

Improved service charge process at Sovereign

The client

Sovereign Housing Group is one of the largest housing associations in the UK. In 2016 Sovereign Housing (based in Newbury) merged with Spectrum Housing (based in Christchurch), creating a 57,000-property housing association, with properties across the South and South East of England, and the Isle of Wight.

The challenge

As with any merger between two large housing associations, standardising practice, process, culture and systems is an enormous challenge that will take many years of coordinated effort to achieve.

Ad Esse were asked to help standardise the approach to service charges. The objective for our piece of work was simple – to identify the optimum process for completing service charge estimates and billing, whilst:

- Ensuring this process is future-proofed so any further merger or acquisitions can also follow this process
- Informing the future procurement and implementation of an IT system that could be used to support the service charging process.

The approach

Calculating service charges is an intricate set of variables, most of which are set out in tenancy and leasehold agreements and so cannot be easily changed. The new process must work with all the agreement variables as-is, not least because each time new stock is acquired new variables will be introduced.

Our analysis of the as-is revealed a fundamental difference in roles and responsibilities across the two legacy organisations, with the bulk of the work being completed by housing patch managers in legacy Spectrum and by a centralised service charges team in legacy Sovereign. By engaging a group of senior stakeholders as a steering group, we understood that the housing management model rolling out was one of patchless working. This meant that in the new way of working, tasks couldn't be devolved to the housing officers to the extent they previously had in legacy Spectrum.

A new suite of process maps were designed and a RACI (Responsible, Accountable, Consulted and Informed) matrix was created. One of the biggest changes was to review all spend data running through the finance system on a monthly basis, rather than batch the spend analysis until the end of the financial year. This significantly levelled the workload on the service

charge team and ensured problems were resolved in a more timely manner.

The benefits

As a result of this piece of work, residents will receive a standardised set of charges and documentation, regardless of where they live. Housing officers are freed from the burden of deciphering organisational spend and making decisions regarding what should and should not be re-charged. A secondary benefit of having a centralised team managing the service charge billing is that billing decisions are completely harmonised, creating a consistently reliable service for residents.

Other benefits include more awareness about service charges across the organisation. The review engaged more than 30 individuals from different teams; resulting in a much greater awareness of personal accountability and compliance when spending Sovereign's money.



As project sponsor, I have to say the collaborative working with Ad Esse to understand our requirements and turn these into deliverables that provided a tangible ROI were second to none... The enthusiasm of the team at the information gathering workshops and the way our whole team have stepped up and taken part in the improvements is testament to the excellent way in which Ad Esse are able to capture a room and drive discussions amongst different user groups each with different expectations."

Mike Henderson,
Head of Financial Services