

## **Seven Years On: Another Consultation on the Regulation of Managing Agents**

Back in 2002 the government published a bold consultation paper on the regulation of managing agents. Nothing came of it. Now, seven years later, the government is again consulting on the regulation of managing agents. This time though, you could be forgiven for missing it, as it's tucked away inside a consultation on the private rented sector.

To be more precise, the consultation can be found in pages 21 - 24 of the 36 page report entitled "*The Private Rented Sector: professionalism and quality. The government response to the Rugg Review*", published by the Department of Communities and Local Government (DCLG). There are no obvious clues in that title for leaseholders interested in commenting on the issue of regulating agents. Fortunately the FPRA was invited to participate, and chairman Bob Smytherman will be attending meetings to put the FPRA view.

The inclusion of managing agents in this consultation has come on the back of interest in regulating letting agents. The DCLG believes that any regulatory regime for letting agents should also include managing agents working in the leasehold sector, as they wish to avoid creating dual burdens on managing agents that work across both sectors. One of the questions the consultation asks is whether there should be a single regulatory scheme for both types of agent.

A read through the consultation paper suggests the DCLG is committed to the idea of regulation. It recognises that in 'this modern age' it is not appropriate that someone without any qualifications can set themselves up as an agent, a job which includes responsibility for leaseholders' service charge funds. No other sector allows large sums of clients' money to be held in a completely unregulated environment. The DCLG says it has been

*persuaded by the powerful arguments put forward not only in the Rugg Review, but by the Law Commission, and Professor Carsburg, for full mandatory regulation of private sector letting agents and management agents. Our stakeholder engagement has underlined this as a key measure if we are to improve consumer confidence in the sector.*

It envisages a non-governmental independent regulatory body, an entry requirement for those wishing to enter the profession, a code of practice for members, protection measures to ensure the safety of service charge funds, compulsory professional indemnity insurance, complaints procedures, and enforcement powers including the power to impose sanctions on wayward agents. The fact that none of these currently exists highlights the potential for abuse in the industry.

Bob Smytherman will be arguing the FPRA's case for the introduction of regulation for professional agents, but that leaseholder-owned and managed blocks should not be subject to the full regulations. It is essential that leaseholder-run blocks are not overwhelmed by paperwork and regulatory demands making it too onerous and time-consuming for volunteers to cope. Quite how sympathetic the DCLG will be to this argument, remains to be seen.

The consultation process involving interested organisations will last several months, and the FPRA welcomes members' contributions to the debate. In an ideal world the final report that emerges from the consultation will attract cross-party support, and be implemented before the next general election. Let's hope this happens, and that a successful regulatory system is ticking over before another seven years is up.

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