

Right to Manage at Battersea Reach

**7 April 2025
18:00 London time**

What is Right to Manage (RTM)?

- Leaseholders get together and form a special RTM company, with some of their number acting as directors
- That RTM company then takes the “powers of management” from the freeholder (St George) and head leaseholders (Fairhold Athena / E&M)
- The key changes are that the RTM company then:
 - Sets the annual budget and service charge
 - Can hire and fire a managing agent
 - Can direct the managing agent as to operational priorities, staff management, contractors, efficiencies etc.

What isn't RTM?

- RTM is **NOT** self management
- RTM is **NOT** buying the freehold
- RTM is **NOT** converting to commonhold
- RTM is **NOT** avoiding ground rent obligations
- RTM is **NOT** permanent or irrevocable
- RTM is **NOT** “firing” all the staff
- RTM is **NOT** “getting into litigation”
- RTM is **NOT** unusual or extraordinary

Some RTM myths debunked

- RTM is all about cutting services
- RTM is undemocratic
- RTM will cause the value of my flat to fall
- RTM will cause intra development disputes and arguments
- RTM will mean that nothing ever gets fixed or done
- RTM is replacing professionals with amateurs

Advantages of RTM

- Value for money
- Alignment of interests – those who pay the bills get to decide how the money is spent
- Prevention of contractor corruption and sharp practices
- Clamp down on waste
- Ensure that the MA is responsive and proactive
- Cut out layers of decision making (eg St George and E&M)

Risks of RTM

- Composition and character of RTM Company board
- Liability of RTM Company board and how that may impact ability to recruit the right people
- The new Building Safety Act and its “PAP” regime
- Against all risks, is one important mitigant: if leaseholders and shared owners feel that RTM is not working well, they can resign from the RTM Company and the situation reverts to as it is now

History of RTM at Battersea Reach

- 2021 RTM claim for Kingfisher House
- Turned down on the basis that BR was a single construction
- Claims were also close to being launched for Commodore House and Baltimore House but were stopped because of this obstruction
- Had such claims succeeded, the two MA problem would never have arisen

VAT on staff costs

- Current **annual** cost to BR of the VAT scam is £250,000 approx
- This has been made worse since the managing agent split because we now face the possibility of **DOUBLE VAT** on the proportionate cost of employees taken by Kingfisher, Commodore and Baltimore leaseholders (effective rate of 44% markup)
- RTM – as long as the employees are transferred to an appropriately structured entity - will end the VAT leakage once and for all
- Obviously, this is all premised on HMRC not changing the relevant regulations / the courts altering their interpretation of them

Recent BROA survey: views on two managing agents at BR

- 87% very concerned or concerned about the two MA mess now at BR with 6% agnostic and 7% very unconcerned or unconcerned
- Duplication of work, unnecessary costs, infighting, multiple contractors causing problems and R&R's past performance all seen by well over 80% as being significant risks
- Service charge demand chaos and budgetary breakdown have now emerged as further problems and BROA is constantly contacted about these

Recent BROA survey: who should be in charge?

- 86% of respondents felt MAs would deliver a better service if apartment owners had the power to hire and fire them (5% did not and 9% unsure)
- 93% felt that owners of apartments should have the final say on the budget and service charge (5% felt St George and 2% the HAs)
- 94% felt control of the budget and service charge by apartment owners would lead to better value for money

Recent BROA survey: RTM awareness

- 42% felt they were fully aware of RTM with 32% vaguely aware and 25% not aware but wanting to know more. 1 person said she wanted to hear nothing about it....
- 90% were in favour of meetings like this to develop understanding of RTM
- 73% felt we should start to consider RTM at BR with 22% unsure and 5% against

RTM, leaseholders, shared owners, social tenants & commercial units

- RTM laws give leaseholders and shared owners **equal treatment**
- Social tenants (Genoa and Nautical houses only) are **entirely excluded** from the process by law
- Housing associations (both for shared ownership and social rent flats) are not eligible to exercise meaningful influence
- By law, owners of commercial premises have **no say or vote** in the RTM claim process and

How do we get RTM at Battersea Reach?

An overview

- 50% (plus 1) of all flats (each flat counts as 1, irrespective of size) “join” the RTM company as members
- Leaseholders and shareholders have one vote per flat
- Once that happens the RTM Company would serve an “RTM claim” on the freeholder and all head / intermediate leaseholders
- A mechanism and timetable then laid down by law then begins
- Ultimate time for completion of the process depends heavily on

How do we get RTM at Battersea Reach?

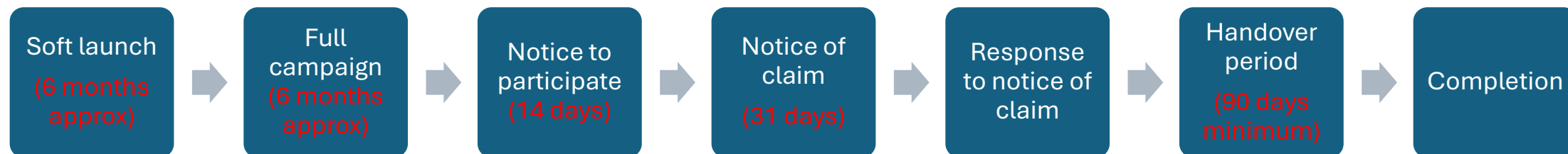
The key numbers

Tenure	Number
Leasehold (including fully staircased out shared ownership) flats	1137
Shared ownership flats	149
Total eligible flats	1286
Social rent (Genoa and Nautical houses only - ineligible) flats	72
Total eligible and ineligible	1358

50% of 1358 +1 = 680 flats
(680 of 1286 is 52.9%)

How do we get RTM at Battersea Reach?

The timetable



The Leasehold & Freehold Reform Act 2024

- Two major advances which help us at BR came into force on 3 March 2025:
 - The **freeholder and head leaseholder costs** in dealing with an **uncontentious** claim can no longer be charged to leaseholders (section 50)
 - The **commercial floor space threshold** at which RTM claims are barred has been raised from 25% to 50% (section 49)

Next steps for RTM at Battersea Reach

- Establish an RTM Company
- Articles are in a form laid down by law
- Begin asking supporters to join the RTM Company
- Campaign will initially focus on “low hanging fruit” of highly motivated leaseholders with a strong understanding of the problems at BR and the legal avenues to solve them
- Likely to need a more sophisticated and involved campaign to get from 25% to 50%
- We may hire professional help for the final stretch but initially we will rely on volunteer leaseholders / shared owners

Our neighbours and “competitors”

- Chelsea Bridge Wharf (another Berkeley development with R&R as managing agent)
- Riverside Plaza
- Plans are afoot at a number of other large, riverside developments
- There is currently a significant oversupply of expensive riverside flats and we need to “compete” against our neighbours to be seen as well run and efficient, if we are to maintain our premium value
- Leasehold is a dirty word right now and no one will buy into a development that is known to be badly run or cost inefficient

Volunteers required!

- RTM Company directors
- A webmaster (can anyone build a website?)
- Building representatives
- Social media and traditional communications experts
- Arabic, Cantonese and Mandarin speakers

Keeping up to date with RTM at BR

- New website to be built to deal exclusively with RTM
- WhatsApp group – please keep comments relevant and avoid speculation and social / clutter chat
- Update meeting in October 2025 (six months from now)
- Repeats of this meeting if demand is there, including at times more suited to Middle & Far East
- Make sure you are a member of our WhatsApp community group – to join, text us on

+44 7399 334 967

Some words of caution: behaviour at BR

- RTM is a long and involved process
- There is no telling how many months it will take to get the requisite number of flats to sign up, or indeed if we will succeed
- It is vital that the debate is kept civilised and neighbourly
- The anonymous notes, threats, wild allegations and conspiracy theories that characterised the behaviour of a small group in 2021 must not be repeated
- Defamatory and threatening behaviour will be met a robust response

Questions

Please

raise your hand

in Zoom and then

unmute your microphone

when called