



Mr Clive Betts MP  
Chairman, Housing, Communities and Local Government Select Committee  
House of Commons  
London  
SW1A 0AA

13th December 2018

Dear Mr Betts

Firstly, may I take this opportunity to wish you and yours a very Merry Christmas and a Happy and successful New Year.

I am writing to you to follow up on my appearance at the Select Committee hearing on 19<sup>th</sup> November on behalf of the block managing agent community. Unfortunately, we ran out of time to fully cover the subject of regulation and I wanted to follow up to you with a few comments.

The regulation of managing agents is a welcome move, particularly when one considers the large sums of money that managing agents can hold – the average ARMA member holds £6.2m of client funds. It must be remembered though that ARMA members manage 1.1m leaseholds and non ARMA firms probably around 700,000 more. The last official estimate stated there were over 4m leaseholds in England, although the likely figure is much higher now. It is therefore apparent that the majority of leaseholders operate under a self-managing regimen.

This raises two directions of concern for ARMA. Firstly, regulation was originally envisaged to cover any person or company that manages a building on behalf of others. This seems now to have shifted to only managing agents being subject to any form of regulation. Thus, the majority of leaseholders will not be protected by this change in law and it could be argued that those leaseholders are the ones that may be the most vulnerable as the self-managed Residential Management Companies or Right to Manage companies are unlikely to be familiar with leasehold law, fire and Health and Safety legislation.

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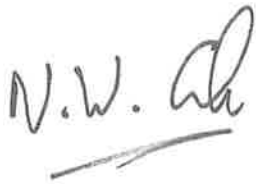
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The second direction of concern is that regulation is being proposed at the level of the individual via a nationally recognised qualification. Contracts are struck with buildings at the level of a managing agent firm, not with individuals. The culture of a firm will influence how its staff behave rather than vice versa. The details of whether lettings, sales or block management require similar levels of qualifications, who will design the courses, who will deliver them, what Continual Professional Development will be required - all of these are to be defined and will take time. ARMA's belief is that the regulation should also be at the level of the firm in terms of a licence to operate. The licence fees can help offset some of the costs of regulation, professional bodies can apply for accreditation and thereby help with the administrative requirements (e.g. fit and proper directors, Professional Indemnity insurance, Client Money Protection and so on). This would be easy and quick to implement and would also solve the problem of the self-managed sites as they would either need to obtain a licence to operate themselves or appoint someone who has such a licence.

I would be happy to discuss this necessarily brief overview in more detail should you require.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N.W. Glen', with a horizontal line underneath.

**Dr Nigel Glen FIRPM**  
**Chief Executive Officer**

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