

Commit to the adoption of the maintenance of new housing estates by local authorities

Y Pwyllgor Deisebau | 27 Chwefror 2023
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Reference: SR23/5289-1

Petition Number: P-06-1307

Petition title: Commit to the adoption of the maintenance of new housing estates by local authorities.

Text of petition: The residents of the Mill, a new estate in Canton, Cardiff are having to pay an annual fee of £102 for the maintenance of a park bordering the estate. This payment must be made alongside other maintenance payments covering the unadopted highways, green spaces etc. Residents also must pay the full council tax required. Residents are not provided with a detailed breakdown of the costs of the park, just a notice to say they must pay the fee.

The Mill was regarded as a good example of Welsh Government policy due to its status as a mixed tenure estate including affordable housing alongside freehold purchasing – therefore with the current cost of living crisis we believe that the Welsh Government should support residents on estates like The Mill by encouraging and facilitating the adoption of maintenance by local authorities and to remove these punitive charges.



1. Background

Where the local authority has not adopted common areas like roads, open spaces and play facilities on housing estates, private arrangements can be put in place to ensure they are maintained. This will generally result in a charge being levied on residents by a management company, or their agent, to pay for maintenance costs.

According to a [2020 Welsh Government consultation](#), these spaces and facilities may include:

- *open areas,*
- *play parks,*
- *roads and paving,*
- *car parking areas,*
- *street lighting,*
- *landscaping,*
- *environmental initiatives such as wild flower verges, and*
- *provision of private shared sprinkler systems.*

These charges are often referred to as estate charges. Freeholders are likely to be charged directly, while leaseholders and tenants may have to pay through their service charges and rent. This briefing uses the term “residents” to cover all groups who may be liable for estate charges.

According to the [responses to the 2020 consultation](#), estate charges can range anywhere between £50 and £500 per year, with most amounting to £100-£150. Residents are still liable for council tax in addition to any estate charges.

A number of concerns have been raised about estate charges by Members of the Senedd and through the consultation referred to above. A key issue is transparency, with residents complaining that estate managers are able to [set charges without consultation](#). Residents have also commented that [developers often don't provide information on estate charges](#) during the sale of a property.

Respondents to the 2020 consultation questioned why they are being charged for the maintenance of what are largely public facilities when they already pay council tax. The 2020 consultation noted a ‘strong preference’ among respondents for ending estate charges and bringing the management of community infrastructure into the hands of local authorities.

At present, freeholders may only have limited powers to challenge estate charges. This differs from leaseholders, who can apply to a Leasehold Valuation Tribunal to challenge service charges.

The use of estate charges in Wales appears to have increased over the last decade, with the 2020 consultation reporting that 72% of respondents lived on estates built after 2010. There has been a corresponding rise in media coverage of estate charges and their impact on freeholders in particular, resulting in the popularisation of the term 'fleecehold' across the UK housing sector.

2. Welsh Government action

The Welsh Government consultation on estate charges ran between February and April 2020 and received over 600 responses. On 30 November 2020, the then Minister for Housing and Local Government, Julie James MS, released a written statement responding to its findings.

The Minister announced changes to the Help to Buy-Wales scheme to address some of the concerns raised in the consultation responses and committed to exploring different methods of estate management.

The Minister's statement highlighted the possible impact on local authorities if they were made responsible for communal areas or facilities covered by estate charges:

I recognise it is not simply the case that local authorities could take on these additional responsibilities in perpetuity without the necessary resources to provide for such a service. This question requires proper thought and investigation, to ensure any changes we make do not bring about unintended consequences and unforeseen adverse impacts.

The Welsh Government included estate charge reform in their June 2021 Programme for Government, stating that they would:

Ensure that estate charges for public open spaces and facilities are paid for in a way that is fair.

Following a question in plenary on 24 May 2022, the First Minister reaffirmed that the Welsh Government would not give a guarantee that local authorities would pick up maintenance costs of new housing estates. The First Minister noted:

If a developer believed that no matter how shoddy the work they carried out, no matter how poor the standard of communal facilities it provided, there was a guarantee that the public purse would pick that up and put it right, there's no incentive at all for them to do the job in the way that we want it to be done.

The First Minister also confirmed that the Welsh Government would introduce new building safety legislation during this Senedd term, including a new registration and licensing scheme. This scheme will cover residential property management companies. The First Minister said that it would “help to eliminate some of the abuses” relating to estate charges.

In addition, the First Minister commented that the Welsh Government was waiting for the UK Government to introduce leasehold reform (based on the recommendations of the Law Commission) that would give freeholders greater power to challenge estate charges and management. At the time of writing, these reforms have not yet taken place. On 30 January 2023, the UK Secretary of State for Levelling-up, Housing and Communities, Michael Gove MP, said that his aim was for a leasehold Bill to be included in the King's Speech, expected to be in autumn 2023.

The Minister for Climate Change, Julie James MS, replied to the petition on 1 November 2022. In her letter, the Minister reiterated the Welsh Government's expectation that the UK Government will introduce legislation to improve freeholders' rights. The Minister noted in the letter that the Welsh Government was considering how to address communal infrastructure on new estates:

For new estates, we will explore the practicality of using legislation to bring together the various regimes to pay for the maintenance of communal infrastructure into a single approach. This will include consideration of placing a duty on local authorities to adopt communal infrastructure in return for an appropriate payment from the developer.

However, the Minister maintained that retrospective adoption of community infrastructure would remain a choice for councils.

3. Welsh Parliament action

On 14 March 2018, the Senedd debated a Member's Legislative Proposal submitted by Hefin David MS, who proposed a Bill aimed at regulating estate

management companies. The proposed Bill would also strengthen the ability of freeholders to challenge estate managers.

In response, the then Minister for Housing and Regeneration, Rebecca Evans MS, committed to establishing a task and finish group to examine the issue. The group's findings were published in a [report](#) on 17 July 2019.

On 1 November 2020, a [petition](#) was submitted calling for freeholders in Wales to have greater powers to challenge estate management companies. The Minister for Climate Change [responded to this petition](#) on 5 October 2021, and the petition was closed by the Committee as the petitioner was satisfied with the Minister's response. The research briefing prepared for this petition can be found [here](#).

Estate charges have also been raised several times in plenary. Hefin David MS [raised the issue on 15 June 2021](#), receiving a response that the Welsh Government was considering 'all options' in addressing the matter.

On 24 May 2022, Rhys ab Owen MS [raised the question of estate management](#) following complaints from the [Mill estate in Canton](#), Cardiff (as referenced in this petition).

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.