RENDALL AND RITTNER LIMITED
PROPERTY MANAGING AGENTS

Florence Eshalomi MP
Chair, Housing Communities and Local Government Committee
House of Commons
Palace of Westminster
London
SW1A 0AA

11th July 2025

Dear Chair

Thank you for your letter dated 1st July regarding the work of the Select Committee.

We very much welcome the opportunity to contribute to the work the Committee is undertaking. We are acutely aware of the responsibilities we have in managing our customer's homes which we care deeply about. We recognise that many leaseholders have been through a very difficult period in recent years, particularly in relation to building and fire safety matters and escalating costs. As a business, we recognise that what makes up a service charge is complex and it's vital that we communicate better with our customers. We are reviewing our approach to ensure we can increase understanding and explain why costs go up more effectively.

We regularly interact with MHCLG officials to provide data, research and industry insights and have done so for a number of years covering a range of topics, most recently in relation to service charge costs, mortgage availability for buildings requiring facade remediation and industry regulation.

As stated in your letter, we manage approximately 90,000 homes and are proud to be celebrating our 35th anniversary this year. We act for a range of clients including developers and institutional landlords, however approximately 70% of our instructions are from leaseholder-controlled entities such as Resident Management and Right to Manage Companies. Therefore, for the majority of our instructions, the leaseholders are our client with contracts typically running for a year and subject to a quarter's notice. We believe that the quality of our service is evidenced by our client retention rates which is in excess of 95%.

However, we know that this does not mean that we always get everything right and we treat all feedback with complete seriousness.

We have also built a reputation for managing large complex developments and buildings, and due to this, the nature of our portfolio also means that many of our customers are impacted by the drivers for recent cost increases, particularly in relation to the energy crisis, insurance increases and Building Safety Act compliance related costs. We have provided some specific data on these areas later in this letter.

Rendall and Rittner is accredited and voluntarily regulated by RICS and we have been for almost twenty years. This means that we are subject to detailed regulatory reviews, focusing, in particular, on client money and code of conduct compliance. This provides reassurance to our clients and customers that we deliver a compliant professional service, although we recognise that there will always be areas where we can improve.

In addition, we operate our own property management training academy to ensure that our staff are trained to a high standard and kept up to date with changing legislation, regulations and our internal service delivery enhancements. This substantial investment is underpinned by our Investors in People Platinum accreditation and commitment to train and develop our staff.

Transparency over service and estate charges

We are fully committed to providing transparency to our customers on costs. We issue detailed budgets and guidance notes to our customers, although we recognise that service charges can be a complex and confusing area and we are reviewing how we can adapt our approach to ensure a better understanding and address some of the concerns relating to increasing costs particularly when explaining any drivers for the increases.

By what amount the average charge of a Rendall and Rittner-managed property has gone up in the last year.

We fully understand the concern from leaseholders regarding increased service charges across the residential sector.

The Property Institute (TPI) issued a Service Charge Index in April 2024, which analysed average service charge costs over a 5-year period (2019 – 2024). The results showed that for buildings below 18m the increase was 42% and for buildings above 18m this rose to 49%. Including a small number of housing estates the TPI index across the full sample was 41%.

In order to provide comparable data, we have analysed 350 buildings that we have managed for the whole period since 2019 and then looked at the 5-year data for the 2021 to 2025 service charge periods, for which the average increase was 42.1%.

The year-on-year changes were:

- 2021 = 3.7%.
- 2022 = 6.1%.
- 2023 = 19.8%.
- 2024 = 4.4%.
- 2025 = 8.1%.

This equates to an average of 8.4% per annum. Over the same period, inflation was c25%, an average of 5% per annum.

It is important to note that Client service charges are held in trust and are not income to Rendall & Rittner. Our fee is fixed per unit and agreed with each client each year. Over the period covered by the above data, our average management fee increase has tracked slightly below inflation - in line with TPI index findings.

How you justify price increases, and what, if any, action is taken to communicate this justification to residents.

The service charge increases are primarily driven by external factors such as insurance, utilities, Building Safety Act (BSA) costs, and to a lesser extent, wage and build cost inflation. Again, our experience is aligned to the TPI Service Charge Index data which reports significant increases in all of these areas.

One of the main drivers for increases started in late 2018, when the VAT exemption on wages relating to staff employed at buildings was removed. Up until this point we had HMRC dispensation not to apply VAT to any direct wage recharges, on the basis of a straight through charge with no markup, which was the case for Rendall & Rittner site employed staff. More recently, service charges have been impacted further by the increase in the National Insurance rate and the lowering of the threshold, in addition to which leaseholders also pay VAT on this increase, due to the HMRC treatment of onsite staff costs.

In addition, each building may have specific reasons for increases, such as complex mechanical and electrical systems or major works projects. Where this has been the case, we have communicated with residents and leaseholders, providing a breakdown of these costs.

We aim to communicate these explanations through detailed guidance notes, which are published on individual building portals and discussed at resident meetings and surgeries for one-to-one discussions. The density of a development or building and number of homes will also impact service charge levels. Our portfolio and the data analysed includes high-end, complex, multi-amenity buildings where unit numbers are lower and as a result any cost increases generate a higher percentage increase.

Within our portfolio we have 644 complex High-Rise Buildings (HRBs) representing over 70% of our portfolio, significantly more than the 46% within the TPI Service Charge Index sample. By nature of the buildings, HRBs are more susceptible to service charge increases as they often contain higher proportions of mechanical and electrical equipment and therefore have higher energy consumption. They are also likely to face higher insurance premiums and ongoing costs associated with the Building Safety Act. While many of these costs are annual, the first year has seen additional one-off expenses related to the preparation of Safety Case Reports and fees to the Building Safety Regulator. We fully support the aims of the legislation, which provides essential safeguards for residents, but it is important to acknowledge the financial pressures placed on responsible building owners as they work to meet these new requirements.

The level of detail that is provided to residents on how their charge has been calculated (if they do not specifically request a breakdown).

Typically, residents are provided with detailed guidance notes as part of the budget and year-end accounts processes. Along with this, we offer residents meetings and one-to-one surgeries for this to be discussed in more detail.

Rendall and Rittner is committed to continuous improvement and recognise the need to enhance communication and transparency further and we are currently reviewing how to make invoices and calculations more accessible and understandable, particularly for complex sites.

Where residents have requested a breakdown of their service or estate charge, in what proportion of cases this has been provided within one month.

We provide detailed guidance notes as part of our budget and year end process. We also offer resident meetings and surgeries for one-to-one discussions to increase the transparency and accessibility of the guidance notes. The breakdown documents are held on our building specific resident portals and each leaseholder has a library of documents specific to their home, which they can also access through the portal. If a resident has concerns with accessing the portal, or these documents, we ask that they contact us so we can investigate.

As part of our commitment to continuous improvement we have recently implemented:

- A new Customer Engagement (CE) platform, which logs and tracks customer communication and requests, which we can report on. This new tech was rolled out to all property management divisions in March.
- Enabled by CE, we have recently established a new Customer Experience Team. The core aim of the team is to respond to and resolve customer enquiries promptly – First Point Resolution. Although early days, the results are positive. So far, in 2025 they have handled 29,700 customer enquiries. Our Customer Experience Team have been increasing the number of First Point Resolutions, in June they reached 73.21%. On average, it took 4 days to find a resolution in June.

We closely monitor the reasons for contact, so that we can assess where service improvements can be made. The top reason for contact this year has been within the category of financial requests. This has included updating payment status', requests for financial documents and cost breakdowns.

Finally, whether Rendall and Rittner offers redress for residents who have to wait more than one month to receive a breakdown of charges.
Where there have been delays to residents receiving breakdowns of charges, we have been working to improve our processes, consistency and communication to address this. We strive to ensure that the delays are minimal and only with good reason.

<u>Engagement with residents</u>
How regularly members of your senior leadership team proactively meet with residents or resident groups who raise complaints.
Our senior team comprises of long standing experienced property professionals, with hands on knowledge and expertise, who are actively involved in the delivery of our services to clients and customers and easily accessible should their involvement be required.

In addition, we operate a number of senior management initiatives which include Back to the Floor days, where members of the senior leadership team will work alongside our onsite colleagues to gain experience first-hand of their role and any identify any improvement areas, but also observe and engage directly in customer interactions.

Whether you have a policy setting a minimum standard for senior leadership engagement with residents.
While there is no specific formal policy setting a minimum standard for senior leadership engagement, we are committed to listening to our clients and customers and aim to respond to and resolve matters as quickly as possible.

Whether there is a formal process by which residents who have not received a resolution for their complaint can escalate it, up to the level of Rendall and Rittner senior leadership where necessary.

We can confirm that a formal complaints procedure is in place. Complaints are acknowledged within 3 working days, with a response provided within 15 working days, and a final response within another 15 working days if necessary. This process allows for escalation if residents do not receive a satisfactory resolution, ensuring that issues can be addressed at higher levels within the organisation.

Value for money and customer satisfaction

What internal review mechanisms you have in place to ensure that the service and estate charges which residents have to pay represents value for money, particularly when residents face an increase in charges.

We are voluntarily regulated by RICS and have been for nearly 20 years. This means that we subject to regulatory reviews, including the use of client money. We have volunteered to be regulated to ensure that we continue to provide value for money for our clients.

As part of our internal review mechanisms, we operate a number of portfolio wide bulk procurement initiatives which aim to deliver best value for our customers and increase service delivery (such as lift maintenance and utilities). In addition, we negotiate contracts within geographic areas to leverage economies with contractors e,g. landscaping and window cleaning.

Internal budget guidance is prepared by senior managers to support our property managers in preparing draft budgets, ensuring key inputs / information are available such as bulk procurement costs, so that these can be inputted into drafts budgets for client approval. Draft budgets are reviewed by senior staff members prior to issue.

How your charges and rate increases compare to the industry standard.

Our management fee is based on a fixed per unit and agreed with each client each year as part of the budget setting process. As noted in the opening paragraphs, the majority of our clients (70%) are resident controlled entities and are therefore directly in control of the fee setting process. Average management fee increases over the last 5 years have tracked slightly below inflation and are aligned to the data contained within the TPI Service Charge Index .

What proportion of residents who have raised complaints with Rendall and Rittner have reported being satisfied with the outcome.

In FY24, the number of complaints as a percentage of homes under management was 0.98%, and for the first 6 months of FY25, it is tracking at 0.48%. For FY25 to date, the number of escalations as a percentage of homes number management, following stage 1 of our complaints process were:

- Stage 2 = 0.13%
- TPO escalation = 0.02%

Therefore, this demonstrates resolution of the majority of complaints in the early stages of our complaints process.

How customer satisfaction for leaseholders and freehold homeowners is measured.
Customer satisfaction is measured through at least two client surveys per year. Responses are closely monitored, and the information is used to adapt business operations and processes to drive performance improvements.

Resident feedback is obtained through a variety of means which include:

- Resident meetings
- Complaints received
- Localised resident surveys
- Resident engagement events
- Back to the Floor initiative

Whether you will commit to sending the latest version of this data to the Committee alongside your response to this letter.
A summary of responses to our client satisfaction survey can be provided.

<u>Dispute Resolution</u>
What your overall approach is to dispute resolution with residents.
We aim to resolve disputes through open communication and collaboration with residents. We have an approved formal complaints procedure in place which follows the TPI and RICS accreditation requirements.

The process requires an acknowledgment within 3 working days and a full response within 15 working days. Our procedure allows for a second stage review, which is also responded to within 15 working days. If customers remain dissatisfied after this last stage of the internal complaints procedure, the matter can be referred to The Property Ombudsman. For clients they can refer matters to the RICS Dispute Resolution Service. In addition, there are dispute resolution provisions within management agreements. For specific matters relating to insurance, utilities or building safety, referrals can be made to the Financial Ombudsman, Ombudsman Services (Utilities matters) and the Building Safety Regulator.

What your process is for deciding when legal action, including the sending of legal letters, is started, and what your process is for deciding to end legal action.
In respect of credit control matters we have a transparent process which we adopt, which is agreed with clients in advance.

We generally seek to resolve matters through communication and collaboration. Legal action may be considered in cases where disputes cannot be resolved through standard procedures, but the company prefers to address issues through dialogue and negotiation with residents.

We thank you for the opportunity to provide clarity on the above questions, and hope that our above responses provide you with the further detail required.

Yours sincerely

Richard Daver
BSc (Hons) FCIH, FRICS, FTPI
Co-CEO
Rendall & Rittner Limited

Catherine Riva
BSc (Hons), CIHCM, Dip HE, MTPI, AssocRICS
Co-CEO
Rendall & Rittner Limited