

The Essential Checklist for Self-Management

There is much to be said for managing your own block.

With no managing agent in the way, you and your fellow leaseholders can enjoy better decision-making powers, reduced costs, and more control.

On the flipside however, you'll also need a good knowledge of both leasehold law and company law, strong administration skills, a thick skin and plenty of spare time! Managing a leasehold residential property is complex, with duties ranging from preparing budgets, collecting service charge monies and ground rent, dealing with complaints, organising and overseeing repairs and inspecting the property on a regular basis.

If you are serious about self-management then it is something that you must tackle with your eyes open. The property management experts at Clear Building Management have compiled this essential checklist to help you on your way to successfully managing your block.

1. Make sure your service charge demands are correct.

The Landlord & Tenant Act is very specific about how service charges must be demanded. Each invoice must be accompanied by certain documents; set out in a prescribed format before they are liable for payment.

2. Consult before you carry out major works.

Regardless of your relationship with the other residents, don't be tempted to skip the prescribed Section 20 consultation process before you start incurring costs. Without the consultation, you may find that you can recover no more than £250 per leaseholder. Note that if you need to undertake emergency works and it isn't practical to undertake a S20, you can apply after the event for 'dispensation' from consultation.

3. Keep on top of arrears.

Chasing a fellow resident for unpaid service charges is no-one's favourite job but leave it too long, and you might find you soon start to run out of funds. And if word gets around that the directors are a soft touch when it comes to arrears recovery... We recommend you keep a clear record of who has paid and who hasn't, and make sure you send friendly reminders as quickly as possible to the slow-payers.

4. Get the right insurance in place

Saving money on insurance is not an option. If you are self-managing you must have appropriate cover including Directors & Officers insurance and Fidelity insurance. The latter will ensure that the development's service charge funds are protected should there be any financial impropriety.

5. Read and understand the lease

An essential part of self-management is reading and understanding the lease and your obligations within it. For example, it may set out cyclical maintenance activities. Failure to meet the requirements of the lease can lead to leaseholder disputes and dents in your vital cashflow.

6. Service charge apportionments

Sometimes the percentage split between leaseholders can seem at best arbitrary and, at worst, highly unfair. But change these at your peril, as a service charge demand will not be payable if it fails to follow the correct apportionment as set out in the lease. There are remedies for dealing with unfair or inappropriate service charge apportionments but correct process must be followed.

7. Contract carefully

One of the key drivers for self-management is to save costs. But you still need to maintain transparency to show your fellow leaseholders that their funds are being used in the best possible way. If you don't re-tender for contracts such as cleaning, gardening, maintenance and so forth you risk a leaseholder challenge. A simple 'contractors' charter' can help demonstrate best practice in your choice of suppliers.

8. Understand what the service charge can cover

You can get into financial difficulties if you spend the service charge monies on items not permitted in the lease. We dealt with a situation once where the RMC directors had installed a water feature, with expensive ongoing running costs, totally contrary to the lease. All of which meant that the costs couldn't be charged to the leaseholders, and the RMC ended up with a big unpaid bill and ongoing legal problems.

9. Antisocial behaviour

Communal living creates all sorts of problem, with residents having to rub along together and make compromises from time to time. When it comes to the important stuff – usually pets, parking and noise – make sure all residents (leaseholders and tenants) understand the covenants in the lease and that you are not afraid to tackle any breaches.

For more tips on successfully managing your development, contact Clear Building Management.

Visit Clear online at www.clearbuildingmanagement or call a member of the team on 0333 344 4996.