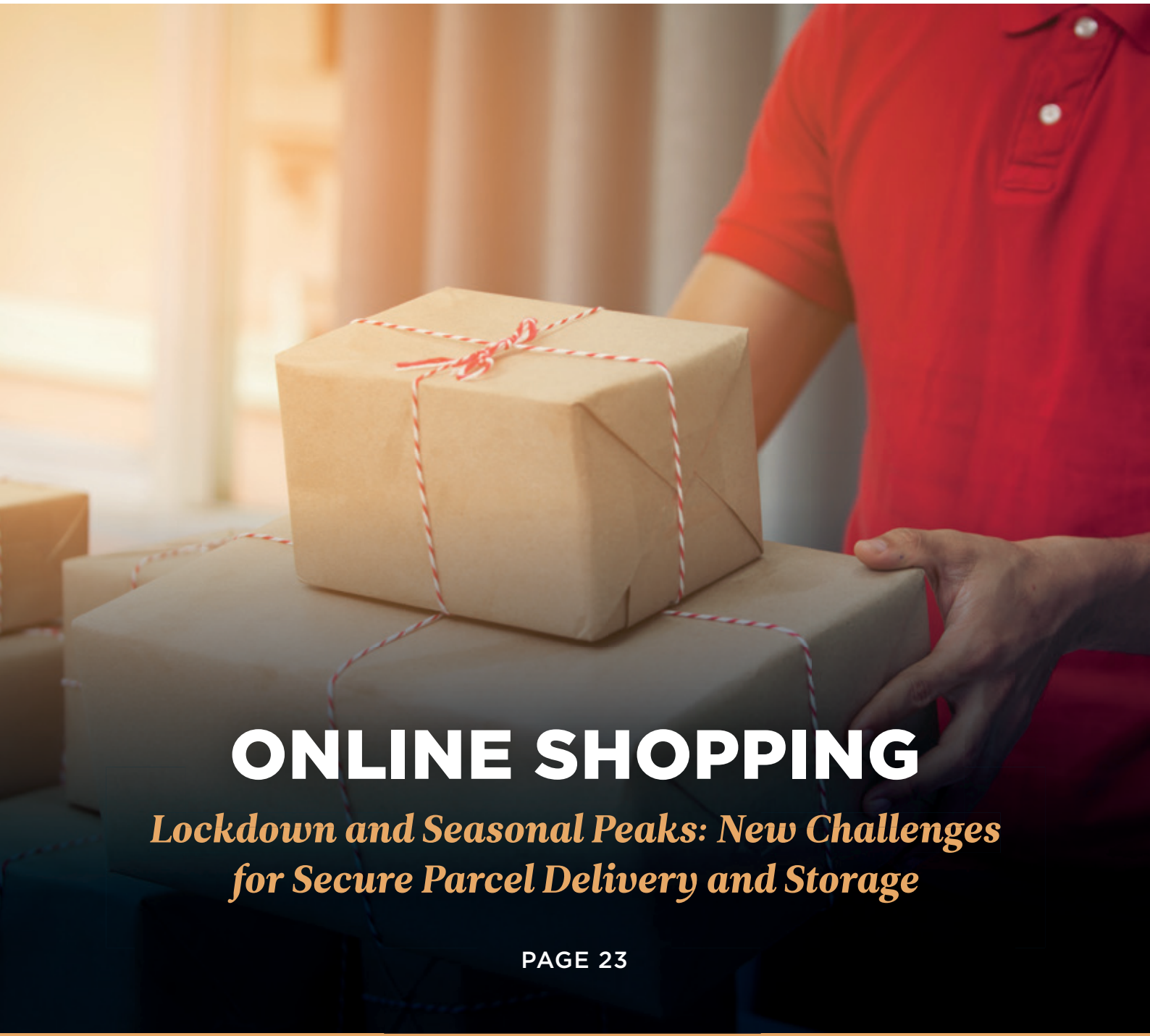
ARMA

AQD

ISSUE 90 | WINTER 2020

THE NEWSLETTER OF THE ASSOCIATION OF RESIDENTIAL MANAGING AGENTS



ONLINE SHOPPING

Lockdown and Seasonal Peaks: New Challenges for Secure Parcel Delivery and Storage

PAGE 23

Play our BIG CHRISTMAS QUIZ!

Play a new quiz every week and increase your chances of winning up until Christmas!

Every Tuesday in December* a new quiz will be unlocked. It's a game of guess work or knowledge against the clock to see if you can get 6 out of 6 in 60 seconds. If you do, you'll go into the draw each week to win some amazing prizes!

win

Harrods Hamper

win

Pair of Apple AirPods

win

£150 Selfridges Voucher!

Play now at: propertydebt.co.uk/quiz

Christmas Party cancelled by COVID?

Why not donate the unused cost of your Xmas party to a charity of your choice with our friends at Xmas Party Heroes - see their website for more information:

www.XmasPartyHeroes.co.uk

•XMAS PARTY• HEROES

01992 449 403 | propertydebt.co.uk

info@propertydebt.co.uk | @PropertyDebt

*excluding 22nd & 29th December. Last quiz closes on Monday 21st December 2020. Prizes restricted to one per person. Terms & Conditions apply

In this issue

Tel: **020 7978 2607**
Email: **info@arma.org.uk**
www.arma.org.uk
@ARMAleasehold
@ARMA
Design by BrandFour

Chair's Editorial

MICHAEL JACOBS, BSC (HONS), MRICS FIRPM, **ARMA CHAIR**

Who could have predicted such a cataclysmic year? As we end the year that everyone would rather forget, we continue to tumble in and out of lockdown. But what is the new normal going to look like when this all ends?

Working from home started off being a welcomed novelty. It brought a rethink on how we work across the board. But, is the working from home honeymoon period over? Do we all really enjoy enforced working from home as much as we did in March? There are of course, pros and cons. Many of you are enjoying the benefits of not having lengthy and costly commutes to offices. Working from home increases levels of autonomy which aids motivation. Many (like me) find the peace and quiet of working from home more positive. But there are some notable downsides too. Living in small spaces and having to work in the lounge/bedroom/kitchen negatively impacts work/life boundaries. Those with children are having to juggle kids routinely being in and out of isolation with working from home. Many live on their own and are struggling with the impact of isolation, loneliness and lack of human connection. We also seem to have lost the natural banter and "water cooler moments" that are hard to replicate via Zoom. Our resilience and mental well-being has certainly been put through the wringer this year.

As we try to move our businesses forward in this COVID-19 world, the challenges of recruiting and training in lockdown are difficult as we conduct socially distanced or remote interviews. Inducting and training remotely with new employees has brought about its own challenges leaving many employees starting a job having never actually been to their place of work or physically meeting their colleagues.

As if lockdown, COVID-19, and the world turning on its head were not enough, our sanity has been tested even further by some momentous challenges faced by our industry. Fire safety, cladding and EWS1 problems are ever increasing and are considerably stressful in their own right. The ability to deal with very hostile leaseholders in some truly awful circumstances is a test even for the battle hardened of us out there.

Lockdown has also brought about a higher intensity to the day to day management of our blocks and many are commenting on how much busier we now seem to be. This may in part be due to leaseholders being locked up at home and having time on their hands which has affected a very different expectation of customer service. And meeting that expectation is even more difficult. Higher levels of complaints are one thing, but we are also seeing a notable increase in hostility and aggression towards our front-line staff. Whilst we understand and empathise with elevated levels of anxiety felt by most people right now, the increased verbal abuse and aggression faced by our staff adds undue pressure to an already stressed workforce.

We encourage our staff to manage this by ensuring they take regular time off, although this has been met with some resistance as no one can go on holiday and many feel it's not worth taking time off just to sit in the same room they call "the office". Ultimately though, now more than ever, we all need to look after ourselves and ensure that we remain mentally resilient in order to face the uncertainty of what lies ahead.

There has never been a year like 2020 in my lifetime. Christmas appears to be around the corner. Usually something to look forward to, mad songs on the radio, and even more silly jumpers or daft TV adverts, food comas for a week from left-over turkey and a chance to relax with family and friends.

Whilst the run up to Christmas this year will be different, there is one word that springs to mind. Relief. I'm relieved that we are coming to the end of what I'm sure we can all agree has been a pretty hellish year. I'm relieved that my family, friends, employees and I have survived this year fairly unscathed. Relieved that my business has managed to stay afloat, when many others have gone to the wall. Relieved that there is now renewed hope that there is light at the end of the tunnel. And the promise of a vaccine seems to bring about A New Hope for the COVID-19 war (sorry, for the Star Wars reference!).

We are all glad to see the back of 2020, and I remain optimistic for 2021 with renewed hope. I wish everyone well over the upcoming festive season and wish you and your loved ones a very happy and healthy new year.

ARMA Update

DR NIGEL GLEN, ARMA CEO

As we come to the close of 2020, I wanted to look back over the year and think a little about 2021.

At the start of 2020 things were going relatively smoothly for our industry, until in mid-March the true potential impact of COVID-19 became clearer to one and all. That little 120nm wide virus (about a thousandth of a human hair width) changed how we view the world, at least for our lifetimes. The property management sector wasn't as affected as most but it was new territory for all of us, and a frightening one at that.

ARMA had to quickly become the cool, calm source of reliable information that the sector needed. I hope that during this time your view of ARMA, its activities, its value and its staff, was overwhelmingly a positive one as we strove to be there for you. We compiled government advice from a number of sources and interpreted it where we could in order to fill in the gaps, making it more property management focussed. Our guidance note ran to 13 versions within the first three months and was made available on the public part of our website so other organisations could use it. We then turned our attention to coming out of lockdown with the C.O.O.L. guidance, helping members safely open up their offices and client sites. I trust you will join me in thanking the ARMA team for really throwing themselves into the fray. Members questions came in thick and fast and after a couple of months they were exhausted, but still hanging in there.

At the same time, we instigated the then weekly CEO webinars in which we shared developments, insights and feedback with up to 450 participants. We talked to our opposite numbers in the US, Australia, Spain and Scotland to share insight and information, in particular learning from Pepe in Spain about what might be heading our way a week or two later.

We had to abandon our usual face-to-face meetings and stepped with trepidation into the online waters, hosting our Regional Briefings over a number of days in April. There was no way to replace the fun and games of the ACE awards online, so that sadly had to be mothballed. But the team bravely staged Conference online and it was a great success. Of particular note was the feedback that attendees really appreciated the fact ARMA tried something new and staged the event rather than simply cancelling. Our ever-popular training courses also had to adapt to the virtual world, and have done so very effectively, tapping into the continuing desire for people to improve their skills.

The other major story of the year was the cladding scandal. The £200m ACM fund for the private sector inevitably meant that other materials, such as HPL, would be looked at. In February ARMA sent a letter to the Chancellor of the Exchequer, signed by the BPF, FoPRA, IRPM, various managing agents, landlords and leaseholder groups. We will never know the full impact the letter had but £1bn appeared in the March budget for non-ACM remediation – a huge success. However, the road has been bumpy, to put it mildly. Leaseholders are still faced with crippling costs for waking watches, alarms, building insurance premium hikes and other non-cladding system costs such as compartmentation and fire breaks. And these costs are likely of such magnitude that it's not just unfair for leaseholders to be asked to pay, but impossible . And don't forget this completely ignores those leaseholders unfortunate enough to live in blocks below 18m in height.

ARMA is deeply engrossed in conversations with government, MPs, steering committees and all the associated groups surrounding the issue. Managing agents are now finally recognised as being "honest brokers" in the system, part of the solution rather than part of the problem and fighting for leaseholders. On the other side of the coin leaseholders are understandably angry and frightened about what is happening to them and we are well aware that managing agents, as messengers, are unfortunately first in line for their frustration.

What about 2021? On the downside it's hard to see COVID-19 leaving us in the near future – manufacturing and rolling out the various vaccines will take time. The cladding issue will still be with us throughout the year and beyond, and likely even more painful as the reality of the sheer scale of remediation and its associated costs sink in. But let us not be too despondent – our sector has remained strong, there is now an end in sight for COVID-19 and 2021 should eventually see a return to life as normal. That light at the end of the tunnel might just be a little bit of sunshine to look forward to.

The Perfect Storm in the Service Charge Account

BY PAUL ROBERTSON, MANAGING DIRECTOR,
MIDWAY INSURANCE AND 1ST SURE FLATS

Paul Robertson of Midway Insurance believes the challenge of setting service charge budgets is likely to be significantly harder as a result of the events of 2020.

Property managers may struggle going forward with the volatility of one of the largest elements of the service charge being the insurance premiums.

The year started badly with three significant insurance companies pulling out of the market resulting in a reduction of competitive choice. Then we saw a number of significant weather events and named storms. Rate increases were already being introduced and excesses increased to control costs in what had been an overly completive market for many years. Additionally, insurers are facing a review of their solvency capital requirements in 2021 with an expectation that they will need to hold more capital in reserve. The only way to achieve this is to increase premiums.

Normally property insurance risks are considered attractive because there are few long-term stings in the tail compared to certain liability exposures which can be very expensive many years later. However growing concern and nervousness of flammable construction materials used in recent years in the flats market has changed this appetite. And insurers' normal investment return from the vast funds they control is no longer helping to steady the ship. Then came the small issue of a global pandemic.

The early months of lockdown saw an unexpected reduction in claims. Possibly the fact everyone was forced to stay at home meant the discovery of water damage was far quicker and there was less damage. Alternatively, there may be many claims which simply were not made as occupants didn't want anyone coming into their flat. So, you may be thinking that is good news for the residential sector.

Immediately after lockdown insurers were inundated with claims for business interruption as a result of the pandemic. Generally speaking, this is not an insurable risk as it is "fundamental" i.e. too great for insurers to be able to pay the claims without going bankrupt. Only governments can write cheques that big. However, it transpires that a number of insurers accidentally had some policies in place with policy wordings that would potentially meet these claims.

To try to bring some certainty to the matter in the UK the insurance regulator, The Financial Conduct Authority, worked with action groups to bring a test case in July. The determination of this was that some of these wording do in fact inadvertently provide this cover. Whilst some insurers have accepted this outcome an appeal to the supreme court has been fast tracked by others starting the 16th November. Similar actions have been lodged elsewhere in the world and it is fair to say that the global insurance market is expecting significant losses. So, what does that look like for block insurance?

Insurance companies enter into re-insurance treaties whereby they purchase insurance against large losses or accumulations of losses. Like all insurance policies these treaties contain conditions that have to be observed. With re-insurers increasing rates they will also impose conditions around the premiums the insurance companies are able to charge. With a significant number of re-insurance deals due on the 1st January this makes for very uncertain times.

Insurance companies are likely to be forced by re-insurers to pricing risks closer to their technical rate (the typical rate for such a risk) reducing their ability to be ultra-competitive on the best performing risks. So blocks that have good histories but are under-priced could be adversely affected.

> "The year started badly with three significant insurance companies pulling out of the market resulting in a reduction of competitive choice."

Additionally, COVID-19 has impacted on the cost of reinstatement for blocks and we have seen a significant spike in the indexes used to calculate rebuild costs. These represent the increased costs of reinstating during a pandemic. i.e. PPE, additional health and safety measures, impact of contracts taking longer to fulfil and potential availability of materials as a result of lockdowns. So you can expect high index linking rates in the short term and a significant impact on premiums in the long term caused by a combination of events leading to the perfect storm.

In an attempt to keep premiums down property managers need also to be mindful that they don't attempt to enter into clever deals that may be construed as qualifying long-term agreements. The principles of Corvan (Properties) Ltd v Abdel Mahmoud will apply to insurance. Contracts over 12 months need to be avoided along with three or five years agreements for fixed or reduced premiums or low claims rebates deals conditional on a long-term agreement.

At a time when the country faces great financial hardship none of this will be welcomed by leaseholders with property managers and their brokers facing some challenging questions.

Paul Robertson
MD Midway Insurance and 1st Sure Flats and author of Robertson's Insurance Principles for Leasehold Flats.
Email: **paul@midway.co.uk**
Call: **0345 370 2848**

Enforcement During and Post COVID-19

CARL RAYBOULD, LITIGATION MANAGER, **REALTY LAW LTD.**

Carl Raybobuld of Realty Law looks at what options are available.

As a Commercial and Residential property litigation lawyer, one of the top questions during the Covid 19 period that I'm asked is how to enforce a judgment. It is easy to see why this is a major question when the legislation is changing at an alarming rate since the early part of this year. One of the key points to note is that a number of courts have had significant delays, which is also being exacerbated by a number of enforcement options being removed from commercial property landlords and forcing them to take the county court route. In essence this is doubling the amount of referrals to the county court from Landlords and slowing down the process. As such, it is crucial that the right enforcement option is chosen the first time in order to avoid any unnecessary delay.

So, what options are available?

One of the options that is no longer available against companies is a winding up petition. Schedule 10 of The Corporate, insolvency and Governance Act 2020 sets out a restriction on any winding up petition based on a statutory demand issued during the relevant period where it shows that coronavirus has had an impact financially on the company. It will be quite difficult to show that Covid 19 has not had an impact on most companies with the virus touching a large cross section of companies throughout England and Wales. The relevant period started 1st March 2020 and was initially due to end in September but was extended until 31st December 2020 under Section 2(3) The Corporate Insolvency and Governance Act 2020 (Coronavirus) (Extension of the Relevant Period) Regulations 2020. As such, even if you issue a Statutory demand on a company, it will not be enforceable as the Statutory Demand would be instantly voided by the above Acts during the relevant period. This would apply against companies even if they are tenants of residential property. As such, if a tenant you are seeking payment from is a company, this option would no longer be available this year.

You can now enforce a monetary judgment via the High Court Enforcement Officers (HCEO), if the judgment is for £600 or more, and via the County Court Bailiff, if the judgment is below £5000. The Taking Control of Goods and Certification of Enforcement Agents (Amendment) (No. 2) (Coronavirus) Regulations 2020 sets out the end period for the suspension of High Court Enforcement Officers as 23rd August 2020. Since this date, it is possible to now obtain writs and warrants of control from the court and enforce using those methods. However, the Public Health (Coronavirus) (Protection from Eviction and Taking Control of Goods) (England) Regulations 2020 has set out to restrict the HCEOs and Bailiffs from entering residential properties in England until the expiration of the Health Protection (Coronavirus) (Restrictions) (England) (No.4) Regulations 2020, which is currently 3rd December 2020. The legislation does still allow for the HCEO and County Court Bailiffs to take control of items or vehicles outside the residential property or on the highway but entering a residential property is currently prohibited and evictions using the County Court Bailiff and the HCEO are also suspended in England pursuant to The Public Health (Coronavirus) (Protection from Eviction and Taking Control of Goods) (England) Regulations 2020 until 11th January 2021. There are some limited exceptions which have been set out in the regulations, such as excessive rent outstanding since before March 2020 of at least 9 months, which cannot include rent since 23rd March 2020. As a result of this, this will temporarily delay forfeiture enforcement for residential property where a possession order has been granted but is yet to be enforced.

A further option would be to apply for a Third Party Debt Order, this allows for the court to freeze a bank account to the sum of the debt or a charging order to secure the debt on the property. This has not been affected as such by the COVID 19 situation as it requires no contact with the debtor.

In conclusion, the legislation is likely to continue to change for at least the next 3 months. It is advisable to seek legal guidance on how to progress your case and to review all information held on the debtor in order to find the right enforcement option. This will not only help you to select the right one, but to remove the time spent on the wrong option at the court.

ilecs
TRULY INDEPENDENT ADVICE

We're all about saving you time, money and countless headaches.

INTERNATIONAL LIFT & ESCALATOR CONSULTANTS

ilecs
TRULY INDEPENDENT ADVICE

We manage your lifts, so you don't have to...

From lift design and engineering, to administration support and lift management, it's our job to provide expert advice and build impartial solutions designed to keep you moving.

ARMA PARTNER

Get in touch today for independent specialist advice on the process you should take:

w: www.liftconsultants.co.uk t: 01206 399555 e: info@liftconsultants.co.uk

Law in lockdown: Legal Update

BY CASSANDRA ZANELLI, PROPERTY MANAGEMENT LEGAL SERVICES LTD
AND AYESHA OMAR, 4-5 GRAY'S INN SQUARE

At ARMA's Annual Conference, Cassandra Zanelli and Ayesha Omar discussed the legal cases which had passed through the Upper Tribunal or Court of Appeal earlier in the year.

Lockdown on 23rd March didn't stop the wheels of justice from continuing to turn. As individuals, we've all become rather more familiar with video conferencing platforms as a way of keeping in touch with our friends, families and colleagues.

The judiciary has become rather more familiar with this use of technology, too, and has continued to hear cases in a variety of ways. As lawyers, we've also adapted to this new normal, although going to Court in our slippers was a little unexpected!

For the legal update at ARMA's annual conference earlier this year, we considered the recent appeal cases, looking at their impact on managing agents.

Can A Landlord Licence Works That Would Otherwise Be A Breach of An Absolute Prohibition?

This was the question for the Supreme Court in *Duval v 11-13 Randolph Crescent Ltd* [2020] UKSC 18.

11–13 Randolph Crescent Ltd was the landlord of a building containing nine flats, each of which was let under a long lease. The landlord covenanted to grant leases in like terms and, at the request and cost of any other leaseholder, to enforce certain covenants in the leases held by other leaseholders.

Each lease provided an absolute covenant prohibiting the leaseholder from, inter alia, cutting into any roof, wall, ceiling or service media. It read:

"Not to commit or permit or suffer any waste spoil or destruction in or upon the demised premises nor cut maim or injure or suffer to be cut maimed or injured any roof wall or ceiling within or enclosing the demised premises or any sewers drains pipes radiators ventilators wires and cables therein and not to obstruct but leave accessible at all times all casings or coverings of conduits serving the demised premises and other parts of the building."

A leaseholder of one of the flats sought permission from the landlord to carry out works which would otherwise amount to a breach of the absolute covenant. The landlord was willing to grant consent but Dr. Duval, another leaseholder, objected on the basis that to do so would amount to a breach of the landlord's obligation to enforce the covenants in other leases. She sought a declaration from the court to that effect.

> "We've all become rather more familiar with video conferencing platforms as a way of keeping in touch"

The Supreme Court held that, on a true construction of the leases, in view of the purpose of the covenants in question which were designed to provide protection to all the leaseholders, and the enforcement obligations on the landlord, a term had to be implied into Dr. Duval's lease to the effect that the landlord had promised not to put it out of its power to enforce the alterations clause in the leases of other leaseholders by licensing what would otherwise be a breach of it.

Section 20B: What's the Time Limit on Making Demands?

Section 20B of the Landlord and Tenant Act 1985 imposes a statutory time limit on making demands for service charges to address historic claims. Subsection (1) states that a leaseholder is not liable to pay service charges that were incurred 18 months before a demand for payment was served. This provision does not apply in circumstances where the leaseholder is notified in writing, within the same 18-month period, that those costs had been incurred and that he would subsequently be required to contribute to them through the service charge. In *Brent LBC v Shulem B Association Ltd* [2011] 1 WLR 3014, the High Court held that the "demand" for the purposes of section 20B(1) had to be a contractually valid demand. That decision was approved in *Skelton v DBS Homes (Kings Hill) Ltd* [2017] EWCA Civ 1139.

In *No.1 West India Quay (Residential) Ltd v East Tower Apartments Ltd* [2020] UKUT 163 (LC), WIQ was the landlord of a mixed-use development. Under the terms of the leases, the landlord was entitled to recover the costs of providing electricity via the service charge.

Between 2008 and 2012, the landlord instructed specialist contractors to produce individual energy bills for each leaseholder. The cost of those contractors was recharged to each leaseholder as a surcharge on the electricity. In 2016, the Upper Tribunal held that those costs were only recoverable via the service charge and not as a surcharge. As a result, the leaseholder argued that the costs were barred as the earlier demands were contractually invalid and more than 18

months had passed since the costs had been incurred. It was common ground that there had never been a s.20B(2) notice. The FTT found for the leaseholder.

The landlord appealed. It contended that the approach in Brent v Shulem was liable to cause injustice and that properly construed, section 20B(1) simply required a demand which gave sufficient details of the maximum liability that a leaseholder might face.

The Upper Tribunal dismissed the appeal. It was sympathetic to the submissions advanced by the landlord but was bound by the decision in *Skelton*.

Dispensation from Consultation: A Reminder That Conditions Can Be Attached

Statutory consultation procedures are contained in sections 20 and 20ZA LTA 1985. The cumulative effect of these provisions is that, if the landlord fails to comply with the consultation requirements, the leaseholder's contribution to the service charge will be limited to £250 unless and until the landlord obtains dispensation from the FTT. When considering whether to grant dispensation, the FTT should have regard to the degree of prejudice suffered by the leaseholders: *Daejan Investments Ltd v Benson* [2013] UKSC 14.

The statutory consultation requirements are set out in Part 2 of Schedule 4 to the 2003 Regulations. The appeal in *Aster Communities v Chapman and others* [2020] UKUT 177 (LC) concerned whether the appellant landlord should be dispensed from complying with those requirements, and if so, what conditions are being satisfied.

The landlord, Aster Communities, carried out works to replace asphalt on balconies in a development of 160 flats, 114 of which were let on long leases. The cost of the works, as stated by the FTT, was nearly £300,000 plus VAT. These works were not part of the section 20 consultation and so the landlord applied for an order to dispense with consultation requirements.

The FTT was satisfied that it was reasonable to grant dispensation to the landlord but on terms that:

a) **the landlord paid the reasonable costs of an expert (to be nominated by the leaseholders) to advise them on the necessity for the works;**
b) **the landlord paid the costs of the dispensation application; and,**
c) **the costs of the dispensation application were not to be recovered through the service charge.**

The landlord appealed against the first and second conditions.

The appeal was dismissed. The Upper Tribunal held that if there had been consultation on the works, the leaseholders may have sought the evidence of an expert surveyor to satisfy themselves that the works intended were necessary and appropriate. Accordingly, the FTT had good reason to order that the landlord pay the cost for that advice; there was nothing in Daejan that qualified the circumstances in which reimbursement of a surveyor's costs to the leaseholders could be ordered. Having upheld the first condition, the objection to the second condition fell away as the respondent leaseholders had established that their opposition to the landlord's application to dispense was justifiable.

Corporate Governance Vs Leasehold Management: Can A Dividing Line Be Drawn Where an Individual Wears "Two Hats"?

Managing agents will act on behalf of a variety of lessee-owned and controlled companies: RMCs, RTMs and lessee-owned freehold companies.

These are no different to other companies in that they are governed by their memorandum and articles of association, and the provisions of the Companies Act 2006 apply.

Section 113 requires each company to keep a register of its members, setting out, inter alia, the names and address of each member, the date on which they became a member, and the date on which membership ceased. It is an offence if a company fails to do this.

Section 116 gives each member the right to inspect the register. A request to inspect must be for a proper purpose.

In *Houldsworth Village Management Company Limited v Barton* [2020] EWCA Civ 980, the Court of Appeal considered whether a request made by a member (who was also a lessee) was made for a proper purpose where the request seemingly related to matters of leasehold management (and therefore made by the individual wearing his leaseholder hat) rather than the corporate governance of the company.

The Court of Appeal recognised that there is a distinction to be drawn between the rights as a member and rights as a lessee. However, in the context of a lessee-owned and controlled company (which exists to provide services under the occupational leases), it's difficult to draw a dividing line between those matters of leasehold management (i.e. the discharge of functions under leases) and the governance of the company.

Accordingly, the Court of Appeal decided that seeking inspection of the register of members for the purpose of garnering support to remove the managing agent was a proper purpose for the purposes of section 116 of the Companies Act.

This is the latest in an increasing body of case law which blurs the line between leasehold management and corporate governance in the context of lessee-owned and controlled companies.

On the Horizon

The Courts and Tribunals continue to press on with their workload. In the coming months, we'll see appeals on section 20B, apportionment of service charges under leases, and much more.

Evacuation Alert Systems for High-Rise Blocks of Flats – Improving Fire Safety for Residents

RICHARD JENKINS, CHIEF EXECUTIVE, **NATIONAL SECURITY INSPECTORATE**

Specification of recommended additional fire safety measures in 18m+ blocks of flats is best achieved using service providers approved under a new certification scheme introduced specifically for such systems.

Professional fire safety providers commissioned by residential managing agents are now able to obtain Third Party Certification from the National Security Inspectorate (NSI) for BAFE's latest SP207 Evacuation Alert Systems Scheme. *(See panel for details of all BAFE fire safety schemes audited by NSI).*

Developed in response to a recommendation from the Grenfell Tower Phase 1 inquiry report, BAFE's new Evacuation Alert Systems Scheme responds to the recommended need for blocks of flats over 18m in height – and where a "stay put" policy is in place – to be provided with the means for fire & rescue services to initiate an evacuation alert signal within all flats themselves, in a controlled and managed way.

Not a substitute for fire detection and fire alarm systems, Evacuation Alert Systems are purely for use by fire & rescue services to evacuate part or all of a block of flats, saving time in raising the alert and enabling the occupants of the critical areas to be evacuated as a priority.

Evacuation Procedure Changes

During the June 2017 Grenfell Tower fire, once the fire and rescue service had decided to abandon the "stay put" policy, it proved almost impossible to implement a total evacuation due to the lack of an effective means of alerting residents other than fire-fighters 'knocking on doors' which, in the Grenfell scenario, was an impossible task. Following this, BS 8629 was published.

It had been initially expected that application of Evacuation Alert Systems would be somewhat limited and only following consultation/agreement with local fire & rescue services, with certification of such installations not being required.

However, two significant developments made the installation of Evacuation Alert Systems far more likely following the Grenfell Tower fire: the Grenfell Tower Inquiry, and a Scottish government Review Panel.

The Grenfell Tower Inquiry Phase 1 Report Chairman Sir Martin Moore-Bick recommended that: 33.22(d) "All high-rise residential buildings (both those already in existence and those built in the future) be equipped with facilities for use by the fire and rescue services enabling them to send an evacuation signal to the whole or a selected part of the building by means of sounders or similar devices".

Meanwhile, the Scottish Government formed an expert Review Panel to examine building regulations in Scotland and associated guidance. The Review Panel found the country's Domestic Technical Handbook ought to be amended to advocate that in new blocks of flats with a storey located at a height of more than 18m above ground level, facilities should be provided for use by the fire and rescue service to initiate an evacuation alert signal by means of evacuation alert sounders within the flats, so obviating the need for fire-fighters to manually alert occupants.

This recommendation was accepted by the Scottish government and 'The Domestic Technical Handbook' – the Scottish equivalent of Approved Document B (Fire Safety) Volume 1 - Dwellings in England and Wales – was amended accordingly in 2019.

Furthermore, an MHCLG (Ministry of Housing, Communities and Local Government) document [published in May 2020] regarding fire safety measures in new high-rise blocks of flats revealed 92% of respondents to the "Sprinklers and Other Fire Safety Measures in New High-Rise Blocks of Flats" consultation believed Buildings Regulations (for England) Approved Document B should include a requirement for an evacuation alert system.

Given the seriousness of the drive toward evacuation signalling, BAFE developed its SP207 scheme. The SP207 Development Group included representation from the fire safety industry and the Fire and Rescue Services, and going forward will monitor the Scheme's effectiveness in the belief that fire safety is about life safety: the sooner people are alerted to evacuate, utilising quality and well-maintained systems, the better.

'MOT Maintenance Principle'

The SP207 Scheme employs 'MOT' principle assurance, whereby the NSI/BAFE 'Certificate of Compliance' issued by the approved fire safety provider at the time of commissioning is renewed at each scheduled maintenance visit (every six months), as evidence of systems' integrity as fit for purpose. Enforcing authorities and insurers thereby have the means to verify that a system continues to meet the original design, the recommendations of BS 8629, and functions as intended.

The 'MOT'-style concept of the BAFE SP207 scheme is analogous to the vehicle MOT, first introduced in 1960. This was initially greeted with some horror at the implied expense involved. Yet 60 years on the MOT has long fallen into everyday parlance as an accepted necessity and its success in increasing safety on our roads is unquestioned.

'MOT' Certificates of Compliance issued for Evacuation Alert Systems will provide

residential managing agents and others with evidence of competence in their installation and maintenance as required by the Regulatory Reform (Fire Safety) Order 2005 for England & Wales, the Fire (Scotland) Act and the Fire Safety Regulations (Northern Ireland). Importantly, this will give the customer and relevant enforcing authorities (e.g. the Fire Authority and Building Control) confidence the work has been undertaken by competent organisations.

Competence Prioritised

The scheme has been developed to permit organisations involved with Evacuation Alert Systems to become third party certificated and BAFE registered in recognition of their competence to undertake their scope(s) of work.

Regarding competency, Approved Document B (Fire Safety) states in Section 1.23: "Third party certification schemes are an effective means of providing the fullest possible assurances, offering a level of quality, reliability and safety."

To attain an NSI/BAFE Certificate of Approval, valid for three years, providers are required to undergo 'due diligence' checks of financial stability, company directors' verification and the competency of key individuals involved in the service provision, such as system designers. An initial certification audit then covers aspects including the company's office processes and procedures, checks on the competency and CPD records of those providing the system or service, and an examination of the processes for providing the product or service. Importantly, audits are also carried out on-site at premises with recently installed systems or where maintenance work has been carried out, in order to assess the competency of personnel who have carried out the work.

A certificated company signs up to an audit programme over three years tailored to its needs, including annual audits to scrutinize ongoing competence and compliance with relevant standards, Codes of Practice and applicable legislation. Auditors also focus on evidence of "continual improvement", raising improvement needs and observations where it has been identified that corrective action is required. At the end of the three-year term a successful "Recertification Audit" will result in a new Certificate of Approval being issued.

What This Means for Responsible Persons/Duty Holders

There are clear implications here for residential managing agents responsible for fire safety in these blocks of flats. As 'Duty Holders' managing agents can effectively discharge their responsibilities for providing evacuation alert systems, and other fire safety services, by using certificated service providers. Such companies demonstrate their compliance with the relevant standards, as well as their competence to carry out this work, providing significant assurance and rigour.

NSI was one of the industry bodies involved throughout the inception and development of the new BAFE Scheme SP207, and fittingly, in October NSI became the first Certification Body to be awarded accreditation by the United Kingdom Accreditation Service (UKAS) for its Evacuation Alert Systems Scheme, incorporating the requirements of SP207.

SP207 in turn calls upon BS 8629, the 'Code of Practice for the Design, Installation, Commissioning and Maintenance of Evacuation Alert Systems for use by fire and rescue services in buildings containing flats', published on 30th November 2019.

As the Scheme is modular, companies can gain certification from NSI for one or more modules they provide i.e. the design, installation, commissioning and/or maintenance of systems.

However, residential managing agents should be aware that if a supplying company provides design, installation, commissioning and maintenance of these systems then it must demonstrate competence in, and hold approval for, each and every one of these modules; it cannot pick and choose which modules it wants approval for. Accordingly, BAFE/NSI approval and certification proof should be requested when commissioning a service provider.

Conclusion

Important lessons learnt from the June 2017 Grenfell Tower fire are being put into practice in a range of areas and helping to prioritise long overdue reforms to fire safety measures across the board. Among these, the SP207 Scheme delivered through third-party certification is a powerful mechanism for increasing public safety and providing the fire and rescues services with the means to manage building evacuations in a controlled and effective way.

End users, insurers and fire & rescue authorities can take comfort that the Evacuation Alert Systems Scheme where adopted in blocks of flats higher than 18m will deliver well designed, installed, commissioned and maintained systems, which when called upon will help safeguard both flat dwellers and the fire fighters responding in the event of an incident, and in doing so help save lives.

NSI audits the following BAFE Fire Safety Schemes:

- *Maintenance of Portable Fire Extinguishers (SP101)*
- *Life Safety Fire Risk Assessment (SP205)*
- *Design, Installation, Commissioning and Maintenance of Fire Detection and Fire Alarm Systems (SP203-1)*
- *Design, Installation, Commissioning and Maintenance of Fixed Gaseous Fire Extinguishing Systems (SP203-3)*
- *Design, Installation, Commissioning and Maintenance of Emergency Lighting Systems (SP203-4)*
- *Design, Installation, Commissioning, Recharge and Maintenance of Kitchen Fire Protection Systems (SP206)*
- *Design, Installation, Commissioning and Maintenance of Evacuation Alert Systems (SP207)*

For more information www.nsi.org.uk

The Impact of COVID-19 on Property Manager Activity

MATTHEW SMITH, SALES MANAGER, GROSVENOR SYSTEMS

As national restrictions across England and Wales continue, Matthew Smith of Grosvenor Systems delves into how we can optimise and adapt to new ways of working.

Social distancing has redefined our relationship with the spaces around us and how we use or interact with them. Consequently, property managers have had to react to this change very quickly across both residential and commercial spaces in order to meet client and government demands. At Grosvenor Systems we have been chatting to our clients about how they are navigating these business changes.

Leaseholder Expectation

With many of us adjusting to home working for the first time, it has been very common for the line between work and home life to be blurred. Without a clear, deliberate action of leaving the office, the temptation to stay on your work laptop for an extra hour or so after work can often mean it's hard to eventually turn off after a working day. As a result of people checking their emails more frequently out of hours, one of the most reported changes from our clients is an expectation from tenants to have work turned around in a shorter space of time.

On the other hand, we have also been hearing that with people spending more time in their homes there has been an increase in the number of queries for block manager's whose leaseholder clients are noticing issues in their buildings far more.

So, what is the impact of this for property managers? Short term, you might see some benefits in your work from working longer hours. But after 8 months of working from home and no sign of a return to the office, burnout can become a major issue for teams.

Top tips - Setting yourself a precedent to not replying to emails after hours, not expecting an out-of-hours reply from your peers, setting clear boundaries and deadlines with clients.

IT and Communications

For many companies it was an easy switch to working from home. But for some, they lacked an IT infrastructure that would allow them to mobilise remote working in a quick turnaround. There have been reports of teams needing to very quickly acquire laptops suitable for remote working as they were working exclusively on desktops before.

Further to this, a lot of pressure has now been placed on internal processes which have been modernised quickly to accommodate remote working to make sure teams can communicate digitally. Tools such as Zoom, Microsoft Teams, Slack etc have been very popular with a lot of organisations and ensured that colleagues have still been able to communicate effectively. It will be interesting to see if these products and changes to communication styles stick with teams when they return to the office.

Onsite Contractors

Creating, training and undertaking a socially distanced procedure onsite has been a challenge for many. Further to this, keeping up with the ever-changing guidelines has put extra pressure on teams to reassure clients. Therefore, maintaining a clear line of communication between property managers, contractors and tenants has never been more important.

At the moment, what is deemed appropriate varies from person to person, so as a business, being able to provide solid reasoning behind your decisions will help to reduce conflicts. Clear, confident instructions will help calm the anxieties of tenants and manage expectations.

Top tips - Ensure that both you and your contractors are on the same page with what can and cannot happen on site to make sure you are keeping everyone safe and mitigating the possibility of being at fault.

"After 8 months of working from home and no sign of a return to the office, burnout can become a major issue for teams."

Experimenting with Workplace Setups

We have been hearing from some of our clients that following WFH/social distancing measures they are experimenting with different workplace setups.

One popular method has been the Team Pod approach. Essentially, teams are grouped in to bubbles to reduce the chance of an outbreak spreading through multiple teams undetected. For example, Group A will be in the office Monday - Wed and Group B Thursday - Friday. There has been some discussion on what this will mean for the ongoing workplace relationships and cross-departmental communications.

For Property Managers, this time is all about communication and flexibility. There is no certainty on what will be around the corner and having a team that is ready to adapt to new settings and new client demands will fare well.

Grosvenor Systems are the team behind Propman, the all-in-one property management and accounting software system trusted by hundreds of businesses across the UK. You can find out more about Propman's functionality by visiting www.grosvenorsystems.com

Does the Government Really Care About Flat Dwellers' Safety and Wellbeing?

CHARLES SEIFERT MRICS, PARTNER,
SAY PROPERTY CONSULTING LLP

A view on the unreasonable difficulties in seeking help from the Building Safety Fund.

What's happening now with leaseholders trying to obtain financial assistance from the Building Safety Fund (BSF) to remediate the combustible cladding, as well as the problems highlighted by EWS assessments, is not just a property management issue affecting a small number of flat occupiers, it's a huge problem. The total cost of remediating all buildings with combustible external wall systems across the country is estimated to be more than £40bn. And for the moment, many buildings are having to fund 'waking watches' at an average monthly cost of £200 - £500 per tenant. For hundreds of thousands of people, their very lives are at stake; they face potential financial ruin and are feeling intense strain on their mental health.

When the Government announced £1bn of funding to help leaseholders replace the combustible cladding on buildings of 18m and above, this appeared to be a genuine effort to help, but it was destined to fail: the quantum of funding was inadequate and the resource allocated to managing the application process at MHCLG was grossly underestimated. The Government was expecting 1,700 applications but 2,784 applications were made. At the same time, the Government acknowledged that £1bn would not be sufficient to remediate the 1,700 buildings, they estimated the cost of remediation would be between £3bn and £3.5bn.

Another serious problem is that the BSF have stated that they are taking a 'first come, first served approach' rather than assessing applications based on risk. The result is that, perversely, the more straightforward applications where information is easier to supply will potentially have a better chance of getting through to the portal and to get funding than those where a cladding system is more complicated and those which may pose a greater risk.

The tight timescales and MHCLG's slow action in managing the approval of applications to the portal stage is why the BSF looks set to fail. As of 18th November, out of 2,784 applications only 224 had been granted eligibility enabling portal access, providing the ability to apply for funds to help with the full application process. We, like many others managing claims, are experiencing serious delays in the BSF confirming eligibility, causing significant stress for leaseholders, as they have no choice but to work towards the December 31st full application deadline and are having to find considerable funds to pay for tendering the works, submitting the planning application, project management, managing agent fees and the legal costs of pursuing parties involved in the original construction.

> "Looking at the scale of the problem, I suggest that the Government should reconsider it's approach."

Logic would say that the full application deadline must be moved. We are project managing 12 applications to the BSF and in some cases have been waiting three months for the fund to respond or to grant eligibility in order that we can gain access to the portal. At this rate, many applicants are going to miss out on the submission deadline of 31st December. This deadline is then followed by the requirement of having to start work on site by 31st March 2021, an unattainable deadline for most.

Knowing how much is at stake and that leaseholders might miss the application deadline through no fault of their own, we, as a business have taken the decision that where access to the portal has not been granted, we will be submitting our own full applications to the BSF by email, rather than waiting for the eligibility granting portal access. Backing our course of action is our belief that if we are rejected for failing to get our applications in on time, we will be in the position to consider mounting a judicial review. It is outrageous that it has come to this.

So, what changes would I recommend? As far as the BSF is concerned, the Government must act now, they must resource the BSF adequately, the application and remediation commencement deadlines should be extended and the work on all eligible buildings needs to be fully funded.

But looking at the problems in the market more generally, the Government should review its approach, they should prioritise remediation, regardless of the height of the block, based on the risk of the external wall system; there is potentially a huge difference in risk profile between a building clad in HPL (which is possibly more dangerous than ACM cladding) and a sprinklered building with combustible insulation in a cavity.

Looking at the scale of the problem, the Government is reconsidering its approach, it has recently stated that buildings without cladding do not require an EWS1. The sales market is suffering greatly, if an EWS assessment is undertaken and surveyors find an inadequate level of fire safety, the building is classified B2, this effectively renders all flats in the block unmortgageable. The RICS is working on a revised approach to EWS assessments, which includes a risk matrix providing a wider grading system, this will potentially allow mortgage providers to lend and enable priority to be given to remediating those buildings in the most urgent need, and enable lenders to take a pragmatic approach on buildings that pose a lower risk, however it will be interesting to see whether the approach of mortgage lenders changes. Failure to resolve this will result in the apartment sales market grinding to a halt, Stamp Duty revenues will plummet and hundreds of thousands of leaseholders will face financial ruin.

Charles Seifert MRICS, Partner
SAY Property Consulting LLP
#saysays

Shaping the Future of Contactless Door Entry and Access Control

JULIAN SYNETT, CEO, **INTERPHONE LIMITED**

Hygiene, infection control and risk mitigation have been placed under the spotlight like never before in recent months

The ongoing COVID-19 pandemic is going to have a significant impact on how we approach access control and door entry systems now and in the future. Suddenly everyone is thinking again about contact-based systems, with managing agents having to re-evaluate how they manage access to properties to protect residents and visitors.

Fingerprint recognition has become widely adopted technology in recent years across a multitude of access-related applications ranging from buildings through to personal gadgets. Within the commercial residential marketplace, it is recognised as a highly-secure and cost-effective solution with less of the risks associated with other door entry systems. The COVID-19 crisis, however, has changed everything for contact-based biometrics systems with the focus switching to hygiene and reducing touchpoints that could spread the infection.

While these hygiene concerns will diminish when we return to some semblance of normality, the pandemic is likely to result in some irreversible change. How will managing agents approach access control in an environment where infection control must be considered alongside the normal security factors? A single person, infected with COVID-19 or some other virus, using a fingerprint scanner risks the welfare of all residents and visitors. With the virus surviving at least a number of hours on most surfaces, the contamination of both public areas and individual properties will be rapid and potentially devastating.

Traditional fob and card systems, while in theory contactless, still possess many of the same issues as a fingerprint scanner because close contact is still required, and most people still touch the reader more often than not. This has led the marketplace to explore sanitary alternatives, such as iris and facial recognition, that contribute less to the spread of infections by completely removing any touchpoints. In fact, affordable retrofit solutions have been introduced that are compatible with most existing access control and door entry systems.

An iris or facial recognition door entry system uses unique data taken from the physical characteristics of a person, which cannot be shared or transferred to anyone else. The latest AI technology means many solutions can identify faces in a matter of milliseconds, even from different angles, in lowlight at night, with various facial expressions or even when someone is wearing a mask. This means managing agents can recommend a secure and hygienic solution with less of the health risks associated with other entry options, and a host of other benefits available.

Iris or facial recognition technology can now be combined with thermal access and flow control, using the latest innovations in temperature monitoring and people counting, to gain added layers of hygiene and protection. These advances are designed to assist in the identification of raised temperatures as well as with the flow of people entering and leaving a building at peak times, with the aim of creating a safer in-building environment and experience. It also reduces the need to physically deploy someone to carry out these functions, if required, such as a concierge or security guard.

However, there is no silver bullet technology for hygiene and infection control for commercial residential buildings, so managing agents will need to take a joined-up approach as part of a wider facilities management solution. For example, contactless biometrics does not solve the issue of access control for visitors, so only with a full-time concierge is it currently possible to admit them without multiple entry touchpoints that pose an increased risk.

Meanwhile, managing agents are having to consider new ways of opening doors without residents and visitors having to touch anything on entry, otherwise the benefits offered by a contactless biometric solution are quickly diminished. Bringing together contactless biometrics with an automated door system is certainly one option for residents, but cost will ultimately become the deciding factor for many residents and buildings. Moving forward, we may see further innovation involving integrated sensors or foot pedals that can allow entry without the need to push or pull a door or use a handle.

Managing agents have a responsibility and duty of care to their residents, staff and other visitors, minimising the risk of infection from COVID-19 and any future virus. While everything at some point will start to return to normal, the current pandemic will result in some permanent changes to how we view and deal with hygiene and infection control alongside security. This means that managing agents not only need to overcome the challenges presented by the current crisis, but also take steps to shape the future of contactless door entry and access control within the commercial residential marketplace.

The Age of Electric Cars Is Dawning – The Future of Residential Car Charging

JAMES MCKEMEY, HEAD OF INSIGHTS, **POD POINT**

As more EVs take to the road, James McKemey of Pod Point looks at what this means for residential properties of the future.

As we approach the end of 2020, the world is fraught with uncertainty, so it is comforting to look for things of which we can be sure of. One positive development of 2020 is the age of the electric vehicle (EV) is well and truly upon us, with EVs on track to take over from those powered by internal combustion engines (ICE). And ahead of schedule. Not only thanks to the radically improved air quality experienced during lockdown, which has driven reappraisal of mobility options, but also because of the recent move by the government to ban the sale of new diesel and petrol cars by 2030.

It seems unclear why this would affect property values, until we understand the way in which EVs will typically charge.

Coronavirus Lockdowns and Environmental Re-Appraisal

A side effect of the stagnation caused by the coronavirus lockdown has been a reduction in travel and a commensurate reduction in the environmental harms associated with conventional means of travel.

Drastic reductions in conventional road transport have led to similarly drastic reductions in air pollution, so much so that many have commented upon such, particularly in urban environments. While this experience has been temporary, the degree of comment upon it from across the political spectrum, appears to have driven reappraisal of greener and cleaner mobility options, such as EVs.

Falling Barriers, Superior Vehicles

Those looking to make the switch to EVs will often be concerned about a number of barriers, including range (how far they can go on a single charge), the availability of charging infrastructure and initial vehicle cost.

With typical real-world ranges now exceeding 250 miles and some over 400, this is essentially a solved problem.

Charging infrastructure will not be solved in one go, it needs to grow organically to keep just ahead of demand, something it is doing well (Pod Point's peak public network utilisation is still <12%). This will continue and, as we later discuss, the residential property sector has a crucial role to play.

Finally, costs are falling at a phenomenal rate. The most challenging element of the vehicle, i.e. its battery is falling in cost to manufacture at about 20% a year, with even more radical changes in the pipeline. As such, we are little more than two years from the EV having the same cost to manufacture as an ICE vehicle - and this process will not stop - the EV will soon be cheaper to buy. With approximately four times lower running costs, combined with lower purchase prices, it's pretty clear the EV will become the default purchase. But it has one small, and often overlooked advantage up its sleeve...

EVs are superior products to ICE vehicles in every material way. Far better for the environment, they also vastly outperform petrol vehicles. Life with an EV for the majority is vastly more convenient than life with an ICE car as well as being far safer and far more reliable.

Record Sales of Pure EVs (BEVs)

While the cost barrier is not yet solved, we are already seeing uptake starting to surge. The SMMT recorded over 21,000 sales of BEVs in September 2020 – a 184% rise on September 2019, and a big jump even given the dire economic state this year.

Meanwhile sales of hybrid and electric cars have overtaken diesels for the first time in the UK with 33,000 such cars registered between April and June. This compares with 29,900 diesel cars, according to figures from the Department for Transport (DfT).

Government Policy

Even if you don't believe drivers will choose to buy electric organically - the government is taking significant action. Using fiscal measures, grants and other incentives to create an effective bonus malus framework of policies that influence everything from the emissions of the vehicles that are made available for sale through to the costs of every aspect of ownership.

One particularly effective policy has been the introduction of extremely low company car benefit in kind tax rates for BEVs, ranging from 0% to just 2% over the next five years. MPs are even considering a 'zero emission vehicle mandate' compelling car manufacturers to sell an increasing share of EVs each year.

Perhaps most significantly, the UK government has brought forward its plan to ban the sale of anything other than a zero emission vehicle (meaning almost exclusive BEV sales) from 2035 to 2030.

So, the EV is better, will soon be cheaper to buy (already far cheaper to run) and the government will prevent you from buying anything petrol burning within a decade(ish). No wonder the expectations for EVs are rising.

Changes to Building Regulations

The rise of the EV is even starting to influence policy beyond the bounds of the automotive world. Proposed changes to the Building Regulations were consulted upon in 2019, concluding in October. While several measures are proposed, perhaps the most

substantive is the requirement to install "100% active" charging points in parking spaces associated with residential property. This applies to individual houses (1 per house) and parking bays in shared residential car parks. Use of the Building Regulations, rather than planning policy mechanisms makes these provisions national (at least in England and Wales), rather than subject to local planning interpretation, thus making them compulsory.

Notably, this measure goes beyond the EU's Energy Performance of Buildings Directive (EPBD) proposed "100% passive" provision of charging points for the same scenario, i.e. the cabling and electrical capacity for the chargepoints are there, but not the chargepoints.

While we await the Government's formal plan, expected in 2021, the mood music suggests the 100% active measure will likely be taken forward. Speaking at the "EV Infrastructure Summit" on 7th October 2020, regarding the Government's vision for EV infrastructure, Rachel Maclean MP, Parliamentary under Secretary of State, Department for Transport commented that "new homes [are] to have an EV charging point will be announced in due course".

This will mean a very considerable amount of new residential charging infrastructure. This will impact even existing property by further accelerating the uptake of EVs (a 2016 US Department of Energy study showed that having access to an EV chargepoint where you park each day increases your likelihood to go electric sixfold) and by raising potential and existing residents' expectation that their parking will come with EV charging.

Convenience of Charging at Home

Mass adoption of EVs will require a massive expansion in the availability of charging infrastructure. To the uninitiated ICE car driver, this may conjure a mental image of petrol stations with high powered EV chargers as the primary spot to charge. But while some such charging infrastructure will be required, it will always prove expensive and inconvenient when compared to simply charging in the locations where our cars park.

Cars are not the mobile objects our minds imagine, they are stationary objects that occasionally move ~95% of a car's life is spent parked. Consequently, charging an EV is more like topping up a mobile phone than refuelling a car. You want to do it whenever and wherever is most convenient - that is usually at home, or potentially at work. Of course, there are times when you need a really fast charge (e.g. in the middle of a very long journey), but these are the minority.

The ability to charge your car where you park it at home means off street parking is no longer just secure storage for your vehicle, it also means easy access to an uninterruptible supply of low-cost fuel.

Lower Cost Charging

Home charging is the king of convenience, with workplace charging a close second. Much of the uncertainty in the charging infrastructure industry is accommodating those with access to neither. Exactly how regular charging for this cohort of drivers is addressed remains to be seen, but we will likely tackle them through some combination of on-street charging, en-route charging or charging hubs (e.g. across UK rail). However, it is very likely that those who must use the public network to charge will be at risk of paying higher per kWh prices, particularly for any drivers that become reliant on rapid charging for a significant proportion of their EV's electricity.

So, home charging is not just about convenience, there is a tangible financial benefit as well.

Increasing the Desirability and Value of Your Home

We already accept that having your own parking space is valuable enough a facility that it adds ~5% to your house price, often more for allocated parking bays in shared residential developments' car parks. Clearly it is reasonable to assume this ability to conveniently fuel your car at low cost will increase the value of this parking space.

Of course, there is scant evidence for this effect in today's housing market, with EV drivers still a small minority. But as EV drivers start to become a significant minority, the facility of charging will surely influence house price. And with the trends addressed earlier in full effect, home charging will shortly become a key factor for the property sector to consider.

The Greening Consumer Mindset

There is already evidence that homeowners are starting to worry that without EV charge points attached to their property the value of their home will fall. A survey by Co-op Insurance, found 39% of their customers believe properties without a chargepoint will be less valuable in the future.

An EV chargepoint is a piece of energy efficient lifestyle technology. It allows residents to reduce their environmental impact. As such, it should come as no surprise to the sector that they will be popular. Homes that help residents to reduce their carbon footprint are in high demand, Jackson-Stops estate agency surveyed 2,000 UK adults and found more than 20 per cent want integrated energy-efficient appliances and specifically EV chargepoints in their next home. In fact, the respondents even prized charging points above good transport links.

These responses encompass both renters and buyers, indicating the huge opportunity not only for housebuilders and build-to-rent developers, but also landlords and vendors.

A New Responsibility for the Property Sector

With the inclusion of charging infrastructure at scale, comes a number of challenges. These include anxiety over available electrical capacity in new and existing developments, installation challenges and responsibilities in terms of ongoing billing and maintenance to manage, particularly for shared residential car parking.

Thankfully the charging infrastructure sector is increasingly experienced in delivering suitable systems, managing grid constraints/upgrades and operating charging solutions on an ongoing basis, to ensure that this provision will be successful.

Furthermore, there is reason to believe that the additional costs associated with provision of charging infrastructure will be, at least in some part, mitigated by an uplift in property value.

Your Duty to Provide a Fair Presentation of Risk

BELINDA THORPE, MANAGING DIRECTOR, RESIDENTSLINE

When taking out insurance for your property, it is vital that you provide your Insurer with the correct information about the risks your property faces.

Any failure to do so may be very costly. Your Insurer may decide to charge a much higher rate for your block and therefore increase your premium. Equally, your Insurer may also have the right to terminate your insurance if you do not provide a fair presentation of the risks before securing the policy.

Duty of Fair Presentation

As a policyholder, you must be completely honest about any risks your property faces. This is important, as these risks will be used to decide your insurance premium and what sort of cover your block needs.

According to The Insurance Act 2015, all policyholders have a legal duty to make a fair presentation of the risk prior to the policy commencing. A fair presentation is defined as one that 'discloses, in a manner that is reasonably clear and accessible, every material circumstance which is known or ought to be known by the policyholder's senior management, or those responsible for arranging insurance, following a reasonable search.'

The key elements of this obligation are explained below:

Material Circumstance

'Material circumstance' is anything which would influence the opinion of an Insurer in determining whether to insure your property. They will also take material circumstances into account when deciding what the premium will be and what the cover of the policy may include.

A material circumstance would typically include any factors relating to the property to be insured such as any prior claims made on the property, the construction of the block and the financial history (CCJ's and/or bankruptcy etc.) of directors and your business activities.

Circumstances Which Are Known or Ought to Be Known

When giving a fair presentation of your block, you are obliged to disclose material circumstances that you already know. However, this also includes giving a fair presentation of material circumstances that you are expected to know.

This means that if the information is readily available to you, but you fail to disclose it by lack of inquiry, you will have breached your duty to fairly present the risk.

All information disclosed will be presented to Insurers.

Directors

For the purposes of the Insurance Act your knowledge includes (but is not limited to) those that sit on the board or any residents that may have previously been directors of your residents' management company.

It is therefore important that you collate the relevant information before securing your insurance policy – if this information is only discovered at the time of a loss or a claim, you may be breaching the terms of providing a fair presentation to your Insurers.

Reasonable Search

Before applying for an insurance policy, you are obliged to undertake reasonable searches pertaining to your block. This will help you provide accurate and up-to-date information to your Insurer so they can decide the type of policy and premium you will need.

If you're unsure on what sort of information to include, your insurance broker will be able to assist you with what may be reasonable. The following examples are common areas in which the full details may not be on hand and a little investigation may be required:

- **The accuracy of your claims experience.**
- **Are the construction details provided correct? E.g. perhaps the property is timber-framed and notifying the Insurer has been overlooked.**
- **Details of the extent of flat roof areas or the type of roofing materials used.**

Remember to be Reasonably Clear and Accessible

All the information you give to your Insurer must be provided in a reasonably clear and accessible manner. You cannot offer your Insurer information which is deemed ambiguous in any way. Be sure to be as clear

and detailed as possible.

Likewise, The Insurance Act 2015 also prevents policyholders from concealing key facts amongst large volumes of less relevant or immaterial information. It is your job to ensure that all the information you send to your Insurer is relevant.

Presentation of Information

When submitting a fair presentation of your block, it is your responsibility to provide all the information your Insurer requires. This includes all statements and facts disclosed on proposal forms, statement of fact forms, claim forms and other documents.

Each piece of information should be full, true and accurate, and must be given after undertaking a reasonable search. A 'reasonable search' will normally require you to consult with your senior management.

When to Disclose Information

You are required to disclose the relevant information to Insurers during the negotiations preceding the conclusion of the original contract. This also includes all subsequent renewals of that policy and the period in which it is active.

Checking your statement of fact and the information it contains is crucial. You need to be aware if:

- **There is an alteration at the block.**
- **An extension to the policy period is required.**

What Happens If You Do Not Fairly Present the Risk?

If you fail to comply with your obligations, Insurers have several ways to respond. Their course of action will depend on the nature of the breach and what would have happened had you fairly presented the risk in the first place.

If your failure to present the risk was either deliberate, careless or reckless, this will be an outright breach of your policy contract. As such, your Insurer may be likely to void your policy entirely. This means they can retain all premiums and treat the policy as if it never existed and refuse to make any claims payments. You could also be obliged to repay any claims payments that had already been made.

If you fail to present the risk fairly but your failure was neither deliberate nor reckless, the Insurer's response will depend upon what would have happened if you had complied with your obligations. For example:

a. ***The Insurers would not have provided the policy had they known about the risk:*** In this case, the Insurer may treat the policy as if it never existed. They may refuse to make any claims payments and demand the return of any claims payments already made to you. However, the Insurer would also have to return any premium payments already made.

b. ***The Insurers would have provided the policy but on different terms:*** The policy, in this instance, will likely remain in force. However, the policy will be treated as if those different terms applied from the start of the policy. This could result in a claim not being met in part or in full (e.g. if Insurers would have excluded that particular activity or imposed additional conditions which you did not comply with).

c. ***The Insurers would have provided the policy but charged a higher premium:*** In this case, the Insurers may reduce any payment in proportion to the difference between the premium charged and the premium that would have been charged if you had fairly presented the risk. This could result in a significant reduction to the amount of any payment under the policy.

By way of example, if a fair presentation would have resulted in the premium doubling, it would be possible that any claims payment under the policy would be halved (although this does depend on values involved). Such adjustments to claim payments may apply regardless of whether there is any connection between the shortcoming in the presentation of the risk and the subject matter of the claim.

What Material Information Should I Provide?

- **Changes to the construction of the block, e.g. the addition of cladding.**
- **Changes to the function of the property, e.g. if any flats are being used as second homes or holiday lets/if any parts of the property are used as student accommodation/if a business is being based in one of the properties.**
- **Plans for any significant building work such as: extensions, renovations, alterations or other work affecting the property.**
- **Loss history/experience including potential claims circumstances/ any incidents. This could apply to uninsured as well as insured matters.**
- **The notification of late claims from previous years or the adjustment in payments of any previous outstanding claims.**
- **Any criminal convictions/regulatory investigation or enforcement/ Health and Safety investigations or prosecution.**
- **Previous Insurer declinature, refusal to renew or imposed terms, as well as any restrictions in cover or mid-term cancellations.**

When securing your insurance policy, you must always include everything you think may be relevant. It is your responsibility to gather all necessary information and be as honest as possible about the history of your block, no matter how negatively you think this may impact you.

It's essential that you meet your obligation to provide a fair presentation of your block, especially in the event of a loss or claim to your property; you'll want to be sure that any information uncovered in this instance will not void your policy or change it in any way.

For more information, please call a member of the Residentsline team on 0800 281 235.

So, Which One is Going Without a Flat Then?

SEAN O'HALLORAN, INSURANCE MANAGER, **PRINCIPIA**

ARMA member Principia manages over 250 buildings and developments in prime central London. The company's insurance manager, Sean O'Halloran, says one challenge they've had great success with recently has been making sure their client's buildings are covered for the right sum...

Specialising in the management of residential buildings, Principia's portfolio of period and contemporary properties includes some of the most valuable apartments in the world. The majority are located in conservation areas and many are Grade II Listed.

The company, part of the Farrar Group, focuses on providing a tailored, high quality and personal service to its discerning clients. However, as Sean O'Halloran explains, insurance and in particular establishing the right property declared value, can sometimes be challenging.

"I think the most extreme example I've come across was a property that was underinsured by almost £30 million," he told us. "You can imagine the impact on the insurance premium! However, we always try and explain that getting the declared value right really is in their interests and what we sometimes have to say to put the risk of being underinsured into perspective is 'if there's a claim, which one is going without a flat then?'.

"It may sound harsh, but it does help things to sink in and helps the client understand that underinsurance could leave them liable to pay for reinstatement out of their own pocket. It also helps that we have a really good broker, Hall Insurance, who can negotiate with underwriters and get us a competitive rate."

£315 billion underinsured

Insurance reinstatement cost assessors RebuildCostASSESSMENT.com have recently estimated that privately rented homes in Britain are underinsured by as much as £315 billion.

In the 4th quarter of 2020 they released an infographic highlighting how nine out of 10 properties in the UK are insured for the wrong amount. The vast majority (79%) are underinsured, which because of what is known as the 'Average Clause' means that if an insurance claim is made, the amount paid out to cover the damage could be severely reduced.

Sean went on to say that Principia had recently carried out a comprehensive review of declared values with the help of RebuildCostASSESSMENT.com. "We make sure every property is checked within a reasonable timeframe, whether it is with a full site survey, which is always useful at the outset especially in prime central London where the apartments are generally redecorated to a high standard and therefore to a high value, or a desktop review to make sure everything is still suitable."

Fire claim

Helping clients understand that underinsurance can genuinely impact on claims can be helpful, according to Sean O'Halloran.

"We had an incident at one of our buildings where a fire broke out and the damage was estimated at around £100,000," said Sean. "A contractor had been varnishing the floor and a heater was left on close by. As you can imagine it caught light and thankfully the fire brigade managed to contain the fire without anyone being hurt and with damage to just a couple of flats and a small part of the communal area.

"However, the insurer was only willing to accept about 75% of the loss due to underinsurance. Fortunately, we were able to claim against the contractors' insurance, otherwise there would have been a significant impact due to the shortfall. It's a case we often highlight to other clients."

Risk aware

Sean went on to say that this year he has seen a greater willingness among clients to review declared values and take corrective action.

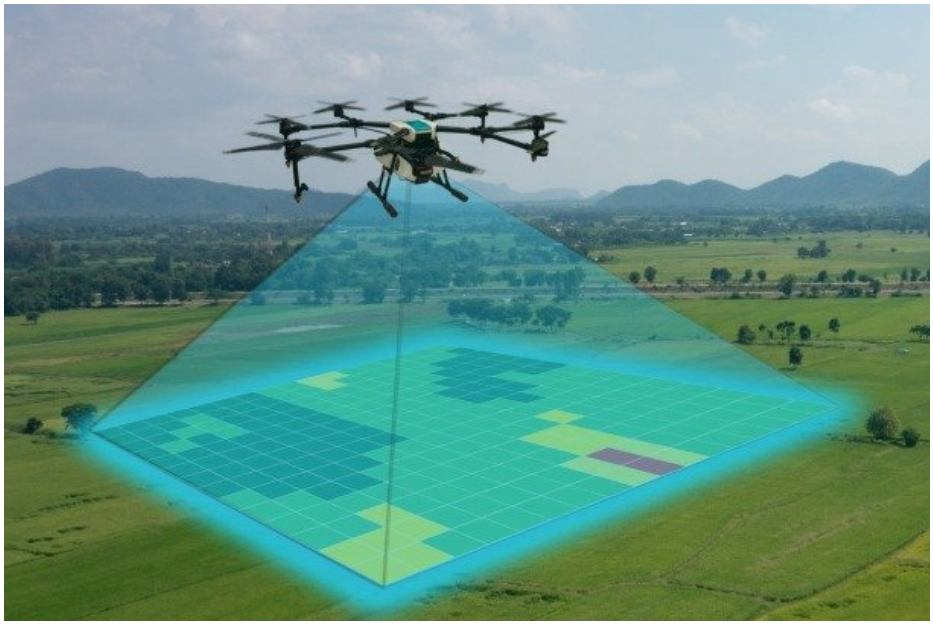
"I think it's linked partly to COVID-19," he said. "Everyone seems to be more aware of risks in general. Insurers have been looking more closely at health and safety, for example, sending out their own surveyors and checking things. There has also been a wider issue around business interruption claims and I think there is greater realisation that insurance won't just cover everything. You have to get it right.

"So definitely, clients are seeing that it's more important than ever to make sure you've got that valuation at the correct level. It's never been easier to do it as well. Costs are extremely competitive and it can be straightforward to organise, and not too intrusive, whilst adhering to all government guidelines under the current climate."

More Infomation

RebuildCostASSESSMENT.com's latest infographic on property underinsurance in Britain can be viewed at:

www.rebuildcostassessment.com/single-post/2020/10/06/uk-rented-homes-underinsured-by-315-billion



Reduce Downtime, Increase Safety, Be More Efficient

PETER TAYLOR, INDUSTRY EXPERT — PROPERTY AND REAL ESTATE, **COPTRZ**

Peter Taylor of COPTRZ explains how the use of drones for managing properties is taking off

2021 is the year of the drone for property management. The regulations are loosening, the technology is readily available, but what could this mean for you?

You may well be familiar with drones; they have been used for marketing properties and taking pictures of houses for years now. Drones are great for marketing your property, but they are capable of doing so much more. Large companies and corporations are catching on to how drones can be used in their operations. Kier, Knight Frank, Severn Trent and Balfour Beatty are just a few who are using drones for inspection, surveying and marketing.

For residential property, drones can be used to quickly check structural problems high up on houses. Local councils have started using drones to check chimney stacks, along with other inspections, for their residential properties.

An example recently was carried out in the following way; residents on the street were informed and a risk assessment was carried out, this took around 30 minutes. It showed that in order to make this operation safe: 3 people were required, the pilot and one person at each end of the street. The drone was then sent up to inspect 7 chimney stacks, 1 of which appeared to show a small crack. A team were sent on to the roof to inspect the chimney stack at a closer detail (a 60-minute drone inspection was carried out).

This example is proof that drones can be used in tandem with traditional inspection methods. It also means that the tasks are much safer and more time efficient. The rope access teams were sent up to the stack which was thought to have a fault, rather than having to inspect each one separately. Operations similar to this are also being carried out using thermal cameras for heat loss inspections in roofs and windows.

For surveying purposes, drones are being used for planning and mapping. Using relatively simple software and an easy training course allows even the biggest technophobes to be taught how to map in under an hour! A 3D model can then be created to refer back to, thus saving time.

Classic questions you may ask your tenants: wasn't there a tree there? I'm sure this house used to have a wall out front? The facia of this terrace was definitely not polka-dot! These arguments are no more! In a slightly more scientific way, an RTK can be used with a drone to ensure survey grade millimetre accuracy maps. 3D models can be created and passed onto contract builders when carrying out extra modifications.

Regulation change

Currently for any commercial drone usage, the pilot will need to hold a Permission for Commercial Operations (PfCO). Even with this permission, the pilot cannot get within 50 metres of a person, vehicle, vessel or structure. However, as of December 31st, the regulations are changing. This is amazing news for managing agents, with the correct permission and the right drone you will be able to fly as close to a structure as you please. This will make carrying out inspection work much easier, not only can you get closer to what you are inspecting, you won't have to worry about what is between you and the structure. Operations will be much safer. For marketing purposes, videos taken showing buildings will have a much greater impact. You will be able to survey much smaller areas, meaning a quicker processing time. Drones are not being used to replace traditional practices, but to enhance them. Drones are another tool in the box, they will soon become as important as your tape measure. Not to mention, they are the most socially distant application of them all.

At COPTRZ, we've been helping people incorporate drone technology into their organisations for years. With our experienced team, we are able to help educate the industry on UAVs and how they can be utilised for businesses.

We have noticed the property market grow exponentially. Drones for real estate is a relatively new concept, but we believe drones can transform property marketing and enhance customer experience. We have already helped organisations utilise drone strategies into their operations including Kier, Severn Trent and Leeds City Council.

We know it can be unnerving to introduce new technology into your operations, but we also believe that now is the perfect time as the world modifies due to new technology and COVID-19.

We are excited to team up with ARMA and offer an exclusive discount which entitles ARMA members to a free video consultation with us to see how we can help. In addition, we are offering a 10% discount to all ARMA members when purchasing a COPTRZ training course, just quote ARMA01 when making your purchase. I look forward to speaking with you soon!

The Importance of Paint Specification: End Results and Sustainability Targets

IAN GISBOURNE, NATIONAL SECTOR MANAGER – EDUCATION & PROPERTY MANAGEMENT, **DULUX DECORATOR CENTRE**

Aside from looking good, the right choice of paint in your block could save you time and money whilst being environmentally friendly.

From the start of the Pandemic, we – at Dulux – saw a large increase in demand for DIY products. We all wanted to improve the buildings we live and work in – yet how many of us considered the impact the paint choices we make will have on the environment?

Often, painting is the last element completed on a project, but will be one of the first things that someone notices when they walk into a room. Get it right and the room will look fantastic, get it wrong and... well you don't want to get it wrong. But the question we don't get asked as often as we would like is how to ensure that you get the right paint product and the right colour in the right place.

Research has shown where specifications are correct and fit for purpose the risk of experiencing common defects on site is reduced by around 75%. This means less snagging, and a huge time saving at the end of any project.

When tendering for work all bidders will be pricing on the same preparation and products detailed in the document. This means that you will have a level playing field and will also be sure that the paint being used is the right one for your brief. If you are looking to save money over the building lifecycle, we can help. If you want to save money on the price of the paint, we can produce a different spec. And the beauty of this is that you can also choose products that are more sustainable.

There are over 9 million results online if you search for 'Carbon Neutral.' We are seeing more and more electric cars on the road. There have been programmes about plastics use on prime time tv. There has been a huge upswell in people trying to 'do their bit'.

And yet – we spend more time indoors than we have ever done – estimates are that most of us spend 90% of our time there. We are trying to save the planet whilst not leaving our house.

How many of us considered the carbon content in the paint we used? How many of us recycled our empty paint tins? How many of us just put the half full tin of paint in the garage – rather than donating it to a good cause, such as Community Repaint?

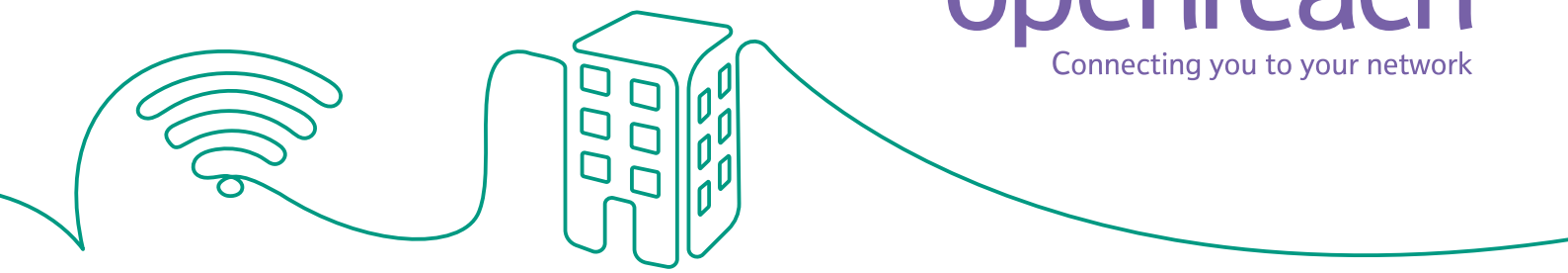
And think about the savings – both monetary and environmental – to be made by using a durable product. Or how less Volatile Organic Compounds (VOCs) will go into the air if you use water-based products on your skirting boards. Or have you considered how often that wall that is being painted has been painted before. Could that be a fire risk?

And then there are the benefits of using colour. From compliance with the equalities act, to the more intangible benefits. Inclusive design within any environment encourages the application of colour and design that enables occupants to have greater confidence to move around independently within a space. This applies to anyone who is going into a new building and also applies to those people who are living with dementia.

We have seen first-hand the impact that colour can have, but we also know that choosing and specifying colours can be a daunting task. By creating a limited colour palette, you can provide your building users with choices that will give them a degree of ownership of 'their' spaces. We have seen on our work in schools that allowing users to select what colours are used leads to higher levels of engagement with the space.

How about if we then told you, we can help you with all of the above – for free. At no extra cost, you can get the right product in the right place. You can save time and money AND help the planet. We know that, right now, there are more important things to be worrying about. Why not speak to us about sorting the paint.

openreach
Connecting you to your network



Get fast, reliable, future-proof broadband for your buildings

Demand for faster broadband is rocketing. People need a reliable connection with enough bandwidth to cope with all the things they want to do online. And that demand is growing.

Our infrastructure is ready for it now. It can deliver the fastest speeds in the country – up to a gigabit per second.

That means everyone at home can do what they like online, all at the same time without any connectivity problems. Whether it be accessing digital services, streaming HD content, accessing TV on demand, gaming, or simply sharing content like photos and videos.

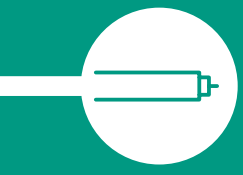
It also means people can work from home in exactly the same way they do in the office, with secure high-speed access to the same systems, information and applications.

Add more value to your properties

We're in the middle of upgrading the UK's broadband network. So we can switch your building's existing network connection to gigabit capable Full Fibre – where we bring fibre optic cables all the way from the local exchange right to your building – as part of our national rollout.

No access to any individual flats or apartments is needed during the upgrade and we'll cover the costs so long as your building (or stock) is in a UK area we're upgrading.

Faster, reliable broadband means happier tenants plus it helps attract new, and retain existing ones. Plus our network is 'open' to all communication providers so that means no lock in to a single provider so your tenants can shop around for the best package to suit their personal needs.



What are you waiting for? Make sure your buildings get the fastest internet by completing the online form at openreach.co.uk/mdu

Openreach is Britain's digital network business. We connect homes, mobile phone masts, schools, shops, banks, hospitals, libraries, broadcasters, governments and businesses – large and small – to the world. Openreach Limited. Registered office: Kelvin House, 123 Judd Street, London WCIH 9NP. Registered in England and Wales no. 10690039. Produced by Openreach. Designed by Westhill.co.uk

Online Shopping: Taking on the Delivery Challenge

BREN STANDELL, COMMERCIAL DIRECTOR,
PARCEL LOCKERS DIVISION UK/IRL, **QUADIENT**

Quadient's Bren Standell explores the impact new shopper behaviour has on residential deliveries, along with ways to automate and reduce contact in parcel management.

It's possible that shopping will never be the same again. The shutting of shops earlier this year sparked an upsurge in online retail and, despite non-essential retail opening again, habits have been formed that could very well impact shopping behaviours in the long-term. While online has always ticked boxes of convenience and choice, now it also appeals to consumers reducing social contact and minimising shop visits.

Lockdown saw online account for a record third of retail spend in May[1] and despite consumers returning to shops over the summer, online sales in August were still up over 46 per cent compared to February[2]. Correspondingly, demand for deliveries soared. Hermes announced the creation of 10,500 UK jobs in July while Amazon anticipated 10,000 additional UK jobs during 2020.

New habits could see sustained high levels of goods ordered online and delivered to residential properties. What property and building managers will know only too well is that a rise in online retail generates higher volumes of parcels being delivered to residential properties.

An Increased Focus on Parcel Management

All of this increases the focus on parcel management. As deliveries become more of a regular feature in people's lives, so incoming parcel handling becomes more important to residents. It follows that property managers and agents providing all the amenities residents expect will want parcel management processes that are up to scratch. They must be:

- **Efficient for administrators and on-site building staff**
- **Simple and convenient for residents**
- **Designed to protect building employees, delivery personnel and residents.**

Balancing the needs of staff, residents and delivery couriers isn't easy. Residents aren't always at home, staffing levels vary and building access restrictions to visitors may apply.

Delivering parcels to communal areas isn't always ideal. Parcels piling up in reception and other areas make for an untidy impression on first entering the building and create security issues of parcels going missing or being picked up by someone other than the intended recipient.

Many apartment blocks and multi-tenant buildings provide a service whereby deliveries are taken in by reception and other staff who then safeguard parcels until they are delivered to, or collected by, residents. However, this isn't ideal either. It places an extra burden on staff to co-ordinate parcel pick-ups and this can be particularly keenly felt at times of increased deliveries.

Ordinarily, such peaks occur at certain times of the year such as Christmas, but now online shopping events create delivery upsurges of their own. Black Friday and Cyber Monday, among others, are regular events that undoubtedly generate an influx of parcels into apartment blocks and other residential properties.

Meeting a Range of Needs

Parcel management must work for everyone concerned, ticking a range of boxes including:

- **24/7 convenience**
- **Reliable parcel tracking**
- **Space optimisation**
- **Security**

Added to this, processes should heed the changed times we're now living in. Practices for online shopping deliveries are changing with delivery companies and consumers now looking to minimise social contact. This goes too for on-site building staff.

Streamlining and Securing Deliveries

It's clear that the parcel delivery landscape has changed and that new ways of working may offer a solution to the challenges of increased parcel volumes.

A secure storage facility that items can be delivered to provides a neat solution to a range of problems that managed and non-managed properties face.

Parcel lockers provide a way to streamline incoming parcel management. They take the guesswork out of where parcels are, while increasing security, traceability, convenience and satisfaction for residents.

They work by standardising parcel deliveries into a modular, secure bank of electronic lockers which has a touchscreen interface. When an item arrives at the building, it is scanned at the lockers and

Parcel Lockers

Introducing automation to residential parcel management, providing:

- Secure parcel storage
- Automated notifications to residents
- PIN/barcode access for residents to gain access to relevant lockers
- Reduced contact drop-off and pick-up: residents collect from the locker, not building staff or delivery drivers

the relevant resident is selected from the internal address book.

A range of locker sizes can make up the modular unit, so the most appropriate locker is selected each time, according to the size of the box. The locker opens and the delivery is placed inside. This holds the item securely until the resident arrives to open the locker and retrieve their parcel.

Residents know they have a delivery because they are notified automatically via electronic means and are given a unique PIN and barcode. At the locker, they scan the barcode or enter the PIN and the relevant locker door is triggered to open. The screen interface guides them through the process.

It's a convenient, scalable and secure solution to the problem of parcel management. The lockers can be added to should capacity needs arise, whereas it isn't possible for staff to find more time in the day to handle more parcel deliveries.

Residents get to pick up their parcels when it suits them. It's a self-managed process, so building staff don't need to be present to make a handover. This gets around the problem of having to give time and resource to handling a constant stream of deliveries. It also improves security, taking away the concern of storing parcels safely and being responsible for potentially valuable items until they are placed in the relevant resident's hands.

What's more, traceability is improved - an important benefit for managers and staff routinely asked, "where's my parcel?"

Online shopping looks set to continue on its upward trend. This places demands on parcel management that are challenging to meet with a people-based approach. Digital inbound parcel management with secure locker storage automates elements of an otherwise manual process for security, convenience and improved resident satisfaction.

CASE STUDY

Parcel deliveries made simple with intelligent parcel lockers

Velocity Village provides studio, one, two and three-bedroom apartments to rent in the heart of Sheffield. One of a number of sites in the UK managed by AddLiving, 300-unit Velocity Village offers a range of enticing amenities for professionals and students. In 2019, AddLiving reviewed its arrangements for handling residents' parcel deliveries. It decided to automate elements of the process and introduce secure parcel lockers to give residents 24/7 access to their delivered parcels.

The challenge of incoming parcel management

Vicky Gill, lettings negotiator at Velocity Village explains: "It was hard for residents to collect parcels and it took up a lot of staff time, especially as parcel volumes increased with more people shopping online. We wanted to explore options that would make the whole process easier and minimise the amount of staff intervention required."

On a quiet day, the office could take delivery of around 20 parcels for residents. This would increase to around 100 deliveries a day at peak times, such as Christmas. The process for handling these deliveries was manual – on-site staff would log each parcel and notify each resident, who would have to visit the office to collect their item.

Vicky says: "Sometimes we'd be interrupted every few minutes by parcel collections while we were trying to do other things like appointments and viewings. It was really disruptive and time-consuming – checking ID, checking the log, going and opening the locked shutter and finding a parcel among all the parcels there."

AddLiving reviewed arrangements at the Village and decided to investigate options to streamline the process and save staff time. "As a company, we embrace technology and new ways of solving old problems," says Erdal Kacar, Operations Director at AddLiving. "We wanted parcel management to be as efficient as it could be and that was a challenge while we were handling packages manually."

Secure Parcel Locker Storage

Quadient's intelligent parcel lockers were chosen for the secure storage of delivered parcels at the Village. As soon as a parcel is put into a locker the resident is sent a notification; when they collect, they enter a code or scan the barcode they received to open the relevant locker. 75 parcel lockers were installed on-site outside the reception area where they can be conveniently accessed by residents. The lockers are branded so the look is in-keeping with the site.

Residents enjoy the convenience of 24/7 collection and the status and location of parcels is traceable.

"Getting the lockers installed and the process up and running was quick and easy," adds Vicky. "It was also simple to transfer our address book to set it up for resident notifications. It's straightforward and user-friendly to update the address book, which now just forms part of our check-in and check-out process. Not a lot of work is involved.

For more information:

Visit https://www.quadient.com/en-GB/parcel/parcel-locker-solutions

[1] **Office for National Statistics:** Shopping may never be the same again (Martin J.) 29 June 2020 [2] **Just-style** UK retail sales continue to rise but clothing falls behind (Wright B.) 18 September 2020

A United Front Needed to Prevent Fire Risk On Balconies

GARETH DIXON, HEAD OF SALES & MARKETING, SKIZE - BALCONY HAPPINESS

Gareth Dixon from Skize explains how an engaged resident community can contribute to a united front against fire risk and a happier apartment lifestyle

We recently invited a dozen or so apartment residents from across the UK (and most walks of life) to participate in a Resident Focus Group, to discuss the matter of safety relating to apartment balconies.

When asked an open question as to what types of safety concerned them, fire appeared to be the last thing many of them thought of. There were other concerns - children and pets falling off; items of furniture blowing off etc, but fire was, as one said "not top of mind". **However for one lady, who lived nearby Grenfell Tower and witnessed first hand the the horrors of that night, it was absolutely the most pressing need.**

Next up, a recent study on apartment Balcony Fires in London between 2017 and 2020 produced startling results!

London Fire Brigade reported over 400 incidents of balcony fires since 2017 and when we looked into some of the events, where the causes had been established, **over half those reviewed were due to discarded cigarettes and less than 20% could be classed as unavoidable.**

In other words, resident behaviour plays a huge part in endagering their own lives and the lives of their neighbours within the same block. However the majority, it appears, are pretty much ignorant of the risk a balcony is to themselves and their loved ones.

On the other hand we have the ongoing concern as to the number of buildings still clad in ACM and the very real struggle to fund such a mammoth task.

Solutions are required and there is an appetite amongst many UK companies to innovate, but the missing piece always seems to be... **resident engagement.** The last thing we need is to discourage residents from using their balconies, or the developers from installing them. The impact they have had on countless lives through the long weeks of COVID-19 lockdowns has established their positive effect on resident wellbeing beyond doubt.

Skize Ltd was formed in July 2020 by our parent company, Sapphire Balconies, with a mission to engage with the people that rely on their balcony as their main source of fresh air, light and recreation.

This online resource for apartment residents is growing into its own unique community, with the goal of making residents lives happier and safer and becoming the missing link between the industry and the resident. With a wealth of advice from growing herbs, to upcycling furniture, the platform adds more value with every extra member that joins.

One big focus is of course Safety advice. Ultimately, Skize wants to provide the know-how to enjoy a great outdoor life from an apartment. However, a bit like insuring your new car – once you have forked out for the premium to keep legal and give you peace of mind, you can then enjoy what you really bought it for – we all need to encourage residents to pay more attention to reducing the risk, in order for them to be able to better enjoy the benefits.

Online platforms can be used powerfully to engage and educate the residents, in ways that scaremongering just does not achieve, and in numbers that are just not feasible in person, especially in our current, COVID-stricken world.

Skize is here for your residents, but we are also here for you. We would love managing agents to encourage their residents to join the Skize community and take part in the regular Focus Groups that we run for two key reasons:

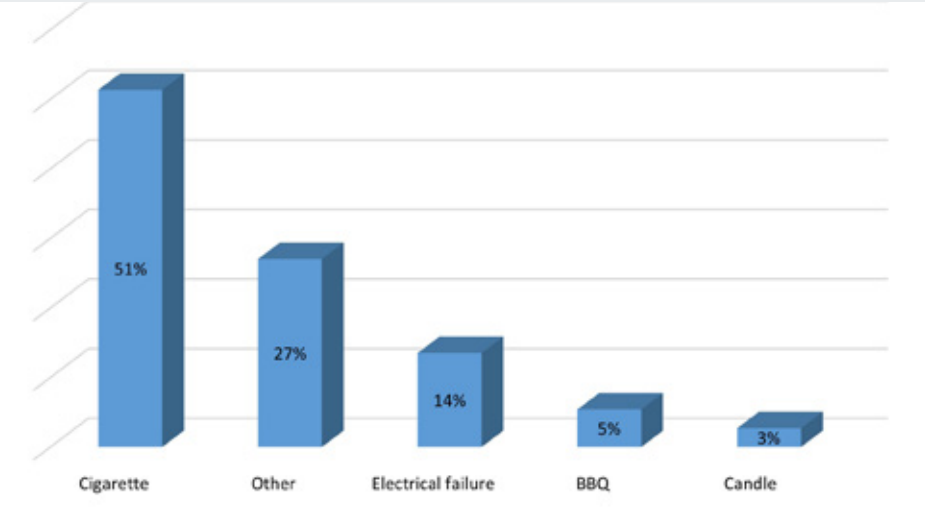
1. **To educate as to fire risk and the simple behavioural changes that can reduce it dramatically.**
2. **To help create new products & services, tailored to the unique requirements of a balcony lifestyle.**

By all getting involved and sharing our combined knowledge and experiences, we can provide a united front to fire risk, creating safer homes and a happier apartment community.

Finally, one other little piece of advice to pass on at this time of year, to reduce fire risk, is, believe it or not, relating to Christmas Trees! Christmas Trees often get stored outside on balconies after the festive season. But coniferous trees can be a rapid source of fire spread and may therefore pose a danger. These trees can ignite and combust very quickly, making them major fire safety threats. New Year's Resident Resolution #1: Relocate the Christmas Tree!

Here is to a safe and happy winter to all!
Gareth Dixon | Skize Ltd | www.skize.com

Causes of Balcony Fires, London UK: (where cause has been established)



A Mixed Picture: Rentcharges and the Service Charge within Mixed Tenure Developments

PHIL PARKINSON, LEGAL DIRECTOR AND JESS STANWAY, TRAINEE SOLICITOR OF JB LEITCH

Phil Parkinson and Jess Stanway at specialist property solicitors JB Leitch consider the complexities, caveats and interpretation of freehold estate rentcharges and the leasehold service charge, providing useful advice, case law and key points for consideration in the management of mixed tenure developments.

As we see growth in mixed tenure developments, highlighted by many landlords and developers considering post-COVID-19 development options, we are also noting increased concern across the industry from lenders and mounting confusion emerging on the subject of estate rentcharges and service charge.

The fundamental starting point is in understanding the differing – and parallel - functions of the charges.

Estate Rentcharges and Service Charge:

Rentcharges are an unusual element of our land law system and despite drawing on similar terminology, it has no relevance to the leasehold regime.

A rentcharge creates a legal interest in land, usually allowing an annual or other regular sum to be charged to the occupier. Unhelpfully perhaps, the term rentcharge is used interchangeably to refer to both the sum of money and the interest itself.

Rentcharges were historically used to provide income for landowners in exchange for the release of freehold land for development. Their creation has now mostly been abolished by virtue of the Rentcharges Act 1977, which aimed to reform the law so as to prevent rentcharges being used for profit by a rent charge owner. Although thousands of rentcharges are still in existence, they have a finite life, and are collectively due to be automatically extinguished in 2037. However, *estate* rentcharges are an exception to this.

An estate rentcharge effectively provides the mechanism by which developers (or management companies) can enforce positive obligations and covenants on the owners of *freehold* property, typically to secure contribution to the maintenance and upkeep of shared spaces. In this regard, the estate rentcharge broadly serves as an equivalent to *leasehold* service charge covenants in intent, but under s1 of the Rentcharges Act 1977, the rentcharge is defined as any annual or periodic sum charged on or *issuing out of land.*

A *service charge rentcharge scheme* may be set up by a management company to provide services in relation to the estate, such as maintenance of the common parts and effecting insurance. They would usually be established by the estate developer who, upon completion of the development, would transfer ownership of the common parts to the management company. The primary aim of this type of scheme is to ensure the payment of the rentcharge (i.e. the maintenance charges) so that the estate services can be carried out and to secure an ongoing obligation to contribute towards these costs

Mirroring the statutory protections afforded to service charges, estate rentcharges which charge a variable amount, such as those charged in a service charge rentcharge scheme, are caveated by the condition that anything more than a nominal sum must be reasonable in amount in relation to the covenant. This requirement of reasonableness protects against rentcharges being used for profit.

The Case for Reasonableness

Although the subject rentcharges seldom comes before the courts, the

requirement of reasonableness in relation to rentcharges has been considered in the Court of Appeal case of *Smith Brothers Farms Ltd v The Canwell Estate Company Ltd* [2012] EWCA Civ 237.

In this case, the Court was asked to consider whether an estate rentcharge had been validly created or whether it was rendered void owing to the fact that it was unreasonable in both scope and amount.

In brief summary, Smith Farms owned freehold land on the Canwell Estate, the owner of an estate rentcharge which affected that land owned by Smith Farms. The rentcharge instrument provided for Smith Farms to pay a fixed proportion of the costs incurred in maintaining all of the estate roads and 90% of the cost of maintaining the road over which Smith Farms had a right of way. Smith Farms contested the sums were unreasonable, on the premise that it should not contribute to the costs of upkeep on roads upon which they had no right of way and secondly to the extent of 90% where they did. The Court found that there was an implied covenant on the part of Canwell to provide services for the benefit of the Estate as a whole, highlighting the point that as long as the rentcharge was legitimately created for the purpose of contributing towards the cost of performance of a covenant that benefited the landowner's land, even if only in part, it would be a valid rentcharge.

It is noteworthy that the Rentcharges Act 1977 provides clarity on the issue of reasonableness, in that the owner of any land affected by a rentcharge that also affects another person's land may apply for an order apportioning the rentcharge with the other owners. Further, it was found that even where a rentcharge fails the test of reasonableness, the effect is not such as to render the rentcharge void, it is that the usual enforcement methods relating to rentcharges cannot be utilised to recover the unreasonable amounts.

Means of Enforcement:

The area of enforcement also warrants careful attention. There are extensive remedies available to a rentcharge owner where arrears accrue. These may be statutory, given by s.121 of the Law of Property Act 1925, or based on the deed containing the rentcharge.

Valid remedies for the owners of rentcharges today include:

A right of re-entry, but only where expressly conferred by the rentcharge deed and would be subject to the conditions therein. It is also subject to the right to claim relief from forfeiture.

A statutory right to enter onto the land to take the income from it/hold the land until arrears have been discharged, where any sum remains unpaid for 40 days or more.

A grant of a lease of the land charged on trust to raise arrears.

A claim on the covenant

A right of action in debt for arrears of rent.

A sale or mortgage of the land charged although this is at the discretion of the Court.

The right to appoint a receiver. This would usually be contained in the rentcharge deed, but may be ordered by the High Court where there are long-standing arrears.

Service of a statutory demand for arrears exceeding £5,000.00 where the land owner is an individual, or £750 where the landowner is a company.

> **"A service charge rentcharge scheme may be set up by a management company to provide services in relation to the estate, such as maintenance of the common parts and effecting insurance."**

In the case of *Roberts v Lawton [2016] UKUT 395 (TCC)*, a rentcharge owner sought to enforce payment of arrears of the rentcharge by way of the more unusual remedy of granting of a lease of the land charged on trust, as permitted by statute.

The appellant in this matter were the directors of a company which manages rentcharges. Where arrears accrued, they sought to grant 99-year leases in their favour at the Land Registry. Their intention was to charge the property owners for the surrender of each lease, satisfying the outstanding arrears and the company's costs of taking enforcement action.

The Land Registry referred the applications to the First-tier Tribunal, which held that the leases were 'mortgages by demise', a term referring to leases granted over a property which are brought to an end where the loan was repaid, and therefore registrable. The appellants sought to appeal.

The Upper Tribunal subsequently held that the leases were not 'mortgages by demise' as the leases did not contain an automatic fall-away mechanism which would bring them to an end upon payment of the arrears. They required that the leases be surrendered. On that basis, the Upper Tribunal ordered that the leases were registrable. This highlights that even seemingly historical remedies also remain available enforcement methods to rentcharge owners.

In Consideration of Mixed-Tenure Developments:

As it becomes more typical for estates to be developed comprising of both leasehold and freehold properties, there are inevitable difficulties in the overall management of areas common to all residents.

This type of estate structure relies on mutual interdependence, which can be difficult in the case of freehold properties where there are no lease mechanisms that can be relied upon to automatically create obligations to contribute towards the costs of maintenance and other services.

An estate rentcharge scheme can be considered an appropriate mechanism to regulate management of mixed tenure developments, as it allows for obligations to be imposed upon the freehold owners similar to those obligations imposed upon the leasehold property owners by virtue of their lease. Furthermore, the creation of an estate rentcharge provides that there is a remedy available which allows enforcement of those obligations in the event that they fail to be performed.

In conclusion, it is worth considering that estate rentcharges only affect a relatively small proportion of the residential property market. However, following consultation in 2018, and the recent proposals for leasehold reform, it remains to be seen what action will be enacted regarding the government's intention to legislate to give freeholders on private and mixed-tenure estates equivalent rights to leaseholders, specifically with regard to challenging the reasonableness of estate rentcharges and the potential limitations of future enforcement measures, should s.121 of the Law of Property Act 1925 be repealed. Before this, and as this article hopefully illustrates, a considerable amount depends on what can be deemed reasonable as well as equitable.

More Infomation

If you wish to discuss the challenges you're facing with regard to service or estate rentcharges, please contact us: p.parkinson@jbleitch.co.uk

Reporting on Service Charge Accounts

ROHAN RUDDOCK, PARTNER, **RUDDOCKS AND CO**
CHARTERED CERTIFIED ACCOUNTANTS

Rohan Ruddock of Ruddocks and Co outlines the stringent requirements for those responsible for Service Charge Accounts

Reporting on the service charge accounts of a residential block is just as important a legal obligation to a Right to Manage or Residents Management Company as it is to a professional property managing agent. If you are a managing agent or a director of a Right to Manage Company, and are seeking to gain a deeper understanding of service charge accounts, you may find this content to be helpful.

What are my end of year service charge reporting requirements?

There are no official statutory requirements for the preparation and content of service charge accounts but the lease would normally set out the way in which service charges are to be accounted for, the costs that can be recovered and the periods for which accounts should be prepared. This is why the service charge accounts of one residential block may be different to another. However, as a general rule, it is advised that when preparing service charge accounts, we should follow the guidance given in the Residential Service Charge Accounts Technical Release 03/11. This guidance was published by the major accounting bodies together with ARMA and RICS and it recommends that service charge accounts are prepared on the accrual basis and also recommends that accounts include an income and expenditure account, a balance sheet showing the service charge fund and notes to the accounts to explain figures such as the movement in the reserve fund. As a minimum, the service charge statement should always include a detailed breakdown of the costs incurred within the accounting period for the development in accordance with the property lease.

What is a Section 20B notice and when is this needed?

According to Section 20B of the Landlord and Tenant Act 1985, if the budgeted expenditure for the year is ever exceeded, resulting in an excess of expenditure over service charge income, then the service charge accounts should be distributed within six months of the year-end date to all the leaseholders. If the managing agent or freeholder is not able to distribute the service charge accounts within the even time period, a Section 20B Notice should be served on an interim basis and must be followed by distribution of the service charge accounts in a timely manner. This is often referred to as the '18 month rule'.

If a demand for service charge payment includes costs incurred more than 18 months before the date of the demand, then the tenants/leaseholders would not be liable to pay for these costs. However, if the date when the costs in question were incurred within the 18 month period beginning, the tenant was notified in writing (a section 20B notice), then the costs would subsequently be payable in accordance with the terms of the lease.

Do the service charge accounts need to be audited?

Some lease agreements may mandate that an audit of the accounts is to be completed. However, it should be considered carefully whether a full audit is actually needed. If a lease agreement states an audit is to be done and was written before the publication of the first Auditing Standards and Guidelines in 1980, it is a possibility that a full audit is not needed. This is because before 1980, there were no official auditing standards, the term 'audit' would have been quite a general term not necessarily requiring the rigorous procedures involved in an audit of today. If it was confirmed that an audit is not required, the landlord should decide what type of engagement is most necessary. Alternatively, an engagement to deliver a report of factual findings on the service charge accounts can suffice as it would be compliant with the Landlord and Tenant Act 1985. In fact, the normal arrangement is to engage an accountant to make a report of factual findings, although there may be some circumstances where an audit would be appropriate.

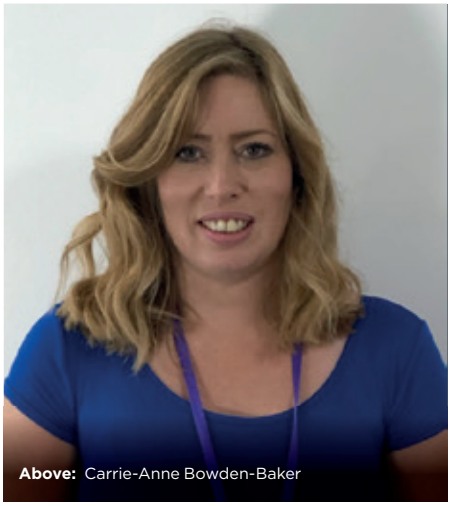
Who can be engaged to deliver a report of factual findings for service charge accounts?

A qualified accountant from a recognised accounting body may be asked to prepare the service charge accounts with a factual findings report. However, it is important that the accountant holds a practicing certificate and has the right experience to complete the work. The accountant must also be independent of the landlord or managing agent of the residential development.

How can I ensure that my service charge accounts are prepared properly?

There are many other important areas regarding the preparation of service charge accounts. That is why it is crucial to have a good accountant you trust with all the right qualifications and experience in dealing with service charge accounts. At Ruddocks and Co, we demystify service charge accounts for managing agents and directors of Right to Manage Companies of all sizes and have been experts in the industry for over fifteen years. We also take on all the accounting functions for management companies so you no longer have to worry about collecting service charges from tenants, preparing yearly service charge budgets, debt recovery and paying contractors on behalf of the management company. Please feel free to call or email us today to arrange a free initial consultation.

New Finance and Property Inspection appointments at Principle as Business Continues Growth



Above: Carrie-Anne Bowden-Baker

Property Inspector
Carrie-Anne Bowden-Baker

Carrie-Anne Bowden-Baker has been appointed as the third member of Principle Estate Management's property inspection team. Ms Bowden-Baker, who has spent seven years in the property sector, lives in Carshalton, Surrey, within 90 minutes of all Principle's southern properties.

She carried out property inspections in her role at Mainstay Residential Ltd in London using the Qube site inspection app, which is the main tool used at Principle to ensure regular, thorough and consistent inspections of all properties.

Ms Bowden-Baker, who will also meet contractors and residents on site when needed to review standards or discuss repairs, said: *"I'm thrilled to be joining Principle, which has a growing reputation in the South East.*

"I'm pleased to see how seriously the company takes its inspections which is crucial to identify urgent maintenance needs, to check the quality of any recent repairs and to assess building conditions for long-term maintenance planning."

Now in its third year, Principle has tripled in size in the last 12 months, with the number of units it looks after rising from just under 2,000 to more than 6,000. The company is based in Birmingham and offers a national property management service.

Above: Jodie Johnson

Credit Control Manager
Jodie Johnson

An experienced property finance specialist has joined Principle Estate Management, the UK's fastest growing residential management company, as a credit control manager.

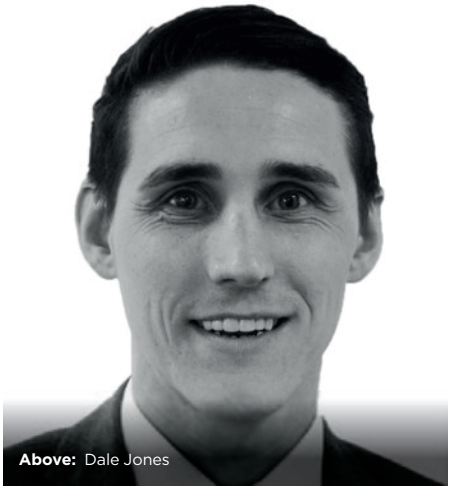
The appointment takes the finance team numbers up to 5 at Principle, where the total staffing now stands at 25.

Ms Johnson has spent ten years in the sector and has previously worked at Curry & Partners and CPBigwood, where she dealt with property management credit control, particularly leasehold service charges. She is returning to work after having two sons, although she had been mixing parenthood with running the accounts for a family business.

Paul Richardson, finance manager at Principle, said: *"It's great to have recruited a credit control manager with such extensive experience and who thoroughly knows the process so can hit the ground running."*

Jodie has settled in very quickly and this has allowed us to shuffle roles and restructure in the existing finance team as Principle continues to expand, having recently relocated to much larger offices in The Jewellery Quarter at 137 Newhall Street.

Ms Johnson said: *"I'm delighted at getting back to work having had a break for family, particularly to a role that I love and a business that I can see is successful."*



Above: Dale Jones

Pennycuick Collins Expands Board of Directors with Appointment of Dale Jones

As of 1st October 2020, Pennycuick Collins expanded its Board of Directors with the appointment of new Director, Dale Jones.

Dale has been with the company since January 2017 specialising in residential property management, an area of the business which has grown significantly through new client appointments and recognised externally through prestigious industry awards. Dale has been instrumental in securing several high-profile clients including Residential Management Companies, national freeholders and developers. This appointment will increase the board from five to six directors, bringing additional experience and insight to the board.

Dale said of his appointment:

"I am delighted to be joining the Board of Directors and look forward to further assisting the business on a strategic level especially during these challenging times. It is an extremely exciting time for me personally but also for the Company as we have invested further in industry leading software technologies and have a strong pipeline of new instructions due to come into management in the coming months."