

Welcome to Property Bulletin, our publication to keep you up to date with news from the property management sector and the services that RDP Newmans can offer.

In this edition, we take a look at an agreement to protect leaseholders from disconnections and proposals that will require landlords and managing agents to supply tenants' details to water companies.

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ARMA reaches agreement to avoid disconnections

The Association of Residential Managing Agents (ARMA) has reached an agreement with the major energy companies to protect tenants from having the power to communal areas of their property cut off.

Although rare, such situations can arise when leaseholders do not pay their service charges, resulting in a lack of funds to pay the energy bills for communal areas. As such areas are classed as commercial premises by OFGEM, they are not

protected in the same way as residents of individual flats are, so companies can disconnect the power without considering the consequences.

The new protocol means that energy companies will have to make every effort to contact landlords or management companies before resorting to disconnection and to take into account the impact on residents. As a result, such issues should be addressed earlier in the debt collection process.



Liability for unpaid water bills

A new consultation launched by the Department for the Environment, Food and Rural Affairs (Defra) could make landlords, and therefore property management companies, more responsible for ensuring that tenants pay their water bills.

The move comes as the government looks to tackle the number of people who do not pay their water bills, many of whom are tenants. With the unpaid amount totalling £328 million in 2010-11, this is believed to add around £15 to every customer's water bill.

Two possible measures are included in the consultation. The first would introduce legislation making landlords responsible for unpaid water bills, unless they, or their management company, provide details of the tenants within 21 days. To make this burden easier, Water UK would create a single national website where individuals could enter the relevant details for all their properties.

However, the moratorium on new regulation for micro-businesses could significantly impact on this measure, as nearly three-quarters of private landlords fall into this category. Therefore, the legislation could seek a waiver to the moratorium, exclude those landlords who qualify

as a micro-business or be delayed until April 2014.

Consequently, the government is also considering a voluntary approach, which would ask landlords and other holders of occupancy data to share this with water companies.

While it is not clear if this option would be as effective as the legislative approach, it would avoid the issue of micro-businesses and could be followed by the introduction of regulations if it was not successful.

Should this consultation result in legislation being introduced, landlords and property management companies will need to introduce ways of ensuring they fulfil these duties in order to avoid becoming responsible for unpaid bills. This could include additional obligations within lease documentation.

"We will consider the consultation responses before making a final decision but we must find a way to fill the information gap which is at the heart of this problem," said Environment Minister Richard Benyon.

Any interested parties have until 16th April 2012 to respond to the consultation.

RDP Newmans has over 50 years' experience in dealing with property management accounts meaning that our accountants are highly skilled and aware of the challenges faced by this sector. We can help you with any accounting requirements, which would free you up to concentrate on other important issues at hand.

If you have any feedback about this Property Bulletin or would like to contribute towards the next edition, please contact us on 020 8357 2727 or email accounts@rdpnewmans.com

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