



A guide for leaseholders

The Right to Manage

Taking control of how your
building is run

01 • AT A GLANCE

Who this guide is for

You own a flat in a block. The service charge rises every year, repairs take months, and decisions about your building are made by a landlord and a managing agent you did not choose. You would like a say in how the building is run.

The right to manage allows the leaseholders of a qualifying building to take over its management from the landlord, through a company they own and control. It needs no proof that anything has gone wrong, no premium and no valuation. The landlord keeps the freehold; the leaseholders take the decisions.

This guide explains who can use the right, how a claim works, what changed in March 2025, what running your own building involves, and how the right to manage sits alongside buying the freehold.

THE ESSENTIALS

2	flats held by qualifying leaseholders, the minimum for any claim
Two thirds	of the flats in the building must be held by qualifying leaseholders
Half	of all the flats must be represented in the RTM company when the claim is made
50%	the maximum non-residential internal floor area, raised from 25% in March 2025
Nil	the premium payable to the landlord, and in most claims its legal costs
5 to 6	months, the typical time from instruction to handover where the claim is not disputed

Written for leaseholders considering a claim, and for directors of an RTM company preparing to take over the running of their building.

Running your own building

Most leases leave every decision about the building with the landlord: who repairs it, how much is spent, which insurer is used and how the reserve fund is built up. Leaseholders pay for all of it and decide none of it.

The right to manage changes that. Once it is acquired, the landlord's management functions under the leases pass to an RTM company whose members are the leaseholders. The company appoints the managing agent, sets the budget, chooses contractors and answers to the people who own flats in the building.

What passes to the RTM company

- Repairs, maintenance and cleaning of the building and its common parts.
- Insurance of the building.
- The service charge budget, demands and collection, and the reserve fund.
- Appointing, instructing and replacing the managing agent.
- Most consents under the leases, such as licences to assign or to alter, subject to notice to the landlord.

What stays with the landlord

- Ownership of the freehold, and the ground rent.
- The right to forfeit a lease.
- Functions relating only to a flat or unit not held by a qualifying leaseholder, such as a shop.
- Gardens, car parks and other facilities shared with other buildings.

No fault, no premium, no valuation. The landlord does not have to have mismanaged the building, and nothing is paid for the right itself. That is what makes the right to manage quicker and cheaper than buying the freehold, and why it is often the first step a group of leaseholders takes.

The responsibility that comes with it

The RTM company steps into the landlord's shoes as manager. It must keep the building in repair and insured as the leases require, follow service charge law, and be run properly by its directors. A managing agent can do the day-to-day work; the decisions, and the accountability for them, rest with the leaseholders.

03 • ELIGIBILITY

Does your building qualify?

Most purpose-built blocks and many converted houses qualify. The building, or the part of it claimed, must meet four conditions, and none of the exclusions can apply.

The four conditions

- **It is self-contained.** The building is structurally detached, or the part claimed is a vertical division that could be redeveloped on its own, with services that are independent or could be separated without significant disruption.
- **It has at least two flats held by qualifying leaseholders.** A qualifying leaseholder holds a flat on a long lease, generally one granted for more than 21 years.
- **At least two thirds of the flats are held by qualifying leaseholders.**
- **Non-residential parts are no more than 50% of the internal floor area,** ignoring the common parts. The limit was 25% until 3 March 2025.

When the right is not available

- **A local housing authority is the immediate landlord** of any qualifying leaseholder. This usually rules out ex-council blocks where the council still owns the freehold and granted the leases.
- **There is a resident landlord** in a building that is not purpose-built and has no more than four units, where the freeholder or a family member has lived in one as their only or principal home for the last 12 months.
- **The right was exercised and ended in the last four years,** unless the tribunal decides that applying the bar would be unreasonable.
- **Different parts have different freeholders** and any part is itself a self-contained part of the building.

Points that often catch people out

- Shared ownership leaseholders count only once they have staircased to 100%. Flats let on business leases do not count.
- There is no minimum period of ownership, and no limit on how many flats one person owns.
- One RTM company can claim only one building. On an estate, each block needs its own company and its own claim.

WE CHECK THIS FIRST

Before anything else we obtain the title and leases from HM Land Registry, confirm the numbers and tell you whether the building qualifies, so that nobody spends time or money on a claim that cannot succeed.

04 • CHOOSING A ROUTE

Right to manage or buy the freehold?

In many buildings the leaseholders could either claim the right to manage or buy the freehold through collective enfranchisement. They achieve different things, at very different cost.

	Right to manage	Buying the freehold
What you get	Control of management	Ownership of the building, and control of management
Payment to the landlord	None	A premium, assessed by a valuer
Ground rent	Still payable to the landlord	Can end for participants through new leases
Longer leases	Not included	999-year leases at a peppercorn rent can be granted
Participation	At least half of the flats	At least half of the flats
Cost and time	Lower and quicker	Higher, and often longer where the premium is disputed

A first step, not a final choice

For many groups the right to manage is the natural place to start. It brings the leaseholders together in a company, gives them experience of running the building and puts them in charge of the service charge straight away. None of that affects any leaseholder's right to extend their lease, or the group's right to buy the freehold later.

When the group is ready, we act on the freehold purchase and Blakes Chartered Surveyors, our sister firm, can value the premium. If a freehold purchase is already realistic, it may be better to go straight to it; we will talk the options through with you before you decide.

A NOTE ON STRUCTURE

A company stops being an RTM company if it acquires the freehold. The freehold is usually bought by a separate nominee purchaser, and our guide *Owning Your Freehold* explains how a freehold company works.

Getting ready to claim

The statutory procedure is short, but it is precise. Most of the work that decides whether a claim goes smoothly happens before the claim notice is served.

01

Initial review

WEEKS ONE TO TWO

We check the title, the leases and the layout of the building to confirm that it qualifies, and identify everyone who must be served, including any head leaseholder, intermediate landlord or management company that is party to the leases.

02

Forming the RTM company

ALONGSIDE THE REVIEW

A private company limited by guarantee, using the articles of association prescribed by law, with a name ending RTM Company Limited. The leaseholders who will act as directors are appointed.

03

Inviting the other leaseholders

AT LEAST 14 DAYS BEFORE THE CLAIM

A notice inviting participation is served on every qualifying leaseholder who has not already joined, with the company's articles enclosed or made available to inspect.

04

The claim notice

ONCE HALF THE FLATS HAVE JOINED

Served on the landlord, any other party to the leases and any tribunal-appointed manager, with a copy to every qualifying leaseholder. It sets a date for the landlord's response at least one month ahead, and an acquisition date at least three months after that.

SERVE EVERYONE, AND SERVE THEM PROPERLY

In August 2026 the Supreme Court confirmed that a slip in the invitations to other leaseholders does not of itself invalidate a claim. Failing to serve the landlord or another party entitled to the claim notice is more serious, and a careful review at the start is the cheapest protection.

From claim to handover

Once the claim notice is served, the statutory timetable runs. The landlord either accepts the claim, disputes it, or says nothing; in each case the path to the acquisition date is fixed.

05

The landlord's response**BY THE DATE IN THE CLAIM NOTICE**

The landlord may serve a counter-notice admitting or disputing the claim. If it disputes the claim, the RTM company has two months to apply to the First-tier Tribunal (Property Chamber), which decides whether the right has been acquired.

06

Preparing for handover**BEFORE THE ACQUISITION DATE**

Notices go to the landlord about existing contracts, and the RTM company asks for the information it needs. The company appoints a managing agent, arranges buildings insurance from the acquisition date and opens a client account for service charges.

07

The acquisition date**THE DAY MANAGEMENT PASSES**

Management transfers to the RTM company. Service charge money held by the landlord that is not committed to existing costs must be paid over on that date or as soon as reasonably practicable afterwards.

HOW LONG IT TAKES

The statutory timetable alone runs to about four months from the claim notice. Allowing for the review, company formation and the invitations, most uncontested claims move from instruction to handover in around five to six months.

A dispute at the tribunal adds time, often several months, and the acquisition date then follows the tribunal's decision.

What a claim costs

The right to manage is the least expensive of the leaseholders' collective rights. There is no premium, no valuation, and since March 2025 the landlord's costs no longer fall on the leaseholders as a matter of course.

01

Our fixed fee

Agreed before any work starts, and tiered by the number of flats so that the cost per flat falls as the building gets larger. Current fees are set out on our website.

02

The RTM company

Forming the company is a separate fixed fee. Once it is running, it has the usual Companies House filings and, in most buildings, a managing agent's fee.

03

Disbursements

Third-party costs charged at cost: HM Land Registry official copies, recorded delivery for statutory notices, and identity checks.

04

The landlord's costs

Generally not payable. The RTM company does meet the landlord's reasonable costs of providing information it asks for before the claim.

IF THE LANDLORD DISPUTES THE CLAIM

An application to the tribunal is outside the fixed fee, and we will quote for it separately at that stage, before any further cost is incurred.

The tribunal can order the RTM company to pay the landlord's costs only if the claim is withdrawn or otherwise ends and the company has acted unreasonably. If that happens, current and former members can share the liability, which is another reason a carefully run claim matters.

What changed in March 2025

The Leasehold and Freehold Reform Act 2024 made five changes to the right to manage. All of them came into force on 3 March 2025 and apply to every claim made since.

- **More mixed-use buildings qualify.** The non-residential limit rose from 25% to 50% of the internal floor area, so many blocks above shops and restaurants can now claim.
- **The landlord's costs no longer fall on leaseholders as a matter of course.** The RTM company and its members are generally not liable for them, and lease terms that say otherwise have no effect.
- **Leaseholders who stay out are protected.** A landlord cannot put its non-litigation costs of a claim onto the service charges of leaseholders who never joined the RTM company.
- **Landlords cannot dominate the company.** The prescribed articles now cap the votes a landlord can hold as a member of the RTM company.
- **Disputes go to the tribunal.** Applications to enforce either side's obligations now go to the First-tier Tribunal rather than the county court.

The courts have taken a practical line too. In *Avon Freeholds v Cresta Court E RTM Company* (August 2026), the Supreme Court held that failing to send a notice inviting participation to a leaseholder, or failing to wait the 14 days, does not of itself invalidate the claim. The remedy is an order to put it right, not the end of the claim.

Is more reform coming?

The Law Commission has recommended further changes, including to the procedure. The Government has said these will follow in separate legislation; they are not part of the draft Commonhold and Leasehold Reform Bill, and no timetable has been fixed. The current rules already favour leaseholders far more than before, and waiting has its own cost: another year of service charges under someone else's control.

Taking over the building

The acquisition date is when the real work begins. A well-planned handover avoids gaps in insurance, unpaid contractors and arguments over money.

What we work through with the company

- **Service charge funds.** Uncommitted money held by the landlord must be paid over. If the amount is disputed, either side can ask the tribunal to decide it.
- **Information.** The RTM company can require the landlord, and any manager, to provide the documents it reasonably needs within 28 days of a notice.
- **Contracts.** Existing contracts and contractors are identified so the company can decide what to keep, replace or retender.
- **Insurance.** Cover must be in place from the acquisition date. Do not assume the landlord's policy will continue for your benefit.
- **Work in progress.** Major works and section 20 consultations already under way need a plan for how they carry forward.
- **Building safety records.** Fire risk assessments, asbestos registers and similar documents should pass across promptly.

CONSENTS AFTER HANDOVER

Licences to assign, underlet or alter now come to the RTM company. Before approving an assignment, underletting, charge, structural alteration, improvement or change of use, it must give the landlord 30 days' notice; for other approvals, 14 days.

The landlord may object in writing, and the company then needs its agreement or a tribunal determination. Building that step into the company's procedures from day one avoids holding up a leaseholder's sale.

Your RTM company in practice

An RTM company is a company like any other, with directors, members and filing obligations. Most are run by a small group of volunteer leaseholders, supported by a managing agent.

Choosing a managing agent

There is no requirement to appoint one, but most companies do. Some agents offer to run a claim free of charge if they are appointed to manage afterwards. That can suit some buildings, but it settles who manages your building before the right has even been acquired.

Arcadia Law is independent of managing agents, so the choice stays with you. If it would help, we can introduce you to suitable block management companies, selected for the size, location and complexity of your building, with no obligation to appoint any of them.

The company's obligations

- **Directors** are drawn from the members and owe the normal duties of company directors. Directors' and officers' insurance is sensible.
- **Members.** Every qualifying leaseholder may join at any time. From the acquisition date the landlord may also join, with capped votes.
- **Filings.** An annual confirmation statement and accounts at Companies House.
- **Service charge law** applies to the company as it did to the landlord, including demands, accounts and section 20 consultation.
- **Enforcement.** The company cannot forfeit a lease, although it can enforce the leaseholders' covenants in other ways.

Higher-risk buildings. A building at least 18 metres or seven storeys high, with at least two residential units, is a higher-risk building under the Building Safety Act 2022. Where the RTM company takes on the repairing obligations for the common parts, it can become an accountable person, with significant duties. We flag this at the outset.

Complications we often see

Most claims are straightforward. The ones that are not tend to fail on the same handful of points, almost all of which can be identified at the start.

- **Head leases and intermediate landlords.** Common in central London, and every one of them must be served with the claim notice.
- **Mixed-use buildings.** Where the non-residential floor area is close to 50%, the measurement decides eligibility, and it should be done before the claim rather than argued about after it.
- **Mansion blocks and converted houses.** The self-contained test and the resident landlord exemption need careful checking.
- **Ex-council blocks.** The right is unavailable while the council is the immediate landlord of any leaseholder, but may be available where the freehold has since been sold.
- **Estates with several blocks.** Each block needs its own RTM company, and shared gardens, car parks and estate roads stay with the landlord.
- **Absent or overseas freeholders.** The right parties, and their addresses for service, must be established before anything is served.
- **A group that loses momentum.** Participation has to hold at half the flats when the claim is made. A clear plan and a realistic timetable keep neighbours engaged.

THE SAFEST CLAIMS ARE THE BEST PREPARED

Nearly every dispute we see could have been anticipated from the title, the leases and a walk round the building. That is why our fixed fee includes the initial review rather than treating it as an extra.

Why instruct Arcadia Law

The right to manage is procedurally precise and unforgiving of shortcuts, and the claim is only the beginning. We act for leaseholders through both.

Arcadia Law is a specialist leasehold practice. We work every day on lease extensions, freehold purchases, rights of first refusal and the legal side of running a building, and on the right to manage we act for leaseholders.

How we work

- **Independent.** We are not a managing agent, and the claim is never conditional on a management contract.
- **Senior oversight, proportionate cost.** Every claim is supervised by a senior solicitor, with routine notices handled by our paralegal team under that supervision.
- **Clear, fixed fees.** Agreed before any work starts, and tiered so that larger buildings pay less per flat.
- **Beyond the claim.** Once the company is running, we handle licences, deeds of covenant, service charge questions and the rest of the legal work a building generates.
- **A route to the freehold.** With Blakes Chartered Surveyors and extension.lease, we can take you on to a freehold purchase and longer leases when you are ready.

WHAT WE SAY TO LEASEHOLDER GROUPS

The right to manage is not a protest. It is a decision to take responsibility for a building, and the groups that do best are the ones that treat it that way from the first meeting. We help you set the company up to succeed, not just to win the claim.



Arcadia Law is a member of the Association of Leasehold Enfranchisement Practitioners.

Where to start

The first question is always whether the building qualifies. That can usually be answered quickly, and it costs nothing to ask.

01

Tell us about the building

A SHORT CALL, AT NO COST

How many flats there are, how many leaseholders are interested, whether there is any commercial space, and who the landlord and managing agent are.

02

We tell you where you stand

WITHIN A FEW DAYS

Whether the building qualifies, what the claim will involve, whether the right to manage or a freehold purchase is the better route, and a fixed fee quotation.

03

You and your neighbours decide

IN YOUR OWN TIME

If you instruct us, we form the company and take the claim through to handover.

SPEAK TO US

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