



Housing, Communities and Local Government Committee

Oral evidence: Property Management Companies, HC 980

Tuesday 3 February 2026

Ordered by the House of Commons to be published on 3 February 2026.

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Members present: Florence Eshalomi (Chair); Lewis Cocking; Chris Curtis; Mr Lee Dillon; Mr Will Forster; Andrew Lewin; Mr Gagan Mohindra.

Treasury Committee Member present: Yuan Yang.

Questions 65 - 150

Witnesses

I: Martin King, Managing Director, FirstPort; Catherine Riva, Co-Chief Executive Officer, Rendall and Rittner Ltd; Andrew Bulmer, Chief Executive, The Property Institute.

Examination of witnesses

Witnesses: Martin King, Catherine Riva and Andrew Bulmer.

Q65 Chair: Good morning, everybody. Welcome to the Housing, Communities and Local Government Select Committee. I am Florence Eshalomi, the Chair of the Committee. Can I ask my colleagues on the Committee to introduce themselves, please?

Chris Curtis: I am Chris Curtis. I am the Labour MP for Milton Keynes North.

Andrew Lewin: Good morning. Andrew Lewin, MP for Welwyn Hatfield.

Chair: We have a guest from the Treasury Select Committee joining us.

Yuan Yang: I am Yuan Yang. I am the Labour MP for Earley and Woodley constituency.

Mr Forster: Will Forster, Liberal Democrat, Member of Parliament for Woking.

Mr Dillon: Lee Dillon, Liberal Democrat Member for Newbury.

Lewis Cocking: Lewis Cocking, MP for Broxbourne and I am also a leaseholder.

Mr Mohindra: Gagan Mohindra, Conservative Member of Parliament for South West Hertfordshire.

Chris Curtis: I also declare that I live on an estate managed by Rendall and Rittner.

Chair: Can I ask our guests to introduce themselves, please?

Martin King: Thank you very much for the invitation to the Committee. My name is Martin King and I am Managing Director of FirstPort.

Catherine Riva: Hello. My name is Catherine Riva. I am the Co-CEO of Rendall and Rittner.

Andrew Bulmer: Good morning. I am Andrew Bulmer, Chief Executive of The Property Institute, a professional body with 7,000 individual members and approximately 360 firms.

Q66 **Chair:** Thank you. Today's session is looking at management companies. We have had this in the diary for some time and obviously everyone knows that the Government have now published the draft Commonhold and Leasehold Reform Bill. We will be launching a pre-leg scrutiny from this Committee and one of the areas we will look at is managing agents, but it is a good opportunity for us to discuss some of those issues with you all this morning and key areas that we, as Members of Parliament, continue to be contacted about.

We thank FirstPort for their regular updates to the Committee and they have appeared before. They also appeared before a group of cross-party MPs looking at leasehold issues. Coming to FirstPort, Martin, in the first instance, since you last appeared before the Committee, unfortunately there have been more cases of FirstPort in the news and colleagues right across the House see a big issue in their inboxes. Why do you think FirstPort seems to have such a bad reputation?

Martin King: Thank you for the question. We obviously ask ourselves why FirstPort has such a focus throughout the industry and at the Houses of Parliament and through residents. In the past we have not done a good job. It is certainly a challenging industry and as we have discussed whenever I have met anyone before, the purpose of me coming in two years ago was to turn that around. Perception is what we are now in: what is the perception of FirstPort? We deliberately, and we have promised to, release our results every quarter, our stats, and they are improving substantially. That moves us into a position of then convincing and removing the belief that FirstPort is very bad. I know that inboxes, because I am aware of inboxes, still have complaints about FirstPort on a variety of different areas, as with the whole industry, but this time last year we had 395 MP communications in place.

Q67 **Chair:** Would you say that maybe you are being singled out by Government, Ministers, parliamentarians?



Martin King: I think there is a focus on FirstPort. We are the largest independent company in the industry, so I understand that focus. What I need to do is make sure that the changes are implemented. I mentioned the MP contacts have gone down from 395 this time last year to 93. The number of complaints has gone down by 70,000. I know that the work that I promised I would do, that FirstPort would put in place, is starting to pay off for us and improving for our residents.

Will we get it right all the time? Of course not. I am absolutely sure there will be a number of examples where FirstPort has not got it right and I am sorry that we still get things wrong for some of our residents. Our complaint rate the last time I was here was 1.1, 1.2 per 1,000 and as of today sits at 0.77, which is a vast improvement. There are not many stats out there that showcase what complaints per thousand are, but for a service industry to get down to that level is good.

Q68 **Chair:** What material changes has FirstPort made to address that and bring those figures down?

Martin King: As I discussed before, for me practically I need to get after things that help our residents communicate with us, that we are perceived and seen as more transparent, that they understand what the role of the managing agent is in this complex industry. Our communication has improved. We now have 78% of our customers on My Home and that makes a big difference because a customer can go on and self-serve. They can see documents and they are doing that. The average in a quarter is about 100,000 log-ons to that website and that did not exist 18 months ago, so we are able to communicate. We have produced documents, which we have shared, that explain what the service charge is for, what our role is on the site. Our inspection of sites now stands at 20,000 to 23,000 every quarter where we are out on site, inspecting sites. We are being a lot more visible through communication, online, being onsite.

We are dealing with customer queries and complaints much quicker than before; 70% of our queries are now answered first time. If you remember last time I was here in June I mentioned that we were bringing in onshoring our customer call centre and that has worked well. We are able to train individuals to a higher standard to improve the service of the call when it is made and resolve the issue that the customer has a lot quicker and first time. Second-time calls have reduced by about 15%, which is a big difference.

It is not perfect, we still have work to do, I know there are still issues out there but, as you have seen, we have leant into those issues, we have liaised and met with MPs and residents. In the last quarter we had about 6,300 resident meetings and that is paying back to the residents and ensuring that we are communicating with them.

Q69 **Mr Forster:** Martin, you have highlighted you feel it is a success because you are having fewer issues raised with you. Have you assessed whether the slow time you take to respond is depressing demand and contact? I raised an issue with you at FirstPort in July 2025 on Florence Court in



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Woking and you responded to me in January this year, last month. I hear that from other colleagues and constituents. If you are ignoring MP correspondence and constituent correspondence, whether it is in Woking or across the country, surely that means you will not get as much contact from people. You should not then celebrate that success.

Martin King: As I said, we get things wrong and if we are not replying quickly enough—I will look into that—we will get more communication from residents. If we are not responding to them the first or second time or they are not satisfied with the response, they get back in touch with us. I understand the point that if we are just ignoring people, they will go away—that does not happen. I think the whole industry would agree with that. If we are not dealing with issues that our customers and residents have in a timely manner, and the figures—we have all the figures because we measure them all. We are answering calls quicker, resolving issues quicker, communicating with people quicker, and that makes a big difference.

I have seen that drop-off. The 70,000 drop-off in customer queries is not because we are ignoring people. It is because we are going out, we are meeting them and we are improving our service, which is what I said we would do, caveated with we are still not perfect. We are still working hard to get it as right as we possibly can. As I said two years ago, that is my main aim for residents as the industry changes, regulation changes and the role of the managing agent changes.

Q70 **Yuan Yang:** Thank you, Mr King, for coming before parliamentarians again. When we spoke about a year ago about the slowness of replies in various estates across my constituency in Reading, you mentioned that the first response time and the end resolution time has reduced by these proportions. Do you have numbers for what proportion of complaints take more than one month or more than six months to adjudicate? That is what we are finding over and over again with my residents.

Martin King: We can break that down for you. I will send that separately in a breakdown if that would be useful. I am very keen that we measure that because obviously it is important in reducing the number of complaints, whether a service level complaint or a query. We have put in place all the elements of an online service and onshoring—which is not an easy thing to do—in the last 12 months to get all of that done to have a better service for our residents. We can supply those stats to you because we measure them as they go through the different stages and what is solved at what point.

Q71 **Mr Mohindra:** Martin, sorry to focus on you for the moment. I have a 92-year-old constituent, Mia Cook, who lives in Penn Place. She has had water leaking into her flat from the flat above for a year. Your company manages the flat and you have failed to respond to several of her emails. Mould is now growing. She suffers from poor mobility, she is always in the flat and it is a potential health risk. What do I say to her?

Martin King: I apologise to her that in some way we did not get that right. I don't know the details.

Mr Mohindra: She only contacted me on Saturday, so this was very timely.

Martin King: It would be good to understand what that is. I will look into it and get back to you. As you know, and I have met a number of you in the past, if there is an issue that comes directly to me, it makes it much quicker to solve things if there is a particular constituent issue. Please share that with me and we will look into it.

Q72 **Mr Mohindra:** In Hulme in Manchester residents experience collapsing ceilings, leaks and rats entering buildings while service charges have more than doubled. The local MP said in December that no “meaningful progress” had been made despite contacting you over 13 times. What does this say about your company’s attitude to its residents and their elected representatives?

Martin King: Again, please do pass that particular example on and I will look into why that has occurred, whatever has occurred and we can dissect what that is. That is not what we are in this business for. It is a hard business but 95% of our portfolio is well managed and is static for us for a period of time, but we do get things wrong. I do not know that example and what has gone wrong, but if you supply that to me I will look into it and get back to you as soon as I can.

Q73 **Mr Mohindra:** Let me share the love. Catherine, your company manages a tower block in Birmingham where they were without running water for days. Are those residents getting value for money on their service charge?

Catherine Riva: We constantly strive to deliver value for money. We appreciate that sometimes there are issues that I would like to sincerely apologise for. I believe in that instance we were waiting for a part, but I am more than happy to investigate further and come back to you.

Q74 **Mr Mohindra:** Thank you. For both Martin and Catherine, how are you assessing the needs of vulnerable residents when you deal with the managing and servicing of their property?

Catherine Riva: For each of the properties that we manage we work very closely with the residents. We ask residents to let us know if they have any vulnerabilities that we need to be aware of to make sure that we manage the building as a whole properly. That can be recorded on the systems that we have and also we liaise with other partners and stakeholders. For example, if there are housing association residents, we liaise with our housing association partners so that we can gain an understanding of the residents in the building. It is really important that we have an holistic overview so that we can adapt our services.

Martin King: My answer is very similar. It tends to be an industry thing. We understand who lives there, if there are any special requirements that we need to take into account if the building needs to be evacuated and so on. It is very similar to Catherine. We will go through that process and understand systematically. We have focused an awful lot on making sure that our health and safety and building safety teams are much larger. We



have been deliberately hiring senior people to make sure that as legislation and regulation come through, the buildings are understood more and dealt with quicker than they were in the past.

- Q75 **Mr Dillon:** Martin, picking up on building safety regulations, you manage a scheme in my constituency where the south tower lift has been out of action for 22 months. It was promised that work would be completed by Christmas, then by 12 January. As of yesterday, it still had not started. FirstPort said that because the building is greater than 18 metres high it must comply with the 2022 building safety regulations. The resident there said, and I think it is important you hear it in their own words, "Baily has not suddenly grown in height. It has been greater than 18 metres since it was built in 2011 and the new regulations have been in existence since 2022, well before this project was ever conceived. How have FirstPort's major project team been so inept as to only discover at this stage that any works now need to comply with these regulations?"

Martin King: Again, I will need to look into that specifically, but we take building safety extremely seriously. I will need to look into why there is a delay, what the delay is on the particular lift in that building.

- Q76 **Mr Dillon:** It is more about the approach here, Martin. It is not that individual lift. It is at the point of committing to do the work you are then going back and saying, "Actually it is over 18 metres and it needs to comply with these regulations" when your team should have known that all along.

Martin King: I will have to look into that example but it is not a systematic approach to everything that we do. If we are unsure about something on a building we will go away and check that. We will make sure a surveyor is there to look at it. We take it incredibly seriously. If it delays aspects of the major works it may delay things, but we need to get it right for the safety of the building, the people in the building and the residents.

- Q77 **Mr Dillon:** The residents accept that you need to get it right but why don't you have that basic information at the start of a project and then commit to residents for something that you will not be able to hold to that standard, which further erodes trust in your organisation?

Martin King: If we get it wrong or we don't know the answer to something, we need to go away and check it. I will have to look into that particular aspect, but overarchingly if we need some information or we are missing or are unsure about something or something that may have been a fact for a time turns out not to be, we need to look into that and why. It can take time and I know that is frustrating to residents, but we do try to communicate delays. The key thing is that ultimately the building is safe and the residents are safe.

- Q78 **Mr Dillon:** That lift being out of action resulted in one resident not being able to pass away in their own home because they did not feel safe with the alternative provisions that were put in place.



Martin King: It is always saddening where if things don't go right or are delayed that has an effect on residents who live in their homes. For us it is a motivating factor to make sure that we can get things right for 350,000 homes over 6,000 developments. When we get a lift that is not working or a development that needs to be looked at specially, in this example, we try to get it right more often than not, but when we do get it wrong we will communicate that and move ahead as fast as we can.

Q79 **Chair:** On the incident in December, Martin, you mentioned that if we provided more detail you would look into that. I want to know about the communication teams at FirstPort because that incident was all over BBC News. I appreciate that FirstPort manages so many properties and that staff, including management, have to have time off, as we as parliamentarians have time off, but to see that you were not aware of that was quite worrying.

Martin King: For me personally?

Chair: Yes.

Martin King: We have a large portfolio from Scotland all the way down. If a lift is out somewhere in a particular region, if I know about it first hand—

Q80 **Chair:** I think a lift and a leak, but this was collapsing ceilings, ongoing issues. You would have thought that with something of that magnitude and it making the news the comms team or PR teams—

Martin King: Yes, and the comms team will be and the head of that region will be. As you know, we regionalised the business about 18 months ago. The reaction to incidents like this is now a lot quicker. It is always regretful when we fall behind on something or something happens that we end up in the press, like any of us in the industry when things go wrong. It is how we react to that. The comms team will be aware and will liaise with the team in the region. They will liaise with the press and communicate with the residents as well. It is in our interest and for the residents that we solve these problems as fast as we possibly can.

Chair: For sure. Thank you. Moving on to service charges, Lee.

Q81 **Mr Dillon:** This is to Martin and Catherine. What were the average service charge and management fee increases for each of your organisations in 2024-25?

Catherine Riva: In 2024-25 they were tracking below inflation. When we reported previously to you we had looked at a subset of our portfolio of about 350 clients and compared that to the TPI index for the period 2019-2024. Our service charge increases as a whole were very much aligned to the evidence that was provided. We have subsequently taken a further look at a further subset of 250 clients to see the impact of the current year's budgets that have just been agreed. We have seen that previously over that five-year period overall there was a 42% increase in service charges. Over the next five-year period, including 2026, we have seen it as 40%, so there has been a reduction. In the December budgets,



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within that subset we have seen a reduction of 1.3%, which obviously in real terms is higher than that. Looking at service charges as a whole is a key focus area for us to ensure that we are delivering value for money for our customers.

Q82 Mr Dillon: What was the average increase for the organisation? What is the figure?

Catherine Riva: I will need to double check the figure precisely. I believe it was around 3%, 3.5% but I will come back to you.

Mr Dillon: Martin?

Martin King: It was 2.1% for us over that period but very much similar for the TPI. We were in a median in the industry.

Q83 Mr Dillon: A follow-up to both of you: within your management fees, how much has your profit margin changed year on year?

Martin King: For us it is relatively static. Management fees where we are at the moment is 2.1%. Is the question what margin on management fees?

Q84 Mr Dillon: Yes. What profit are you making on the management fees, margin of profit?

Martin King: We would have to check independently on what that is.

Catherine Riva: We will do the same. We have found, though, that profit is certainly something that we need to achieve but we are reinvesting significantly in driving service delivery. Profit is challenging because we are consistently reviewing how we can improve service delivery. It is an area of focus. Ensuring that we can deliver good customer service is a key focus area for us.

Q85 Mr Dillon: The focus for residents, and maybe some in the gallery and those listening in, is the lack of transparency of service charges and management fees and then the lack of quality service delivery, which they have paid for and to high values. I am surprised that you came here today without having all of those types of answers at your fingertips, to be honest. I think that our constituents would expect to hear those types of answers from you today and for you to be prepped about the line of questioning we are taking.

On service charges, Chair, I have another example to bring this to life for the Committee. Leaseholders had the 2024 year-end adjustment demand seven months late and it had an increase in there of £62,859, which was for the car park general maintenance. That is the line. There are 135 car parking spaces in that car park, so that equates to £465.62 per parking space. This is one of your schemes, Martin. The residents say that some plastic bollards have been replaced but there has not been any more work done in the car park and there was not a section 20 consultation. Does an increase in fees of over £60,000 to manage a car park sound reasonable or fair to you?



Martin King: I would have to look into those figures, what site that is. I think we all agree that the service charge has gone up certainly over the last five years and there is a number of reasons for that—utilities, maintenance, insurance. The management fee, which is what we work with, is a percentage of that, which for us is about 4.5%. I would have to look into the car park and why that has gone up so much. I don't know the answer to that. I will check and provide that to you. I will look into it.

Q86 **Chair:** Martin and Catherine, you have a situation where time and time again residents ask for transparency on that. I have an email chain from a constituent where they have asked to see where those management costs are being applied. Their current managing agent is in the process of moving to Rendall and Rittner. The constituent is asking why the £300 management fee and the service fee is increasing from £300 to £600 per month. I think that where residents are receiving a service people will pay. The key area is transparency of what they are paying for. My colleague Lee asked why you don't have those charges. My understanding is that you were briefed by Committee staff about the areas we want to question you on this morning, so it is quite disappointing to see that you don't have those figures on hand. If you are able to write to the Committee afterwards, we would appreciate that.

Mr Dillon: I think, Chair, we are getting the same experience as our residents get when they contact them.

Martin King: If I may add, especially on the service charge, as you know we produced "What is a service charge?" and even in some of the descriptions today of what a service charge is, it is charging for the services by each development. Each development will have a list of different services that are computed at the beginning of the year and then sent out. Being transparent and residents understanding what they are paying for, what services are being delivered to that particular development is obviously very important. We produced that document, which we sent out to everyone. We are changing the design of how we do billing so it is more transparent and people can understand it. We have uploaded, I think I mentioned last time, 10 million documents to the website that people can read to understand that.

Understanding what services are provided, why costs have gone up considerably in service charges or services provided, why that is, is important to us as well. In the examples given today and elsewhere there is still a misunderstanding of what a service charge is for, how it is computed and how that is delivered to them. We are working hard at producing that, which obviously we have still not perfected.

Catherine Riva: If I may also add that communication is a key area of focus for us. When we wrote to you previously we explained that we had rolled out a customer engagement platform that tracks and monitors communication so that we can report on response times. We had also established a customer experience team and we have invested more in that. We have now extended our operating hours, so Monday to Friday we are working outside of normal working hours and also on a Saturday

to make sure that we are more accessible to our customers. We have also launched a new initiative looking at the communication that we send out. We are employing a specialist consultant to look at that and we are also engaging with resident groups so that we can incorporate their feedback directly into that initiative.

Q87 Andrew Lewin: Martin, my first question is for you. Thank you for coming back to the Committee and fronting up. That is important. I have to say that I think there is an astonishing mismatch from your opening comments about a service that is improving and doing well for a service business, I think you said at one point, and the stories we have heard from colleagues on behalf of residents today. My focus is on transparency, which the Chair has already talked about. I am keen to understand, since you were last in front of us in June, what steps you have taken to be clearer with residents about where their money is going and also whether you ask residents about whether they consider your service to be value for money.

Martin King: Thank you very much for the question. First, if I may go back on the customer satisfaction and what we are doing, we send out surveys and ask people what they think of us. This time last year customer satisfaction on our portfolio stood at about 45%. That has improved by 31%, so we are up to almost 70% customer satisfaction now. I understand your point about a number of individual issues that we still need to deliver for our residents, and we will always will.

We will always get things wrong and we will always try to resolve them as quickly as we possibly can, but we are very keen on improving customer satisfaction. We measure that and we have been measuring it for the last 12 months. If calls are going down by 70,000, if customer satisfaction has gone up by 31%, these are good statistics and prove that we are moving in the right direction. We have not got everything right and I am still driving that forward to improve for all of your constituents and our residents. It is work that I am taking very seriously.

When we look at the transparency of how well we are doing or where the issues are, as the Chair mentioned at the beginning, we publish those. We send them out, we send links out. We publish results every quarter of how many calls we are getting and how quickly we answer them and so on. We are being transparent. We are probably the most transparent company with regard to publishing the format of customer results. We have been doing that for about 18 months, sending that information out.

If we need to do more, we will do more. We have been building out an improved comms team. We are sending our people to out have resident meetings and surgeries, as well as improving our inspections on site. We are engaging with our customers, making sure that we are fronting up to conversations. We are publishing the results from every time that I have visited and met with you. We do that every time and share those results for everyone to see.

Q88 Andrew Lewin: Do you publish the questions you ask people to get to a score of customer satisfaction? I am interested in that, just briefly, and I



will then move on to the rest of the panel. I did ask whether you would consider asking customers if they consider FirstPort to be good value for money? Do you currently ask them that question?

Martin King: We ask them, “What do you think of FirstPort?” and give us a grade from one to five. What we do not do, and we have seen others do, is say, only tell us bad things. We obviously want to know what the rest of our portfolio thinks of us across the board. If we retain 95% of our portfolio every year, liaise and have conversations with customers that are satisfied, obviously 5%—which is what we are talking about here today—are not. How do we improve relationships with 5% of our portfolio and improve our service to that 5%?

We are doing the whole portfolio, sending out a customer survey of, are we 1; are we 5; where are we on your scale? The answer is yes, we are doing that, we are sending out a number of questions to the entire portfolio very shortly, and we can then gauge how well we are doing across the board. In the process of improving a number of different services, we need to know where we are, where we sit and what we need to focus on, and that is what we have done.

Q89 **Andrew Lewin:** Catherine, moving to you. There have been a lot of questions directed to Martin and FirstPort, but they have committed to, and are publishing, quarterly service updates. My understanding is that your business is not doing that, at the moment. Can you talk us through why you have made that decision and are you looking to change it?

Catherine Riva: We would be more than happy to review. We seek customer feedback in a variety of ways. That is done through the senior management team being hands-on, and I include myself and my co-CEO visiting customers and being part of residents’ meetings to hear feedback directly. We do that in addition to taking surveys because sometimes customers get survey fatigue and you do not often get to the root cause of problems that way. Having direct conversations is hugely important among various ways of getting feedback.

We also closely monitor the complaints that we receive. The number of complaints that we receive as a proportion of the number of homes that we manage is around 1%, but I agree that is 1% too much. We know from the data that we are now getting from our customer experience team that approximately 50% of the enquiries that we get are around financial matters, service charges, but also maintenance issues. That is where we are targeting and driving service improvement, one of those being looking at enhancing our communication style and getting feedback directly from customers to make sure that we evolve that in the right way and are not presuming what it needs to look like.

Q90 **Andrew Lewin:** Andrew, can I come to you because we might have consensus breaking out here. FirstPort is publishing quarterly data. Catherine has just told the panel that she would be more than happy to do so. In your role, would you consider making it mandatory for members to publish data so that we, as parliamentarians but most importantly residents, can look at a consistent group of data and compare

performance among providers?

Andrew Bulmer: That is a novel suggestion, and it is certainly one I will take away. We are on the cusp of finding out from Government what supervision will become mandatory through possible designated professional bodies, or ideally a regulator. Collating that kind of information if you mandate it, will be more easily done through a regulator. In the interim we have created a customer satisfaction toolkit. It is in the final stages of pilot. It is voluntary for firms to take and use it. It will give them an insight into how the customers feel about them.

A lot of the questions in that toolkit are cross-referenced to the social housing tenant satisfaction survey, so that you can benchmark private against social and get some consistency in there. We have created a toolkit; we have not mandated it yet. We will probably take a bar's rest while we wait for the Minister to announce his intentions as part of the hoped for additions to the draft Bill. If we are disappointed with what comes forward, that is certainly something that we would consider.

Q91 **Chair:** Andrew, seeing the many complaints TPI would receive on the failings of different managing agents, would you not say that this is something that the TPI should have been looking at? Does almost saying that it is still at a voluntary stage in effect let off some of the managing agents and the bad practice that we see across from many of them? It is almost a carrot and stick approach at the moment. FirstPort is publishing theirs; Rendall and Rittner are saying they might look at it. Does that not seem quite patchy across the sector?

Andrew Bulmer: Membership of The Property Institute is voluntary. Firms do not have to be a member. You asked quite a long and extended question there, and I started to lose the thread of it at the end. Could I ask you to re-phrase it in a more cutting fashion?

Q92 **Chair:** You have said that membership is voluntary. I am hoping that as we do our due diligence on the Bill Committee, the future of managing agents and regulation will feature quite a lot. I have said in the Chamber that that is a key omission in what the Government have laid down. In response to all the complaints from constituents right across the country and from cross-party MPs, would you not feel that TPI would welcome it if the Government came out and said there should be more regulation? In essence, you are saying that you are waiting for the Government to give more guidance on that.

Andrew Bulmer: I do not think that we will have to wait very long, but if we wind the clock back, the surge in complaints has not been overwhelming. We do receive complaints about members and we have a process, but generally service complaints should go to the ombudsman. The ombudsman is set up with the powers to award redress and put a consumer back into the place that they need to be in. We do not have those powers; we cannot do that. We can operate a disciplinary process for our members and discipline them, but we cannot remedy something that has gone wrong for the consumer.



I would suggest that the surge in complaints arrived with the surge in service charges, when inflation, energy costs and insurance costs bit, and especially following the building safety crisis when building safety costs bit as well. The upsurge is comparatively recent and, as we recognise that, we felt that we needed to put some truth, transparency and data around levels of service charge, so we introduced the service charge index and collected data on that. The next step was to start measuring customer satisfaction.

Because membership is voluntary, we cannot force members to do this yet, but we wanted to pilot that customer satisfaction survey, make sure that it works and operates with the software, and that the data can cross-read to the tenant satisfaction survey. A decision will need to be taken as to whether, and when, we mandate it. We are hopefully merely weeks away from the Minister making his intentions clear, and we look forward to that.

Chair: I just want to challenge you on that one point regarding inflation. I have served as a councillor and an Assembly member. For the longest of time, service charge has been raised with me, and it is an issue that continues to be raised by many leaseholders up and down the country.

Q93 **Yuan Yang:** To Ms Riva and Mr King, my colleague, Mr Dillon, asked if you could tell us your profit margin made on management fees, and you both said that you could not. Do you know your overall profit margins for your whole company?

Martin King: Yes.

Yuan Yang: You do.

Catherine Riva: Yes.

Q94 **Yuan Yang:** I assumed you do. Where do you make profit other than from your management fees?

Catherine Riva: Where?

Yuan Yang: Yes.

Catherine Riva: Our primary function is residential property management. Our primary income is from management fees.

Q95 **Yuan Yang:** You make profit from your management fees; that is your primary source of profit?

Catherine Riva: Yes.

Q96 **Yuan Yang:** Is it the same case for you, Mr King?

Martin King: Correct, yes.

Q97 **Yuan Yang:** But you do not know the margins on the profit that you make; is that what you are saying?

Catherine Riva: I will come back to you on that point.

Q98 **Yuan Yang:** I have your accounts for the last financial years that you



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have reported your accounts. Mr King, FirstPort has a loss in its last two financial years for which there are accounts of £22 million and £25 million respectively. Could you explain this loss? Is this from a loss of clients, such as freeholders and leaseholders who have a right to manage and are leaving FirstPort?

Martin King: Yes, but I would have to see what those figures are and where they came from.

Yuan Yang: These are your public accounts.

Martin King: That is great, but it would be good to look at them and confirm them.

Q99 **Yuan Yang:** Mr King, do you not have a responsibility, as the CEO of your company, for filing your accounts?

Martin King: Yes, but understanding of where those figures come from—just reading those figures is absolutely fine, but if I may answer, we have made enormous investment into the business over the last two years. Andrew mentioned a number of different points—health and safety; building safety; the new Ofgem requirement for the business. We are investing a lot into the business. Yes, we have churned clients, as everyone does, within that 5%, and that is always regrettable as a business, but we have invested a lot of money into the improvements of our business, in new teams, new capabilities, the website we have invested in and communications generally.

Many of the aspects of what we have spoken about today need investment from the company to improve and make sure that we are fit for purpose for the future.

Q100 **Yuan Yang:** The experience that many of our residents come to us with is that they ask their local managers on their estates for transparency over invoices and service charges, and they are met, time and time again, with professed ignorance. It is very difficult for us, as representatives, to see whether the people they are speaking to are simply not high level enough to know the details, or if they are purposefully trying to obfuscate the answers to those residents' questions. I feel like we are having the same experience with you on this Committee. You are the most senior people running your companies. You cannot tell us the details of the accounts that you have published and that have been sent to Companies House, in your name as well as the names of your directors who are legally responsible for those accounts.

Martin King: I think the question was what have we invested in, where has our money gone? We have invested millions in those new teams. My focus—

Q101 **Yuan Yang:** That was not the question. The question was, can you explain your massive operating losses for the last few financial years?

Martin King: We have lost clients. They churn as much as we win business, but we have invested an lot into the different teams that we need to invest in as regulation comes through. As one of the largest



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managing agents, we have to make sure that for us to be fit for purpose, as an industry, not just for FirstPort, we have the right people and the right teams, with the right training.

I mentioned last time that almost 1,200 people have gone through TPI level 2. We are moving into TPI level 3, pushing everyone up. That will become a requirement in the new regulation so for us to get it right—and this is obviously an interesting question outside of FirstPort—how will all the industry members who work in managing agencies throughout the UK deal with the changes that are coming through with regulation?

For us, we can invest more and have those teams in order to secure the portfolio and ultimately make sure that we are ready for the regulation that comes through.

Yuan Yang: I feel like I am not going to get an answer to the question about the collapse in turnover.

Q102 **Chair:** What my colleague was trying to ascertain was if the fall in profits reflects the fall in membership, residents, people walking with their feet, and people withholding paying for their management fees because they are not receiving a service.

Martin King: My answer is that we have invested.

Yuan Yang: Your investment does not explain your loss in revenue.

Martin King: We do lose clients; everyone loses clients.

Chair: You clarified that you make your profit from the management fees, so we are trying to find out—

Martin King: We take the management fees that we have and invest in areas of the business that we need to.

Q103 **Yuan Yang:** You are receiving far fewer management fees. In the last two financial years, your turnover has reduced by something like 30 times. Does that reflect the number of people who are leaving your services because they now have right to manage or because freeholders and developers have decided to quit FirstPort?

Martin King: Some have, and others have not. We have invested the money elsewhere in the business to make sure that we improve. Where we were making profits elsewhere, we are now investing that into the teams that we need to invest in.

Yuan Yang: I am not sure we are going to make progress on this point.

Chair: We will leave it there, thank you.

Q104 **Lewis Cocking:** My goodness, I do not know where to start, to be honest. I have lots of questions. I am a bit shocked that you have come in front of us today without some of the information that we have been asking for.

I do have one question to start with for clarity. I will take you back to the



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question that was raised by the Chair about the situation you had in Manchester that was on BBC News. That did not cross your desk, Mr King?

Martin King: I am absolutely sure it would have crossed my desk, as much as other questions and issues do come across my desk. My team would have dealt with it. We have issues elsewhere in the country as well that we will be aware of and will make sure the right people are working on them.

Q105 **Lewis Cocking:** Sure? But did it or did it not? This is a significant issue that has been on national news across the country and that is negative for your company. "Sure", as in it did cross your desk? Did it or did it not cross your desk?

Martin King: It would have crossed my desk as much as any other issue, because if there are issues with a lift or something to do with a resident, whatever the issue is, it will come through the correct channels in the business, and I will know whether we are dealing with it or not. Do I know intimately every single issue that is out there? I cannot possibly know that.

Q106 **Lewis Cocking:** No, that is not what I am asking. I am asking about a specific issue about your company that has made national media in the United Kingdom. Did it cross your desk or not? I am not asking about every specific issue we have raised today, or every specific issue your company faces. This is an example of an issue that has made national media.

Martin King: Again, yes, it would have done. It would have come across my desk, as much as others come across my desk as well. If there is an issue—it does not have to be in the national news—if there is a serious issue at one of our developments, anywhere in the country, from Scotland to Cornwall, that will more than likely come across my desk, whether it is in the news or not. If it is in the news or not is not a deciding factor. It is still about a resident, even if it does not make the news. That will still come to me. I will make sure that the right team is dealing with it.

On of those 6,000 developments and 350,000 homes that we manage, do I know everything, every single day? I cannot possibly know all the details and that is why I will look into that one specifically and come back, because they can be complex issues. If there is an issue, nationally, that we are dealing with, we will deal with it.

Q107 **Lewis Cocking:** I do not want you to take any more time, because you are not filling me with confidence that you even know about that issue, and that is shocking considering that you are in charge of the organisation that made national news.

One of my colleagues asked you a question, and you both gave answers in percentages that do not really mean anything to people listening in or watching. How much, in real terms, as in cash—£10, £20, £100— did service charge go up on average last year? Not a percentage—you both

gave a percentage earlier—how much in cash are we talking?

Martin King: It is a very difficult question to answer, and Andrew may know more.

Q108 **Lewis Cocking:** Hang on a minute, one second. You have come in front of a Select Committee of Members of Parliament; you have significant issues, both of you, with your organisations—I have not found one person that is happy with either of you across all of the properties that are managed in my constituency—and you cannot tell us, in monetary terms, how much service charges, on average, went up in your organisations last year? Were you briefed before you came here today?

Martin King: We were. Thank you. Service charges differ depending on the development that we manage, and it is the same for Rendall and Rittner. A service charge is for particular services, for a particular development, depending on what is happening and there have been some large rises as Andrew mentioned earlier, such as a 70% in utility bills. That is something that will happen across the board and across the portfolio. My answer is that we will look into what that average across the portfolio is for you and come back to you on that.

Q109 **Lewis Cocking:** When you have your board meetings, no one presents you with an average figure? No one says, “Out of all of the properties we have managed, this year, on average, service charges have gone up £100”? That is nonsense. Are you hearing the answers you are giving us?

Catherine Riva: It is usually quoted to us in percentage terms because of the variance in scale of service charge budgets. I am more than happy to share that information with you.

Q110 **Chair:** I go back to my earlier comment about your being briefed to attend and appear before this Committee. My understanding is that your teams were asked about the average service charge increase. A number of our residents, and other residents and leaseholders watching, will be receiving their new bills in the next few months, so it is really important that we see how much those costs are going up on average. We fully appreciate that there will be additional costs, inflationary costs, in some of the services you are providing, but to get a better picture of whether or not residents are receiving value for money, we do need to see some of that detailed information.

Catherine Riva: I completely agree. As I mentioned earlier, we looked at the subset of the 350 clients that we reported on to you previously. In preparation for coming here today, we looked at the impact of the 2026 budgets that had been agreed. For the five-year period, we had seen an increase of 40%, compared to 42% for the previous five-year period. For the December budgets that we looked at in that subset, we saw a decrease of 1.3%.

Q111 **Lewis Cocking:** I am not going to get any answer out of you two. It is very disappointing that you have come here really unprepared.

Andrew, lots of people join up to The Property Institute. Do you just take any of these companies, or do you do any checks that any of them are



any good?

Andrew Bulmer: We have two classes of membership: individual and company. If you are referring to the company membership, we carry out a number of checks. Do they have PI? Do they operate client accounts? Are those client accounts operated correctly in terms of name and where they are held? Are they trust accounts? Yes, we carry out a number of due diligence checks.

Q112 **Lewis Cocking:** Have you ever turned anyone down from joining?

Andrew Bulmer: Yes, we have.

Q113 **Lewis Cocking:** What would they have to do to be turned down from joining?

Chair: You have suspended members as well in the past, correct?

Andrew Bulmer: We have suspended members in the past, and it could be for client account irregularities, for example.

Q114 **Lewis Cocking:** But not for customer satisfaction or anything to do with service charges, anything like that at all?

Andrew Bulmer: I can think of one case where there were poor behaviours and we removed a firm from membership. I should not speak about an individual case because I cannot remember the details, it was a little while ago. Yes, we have expelled members, and we have declined members from entry.

Q115 **Mr Dillon:** Martin, I just wanted to come back on the point my colleague was making about the company's losses. It is not sustainable for FirstPort. You cannot afford to lose £25 million a year, and if you do, I am sure you will soon be out of business. It makes me think that you are not out of business despite making a £25 million loss. Do you have any contractors that provide services to residents that are financially linked to FirstPort or any of your parent companies?

Martin King: Do we use contractors?

Mr Dillon: Contractors that are linked to FirstPort financially or are part of your parent company?

Martin King: We are part of a group, as you know. Most property companies are, as Rendall and Rittner is. We are a property company that has industries within it. Yes, we do use other areas of the business.

Q116 **Mr Dillon:** Of that £25 million loss, how much went back to the parent company and then sat as a loss on your books?

Martin King: Again, I would have to review the question on what that actually means and where the £25 million has gone.

Mr Dillon: If you could write to us, that would be appreciated.

Chair: I am mindful that we need to move on, colleagues.

Q117 **Chris Curtis:** I have a very specific question on that point. You will say that every project goes through a very specific bidding process, in which

case you would assume that you use an insurance company. I think the parent company also has an insurance company.

Martin King: What was that?

Chris Curtis: Your parent company also has an insurance company?

Martin King: Yes, there is an insurance company.

Q118 **Chris Curtis:** The parent company has an insurance company, which you use. It would be good to know if it looks like FirstPort customers are more likely to get services from companies that are also owned by your parent company. If it is operating free market, then you would assume that it is the same across the industry, so FirstPort customers would be no more likely to get an organisation that is connected to FirstPort. In your response, it would be good to give an indication of whether that is the case or, for whatever reason, FirstPort customers are more likely to get services from companies that are financially connected to FirstPort.

Martin King: You are talking about KSI insurance, I think, on this one. KSI is a broker. It is FCA regulated. This comes up each time, and all property groups have similar organisational elements. It is separate. It is FCA regulated. KSI brokers insurance deals depending on each case within developments that we manage. On the whole, it will then be the choice of the development to choose it or not. It is, as an insurance area, quite a difficult market, but KSI will go out and get a minimum of three quotes, and that will be put to a choice for a development to take or not. I do not manage KSI, it is FCA regulated.

Chris Curtis: The point is that KSI made £1.8 million in profit in 2024, for example.

Q119 **Mr Forster:** Andrew, the TPI last year temporarily suspended FirstPort for administrative breaches. Was that a punishment to them? Did they save money on your membership fee or not? How badly does a property managing agent have to act to be fully expelled, not temporarily expelled?

Andrew Bulmer: FirstPort was suspended for three months. Because it was a fixed-term suspension, at the end of that period, FirstPort was readmitted. Complaints are dealt with by referring to CEDR, the Centre for Effective Dispute Resolution. CEDR is an independent organisation that works for a number of professional bodies. CEDR looks the facts of a case, concludes whether wrongdoing has happened and makes a recommendation as to sanction, which then goes up for action. In that case, that was the recommendation of CEDR, the independent body.

Is it a punishment? I suppose it is. It certainly was widely reported and has been referenced several times today, so in that sense, I think it is. Also, however, it is an opportunity for that firm to reflect and put things right.

I have consent to speak on this. There was a second suspension. The second suspension was suspended pending our audit team going in and looking at that particular aspect. The particular aspect was handovers



from FirstPort to other firms, and we were seeking evidence that processes had been put in place to prevent it happening again.

Because membership is voluntary, there was a limit as to what we can do. If we expel somebody, they can just carry on trading. The best outcome for us is to lead, pull and cajole, and we did that by saying there is a suspension, you need to put your house in order, and you need to do this. I believe that we will continue to send our team in and look at those kinds of matters. If there are fresh cases, of course, they could be brought forward. Again, they would go to CEDR and would have to be handled by due process in the appropriate way.

Q120 Mr Forster: When members are suspended by TPI, do they continue to pay their subscriptions? Is there a further fine?

Andrew Bulmer: We do not have the power to fine. We do not return or reimburse any of the subscription; they are still paying. The suspension means that suspended members have to remove the logo and can no longer quote that they are a member of us, and it is made known. We still give them access to our materials, for guidance notes and the documents that will help them to commit to compliance. There is no point in pulling those services away from a firm.

Q121 Mr Forster: Are you satisfied that all members are abiding by your code of conduct? The most recent suspension of FirstPort, as you said, was about when they were handing over properties to another potential property manager. We have highlighted that we are concerned about FirstPort's finances, that FirstPort is not financially viable and is losing customers. If a company is struggling financially because it is losing customers, it is going to be reluctant to hand them over. Is that what you think as well? Might a company know that people are walking out of the door, but because it is a monopoly—if it was a normal business, a supermarket, say, people would be shopping elsewhere—but because it is a monopoly, it hounds them for as long as possible?

Martin King: I will just pick up on the monopoly piece if I may. We are 4.5% of the market. I have heard this before that FirstPort is a monopoly or the largest. We are 4.5% of the market only. That is not, as described, a "monopoly".

Q122 Mr Forster: You are the largest, single provider of property management services in the country, are you not?

Martin King: The Odevo Group is the largest, not us, but we are the largest independent.

Mr Forster: Largest independent.

Martin King: Yes.

Mr Forster: When we highlight "monopoly", I can decide this evening, do I go to Tesco or Asda for my food shopping, and so can our constituents. Our constituents, I am afraid to say, Martin, are stuck with FirstPort for the foreseeable future.

Chair: Yes, they cannot change.

Mr Forster: That is the concern about monopoly. Andrew?

Andrew Bulmer: Sorry, that turned into a conversation. Could you restate the first part of your question?

Q123 **Mr Forster:** We are concerned that FirstPort is not a financially viable business because it is losing £20 million. Part of the reason for that is because leaseholders, freeholders are seeking the right to manage when they can and are leaving the group. You had suspended FirstPort because it was not handing over properties properly. Do you believe that is part of FirstPort's game to stay in the market for as long as possible?

Andrew Bulmer: That would be conjecture. We have to deal with matters of fact.

Q124 **Mr Forster:** Do you investigate that?

Andrew Bulmer: We have a standard for handing over estates. If they do not meet the standard, whether it is for that or other reasons—perhaps they have lost information—whatever it may be, the fact of the matter is that handover has not happened as it should do. I cannot go into conjecture as to why that is, but it is a fact that it was a problem and that leaseholders were not served.

Mr Forster: I appreciate that and am going to hand over to Chris to talk about regulations going forward. What has been highlighted in this conversation is that the current self-regulation, it is fair to say, does not work. We are all of the mindset that we need property managing agents to be regulated rather than have the wild west situation that we have now. I am afraid that what we have heard today worries me for constituents but also worries me for your investors. I would have no confidence if I were a constituent who was a client or an investor. That is why we are of the mindset that we need to properly regulate property managing agents.

Q125 **Andrew Lewin:** I will be quick, but this is really important. The Committee has just learnt that FirstPort have been suspended twice. Martin, a question for you. We are on the record. There is an old saying, "Three strikes and you are out". Would you take personal responsibility if FirstPort were referred to TPI for a third time? Would you consider your position?

Martin King: It was only one time that we have been suspended and that was in March last year. We have not been suspended twice. We then had the investigation from TPI and some elements of that investigation came back as exemplary processes, and we are very pleased with that. TPI is a voluntary organisation that we are a member of and we have been supportive of that area for a long time. For the last 10 years, we have also been pro more regulation of the industry. If the intimation here is that more regulation of managing agents needs to be put in place, we have always said yes. Since Lord Best mentioned it 10 years ago, we said yes.

What that regulation looks like is obviously not up to us. Whether it sits within a TPI organisation or is a wholly separate organisation that is organised by Government, I do not know, but there are many companies that do estate and block management in the UK, thousands, of which, yes, we represent a couple of the largest groups in that area, but the more regulation that is in place that regulates the process can only benefit the residents that are there.

Catherine Riva: We are also advocates of regulation. Rendall and Rittner is accredited and voluntarily regulated by the RICS and has been for 20 years. We believe that regulation and accreditations of other bodies that we are working with has helped shape our business, making sure that we strive for continuous improvement. We do know that there are areas where we need to improve, and we have talked about some of those today and I want to state, on record, that we are also advocates for regulation.

Q126 **Chris Curtis:** Mr King, you have seen suspension, do you think that you are now meeting good practice for that handover process?

Martin King: Yes, we have had the investigation by TPI, which looked at all the processes that we have in place. There were processes that, in that case, I think we were outside of the 30-day window to hand over some details. That, in a way, is relatively common. Delays happen. We were suspended for three months, and we continue to make those improvements across the board. There are delays in handovers in place at the moment, and there are complex areas in developments that we do, but the processes we have in place are now much better than they were.

Q127 **Chris Curtis:** The Waterways estate in Milton Keynes was handed over to Neil Douglas on 1 September 2025. As part of that takeover process, the new management company has described it as, “a shambles”. It says it was not given any information when it took over from FirstPort. FirstPort stated it could not release any money as accounts were not completed. The accounts should have been completed after three months. We are now past three months. When can Neil Douglas expect those accounts to be completed?

Martin King: I will have to look into those accounts. There are many different reasons for why handovers are delayed. It is a complex process to hand over an estate, in good order, to a new managing agent.

Q128 **Chris Curtis:** Yes. Fairfields estate in Milton Keynes was also handed over from FirstPort. It went over to another estate management company in September 2023. That company has still not received accounts from 2021 and 2022. Is that an acceptable length of time?

Martin King: It is not an acceptable length of time and, again, I would have to look into the reasons for those delays. I do not know. There are often reasons for delays, but in all of the examples that we are pulling out, as I said before, within the 5% of the area of our portfolio that we get wrong, we have to make improvements, and this is, potentially, one



area. I would have to look into the independent stories, but if the question is are the processes improved? Yes, they are.

Q129 Chris Curtis: Mr Bulmer, do you think those stories are acceptable? If they are still occurring, do you think that FirstPort is meeting its requirements to be a member of the TPI?

Andrew Bulmer: Is it acceptable? No. That is clear and simple. If there are still occurrences, that is not acceptable. There is a process for bringing that forward to us, and again we can put that through CEDR and due process. There is a due process for this.

Q130 Chris Curtis: I think the point that my committee colleague was getting at was that this is arguably an anti-competition policy. Ultimately, if residents have gone through that process of trying to move to another company and the former company is making it very difficult for that transition process to happen—intentionally or unintentionally—that is an anti-competition policy. Do you think that, on this very specific case with this specific company, the Competition and Markets Authority should now be investigating whether this is an anti-competition element that is influencing the market?

Andrew Bulmer: I simply cannot safely enter into conjecture as to the motivations or why things have happened. The company has not hit the standard; it should have hit the standard. That is a binary thing. Is it a tactic to try to keep hold of estates? I have to say I would struggle to see that there would be much point, because you have kind of lost them anyway. Whether it is instead—forgive me—ineptitude or a problem with accounting, I simply do not know, and it would be unsafe for me to enter into conjecture.

Q131 Chris Curtis: It would be an incentive in the sense that if this happened multiple times, then a new company would be more resistant to taking on a FirstPort property in future transactions because they would know that that is a faffy and difficult process and that leads to complications that could then upset the whole market.

Andrew Bulmer: In terms of cause and motivation, I would have to direct your questions to Martin. I do not think a new company would be deterred; it would be irritated.

Martin King: If I may, there is no benefit to FirstPort from delays in handing over. If residents choose to move to a different managing agent, and we do this a number of times and one or two examples out of the number that we do—

Chris Curtis: In one constituency.

Martin King: If we have an example on this point, then it is obviously not good that there are delays. I do not know the reason for the delays. Normally there are reasons for why there are delays, and I will look into the delays for you and understand what they are. Is there a benefit from upsetting residents, for delaying handover? There is no benefit. We would rather hand over developments in good order and in good time, than be,



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as we were last March, suspended by TPI or upsetting residents as they move across or upsetting managing agents.

As we take on sites from other managing agents, this does happen to us as well. So, it is not a FirstPort-laden example. The industry needs to get better at all sorts of different things, one of which is this, which happens to us as well.

- Q132 **Chris Curtis:** Mr Bulmer, I think you have implied the answer to this already, but we have the draft Commonhold and Leasehold Reform Bill going through, the draft legislation of which this Committee will be looking at. Do you think that legislation should include measures for proper regulation of this industry and a statutory regulator to be created?

Andrew Bulmer: There are two parts to that. The statutory bit I will come to in a moment. We were disappointed that measures were not brought forward. We were hoping to see it. There is a question mark over the timing, in that the consultation was in Q3 of last year and required analysis and legislation to be drafted, so we might imagine, and hope, that the necessary measures are in draft at the moment and will catch up with this Bill as it makes its progress.

Yes, we have strongly campaigned for 10 years-plus—I was on Lord Best's working group—and we absolutely support the recommendations for a statutory regulator. The consultation did not include a statutory regulator. Instead, it moved to a DPB model, and that came as a little bit of a surprise to us. It is for the Minister to decide, and we will then support it in any way we can.

- Q133 **Chris Curtis:** Do you think a new organisation should be set up, or is it something that TPI or another current organisation should have the responsibility for taking on?

Andrew Bulmer: The proposal and preferred option in the consultation was for multiple DPBs. There would need to be some forum. I will say nothing more than that about whether it is a vehicle, a forum or an entity. Choose your own word to describe it. That entity would need to exist to ensure that there was no arbitrage between the DPBs as they carry out their duties, that enforcement and standards were consistent and that one DPB could not be played off against another. In that sense, there would need to be a thing, and we would expect that thing to have plenty of leaseholder and public scrutiny.

- Q134 **Chris Curtis:** What punishments or disciplinary actions should be in place for companies that fail to meet the requirements that should be expected of the industry?

Andrew Bulmer: I am not sure that we are yet listing out what those punishments should be. In extremis, an individual or a firm that is unsafe and causing harm ultimately should be stopped from practice, and that is the gap at the moment.

- Q135 **Chris Curtis:** Mr King, based on what we have all heard today, how likely do you think it is that your current performance would satisfy a statutory regulator? If the answer to that question is probably no, are you

confident that you would be able to reach a point where you could?

Martin King: That is an interesting question, and I bring us back to what I said before, that we have always been pro regulation. I know there is also a focus on FirstPort in this questioning and I still have to bring us back to the performance figures that I have shared and continue to share with you. If FirstPort is being described collectively as something that should be investigated, as you mentioned, or should be afeared of a regulator, when I look at our portfolio and our standards, complaints that come to us—and I appreciate you get constituent conversations and when you ask for negative examples about FirstPort, that is obviously a shame—but I have to bring us back to the figures that we have, the capability of FirstPort, and that 95% of our portfolio is static and is well run and managed.

I can show the reduction in complaints. I can show all of that to you, and am more than willing, because we already do. Yes, we would welcome a regulator, and we have always said that we would welcome that regulator. If there is to be a line in the sand for how the industry needs to perform, I am happy for our figures to be used as that benchmark—our call rates, complaint rates, the numbers of customers using our database and website to get communication and our customer satisfaction rates. Is there a collective belief that FirstPort is systemically a monopoly or behaves poorly? That is not the case.

Q136 **Chris Curtis:** The monopoly thing is a bit of a sideshow. The problem, as we have just said, is the difficulty in sacking you when you are not doing a good enough job. Our residents cannot just move. There is always going to be more resistance than to just moving from Tesco to Sainsbury's, because of all of the nuances in the industry, but that is why I am so worried about this handover process and the fact that we do not seem to see improvements.

I am really worried that even if FirstPort is not a monopoly, it is leading to a lack of competitive behaviour and ultimately, it is the fact that it is so hard to sack people in the industry that drive the low standards that we are all taking about. This is the problem that needs fixing.

Martin King: The important point in what you just said is that the industry, not just FirstPort, and how things are done, whether it is a leasehold or commonhold, the complexity of our industry does lead to complexity and delays. If the intimation is that in some way it is FirstPort that is doing something wrong, it is not. It is the industry that is complex, hence the reason regulation and legislation is being put through, which we are waiting for, to see where it goes.

Going back to a previous question you had, would we welcome regulation? We have always welcomed regulation.

Q137 **Chair:** Why do you need regulation to do the right thing? Both you and Catherine have said that you want to see regulation and welcome regulation. You should be doing the right thing by your customers, residents, who are paying extortionate rates. They see their charges



going up month on month. A number of them are going to receive new bills for service charges when the new financial year starts in two months. You mentioned that 95% of your properties are being managed well. Where is the focus to get it right for the 5%? Complaints keep coming. FirstPort keeps being mentioned in the news. Obviously, something is going very wrong.

Martin King: It is, and I have mentioned a number of times that there is a collective belief that FirstPort is that brand that needs to be focused on to improve an entire industry.

Mr Dillon: Martin, in my inbox, the complaints are about FirstPort. They are not about other managing agents within my constituency. It is across multiple schemes, not just one scheme. The failure rests with your organisation, not with the sector.

Martin King: What I do find interesting in many ways is how the complaints are generated. As we mentioned earlier, we will go out to all of our customers—you have agreed that that is fair—we go out to all of our customers and say, “Good or bad?”, and what comes back, we measure all of this, and all of this we are more than happy to share. If the question is, “What is bad about your managing agent?” then that obviously skews the results for that. I will look at every single case that has been brought up here. I have mentioned already that MP complaints have gone from 395 down to 90, and I have mentioned that we have 70,000 fewer complaints. These are stats that we are sharing with you; we share every quarter. We are the only company that does that, and I am happy if that becomes a benchmark for the industry.

We have always welcomed regulation because it is becoming a much more complex industry that needs qualified people to deliver.

Q138 **Chair:** It does. Let us look at a situation in that. We do our work as a Committee. We scrutinise the draft Bill and if there is a process for commonhold to be the usual tenure, do you think FirstPort residents would choose to stay with FirstPort or go to a commonhold system?

Martin King: They have choice already in what they do. We are tenure agnostic.

Chair: We have argued that the choice is very limited because it is very hard for them to move.

Martin King: As an industry; hence regulation as I understand. If it is hard for a resident or a leaseholder or anyone within the industry to have more choice, that is one of the purposes of the regulation that has been in train for the last 10 years. Obviously I am not speaking for the whole industry, but for us, we have always been supportive of that change. It is becoming a more complex industry that needs more qualified individuals in it, and we are absolutely on side with that. I have shared figures of all the training that we are doing in conjunction with TPI to make sure we have the right people in our company, delivering the right levels of service.



Q139 Yuan Yang: Many of my residents in new build estates, including freeholders and leaseholders alike, say that they have had informal residents' association conversations about trying to leave their current property manager, but they cannot because they have embedded management arrangements in their property deeds that essentially lock them into their existing property agents. The Government are currently consulting on options to reduce the prevalence of these arrangements. Mr Bulmer, what is the prevalence of these arrangements across estates in general?

Andrew Bulmer: I have no firm data. I would simply say too high. There is a time and a place for these arrangements in large, complex urban redevelopment schemes where sometimes there is really no option, but far too often relatively simple estates of houses are put into management arrangements created for what amounts to a couple of grass strips under a street light and a gully, and they are not adopted by the local authority. The developer has no great incentive to fight the local authority. The local authority does not want it, and the simple answer is to vest the freehold into a management company that the homeowners then have to pay for.

It can become a nonsense because to run a limited company incurs costs: for the insurance, the due diligence and the filing of the accounts. Somebody has to do all of that. The amount of money that is spent on boots on the ground checking or cutting the grass or sucking that gully is relatively small. The administration costs can be disproportionate to what you are getting. We would strongly support any move that encourages local authorities to adopt those arrangements. The residents are already paying a council tax, they are not getting a discount from that and we would like to do away with as many of those arrangements as we could.

Q140 Yuan Yang: Ms Riva or Mr King, would you welcome the Government's new legislation if it did ban such embedded agreements? Yes, or no?

Catherine Riva: Yes, we do. We do not have any embedded management agreements and would not take on such arrangements.

Martin King: If that happens then we would work with it. We would welcome the changes that are coming through.

Q141 Yuan Yang: You do have embedded management agreements?

Martin King: We do, yes.

Q142 Yuan Yang: In advance of that change, if residents in those managed estates were to agree now, before the new legislation is brought forward, to leave FirstPort or for the local authority to adopt their estates, would you be willing to accept that?

Martin King: At the moment, the way it is written is a legal process that we are embedded in. It is not as easy as saying I would like to do that or not. That is how it is. If that changes in the future, if the legislation changes that, we will obviously have to do that.

Q143 Yuan Yang: Given that you have the right to exit these agreements right now, as the managing agent, would you be willing to exercise that right if



your residents wanted it?

Martin King: I would have to check each development's legals for that.

Q144 **Yuan Yang:** If you had legal right, as the person in the contract with the freeholder, to exit that arrangement, in those cases would you be willing to let residents and local authorities have their say?

Martin King: If the residents fit the criteria for leaving, if all of the percentages that are required for leave are met, then there is no reason why we would not leave if everything is done correctly. If that changes in the future, then, again, we would have to go with that tenure.

Q145 **Andrew Lewin:** I have a brief question on the draft Commonhold and Leasehold Reform Bill. Martin, first I have to go back to an exchange from five minutes ago. You are effectively coming here to make the case that the problem is with the industry and the complexity with the industry, but not with FirstPort. You may not agree with that characterisation, but that is what has come across to me today.

About five minutes ago, you said to Chris that this is not about FirstPort with regard to handover delays, but it literally is about FirstPort because we were hearing from Andrew just 15 minutes earlier that he has been undertaking an investigation into FirstPort on that very subject. I just want to put that on the record. I hope that you engage with the reality of there being issues that are specific to FirstPort, not just the sector.

Martin King: Throughout this process and in the last two years, I have definitely leant in and understood the issues that have been put forward. FirstPort has been around for 40 years and we have been suspended, to the best of my knowledge, once. In regard to whether we are doing the right thing, are we open, do we liaise with our trade bodies, do we come in and meet Members of Parliament, do we take advice, are we making enormous change, are we probably the most transparent company publishing our results, the answer is, yes.

None of what I have said today is anything other than we are making those changes. If there are things wrong, we are fixing it. We have statistics to show improvements over the last two years. We publish that information and send the statistics to you. At some point, when I look at, yes, we have an issue somewhere and we need to change it, we will get after that and make those changes. As a business, we are improving across the statistics that I agreed to do years ago, and we publish them and send them out to this body and others.

Q146 **Andrew Lewin:** I am conscious that we are running over, so I will put a simple question to Martin and Catherine. At this stage, have you been lobbying the Department to seek any specific policy changes to the draft Bill? Considering the position that both of your companies are in, do you think it is appropriate that you do so at this stage?

Catherine Riva: We have reviewed the draft Bill. We very much would like to see regulation in there and also the licensing of individual property managers. As I mentioned earlier, we have found regulation through RICS important and it has helped to shape and drive our business as



have our accreditations through other bodies, such as the British Safety Council, Investors in People, the TPI and TPO. We believe regulation is required within the industry to drive service standards, but also to increase and improve the perception of the industry so that we can attract new talent and retain staff within the industry. Regulation needs to be independent, and it needs to be proportionate. Most of all, regulation needs to be credible in the eyes of leaseholders and residents. That is why we would very much welcome that to be included.

Martin King: My views are extremely similar. One of the bits that I would add is that we thought there needs to be some more complexity. There is a bit of an oversimplification in accounts, for instance, in complex developments, and that did not showcase through some of the work that was done. We have already gone back and offered our examples on different areas of that. We are looking at that draft Bill now and will go back during the consultation period.

Q147 **Chair:** Finally, we just want to get clarity. Obviously, both of your businesses will adapt to the introduction of commonhold, because in essence you could be competing with residents who will have more of a choice. You could be competing with freeholders and developers. Of the properties managed by both FirstPort and Rendall and Rittner, how many are right-to-manage properties and how many are leasehold owns? Where leaseholders own them, do any of them choose your managing agent services?

Catherine Riva: We have around 650 clients. Approximately two thirds of those clients are companies that are leaseholder controlled, whether they be right to manage companies or similar bodies. Our contracts are typically for one year, so that residents can choose who they wish to use as their managing agent.

Martin King: We are about a third of our portfolio. We run the normal 12-month contract as well.

Q148 **Chair:** Just for clarity, Martin, in the letter you sent to us that was very helpful, in the last paragraph you mention that you support the need for professional governance on commonhold associations. Where had FirstPort seen that professional commonhold associations would be introduced?

Martin King: As commonhold becomes a more prevalent tenure, the commonhold responsibility will pass to the board or directors of a development that has taken on those responsibilities. Making sure that they understand what responsibilities they are taking on, what training they may require, is an important burden.

Q149 **Chair:** Will FirstPort be bidding for those?

Martin King: We are putting together a training package. We manage about 1,800 RMCs already. Being able to train directors and understand what their responsibilities will be in the future is going to be very important.

Q150 **Chair:** Would you not think that some of those directors might think you



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are struggling to manage your current portfolio and understand the business? You are currently struggling to respond to residents in a timely manner.

Martin King: No. Again, I will send the figures again, if I need to, about how we are responding to customers, how we are answering queries and how we are being very open about how we are running our business and being transparent. Again, I am more than happy to share that. Our confidence with the clients that we have remains. Our capability remains. I can direct the figures again to everyone on the Committee whenever you wish.

Andrew Bulmer: I have two comments. About 60% of the estates that our members manage generally are resident controlled. Not all of them own their own freeholds. Some of them do, some of them do not. About 50% of the private buildings that are registered with the Building Safety Regulator are RMC controlled as well. That might give you a feel for where the wider market is.

My second comment will simply be on regulation. We have heard the word regulation used a couple of times. Just to be very clear, there is no regulator for this sector. Regulation is not happening. Regulation is about systemic collection of data, systemic understanding of harms and failures, and it is also about being able to take away a licence to practise. There is no entity doing that at the moment. We operate a disciplinary process, and we are transparent, but we are not a regulator. We are disciplinary. What is required is a regulator for systemic oversight and to license practice.

Chair: You have all agreed that you agree with Lord Best. We on the Committee agree with Lord Best about having a regulator.

Let me thank you all for coming before the Committee this morning. This is an issue that will continue to fill our inboxes as parliamentarians. This is an important issue. Most important is looking at the key element of commonhold where, eventually, we will see residents being able to appoint their own managing agent or choose to manage it themselves.

Thank you very much for coming before the Committee today. There are some items that we would appreciate you writing to us on, with fuller explanations.