form,

(b) contain the specified information, and

(c) be given to the tenant in a specified manner.

"Specified" means specified in regulations made by the appropriate authority.

(5) The regulations may, among other things, specify as information to be contained in a future demand notice—

(a) an amount estimated as the amount of the costs incurred (an "estimated costs amount");

(b) an amount which the tenant is expected to be required to contribute to the costs (an "expected contribution");

(c) a date on or before which it is expected that payment of the variable service charge will be demanded (an "expected demand date").

(6) Regulations that include provision by virtue of subsection (5) may also provide for a relevant rule to apply in a case where—

(a) the tenant has been given a future demand notice in respect of relevant costs, and

(b) a demand for payment of a variable service charge as a contribution to those costs is served on the tenant more than 18 months after the costs were incurred.

(7) The relevant rules are—

(a) in a case where a future demand notice is required to contain an estimated costs amount, that the tenant is liable to pay the service charge only to the extent it reflects relevant costs that do not exceed the estimated costs amount;

(b) in a case where a future demand notice is required to contain an expected contribution, that the tenant is liable to pay the service charge only to the extent it does not exceed the expected contribution;

(c) in a case where a future demand notice is required to contain an expected demand date, that, if the demand is served after the expected demand date, the tenant is not liable to pay the service charge to the extent it reflects any of the costs.

(8) Regulations that provide for the relevant rule in subsection (7)(c) to apply may also provide that, in a case set out in the regulations, the rule is to apply as if, for the expected demand date, there were substituted a later date determined in accordance with the regulations.

(9) Regulations under this section—

(a) are to be made by statutory instrument;

(b) may make provision generally or only in relation to specific cases;

(c) may make different provision for different purposes;

(d) may include supplementary, incidental, transitional or saving provision.

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

Member's explanatory statement

This new clause, to be inserted after clause 26, would require notice of future service charge demands under section 20B of the Landlord and Tenant Act 1985 to be given in accordance with regulations.

Lee Rowley **Added Gov NC7**

To move the following Clause—

"Restriction on recovery of non-litigation costs of enfranchisement, extension and right to manage

After section 20I of the LTA 1985 (as inserted by section 31) insert—

"20J Limitation of variable service charges: non-litigation costs of enfranchisement etc

(1) Non-litigation costs incurred, or to be incurred, by a landlord in connection with a relevant claim are not to be regarded as relevant costs to be taken into account in determining the amount of a variable service charge payable by a tenant who is a non-participating tenant in relation to that claim.

(2) A lease, contract or other arrangement is of no effect to the extent it makes provision to the contrary.

(3) In this section and section 20K—

"the 1967 Act" means the Leasehold Reform Act 1967;

"the 1993 Act" means the Leasehold Reform, Housing and Urban Development Act 1993;

"the 2002 Act" means the Commonhold and Leasehold Reform Act 2002;

"non-litigation costs" means costs incurred, or to be incurred, other than in connection with proceedings before a court or tribunal;

"non-participating tenant", in relation to a relevant claim, means a tenant who is not a participating tenant;

"participating tenant", in relation to a relevant claim, means a tenant who—

(a) in the case of a claim under Part 1 of the 1967 Act or Chapter 1 or 2 of Part 1 of the 1993 Act, is making the claim;

(b) in the case of a claim under Chapter 1 of Part 2 of the 2002 Act, is or has been a member of the RTM company making the claim;

"relevant claim" means—

(a) a claim under Part 1 of the 1967 Act (enfranchisement and extension of leases of houses);

(b) a claim under Chapter 1 or 2 of Part 1 of the 1993 Act (enfranchisement and extension of leases of flats);

(c) a claim under Chapter 1 of Part 2 of the 2002 Act (right to manage);

"RTM company" has the same meaning as in Chapter 1 of Part 2 of the 2002 Act (see section 71 of that Act).

(4) For provision about when a participating tenant is and is not liable in respect of non-litigation costs in relation to a relevant claim, see—

(a) section 19A of the 1967 Act;
(b) section 89A of the 1993 Act;
(c) section 87A of the 2002 Act.

20K Right to claim where non-litigation costs charged contrary to section 20J

(1) This section applies if, despite section 20J(1), a non-participating tenant in relation to a relevant claim pays a prohibited amount to any person.

(2) For the purposes of this section, a "prohibited amount" is an amount that is—
(a) demanded as a variable service charge, and
(b) attributable to non-litigation costs incurred, or to be incurred, in connection with the claim.

(3) The appropriate tribunal may, on the application of the tenant, order the person to which the prohibited amount was paid to return all or any part of the amount to the tenant.""

Member's explanatory statement

This new clause, to be inserted after clause 35, would prevent variable service charges being paid by a tenant for non-litigation costs in connection with enfranchisement, extension and right to manage claims made by other tenants.

Lee Rowley **Added Gov NC8**

To move the following Clause—

"Appointment of manager: power to vary or discharge orders

In section 24 of the LTA 1987 (appointment of manager by a tribunal)—
(a) in subsection (9), after "interested" insert "or of its own motion";
(b) in subsection (9A), omit "on the application of any relevant person"."

Member's explanatory statement

This new clause, to be inserted after NC7, would enable a tribunal to vary or discharge an order to appoint a manager of premises without an application, and require the tribunal to be satisfied that the variation or discharge is just and convenient and would not lead to a recurrence of the circumstances that led to the order being made.

Lee Rowley **Added Gov NC9**

To move the following Clause—

"Appointment of manager: breach of redress scheme requirements

In section 24(2) of the LTA 1987 (grounds for appointment of manager)—
(a) omit the "or" at the end of paragraph (ac);

(b) after paragraph (ac) insert—

"(ad) where the tribunal is satisfied—

(i) that any relevant person has breached regulations under section (*Leasehold and estate management: redress schemes*)(1) of the Leasehold and Freehold Reform Act 2024 (requirement to join redress scheme), and

(ii) that it is just and convenient to make the order in all the circumstances of the case;"."

Member's explanatory statement

This new clause, to be inserted after NC8, would provide for a breach of regulations under the new Part after Part 4 (see NC15) to be grounds for the appointment of a manager under section 24 of the Landlord and Tenant Act 1987.

Lee Rowley **Added Gov NC10**

To move the following Clause—

"Notices of complaint

(1) An owner of a managed dwelling may give a notice of complaint to an estate manager.

(2) A notice of complaint is a notice that—

(a) sets out one or more complaints listed in subsection (3) in relation to the estate manager,

(b) states that, if the complaints are not remedied by the end of the qualifying period (see subsection (7)), the owner may make an application under section (*Appointment of substitute manager*) (application to appoint substitute manager), and

(c) contains any other information specified in regulations made by the Secretary of State.

(3) The complaints are—

(a) that the estate manager—

(i) is in breach of an obligation in relation to the dwelling, or

(ii) in the case of an obligation dependent on notice, would be in breach of such an obligation but for the fact that it has not been reasonably practicable to give the estate manager the appropriate notice;

(b) that sums payable by way of estate management charges by the owner, or, if the owner is a tenant or sub-tenant, by the landlord or superior landlord, are not being applied in an efficient or effective manner;

(c) that an estate management charge payable, or proposed or likely to be payable, by the owner, or, if the owner is a tenant or sub-tenant, by the landlord or superior landlord, is unreasonable;

(d) that an administration charge payable, or proposed or likely to be payable, by the owner, or, if the owner is a tenant or sub-tenant, by the landlord or superior landlord, is unreasonable;

(e) that the estate manager has failed to comply with a relevant provision of a code of practice approved by the Secretary of State under section 87 of the LRHUDA 1993 (codes of management practice).

(4) A notice of complaint may be given jointly by two or more persons if each of those persons is entitled to give a notice to the estate manager (whether or not in respect of the same dwelling).

(5) For that purpose, it is not necessary for every complaint set out in the notice, or every part of each complaint, to apply in relation to each dwelling owned by each of the persons giving the notice.

(6) The Secretary of State may by regulations make provision for determining when a notice of complaint is given.

(7) In this section and sections (*Appointment of substitute manager*) to (*Appointment orders: further provision*)—

"notice of complaint" means a notice of complaint under this section;

"qualifying period", in relation to a notice of complaint, means the period of six months beginning with the date on which the notice is given.

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

Member's explanatory statement

This new clause, to be inserted after clause 55, would allow owners of managed dwellings to give their estate manager a notice of complaint, as a precursor to making an application for appointment of a substitute manager under NC11.

Lee Rowley **Added Gov NC11**

To move the following Clause—

"Appointment of substitute manager

(1) The appropriate tribunal may, on the application of an owner of a managed dwelling, by order appoint a person to carry out, in place of an estate manager, such functions in connection with the estate management relating to that dwelling as the tribunal thinks fit.

(2) Section (*Conditions for applying for appointment order*) sets out conditions that must be met for a person to make an application.

(3) Section (*Criteria for determining whether to make appointment order*) sets out criteria the appropriate tribunal must consider in deciding whether to make an appointment order.

(4) Section (*Appointment orders: further provision*) makes further provision in relation to appointment orders.

(5) In this section and sections (*Conditions for applying for appointment order*) to (*Appointment orders: further provision*)—

"appointment order" means an order under subsection (1);

"substitute manager" means a person appointed under an appointment order."

Member's explanatory statement

This new clause, to be inserted after NC10, would allow owners of managed dwellings to apply for the appointment of a substitute estate manager.

Lee Rowley **Added Gov NC12**

To move the following Clause—

"Conditions for applying for appointment order

(1) An owner of a managed dwelling may make an application for an appointment order in relation to an estate manager only if—

(a) the owner has given a notice of complaint to the estate manager,

(b) the qualifying period in relation to that notice has ended,

(c) the owner has, after the end of the qualifying period but before the application is made, given further notice to the estate manager (a "final warning notice"), and

(d) the condition in subsection (5) is met in relation to the final warning notice.

(2) If the owner gave the notice of complaint jointly with other persons, the owner may not make an application for an appointment order unless—

(a) the owner does so jointly with each of those other persons that remain owners of managed dwellings in relation to the estate manager, and

(b) the final warning notice was given jointly by the owner and each of those other persons.

(3) The owner, or the owners acting jointly in accordance with subsection (2), may make an application jointly with an owner of a managed dwelling who did not give the notice of complaint to the estate manager (a "joined applicant"), if the final warning notice was given jointly by the owner or owners and the joined applicant.

(4) A final warning notice must—

(a) specify—

(i) the name of the person (or persons) giving the notice,

(ii) the address of their dwelling (or the addresses of each of their dwellings), and

(iii) if different, an address (or addresses) at which a person may give notice to that person (or one or more of those persons) in connection with the application,

(b) state that the person or persons giving the notice intend to make an application for an appointment order in respect of the dwelling specified in the notice,

(c) specify the grounds on which the appropriate tribunal would be asked to make such an order and the matters that would be relied on by the person or persons for the purpose of establishing those grounds,

(d) where those matters are capable of being remedied by the estate manager, require the estate manager, within a reasonable period specified in the notice, to take specified steps for the purpose of remedying them,

(e) state that, if those matters are remedied, the person or persons will not make an application, and

(f) contain any other information specified in regulations made by the Secretary of State.

(5) The condition in this subsection is met if—

(a) the matters specified in the final warning notice were not capable of being remedied, or

(b) the period specified in the final warning notice for the matters to be remedied has expired without the estate manager having taken the required steps to remedy them.

(6) The appropriate tribunal may by order dispense with a requirement in subsection (1), (2) or (3) if the tribunal is satisfied in light of the urgency of the case that it would not be reasonably practicable for the requirement to be satisfied.

(7) But the tribunal may, when so ordering, direct that such other notices are given, or such other steps are taken, as it thinks fit.

(8) If the tribunal makes an order under subsection (6), an application for an appointment order may be made only if any notices required to be given, and any other steps required to be taken, by virtue of the order have been given or taken.

(9) The Secretary of State may by regulations make provision for determining when a notice under this section is given.

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

Member's explanatory statement

This new clause, to be inserted after NC11, would set out conditions for an application to be made under NC11.

Lee Rowley **Added Gov NC13**

To move the following Clause—

"Criteria for determining whether to make appointment order

(1) The appropriate tribunal may not make an appointment order in relation to an estate manager if the estate manager is specified, or is of a description specified, in regulations made by the Secretary of State.

(2) The appropriate tribunal may make an appointment order only if the tribunal is satisfied that—
  (a) it is just and convenient to make the order in all the circumstances of the case, and
  (b) either—
    (i) those circumstances include those set out in subsection (3), or
    (ii) there are other circumstances that make it just and convenient for the order to be made.

(3) The circumstances are—
  (a) that the estate manager is—
    (i) in breach of an obligation in relation to a dwelling, or
    (ii) in the case of an obligation dependent on notice, would be in breach of the obligation but for the fact that it has not been reasonably practicable to give the estate manager the appropriate notice;
  (b) that an estate management charge payable, or proposed or likely to be payable, is unreasonable;
  (c) that an administration charge payable, or proposed or likely to be payable, is unreasonable;
  (d) that the estate manager has failed to comply with a relevant provision of a code of practice approved by the Secretary of State under section 87 of the LRHUDA 1993 (codes of management practice);
  (e) that the estate manager has breached regulations under section (*Leasehold and estate management: redress schemes*)(1) of this Act (requirement to be member of redress scheme).

(4) For the purposes of subsection (3)(b), an estate management charge is to be taken to be unreasonable if—
  (a) the amount is unreasonable having regard to the items for which it is payable,
  (b) the items for which it is payable are of an unnecessarily high standard, or
  (c) the items for which it is payable are of an insufficient standard with the result that additional charges are or may be incurred.

(5) An appointment order may be made despite the fact that—
  (a) a period specified in a final warning notice was not a reasonable period, or

(b) a final warning notice otherwise failed to comply with a requirement under section (*Conditions for applying for appointment order*)(4).

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

Member's explanatory statement

This new clause, to be inserted after NC12, would set out criteria for the making of an order under NC11.

Lee Rowley **Added Gov NC14**

To move the following Clause—

"Appointment orders: further provision

(1) An appointment order may—
  (a) make provision with respect to such matters relating to the exercise by the substitute manager of their functions under the order, and such incidental or ancillary matters, as the tribunal thinks fit, including—
    (i) for rights and liabilities arising under contracts or other arrangements to which the substitute manager is not party to become rights and liabilities of the substitute manager;
    (ii) for the substitute manager to be entitled to prosecute claims in respect of causes of action (whether contractual or tortious) accruing before or after the date of their appointment;
    (iii) for remuneration to be paid to the substitute manager by the estate manager;
    (iv) for the substitute manager's functions to be exercisable during a specified period;
  (b) be subject to such conditions as the tribunal thinks fit;
  (c) be subject to suspension on terms set by the tribunal.

(2) The appropriate tribunal may, on the application of any interested person or of its own motion, vary or discharge (whether conditionally or unconditionally) an appointment order.

(3) The tribunal may not vary or discharge an appointment order unless the tribunal is satisfied that—
  (a) the variation or discharge will not result in a recurrence of the circumstances which led to the appointment order being made, and
  (b) it is just and convenient in all the circumstances of the case to vary or discharge the order.

(4) In deciding—
  (a) the terms of an appointment order, or
  (b) whether or how to vary or discharge an appointment order,

the appropriate tribunal must have regard to whether the estate manager in relation to which the order is made has breached regulations under section

(*Leasehold and estate management: redress schemes*)(1) (requirement to be member of redress scheme)."

Member's explanatory statement

This new clause, to be inserted after NC13, would set out further provision about orders to appoint substitute estate managers under NC11.

Lee Rowley **Added Gov NC15**

To move the following Clause—

"Leasehold and estate management: redress schemes

(1) The Secretary of State may by regulations require a person that carries out estate management in respect of a dwelling in England in a relevant capacity to be a member of a redress scheme.

(2) A person carries out estate management in a "relevant capacity" if they do so—
  (a) as a relevant landlord of the dwelling, or
  (b) as an estate manager.

(3) But a person may not be required to be a member of a redress scheme under this section if they carry out estate management only—
  (a) as a tenant, or
  (b) as an agent.

(4) A "redress scheme" is a scheme—
  (a) which provides for a complaint against a member of the scheme made by or on behalf of a current or former owner of a dwelling in relation to which estate management is carried out to be independently investigated and determined by an independent individual, and
  (b) which is—
    (i) approved by the lead enforcement authority for the purposes of regulations under subsection (1), or
    (ii) administered by or on behalf of the lead enforcement authority and designated by the lead enforcement authority for those purposes.

(5) Regulations under subsection (1) may require a person to remain a member of a redress scheme after ceasing to be a person mentioned in that subsection, for a period specified in the regulations.

(6) Before making regulations under subsection (1), the Secretary of State must be satisfied that all persons who are to be required to be a member of a redress scheme will be eligible to join such a scheme before being so required (subject to any provision in the scheme about expulsion, as to which see section (*Approval and designation of redress schemes*)(3)(k)).

(7) For potential consequences of breaching regulations under subsection (1), see—

(a) section 24(2)(ad) of the LTA 1987 and section (*Criteria for determining whether to make appointment order*)(3)(e) of this Act (appointment of manager by tribunal);

(b) section (*Financial penalties*) of this Act (financial penalties by enforcement authorities).

(8) In this Part—

"estate management" means—

(a) the provision of services,

(b) the carrying out of maintenance, repairs or improvements,

(c) the effecting of insurance, or

(d) the making of payments,

for the benefit of one or more dwellings;

"estate manager" means a body of persons (whether incorporated or not)—

(a) which carries out, or is required to carry out, estate management, and

(b) which recovers the costs of carrying out estate management by means of relevant obligations;

"the lead enforcement authority" means either—

(a) the Secretary of State, or

(b) another person designated by the Secretary of State as the lead enforcement authority,

and see section (*Lead enforcement authority: further provision*) for further provision about the lead enforcement authority;

"relevant landlord", in relation to a dwelling, means a landlord under a long lease of the dwelling;

"relevant obligation", in relation to a dwelling, means each of the following—

(a) a rentcharge which—

(i) is charged on or issues out of the land which comprises the dwelling or a building of which the dwelling forms part, and

(ii) is an estate rentcharge by virtue of section 2(4)(b) and (5) of the RA 1977;

(b) an obligation under a long lease of the dwelling;

(c) any other obligation that—

(i) runs with the land which comprises the dwelling or a building of which the dwelling forms part, or

(ii) otherwise (whether in law or in equity) binds the owner for the time being of the land which comprises the dwelling;

(d) any other obligation—

(i) to which the owner of the dwelling is subject, and

(ii) to which any immediate successor in title of that owner will become subject, if an arrangement to which a

relevant landlord or an estate manager and that owner are parties is performed.

(9) The arrangements that are within paragraph (d) of the definition of "relevant obligation" include an arrangement under which the owner is required (in particular by a limitation on transfer of title to the dwelling or on registration of a transfer of title) to ensure that any immediate successor in title to the owner enters into an obligation.

(10) The Secretary of State may by regulations make provision (including provision amending this Act) for the purpose of changing the meaning of "relevant capacity", "relevant landlord" or "relevant obligation".

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

Member's explanatory statement

This new clause, to be inserted as the first clause of a new Part after Part 4, would enable the Secretary of State to make provision for redress schemes for property management work carried out other than by agents.

Lee Rowley **Added Gov NC16**

To move the following Clause—

"Redress schemes: voluntary jurisdiction

(1) Nothing in this Part prevents a redress scheme from providing (subject to regulations under section (*Approval and designation of redress schemes*))—

(a) for membership to be open to persons who wish to join as voluntary members;

(b) for the investigation or determination of any complaints under a voluntary jurisdiction (including complaints by persons who are not current or former owners of dwellings in relation to which estate management is carried out);

(c) for voluntary mediation services;

(d) for the exclusion from investigation and determination under the scheme of any complaint in such cases or circumstances as may be specified in or determined under the scheme.

(2) In this Part—

"complaints under a voluntary jurisdiction" means complaints in relation to which there is no duty to be a member of a redress scheme, where the members against which the complaints are made have voluntarily accepted the jurisdiction of the scheme over those complaints;

"voluntary mediation services" means mediation, conciliation or similar processes provided at the request of a member in relation to complaints made—

(a) against the member, or

(b) by the member against another person;

"voluntary members", in relation to a scheme, means members who are not subject to a duty to be a member of a redress scheme."

Member's explanatory statement

This new clause, to be inserted after NC15, would provide for redress schemes to have the possibility of voluntary jurisdiction.

Lee Rowley **Added Gov NC17**

To move the following Clause—

"Financial assistance for establishment or maintenance of redress schemes

The Secretary of State may give financial assistance (by way of grant, loan, or guarantee, or in any other form) or make other payments to a person for the establishment or maintenance of—

(a) a redress scheme, or

(b) a scheme that would be a redress scheme if it were approved or designated under section (*Leasehold and estate management: redress schemes*)(4)(b)."

Member's explanatory statement

This new clause, to be inserted after NC16, would allow the Secretary of State to give financial assistance for the establishment or maintenance of redress schemes.

Lee Rowley **Added Gov NC18**

To move the following Clause—

"Approval and designation of redress schemes

(1) This section applies where the Secretary of State makes regulations under section (*Leasehold and estate management: redress schemes*)(1).

(2) The Secretary of State must by regulations set out conditions which are to be satisfied before a scheme is approved or designated under section (*Leasehold and estate management: redress schemes*)(4)(b).

(3) The conditions must include conditions requiring the scheme to include provision in accordance with the regulations—

(a) for an administrator of the scheme to appoint an individual, having obtained the lead enforcement authority's approval of the individual and the terms of the appointment, who is to be responsible for overseeing and monitoring the investigation and determination of complaints under the scheme;

(b) about the complaints that may be made under the scheme, which must include provision enabling the making of complaints about non-compliance with any codes of practice that are issued or approved by the Secretary of State;

(c) about the time to be allowed for scheme members to resolve matters before a complaint is accepted under the scheme in relation to those matters;

(d) about the circumstances in which a complaint may be rejected;

(e) about co-operation (which may include the joint exercise of functions) of an individual who is investigating or determining a complaint with persons who have functions under other schemes for providing redress and with enforcement authorities;

(f) about the provision of information to the persons mentioned in paragraph (e);

(g) if members are required to pay fees in respect of compulsory aspects of the scheme, about the level of those fees;

(h) if there are voluntary aspects of the scheme—

(i) for fees to be payable in respect of those aspects of the scheme, and

(ii) for the fees to be set at a level that, taking one year with another, is sufficient to meet the costs incurred in the administration of those aspects of the scheme;

(i) for the individual determining a complaint to be able to require members to provide redress of the following types to the complainant—

(i) providing an apology or explanation,

(ii) paying compensation, and

(iii) taking such other actions in the interests of the complainant as the individual determining the complaint may specify;

(j) about the enforcement of the scheme and decisions made under the scheme;

(k) for a person to be expelled from the scheme only—

(i) in circumstances specified in the regulations,

(ii) once steps to secure compliance that are specified in the regulations have been taken, and

(iii) once the decision to expel the person has been reviewed by an independent person in accordance with the regulations;

(l) for an expulsion to be revoked in circumstances specified in the regulations;

(m) prohibiting a person from joining the scheme when the person has been expelled from another redress scheme and the expulsion has not been revoked;

(n) for circumstances in which the administration of the scheme is to be transferred to a different administrator;

(o) about the closure of the scheme by an administrator of the scheme.

(4) Conditions set out in regulations under subsection (3)—

(a) may include conditions requiring an administrator or proposed administrator of a scheme to undertake to do things—

(i) on an ongoing basis following approval or designation;

(ii) after ceasing to be an administrator of the scheme;

(b) in the case of conditions set out in regulations by virtue of subsection (3)(d), may require a scheme to reject complaints by a current or former owner of a dwelling where that owner is of a description specified in the regulations;

(c) in the case of conditions set out in regulations by virtue of subsection (3)(n), may—

(i) require an approved scheme to provide for the administration of that scheme to be transferred to the lead enforcement authority or a person acting on behalf of the lead enforcement authority in circumstances specified in the regulations, and

(ii) where they so require, provide for a scheme whose administration is transferred to be treated as a designated scheme instead of an approved one.

(5) Subsections (3) and (4) do not limit the conditions that may be set out in regulations under subsection (2).

(6) The Secretary of State may by regulations make further provision about the approval or designation of redress schemes under section (*Leasehold and estate management: redress schemes*)(4)(b), including provision—

(a) about the number of redress schemes that may be approved or designated (which may be one or more);

(b) about the making of applications for approval;

(c) about the period for which an approval or designation is valid;

(d) about the withdrawal of approval or revocation of designation;

(e) authorising the approval or designation of a scheme which provides for fees payable by a compulsory member to be calculated by reference to the total of the costs incurred, or to be incurred, in the administration of the compulsory aspects of the scheme (including costs unconnected with the member in question).

(7) Regulations under this section may confer a discretion on the lead enforcement authority or require a scheme to do so.

(8) In this section—

"compulsory aspects", in relation to a scheme, means aspects of the scheme relating to complaints in relation to which there is a duty to be a member of a redress scheme;

"compulsory member", in relation to a scheme, means a member of the scheme who is subject to a duty to be a member of a redress scheme;

"voluntary aspects", in relation to a scheme, means aspects of the scheme that relate to—

(a) complaints under a voluntary jurisdiction,

(b) voluntary mediation services, or

(c) voluntary members.

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

Member's explanatory statement

This new clause, to be inserted after NC17, would make provision for the approval and designation of redress schemes.

Lee Rowley **Added Gov NC19**

To move the following Clause—

"Financial penalties

(1) An enforcement authority may impose a financial penalty on a person if satisfied beyond reasonable doubt that the person has breached regulations under section (*Leasehold and estate management: redress schemes*)(1).

(2) The Secretary of State may by regulations make provision about the investigation by an enforcement authority of suspected breaches of regulations under section (*Leasehold and estate management: redress schemes*)(1) for the purpose of determining whether to impose a financial penalty.

(3) Regulations under subsection (2) may, among other things, make provision about—

(a) co-operation between enforcement authorities, and

(b) the sharing of information between enforcement authorities,

for the purposes of an investigation.

(4) The amount of a financial penalty imposed under this section is to be determined in accordance with section (*Financial penalties: maximum amounts*).

(5) More than one penalty may be imposed for the same conduct only if—

(a) the conduct continues after the end of 28 days beginning with the day after the day on which the final notice in respect of the previous penalty for the conduct was given to the person, unless the person appeals against that notice within that period, or

(b) if the person appeals against that notice within that period, the conduct continues after the end of 28 days beginning with the day after the day on which the appeal is finally determined, withdrawn or abandoned.

(6) Subsection (5) does not enable a penalty to be imposed after the final notice in respect of the previous penalty has been withdrawn or quashed on appeal.

(7) Schedule (*Redress schemes: financial penalties*) makes provision about—

(a) the procedure for imposing a financial penalty under this section,

(b) appeals against financial penalties,

(c) enforcement of financial penalties, and

(d) how enforcement authorities are to deal with the proceeds of financial penalties.

(8) For the purposes of this section and section (*Financial penalties: maximum amounts*)—

(a) a financial penalty is imposed on the date specified in the final notice as the date on which the notice is given;

(b) "final notice" has the meaning given by paragraph 3 of Schedule (*Redress schemes: financial penalties*).

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

Member's explanatory statement

This new clause, to be inserted after NC18, would provide for an enforcement authority to impose a financial penalty for breach of regulations under NC15.

Lee Rowley **Added Gov NC20**

To move the following Clause—

"Financial penalties: maximum amounts

(1) The amount of a financial penalty imposed on a person under section (*Financial penalties*) is to be determined by the enforcement authority imposing it, but—
  (a) if Case A, B or C applies, the penalty must not be more than £30,000;
  (b) otherwise, the penalty must not be more than £5,000.

(2) Case A applies if—
  (a) a relevant penalty has been imposed on the person and the final notice imposing the penalty has not been withdrawn, and
  (b) the conduct for which the penalty was imposed continues after the end of the period of 28 days beginning with—
    (i) the day after the day on which the penalty was imposed on the person, or
    (ii) if the person appeals against the final notice in respect of the penalty within that period, the day after the day on which the appeal is finally determined, withdrawn or abandoned.

(3) Case B applies if—
  (a) a relevant penalty has been imposed on the person for a breach of regulations under section (*Leasehold and estate management: redress schemes*)(1) and the final notice imposing the penalty has not been withdrawn, and
  (b) the person engages in conduct which constitutes a different breach of such regulations within the period of five years beginning with the day on which the penalty was imposed.

(4) Case C applies if—
  (a) a relevant penalty has been imposed on the person for conduct in respect of which Case A, B or C applies and the final notice imposing the penalty has not been withdrawn, and
  (b) the person breaches regulations under section (*Leasehold and estate management: redress schemes*)(1) within the period of five years beginning with the day on which the penalty was imposed.

(5) For the purposes of this section, "relevant penalty" means a financial penalty imposed under section (*Financial penalties*) where—

(a) the period for bringing an appeal against the penalty under paragraph 5 of Schedule (*Redress schemes: financial penalties*) has expired without an appeal being brought,

(b) an appeal against the financial penalty under that paragraph has been withdrawn or abandoned, or

(c) the final notice imposing the penalty has been confirmed or varied on appeal.

(6) The Secretary of State may by regulations amend the amounts specified in subsection (1) to reflect changes in the value of money.

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

Member's explanatory statement

This new clause, to be inserted after NC19, would provide for the maximum penalties that may be imposed under NC19.

Lee Rowley **Added Gov NC21**

To move the following Clause—

"Decision under a redress scheme may be made enforceable as if it were a court order

(1) The Secretary of State may by regulations make provision for, or in connection with, authorising an administrator of a redress scheme to apply to a court or tribunal for an order that a determination made under the scheme and accepted by the complainant in question be enforced as if it were an order of a court.

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

Member's explanatory statement

This new clause, to be inserted after NC20, would enable the Secretary of State to make regulations making a decision under a redress scheme enforceable as if it were a court order.

Lee Rowley **Added Gov NC22**

To move the following Clause—

"Lead enforcement authority: further provision

(1) The lead enforcement authority must oversee the operation of a redress scheme under this Part.

(2) The lead enforcement authority must provide—

(a) other enforcement authorities, and

(b) the public in England,

with information and advice about the operation of redress schemes, in such form and manner as the lead enforcement authority considers appropriate.

(3) The lead enforcement authority may disclose information to another enforcement authority for the purposes of enabling that authority to determine whether there has been a breach of regulations under section (*Leasehold and estate management: redress schemes*)(1).

(4) The lead enforcement authority may issue guidance to other enforcement authorities about the exercise of their functions under this Part.

(5) Enforcement authorities other than the lead enforcement authority must have regard to any guidance issued under subsection (4).

(6) If the Secretary of State designates a person as the lead enforcement authority for the purposes of this Part—

(a) the Secretary of State may make arrangements in connection with the person's role as the lead enforcement authority, which may include arrangements—

(i) for payments by the Secretary of State;

(ii) about bringing the arrangements to an end;

(b) the Secretary of State may give the lead enforcement authority directions as to the exercise of any of its functions, which—

(i) may relate to all or particular kinds of enforcement authorities, and

(ii) may make different provision for different purposes;

(c) the lead enforcement authority must keep under review and from time to time advise the Secretary of State about—

(i) the operation of redress schemes;

(ii) social and commercial developments relating to estate management (including by relevant landlords) in England, so far as it considers those developments relevant to redress schemes.

(7) The Secretary of State may by regulations make transitional or saving provision which applies when there is a change in the lead enforcement authority (which may relate to a specific change in the lead enforcement authority or to changes that might arise from time to time).

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

Member's explanatory statement

This new clause, to be inserted after NC21, would make further provision about lead enforcement authorities.

Lee Rowley **Added Gov NC23**

To move the following Clause—

"Guidance for enforcement authorities and scheme administrators

(1) The Secretary of State may from time to time issue or approve guidance for enforcement authorities in England and administrators of redress schemes about co-operation between such enforcement authorities and persons exercising functions under the schemes.

(2) An enforcement authority in England other than the Secretary of State must have regard to any guidance issued or approved under this section.

(3) The Secretary of State must exercise the powers in section (*Approval and designation of redress schemes*) for the purpose of ensuring that every administrator of a redress scheme has regard to any guidance issued or approved under this section."

Member's explanatory statement

This new clause, to be inserted after NC22, would enable the Secretary of State to issue guidance to enforcement authorities and scheme administrators.

Lee Rowley **Added Gov NC24**

To move the following Clause—

"Interpretation of Part 4A

In this Part—

"complaints under a voluntary jurisdiction" has the meaning given in section (*Redress schemes: voluntary jurisdiction*)(2);

"dwelling" means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, outhouses and appurtenances belonging to it or usually enjoyed with it;

"enforcement authority" means—

(a) the lead enforcement authority,

(b) the Secretary of State,

(c) a local housing authority, or

(d) another person designated by the Secretary of State as an enforcement authority;

"estate management" has the meaning given in section (*Leasehold and estate management: redress schemes*)(8);

"estate manager" has the meaning given in section (*Leasehold and estate management: redress schemes*)(8);

"the lead enforcement authority" has the meaning given in section (*Leasehold and estate management: redress schemes*)(8);

"local housing authority" means—

(a) a district council,
(b) a London borough council,
(c) the Common Council of the City of London (in its capacity as a local authority), or
(d) the Council of the Isles of Scilly;

"long lease" has the meaning given in section 77(2) of the LRHUDA 1993;

"owner", in relation to a dwelling, means—
(a) the owner of freehold land which comprises the dwelling;
(b) a tenant under a long lease of the dwelling;

"redress scheme" has the meaning given in section (*Leasehold and estate management: redress schemes*)(4);

"relevant capacity" has the meaning given in section (*Leasehold and estate management: redress schemes*)(2);

"relevant landlord" has the meaning given in section (*Leasehold and estate management: redress schemes*)(8);

"relevant obligation" has the meaning given in section (*Leasehold and estate management: redress schemes*)(8);

"rentcharge" has the same meaning as in the RA 1977 (see section 1 of that Act);

"voluntary mediation services" has the meaning given in section (*Redress schemes: voluntary jurisdiction*)(2);

"voluntary members" has the meaning given in section (*Redress schemes: voluntary jurisdiction*)(2)."

Member's explanatory statement

This new clause, to be inserted after NC22, would make interpretation provision for the purposes of the new Part to be inserted after Part 4.

Lee Rowley **Added Gov NC42**

To move the following Clause—

"Leasehold sales information requests

(1) In the LTA 1985, after section 30J (as inserted by section 35) insert—

"Sales information requests

30K Sales information requests

(1) A tenant of a dwelling under a long lease may give a sales information request to the landlord.

(2) A "sales information request" is a document in a specified form, and given in a specified manner, setting out—
(a) that the tenant is contemplating selling a long lease of the dwelling,

(b) information that the tenant requests from the landlord for the purpose of the contemplated sale, and

(c) any other specified information.

(3) A tenant may request information in a sales information request only if the information is specified in regulations made by the appropriate authority.

(4) The appropriate authority may specify information for the purposes of subsection (3) only if the information could reasonably be expected to assist a prospective purchaser in deciding whether to purchase a long lease of a dwelling.

(5) The appropriate authority may by regulations provide that a sales information request may not be given until the end of a particular period, or until another condition is met.

(6) Regulations under this section—

(a) are to be made by statutory instrument;

(b) may make provision generally or only in relation to specific cases;

(c) may make different provision for different purposes;

(d) may include supplementary, incidental, transitional or saving provision.

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

30L Effect of sales information request

(1) A landlord who has been given a sales information request must provide the tenant with any of the information requested that is within the landlord's possession.

(2) The landlord must request information from another person if—

(a) the information has been requested from the landlord in a sales information request,

(b) the landlord does not possess the information when the request is made, and

(c) the landlord believes that the other person possesses the information.

(3) That person must provide the landlord with any of the information requested that is within that person's possession.

(4) A person ("A") must request information from another person ("B") if—

(a) the information has been requested from A in a request under subsection (2) or this subsection (an "onward request"),

(b) A does not possess the information when the request is made, and

(c) A believes that B possesses the information.

(5) B must provide A with any of the information requested that is within B's possession.

(6) A person who is required to provide information under this section must do so before the end of a specified period beginning with the day on which the request for the information is made.

(7) A person who—

(a) has been given a sales information request or an onward request, and

(b) as a result of not possessing the information requested, does not provide the information before the end of a specified period beginning with the day on which the request is made,

must give the person making the request a negative response confirmation.

(8) A "negative response confirmation" is a document in a specified form, and given in a specified manner, setting out—

(a) that the person is unable to provide the information requested because it is not in the person's possession;

(b) a description of what action the person has taken to determine whether the information is in the person's possession;

(c) any onward requests the person has made and the persons to whom they were made;

(d) an explanation of why the person was unable to obtain the information, including details of any negative response confirmation received by the person;

(e) any other specified information.

(9) A person who is required to give a negative response confirmation must do so before the end of a specified period beginning with the day after the day on which the period referred to in subsection (7)(b) ends.

(10) The appropriate authority may by regulations—

(a) provide that an onward request may not be made until the end of a particular period, or until another condition is met;

(b) provide for how an onward request is to be made;

(c) make provision as to the period within which an onward request must be made;

(d) provide for circumstances in which a duty to comply with a sales information request or an onward request does not apply;

(e) make provision as to how information requested in a sales information request or an onward request is to be provided;

(f) make provision for circumstances in which a period specified for the purposes of subsection (6), (7) or (9) is to be extended.

(11) Regulations under this section—

(a) are to be made by statutory instrument;

(b) may make provision generally or only in relation to specific cases;

(c) may make different provision for different purposes;

(d) may include supplementary, incidental, transitional or saving provision.

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

30M Charges for provision of information

(1) Subject to any regulations under subsection (2), a person ("P") may charge another person for—

(a) determining whether information requested in a sales information request or an onward request is in P's possession;

(b) providing or obtaining information under section 30L.

(2) The appropriate authority may by regulations—

(a) limit the amount that may be charged under subsection (1);

(b) prohibit a charge under subsection (1) in specified circumstances or unless specified requirements are met.

(3) If a landlord charges a tenant under subsection (1), the charge—

(a) is an administration charge for the purposes of Schedule 11 to the Commonhold and Leasehold Reform Act 2002 (see paragraph 1(1)(b) of that Schedule), and

(b) is not to be treated as a service charge for the purposes of this Act.

(4) For the purposes of the provisions of this Act relating to service charges, the costs of—

(a) determining whether information requested in a sales information request or an onward request is in a person's possession, or

(b) providing or obtaining information under section 30L,

are not to be regarded as relevant costs to be taken into account in determining the amount of any variable service charge payable by any tenant.

(5) Regulations under this section—

(a) are to be made by statutory instrument;

(b) may make provision generally or only in relation to specific cases;

(c) may make different provision for different purposes;

(d) may include supplementary, incidental, transitional or saving provision.

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

30N Enforcement of sections 30L and 30M

(1) A person who makes a sales information request or an onward request ("C") may make an application to the appropriate tribunal on the

ground that another person ("D") failed to comply with a requirement under section 30L or 30M in relation to the request.

(2) The tribunal may make one or more of the following orders—

(a) an order that D comply with the requirement before the end of a period specified by the tribunal;

(b) an order that D pay damages to C for the failure;

(c) if D charged C in excess of a limit specified in regulations under section 30M(2)(a), an order that D repay the amount charged in excess of the limit to C;

(d) if D charged C in breach of regulations under section 30M(2)(b), an order that D repay the amount charged to C.

(3) Damages under subsection (2)(b) may not exceed £5,000.

(4) The appropriate authority may by regulations amend the amount in subsection (3) if the appropriate authority considers it expedient to do so to reflect changes in the value of money.

(5) Regulations under this section—

(a) are to be made by statutory instrument;

(b) may make provision generally or only in relation to specific cases;

(c) may make different provision for different purposes;

(d) may include supplementary, incidental, transitional or saving provision.

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

30P Interpretation of sections 30K to 30N

(1) In sections 30K to 30N—

"information" includes a document containing information, and a copy of such a document;

"landlord" includes—

(a) any person who has a right to enforce payment of a service charge;

(b) a RTM company within the meaning of Chapter 1 of Part 2 of the Commonhold and Leasehold Reform Act 2002 (see section 73 of that Act);

"long lease" has the same meaning as in Chapter 1 of Part 2 of the Commonhold and Leasehold Reform Act 2002 (see sections 76 and 77 of that Act);

"onward request" has the meaning given in section 30L(4)(a);

"sales information request" has the meaning given in section 30K(2);

"specified" means specified in, or determined in accordance with, regulations made by the appropriate authority.

(2) A reference in sections 30K to 30N to purchasing a long lease is a reference to becoming a tenant under the lease for consideration, whether by grant, assignment or otherwise, and references to selling a long lease are to be read accordingly."

(2) In section 172(1) of the CLRA 2002 (application to Crown of provisions of the LTA 1985), after paragraph (ac) (as inserted by section 35) insert—

"(ad) sections 30K to 30P of the 1985 Act (sales information requests),"."

Member's explanatory statement

This new clause, to be inserted after NC9, would require a landlord to provide specified information to a tenant, in anticipation of the tenant selling their property, within a specified time and at a specified cost, and request that information from other parties.

Lee Rowley **Added Gov NC43**

To move the following Clause—

"Estate management: sales information requests

(1) An owner of a managed dwelling may give a sales information request to the estate manager.

(2) A "sales information request" is a document in a specified form, and given in a specified manner, setting out—
  (a) that the owner is contemplating selling the dwelling,
  (b) information that the owner requests from the estate manager for the purpose of the contemplated sale, and
  (c) any other specified information.

(3) An owner of a managed dwelling may request information in a sales information request only if the information is specified in regulations made by the appropriate authority.

(4) The appropriate authority may specify information for the purposes of subsection (3) only if the information—
  (a) relates to estate management, estate managers, estate management charges or relevant obligations, and
  (b) could reasonably be expected to assist a prospective purchaser in deciding whether to purchase a dwelling.

(5) The appropriate authority may by regulations provide that a sales information request may not be given until the end of a particular period, or until another condition is met.

(6) In this section and sections (*Effect of sales information request*) to (*Enforcement of sections (Effect of sales information request) and (Charges for provision of information)*)—

(a) a reference to purchasing a dwelling is a reference to becoming an owner of the dwelling, and references to selling a dwelling are to be read accordingly;
(b) "sales information request" has the meaning given in subsection (2);
(c) "specified" means specified in, or determined in accordance with, regulations made by the appropriate authority.

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

Member's explanatory statement

This new clause, to be inserted after NC14, would provide for the owner of a managed dwelling to give a sales information request to the estate manager in anticipation of selling the dwelling.

Lee Rowley **Added Gov NC44**

To move the following Clause—

"Effect of sales information request

(1) An estate manager who has been given a sales information request by the owner of a managed dwelling must provide the owner with any of the information requested that is within the estate manager's possession.

(2) The estate manager must request information from another person if—
(a) the information has been requested from the estate manager in a sales information request,
(b) the estate manager does not possess the information when the request is made, and
(c) the estate manager believes that the other person possesses the information.

(3) That person must provide the estate manager with any of the information requested that is within that person's possession.

(4) A person ("A") must request information from another person ("B") if—
(a) the information has been requested from A in a request under subsection (2) or this subsection (an "onward request"),
(b) A does not possess the information when the request is made, and
(c) A believes that B possesses the information.

(5) B must provide A with any of the information requested that is within B's possession.

(6) A person who is required to provide information under this section must do so before the end of a specified period beginning with the day on which the request for the information is made.

(7) A person who—
(a) has been given a sales information request or an onward request, and

(b) as a result of not possessing the information requested, does not provide the information before the end of a specified period beginning with the day on which the request is made,

must give the person making the request a negative response confirmation.

(8) A "negative response confirmation" is a document in a specified form, and given in a specified manner, setting out—

(a) that the person is unable to provide the information requested because it is not in the person's possession;

(b) a description of what action the person has taken to determine whether the information is in the person's possession;

(c) any onward requests the person has made and the persons to whom they were made;

(d) an explanation of why the person was unable to obtain the information, including details of any negative response confirmation received by the person;

(e) any other specified information.

(9) A person who is required to give a negative response confirmation must do so before the end of a specified period beginning with the day after the day on which the period referred to in subsection (7)(b) ends.

(10) The appropriate authority may by regulations—

(a) provide that an onward request may not be made until the end of a particular period, or until another condition is met;

(b) provide for how an onward request is to be made;

(c) make provision as to the period within which an onward request must be made;

(d) provide for circumstances in which a duty to comply with a sales information request or an onward request does not apply;

(e) make provision as to how information requested in a sales information request or an onward request is to be provided;

(f) make provision for circumstances in which a period specified for the purposes of subsection (6), (7) or (9) is to be extended.

(11) In this section and sections (*Charges for provision of information*) and (*Enforcement of sections (Effect of sales information request) and (Charges for provision of information)*), "onward request" has the meaning given in subsection (4)(a).

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

Member's explanatory statement

This new clause, to be inserted after NC43, would require an estate manager who has been given a sales information request to provide the information requested, and request that information from other parties.

Lee Rowley **Added Gov NC45**

To move the following Clause—

"Charges for provision of information

(1) Subject to any regulations under subsection (2), a person ("P") may charge another person for—
  (a) determining whether information requested in a sales information request or an onward request is in P's possession;
  (b) providing or obtaining information under section (*Effect of sales information request*).

(2) The appropriate authority may by regulations—
  (a) limit the amount that may be charged under subsection (1);
  (b) prohibit a charge under subsection (1) in specified circumstances or unless specified requirements are met.

(3) If an estate manager charges the owner of a managed dwelling under subsection (1), the charge—
  (a) is an administration charge for the purposes of this Part, and
  (b) is not to be treated as an estate management charge for the purposes of this Part.

(4) For the purposes of this Part, the costs of—
  (a) determining whether information requested in a sales information request or an onward request is in a person's possession, or
  (b) providing or obtaining information under section (*Estate management: sales information requests*),

are not to be regarded as relevant costs to be taken into account in determining the amount of any estate management charge.

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

Member's explanatory statement

This new clause, to be inserted after NC44, would regulate charges for the provision of information under NC44.

Lee Rowley **Added Gov NC46**

To move the following Clause—

"Enforcement of sections (*Effect of sales information request*) and (*Charges for provision of information*)

(1) A person who makes a sales information request or an onward request ("C") may make an application to the appropriate tribunal on the ground that another person ("D") failed to comply with a requirement under section (*Effect of sales information request*) or (*Charges for provision of information*) in relation to the request.

(2) The tribunal may make one or more of the following orders—
  (a) an order that D comply with the requirement before the end of a period specified by the tribunal;
  (b) an order that D pay damages to C for the failure;
  (c) if D charged C in excess of a limit specified in regulations under section (*Charges for provision of information*)(2)(a), an order that D repay the amount charged in excess of the limit to C;
  (d) if D charged C in breach of regulations under section (*Charges for provision of information*)(2)(b), an order that D repay the amount charged to C.

(3) Damages under subsection (2)(b) may not exceed £5,000.

(4) The appropriate authority may by regulations amend the amount in subsection (3) if the appropriate authority considers it expedient to do so to reflect changes in the value of money.

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

Member's explanatory statement

This new clause, to be inserted after NC45, would provide for the enforcement of obligations under NC44 and NC45.

Matthew Pennycook **Negatived on division NC1**

Mike Amesbury

To move the following Clause—

"Abolition of forfeiture of a long lease

(1) This section applies to any right of forfeiture or re-entry in relation to a dwelling held on a long lease which arises either—
  (a) under the terms of that lease; or
  (b) under or in consequence of section 146(1) of the Law of Property Act 1925.

(2) The rights referred to in subsection (1) are abolished.

(3) In this section—
  "dwelling" means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, or outhouses and appurtenances belonging to it or usually enjoyed with it;
  "lease" means a lease at law or in equity and includes a sub-lease, but does not include a mortgage term;
  "long lease" has the meaning given by sections 76 and 77 of the Commonhold and Leasehold Reform Act 2002."

Member's explanatory statement

This new clause would abolish the right of forfeiture in relation to residential long leases in instances where the leaseholder is in breach of covenant.

Matthew Pennycook **Negatived on division NC2**

Mike Amesbury

To move the following Clause—

"Requirement to establish and operate a management company under leaseholder control

(1) The Secretary of State may by regulations make provision—
  (a) requiring any long lease of a dwelling to include a residents management company ("RMC") as a party to that lease, and
  (b) for that company to discharge under the long lease such management functions as may be prescribed by the regulations.

(2) Regulations under subsection (1) must provide—
  (a) for the RMC to be a company limited by share (with each share to have a value not to exceed £1), and
  (b) for such shares to be allocated (for no consideration) to the leaseholder of the dwelling for the time being.

(3) Regulations under subsection (1) must prescribe the content and form of the articles of association of an RMC.

(4) The content and form of articles prescribed in accordance with subsection (3) have effect in relation to an RMC whether or not such articles are adopted by the company.

(5) A provision of the articles of an RMC has no effect to the extent that it is inconsistent with the content or form of articles prescribed in accordance with subsection (3).

(6) Section 20 of the Companies Act 2006 (default application of model articles) does not apply to an RMC.

(7) The Secretary of State may by regulations make such provision as the Secretary of State sees fit for the enforcement of regulations made under subsection (1), and such provision may (among other things) include provision—
  (a) conferring power on the First-Tier Tribunal to order that leases be varied to give effect to this section;
  (b) providing for terms to be implied into leases without the need for any order of any court or tribunal.

(8) The Secretary of State may by regulations prescribe descriptions of buildings in respect of which regulations may be made under subsection (1).

(9) In this section—

"dwelling" means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, or outhouses and appurtenances belonging to it or usually enjoyed with it;

"long lease" has the meaning given by sections 76 and 77 of the Commonhold and Leasehold Reform Act 2002;

"management function" has the meaning given by section 96(5) of the Commonhold and Leasehold Reform Act 2002.

(10) The Secretary of State may by regulations amend the definition of "management function" for the purposes of this section."

Member's explanatory statement

This new clause would ensure that leases on new flats include a requirement to establish and operate a residents' management company responsible for all service charge matters, with each leaseholder given a share.

Matthew Pennycook **Not called NC3**

Mike Amesbury

To move the following Clause—

"Prohibition on landlords claiming litigation costs from tenants

(1) Any term of a long lease of a dwelling which provides a right for a landlord to demand litigation costs from a leaseholder (whether as a service charge, administration charge or otherwise) is of no effect.

(2) The Secretary of State may, by regulations, specify classes of landlord to which or prescribed circumstances in which subsection (1) does not apply.

(3) In this section—

"administration charge" has the meaning given by Schedule 11 of the Commonhold and Leasehold Reform Act 2022;

"dwelling" means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, or outhouses and appurtenances belonging to it or usually enjoyed with it;

"long lease" has the meaning given by sections 76 and 77 of the Commonhold and Leasehold Reform Act 2002;

"service charge" has the meaning given by section 18 of the Landlord and Tenant Act 1985;

"landlord" has the meaning given by section 30 of the Landlord and Tenant Act 1985."

Member's explanatory statement

This new clause would prohibit landlords from claiming litigation costs from tenants other than under limited circumstances determined by the Secretary of State.

Matthew Pennycook **Not called NC4**

Mike Amesbury

To move the following Clause—

"Remedies for the recovery of annual sums charged on land

(1) Section 121 of the Law of Property Act 1925 is omitted.

(2) The amendment made by subsection (1) has effect in relation to arrears arising before or after the coming into force of this section."

Member's explanatory statement

This new clause, which is intended to replace clause 59, would remove the provision of existing law which, among other things, allows a rentcharge owner to take possession of a freehold property in instances where a freehold homeowner failed to pay a rentcharge.

Matthew Pennycook **Negatived on division NC5**

Mike Amesbury

To move the following Clause—

"Power to establish a Right to Manage regime for freeholders on private or mixed-use estates

In Section 71 of the Commonhold and Leasehold Reform Act 2002, after subsection (2) insert—

"(3) The Secretary of State may by regulations make provision to enable freeholder owners of dwellings to exercise a right to manage in a way which corresponds with or is similar to this Part.

(4) A statutory instrument containing regulations under subsection (3) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.""

Member's explanatory statement

This new clause would permit the Secretary of State to establish a Right to Manage regime for freeholders of residential property on private or mixed-use estates.

Matthew Pennycook **Negatived on division NC25**

Mike Amesbury

To move the following Clause—

"Regulation of property agents

(1) The Secretary of State must by regulations make provision for implementing the proposals of the Regulation of Property Agents Working Group final report of July 2019 as far as they relate to—
  (a) estate management;
  (b) sale of leasehold properties; and
  (c) sale of freehold properties subject to estate management or service charges.

(2) Regulations under this section—
  (a) must be laid within 24 months of the date of Royal Assent to this Act,
  (b) shall be made by statutory instrument, and
  (c) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

(3) If, at the end of the period of 12 months beginning with the day on which this Act is passed, the power in subsection (1) is yet to be exercised, the Secretary of State must publish a report setting out the progress that has been made towards doing so."

Member's explanatory statement

This new clause would require the Secretary of State to make regulations to implement the proposals of the Regulation of Property Agents Working Group final report within 24 months of the Act coming into force and to report on progress to that end at the end of the period of 12 months.

Matthew Pennycook **Withdrawn after debate NC26**

Mike Amesbury

To move the following Clause—

"Pre-consolidation amendments of legislation relating to residential leasehold and freehold and estate management

(1) The Secretary of State may by regulations make such amendments and modifications of the Acts specified by subsection (2) as in the Secretary of State's opinion facilitate, or are otherwise desirable in connection with, the consolidation of the whole or a substantial part of the Acts relating to—
  (a) the relationship between landlords and tenants of residential properties;
  (b) the relationship between estate managers and the freeholders and leaseholders of properties in relation to which they carry out estate management.

(2) The Acts specified by this subsection are—
  (a) the Leasehold Reform Act 1967;
  (b) the Rentcharges Act 1977;
  (c) the Landlord and Tenant Act 1985;

(d) the Leasehold Reform, Housing and Urban Development Act 1993;
(e) the Commonhold and Leasehold Reform Act 2002;
(f) the Building Safety Act 2022;
(g) the Leasehold Reform (Ground Rent) Act 2022;
(h) this Act;
(i) any other provision of an Act relating to—
(i) the relationship between landlords and tenants of residential properties;
(ii) the relationship between estate managers and the freeholders and leaseholders of properties in relation to which they carry out estate management.

(3) For the purposes of this section, "amend" includes repeal (and similar terms are to be read accordingly).

(4) Regulations made under this section do not come into force unless an Act is passed consolidating the whole or a substantial part of the Acts relating to—
(a) the relationship between landlords and tenants of residential properties;
(b) the relationship between estate managers and the freeholders and leaseholders of properties in relation to which they carry out estate management.

(5) If such an Act is passed, any regulations made under this section come into force immediately before the Act comes into force.

(6) Regulations under this section are subject to the affirmative procedure."

Member's explanatory statement

This new clause would make provision for the Secretary of State to amend certain Acts (insofar as they relate to the relationship between landlords and tenants of residential properties and the relationship between estate managers and the freeholders and leaseholders of properties in relation to which they carry out estate management) if the amendments would facilitate consolidation of those Acts.

Matthew Pennycook **Negatived on division NC27**

Mike Amesbury

To move the following Clause—

"Qualifying leases for the purposes of the remediation of building defects

Section 119 of the Building Safety Act 2022 is amended by the insertion after subsection (4) of the following —

"(5) The Secretary of State may, by regulations, amend subsection (2) so as to bring additional descriptions of lease within the definition of "qualifying lease"."

Member's explanatory statement

This new clause would give the Secretary of State the power to bring "non qualifying" leaseholders within the scope of the protections of the Building Safety Act 2022.

Matthew Pennycook **Negatived on division NC28**

Mike Amesbury

To move the following Clause—

"Meaning of "relevant building" for the purposes of the remediation of building defects

Section 117 of the Building Safety Act 2022 is amended by the insertion after subsection (6) of the following—

"(7) The Secretary of State may, by regulations, amend subsection (2) so as to bring additional descriptions of building within the definition of "relevant building"."

Member's explanatory statement

This new clause would give the Secretary of State the power to bring buildings which are under 11m in height or have fewer than four storeys within the scope of the protections of the Building Safety Act 2022.

Matthew Pennycook **Negatived on division NC29**

Mike Amesbury

To move the following Clause—

"Report on providing leaseholders in flats with a share of the freehold

(1) The Secretary of State must publish a report outlining legislative options to ensure that all qualifying tenants in newly-constructed residential properties containing two or more flats have a proportionate share of the freehold of their property.

(2) The report must be laid before Parliament within three months of the commencement of this Act."

Member's explanatory statement

This new clause would require the Secretary of State to publish a report outlining legislative options to provide leaseholders in flats with a share of the freehold.

Matthew Pennycook **Withdrawn after debate NC30**

Mike Amesbury

To move the following Clause—

"Review of the percentage of qualifying tenants required to participate in an enfranchisement claim

The Secretary of State must before the end of the period of two years beginning with the day on which this Act is passed—

(a) review the effect of the participation limit contained in section 13(2)(b)(ii) of the Leasehold Reform, Housing and Urban Development Act 1993, with particular consideration given to whether it represents an unjustified barrier to leaseholders exercising their rights under this Chapter, and

(b) report to Parliament, in whatever manner the Secretary of State thinks fit, with proposals for reform."

Member's explanatory statement

This new clause would require the Secretary of State to consider, within two years of the Act coming into force, whether the current requirement that 50% of leaseholders must support an enfranchisement application should be lowered.

Matthew Pennycook **Not called NC31**

Mike Amesbury

To move the following Clause—

"Review of the percentage of qualifying tenants required to participate in a claim to acquire the Right to Manage

The Secretary of State must before the end of the period of two years beginning with the day on which this Act is passed—

(a) review the effect of the participation limit contained in section 79(5) of the Commonhold and Leasehold Reform Act 2002, with particular consideration given to whether it represents an unjustified barrier to leaseholders exercising their rights under Chapter 1 of Part 2 of that Act, and

(b) report to Parliament, in whatever manner the Secretary of State thinks fit, with proposals for reform."

Member's explanatory statement

This new clause would require the Secretary of State to consider, within two years of the Act coming into force, whether the current requirement that 50% of leaseholders must support an application for the Right to Manage should be lowered.

Barry Gardiner **Withdrawn after debate NC32**

To move the following Clause—

"Premises to which leasehold right to manage applies

Section 72 of the CLRA 2002 is amended in subsection (1)(a), by the addition at the end of the words "or of any other building or part of a building which is reasonably capable of being managed independently.""

Member's explanatory statement

This new clause which is an amendment to the Commonhold and Leasehold Reform Act 2002 adopts the Law Commission's Recommendation 5 in its Right to Manage report which would allow leaseholders in mixed-use buildings with shared services or underground car park to exercise the Right to Manage.

Barry Gardiner **Not called NC33**

To move the following Clause—

"Proportion of qualifying tenants required for a notice of claim to acquire right to manage

Section 79 of the CLRA 2002 is amended, in subsection (5), by leaving out "one-half" and inserting "one-third"."

Member's explanatory statement

This new clause would reduce the proportion of qualifying tenants who must be members of a proposed right to manage company for an RTM claim to be made.

Barry Gardiner **Negatived on division NC34**

To move the following Clause—

"Commencement of section 156 of the CLRA 2002

(1) Section 181 of the CLRA 2002 is amended as follows.

(2) In subsection (1), after "104" insert ", section 156".

(3) After subsection (1) insert—

"(1A) Section 156 comes into force at the end of the period of two months beginning with the day on which the Leasehold and Freehold Reform Act 2024 is passed.""

Member's explanatory statement

This new clause would bring into force a requirement of the Leasehold and Freehold Reform Act 2024 that service charge contributions be held in designated accounts.

Richard Fuller **Withdrawn after debate NC35**

To move the following Clause—

"Duty to notify purchasers of liability for estate management charges

(1) The Secretary of State must by regulations make provision to ensure that any purchaser of a property which is subject to estate management charges—
  (a) is notified about their liability for estate management charges at the point at which an offer is accepted by the seller on the property; and
  (b) is provided with the most recent set of accounts of the property management company.

(2) Regulations under this section—
  (a) must be laid within 24 months of the date of Royal Assent to this Act,
  (b) shall be made by statutory instrument, and
  (c) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament."

Member's explanatory statement

This new clause would require the Secretary of State to make regulations to ensure that purchasers of properties subject to estate management charges are notified of those charges.

Sir Stephen Timms **Withdrawn after debate NC36**

Barry Gardiner
Matt Hancock

To move the following Clause—

"Asbestos remediation

(1) The Leasehold Reform, Housing and Urban Development Act 1993 is amended as follows.

(2) After section 37B, insert—

"37C Asbestos remediation

(1) This section applies where a claim to exercise the right to collective enfranchisement in respect of any premises is made by tenants of flats contained in the premises and the claim is effective.

(2) The landlord must cause a survey of the premises to be undertaken by an accredited professional to ascertain whether asbestos is, or is liable to be, present in those parts of the premises which the landlord is responsible for maintaining.

(3) Where the survey required by subsection (2) reveals the presence of asbestos, the landlord must, at the landlord's cost, arrange for its safe removal.

(4) If the removal of asbestos required by subsection (3) is not carried out before the responsibility for maintaining the affected parts transfers to another person under the claim to exercise the right of collective enfranchisement, the landlord is liable for the costs of its removal.""

Barry Gardiner **Withdrawn after debate NC37**

To move the following Clause—

"Eligibility for enfranchisement

(1) The LHRUDA 1993 is amended as follows.

(2) In section 3—

(a) in subsection (2)(a), after third "building", insert ", or could be separated out by way of the granting of a mandatory leaseback on the non-residential premises to the outgoing freeholder";

(b) after sub-paragraph (2)(b)(ii), insert "or

(iii) are reasonably capable of being managed independently or are already subject to separate management arrangements;"

(3) In section 4(1)(a)(ii), after "premises;", insert "nor

(iii) reasonably capable of being separated out by way of the granting of a mandatory leaseback and reasonably capable of being managed independently from the residential premises;""

Member's explanatory statement

This new clause would ensure that leaseholders in mixed-use blocks with shared services with commercial occupiers would qualify to buy their freehold.

Barry Gardiner **Negatived on division NC38**

To move the following Clause—

"Right to manage: procedure following an application to the appropriate tribunal

(1) The CLRA 2002 is amended as follows.

(2) After section 84, insert—

"84A Procedure following an application to the appropriate tribunal

(1) Where an application is made to the appropriate tribunal under section 84(3) for a determination that an RTM company was on the relevant date entitled to acquire the right to manage the premises, the Tribunal may, if satisfied that it is reasonable to do so, dispense with—

(a) service of any notice inviting participation;

(b) service of any notice of claim;
(c) any of the requirements in the provisions set out in subsection (2); or
(d) any requirement of any regulations made under this part of this Act.

(2) Subsection (1)(c) applies to the following provisions of this Act—
(a) section 73;
(b) section 74;
(c) section 78;
(d) section 79;
(e) section 80;
(f) section 81.""

Member's explanatory statement

This new clause would provide the appropriate tribunal with the discretion to dispense with certain procedural requirements where it is satisfied that it is reasonable to do so. It is designed to deal with cases where a landlord attempts to frustrate an RTM claim by procedural means.

Barry Gardiner **Withdrawn after debate NC39**

To move the following Clause—

"Service charges: consultation requirements

(1) The Landlord and Tenant Act 1985 is amended as follows.

(2) In section 20ZA, after subsection (1), insert—

"(1A) "Reasonable" for the purpose of subsection (1) is a matter of fact for the tribunal, which—
(a) may or may not consider the matter of relevant prejudice to the tenant. If prejudice is to be considered the burden is on the landlord to demonstrate a lack of prejudice or to prove the degree of prejudice;
(b) must include consideration of the objectives of increasing transparency and accountability, and the promotion of professional estate management, as well as of ensuring that leaseholders are protected from paying for inappropriate works or paying more than would be appropriate;
(c) must consider the dignity and investment of the tenant, who should be treated as a core participant in the process of service charge decisions;
(d) must have regard to the tenant's legitimate interest in a meaningful consultation process, bearing in mind that minor or technical breaches may not impinge on the tenant's interest, nor prejudice the tenant;
(e) at its discretion may or may not consider a reconstruction of the 'what if' situation, analysing what would have happened had

the consultation been followed properly. The landlord is liable for the costs of such a reconstruction.""

Member's explanatory statement

This new clause would set matters for the tribunal to consider when deciding whether to dispense with all or any of the requirements for landlords to consult tenants in relation to any major works.

Barry Gardiner **Negatived on division NC40**

To move the following Clause—

"Meaning of "accountable person" for the purposes of the Building Safety Act 2022

(1) Section 72 of the Building Safety Act 2022 is amended in accordance with subsections (2) and (3).

(2) After subsection (2)(b), insert—

"(c) all repairing obligations relating to the relevant common parts which would otherwise be obligations of the estate owner are functions of a manager appointed under section 24 of the Landlord and Tenant Act 1987 in relation to the building or any part of the building."

(3) In subsection (6), in the definition of "relevant repairing obligation", after "enactment", insert "or by virtue of an order appointing a manager made under section 24 of the Landlord and Tenant Act 1987".

(4) Section 24 of the Landlord and Tenant Act 1987 is amended in accordance with subsection (5).

(5) Omit subsection (2E)."

Member's explanatory statement

This new clause would provide for a manager appointed under section 24 of the Landlord and Tenant Act 1987 to be the "accountable person" for a higher-risk building.

Barry Gardiner **Not called NC41**

To move the following Clause—

"Building insurance and section 39 of the Financial Services and Markets Act 2000

A landlord may not manage or arrange insurance for their building under the protections of section 39 of the Financial Services and Markets Act 2000."

Member's explanatory statement

This new clause precludes a landlord from operating as an appointed representative under the licence of Broker, where the landlord has no such licence themselves.

Barry Gardiner **Withdrawn after debate NC47**

To move the following Clause—

"Collective enfranchisement: removal of prohibition on participation

(1) Section 5 of the LRHUDA 1993 is amended in accordance with subsection (2).

(2) Omit subsections (5) and (6)."

Member's explanatory statement

This new clause would implement recommendation 41 of the Law Commission's report on enfranchisement, that the prohibition on leaseholders of three or more flats in a building being qualifying tenants for the purposes of a collective enfranchisement claim should be abolished.

Barry Gardiner **Withdrawn after debate NC48**

To move the following Clause—

"Right to participate in enfranchisement

(1) The Secretary of State may by regulations make provision to enable qualifying leaseholders to buy a share of the freehold at a development where a collective enfranchisement has already taken place.

(2) Provision made under subsection (1) is to be known as a "right to participate"."

Member's explanatory statement

This new clause would enable the Secretary of State to make regulations allowing those residential leaseholders whose unit qualified for a collective enfranchisement, but whose leaseholders were unable or unwilling to do so at the time, to exercise the right to participate in the enfranchisement upon payment of a proportionate sum.

Stella Creasy **Not moved NC49**

To move the following Clause—

"Estate management: compensation

(1) This section applies where the first and second conditions are met.

(2) The first condition is that it would not be reasonable for the residents of a property to continue to occupy that property as their primary residence due to a defect which the estate manager—

(a) is responsible for remedying, or

(b) could reasonably have foreseen would arise.

(3) The second condition is that—

(a) the defect is the direct result of actions taken or not taken by the estate manager, or

(b) the estate manager has failed to remedy the defect within a reasonable period of time.

(4) The estate manager must—

(a) provide compensation to the residents of the property equal to any reasonable financial loss they incurred as a result of the defect, or

(b) provide suitable alternative accommodation for the duration of the period for which this section applies.

(5) No cost incurred by an estate manager as a consequence of this section may be recouped from the estate in question through an estate management charge."

Member's explanatory statement

This new clause would allow estate residents to claim compensation or alternative accommodation where it is not reasonable for them to remain in their homes due to defects caused, or left unremedied for an unreasonable length of time, by an estate manager.

Richard Fuller **Withdrawn after debate NC50**

To move the following Clause—

"Control of boards of estate managers

(1) Within six months of the passage of this Act, the Secretary of State must by regulations provide for—

(a) every estate manager (see section 39(3)) to be constituted such that a controlling majority on its board is held by an owner or lessor of a managed dwelling (see section 39(5));

(b) the requirement stipulated in paragraph (a) to be in place within two years of the sale or lease of the first managed dwelling.

(2) Regulations under subsection (1) may amend primary legislation."

Member's explanatory statement

This new clause would provide for the Secretary of State by regulations to oblige every estate management company to have a majority of residents on its board within two years of the sale or let of the first house or flat on the managed estate.

Richard Fuller **Withdrawn after debate NC51**

To move the following Clause—

"Ability to change estate management company

(1) Within three months of the passing of this Act, the Secretary of State must consider and report to Parliament on the situation of homeowners who have been told that they cannot change their estate management company because they are named on a TP1.

(2) The report required by subsection (1) must include proposals for legislative change to enable such homeowners to change their estate management company where appropriate."

Lee Rowley **Added Gov NS1**

To move the following Schedule—

"SCHEDULE Section (*Financial penalties*)

REDRESS SCHEMES: FINANCIAL PENALTIES

Notice of intent

1 (1) Before imposing a financial penalty on a person under section (*Financial penalties*), an enforcement authority must give the person notice of its proposal to do so (a "notice of intent").

(2) The notice of intent must be given before the end of the period of 6 months beginning with the first day on which the enforcement authority has sufficient evidence of the conduct to which the financial penalty relates.

(3) But if the person is continuing to engage in the conduct on that day, and the conduct continues beyond the end of that day, the notice of intent may be given—

(a) at any time when the conduct is continuing, or

(b) within the period of 6 months beginning with the last day on which the conduct occurs.

(4) The notice of intent must set out—

(a) the date on which the notice of intent is given,

(b) the amount of the proposed financial penalty,

(c) the reasons for proposing to impose the penalty, and

(d) information about the right to make representations under paragraph 2.

Right to make representations

2 (1) A person who is given a notice of intent may make written representations to the enforcement authority about the proposal to impose a financial penalty.

(2) Any representations must be made within the period of 28 days beginning with the day after the day on which the notice of intent was given to the person ("the period for representations").

Final notice

3 (1) After the end of the period for representations the enforcement authority must—

(a) decide whether to impose a financial penalty on the person, and

(b) if it decides to do so, decide the amount of the penalty.

(2) If the enforcement authority decides to impose a financial penalty on the person, it must give a notice to the person (a "final notice") imposing that penalty.

(3) The final notice must require the penalty to be paid within the period of 28 days beginning with the day after the day on which the notice was given.

(4) The final notice must set out—

(a) the date on which the final notice is given,

(b) the amount of the financial penalty,

(c) the reasons for imposing the penalty,

(d) information about how to pay the penalty,

(e) the period for payment of the penalty,

(f) information about rights of appeal, and

(g) the consequences of failure to comply with the notice.

Withdrawal or amendment of notice

4 (1) An enforcement authority that gives a notice of intent or final notice may at any time—

(a) withdraw the notice of intent or final notice, or

(b) reduce an amount specified in the notice of intent or final notice.

(2) The power in sub-paragraph (1) is to be exercised by giving notice in writing to the person to whom the notice was given.

Appeals

5 (1) A person to whom a final notice is given may appeal to the First-tier Tribunal against—

(a) the decision to impose the penalty, or

(b) the amount of the penalty.

(2) An appeal under this paragraph must be brought within the period of 28 days beginning with the day after the day on which the final notice is given to the person.

(3) If a person appeals under this paragraph, the final notice is suspended until the appeal is finally determined, withdrawn or abandoned.

(4) An appeal under this paragraph—

(a) is to be a re-hearing of the enforcement authority's decision, but

(b) may be determined having regard to matters of which the enforcement authority was unaware.

(5) On an appeal under this paragraph the First-tier Tribunal may quash, confirm or vary the final notice.

(6) The final notice may not be varied under sub-paragraph (5) so as to impose a financial penalty of more than the enforcement authority could have imposed.

Recovery of financial penalty

6 (1) This paragraph applies if a person fails to pay the whole or any part of a financial penalty which, in accordance with this Schedule, the person is liable to pay.

(2) The enforcement authority which imposed the financial penalty may recover the penalty or part on the order of the county court as if it were payable under an order of that court.

Proceeds of financial penalties

7 (1) Where an enforcement authority imposes a financial penalty under section (*Financial penalties*), it may apply the proceeds towards meeting the costs and expenses (whether administrative or legal) incurred in, or associated with, carrying out any of its functions under this Part of this Act.

(2) Any proceeds of a financial penalty imposed under section (*Financial penalties*) by an enforcement authority other than the Secretary of State which are not applied in accordance with sub-paragraph (1) must be paid to the Secretary of State."

Member's explanatory statement

This new Schedule, to be inserted after Schedule 8, would make further provision about the imposition of financial penalties under NC19.

Lee Rowley **Agreed to Gov 28**

Title, line 5, leave out "charges and costs payable by residential" and insert "the relationship between residential landlords and"

Member's explanatory statement

This amendment is consequential on amendments to Part 3.

Bill, as amended, to be reported.

Glossary

Added: New Clause agreed without a vote and added to the Bill.

Agreed to: agreed without a vote.

Agreed to on division: agreed following a vote.

Negatived: rejected without a vote.

Negatived on division: rejected following a vote.

Not called: debated in a group of amendments, but not put to a decision.

Not moved: not debated or put to a decision.

Not selected: not chosen for debate by the Chair.

Question proposed: debate underway but not concluded.

Withdrawn after debate: moved and debated but then withdrawn, so not put to a decision.