

Press release: James Brokenshire announces industry pledge to crack down on toxic leasehold deals

- Leading property developers and freeholders including Taylor Wimpey and Barratt Homes sign government-backed pledge committing to free existing leaseholders trapped in onerous deals
- Plans to close the legal loopholes that force leaseholders to pay unjustified legal fees – saving tenants thousands of pounds
- Reforms to make retirement property fees more transparent – protecting vulnerable older people and their families

A new [industry pledge](#) to stop leaseholders being trapped in unfair and costly deals has been unveiled by the Communities Secretary, Rt Hon James Brokenshire MP, today (28 March 2019).

More than 40 leading property developers and freeholders, including big names such as Taylor Wimpey and Barratt Homes – have already signed the government-backed pledge, which commits them to doing away with onerous ‘doubling clauses’ that can result in ground rents soaring exponentially over a short period of time.

The freeholders who have signed have committed to changing the terms of leases for those who are affected. Other industry bodies such as managing agents have also put their names down, vowing to act fairly and transparently in their dealings with leaseholders.

Ministers have also today announced plans to close the legal loopholes that force leaseholders to pay unjustified fees when they take their freeholders to court over pernicious service charges. This includes consultation with industry on whether these changes should apply to existing leases too.

Under current rules, leaseholders who wish to take their landlords to court to challenge exorbitant fees or unfair hikes in annual charges also run the risk of being forced to pay their landlord’s legal fees. This applies even if the court rules in their favour – hitting some tenants with bills of tens of thousands of pounds.

Scrapping this loophole will reset the relationship between freeholders and leaseholders – stopping tenants being unfairly burdened with legal fees and ensuring they can access justice.

The Communities Secretary, Rt Hon James Brokenshire MP, said:

Since becoming Communities Secretary, I have repeatedly made clear my ambition to end those exploitative and unfair leasehold arrangements that have no place in a modern housing market.

The new industry pledge – signed by leading freeholders and property developers – will further support existing and future leaseholders by protecting them from onerous fees.

It's great news that leading names such as Taylor Wimpey and Barratt Developments have already signed up to the pledge, and I want to see others who have not yet signed up do the right thing.

Housing Minister Heather Wheeler MP said:

We want to make sure we have a leasehold system where people are able to challenge exorbitant rates and high service charges. It is unacceptable that the burden of legal fees – potentially running into tens of thousands of pounds – is preventing people from seeking justice.

The plans announced today will stop leaseholders from picking up the tab for unjustified legal costs – creating a housing market that truly works for everyone.

Richard Silva, Executive Director of Long Harbour said:

This pledge is a crucial first step towards positive change in the residential leasehold market and it reflects our commitment to eliminating bad practice from the market.

And to further protect leaseholders from excessive costs, older people and their families will be better protected across the retirement sector from unfair fees – sometimes called 'event fees' – charged in some leasehold retirement properties, where owners are required to pay extra charges when they become ill or die.

The measures announced today will stop older homeowners and their families being hit with surprise fees when they may least expect or be able to afford it, often when they are at their most vulnerable, such as following the illness or death of a loved one.

This is part of ongoing action by the government to reform and modernise the home-buying process and crack down on unfair practices in the leasehold market – helping to create a housing market that works for everyone.

Stewart Baseley, Executive Chairman of the Home Builders Federation, said:

The home building industry is committed to ensuring that leasehold is used appropriately and remains a safe and secure tenure for homeowners.

This pledge is a further demonstration of the industry's intent to

provide homebuyers with clarity, transparency and security ensuring that when used, the terms and conditions of leases are fair and proportionate.

Options are being explored to close the legal loophole and ministers will announce next steps in due course. This includes consultation with industry on whether these changes should apply to existing leases too. We will also raise awareness for how leaseholders can avoid paying their landlords legal fees through current legislation.

Pledge signatories include:

- Aquinna Homes
- Association of Residential Managing Agents (ARMA)
- Aviva Investors Global Services Limited
- Barratt Developments
- Bellway
- Bewley Homes
- Bovis Homes
- Churchill Retirement
- Consensus Business Group
- Countryside Properties
- Croudace Homes Group
- Davidsons Developments
- E & J Estates
- Estates & Management Limited
- Fairview New Homes
- Galliford Try
- Ground Rents Income Fund Plc
- Hill
- Home Builders Federation (HBF)
- Homeground Management Ltd
- Inland
- Landmark Investments
- Lioncourt Homes
- Long Harbour Ltd
- Mainstay Group Limited
- McCarthy and Stone
- Mears New Homes
- Miller Homes
- Millgate Developments (part of the Countryside Group)
- Morris Homes
- Nicholas King Homes
- Octagon Developments
- PegasusLife Group
- Persimmon
- PGIM Real Estate
- Redrow Homes
- Royal Institution of Chartered Surveyors (RICS)
- Spitfire Bespoke Homes
- St. Modwen Homes

- Stewart Milne Group
- Strata
- Taylor Wimpey
- Telford Homes
- Wallace Partnership Group Limited
- Wates Developments

The government has today announced its response to the Law Commission's report on event fees. The majority of the recommendations have been accepted which include:

- A new statutory code of practice which will ensure that these fees cannot be charged unexpectedly, while fees that breach it will be regarded as unenforceable.
- Developers and estate agents will be required to make all such fees crystal clear to people before they buy, so prospective buyers can make an informed decision before forming a financial or emotional attachment to a property.

[News story: Earnings continue to grow for recent graduates](#)

Earnings for recent graduates have continued to increase, reinforcing the financial benefits a degree can bring for the vast majority of students, new figures have revealed today (28 March).

The [statistics](#) published by the Department for Education show that median earnings in 2016/17 for graduates one and three years after completing a degree have increased from the previous year to £19,900 one year after graduating, and £23,300 three years after graduating. These earnings at one and three years also increased after being adjusted for inflation.

The figures are one part of the Government's drive to make data more available than ever before to help inform students' choices, and these statistics play a vital role in helping students and parents to understand the likely earnings and outcomes for different subjects.

However financial outcomes are just one of the considerations for students when choosing a degree subject, as students will make career choices not solely based on a likely graduate salary but also social value and job satisfaction.

Universities Minister Chris Skidmore said:

We now have record rates of English 18-year-olds going into higher education, so I am delighted to see that graduate earnings have continued to increase for recent graduates, showing that it pays to study in our world-class higher education system.

We want students and their parents to have the best possible information about higher education. This data is an invaluable tool to help prospective students make the right choice and know what to expect from the course they choose.

It is vital that we ensure that higher education carries on delivering for students, the taxpayer and the economy, and it will continue to do so as long as we focus relentlessly on quality in our system.

The data out today shows how earnings varied for different subjects in 2016/17 from one to ten years after graduating, from disciplines like creative arts and design through to medicine and dentistry.

The figures also show that the gap between median earnings for male and female graduates has widened in 2016/17, with a 15% difference between what male and female graduates earned five years after completing their degree, compared to 12% in 2014/15.

This latest data on graduate earnings follows research published in November which, for the first time, used the LEO dataset to compare the earnings by subject, institution and course for people who went to higher education to those with similar background characteristics who did not.

The research by the IFS showed that the vast majority of graduates with a degree earn more at the age of 29 than those who did not go to university – particularly female graduates who saw a greater difference in what they earned compared to women who didn't complete a degree than male graduates to their counterparts.

[Press release: RSH refines its regulatory approach](#)

RSH refines its regulatory approach – GOV.UK

The Regulator of Social Housing has updated its 'Regulating the Standards' document.



The 'Regulating the Standards' document sets out the approach RSH takes to regulation, what providers can expect of the regulator, and how it ensures that standards are being met.

The main changes are:

- From April 2019, we will carry out In Depth Assessments (IDAs) for the largest and/or most complex providers on a biennial basis instead of the current period of once every three to four years. We will also programme a structured update meeting with these providers in the intervening non-IDA year.
- We have reinforced our expectation that boards take ownership of their organisation's stress testing and ensure they understand the impact of economic cycles as well as one-off shocks on their businesses.
- We have listed the different scenarios where we may issue an interim Regulatory Judgement where a provider undergoes what the RSH considers to be a significant constitutional change or group restructure, including a change in ownership or other change of control.

Fiona MacGregor, Chief Executive of RSH said:

As part of our commitment to take a proportionate, risk-based regulatory approach, we are making changes to our planned regulatory engagement with larger providers and those that have more risk exposure. This will allow us to seek the frequency of assurance that organisations are effectively managing their changing risk profiles and keeping pace with the fast-moving operating environment.

We will also ask for evidence of well-developed and tested strategies that boards and senior teams of all registered providers have in place to be able to respond promptly and recover from potential scenarios such as a housing market downturn.

['Regulating the Standards'](#) is available on the [RSH website](#)

Further information

1. Regulating the Standards was last updated in April 2018.
2. The Regulator of Social Housing promotes a viable, efficient and well-

governed social housing sector able to deliver homes that meet a range of needs. It does this by undertaking robust economic regulation focusing on governance, financial viability and value for money that maintains lender confidence and protects the taxpayer. It also sets consumer standards and may take action if these standards are breached and there is a significant risk of serious detriment to tenants or potential tenants.

3. For press office contact details, see our [Media enquiries page](#). For general queries, please email enquiries@rsh.gov.uk or call 0300 124 5225.

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