VeraHold

CLEARER INFORMATION FOR LEASEHOLDERS

NEWSLETTER
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RESIDENT CONTROL · FINANCIAL OVERSIGHT

Why resident-controlled buildings still go wrong

What directors should check, and what leaseholders can ask their board

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Right to Manage (RTM) and resident control through a residents' management company (RMC) give residents more say over their building. They do not automatically produce a sound budget or good contracts. Directors still need to check what the building is buying and whether it can pay for it.

Directors and other leaseholders have different roles. Directors oversee the agent and make decisions for the company. Leaseholders can ask how those decisions were reached and raise problems with the service they receive.

> **The real measure of resident control is not simply who manages the building.** It is whether residents can understand how their money is spent, how decisions are reached and whether the services they receive justify their cost.

THE CENTRAL QUESTION

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Authority to decide is not the same as accountability.

Resident management works best when directors actively oversee the building and leaseholders can obtain clear answers.

Taking control of a building gives residents the authority to make decisions, but it does not automatically ensure those decisions are good ones. A managing agent may handle the day-to-day work, but the board remains responsible for overseeing what happens in the company's name.

That means looking beyond the headline figure. A lower contract price may reflect fewer visits or less cover. A reserve balance may already be committed. A delay may reduce this year's budget while creating a larger demand later. Good governance requires the board to understand those trade-offs and explain them.

A budget is only useful if it shows what the building is committed to, not just what it has paid so far.

FOR RTM AND RMC DIRECTORS

Decide before the deadline

Ask the managing agent to identify decisions awaiting board approval and the date by which each is needed. A repair left undecided can become an emergency. A renewal left until the notice deadline can leave little time to find another supplier.

If you postpone work, record the reason and the advice on the consequences. A lower budget achieved by delaying necessary maintenance may mean a larger demand later, so it does not necessarily represent a real saving. Residents should know what has been postponed and how the board expects to pay for it.

Good practice: keep a short decision tracker showing the issue, the decision deadline, the responsible person, the information still needed and the date for review.

BOARD OVERSIGHT

Check what the agent is asking you to approve

Appointing an agent does not remove the board's responsibility to oversee its work. Before approving significant spending, ask for a description of the work, the total expected cost and an explanation of the recommended supplier. Check what is excluded, what extra fees may arise and whether the supplier has a connection with the agent.

Set a total approval amount for the job, including relevant taxes and fees, and agree which changes need further board approval. Several small additional invoices can add up to a substantial increase. Review them against the original job and its approved cost, rather than treating each invoice as a separate decision.

Ask before approving

What exactly is included? What is excluded? What additional charges could arise? Who selected the supplier? What would require the board to approve the work again?

CASH AND COMMITMENTS

Check how much reserve cash is available

Ask for a statement linking the reserve figure in the accounts to the cash held for it. The explanation should identify relevant unpaid leaseholder contributions, supplier bills and any money held in other accounts. A difference between the accounts and one bank balance needs an explanation; it does not by itself show that money is missing.

Then check existing commitments. In an illustrative example, **£80,000** in reserve cash with **£50,000** still payable under an existing works contract leaves **£30,000** before other commitments and future repairs. The whole £80,000 is not available for another project. The leases also govern what the fund can be used for.

For day-to-day spending, request an estimate of the full year's cost. It should include work already done but not yet invoiced, as well as the remaining expected spending, without counting anything twice. A report of payments made so far can miss those costs.

> **Reserve cash is not the same as uncommitted cash.** The board should be able to explain what is held, what is owed, what is already committed and what remains available.

VALUE FOR MONEY

Compare the work as well as the price

Check renewal and notice terms across your contracts, then allow time to obtain alternatives and complete any required consultation. Ask competing suppliers to price the same work. Compare visit frequency, materials, access costs, exclusions and any charges for additional work.

Consider an illustrative cleaning contract falling from **£12,000** to **£9,000** a year, while visits fall from five to three a week. The annual bill is 25% lower. Assuming 52 weeks and otherwise identical visits, the average cost per visit rises from **£46.15** to **£57.69**: an increase of 25%. Three visits may be enough, but this is a reduction in service at a higher average price per visit.

After appointment, check delivery. Were the cleaning visits completed? Are the same lift faults recurring, with additional call-out charges? Keep enough evidence to discuss performance at renewal. A contractor staying within budget tells you little if the agreed work was not done.

A cheaper contract is not automatically better value if it delivers less or costs more per unit of

service.

HOW TO COMPARE COSTS

Start with your own building

You do not need a market benchmark to start checking a cost. Begin with your own building's invoices, the current contract and fresh quotations for the same work. Compare the same periods and distinguish actual expenditure from budget estimates. For energy, separate changes in consumption from changes in rates; for maintenance, separate routine servicing from repairs.

Fresh quotations show what alternative suppliers are prepared to offer your building now. Compare the full cost and terms before deciding whether to change. A cheaper quotation alone does not establish that earlier charges were excessive.

Published indices can add context. The Property Institute's Service Charge Index, for example, reports costs by categories and building characteristics. Its 2026 figures are largely budgets, while its 2024 and 2025 figures are actual costs. Those distinctions matter. An industry average cannot establish what your particular cleaning or lift contract should cost.

A comparison with another building requires more than its total bill. If another board can share a suitable breakdown, check the accounting period, included services, VAT and any exceptional work. For a lift contract, you would also need the number and type of lifts, their age and the cover included. If those details are unavailable, the comparison cannot support a firm conclusion about price.

VeraHold is developing a methodology to make these comparisons more reliable. The challenge is not simply finding cost data, but making sure the figures represent comparable services and buildings. Our approach is to organise expenditure into consistent categories, account for differences in building size, facilities and service provision, and compare costs over equivalent periods. Where the evidence is incomplete or a

meaningful comparison is not possible, we will make those limitations clear.

FOR THE BOARD

What good looks like

At each regular board meeting, review a short financial report, decisions approaching their deadlines and any significant work that has not been delivered as agreed. Record the spending approved and follow up on changes. The agent should know which decisions it can take and which must come back to the board.

A PRACTICAL MEETING RHYTHM

Before the meeting: circulate the financial report, upcoming deadlines, contract renewals and unresolved service issues.

During the meeting: record decisions, approval limits, responsible people and dates for follow-up.

After the meeting: check that instructions were carried out and tell residents what they need to know.

Shared records, clear responsibilities and a planned handover make volunteer director roles more manageable and reduce the building's dependence on one person.

FOR INDIVIDUAL LEASEHOLDERS

Ask specific, evidence-based questions

Start with a specific charge or service. Give the board the relevant figure, dates or photographs and ask for an explanation and supporting records. Report day-to-day faults through the agreed contact. Put questions about spending decisions and repeated service problems to the board.

1

How much of the reserve is already committed?

Ask how much money is currently held in the reserve fund, how much is already committed to approved works that have not yet been fully paid for, and how much remains available for future repairs or major works. The reserve fund balance shown in the annual accounts may not reflect subsequent spending or outstanding commitments.

2

What changed in the service as well as the price?

For a significant increase or claimed saving, ask to see the old and new description of the service alongside the costs. Check whether visits, cover, materials or additional charges have changed.

3

How was this supplier selected?

Ask what alternatives were considered and why the board accepted the recommendation. If the explanation is that the price is “in line with the market”, ask what that comparison is based on: fresh quotations, an index or another building’s records. The answer should explain any important differences.

4

What is being done about a service that keeps failing?

Give dates and examples, such as missed cleaning visits or repeated lift breakdowns. Ask whether the agent has checked these against the contract, raised them with the supplier and agreed corrective action. Useful evidence helps the board address the problem.

5

Why has this work been delayed?

Ask whether the delay concerns funding, access, consultation or technical advice, and when the board expects to decide. If cost is the reason, ask how the work will be funded later and what advice the board has received about waiting.

If a point remains unanswered, identify it and request a reply. Where several residents share the concern, consider a joint enquiry and ask for a response that can be circulated without disclosing anyone’s personal information.

COMPANY PARTICIPATION

Know what formal rights you have

If you want a formal say in company decisions, check your membership or shareholding and the company’s rules. For RTM companies, membership is distinct from simply owning a flat.

Leaseholders can ask questions informally, but formal company rights may depend on the articles, membership status, voting rules and required notices. Keep copies of requests and replies where the issue is important.

> **Informal questions are often the quickest route to clarity.** If they do not resolve the issue, identify the specific unanswered point and use the company’s formal procedures where appropriate.

BOTTOM LINE

Resident control needs meaningful accountability

For directors, this means taking an active interest in how the building is run, rather than relying entirely on the managing agent.

For individual leaseholders, it means asking informed questions, seeking supporting evidence and expecting decisions to be explained.

The building is not well managed simply because residents are in charge. It is well managed when residents can understand, question and improve the decisions being made.

Share your experience

If your building has found a useful way to oversee spending, compare services or involve leaseholders in decisions, reply to this newsletter. We would like to hear what works in practice.

REFORM WATCH

What has been announced

On 1 October, Parliament’s Housing, Communities and Local Government Committee welcomed plans for an independent regulator for property managing agents and the commitment to introduce the Commonhold and Leasehold Reform Bill by Christmas.

The announcement does not create an immediate new complaints route. The committee said it would seek further detail. We will be watching which agents the regulator covers, what powers it receives and how residents will be able to use it.

Follow VeraHold for further updates on leasehold reform, its implementation and what the changes mean in practice for leaseholders and resident-led buildings.

WATCHING
1 OCTOBER
2026

Independent regulation of property managing agents and the proposed Commonhold and Leasehold Reform Bill remain developments to monitor. An announcement does not itself create an immediate new complaints route or make a proposed protection available.

Sources and notes

Examples are illustrative, not accounts of particular buildings. Legal and reform references concern England and were checked on 27 October 2026.

Sources: 1. LEASE on property managers · 2. RICS residential management code · 3. LEASE on contractors · 4. The Property Institute Service Charge Index 2026, p.3 · 5. LEASE on RTM membership · 6. Parliament reform announcement, 1 October 2026.

This newsletter provides general information and does not constitute legal advice. The position in an individual building depends on its leases, contracts and circumstances.

VeraHold

Clearer information for leaseholders and resident-led buildings.

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