A problem shared is a problem halved?
The difficulties of managing agent schemes

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What happens when you manage properties in block where you don't manage the communal services?

This workshop will cover the most common issues in dealing with agent managed schemes and try to identify best practice in resolving these issues.

Anyone who manages properties on schemes with a managing agent - if you want to get an insight into the top problems and solutions in managing this kind of property, attend this session.
Statements I’ve heard

“They manage for you, you don’t have to do any thing.”

“I don’t go to that estate it’s a managing agent scheme.”

“Why did we appoint them?”

“Its just like managing one contractor”.

What happens .......
Nothing?
What sort of properties?

- Houses and flats
- On estates in blocks
- Pepper potted
- Units across floors
- Cores in a building
- Possibilities endless
- Block held freehold on an estate with a freeholder
The Agents

Agents Size

• Small
  – the person downstairs
• Medium
  – local estate agents
• Large
  – the big players

Agents Skills

• Don’t always follow with size
• Some issues with knowledge gap in smaller agents
• Generally it's who you deal with and your working relationship.
Top problems

1. Realistic estimates
2. Getting the actual costs
3. Correct invoices
4. Explaining the account
5. Section 20
6. Expectations and Interactions
7. Management company
Realistic Estimates

- Key - RICS guide – not to operate without funds
- Low in first year(s)
- Assist with sale
- Some costs covered by defects
- Latter years ramp up
- Could be estimated high to cover costs
- Schedules
- Fit with your service charge
Estimates

• Do they have a right to charge – read the lease.
• Schedules

• Reasonable amount?
• If it is then pay the estimate.
Getting the actual costs

- Don’t serve actuals on time
- No Section 20B
- Estimates high
- All of the same issues as with estimates
- Unable / willing to give you details of what they have spent
- Issues over understanding the documentation
Actual accounts

- Look at each heading
- Check as with the estimates ability to charge, proportions etc.
- Are they using the correct schedules?
- Test - Can you justify the accounts to your residents.
- Half way house with answers before passing questions onto agent.
- Get copy invoices.
- You have to be satisfied
- Demand Section 20B or don’t pay
Correct Invoices

- Check it!
- Apportionment?
- One bill per property or one for group headlease?
- Timing – once a year twice a year
- Agents system limits is no excuse.
- Correct notice?

Best practice

- If not you have no liability to pay
- Challenge
- Get them to amend it.
Explaining the account

- Your service charge year vs the Schemes service charge year
- How do you get the info to you residents and a meaningful way
- Often difficult to understand even to the trained eye
- Combine all the properties
- Schedules that you may or may not pay towards
- The split between tenants and leaseholders
- Not as straight forwards as just sending it off to them
Explaining the accounts

• Your service charges explained bespoke vs generic
• Schedules explained
• Get the agents account out to the residents
  • Alternative
  • Agent to provide in an altered structure
  • More properties more likely
• You then hold a lot of the income
Section 20

- Legislation gives 30 day
- Served on you
- Takes time to get it to your residents
- Some argument should be served on all leaseholders
- Rarely happens
Best practice – Section 20 path 1

• Work with what you get
• A slick notice process
  - identify the notices as they come in
  - send out with an explanation
  - shorter time scale
• Process for collating and returning feedback.
• Difficult and compliance issues
Section 20 path 2

• Discuses with the agent / do they want to engage at this level?
• They serve / we serve notice?
• Extend the period more than 30 day
• Terms of the lease - unit or group head lease?
• Consultation limit
• What would be reasonable?
• Best feedback mechanism for them
Issues!

Expectations and Interactions

- Agent interaction with your tenants
- Or their expectations of your control over your tenants
- Blame game
- Your at the cheep and of the scheme
- The less desirable part of the block
- Nuisance and annoyance issues.
Expectations and interactions

- No saints and no magic formula
- Often hearsay but the agent will be pressurized by the freeholder and other residents for action
- Get the facts
- Often a misunderstanding of their right or acceptable behaviour
- Make these clear at the outset to your residents and tackle it promptly
- Sometimes agents can appear to target your residents
- But they just want an easy life
- Different attitude different expectations
The Management Company

Issues!

• How is it set up?
• Who should be in it?
• Who has votes?
• What can it do?

Best practice

• Memorandum and articles
• Get involved
• Use your block votes
• Reflect your residents' views.
In summary

- Make contact
- Good relationship
- Set expectations
- Get involved / get your residents involved
- Challenge
- Pay promptly
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