

# ASTRBM5

## Manage finances in relation to properties



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### Overview

#### Who this unit is aimed at

This unit is relevant to all managers who are responsible for managing the collection and use of service charges for properties.

#### What the unit covers

The unit is made up of three elements:

Element 1 covers the management of accounts and, where appropriate, budgets for managed properties

Element 2 is about managing the collection of finances

Element 3 covers managing arrears

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### Performance criteria

*You must be able to:*

#### Manage finances and accounts for each property

- P1 you establish and maintain separately designated client accounts in line with legal requirements and company procedures
- P2 you prepare budgets for property management and make these available to relevant interested parties
- P3 your budgets make provision for non- annual expenditure and the creation of sinking or reserve funds
- P4 you make and justify **recommendations for expenditure** from accounts
- P5 you give information to relevant people on the reasons for your recommendations
- P6 you present your recommendations in an appropriate format and at an appropriate time
- P7 you monitor expenditure against budgets at appropriate times using methods which are reliable and comply with requirements
- P8 you control expenditure in line with budgets
- P9 you take prompt corrective action where significant variations from budget occur
- P10 you ensure that full and accurate records of income, budgets and expenditure are kept
- P11 you provide necessary information for accounts to be certified

#### Manage the collection of finances

*You must be able to:*

- P12 you inform service charge payers of their duty to pay service and other charges
- P13 you ensure that accounts are maintained and meet organisational and legal requirements
- P14 you agree and set up methods of payment of charges which meet the needs of your company and, where possible, those of the payer
- P15 you give service charge payers clear information on the way in which their accounts operate
- P16 you establish a **programme for monitoring** the payment of charges
- P17 you monitor accounts to ensure that payments are being made

#### Manage arrears recovery

*You must be able to:*

- P18 you regularly monitor accounts to check that payments are being made
- P19 where accounts fall into arrears, you inform debtors in accordance with agreed procedures and, where these exist, your client's instructions
- P20 you seek correctly to establish the reasons for accounts being in arrears
- P21 you offer appropriate and accurate advice on paying arrears
- P22 you take further **action to recover arrears** in line with organisational

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- procedures and legal requirements
- P23 you maintain an appropriate level of confidentiality when dealing with accounts which are in arrears
- P24 you keep full and accurate records of your decisions and actions at all times

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### Knowledge and understanding

*You need to know and understand:*

#### Manage finances and accounts for each property

- K1 the need for separately designated accounts
- K2 the implications of relevant legislation, regulations, guidelines and codes of practice
- K3 the implications of different types of property ownership when setting up accounts
- K4 the accounting process, including how to read accounts and procedures for preparing and maintaining accounts
- K5 the importance of cash flow, and the principles and factors affecting cash flow
- K6 how to develop and make recommendations for expenditure
- K7 procedures for making recommendations for expenditure
- K8 how to balance quality and cost to achieve value for money
- K9 procedures for monitoring expenditure
- K10 how to control expenditure in line with budgets
- K11 the requirements of account certification

#### Manage the collection of finances

*You need to know and understand:*

- K12 the duties of service charge payers under management agreements and other documentation
- K13 the range of different charges which apply to specific properties, including administration charges
- K14 how to set up accounts
- K15 requirements with regard to accounting for service charges and other income
- K16 the range of payment methods which you can make available
- K17 how charges and management accounts work
- K18 how to communicate effectively with others
- K19 why accounts should be monitored and the methods available for doing so
- K20 the implications for your work of relevant legislation, regulations, guidelines and codes of practice

#### Manage arrears recovery

*You need to know and understand:*

- K21 procedures for dealing with accounts which are in arrears
- K22 how to establish the reasons for accounts being in arrears
- K23 how to advise customers on repayment
- K24 how to communicate sensitively with those who are in arrears
- K25 sources of advice and guidance which are available
- K26 the methods which you can make available for repayment and the

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- factors which will affect what you can offer to debtors
- K27 requirements relating to the issue of warning letters
- K28 the range of actions available to recover arrears and your organisation's process for debt recovery
- K29 policies on confidentiality
- K30 the limits of your responsibility for arrears recovery
- K31 when to refer the matter to solicitors
- K32 when it may be appropriate to use a professional debt recovery service
- K33 when you would need to seek clients' instructions with regard to recovery of arrears
- K34 the importance of accurate recording

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### Additional Information

#### Scope/range

#### Manage finances and accounts for each property

You must make and justify **recommendations for expenditure** based on:

1. available information
2. agreed work programmes
3. value for money
4. a reasoned prediction of likely future expenditure

You must also show that you have the knowledge and understanding stated in this element.

#### Notes

In the management of leasehold properties, it is accepted best practice that management companies provide budgets to leaseholders at the beginning of each financial year.

Where charges are to be collected on behalf of a third party (e.g. ground rent for a landlord or premiums for an insurance company) you will need to show that these are also separately accounted for in line with your company's procedures and with the law.

#### Manage the collection of finances

You establish a **programme for monitoring** the payment of charges in line with:

5. your company's procedures
6. legal requirements

You must also show that you have the knowledge and understanding stated in this element.

#### Notes

Other charges may include:

7. insurance premiums
8. ground rent
9. charges for services provided in addition to the management agreement.

You may inform service charge payers via covering letters with estimates or demands.

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Other documentation may include:

10. leases
11. deeds of conditions
12. title conditions

Where charges are to be collected on behalf of a third party (e.g. ground rent for a landlord or premiums for an insurance company) you will need to show that these are also separately accounted for in line with your company's procedures and with the law.

### **Manage arrears recovery**

You must take the following types of **action to recover arrears**:

13. arrears letters and other correspondence
14. agreeing new payment schedules
15. instigating legal action

You must also show that you have the knowledge and understanding stated in this element.

### Notes

Policies on confidentiality may be your company's or your clients.

The range of repayment options which you can offer may be influenced or constrained by some or all of the following:

16. client instructions;
17. company procedures;
18. legal advice
19. codes of practice

Other correspondence may include application to mortgage lenders, land registry etc.

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**Developed by** Asset Skills

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**Version number** 1

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**Date approved** July 2008

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**Indicative review date** July 2010

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**Validity** Current

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**Status** Original

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**Originating organisation** Asset Skills

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**Original URN** RBM5

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**Relevant occupations** Managers and Senior Officials; Retail and commercial enterprise; Service enterprises; Managers and Proprietors In Other Services

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**Suite** Residential Block Management

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**Key words** Managing; collection; service charges; property; arrears

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