

**EXPLANATORY MEMORANDUM TO
THE SERVICE CHARGES (SUMMARY OF RIGHTS AND OBLIGATIONS, AND
TRANSITIONAL PROVISION) (ENGLAND) REGULATIONS**

2007 No. 1257

1. This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 The regulations prescribe the content of form of the summary of rights and obligations in relation to service charges which must accompany any demand for service charges made by a landlord.

2.2 The purpose of prescribing content is to ensure that both tenants and landlords are clear as to what the summary should include and to ensure that all tenants are treated equally and consistently.

2.3 Minor matters of form have been prescribed in the Regulations. The summary must be legible in printed or typewritten form and must be at least 10 point. Only prescribing minor matters of form will, it is hoped enable landlords to incorporate the summary into their current administration systems without too much difficulty thereby avoiding costly changes which would probably be passed on to tenants.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Background

4.1 Service charges are payable to landlords by tenants. They are payable under the terms of the lease and cover matters such as charges for services, repairs, maintenance, improvements, insurance, or the landlord's costs of management. Section 18 of the Landlord and Tenant Act 1985 (the 1985 Act), gives the full meaning of "service charges" for this purpose, and new section 27A as inserted by the Commonhold and Leasehold Reform Act 2002 (the 2002 Act) sets out the rights to apply to a leasehold valuation tribunal (LVT).

4.2 An LVT may determine-

- the reasonableness of a service charge;
- whether the charge is payable, or whether if costs were incurred the charge would be payable;
- the person by whom and to whom it is payable;
- the amount which is payable; and the manner in which it is payable.

4.3 New section 21B of the 1985 Act (inserted by section 153 of the 2002 Act) provides that a demand for payment of a service charge must be accompanied by a summary of the rights and obligations of the tenant in relation to service charges. Where a demand for payment is made and a summary does not accompany it, a tenant may withhold payment without breaching the terms of the lease.

4.4 The purpose of the summary is to ensure that the tenant is made aware of the rights available to them where they receive a demand for payment of a service charge, and their obligations in relation to the demand.

4.5 The Secretary of State has the power to make regulations prescribing the form and content of summaries under section 21B(2) of the 1985 Act.

4.6 The effect of the Regulations is to set out what the summary, which is to be provided with a demand for service charges under section 21B(1), must contain.

5. Extent

5.1 This instrument applies to dwellings in England.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 During the lead up to the 2002 Act it became clear that one of the fundamental difficulties of the leasehold system was that many leaseholders were simply unaware of their rights in relation to the payment of service charges, one of the main areas for dispute. This was also confirmed by the level of correspondence and telephone calls received within the Department. While free literature on service charge rights has been available from the Department and the Leasehold Advisory Service for some years, a more structured approach to making tenants aware of their rights was needed. This led to inclusion of Section 153 into the 2002 Act which itself inserts a new Section 21B into the 1985 Act, requiring landlords to inform their tenants of their rights and obligations in relation to service charges by way of a summary which must accompany a demand.

7.3 Two public consultation exercises took place on the content of the summary. The first consultation exercise in October 2002 consulted on the possibility of a few, very general statements being provided by way of a summary. Briefly, these statements set out that a liability to pay a service charge may be set out in the lease; that the liability to pay and reasonableness of an administration charge can be determined by a leasehold valuation tribunal (LVT); and that while most leases provide the landlord with a right of re-entry or forfeiture the law provides a number of restrictions on this. The majority of respondents (23 out of 30) agreed with the suggested summary or agreed but made a few alternative suggestions.

7.5 However, after further scrutiny it was felt that a brief summary would not properly comply with the requirements of the primary legislation which requires a summary of **the rights and obligations** rather than only some of the rights and

obligations. A second consultation therefore took place in June 2004, setting out all rights and obligations more specifically, including reference to forfeiture. This time the majority of respondents disagreed with the (62 out of 100), with a large majority putting forward their own suggestions as to what the Regulations should (or should not) contain.

7.6 Respondents to the exercises put forward a number of different views and suggestions. These were of a more general nature however, rather than specific examples of what should or should not be included. Briefly, the main comments arising from these exercises were:

- They (landlords) were not in favour of a summary or it was too lengthy and unhelpful. *We do not agree that a summary of rights and obligations is not needed. This is because tenants were in some cases being asked to pay large sums of money without knowing their rights. However, we agreed to look at the summary's length and content to minimise it where possible.*
- That providing the summary would lead to an increase in costs for the tenants. *We accept the potential for additional cost but believe the benefits outweigh these and are creating as much flexibility as is felt reasonable for the landlord. We see no reason why the costs of providing this should be prohibitive.*
- There should be no need to issue the summary with every demand. *The legislation does not appear to allow the Secretary of State the ability to specify circumstances when the summary need not be sent. Such a provision could in any case be abused where, for example, 'reminders' are sent, alleging the summary was sent with an original demand when in fact it was not.*
- It should include reference points for advice. *We agree that the need to seek advice should be mentioned.*
- That it sets out the tenant's rights, but not the obligations, and will also encourage non-payment. *There are relatively few obligations specific to the payment of service charges, save those set out in the lease or resulting from a determination by a LVT or court in the event of a dispute etc. These are covered in the prescribed summary. We do not believe a culture of non-payment or abuse should arise as a result of tenants being actively informed of their rights.*
- That the summary should be clear and in large print, and there should be a minimum size of lettering. *We have made the summary as clear as possible bearing in mind the legislative requirements, and have required it to be legible in printed or typewritten form with a minimum font size of 10.*
- That the section on re-entry and forfeiture was not needed. *We disagree. Forfeiture is a powerful right (of last resort) for landlords that can be used for non-payment of service charges.*

7.7 Draft regulations were produced taking account of the comments received, and a further 'informal' consultation took place on 26 May 2006 with key stakeholders. This sought final comments on the content of the draft regulations following changes made as a result of the previous consultation exercises. Briefly, some of the main comments received from this exercise included:

- We should not seek to prescribe the form of the summary, only the content. *We had some concern about the manner in which the summary could be used to potentially confuse tenants if the order of the contents of the summary were allowed to be moved around or other changes made, however unlikely this*

may be in practice. We have decided not to specifically prescribe the form but to prescribe the content as one statement rather than as individual statements, which should help resolve this concern.

- *The language used needs to be understandable to those receiving the document. We agree, and have sought to simplify the language further while trying to ensure the summary contains information that will be useful to the tenants.*
- *There are some service charge rights missing from the summary. We examined the suggestions carefully and concluded that various rights suggested to us were not regarded to be a right(or obligation) specific to service charges as the summary requires. It would also make the summary much longer, which respondents did not want.*
- *A Separate summary is needed for the public sector. On balance, we do not believe a separate summary is required. The summary is fairly specific in what it should contain, and few rights or obligations relating to service charges exist for the public sector that do not apply to the private sector. Those that do can refer specifically to their application in the summary.*
- *The word ‘demand’ should be clarified. We do not agree. This is not a matter for the regulations but for any supporting guidance (if necessary). It should also be fairly clear what a demand for service charges is without having to provide detailed clarification.*
- *The summary should not have to be sent every time a demand is made. Same point made previously. The legislation requires the landlord to send a summary with each demand. The Secretary of State has no powers to vary this. Such a provision could in any case be abused where, for example, ‘reminders’ are sent alleging the summary was sent with an original demand when in fact it was not (or even an original demand was not sent).*
- *It should include reference points for advice. We agree that the need to seek advice should be mentioned.*

These Regulations have been produced following consideration of the responses received.

8. Impact

8.1 A Regulatory Impact Assessment is attached to this memorandum.

8.2 While public sector landlords will be required to send out the summary when demanding service charges, the impact on the public sector is not regarded to be significantly disproportionate to the benefits and information tenants will gain by receiving the summary of rights and obligations.

9. Contact

Ian Fuell at the Department for Communities and Local Government, Tel: 020 7944 3463 or e-mail: ian.fuell@communities.gsi.gov.uk can answer any queries regarding the instrument.

Final Regulatory Impact Assessment

Title

1. Residential leasehold reform - Summary of tenants' rights and obligations in relation to service charges.

Purpose and Intended Effect

The objective

2. We wish to ensure that sufficient information is provided to tenants about their statutory rights, and obligations, in relation to service charges.

The Background

3. Tenants (leaseholders) may be asked to hand over large sums of money (service charges) to their landlord, or the manager of their property, to pay for works and services in respect of the property. Demands for service charges must be made in accordance with the terms of each individual tenancy or lease, and in some cases payment may be made by direct debit or standing order. It is therefore not possible to determine precisely how many actual demands are made in any one year, but as an average this can be between one and four times a year.
4. However, while tenants have a number of rights where service charges are concerned but are not always aware of the rights available to them. These rights arise mainly from the Landlord and Tenant Act 1985 and the Commonhold and Leasehold Reform Act 2002 (the 2002 Act), It is proposed that Section 153 of the 2002 Act (New section 21B of the Landlord and Tenant Act 1985), which will require a landlord to provide a summary of a tenant's rights and obligations in relation to service charges when demanding service charges, be brought into effect.

Rationale for government intervention

5. One of the fundamental difficulties of the leasehold system is that many tenants (leaseholders) are simply unaware of their rights and obligations in relation to the payment of service charges, one of the main areas for dispute. This is also confirmed by the level of correspondence and telephone calls received within the Department and the Leasehold Advisory Service (a Non Departmental Public Body sponsored by the Department). Without this knowledge tenants paying service charges remain open to possible exploitation by landlords. Leasehold tenure spans all areas of society, ranging from the first time buyer purchasing a flat, to the elderly and more vulnerable living in sheltered accommodation. It is important therefore that service charge payers are made aware of their rights and obligations, that they are provided with consistent and correct information, and that landlords are clear in what information they have to provide for the avoidance of doubt.
6. There is currently no existing requirement for landlords to provide information relating to the rights that service charge payers have. Some landlords, for example local authorities, may provide information about service charges in general to their leaseholders and allude to certain requirements placed upon them as landlords, such as the need to consult in certain circumstances, but it is apparent that few, if any landlords specifically explain the rights available. Whilst It It is not possible to establish how many landlords do, or do not provide information about service charge rights, it is clear that an information provision gap exists. To help address this, a particular provision was included in the Commonhold and Leasehold Reform Act 2002 which, when brought into force, will require landlords to provide a summary of rights and obligations when demanding service charges. These Regulations will come into effect at the same time as the provision in the 2002 Act and supplement that provision by setting out the information that a landlord has to provide.

Wales and Scotland

7. Wales will produce their own regulations and these regulations do not apply to Scotland.

Consultation

8. *Within Government*

The Small Business Service
Local Government Association
Association of London Government

9. *Public consultation*

In October 2002 and June 2004 consultation papers were sent to over 600 organisations and individuals known to have an interest, including landlords and representative bodies. They were also made available to the public in general having been placed on the Departments website, and available in hard copy from the Department's free literature office. An informal discussion document of January 2003 was also produced, aimed at informing the public consultation of June 2004. This was also sent to organisations and others representatives in the leasehold sector. Leading up to these regulations meetings, phone calls and correspondence have also taken place, with comments being received prior to and throughout the consultation process from bodies representing the various leasehold interests, including landlords etc. Organisations consulted include:

Association of Residential Managing Agents
Federation of Private Residents Association
The Leasehold Advisory Service
Association of Retirement Housing Managers
Council of Mortgage Lenders
Housing Corporation
Independent Housing Ombudsman
Institute of Chartered Accountants in England and Wales
Law Society
Royal Institution of Chartered Surveyors
British Property Federation
Financial Services Authority
Chartered Institute of Public Finance and Accountancy

Various banks and building societies were also consulted, as were various leaseholder representative groups and individuals who had responded to previous consultation exercises on similar issues. A number of face to face meetings have also been held as well as visits to stakeholders.

On 16 August 2006 final views were sought from key stakeholders on the content of the draft regulations for the summary to accompany service charge demands (new section 21B). The draft regulations included the prescription of minor matters of form, a minimum font size, and sought specific views on prescribing the form itself.

As a result of the consultation exercises and other comments received changes have been made. These include amending the wording of the summary to simplify it and reflecting the need to seek advice if in doubt; requiring a legible minimum font size when in typed or written form; and pointing out the possible consequences of a failure to pay reasonable service charges (forfeiture).

Whilst the landlord/management sector raised concerns about the length of the summary, the number of times it may need to be sent (i.e. each time a demand for service charges is made), and the costs of providing it, no similar concerns were raised by tenants/leaseholders responding to the consultation exercises, nor was there any significant disagreement with the proposal in general. Demands are made in accordance with each lease and as such the number of times a demand is sent can vary. In general terms however this is recognised as between one and four times a year. The issue about the length of the summary was addressed by minimising the information necessary whilst ensuring it remains a useful document. This should help keep any costs of providing the summary to a minimum.

Also, because of the sometimes transient nature of the leasehold tenure, particularly for flats, consideration needs to be given to ensuring that all service charge payers are kept aware of their rights and obligations. Requiring only one summary per year to be sent out has the potential to leave some leaseholders at a disadvantage to others. For example, those purchasing a leasehold flat after a summary has already been provided to the previous service charge payer, may not then be made aware of their rights for some considerable time, potentially up to twelve months in this case, despite receiving demands for service charges in the meantime.

Options

Three options have been considered.

10. Option 1: Do nothing.
11. Option 2: Commence new section 21B and prescribe in regulations the content only of the tenants' summary of rights and obligations with regard to service charges (i.e. the wording that the landlord must use) and minor matters of form.
12. Option 3: Commence new section 21B and prescribe in regulations the specific form and content of the tenants' summary of rights and obligations with regard to service charges.

Costs and Benefits

Sectors and groups affected

13. The following areas will be affected:
 - Leaseholders and service charge payers
 - Landlords
 - Managing Agents
 - Resident Management Companies
14. This proposal will affect the landlords of the one million or so leasehold flats in England, other properties subject to variable service charges, and the agents that are employed by landlords to manage residential leasehold properties. Leaseholder owned (resident) management companies would also be affected. Unless market conditions make it difficult to raise costs, any additional costs incurred in providing the summary would likely be recouped through the service charges payable, which a tenant has the right to challenge where the charges vary, and are believed to be unreasonable.

Race equality assessment

15. There is no evidence to indicate that any racial group will be disproportionately affected by the introduction of the requirement, and no other key risks from an equality impact perspective have been identified. This is because the summary will have to be provided by all landlords and received by all tenants paying variable service charges, where the landlord wishes to make such a demand under the lease..

Health impact assessment

16. Positive. Lack of awareness in relation to rights that may be available can cause worry and stress, particularly for the more vulnerable in the sector. This is particularly so where forfeiture action is threatened over non-payment of service charges. Being informed of the rights available should lessen the worry and stress that can sometimes occur, and allow matters to be taken forward by the tenant with more confidence.

Rural considerations

17. These provisions will affect landlords and tenants/leaseholders in rural areas in the same way that it will affect those in urban areas, and should not have a different or disadvantageous impact.

Option 1 - Do nothing:

Economic costs and benefits

18. Landlords - **No extra administrative work or costs should be incurred** as landlords would be under no obligation to inform tenant's of their rights and obligations in relation to service charges.
19. Tenants - **No costs or benefits identified.**

Environmental costs and benefits

20. None.

Social costs and benefits

21. Doing nothing could perpetuate any worry and concern felt by tenants not knowing, or being unsure about the rights they have in relation to the payment of service charges. This can create unease, tension and sometimes misunderstanding between landlords and tenants leading to disputes.

Option 2 - Commence new s.21B and prescribe content only and minor matters of form (minimum font size):

Economic benefits

22. Landlords - This option allows landlords more flexibility to incorporate the information into existing administrative systems more easily than option 3 (prescribing the precise form and content) because the precise form itself is not being prescribed. Where information is already provided it will help keep changes to a minimum. It should also minimise any additional administrative work needed and therefore any additional costs that may prove necessary.
23. Tenants - This option helps keep any additional costs incurred by landlords that may be passed on to tenants when producing and providing the summary, to a minimum.

Economic costs

24. Landlords - Costs are likely to be incurred in providing the summary where information is not already provided and administrative systems are not currently able to cater for providing such information. However, because of the flexibility allowed with this option, ongoing costs should be kept to a minimum once any one off set-up costs have been accounted for. Some landlords (or their managing agents) felt that cost could amount to as much as £1 per service charge demand to provide the summary, though a breakdown of specific cost details was not available or forthcoming. It is anticipated however that in the long term, costs should amount to no more than a few pence per document when sent in hard copy form rather than electronic form for what amounts to one sheet of A4 size paper (1 side using the minimum font prescribed), particularly as the summary will go out with demands that are already sent as a matter of course. Costs for postage are not expected to increase as a result of the summary. Therefore, using industry estimates of £1 per summary, and assuming that 1 million leaseholders of flats receive on average between one and four demands per year (leasehold houses do not usually pay service charges), **costs could amount to between £1m and £4m per year industry wide, though as mentioned, these costs may prove to be an over-estimation.** Any such costs would be an increased administrative burden.
25. Tenants - May have to contribute towards the production of the summary, and towards any one-off costs for changes necessary to administrative systems where such information is not already provided, and if passed on by landlords.

Environmental benefits

26. Prescribing the content only and allowing flexibility in how the information is produced should keep to a minimum any impact on the environment in respect of the amount of recycled paper used where a summary is not sent in an electronic format. Where electronic format is used the landlord will not be required to use any additional paper resources.

Environmental costs

27. Where electronic communication is neither available or desirable & where similar information is not already provided, an increase in the amount of paper used is anticipated. The flexibility to incorporate the summary into existing systems will therefore help keep to a minimum any environmental costs, as should the size of the summary which should be no more than 1 side of A4 size paper using the minimum font prescribed.

Social benefits

28. It is apparent that not all tenants are aware of their rights when paying service charges. Receiving this information as a matter of course will help improve this situation and significantly increase tenants awareness of the rights that they have in relation to service charges. This in turn should help mitigate any worry and concern felt by tenants when faced with a service charge problem (particularly the

more vulnerable), and provide necessary reassurance and confidence. It will also inform and create a better understanding of the law, and may have a positive knock on effect within the community as a whole. It may also help the Department, together with advice services such as the Leasehold Advisory Service and Citizens Advice Bureau by creating more focussed enquiries to enable better, more focussed advice to be given.

Social costs

29. Concern has been raised by those in the leasehold management sector that having to provide a summary of rights and obligations to tenants will create a charter for 'non payers', having a knock on effect on the ability to maintain properties in good order and in accordance with a landlords obligations under the lease. There is no definitive evidence that this will be the case. Tenants are entitled to know their rights, and remedies exist allowing a landlord (or manager) faced with a tenant refusing to pay service charges to apply to an independent leasehold valuation tribunal for a determination of the liability to pay the charge and any questions of reasonableness where a dispute cannot be resolved between the parties.

Option 3 - Commence new s.21B and prescribe content and specific form:

Economic benefits

30. Landlords - No economic benefits arise from this option compared with options 1 and 2 above. It allows no flexibility over the particular format to be used by the landlord and prevents any additional costs that may be necessary being kept to a minimum.
31. Tenants - No real economic benefits arise compared with options 1 and 2 above. Tenants will be made aware of their rights and obligations, but are likely to have to pay more for the privilege of receiving it in a specified form.

Economic costs

32. Landlords - It has not proved possible to accurately quantify these costs, but it is accepted that costs will be incurred in addition to those identified in option 2 above (**estimated to be between £1m and £4m per year industry wide, based on industry's own estimates**), to change existing administrative systems to allow the summary to be provided in a specified form. This will be both in respect of initial set up costs and possibly ongoing costs. These costs are likely to be passed on to the tenant. Any such costs would be an administrative burden.
33. Tenants - Will increase the costs tenants may be asked to contribute towards the production of the summary as well as any changes necessary to the landlords administrative systems.

Environmental benefits

34. None identified.

Environmental costs

35. Where electronic communication is neither available or desirable & where similar information is not already provided, an increase in the amount of paper used is anticipated. The summary is estimated to constitute about 1 side of A4 size paper using the minimum font prescribed.

Social benefits

36. As with option 2 above, it is apparent that not all tenants are aware of their rights when paying service charges. Receiving this information as a matter of course will help improve this situation and significantly increase tenants awareness of the rights that they have in relation to service charges. This in turn should help mitigate any worry and concern felt by tenants when faced with a service charge problem (particularly the more vulnerable), and provide necessary reassurance and confidence. It will also create a better understanding of the law, and may have a positive knock on effect within the community as a whole. It may also help the Department, together with advice services such as the Leasehold Advisory Service and Citizens Advice Bureau by creating more focussed enquiries to enable better, more focussed advice to be given.

Social costs

37. As in option 2, Concern has been raised by those in the leasehold management sector that having to provide a summary of rights and obligations to tenants will create a charter for ‘non payers’, having a knock on effect on the ability to maintain properties in good order, and in accordance with a landlords obligations under the lease. However, there is no definitive evidence that this will be the case. Tenants are entitled to know their rights, and remedies exist allowing a landlord (or manager) faced with a tenant refusing to pay service charges to apply to an independent leasehold valuation tribunal for a determination of the liability to pay the charge and any questions of reasonableness where a dispute cannot be resolved between the parties.

Small Firms Impact Test

38. The majority of landlords of leasehold properties would be considered small businesses (although there are some landlords with larger portfolios of leasehold property). There will be an impact (administration and costs) on landlords as a result of this provision, including those landlords regarded as small businesses. However, we do not believe that the requirement to provide a summary of tenants rights and obligations relating to service charges should prove unnecessarily burdensome or costly on landlords when considered in terms of the overall benefits that the provision should have for the tenants. Where costs are incurred and they have to be passed on it will be the tenant who is asked to contribute to them through service charges. Because extensive consultation has already taken place with the landlord sector affected (see paragraphs 6 and 7) we feel that stage 2 of the test has already been satisfied and does not need to be pursued further. During the development of these proposals we consulted the Small Business Service (SBS) who are content with our approach.

Competition assessment

39. We have assessed the impact of the proposals against the Office of Fair Trading competition filter and there is unlikely to be a negative competition impact as a result. The provisions will apply to all landlords/managers that are responsible for collecting variable service charges.

Enforcement, sanctions, monitoring, and post implementation review

40. Enforcement would be primarily through the right given in new section 21B of the Landlord and Tenant Act 1985 for a tenant to withhold service charges where the landlord fails to provide the summary of the tenants rights and obligations when demanding payment of service charges. In most cases, this sanction should lead to landlords or their managers complying with the requirement from the outset, or rectifying matters quickly where necessary.
41. The Department would be able to monitor the new system through the feedback provided in correspondence from the public, key stakeholders and others. We would also monitor it by maintaining the existing dialogue on the working of the new provision as part of our ongoing relations with key stakeholders. If appropriate, the Department would also commission research to establish and review the impact of these provisions.

Implementation

42. It is intended that this provision is commenced with effect from 6 April 2007.
43. *Summary and Recommendation*

Option	Total cost per annum Economic, Environmental, Social	Total benefit per annum, Economic, Environmental, Social
Option 1. Do nothing	<p>Economic None.</p> <p>Environmental None</p> <p>Social No major costs anticipated, but doing nothing fails to address any existing worry & concern</p>	<p>Economic None.</p> <p>Environmental None</p> <p>Social None</p>

	felt by some tenants (particularly the more vulnerable) in being unaware of their rights when faced with a service charge problem.	
<p>Option 2.</p> <p>Commence new section 21B and prescribe content only and minor matters of form (minimum font size).</p>	<p>Economic Where information is not already provided initial set up costs may be incurred together with ongoing costs (e.g. changes to administrative systems). While industry estimates put costs in the region of £1 per summary, this is expected to prove an over-estimation, and minimal extra ongoing costs are expected where hard copies are required (as opposed to electronic copies) for what amounts to 1 sheet (1 side) of A4 size paper. If, however, it did cost £1 per summary, and based on an average of between 1 and 4 demands per year for 1 million leaseholders, costs would amount to between £1m and £4m per year.</p> <p>Environmental Where electronic communication is neither available or desired, and where information is not already provided, an increase in the amount of paper used is anticipated. However, the summary is estimated to constitute no more than 2 sides of A4 size paper, which should minimise any effects on the environment.</p> <p>Social The industry believe providing this information will create a charter for non-payers and affect the ability to maintain properties. No definitive evidence exists to support this belief. The rights to be referred to in the summary already exist, and remedies exist to resolve disputes that cannot be resolved locally.</p>	<p>Economic The benefits of allowing landlords as much flexibility as possible for the summary are that costs for producing the summary which will inform, educate and reassure tenants, can be minimised, where they are incurred.</p> <p>Environmental See Environmental costs. Any impact on the environment is minimised.</p> <p>Social Tenants will be made aware of their rights on a regular basis, helping to inform, reassure and reduce any worry and concern that may exist when faced with a service charge problem, particularly where the vulnerable are concerned. This may have an educational impact creating a better understanding of the existing rights, and may also help better more focused advice to be given by advice agencies such as the Leasehold Advisory Service.</p>
<p>Option 3.</p> <p>Commence new section 21B & prescribe both the content and form.</p>	<p>Economic Compared with options 1 and 2 additional costs are anticipated for having to provide the summary in a specified format.</p> <p>Environmental Where electronic communication is neither available or desirable & where information is not already provided an increase in the amount of paper used is anticipated (the summary is estimated to constitute no more than 1 side of A4 size paper. Prescribing the form allows no flexibility to keep costs down where this may otherwise be possible.</p> <p>Social The industry believe providing this information will create a charter for non-payers and affect the ability to maintain properties. No definitive</p>	<p>Economic None compared with options 1 and 2.</p> <p>Environmental None compared with options 1 and 2.</p> <p>Social Tenants will be made aware of their rights</p>

	evidence exists to support this belief. The rights to be referred to in the summary already exist, and remedies exist to resolve disputes that cannot be resolved locally.	on a regular basis in a specific format, helping to inform, reassure and reduce any worry or concern, particularly where the vulnerable are concerned. This may have an educational impact creating a better understanding of the existing rights, and may also help better more focused advice to be given by advice agencies such as the Leasehold Advisory Service.
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Recommendation

44. In light of the above the following conclusion was reached:

- Option 2 (paragraph 11 above) should be implemented. Commence s.21B and prescribe content only and minor matters of form only.

Declaration

I have read the Regulatory Impact Assessment, and I am satisfied that the benefits justify the costs.

Signed.....*Kay Andrews*.....

Date:...16th April 2007.....

Baroness Kay Andrews OBE
Parliamentary Under Secretary of State
Communities and Local Government

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