Reserve Funds – A Statutory Requirement?

The current law in relation to estate management reserve funds, why leaseholders are paying far more money than they should be due to inadequate leases and a proposal to solve the problem

Who would be a residential leasehold property manager? As we painfully emerge from a background of public spending cuts, pay-freezes, high inflation and media witch-hunts against those who would dare to over-charge us money, public focus has increasingly been shifting to the leasehold sector.

Populist media contributions which attack allegedly corrupt managing agents and landlords have become more commonplace amongst a public struggling to meet the next energy bill, let alone the costs of replacing their roof or decorating their staircase. Whether it's an article from the Independent encouraging owners to exercise their right to manage[1] or from the Guardian, highlighting the plight of flat owners footing the bill for major works costs,[2] the general trend is negative. I cast my mind back to August 2012 during the first airing of channel 4's 'Dispatches' programme on the subject[3]. The documentary is typical of the kind of bad press Property Managers are up against. Unbalanced and inflammatory, the show presented by Morland Sanders depicts a very one sided and emotive view of the worst of the sector.

The most disconcerting aspect of the programme was Sanders' use of figures. In one section of the documentary he describes a 46% increase in complaints to the Leasehold Advisory Service (Lease) about leasehold property in 2011. This source of the figure, while not explained, was likely to be in reference to a quote by LEASE CEO Tony Essien in 2011 which has been misinterpreted. The documentary implied that the figure of 46% relates to service charge disputes. LEASE has confirmed however, that roughly 19% of enquiries made during the period in question were about service charges and 20% of queries are raised by landlords genuinely seeking best practice guidance[4].

In addition, the programme spent some time in proposing an estimated figure of £700,000,000 that 'may be overpaid' every year in service charges. The figure is derived from a Director at Urban Owners, a business specialising in Right to Manage. It is a number that clearly fails to take into account social housing and leaseholder-controlled schemes which account for at least 60,000 estates in the UK [5].

In spite of this, the broadcast successfully raised some critical awareness of the plight of those leaseholders who had fallen foul of the system's inherent weaknesses. In the cases described by the Dispatches programme, leaseholders were hit with bills for major non- routine maintenance works. In some instances, liability associated with the works is life shattering. The programme focuses on flat owners who had received bills in the tens of thousands for contributions to projects that may well have been due under the terms of their leases.

[1] Cavaglieri, C. (2014, January 25) Leaseholders have the right to manage their homes. *The Independent*
[2] Lunn, E. (2013, August 31) When leasehold property takes a grip on your finances. *The Guardian*
[3] Disptaches, Moraland Sanders, Channel 4 (2012)
[4] ARMA (Association of Residential Managing Agents) August Members Circular (2012)
[5] Residential Block and Estate Management OLC. ARLA,ARHM,ARMA ASSET SKILLS, CIH,NAEA, RICS (2012)

Unfortunately, the home-owners' lack of understanding of the leasehold system had left them grossly under prepared for the costs they were about to incur.

Time and time again the leasehold miss-management stories which grab the headlines relate to large building projects for which, a landlord has attempted to recover the funds in a short period of time, often within one service charge year.

I propose, in the following account, that Property Managers are armed with the necessary tools which will go some way towards helping them avoid issuing expensive and unpopular charges to leaseholders where leases leave no other alternative. The account will show that only intervention on the part of the government itself can bring this to fruition. There is growing opinion that the government needs to become directly involved with the regulation of the Leasehold system in England and Wales. This sentiment has been dismissed by the current government in spite of a recent submission to a proposed 'redress' scheme for managing agents and landlords.

The account will also show that while the new self-regulatory ARMA-Q initiative is a step forward for leaseholders we really must push deeper into the nuts and bolts of our legal system in order to prevent the kind of injustices that grab the dramatic headlines. I'll explain how leaseholder-run companies seem to have been left behind by landlord and tenant legislation designed to attack corrupt landlords. I'll show there is currently nothing stopping 'the good the bad and the ugly' from taking advantage of a power vacuum in these buildings. Finally, I will highlight the need for sensible reform based on facts not populism.

Lower-earners get the least Protection

Towards the spring of 2009 a letter appeared through leaseholders' letterboxes at the Font Hills Estate in Finchley, North London. The letter contained a detailed cost breakdown of their obligation to contribute towards an upcoming major works project to be carried out by the Freeholder of their blocks, Barnet Council. The project involved non-routine large scale redecorations and repairs of the building involving scaffolding, extensive joinery works and roof repairs. The home owners were told they would need to find over £12,000 each for the project. Naturally, under their lease they had no choice but like most leaseholders on the estate they were flabbergasted by their individual liability.

Some months later in a crowded meeting room within Barnet House, the home of the local authority, angry leaseholders sat opposite a team of estate management staff who had set up a meeting to explain the council's actions. Various concerns were raised about the project; issues of necessity, reasonableness and discussions about poor communication. The staff members were helpful and even managed to remove some items from the specification which reduced each lessee's overall liability slightly. An item which caught the eye of one savvy lessee was the fact that there had been no mention of contributions from a reserve funds towards the works. Why?

The answer was simple; because there were no reserve funds. The Leases at Font Hills, Finchley did not contain a provision that allowed the council to collect a reserve fund over a number of financial years. One of the younger members of the estate team was eager to add that there was little that could be done about this since the costs of going to the LVT to seek a variation would cost the lessees more money than it was worth in administration and legal fees.

And here lies the crux of the problem for Property Managers. Landlords are best advised to exercise extreme caution when setting budgets for service charges. In line with relevant case law[6][7][8] a landlord should refrain from charging leaseholders for an item which is not precisely described in the lease. The rule of *contra proferentum* applies in scenarios where there is ambiguity over a disputed service. That is to say if there is doubt over whether or not a provision is legally due under the lease then the law will be likely to find in favour of a tenant who disputes the charge. In effect, a landlord may have an obligation to carry out major cyclical redecorations under the lease. The cost of such redecorations may be very costly but the landlord cannot expect lessees to contribute to the estimated costs of such work over a number of financial periods unless the lease specifically allows for the provision.

All local authority leases suffer the same ill; no provision for a reserve fund. This could explain the headline-grabbing service charge demands that we hear about from local authorities. Indeed, the Dispatches programme mentions service charge demands with sums that equate to more than the original value of the relevant flat. Certainly, the individual cost of the exterior redecorations at Font Hills, Finchley was over half the price many lessees paid for the flats in the 1980's. The facts somewhat fly in the face of the intended spirit of Thatcher's 'right to buy' scheme. On closer inspection, The Right to Buy Act 1985 rules that leases shall not provide a provision for a reserve fund so it seems the problem was designed by the law makers. Why? One might question whether central government was unable to trust the local authorities to keep the money safe. Whatever the reason, the net effect has been a poor result for leaseholders.

The accepted remedy

Any seasoned block manager will tell you that there are fewer more hard-hitting scenarios than that of a costly major works project which is billed up front, out of the blue with no long term financial planning. RICS best practice tells us that responsible landlords should make long-term plans to build funds for major works where the lease allows. The RICS Service Charge Residential Management Code states:

"A reserve fund can have benefits for both landlords and tenants alike. Where the lease allows for a reserve fund but no such fund exists, you should recommend to your client that a reserve fund be created. Where the lease does not allow for the collection of reserves, consider seeking the agreement of the tenants to a variation of leases, or an application to the Leasehold Valuation Tribunal (LVT)." (RICS code, p30, 9.12)

Under section 37 of the Landlord & Tenant Act 1987 any party to a lease may apply to the Property Tribunal in order to vary a lease provided 75% of leaseholders support the application. Indeed, there have been successful tribunal cases which have given the right to landlords to incorporate a reserve fund under this legislation. This can be a life-line for sensible Lessee-run companies with poor leases. Such Landlords and management companies looking to undertake this task should however, be wary of the difficulty. This is emphasised by a requirement that 10% of the home owners must not oppose the proposal.

[6] Gilje v Charlegrove Securities Ltd [2002] 1 EGLR 41
[7] Denise Green v 180 Archway Road Management Company Limited [2011] LRX/17/2011
[8] Rettke-Grover v Needleman [2010] LRX/17/2011

The route-map for achieving a variation along these lines is onerous and costly. An RMC responsible for a block of 100 flats would need to consult all owners, gather evidence which showed 75 lessees were in favour of the idea and make an application to the First Tier Tribunal. A solicitor would then be required to execute yet more paperwork. The legal fees coupled with the administration costs involved do not make this an attractive prospect for lessees who will, in most cases be liable. It is certainly not a course of action many flat owners show great enthusiasm for.

A lessee-run company varying a lease would be likely to incur the following costs:

- Additional agent costs for producing letters and consent forms / special resident meetings

- Additional agent / solicitor costs for preparing and attending tribunal hearings

- Tribunal admin costs

-Solicitors costs for processing the order stating the variation

Many leaseholders struggle to appreciate the benefits of paying an extra £100 or £300 a year in order to budget for works due in five years' time. Some flat owners will openly oppose an application to the Tribunal so their annual charges do not go up. Community leaders on the estate have a hard time convincing their fellow lessees to fork out considerable amounts of money in service charges just to get into a position where they can raise the annual charges significantly to contribute to works in the seemingly distant future.

For many, the collection of the required consents for a variation will just not be possible. This means, very often, responsible lessee-run companies will find that they incur costs in admin fees and potentially, agent fees only to abort the initiative. And yet the fact remains: as long as there are buildings with no reserves available, some leaseholders will continue to receive huge demands for major works which are simply not manageable. Lots of leaseholders, particularly in local authority housing remain unaware that they are essentially sitting on a ticking time-bomb of high expense that they will not be prepared for.

The Lucky few can use the Mem & Arts

A remedy, which has come to the surface in recent years, only available to leaseholders who have control of their management setup through a residents management company, is the case of Morshead Mansions Ltd v Leon di Marco [2008.] This case crucially decided that there was a distinction between financial contributions under the lease defined as a service charge and company members bills towards a reserve fund.

Leaseholders may choose to raise reserve funds using company law ie. 'members contributions.' Again, the remedy is not without difficulty. In most cases, the company in question will be unlikely to have the correct wording under its constitution to adequately charge members. In such circumstances the company must adopt new articles of association at an official meeting and then incorporate a resolution to make the charge. This, in itself will require the use of solicitors. The company will then be subject to additional

management fees and accounting costs to cope with the new system, if they are doing it correctly.

Moreshaed Mansions should not be seen as a get out of jail free card for the RMC. Companies adopting this method are heading into relatively un-chartered territory. The world of company law is not a domain that many leasehold professionals have embraced. There is, it seems, great scope for error. Some companies may fall foul of the rules and regulations which apply to issuing legally enforceable members demands. Ultimately this is only going to hit the leaseholders' pockets if errors are made.

Overall, members contributions may be a life-line but they do not seem like the ultimate answer to inadequate leases. The start-up costs alone cause problems, add to that conveyancing issues caused during the sales process and difficulty in creating legally enforceable demands and it starts to become tricky ground for average leaseholder. The fact that resident management companies are turning to this solution is symptomatic of the weakness of landlord and tenant law in relation to service charges. So desperate have these leaseholders become that they are turning away from the body of legislation that is designed to protect them. Tenants stuck in the traditional two-tier freeholder-leaseholder scenario are excluded and the remedy leaves local authority leaseholders in the cold with no hope of forming an RTM company to explore such a solution.

Ask the bank?

The pragmatic business person may raise the solution of a bank loan to solve the problem. Indeed, local authority landlords are obliged to offer their tenants a low-interest loan to meet the costs of major works. As we saw in the Dispatches programme this is not always an effective solution when some of the potential debtors are elderly folk who have no means of paying back loans. In addition, most lessee-run companies have no means of obtaining credit on the scale of a typical large scale redecorations programme because they have no security to offer. If you were an Investment bank would you lend a company with zero assets that merely owns the stairs the money to fill the void? Business loans are simply not a solution for RMC or RTM Companies

It is clear that the need to build healthy reserve funds in large buildings is so essential in stopping disasters like the ones mentioned in Dispatches from happening that there needs to be a statutory requirement for RMCs and Freeholders to budget using reserves. The benefits of a healthy reserve fund far out-weigh the draw-backs and should be a vital part of all good estate management.

The arguments for upholding the status quo

If the building of reserves is seen as best practice (see *RICS code, p30, 9.12)* and a lease requires a landlord to recover the costs of major works from tenants it seems counter intuitive to manage an estate without building reserves. Yet, as we have seen, if the lease does not specifically provide for the collection of reserves, the landlord runs the risk of service charges being held un-recoverable. A statutory ruling, outranking the lease, stating that reserves should be an essential part of all residential leases would allow a landlord or RMC to bypass the costs of variation and get on with running the block.

It may be argued that the section 35 LTA 87 variation remedy is good enough and is a relatively democratic way of tackling the problem of a poor lease. After all, a lease is a contract between parties and those parties should expect to be protected by due process. Indeed we should exercise caution and it would be unwise to condone a system which diminishes the integrity of the legal document.

Conversely, it should be pointed out that leases themselves have always been open to interpretation. In the past managers have attempted to defend the recovery of reserve funds using a poor lease by arguing that the landlords obligation to repair the structure implies the use of accepted best practice to incorporate a reserve plan. Overwhelmingly, reserve funds are beneficial to landlords and leaseholders alike so isn't it time to reignite these debates again at a higher level? In the past one may have argued monies were unsafe to be held by landlords but section 42 of the 1987 act requires money to be held in trust.[9]

One may also argue that short term investors should be allowed to serve their interests in leasehold property. If they have purchased a flat with no provision for a reserve contribution in the lease, they probably have most to lose. Many leaseholders are, of course, in the development business. They are in and out of the property in a relatively short period. Having carried out refurbishments, the timing of their sale is set to coincide with the best possible dividend. Clearly, such investors have much less to gain from future roof works than their neighbours who have purchased their property as a long-term family dwelling.

At this point we need to ask ourselves what kind of society we are trying to create. Should we not help those who have an interest in protecting the long term asset value of the property? Additionally can we really condone a legal frame-work that allows savvy short term investors to pass their liabilities for protecting the building structure on to their often ill- advised successors in title? Additionally, one might try to win over the leasehold investor by explaining the benefits healthy reserve funds will provide during the sales process. A good solicitor should be looking for healthy reserves on behalf of a potential buyer.

Delays and mounting costs

As many block managers up and down the country will testify, the task of getting a major works project off the ground by billing leaseholders out of the blue can not only be traumatic for the lessees involved but also commercially suicidal. One such property which is managed by leaseholders through a residents management company is Caversham Court in New Southgate, North London.

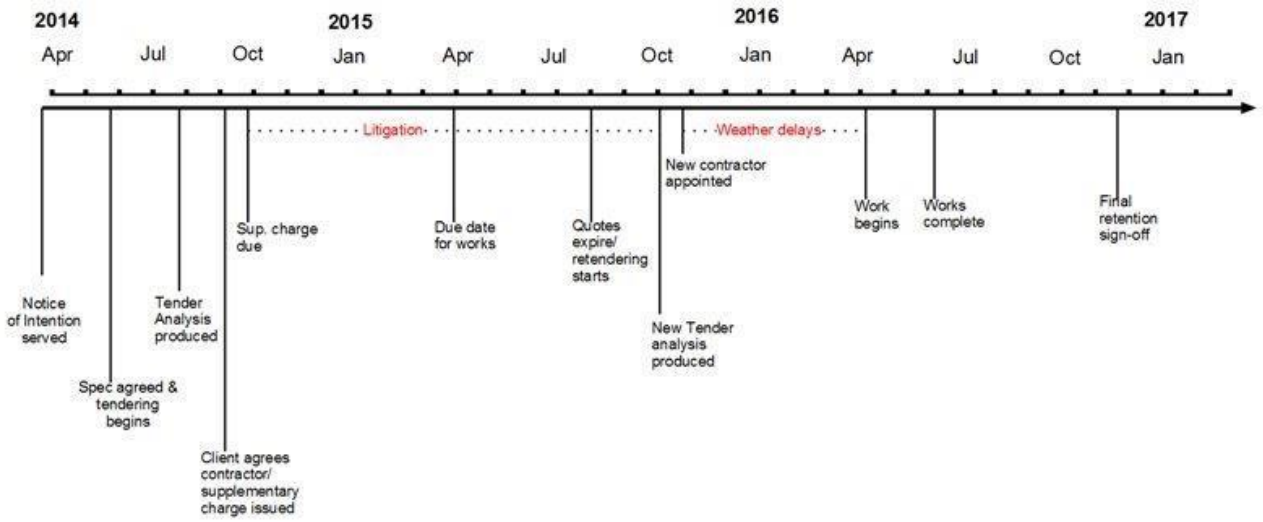
In spring 2008, the building, a late 70's block of 24 flats urgently required external redecorations and repairs. No reserves were available for the project and nor did the lease provide for such a provision. The building was already suffering from leaks and damage that were a direct result of the work being delayed. The agents advised the residents' management company client to begin the section 20 process and instruct a Building Surveyor to act as project administrator. Leaseholders had been warned in advance to
expect a large demand.

[9] Landlord and Tenant Act 1987, s 42

As a result of the tender analysis the board were advised to issue a supplementary charge of roughly £2,100.00 which was applied in September 2008 to each service charge account on top of their routine charge of roughly £1,250.00. The nature of the block was that it was mostly occupied by first time buyers who had not been advised of their potential liabilities when they had purchased their flats. Roughly 75% of lessees paid within the required time frame.

Other lessees did not pay and after costly litigation and an increase in day to day managing agent fees the full £50K project sum was finally collected at the end of 2009. Frustratingly, the work could not be completed at this point due to poor winter weather. The project was deferred to spring 2010. More costs were then incurred in surveyor's fees and contractor additions due to the length of time that had elapsed. Relations between agent and RMC were at an all-time low due to the delays in getting the work onsite and the lessees who had paid on time were furious. The work was completed at about 15% more of the cost than would have been required had the company been saving for the project. In addition, a number of patch repairs were required to the building structure to prevent leaks in the short term which heavily affected the day to day maintenance budget.

This story is no-doubt repeated throughout the land for flat management companies. Upfront demands for major works create delays to the planned maintenance cycle. Those delays put the landlord in breach of lease and ultimately raise the costs of the project for leaseholders. The below diagram shows how a landlord can struggle to get works completed by using a supplementary charge to secure funding. The timeline demonstrates how even relatively common levels of litigation can create devastating delays for an external redecorations programme. Such delays are far less likely with long-term contributions which offer a surety of collection.



(External redecorations funded by supplementary demand) Total project duration: approx. 2 years, 8 months

Supplementary charges should be a last resort but are probably the best way of securing funding for a landlord with no reserves and a building in a poor state of repair. Those responsible for Major Works management should consider this solution but should beware. Most leases do not allow a landlord to recover a supplementary demand from leaseholders

outside of the regular demanding cycle. Again the rule of *contra prorferentum* applies; if the lease is unclear then it probably isn't allowed. This point was underlined by the Upper Tribunal in the case of *London Borough of Southwark v Woelke*[10] On this occasion the local authority was told that it had breached the lease by issuing a single demand for works and was liable for £4,039.26 as a result.

Delays are exacerbated for those landlords who have no provision in the lease for either a reserve fund or a supplementary charge. In this scenario the flat owners will often need to wait for four quarterly collections to take place before they can see the building put in order, by which time the scope of work is likely to have changed significantly. It should also be noted that new case law (see Jastrzembski v Westminster City Council[11]) dictates that the landlord would need to re-serve his section 20 notice of intention after 2 years. The court system seems to penalise landlords for the very delays created largely by the legislative framework itself. All this additional documentation is of course, produced at a cost to the leaseholders.

The plight of the flat management company responsible for Caversham Court might have been worse had the events transpired in the last year or so. New case law suggests that landlords looking to meet the terms of their leases by carrying out major works in line with sensible planned cycles will need to consider phasing the works rather than carrying them out in one go (which is almost always the cheaper option.) Garside vs RFYC Limited (2011) was a case in the Upper Tribunal where the judge ruled against a landlord who had attempted to recover the costs of a large-scale improvement project in one financial period.

In this case the landlord, a court appointed manager had the arduous task of restoring a building in a very poor state of repair which had been served repair notices by the local authority. As a result of the Garside case a Landlord must now consider:

(a.) Are the costs reasonable?
(b.) Were the actions taken that incurred the costs reasonable ie. is it reasonable to recover the funds in one financial period?

The law now effectively says that poverty itself is not a consideration but some consideration should be given to very large fluctuations in service charges over a short period. Under certain situations Landlords should consider phasing work to avoid large increases in service charge. The case promotes use of reserve funds because one of the main reasons for having a reserve fund is that it diminishes these large fluctuations. A knock on effect of the decision could be that those buildings without reserves written into the lease will suffer more delays to building works through phasing

While one can see the logic in forcing a landlord to consider a tenant's ability to pay, Garside puts those with poor leases in a position whereby over the life-span of the property they will be paying even more towards the building. This cannot be right. The legislative framework surely must put best practice at the forefront of the picture. The most vulnerable buildings are small blocks where one bad payer can throw a project off target and send costs spiraling.

[10] London Borough of Southwark v Dirk Andrea Woelke [2013] UKUT 0349
[11] Jastrzembski v Westminster City Council [2013] UKUT 0284

The Public cost

Too many inadequate, out of date and poorly-drafted leases are in force across the country and this is costing the tax payer. Legislators need to understand the drain on the public purse caused by such leases. A lack of flexibility in Landlord and & Tenant law means some cases will go un-necessarily to tribunal and beyond. Between 2011 and 2013 the total cost of running the Residential Property Tribunal Service, now adopted by the First Tier Tribunal was roughly £30,000,000 excluding facilities costs. Between May and November 2013 alone, roughly 450 service charge applications went before the tribunal at an estimated cost of roughly £312,000.[12]

745 applications relating to a variation of leases were put to the LVT between April 2011 and November 2013 at a total cost of roughly £506,000.[13] Do we really need to add to this number by forcing sensible landlords and leaseholders to plead their case for implementing a reserve fund just so they can follow the best practice laid out in the only document endorsed by statute? In addition, should we really be opening the floodgates to applications for a determination on reasonableness of service charge following Garside? Should we be encouraging the inevitable delays to get to get funds rendering section 20 notices invalid? (Jastrzembski.)

It is worth noting that many of the most bitterly contested service charge disputes relate to major works projects where the landlord or manager has attempted to recover his costs in a short time frame. Some of these cases have ended up in highest reaches of our legal system. Philips v Francis and Daejan v Benson which are the foremost important cases in relation to Major Works consultation, fall into this category.

Philips v Francis related to a huge improvement project to 150 holiday chalets at a site known as Point Curlew in Cornwall. The landlord had attempted to cover the costs of the refurbishment by effectively doubling service charges between 2008 and 2010. The works which were crudely disguised as a series of several minor projects were objected to by lessees due to lack of consultation. The case is still festering and has now made its way to the court of appeal. The effects of the litigation have been nothing short of miserable for an industry already struggling to cope with onerous precedents set by case law.

Daejan v Benson was finally put to bed by the Supreme Court in 2013, ruling in favour of the landlord, albeit with some heavy penalties. The case related to a failure on the part of the landlord to follow the consultation requirements to the letter of the law which resulted in a staggering £280,000 worth of disputed service charges. The five tenants had been successful in rejecting any more than £250 each for the project but ultimately the Supreme Court decided that the tenants would need to prove that they had suffered prejudice. The amount of service charges they were entitled to reject would be proportionate to the level of prejudice they has been subject to. In the end it was decided that £50,000 of the project costs should be written off.

[12] Ministry of Justice, Freedom of Information Request, 15 Nov 2013 ref. 86506
[13] Ministry of Justice, Freedom of Information Request, 15 Nov 2013 ref. 86506

I suggest that both Philips v Francis and Daejan v Benson would never have seen a court room had the very same improvements been carried out as part of a sensible 10 year rolling reserve programme. It is time for the government to change the focus of Landlord and Tenant Law towards the encouragement of long term, sustainable asset management. There is a need to cut bureaucracy in the leasehold management sector. Parliament must help the industry achieve this by ensuring Property Managers adopt fundamental estate management practices which will be of benefit to all those with an interest in the leasehold sector and this includes the public at large.

Summary

Rolling Reserve funds, supported by a well-drafted capital expenditure plan are an essential part of Property Management. They are seen as best practice by the RICS code which is more or less the bible for residential block managers and surveyors. Their adoption into the life-span of a residential leasehold scheme has benefits to all parties. The drawbacks to including them are so disproportionate to their exclusion that it is difficult to understand why legislators have managed to eliminate reserves from thousands of properties across the country.

Overwhelmingly, the lack of healthy reserve funds leads to large scale fluctuations in annual service charges and risky delays in carrying out essential maintenance of blocks of flats. The delays have big financial implications for leaseholders and cause great distress to residents. Such delays increase tension between managing agents and their clients and become the source of bitter litigation which could be kept out of the court system.

The current legal remedies for leaseholders who are sensible and want to take control of their assets through long-term plans are convoluted, expensive and very often beyond the comprehension of those most vulnerable to the weaknesses of the leasehold sector. So weak is the legislation concerning reserve funds that desperate owners are turning to a whole new of area of the law in order to secure the protection of their assets through company members' contributions. We have placed the running of huge areas of residential property in the hands of judges, panels and committees ill-equipped to give these home owners the rapid solutions they need to get their buildings in order.

The chaos which is apparent in the public sector in this respect is nothing short of frightening. Why should the government continue to grant Right to buy leases that contradict best practice? Why should the legal profession similarly be allowed to do so? If best practice is accepted I call for the mistakes of the past to stop being compounded day by day, lease by lease. It is time that parliament forms a piece of legislation to supersede the 'contra proferentum' rule which prevents landlords and resident management companies form collecting reserves in poor leases. If a lease obliges a landlord to repair a building structure it should be set in stone that this covenant obliges him to collect reserves.

The obligatory use of reserve plans will not necessarily be a popular measure.The main-stream media seems to be more focused on exposing situations where tenants have suffered at the hands of poor managing agents and can claim back service charges levied incorrectly. It is far harder to sell flat owners an increased yearly service charge bill which will pay them back in the long term. Some journalists are creating an impression that tenants

can somehow by-pass a huge proportion of their contribution towards the maintenance of their properties. This is not the case; leaseholders will remain liable for upkeep of their buildings in large sums. This cannot be changed. What we can change is how works are planned and funded over the lifespan of our residential property. I suggest the savings that can be made by helping flat owners to do this in line with best practice will be huge.

The concept of a statutory remedy for defective property contracts would not be unprecedented. If we look to our neighbours to the north there is an indication of how things might work in practice. Following the Title Conditions (Scotland) Act 2003 and the Tenements (Scotland) Act 2004, the Scottish legal system has allowed property managers to adopt a 'model deed of conditions.' This can be called upon where the title deeds are silent on key management practices which may render the deeds defective. While reserve funds are not included in the model deed of conditions, it would be useful for legislators in England and Wales to consider this approach.

Past changes to the legislation (see Commonhold & Leasehold Reform Act 2002) have proved costly and one can see why the appetite for statutory change is limited. Some will argue that the current solutions to this problem should be sufficient to meet the needs of the public. I suggest not. I suggest the solutions are too complicated and give little consideration to how estate management works in practice.

Instead of insisting that landlords undertake impractical assessments of a leaseholder's ability to pay, let's remove the legal roadblocks so landlords can start putting sensible rolling reserve plans in place. Let's educate the public about the dire financial implications of pushing works into the future. Give leaseholders all the data they need at the start of each financial period to show how much money is being put away and for what purpose. Parliament must put the measures in place to encourage sensible estate management which will reduce the level of decaying UK housing stock and improve the appearance of our high streets.

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