VeraHold
CLEARER INFORMATION FOR LEASEHOLDERS

NEWSLETTER
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LEASEHOLD REFORM · 2027

What actually changes for leaseholders in 2027?

The government has confirmed a series of reforms to make service charges easier to understand and landlords more accountable. Here is what has been confirmed, what has not, and what you can do now.

You may have seen these described as the 2027 leasehold changes. That is broadly correct, but there is an important qualification: not every reform will necessarily begin at the same time or on 1 January 2027.

The measures still need to be introduced through secondary legislation. Leaseholders in England are expected to start seeing changes during 2027, with the precise timing depending on the measure and the type of landlord.

Here is what has been confirmed so far.

REFORM, THE HONEST VERSION

What's actually law, and what isn't

Headlines say leasehold is being abolished. The reality is slower, and worth understanding before you plan around it.

IN FORCE	**Two-year ownership rule removed** — you no longer need to have owned the flat for two years before extending your lease (2025).
NOT YET IN FORCE	**Marriage value abolished & new valuation rules** — passed in the 2024 Act, but still not switched on.
STILL CONSULTATION	**Commonhold as default, ground rent cap, new-build leasehold ban** — proposed in 2026, but not law.

Don't plan around anything until it's actually in force. In leasehold, the gap between "announced" and "enforceable" is measured in years.

REFORM 1 OF 4

Clearer service-charge demands

A standardised service-charge demand form will be introduced. The initial demand for the year is expected to be accompanied by:

- An annual budget for the building or development
- A comparison with expenditure from the previous accounting period
- Clearer information about what the charges cover

Further demands and year-end reconciliation demands will also use prescribed forms.

Why this matters. It should become easier to compare one year with another and identify which individual costs have changed. A large increase will not automatically be unreasonable, but leaseholders should have a clearer starting point from which to ask questions.

WHAT THE ACCOUNTS HIDE

The same year. Two documents. One £600,000 gap.

THE COVER LETTER		THE BUDGET BEHIND IT
£2.6m	≠ £600K GAP	**£2.0m**
The friendly summary you're meant to read.		The detail almost nobody cross-checks.

The fix costs nothing: put the summary letter next to the detailed budget and check every headline figure actually appears, unchanged, in the breakdown behind it.

This is drawn from a real case reviewed by VeraHold. The cover letter and the detailed budget were sent together in the same annual pack. Almost nobody reads both side by side. The £600,000 discrepancy was only found because someone did. Standardised demand forms are intended to make this kind of comparison easier and harder to avoid.

REFORM 2 OF 4

An annual report about the building

Landlords will be required to provide leaseholders with an annual report. The report is expected to include information about:

- The health and condition of the building
- Plans for forthcoming major works
- Service charges and building management
- Relevant administration charges

Why this matters. Leaseholders should receive earlier visibility of planned work and the financial issues affecting their building. The report will not guarantee that every future cost can be predicted, but it should make important building information easier to find.

REFORM 3 OF 4

Stronger rights to request information

Leaseholders will have a clearer right to request prescribed information relating to:

- Service charges and maintenance and repairs
- Building improvements and insurance
- Fire-safety matters
- Invoices and supporting documents

The government intends to allow requests covering information from the previous six years, with defined response periods and more limited grounds for refusal.

Why this matters. It should become more difficult for a demand to be presented without sufficient supporting information. Landlords may still be unable to disclose certain documents in full where there are legitimate legal, data-protection or commercial restrictions.

REFORM 4 OF 4

New rules on legal costs

The reforms are also intended to change the assumption that leaseholders can be required to pay their landlord's legal costs through the service charge or as an administration charge. Leaseholders will also be able to apply to recover their own litigation costs from a landlord in defined circumstances.

Why this matters. The financial risk of challenging a charge has often discouraged leaseholders from taking action. The new protections will not make every dispute cost-free. Courts and tribunals will retain discretion, and the outcome will depend on the circumstances and conduct of the parties.

What has not yet been confirmed

The consultation also considered the following, but the government has said it will respond separately. Do not treat these as confirmed 2027 changes.

- Changes to the Section 20 major-works process
- Mandatory reserve or sinking funds
- Mandatory qualifications for managing agents

ACT NOW, NOT LATER

What can leaseholders do now?

You do not need to wait until 2027 to start keeping better records. Keep copies of:

- Service-charge demands
- Annual budgets and accounts
- Year-end reconciliations
- Section 20 notices
- Major-works estimates
- Insurance summaries
- Correspondence with the landlord or managing agent

When a cost changes, ask a specific question: what work was completed, what evidence supports the cost, how was the amount allocated, and how does it compare with the previous year?

Do not withhold a service-charge payment simply because information appears incomplete. Whether a demand is payable will depend on the lease, the form of the demand and the relevant law.

LEARN TO SPOT THEM

Three service charge red flags

1

A budget held flat while real spend triples

One staff line budgeted at **£27,000** year after year, actual proven spend **£73,769**. Always compare budget against *actual*, not budget against last year's budget.

2

Fire safety cut during active remediation

One block's fire safety budget was cut **47%** in a single year, mid-remediation, with no explanation. Safety cuts during safety works deserve a direct question.

3

A charge your own auditor already flagged

A **£42,843** accrual was flagged as unsupported by the agent's *own* accountants, and still landed on leaseholders' demands. The flags are often right there in the audited accounts.

None of these prove wrongdoing on their own. All of them are worth a written question to your agent.

These three patterns are drawn from real cases reviewed by VeraHold across different blocks and managing agents. None of them prove wrongdoing on their own, but all of them have been found in accounts where leaseholders were being significantly overcharged. If you spot any of these in your own accounts, it is worth raising a written question with your managing agent.

FOR RTM AND RMC DIRECTORS

Prepare early

Resident-led buildings should review whether they already maintain:

- Consistent budgets and annual accounts
- Accessible invoices and contractor records
- A record of planned maintenance and major works
- Clear reserve-fund information
- A process for handling information requests
- Written records of important expenditure decisions

Preparing early should make it easier to comply with the new reporting requirements and communicate clearly with residents.

THE POINT TO REMEMBER

The reforms should provide better documents and more information. They will not automatically determine whether work was necessary, whether a charge was reasonable or whether a building has been managed effectively.

Better information matters because it allows leaseholders and directors to ask better questions.

VeraHold will continue tracking the secondary legislation and will explain the confirmed commencement date of each measure, which buildings and leaseholders are covered, what the new reports and demand forms contain, and what leaseholders and resident directors should do next.

What leasehold issue should we explain in the next edition? Reply directly to this email and tell us. We will use the questions we receive to shape future editions, without identifying individual readers or buildings.

Send us your leasehold question

Sources

Ministry of Housing, Communities and Local Government, Government response to the Strengthening leaseholder protections over charges and services consultation, 15 July 2026.

Ministry of Housing, Communities and Local Government, Stronger leasehold protections in crackdown on hidden fees, 15 July 2026.

Leasehold Advisory Service, Rights to see information about service charges, last updated 19 December 2025.