

The Right to Manage - a guide



The Right to Manage (RTM) is a statutory procedure introduced by the Commonhold and Leasehold Reform Act 2002. It allows residential long leaseholders of flats to take over responsibility for management of their building.

The RTM is a no fault right, meaning that it can be exercised whether or not the landlord or management company is at fault. The landlord does not have to consent. The right is also available if the landlord cannot be found, by application to the First-Tier Tribunal (Property Chamber).

It is however an involved process and it is recommended that you take specialist advice before proceeding.

Acquiring the Right to Manage

The road to acquiring the RTM is largely procedural. If all of the required boxes have been ticked there may be little that landlords can do to oppose the claim.

Landlords, management companies, First-Tier Tribunal appointed managers and leaseholders alike need to be aware of the requirements in order to be satisfied that the right has been properly exercised and acquired. Specialist advice is therefore, recommended from the outset.

Disclaimer: The information provided in this brochure is a summary of legislation only, as of November 2024 and is subject to change. The content is for general informational purposes only and does not constitute legal advice. For tailored advice regarding any aspect of the information in this brochure, please contact one of our solicitors.



Qualification Criteria

To be able to qualify to apply for the RTM, the building must adhere to the following:

- ✓ It must be a self-contained building or self-contained part of a building. A building is typically self-contained if it is structurally detached.
 - there can be some degree of attachment to another structure, as long as it is non-structural.
 - An underground car park could prevent the building being structurally detached, if the parts are structurally dependent on each other.
- ✓ It is likely to be a self-contained part of a building where all of the following apply:
 1. The part is vertically divided from the rest; and
 2. It can be redeveloped independently of the rest of the building; and
 3. The services, such as pipes and cables, are provided independently from the rest of the building or could be without works that would result in significant interruption to other occupiers.
- ✓ While the building can be part commercial, the non-residential proportion must not be any more than 50 percent of the total floor area.
- ✓ At least two thirds of the flats must be let to leaseholders with leases granted for terms of 21 years or more.
- ✓ RTM does not apply in the following circumstances;
 - Where the immediate landlord is a local housing authority
 - Where the premises fall within the resident landlord exemption (for example a converted house with four or fewer flats and one of the flats is occupied by the freeholder or an adult family member)
 - If the building has self-contained parts in different ownership
 - If the RTM has already been acquired or was and ceased within the last four years.

In order to acquire the RTM, leaseholders of at least 50% of the flats within the building must be members of the RTM company.

Right to Manage companies

To exercise the right, leaseholders must set up an RTM company and follow certain procedures. The RTM company can manage the building directly or retain a managing agent to do it.

The landlord has the right to be a member of the RTM company and to vote on decisions. How many votes will depend on how many units the landlord owns in the building. The landlord will have at least one vote, regardless of whether they own any units.

There are certain statutory requirements to be satisfied. If the company does not comply with statute it will not be an RTM company and it will not therefore be able to acquire the RTM.

The Directors of the RTM company will be subject to statutory duties and responsible for compliance. It is therefore important that the effects of the RTM are properly understood.



1 Preparation

As set out above, it is vital to ensure that the building qualifies and that there are sufficient qualifying members. In summary, check:

- Is it a self-contained building or self-contained part of a building;
- Are the non-residential parts no more than 50% of the total floor area;
- Are at least two thirds of the flats let to leaseholders with leases granted for terms of 21 years or more;
- Are at least 50% of the leaseholders on board: and
- Do any of the exceptions apply.

If the answer to points 1 and 4 is yes and the exceptions are not applicable, you may qualify for the RTM.

The opinion of leaseholders should be canvassed at the outset, to see whether there is likely to be sufficient support for the RTM.

A schedule of all leaseholders comprising names and addresses for service should be compiled at this stage.

The title documentation and leases will be reviewed by us.

The RTM Company is then incorporated. This is typically with two leaseholder members, who become Directors of the RTM Company. The remaining leaseholders who have shown support are then invited to join.

2 Information Gathering

A notice can be served on the landlord asking it to provide information required in order to serve the claim notice. We can consider the merits of this following our title review.

Management of a building is an onerous and involved process. There is often benefit in retaining the services of a professional managing agent, who specialises in management of long leasehold developments.

3 Notice Inviting Participation

Notices Inviting Participation must be sent to all qualifying leaseholders, who are not already members of the RTM company, inviting them to become members.

Again statute prescribes the information that should be included. The leaseholders must be given at least 14 days to reply, before the RTM company can proceed to serve the claim notice on the landlord.

4 The Claim Notice

The claim notice informs a) the landlord b) any person who is party to such a lease otherwise than as landlord or tenant and c) a Tribunal appointed manager, (collectively referred to as "the landlord" herein) of the intention to acquire the RTM.

They must be given at least one month to respond. The acquisition date must be at least three months from the date on which the counter notice is due to be served.

5 Right of Access Notice

Once the claim notice has been served the landlord and/or the RTM company can serve this notice requiring access to inspect the premises. If notice is received the recipient must respond within 10 days.

6 Counter notice

The recipient of the claim notice has the right to serve a counter notice either admitting that the RTM company is entitled to acquire the right or disputing entitlement.

The claim can be disputed however, the reasons are limited. The RTM can be opposed on the basis that the building does not qualify; the RTM Company is not statute compliant; and/or the members do not qualify/are insufficient.

7 FTT Application

If the claim is disputed the RTM company must apply to the First-tier Tribunal (Property Chamber) within two months of service of the counter notice.

8 Serve contractor and contract notices

The landlord is under a statutory obligation to inform contractors and also provide information to the RTM company about contracts. The RTM company will need to decide whether it wants to retain the services of the various contractors or whether it would like to retain others. These notices should be served by the landlord on the determination date or as soon as reasonably practicable after that date.

The determination date will be:

- A** The date specified in the claim notice if the RTM is not disputed; or
- B** The final date of the Tribunal determination, if the claim is disputed; or
- C** If a counter notice has been served but the entitlement to claim subsequently conceded, the date of the written agreement.

9 Duty to Provide Information Notice

This notice can be served upon the landlord, asking them to provide any information the RTM company may require in connection with the exercise of the RTM, such as accounts. They should respond within 28 days of notice being served however, they do not have to act before the acquisition date.

10 Acquire the RTM

The date of acquisition will be the date specified within the claim notice, if the landlord agrees to the claim or fails to respond.

If the claim is disputed but the landlord subsequently agrees, the acquisition date will be three months after the date on which it is agreed, in writing, that the RTM company is entitled to acquire the RTM.

If the claim was disputed and proceedings issued for a determination of the entitlement to acquire the RTM, the acquisition date will be three months after the determination becomes final.

If the landlord cannot be found and proceedings are issued for an order that the RTM company is entitled to acquire the right to manage the premises, the acquisition date will be the date specified in that order.

11 On acquisition

- The management functions transfer to the RTM company.
- The landlord is entitled to take up membership and votes will be allocated.
- All uncommitted service charges must be transferred to the RTM company.

Costs

The landlord is not entitled to recover costs incurred in connection with exercise of the RTM claim, however, there are certain exceptions, such as if the claim is withdrawn.

Long Leasehold Dispute Resolution Services

Service charge and ground rent arrears recovery

Unpaid service charges and ground rent can hinder cash flow and complicate property management. When internal recovery efforts fail, our team provides effective debt recovery solutions for residential landlords, management companies, and managing agents. We have a strong track record of resolving long-standing disputes, both pre and post-court proceedings.

We regularly recover over 100% of debts, covering administration charges, fees, and interest, whilst safeguarding your reputation. In the vast majority of cases the instruction is cost neutral, with the fees being recovered from the leaseholder or mortgage provider. Often, arrears are recovered without legal action, but if needed, we guide you through Court or Tribunal proceedings, keeping you informed at every step.

Collective enfranchisement and lease extension

Leaseholders in buildings with residential flats can legally purchase the freehold (collective enfranchisement) or extend leases under the Leasehold Reform Housing & Urban Development Act 1993. These processes are complex, but our experienced team guides clients through each stage, advising on the validity of notices, eligibility, and legal requirements, serving counter-notices, and conducting Tribunal or Court proceedings, ensuring a smooth completion.

Leasehold breaches of covenant

Our team has extensive experience representing landlords and management companies in connection with claims related to breaches of lease covenants, both before and after legal proceedings commence. Whatever the cause of the breach, we can help to claim damages, obtain injunctions, or pursue lease forfeiture.

Other Services

In addition to our property law specialists, we also have legal experts who focus on other areas of law. Our teams, based across all of our nine offices can help with:

- Corporate and commercial law
- Employment law
- Debt recovery
- Business disputes
- Divorce and finances
- Civil partnerships
- Adoption law
- Child arrangements
- Prenuptial agreements
- Civil disputes
- Motoring offences
- Personal injury
- Residential conveyancing
- Wealth management
- Commercial property
- Commercial dispute resolution



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Meet the team



Eleanor Longworth - Associate Director

Eleanor joined the firm in 2012, qualified as a solicitor in 2014, was appointed associate solicitor in 2019 and associate director in September 2024.

She specialises in commercial property and long leasehold dispute resolution, acting on behalf of landlords and tenants, ranging from small tenant businesses to large-scale landlords and investors.

Eleanor has expertise in a wide range of commercial property litigation matters, including dilapidations, possessions, insolvency-related disputes, arrears recovery and lease renewals.

She also specialises in residential long leasehold dispute resolution matters acting on behalf of landlords, management companies and tenants in connection with the collection of ground rent and service charge arrears as well as applications to appoint managers, acquiring the right to manage, enfranchisement and lease extensions.

Eleanor is a leading specialist nationally in long leasehold dispute resolution and her experience also covers wider long leasehold disputes which include cladding matters (partly arising from the Grenfell tragedy) and regular instructions from landlords to enforce lease covenants, following various breaches, such as those relating to use, nuisance and/or Airbnb lettings. Eleanor also regularly receives disrepair instructions from tenants (often roof damage/water ingress) and acts for landlords and tenants in connection with the right to manage, appointment of a manager, enfranchisement and freehold acquisition processes.

Eleanor can be contacted on **0161 761 8082** or by emailing **eleanor.longworth@whnsolicitors.co.uk**

Meet the team



Daniel Long - Director, Property Dispute Resolution

Daniel joined the firm in 2009 before qualifying as a solicitor in 2011; becoming a partner in 2015. He now leads the firm's commercial division which includes the litigation, commercial property and corporate/commercial departments ensuring a cohesive approach is taken to managing the commercial legal needs of clients.

In addition, Daniel specifically heads up the property disputes team, this being his area of legal specialism and he is highly regarded for his expertise right across this complex area of law. He has a loyal client following ranging from small tenant businesses to national and international landlords and investors. He has acted on reported Court of Appeal and Upper Tribunal matters.

Daniel principally specialises in resolving disputes between landlords and tenants in relation to commercial leases. This includes rent and service charge recovery, dilapidations, forfeiture, possession, insolvency related matters and lease renewal/termination.

He is a market leader in uncontested lease renewal work as a result of his knowledge and expertise in this area of law where he has a high profile following of clients.

For all initial enquiries Daniel can be contacted on **0161 761 8063** or by emailing **daniel.long@whnsolicitors.co.uk**

Meet the team



Lucie Rushton - Solicitor, Property Dispute Resolution

Lucie joined Woodcocks Haworth and Nuttall Solicitors in June 2021, having previously worked as a legal administrative assistant for more than five years with Farleys.

She completed her Postgraduate Diploma in Legal Practice at Leeds Beckett University being admitted as a solicitor in September 2024.

Lucie specialises in resolving commercial disputes and commercial property disputes. She also specialises in residential long leasehold dispute resolution matters acting on behalf of landlords, management companies and tenants. Lucie has a keen interest in company insolvency and has developed her skills and knowledge in this area throughout her training. This included working on a successful landlord and commercial tenant dispute with winding-up proceedings issued against the tenant company, resulting in a successful conclusion for the client.

Lucie can be contacted on **0161 761 8061** or by emailing **lucie.rushton@whnsolicitors.co.uk**

