



Charles Cox

Property Management

Hamilton House, Belgrave Road,
Seaford BN25 2EL

01323 894400 info@charlescox.co.uk

Right to Manage – Are you in control of your block?

If not, then under a change in the law, you probably have the right to manage the block yourself.

This is called "Right to Manage"

Right To Manage

This right enables the long-leasehold tenants of qualifying blocks of flats to take over the management of their property, without having to prove fault on the part of the landlord or existing agent. You will need a minimum of 50% of those qualifying long-leasehold owners to join in. Qualifying blocks must be self-contained, comprise two or more flats and have no more than 25% of space devoted to commercial use. At least two-thirds of all the flats must originally have been let on leases of 21 years or more.

The qualifying group of long leasehold tenants are required to form a 'Right to Manage' Company with government prescribed articles of association. All other leaseholders, and the Landlord, must be invited to become members of the Right to Manage Company. After the necessary protocols have been followed, a date is fixed for the transfer of the management to the tenants 'Right to Manage' Company or its chosen agent.

Clearly, it makes sense for the leaseholders to take general control of the upkeep of their flats - but to do so will bring with it duties and liabilities. In acquiring the power to make approvals and to enforce of the covenants of the leases, the leaseholders become wholly responsible for all decision-making in terms of budgets and reserve funds, standards of management and provision of services, repairs and major works, and with the overall function of the building.

RTM is simply a transfer of responsibility and decision-making. There is only a transfer in the practical day-to-day management of the building if the RTM company decides not to appoint a management company.

Management is a job which requires legal skills, experience, professional indemnity insurance, computer systems and carries with it great responsibility. It is therefore best to appoint a management company, such as my company, after the Right to Manage process is completed, to perform these roles.

Plans and budgets

The legislation does not require the RTM company to produce, or submit to the landlord, any form of business plan or budget, nor to provide any information as to how the company proposes to manage the building. The Notice Inviting Participation requires a statement of whether the company proposes to self-manage or to appoint professional management, but there is no statutory requirement for employment of a manager, or for any prior management experience by the company - there are, after all, no such requirements for landlords.

Nevertheless, a prudent group will want to look ahead and to examine how the building should be managed, what advantages might be achieved (or achievable) and what cost savings or other benefits might be gained. At this stage, before commitment to the action, it is worth the group clarifying the motives for obtaining management. It could be to save money, to improve standards, to take control of the decision-making process or simply to oust a bad landlord. It is around the motivation that the management strategy should be based.

There is no requirement to prepare a draft budget, but it would be useful to produce one. It is most likely that recipients of the Notice Inviting Participation will want to know how the action will affect their costs and what the embryo RTM company expects to deliver in terms of management standards.

It is sensible to consider the employment of a managing agent and to look at the costs of this and the service delivery objectives that could be achieved. It may be, for example, that the present managing agent is labouring under inadequate or defective instruction, but that a service in accordance with the wishes of the leaseholders could be delivered if the agent were instructed by them.

As a guide the legal process would cost around £850 (exclusive of VAT) to £1000 for a small to medium block (i.e. less than 10 flats) of which we can issue the relevant notices on your behalf or you may choose to employ a solicitor. Charles Cox Property Management's general management fees would also be around £100 to £300 (exclusive of VAT if applicable) per flat dependant on complexity and your requirements.

For more information please contact:

MATTHEW COX BSc (Hons) **Managing Director**
Direct dial: 01323 403122 Direct Email: matthew@charlescox.co.uk