

**ASSOCIATION OF RESIDENTIAL MANAGING AGENTS (ARMA)
ENERGY RETAIL ASSOCIATION (ERA)**

**DISCONNECTION PROTOCOL FOR COMMON PARTS OF BLOCKS OF
FLATS**

Introduction

Landlords[1] are responsible for ensuring that energy bills are paid, so that an energy supplier does not need to take action which can have an adverse impact on residents.

This protocol seeks to establish the roles and responsibilities of ERA and ARMA[2] members where disconnection is considered as a sanction for non-payment. It should also act as a guide to help avoid disconnections by addressing the issue earlier in the debt-collection pathway. Disconnection will not take place at any time up until the appointed time if payment is received, and cleared where relevant, in full.

Where the individual flats are separately metered

All energy suppliers only use disconnection as a last resort. Suppliers will make every effort to contact the landlord, before resorting to disconnection.

Prior to disconnection the landlord will typically have received:

- 6 attempts to contact through correspondence
- 1 attempt by telephone
- 1 attempt to contact by personal visit to the property
- 1 attempt to contact by visit to court
- A final attempt at warrant execution

The last four of these steps will always be taken, even if there has been prior contact. During this process the supplier will also attempt to establish and consider the impact on the residents and what action may be taken to mitigate this:

- Would disconnection be likely to affect the fire safety of the block by disconnecting any fire alarm, emergency lighting and smoke alarms?
- Would disconnection be likely to affect the water and sewerage supplies to flats because it needs to be pumped in taller blocks?
- Would the disconnection be likely to affect the working of the lifts in the block and so deny access to vulnerable residents?
- Are there any vulnerable residents who may be particularly affected by disconnection of the supply to the common parts?

Based on the steps carried out above, at least 7 days before the proposed disconnection the supplier will, where relevant to the risk factors listed above:

- inform the local authority of the circumstances;
- inform the local fire service if it considers it likely that the fire safety of the block will be affected; and/or
- inform the relevant utility supplier and/or environmental health if it considers that the water and sewerage supplies are likely to be affected.

Where the Common Parts Supply also Supplies the Flats

It must be remembered that the supplier has no direct contact nor contract with the residents; the supplier's legal relationship is with the landlord or its representative. The landlord is responsible for payment of the energy account and for liaising with individual residents. However, where a domestic customer takes their electricity through a non-domestic supply, energy suppliers will ensure that their business teams are aware of the provisions within the Safety Net to minimise the risk that any vulnerable domestic customer who has this kind of supply is disconnected.

In addition to the steps in section 1 above, the supplier will make reasonable attempts to inform all residents of the possible disconnection. It will also attempt to remind the landlord of its responsibilities to the residents, particularly those who are vulnerable.

Responsibilities of Managing Agents whose Landlord clients are indebted to an energy supplier

- Inform the supplier who the landlord is and what impact disconnection would have on the block
- Prioritise invoices for insurance and utilities before other suppliers if funds are short.
- Go to the landlord for instructions about how to pay the debt.
- If funds are short, ask residents to bring forward their next payment of service charges.
- Consider asking the landlord to loan its own monies to pay the debt until the service charge debts are collected.

EXPLANATORY NOTES NOT PART OF THE PROTOCOL

1. Landlords in this protocol include resident management companies and right to manage companies. Many of landlords of privately owned blocks of flats are small non-profit making companies comprised of the owners themselves. These companies often have no reserves or capital assets. A few late or bad payers can easily disrupt the cash flow of the service charge account which pays for the electricity to common parts.

2. ARMA's members are managing agents who act on behalf of landlords of privately owned leasehold flats to collect service charges from residents and pay bills; they are not usually the landlord. The supplier's customer will be the landlord but the agent will be the address for the landlord's account and the agent will be delegated to deal with the

account. Only about half of privately owned blocks of flats in England and Wales employ a managing agent.

3. ERA established a voluntary Safety Net in 2004 that gave a commitment from industry not to knowingly disconnect a vulnerable customer. The Safety Net definition is that a customer is vulnerable if for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of the household. In 2011 a commitment from all suppliers was made to re-connect within 24 hours a customer who has been disconnected who subsequently turns out to be vulnerable. Suppliers have also committed to follow up any customer who has been disconnected and who has not made contact to check again that they are not vulnerable.

4. The Safety Net covers energy suppliers' relationship with domestic customers. In the case of common parts of blocks of flats, the customer is the landlord and suppliers do not have a relationship with the residents, vulnerable or otherwise. The responsibility of avoiding disconnection by paying energy bills for common parts therefore falls upon the landlord, who is not a domestic customer and to whom the Safety Net does not apply. This protocol is intended to help prevent disconnections in blocks of flats.

5. There are few instances of disconnection of common parts of flats but they can adversely affect residents when they happen. Because of a failure of the landlord to pay for the energy supply, fire alarms, emergency lighting, lifts, and water and sewerage supplies can be affected. This protocol is about privately owned leasehold flats, not flats rented from a social landlord. There is no pool of rental income to pay bills. Owners (leaseholders) pay service charges each year to cover the cost of services to common parts.

6. The Association of Residential Managing Agents (ARMA) is the only body in England & Wales to focus exclusively on matters relating to the management of residential leasehold blocks of flats. With over 260 firms in membership, ARMA's founding principal aims are to represent its members and therefore the interests of lessees, resident management companies and investor freeholders. It is estimated that there are over 1.8 million private leasehold flats in England and Wales. Whether the buildings in which they are situated are owned and controlled by investor freeholders or the lessees themselves, a large proportion employ managing agents to handle the day to day running and ongoing cyclical maintenance of their buildings. ARMA's members provide management services to 850,000 flats.

7. The Energy Retail Association (ERA), formed in 2003, represents electricity and gas suppliers in the domestic market in Great Britain. The ERA works closely with Government, NGOs, charities and other organisations in England, Scotland and Wales to ensure a coordinated approach is taken on the key issues affecting our industry and the British consumer. All the main energy suppliers operating in the residential market in Great Britain are members of the association - British Gas, EDF Energy, npower, E.ON, ScottishPower, and SSE.