

AQD

Special Edition!



The newsletter of the Association of Residential Managing Agents

Sept 2012 issue 60



**ARMA-Q is
coming!**



WELCOME TO THE

FOREWORD BY BARONESS HAYTER



Housing is one of the most important determinants of the good life. By this I mean, can we all live in places we can afford, with sufficient security (about tenancy, service and costs) such that we can get on with our work, play, education, family and friends without undue concern about our home?

So basic is this to all of us, that I happily agreed to Chair the Property Standards Board in 2008 to see whether we could achieve two things. Firstly, a cross-industry Code of Conduct or Consumer Charter (and set of standards) for the residential sector; and secondly, a commitment to raising standards, to help improve services and promote consumer confidence in the lettings, management and estate agency business.

Sadly, as the new government made clear in 2010 that it was not minded to regulate, most of the parties concerned withdrew from this voluntary initiative. But, greatly to its credit, ARMA felt that it could work to build greater consumer confidence in the residential leasehold management sector. Not only would this help lessees but it would also benefit landlords, property developers, Resident Management Companies, Right To Manage Companies and managing agents.

ARMA's Council therefore asked me to chair a small working group of three to see whether we could map out such a regime, building on the Consumer Charter already adopted by the Property Standards Board and ARMA at the AGM in November 2010.

Our 2011 proposals, which were overwhelmingly endorsed both by the Council and at ARMA's Annual Conference, suggested a break between ARMA's role of representing managing agents from that of regulating them. Added to this, we recommended the injection of independent and user/consumer voices on the regulatory arm. This would provide assurance to those who rely on ARMA-accredited managing agents that they are reliable, compliant, transparent, provide protection for client money, and are independently overseen.

The separation of regulation from representation, together with such external, independent contribution, would help set a level of service requirements which meets today's expectations of all professional standards. This means having the "bar" to approval set partly by users/consumers/landlords and not solely by the service providers (i.e. ARMA members). Furthermore, the injection of independence in both the accreditation process and the hearing of complaints about ARMA-accredited managing agents, together with verification of an appropriate level of compliance checks, will give assurance to both lessees and landlords.

ARMA, however, wanted more than this. There was a clear desire to drive up standards and the quality of services. There is already an enormous amount of good practice in this field, and ARMA's desire

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was to bring everyone up to a minimum standard of best practice. Hence the "Q" for Quality, as the indicator of good service, in the scheme name. It reflects the objective of a consumer-focused profession, which works to recognised standards of honesty, transparency, fairness and professionalism. It is about training and ethos as much as detailed rules and guidance.

The new government also intimated in June 2010 that it had no intention to implement Sections 152 and 156 of the Commonhold and Leasehold Reform Act 2002: to provide for an annual statement of account for service charges within six months of each financial year end and for service charge payments to be kept in a separate bank account for every property. ARMA similarly responded constructively to this setback by including such transparent and protective measures as part of its new ARMA-Q.

All of these proposals and ARMA's subsequent implementation plans are very much in line with current regulation of other professions, be these doctors, lawyers, surveyors or accountants. It is for that reason that representatives of consumers have watched these developments with interest and support. I similarly look forward to seeing them develop into a robust but responsible self-regulatory regime over the coming years. An independent Regulatory Chair, a new Regulatory Panel, clear expectations and a system of accreditation and complaints handling all add up to a new standard for the professionalism and accountability of managing agents. ARMA and managing agents' reputation can only increase in its wake.

FRONT OF THE Q...

CHAIRMAN'S INTRODUCTION



Welcome to this special edition of AQD which we have dedicated entirely to ARMA-Q - the self-regulation of ARMA members. For those of you that don't know, the genesis for this important project goes back to 2010 when the Government announced it was not going to regulate the leasehold management sector; ARMA-Q was our response to that disappointing decision.

After a couple of year's hard work by the ARMA team, the proposals are now reaching fruition and I am proud to introduce the scheme to you in this special AQD. Over the next few pages you will discover the details of the whole scheme and what it will mean for you and your colleagues. Before you start however, please let me reassure you about a few basic points...

The self-regulatory process is based upon compliance with a new Consumer Charter and a set of Standards that will guarantee consumers a good and fair service from ARMA members. These Standards are capable of being met by the absolute majority of our members who already follow good practice and abide by the RICS Service Charge Residential Management Code. If members do fall short of compliance we

are also designing ways of helping them to improve and meet the Standards. The whole principle is to improve standards, not to punish.

The costs of compliance will not be prohibitive. At this stage, in addition to current subscription rates, we are expecting a one off accreditation fee and a three yearly audit fee, likely to be linked to the number of units managed. We hope to present firmer costings at the Conference in October but I am particularly conscious that we should not impose excessive burdens on our members.

This also means that the time burden will not be excessive. There will inevitably be an additional commitment, particularly in the first year of compliance, but even this can be used to your advantage; an examination of your systems could help you improve the way you serve your clients and consumers.

Regulation will be independent. The Chair and Panel Members will not be ARMA members or connected with them and will offer all parties a fair and unbiased service. Independent scrutiny will improve transparency and dispel any misconceptions of ARMA being an "old boys club" with members looking after each other.

ARMA members have always prided themselves on providing a better service; self-regulation will enable you to demonstrate this even further

So why are we doing all this and what is the benefit for you, our members? The self-regulation as proposed will clearly set you apart from your competitors. ARMA members have always prided themselves on providing a better service; self-regulation will enable you to demonstrate this even further by reference to the compliance process. The logo will be your badge of pride and it will mark you out from others in the field who do not share our desire to achieve the highest standards.

I urge you to read carefully all the proposals put forward in this edition of AQD and if you think there is anything wrong or could be done better or differently please let us know. We are consulting widely amongst members, leaseholders, consumers, fellow professionals and other interested parties and details of the ways you can contact us are explained elsewhere in this issue.

There is still a way to go before we have a fully working self-regulatory system in place but as I reach the end of my second year as Chair, this is my opportunity to thank everyone involved for all their hard work on this project. The enthusiasm and dedication of the Secretariat team always leaves me amazed but for this project they have worked tirelessly to keep us on track. I am also grateful to the Working Groups involved, made up of volunteer Council members, who have given generously of their time and of course I cannot forget the assistance from the people outside ARMA with the knowledge and foresight to help us on our way. Thank you all!

I sincerely believe ARMA has reached a turning point in its progression from trade body to a true professional organisation and this process of self-regulation, upon which we have embarked, is the most important challenge we have faced in our history. It is quite appropriate it is happening in our 21st year - ARMA is truly coming of age!

MISSION Q:

To protect consumers and deliver a recognised advantage to our members, through professional self-regulation that guarantees probity, the highest levels of ethics and best practice in all dealings between residential managing agents, intermediaries, landlords and lessees.

SETTING THE SCENE

ARMA is a trade association for companies that manage private residential leasehold blocks of flats in England and Wales. We promote the highest of standards of leasehold management by providing advice, training and guidance to members and affiliates. We also produce guidance for leaseholders and Residents Management Companies and campaign for improvements in the legislation governing the leasehold sector.

ARMA currently has over 270 corporate members in England &

Wales. These range from small family run firms managing local local blocks to national companies managing tens of thousands of flats across many developments. Collectively ARMA members manage some 900,000 units in around 34,000 blocks in both new build and converted properties.

THE LIE OF THE LAND

Current estimates are that there are between 1.6 and 1.8 million private leasehold flats in England and Wales. Whether they are owned and controlled by investor freeholders or the leaseholders themselves, a large proportion employ

managing agents to handle the day-to-day running and ongoing maintenance of the building on their behalf. That could be anything from organising and overseeing repairs and redecorations of the communal areas, to providing accounting facilities and managing cleaning, gardening and other services.

The leasehold management sector is currently unregulated so anybody can set up as a managing agent and start trading. ARMA was founded to promote the highest standards of management in this unregulated market and prospective members have to comply with strict entry criteria. Two of the most important conditions of membership are being part of an independent Ombudsman scheme and providing evidence that service charge funds are held in the correct and legal format.

For over 10 years, ARMA lobbied for Government regulation to raise professional standards in the leasehold sector and was heavily involved with proposed plans under the Labour Government. With the general election falling in 2010 and the coalition coming to power, those plans were scrapped. As a trade body, ARMA cannot regulate the entire sector but it can look to its members to uphold the standards expected by consumers. This is where ARMA-Q comes in...

PROUD TO BE A MEMBER

ARMA-Q will not provide full regulation of the industry in the same way as is being done in Scotland, for example. But it will regulate its members.

The regime will provide accreditation for members to a 'built for purpose' professional Consumer Charter and bespoke Standards together with independent scrutiny to ensure they are being observed and penalties should they not be.

Members will gain a significant advantage from being a part of ARMA-Q; membership will be seen as a true sign of quality – a kite mark for property management that consumers will recognise and understand. Along with Resident Management Companies, Right to Manage Companies, freeholders and property developers they will use this when choosing an agent to manage their property.

PROUD TO USE A MEMBER

ARMA-Q will bring together a set of Standards, underpinned by a Consumer Charter, with overriding guidance specifically for the managing agent sector. These standards will be consumer focused and promote honest, fair, transparent, timely and professional conduct by ARMA members.

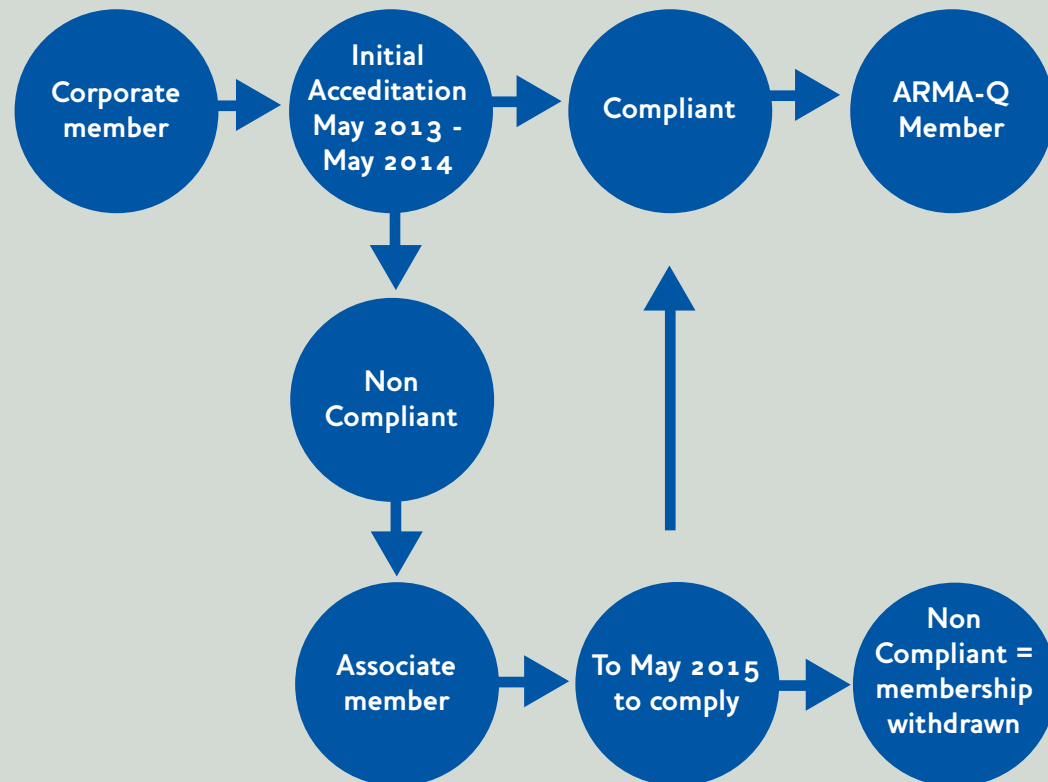
Members will have to adhere to those standards which will be used to promote the performance of good practice in the sector.

An independent Regulatory Chair and supporting Panel will be put in place to operate the new self-regulatory regime and enforce compliance with the Standards.

THE ROAD TO ACCREDITATION

CURRENT CORPORATE MEMBERS

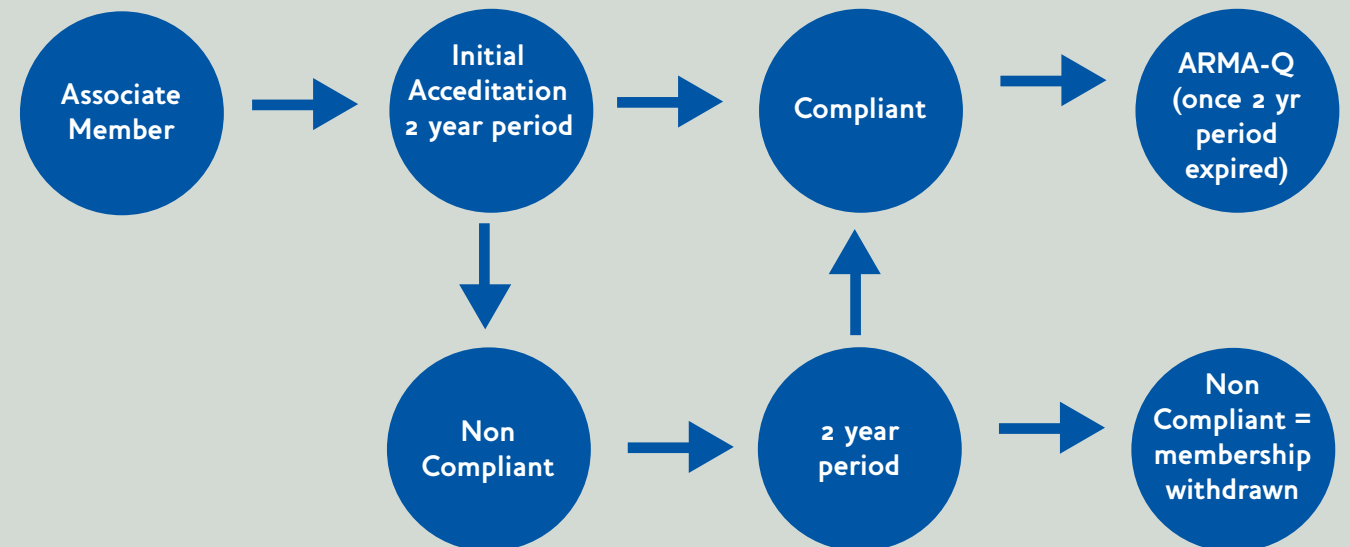
ARMA will still have only one form of full corporate membership. This will require compliance with the Consumer Charter and Standards. Here we set out the road to ARMA-Q accreditation from current corporate membership status. Corporate members will still have access to all of the same high quality technical advice that ARMA offers.



CURRENT AFFILIATE MEMBERS

The present Affiliate status exists for both managing agents who don't yet meet the full criteria for corporate membership and for service providers. This will be split into two categories, Affiliates and Associates. Affiliate membership will be restricted to service providers (Accountancy firms, Solicitors etc) who are not managing agents and Associate membership will be available for managing agents who are working towards full membership yet do not meet the requirement of two years trading and practising in block management or who don't meet the Standards of ARMA-Q.

MANAGING AGENT



A CONSUMER FOCUSED FUTURE

Fundamental to ARMA-Q is the Consumer Charter and underpinning Standards. But what will these look like and how will you be able to ensure you stay up to scratch?

CONSUMER CHARTER

The Consumer Charter provides the foundation of ARMA-Q. Without it, ARMA-Q cannot exist. It sets out the different aspects of quality that consumers can expect from ARMA members.

The intention is to go beyond merely listening to consumers and reinforce their confidence in other services provided.

The basis of the ARMA-Q Charter was taken from the Property Standards Board's (PSB) Consumer Charter that ARMA formally adopted at the 2010 AGM. The main purpose of that charter was to promote quality service. It provided an overview of the standards of service that consumers should be able to expect from property professionals and how to deal with dissatisfaction. When developing the ARMA-Q Charter, the PSB charter was redrawn to meet the individual aims and objectives of ARMA-Q and substantially revised to specifically reflect the residential managing agent sector.

As with any consumer charter, the ARMA-Q Charter outlines the commitments and promises made by ARMA members regarding high quality customer service. The Consumer Charter will be publicly displayed to give assurances that ARMA members abide by and endorse cutting edge customer service.

THE STANDARDS

The Standards of ARMA-Q expand in far greater detail the principles outlined in the Consumer Charter. They have been drafted to promote both compulsory and recommended practices in the management of residential leasehold property.

Successful leasehold management can only be achieved through co-operation between all parties and a mutual understanding of the procedures necessary for the effective control of property. It's also important to have a solid grasp of the problems that can arise. The Standards are, therefore, intended to be read by leaseholders, landlords, resident managers and managing agents.

Although most of the Standards are aimed directly at the managers themselves, some are specifically intended for other parties such as owners and professional advisers. Like the Consumer Charter the Standards will be published. Whilst there may be cost implications of managing residential properties to the level specified by the Standards, the benefits in terms of improved service and level of client satisfaction should leave no one in doubt as to its worth.

CONSUMER CHARTER

The ARMA Consumer Charter covers the work of residential managing agents and ensures the highest standards of client and customer service

Managing agents adopting the Charter will:

1. Be honest and fair and provide you with a timely and professional service with access to the information you need
2. Act for you with skill, care, diligence and without discrimination
3. Make sure that all their staff are properly trained and knowledgeable
4. Provide you with written terms of business
5. Provide you with their Complaints Handling Procedure specifying the Ombudsman Scheme to which they subscribe
6. Comply with all relevant legal requirements and relevant codes of practice
7. Avoid conflicts of interest
8. Maintain clear, accurate and up to date financial records
9. Make sure that any money held for you is held separately from the managing agent's other monies
10. Hold appropriate Professional Indemnity Insurance

HOW WERE THE STANDARDS PUT TOGETHER?

To put together a bespoke set of standards specifically for managing agents, a wide range of materials were consulted: ARMA's existing bye-laws and current Guidance; the RICS Code and Blue

Book; all relevant legislation; the ICAEW Accounting Technical Release; the Property Factors (Scotland) Act 2011 Draft for Consultation... these were just a few.

The essence of this process was to consolidate current statutory requirements and best practice to create a set of enhanced standards, specifically for the managing agent sector. Standards that are consumer focused and underpinned by the principles of transparency, professionalism, honesty, fairness and timelines. Those standards will ultimately help to promote the performance of good practice in the industry.

The ethos is about setting minimum standards and managing agents are encouraged to strive for higher 'gold' standards. They are not meant to be used as a tool to micromanage a business - they are there to help managing agents be more efficient to their clients and consumers. In essence, managing agents sign up to ARMA-Q to demonstrate that they do things right.

The standards are designed to be reasonable and realistic. They are short, simple, prescribed and principles based. They will give a positive message to the public, to consumers and to ARMA members that we have standards, that we expect those standards to be maintained and that we uphold them through independent policing.

GUIDANCE

A founding principle of ARMA was to provide its members with expertise, training and guidance. 21 years later, this remains at the forefront of ARMA's mission and will continue to be so. The sheer wealth of information and guidance that is available to download instantly from the website and over the phone from ARMA's technical officers is one of the many advantages of membership. ARMA's Guidance Notes, which are

fast approaching 100, provide an unrivalled wealth of advice, information and updates to members.

With the introduction of the new Standards, many of which have been compiled from those already available to our members, guidance on how to achieve them will be crucial. Current guidance will be developed to ensure that members have all the tools they need to achieve compliance with the operational Standards.

In addition, because much of the compliance checking and audit process will involve the assessment of procedures, ARMA's Technical Committee will be working on developing a set of Procedural Notes to provide further assistance to members. Members will still enjoy a significant advantage over non-members, as the guidance will remain an exclusive benefit of membership. ARMA's Leasee Advisory Notes will remain available to the public however, so members will be able to continue to pass on quality advice to leaseholders on a range of management topics.

A final assistance to members will be a full compliance pack. 'How to comply with ARMA-Q' will be available to all members to help with the transition to the new regime. There will also be bespoke training courses to further help members understand what is needed to comply.

NOW LET'S TAKE A LOOK AT SOME OF THE DRAFT STANDARDS...



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THE STANDARDS

The underpinning standards of ARMA-Q will raise consumer confidence and boost the reputation of ARMA members. Here we take a look at DRAFTS of some of the most important: Associated Companies, Admin Charges and Handovers...

Associated companies and in-house service providers

- The managing agent must declare in writing to the client and to leaseholders, any interest or related income, or other benefit received from, any contractor, in-house service provider or business employed to provide services at the property that may be associated with the managing agent

DEFINITION

In this case, the term 'associate' includes a sibling, spouse, civil partner, aunt, uncle, niece, nephew, parent, child, grandparent and grandchild, but it does not include an in-law. The definition also includes business associates, the directors or controllers of a limited company, your fellow partners in a partnership (and the partnership itself) and the officers or managers of an unincorporated association, as well as close friends and in-house service providers.

Terminations and Handovers

- The managing agent must deal with any handover in a professional, competent and efficient manner within agreed timescales
- The management agreement must make provision for termination and means to do so on behalf of both parties, irrespective of any fault or if either party breaches its obligations
- Termination provision must clearly state any 'cooling off' period, period of notice or penalty charges for early termination
- Termination must be confirmed in writing between the client and the outgoing agent, clearly stating the date at which management ceases and when all relevant documentation and monies held will be handed over to the client and confirm who will deal with on-going litigation, disputes, arrears collection and any fees to be charged
- Not less than four weeks prior to the date of handover, or as otherwise directed in writing, the outgoing agent should supply all relevant information to facilitate the handover, not least lessee contact details, contractor details and insurance information
- The outgoing agent must pass all documents relating to the management to the client on the date of handover or as otherwise directed in writing
- The outgoing agent must prepare reconciled accounts (no later than 3 months unless otherwise agreed) with itemised accruals and prepayments up to the final date of management, including schedules of arrears, creditors and debtors
- At the date of handover the outgoing agent must hand over the balance of funds that are not required to meet commitments already made
- The remaining balance must be handed over at an agreed later date (no later than 3 months unless otherwise agreed) along with the statement of accounts made up to the date of handover

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Administration charges

THE MANAGING AGENT:

- Must specify in the management agreement any fees payable outside that agreement for services for which administration charges may be made and retained by the managing agent in addition to those set out in the lease or by statute
- Must only seek to recover administration charges that are provided for within the lease, by statute, under the management agreement or by separate instruction
- Must ensure that any payment of administration charges due to the client or another person shall be paid within a reasonable period but without unreasonable delay, with a statement of account if appropriate
- Must ensure that administration charges are of equivalent value to the service provided in return
- Must ensure that demands for administration charges are accompanied by a notice summarising tenants' rights and obligations before they become payable in accordance to the English or Welsh regulations as appropriate

DEFINITION

Equivalent Value – A fee, including an element of profit, may be retained that is equal to or corresponds with a service or associated task provided

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MEMBERSHIP MATTERS

An essential part of the development of ARMA-Q has been getting the input of our members...

To ensure that the views of all aspects of the membership were encompassed into the development of the new self-regulatory regime, discussion forums were set up in early 2012 made up of representatives from small, medium and large ARMA member firms.

Initial meetings were held in March 2012 and willing volunteers from each group agreed to take part in regular further forums to ensure that the proposed Standards not only met members' expectations, but importantly addressed the issues and criticisms of our sector. The representative Discussion Forum Groups are made up of: Daniel Burkinshaw of BBM; Jonathan Channing of Farrar; Carrick Johnson of Carrick Johnson; Imogen Stewart of Stride & Son; Hugh Mcgeever of RMG; Jonathan Smith of Trinity Estates.

WHAT HAPPENS NEXT?

Regular meetings with this group will continue until all Standards have been compiled, debated, revised and confirmed. Then the entire membership will have their say. We will be launching a full consultation with members on the Standards and proposed structure of the regime at the Conference in October. Below you will see the wider timescales of ARMA-Q from consultation to accreditation...

DATE	ACTION
September 2012	Appoint Regulatory Chair Shortlist candidates for Panel
October 2012	Launch draft Standards at Conference for member consultation
November 2012	Panel members interviewed / appointed Hold regional round table consultations with leaseholders & other stakeholders
December 2012	Member consultation closes
January 2013	Launch open consultation with leaseholders and general public Regulatory Panel formally established
March 2013	Public consultation closes Finalise Standards and supporting legal action
April 2013	Publish Standards and guidance for members on how to achieve accreditation
May 2013	Open for accreditation
May 2014	New system goes live

VIEW POINT: THE LARGER AGENT

JONATHAN SMITH, MD, TRINITY ESTATES



Trinity is working closely with ARMA and the rest of the membership on the new independent self-regulatory regime for two reasons: As a solution to the lack of regulation from government and to address many other contentious issues that plague the leasehold market.

By implementing an independent regulatory regime, ARMA can look to its members to raise the standards of the sector and stamp out malpractice. The regulatory regime, with independence and transparency at the forefront, will eradicate a great deal of the mistrust and perception of unscrupulous dealings by managing agents that exists in some sections. The benefits of a better-regulated marketplace are clear. For leaseholders there will be far greater scrutiny, transparency, professionalism and value for money; but the main benefit would be greater recourse for poor management. For managing agents, those not meeting the Standards of the regulatory regime will no longer have a market advantage, losing the brand of ARMA quality.

As one of the larger managing agents, we recognise we have made some mistakes in

the past; but we have been quick to realise them, learn from them and prevent them from happening again. We are big enough to understand that we still have faults that we are working to change and we appreciate that in order to achieve 100% compliance with the new regulatory framework, we will have some work to do.

Some are arguing for rapid action to demonstrate serious resolve. We think it is far better to take the time for a full debate. This will ensure the industry can sign up to the Standards, taking the 'good guys' with us and allow for full consultation. Importantly it will allow members a sensible amount of time to ensure that they can fully comply with the new regime. A regime which will potentially provide strong building blocks for a government regulated scheme should that eventually be contemplated.

HAVE YOUR SAY!
Your views are crucial for a successful ARMA-Q so we want to hear from you
e: armaq@arma.org.uk
T: 020 7978 2607

VIEW POINT: THE LOCAL AGENT

DANIEL BURKINSHAW, DIRECTOR, BBM



At the time BBM joined ARMA we became the only ARMA member in our area. Other companies obviously operated locally but none of these were dedicated solely to block management.

In the last two years, some ten or so other companies have started to advertise their block management services. This in many ways could be a good thing. Decent competition can only raise the bar and accordingly we are happy to have them in our area. The difference between them and us is experience and we know that 'experience counts'.

We did not join ARMA simply because the logo is a positive marketing tool. As part of our ethos, we believe in transparency, integrity and ensuring that the customer has a way of seeking recourse if necessary.

For a small managing agent ARMA-Q could be perceived as extra work and effort to achieve what could be misunderstood as simply a revised logo. For us, we are right behind it whatever the work needed.

ARMA-Q will identify and separate the fully compliant agents from those who make statements about their membership of ARMA but who, do not intend to fully accept and embrace the rules of membership.

ARMA-Q will ensure that the committed, genuine members have a way to demonstrate to both existing and prospective clients their absolute dedication to the work they undertake. It will also be a strong message to the industry, their fellow ARMA-Q members and to any and all other industry professionals with whom they interact.

If the prospect of further regulation causes you concern, I say grasp the nettle

in the short term, because for the majority of agents, I believe the work involved to meet the new standards will not be that significant. I am convinced that the new regime will set apart the best of our industry from those who choose not to be involved with best practice, honesty, integrity and commitment to service.

Managing agents that do not embrace ARMA-Q will be left behind. They will not have the same marketing rights in terms of using the logo and will not be able to make the associated positive statements about their business. Accordingly I believe that the small agents who have joined ARMA, probably because the values referred to above are fundamental to their way of working, should embrace these changes, put in the extra effort to ensure compliance and then reap the benefits.

ARMA-Q will enable you to make statements about the way you operate that no other membership will. It will set you apart from all of those agents out there who are not dedicated to this industry and who will be left behind us.

ALL EYES ON REGULATION...

Just as important as the Standards and Charter will be the enhanced regulation of ARMA members. Many people will want to know how this will work - the real difference will be true independence...

REGULATION NOW

ARMA members are currently regulated by the association's Practice Committee. This is made up of ARMA Council members who also work for other member firms. Because of this, there have been worries expressed in the past that the regulation process is not independent. It is for this reason that back in 2010 ARMA made it a condition that all members must be part of an independent ombudsman scheme. Even though each Practice Committee member is subject to a robust confidentiality agreement and must excuse themselves from meetings where even the slightest hint of a "conflict of interest" arises, the committee have expressed discomfort with 'passing judgement' on their competitors or fellow ARMA members and the external perceptions of this.

At present, all ARMA members must have a published internal complaints procedure. Leaseholders wanting to make a complaint

about an ARMA member must initially go down this route and if they are not satisfied with the outcome, they must then take their complaint to the member's Ombudsman - this process will remain as part of ARMA-Q but what is different, is true independence...

THE FUTURE: TRUE INDEPENDENCE

The Practice Committee will no longer be responsible for regulating ARMA members. This will be carried out by an independent Regulatory Chair and supporting Panel. They will operate the new regime, to enforce compliance with the Standards by ARMA members. This separation of regulation from representation is crucial. It will give consumers greater confidence in ARMA members and will give members greater confidence in the disciplinary process.

THE REGULATOR

The Regulator will be appointed by ARMA's governing Council through open competition but importantly will operate independently of it. He or she will chair a panel of industry representatives and lay members also selected through an open process and drawn from those with knowledge of the industry (but not actively involved in residential block management) and those from relevant disciplines.

At the time of going to print, the Regulator and supporting Panel have not yet been appointed but following an advertisement placed in the Sunday Times in June 2012, an overwhelming 200+ applications were received. These are some of the qualities we are looking for in the ideal Regulator:

- A person of established professional standing, preferably, but not essentially, with a strong public profile
- Ideally they will have expertise and experience in one or more specific disciplines in a challenging environment (such as operations, legal, quality control, customer service, policy making, financial, regulation, membership activities)
- They will have experience of operating in a senior leadership role in the public, private or not-for-profit sector
- They will be committed to exercising leadership to drive the development of good practice within the industry
- They will possess strong management and negotiation skills to manage the Regulatory Panel's work and secure decisive decisions
- They must be able to write clearly and succinctly so that decisions when issued can be easily understood and interpreted
- They should be an effective communicator, helping to develop awareness of good practice and the effectiveness of the enhanced regulatory regime

THE REGULATORY PANEL

The Panel will be responsible for operating the regulatory regime on behalf of ARMA's Council and for ARMA members. Ideally it will be made up from a pool of around 12 members from law, accounting, consumer and surveying disciplines. They will meet several times per year with more frequent meetings likely at the initial accreditation stage, between May 2013 and May 2014. Thereafter, quarterly meetings might be more appropriate. The Panel will have a quorum of three (one industry, one lay and the Chair) and it would be supported by a secretariat, which would provide documentation and initial investigation.

HOW WILL THE PANEL WORK?

- The Panel will oversee the accreditation of existing members between May 2013 – May 2014 and new members who apply thereafter
- They will review the operation of the regulatory regime and report to ARMA's Council on its effectiveness with recommendations for improvement in the light of experience
- They will advise ARMA's Council on adjustments to standards in the light of experience and lessons learned
- They will determine disciplinary outcomes of cases brought before the panel
- An annual report will be submitted to ARMA's Council on the operation of the regulatory regime and any decisions on disciplinary cases

DISCIPLINE

The Regulatory Panel will consider whether disciplinary action should be taken against ARMA members in the following circumstances:

- When complaints are received from clients or customers, freeholders, landlords or leaseholders who are collectively managing their flats, where the member's own complaints procedure has not resolved the issue and it is inappropriate for the Ombudsman
- Where complaints have been resolved to the complainant's satisfaction, but there is a case for separate disciplinary action for failing to comply with ARMA's bye-laws and/or the Charter and/or the Standards
- When a member has not responded to a complaint within the stipulated time (as set out in the complaints procedure)
- Where an LVT judgment has demonstrated that a member was not compliant with ARMA's Charter and/or Standards
- When the Ombudsman's decision indicates that a member was not compliant with ARMA's Charter and/or Standards
- Where the post accreditation checks suggest that a member is not compliant with ARMA's Charter and/or Standards

The Regulatory Panel will determine whether a member under investigation has materially failed to comply with the byelaws, Charter, Standards, codes of practice and/or legislation. Decisions to take disciplinary action will be published.

The Regulatory Panel will have a range of sanctions to impose through disciplinary action, which will be used in an appropriate manner. They will be able to:

- Require the member to undertake training
- Require an apology, acknowledgement or specific action to be taken to remedy a complaint
- Issue a formal warning by letter
- Impose administration costs and fines
- Suspend a member from ARMA membership for a specified period and on conditions
- Permanently expel a member from ARMA



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THE VIEW FROM THE WORKING GROUP

Bruce Maunder Taylor, an ARMA Council Member, sat on the ARMA-Q Working Group. Here he takes a look back at process and progress...



I think it is fair to say that none of us expected the amount of work we found we had taken on! Hindsight is not just a wonderful thing – it is a master at teaching you a lesson!

In early 2012 three Council members, Peter

Denning, Ben Jordan and myself, volunteered to form the ARMA-Q Working Group. We have been ably supported, and at times led by, two members of the secretariat, Michelle Banks and Helen Christie. A wealth of experience then of not only the sector as a whole but also of varying sizes of agents.

The role of the Working Group was to structure and

implement the self-regulatory regime, initially concentrating on the Consumer Charter, Standards and Guidance. With the Property Standards Board Consumer Charter already adopted by ARMA members in November 2010, it was substantially revised to specifically reflect the role of managing agents.

To start working on the Standards, a full list of all functions and responsibilities of a managing agent had to be identified. Not as simple as it may sound and this really brought home the true depth and range of the project we had agreed to take on!

We decided to work on the most demanding and pertinent standards first such as handovers, insurance, associated companies and fees. This enabled us to ensure that those standards were set within the legal and guidance parameters; more importantly it allowed us to address early on the issues around which the most serious consumer concerns revolve.

A great deal of debate was had around the level at which the Standards should be pitched and especially around the use of words such as 'should', 'must', 'may' and 'will'. Always at the forefront of the debate however was the ethos that members should embrace the Standards rather than defy them. The principal aim of self-regulation needs to be respected: to protect and enhance consumer and wider stakeholder confidence in the sector. A daunting task which will be ongoing for some time.

A future task, which will be undertaken upon completion of the Standards, will be to add to the wealth of guidance that is already available to ARMA members to assist them in meeting, accepting and continuing to endorse those Standards. ARMA already has nearly 100 exclusive Guidance Notes and these will play an important part in helping members maintain the Standards.

We are certain that a number of you will ask if all this is really necessary. Yes, if you want ARMA to enhance its professional reputation and the benefits that go with it – it is worth it.

We decided to work on the most demanding and pertinent standards first around which the most serious consumer concerns revolve.

THE RICS PERSPECTIVE

Before retiring as Residential Group Director, David Dalby, FRICS, gave RICS' support of ARMA-Q



the members' activities is carried out by a body that can act independently of the membership. This means there can be no perception that members are protecting their colleagues if complaints arise.

RICS welcomes this important step towards raising standards in this vital sector, and looks forward to continuing co-operation with ARMA in making consumers aware of the importance of seeking out effectively regulated and appropriately qualified professionals so that eventually, unregulated practitioners will be forced to either raise their standards or fail.

The benefits of effective regulation to all parties are the assurance that agents meet clearly defined professional and ethical standards

To everyone, their home represents an asset into which they put an enormous amount of financial and emotional investment. It is therefore vital that those offering services to homeowners and occupiers do so in a professional and efficient manner.

Nowhere is this more true than in the leasehold sector. The complex and potentially contentious nature of the relationship between freeholder, lessee, tenant and managing agent requires extensive technical knowledge as well as a high level of customer service, to ensure everyone has faith in the services provided and the integrity of those providing them.

It is a sector where there is such a wide variation in the levels of service provided and where, despite the existence of considerable regulation around process, there is no statutory requirement for managing agents to be subject to regulatory control in respect of their behaviours and competence. The introduction by ARMA of an independent regulatory regime, which resonates with RICS aspirations, is both timely and welcome.

At the heart of the scheme is the Consumer Charter and Standards. For the first time, these provide a benchmark against which existing and potential clients and users of managing agents can judge the quality of service being offered and make informed choices when selecting their professional advisers.

The benefits of effective regulation to all parties are the assurance that agents operating within the regime meet clearly defined professional and ethical standards and have appropriate qualifications and expertise. What is more, the assessment of

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