

Public Bill Committee  
House of Commons  
London  
SW1A 0AA

19<sup>th</sup> January 2024

Dear Committee,

I wanted to thank you for inviting me to the oral evidence session yesterday 18<sup>th</sup> January 2023. I was glad to be able to answer some of your questions in the short time given. There are a number of other areas that we were not able to cover due to limited time and I would urge you to read our written submission in detail.

During the session Mr Gardiner referred to a statement from the Pensions and Lifetime Savings Association (“PLSA”) stating “none of our members have expressed any concerns”. It was quite difficult to respond on these points as I was not afforded the opportunity to do so. I therefore attach to this letter the submission from the PLSA to the Government’s consultation on ground rents and specifically refer the members of this committee to this line:

*A policy change that would cap ground rents would directly affect pension funds and could negatively impact their ability to secure investment returns meant for the savers they represent.*

Given the critical importance of this point, I feel it is important to correct the record and ensure the Committee has an accurate understanding of the PLSA’s position.

There were a number of other questions which were asked of me but which I was not given an opportunity to answer and so I have set out some further detail below on these points:

1. It was put to me by Mr Gardiner that the idea of pension funds being hit was a “nonsense”. Based on our estimates, there is at least £15bn of pension fund investment in this sector with around another £15bn coming from other institutions and charities. This is corroborated by the Government’s impact assessment which estimates the total cost at £27.3 bn<sup>1</sup>.
2. Mr Gardiner asked a question about the “rentier structure” which had been established over the last 15 years. Freeholders cannot impose ground rents or set the levels. They are bought from developers and set out in the lease which parties agree to. Research we commissioned shows that ground rent as a percentage of property value has fallen since 1950.
3. Mr Gardiner asked about the levels of ground rent being charged to leaseholders and used a high figure as an example. I wanted to follow up with some figures on this point. The average ground rent sits between £200 and £300 per annum across our members

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<sup>1</sup> Page 4 [https://assets.publishing.service.gov.uk/media/65708041739135000db03bff/Consultation\\_Impact\\_Assessment\\_-\\_Modern\\_Leasehold\\_Restricting\\_Ground\\_Rents\\_for\\_existing\\_leases.pdf](https://assets.publishing.service.gov.uk/media/65708041739135000db03bff/Consultation_Impact_Assessment_-_Modern_Leasehold_Restricting_Ground_Rents_for_existing_leases.pdf)

portfolio of circa 1m leaseholds. The Government uses an average figure of £298 based on English Housing Survey data<sup>2</sup>.

Given these specific issues were raised in yesterday's session, but no opportunity was given for a response, I feel it is important for members to be aware of these points as part of the ongoing scrutiny of this legislation. If there is any doubt about the PLSA's position with respect to pension fund impact, then I would urge the Committee to speak to them directly.

Please do let me know if there is any further information or detail I can provide.

Yours sincerely,



Jack Spearman  
Chair of Leasehold Reform  
Residential Freehold Association

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<sup>2</sup> Section 1.24 <https://www.gov.uk/government/consultations/modern-leasehold-restricting-ground-rent-for-existing-leases/modern-leasehold-restricting-ground-rent-for-existing-leases>