

Right to Manage explained

Right to Manage (RTM) is a way for leaseholders to manage their property if they're unhappy with how it's being run by their Freeholder or Managing Agent. It's a legal right that's increasingly being used.

Is Right to Manage right for me?

Right to Manage is an effective solution if residents want to make management decisions about their property themselves. With RTM, residents are in control, so they can add value and in many cases reduce service charges, without impacting on the level of management service. Right to Manage is a relatively simple, yet formal, legal procedure. At least 50% of leaseholders must join in.

Setting up a RTM company

To exercise the Right to Manage, residents set up a Right to Manage company. Half or more of leaseholders in the property must agree to be part of this company. A Right to Manage company has to ensure that lease covenants are upheld, are working within the law and to a standard agreed by the company's members.

It can manage the property itself (self manage), keep the existing managing agent or appoint a replacement agent. For RTM cases we handle, associated companies always act as the managing agent as we can offer substantial savings, while taking good care of the property.

How RTM works

First, we'd establish if your property qualifies for Right to Manage. If it does, we will set up the Right to Manage company for you. We will assist in getting leaseholders to participate. We will obtain your landlord's details, from the Land Registry. That way, we can make sure that the appropriate Notices are served correctly.

We'll carry out all the formal stages necessary for you to take control of your property. These include serving a 'Notice Inviting Participation' on the leaseholders and then a 'Notice of Claim' on your landlord. If the landlord accepts the Claim, the next steps are relatively straightforward. If not, you have the right to appeal to the First Tier Tribunal to determine the validity of your Claim. We'd also represent you at the Tribunal. We provide a professional and transparent service, with regular updates. If you appoint us, we can explain the procedure in greater detail.

Lease Advice Ltd will lead the whole process for you from start to finish. This normally takes between four and six months.

How much does RTM cost?

Lease Advice Ltd is part of the Gateway Group Services, a leading provider of property management and related services. Our costs are heavily discounted because we only act where our associated companies are subsequently appointed to provide their services to the Right to Manage Company. By using our group once you're in control of your property, you'll also benefit from the following savings.

Gateway Property Management Ltd: All new clients introduced by Lease Advice receive 25% discount for the first 12 months.

Associated Insurance Services Ltd: We guarantee to save you a minimum of 10% on the cost of your Building Insurance premium. Savings can be as much as 40%.

Associated Surveying Ltd: Benefit from a 25% discount on the cost of Health & Safety and Fire Risk Assessments.

With regard to costs in general, there's a simple rule of thumb: the greater the number of leaseholders who join in, the less each individual contributes.

For a free, no-obligation estimate, just get in touch.

ADVANTAGES

Right to Manage is normally a straightforward and efficient process.

You take control of your property without the expense of buying your Freehold.

You set your own budgets.

You appoint your own Managing Agent.

You make your own decisions about services and maintenance.

You can often reduce your service charges too.

You take part in an Annual General Meeting or Extraordinary General Meeting to make important decisions.

You can elect to pay your service charge monthly, if the funds are there.

DISADVANTAGES

The Right to Manage company will require at least one Director, who will be responsible to its members.

Directors are required to run the day-to-day affairs of the RTM company in a prudent financial manner. For example, a budget needs to be in place, as well as business plans and cashflow measures.

Running the RTM company could potentially take up much of a director's private time; finding the balance between meeting management requirements and having some free time can prove difficult.

Usually but not always the case, there will be one or more lessees who do not agree with the way in which the block is being managed and the directors may be criticised.

Not every leaseholder in the block has to join; those that have declined the invitation will still benefit from any efficiencies with the new arrangement.

If leaseholders decide to self-manage, they could potentially be in conflict with their neighbours when it comes to collecting service charges and arrears, or acting in a way that's regarded as breaching the lease covenants. Appointing a respected managing agent removes these concerns.

Right to Manage steps

Qualifying criteria

- The building is 'self-contained'.
- At least two thirds of all flats are let to Qualifying Tenants.
- Two or more flats are held by Qualifying Tenants (holding leases of 21 years in length or more).
- If there are any commercial parts, the internal floor area doesn't exceed 25% of the total space.
- 50% of tenants or greater participate in the Right to Manage process.
- The landlord is not resident at your property.

