

# Block Management — Glossary of Key Terms

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Plain English explanations of leasehold and block management terminology

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## ABOUT THIS GLOSSARY

The world of leasehold property and block management is full of technical and legal terms that can be confusing for leaseholders, new RMC directors and first-time flat buyers. This glossary explains the most commonly used terms in plain English.

## A — F

Term	Definition
<b>Accountable Person (AP)</b>	The person or organisation responsible for the common parts of a higher-risk building under the Building Safety Act 2022
<b>AGM (Annual General Meeting)</b>	A meeting held at least once a year at which company members (leaseholders) can discuss company business, receive accounts and elect directors
<b>Asbestos Management Survey</b>	A survey of a building's common parts to identify and record materials that may contain asbestos — required for most pre-2000 buildings
<b>Building Assessment Certificate (BAC)</b>	A certificate issued by the Building Safety Regulator confirming a higher-risk building has been assessed and its safety case is adequate
<b>Building Safety Act 2022</b>	Major legislation reforming how residential buildings are designed, constructed and managed — creates new duties for owners of higher-risk buildings
<b>Collective Enfranchisement</b>	The statutory right of qualifying leaseholders to collectively purchase the freehold of their building
<b>Commonhold</b>	An alternative to leasehold for flat ownership — each flat owner holds their unit freehold and shares ownership of common parts. Rarely used in practice
<b>Companies House</b>	The UK government agency responsible for incorporating and dissolving companies and maintaining the public register of UK companies
<b>Condition Survey</b>	A periodic survey of a building by a qualified surveyor to assess its condition, identify defects and plan future maintenance
<b>Counter-Notice</b>	A formal response by a freeholder to an RTM Claim Notice or enfranchisement Initial Notice — either admitting or disputing the claim
<b>EICR (Electrical Installation Condition Report)</b>	A report produced by a qualified electrician following inspection of an electrical installation — required at least every 5 years for common parts
<b>Enfranchisement</b>	The process by which leaseholders acquire the freehold of their building — see Collective Enfranchisement
<b>First-tier Tribunal</b>	The specialist tribunal that determines disputes about service charges, lease variations, RTM claims and other leasehold matters
<b>Forfeiture</b>	The landlord's right to terminate a long lease due to breach of its terms — severely restricted for residential leaseholders by statute
<b>FRA (Fire Risk Assessment)</b>	A systematic assessment of fire risks in a building's common parts — must be kept current and acted upon
<b>Freeholder</b>	The owner of the freehold interest in land — in a leasehold block, the freeholder grants leases to leaseholders and usually retains ownership of the structure and common parts

## G — L

Term	Definition
<b>Golden Thread</b>	A digital record of all building safety information required under the Building Safety Act 2022 for higher-risk buildings
<b>Ground Rent</b>	A periodic payment by a leaseholder to the freeholder under the lease — peppercorn (zero) for new leases since 30 June 2022
<b>Higher-Risk Building (HRB)</b>	A building of 18m+ height or 7+ storeys containing 2+ residential units — subject to enhanced regulation under the Building Safety Act 2022
<b>IRPM</b>	Institute of Residential Property Management — the professional body for residential property managers
<b>Landlord and Tenant Act 1985</b>	The primary legislation governing service charges, leaseholder rights to information, and Section 20 consultation
<b>Lease</b>	A legally binding contract granting the right to occupy a property for a fixed term in exchange for rent (including ground rent and service charges)
<b>Leaseholder</b>	A person who holds a long lease (typically over 21 years) of a flat or other residential property
<b>Leasehold Reform (Ground Rent) Act 2022</b>	Act restricting ground rent to a peppercorn on new residential leases from 30 June 2022
<b>Leasehold and Freehold Reform Act 2024</b>	Major Act reforming lease extension, enfranchisement, RTM, ground rent and service charge transparency
<b>Legionella</b>	A bacteria that can grow in water systems — landlords must carry out a risk assessment and implement a management plan

## M — R

<b>Term</b>	<b>Definition</b>
<b>Managing Agent</b>	A professional company appointed to manage a residential development on behalf of the freeholder, RMC or RTM company
<b>Marriage Value</b>	The increase in the combined value of freehold and leasehold interests resulting from a lease extension — payable where the lease is below 80 years; to be abolished under the 2024 Act
<b>Nominee Purchaser</b>	The company that acquires the freehold in a collective enfranchisement — usually a company formed by the participating leaseholders
<b>Peppercorn Rent</b>	A nominal (effectively zero) rent — ground rent on new leases is now set at a peppercorn
<b>Principal Accountable Person (PAP)</b>	The Accountable Person who holds the most obligations for a higher-risk building under the Building Safety Act 2022
<b>Qualifying Works</b>	Works for which any one leaseholder would pay more than £250 — triggers the Section 20 consultation requirement
<b>Reserve Fund (Sinking Fund)</b>	A fund built up over time from service charge contributions to pay for future major works
<b>RICS</b>	Royal Institution of Chartered Surveyors — the professional and regulatory body for chartered surveyors and managing agents
<b>Right to Manage (RTM)</b>	The statutory right of qualifying leaseholders to take over management of their building without purchasing the freehold
<b>RMC (Residents' Management Company)</b>	A company formed by leaseholders to manage their development — either as freeholder or under the terms of the leases
<b>RTM Company</b>	A company limited by guarantee formed specifically to exercise the Right to Manage

## S — Z

Term	Definition
<b>Safety Case Report</b>	A document required for higher-risk buildings under the Building Safety Act 2022 demonstrating how building safety risks are assessed and managed
<b>Section 20</b>	Section 20 of the Landlord and Tenant Act 1985 — requires consultation with leaseholders before qualifying works or long-term agreements
<b>Section 20ZA</b>	Provides the First-tier Tribunal with power to grant dispensation from the Section 20 consultation requirements
<b>Section 21</b>	Section 21 of the LTA 1985 — gives leaseholders the right to request a written summary of service charge costs
<b>Section 22</b>	Section 22 of the LTA 1985 — gives leaseholders the right to inspect accounts, receipts and documents underlying the service charge
<b>Section 27A</b>	Section 27A of the LTA 1985 — gives leaseholders the right to apply to the First-tier Tribunal to determine whether service charges are payable and reasonable
<b>Section 42 Notice</b>	A formal notice served by a leaseholder on the freeholder to commence the statutory lease extension process
<b>Service Charge</b>	Contributions by leaseholders towards the costs of managing and maintaining the building and common parts
<b>Share of Freehold</b>	Where leaseholders collectively own the freehold of their building — gives greater control over management and lease terms
<b>Sinking Fund</b>	See Reserve Fund
<b>Trust Account</b>	A designated bank account in which service charge funds must be held separately from other money under Section 42 of the Landlord and Tenant Act 1987
<b>Unexpired Term</b>	The number of years remaining on a lease — critical for mortgage eligibility and lease extension premium calculation

**HOW BERGASON CAN HELP**

**Bergason Property Services Limited is here to help leaseholders, RMC directors and freeholders navigate the complexities of block management. If you have a question about any term in this glossary, please contact us.**

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