

Ad Esse's Service Charges Support Guide



Context and the challenge

For many years, service charges have been a challenge for housing providers. Grappling with the changing demands of customers, interpreting leases, meeting legislative requirements, and maximising recovery all require very different skills. It is understandable that organisations have struggled to tackle the problem, too often being put in the 'too hard to do' box.

In social rented stock, the service charge shortfall for 20/21 across all Private Registered Providers with over 1,000 units was 21%. Even reflecting costs which would be covered by the rental element due to tenure, this works out to be approximately 15% - a £280 million annual shortfall. This shortfall would cover the cost of building over 2,400 homes a year.

In leasehold and shared ownership, often the issue is far worse, where data, lease and legislation challenges are amplified, and customers increasingly challenge costs through enquiries, complaints, and first-tier tribunal.

When you then factor in that there are no quick wins with service charges, with improvements often taking a year to see, it is no wonder that organisations are struggling to come to terms with the challenge.

Our solution to your requirements

Let us manage the problem for you

We have in-house service charge expertise at Ad Esse, that has been both developed over many years and recruited from the housing sector. Our complete support package includes an interim service charge lead who will take responsibility for your organisation's service charges over a period of 6-12+ months and stabilise your team, train your current staff across the organisation in the necessary details of service charges, redesign and embed new effective and efficient processes, and then rather than just making a swift exit, we will continue to coach and mentor your service charge leaders. Below we outline the details of the intervention in more detail.

Free ROI calculation

We appreciate that improving service charges with us comes at a cost, therefore we are pleased to offer you a free of charge piece of work, up front, to calculate an estimated Return on Investment (ROI) for any service charge work you may be considering undertaking with us to help build a business case. To take advantage of this offer just email hello@ad-esse.com.

Interim lead

Our service charge expert has 15 plus years' experience in the housing sector and has held leadership roles in home ownership and business transformation. Our expert is available to join your organisation to lead your service charge team for 6, 9 or 12+ months at a time.

Our expert can provide cover where you are looking to recruit experienced service charge leads or provide assurance to more senior directors who lack service charge knowledge and experience.

One of the first jobs the interim lead will do is to develop (or redesign) a service charge strategy, one that sets out the organisational vision for service charges and has customer excellence and recovery maximisation at its core. Beyond this strategy development, their exact responsibilities and role will vary depending on your unique needs, but our expert can fulfil any tasks within the role including but not limited to:

- Executive team coaching in service charges
- Execution of the service charge strategy
- Policy development & implementation
- In-house training and coaching for your existing staff
- Operational set up
- Some elements of process delivery

Our expert is also able to manage crisis situations, which could involve tribunals, disputes, reputational challenges, managing complaints or FTT cases. Depending on the size of your organisation, and your needs we envisage our expert working with you 2-3 days a week for the duration of his engagement.

Training for your team

The job market for service charge expertise is competitive, there just aren't enough experts to go around. Our training spans your organisation, so everyone has the required knowledge to make service charges successful. This includes building you a knowledgeable team of service charge experts with the capabilities required to deliver service charge process well and to support the rest of the organisation. Our service charge training is structured into basic, intermediate, and advanced depending on the needs of the individuals. See below for a brief overview of the training we offer.

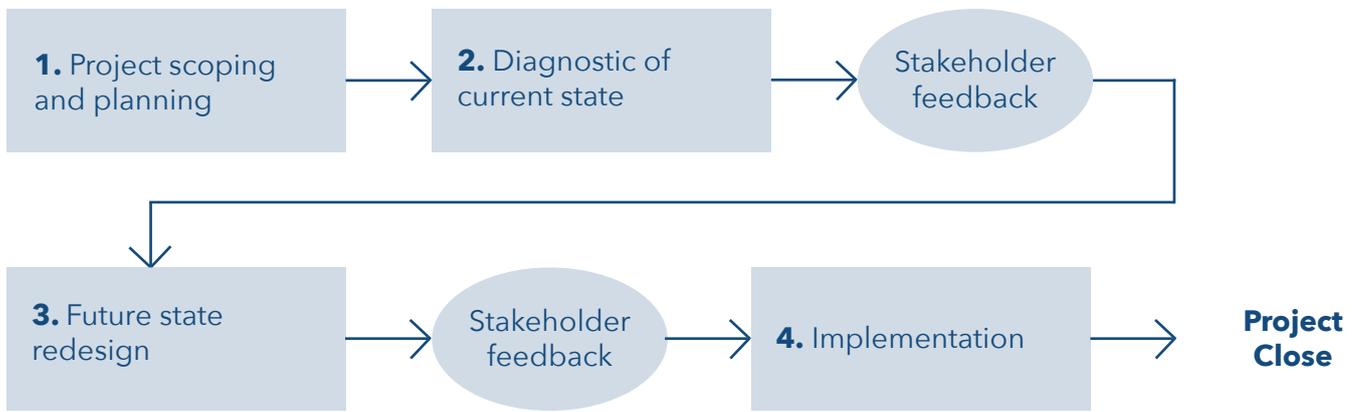
Level	Target audience	Content
Basic	Service charge team and leaders, Finance, Housing, Repairs, Home ownership, and Allocations team members Service Managers.	<ul style="list-style-type: none"> • Basic concepts of service charges.
Intermediate	Service charge team and managers.	Everything in basic, plus: <ul style="list-style-type: none"> • Basic information about service charge legislation and policy • How to deliver an effective and efficient service charge process
Advanced	Service charge team leaders and managers.	Everything in intermediate, plus <ul style="list-style-type: none"> • Detailed information about legislation • How to form and deliver an effective service charge strategy • Management and measurement of the processes
Executive	Executive teams and boards.	<ul style="list-style-type: none"> • How to maximise recovery • Service charge strategy • The existing and future challenges • The customer experience

Process design and improvement

Our approach is to work with you to complete a strategic and detailed end-to-end service charges review. Incorporating the setting, calculating, and issuing and recovery of service charges.

It will be a structured, collaborative piece of work with clear leadership commitment, a defined purpose, and measurable outcomes. This involves assessing how value is currently delivered with a view to removing waste activity. Reviews are mostly used to deliver a swift step-change in performance by identifying and implementing improved processes and a more effective operating environment. Ad Esse has a proven record in supporting and delivering successful service charge reviews in housing.

Our methodology for service reviews comprises of four stages, outlined overleaf, that are usually delivered over an 8 to 12-week period. There are milestones between the stages where feedback is provided for key stakeholders of the project, and any key decisions can be made.



Where an organisation aspires to bring in an IT system to support their service charge processes, we can also help to build the system requirements, assess options, and network you with other organisations using various systems.

Coaching & support

Once your team is trained and our interim steps back, they will be available to coach and mentor your team and service charge leads through the next iteration of the service charge cycle. Acting as a critical friend and an expert advisor the interim lead mentoring will include structured check-ins and being reactive to queries and requests for support.

Operational support (additional team capacity)

We have a team of Project & Implementation Managers who are multi-skilled individuals with experience of working with service charge processes and with the teams. They can be used in two ways:

1. To provide additional team capacity, where there are specific tasks that need completing but your existing team does not have the capacity or skills to complete the tasks. E.g., auditing leases/tenancy agreements, developing or modifying spreadsheets, capturing future system requirements
2. To coordinate and embed your service improvements. All our PIMs are experienced and qualified Agile Project Managers, they will work with you to ensure swift and effective delivery of all and any improvements that need implementing.

Bonus support

When you work with us to improve service charges you will also benefit from the following, free of charge:

- Updates when there are regulatory (or other) changes
- Free attendance at our specialist webinars which will feature specialist guest speakers covering specific topics
- An annual assessment against a service charge maturity model for organisations, with guidance on how to move to the next stage for each criteria.

Costs

The majority of our services are delivered at a competitive day rate. The overall cost to you will vary depending on the support you need from us. As part of our ROI calculation, we will provide a detailed proposal tailored to your specific needs, clearly outlining the support we propose and the respective costs.

Why Ad Esse?

Ad Esse Consulting was formed in 2004 by a group of experienced transformation consultants who wanted to create an organisation that delivered effective and sustainable transformation in the public and not-for-profit sectors. The key principles of our approach derive from many years' experience of working in partnership with our clients to deliver transformation using Lean Thinking.

"Ad Esse professional approach and flexibility enabled us to deliver against our objectives and manage very tight deadlines." – Tina Mercer, Head of Income, Origin Housing

It is our ability to adapt Lean concepts, not only to the housing sector, but also uniquely for each client, that has produced successes and has allowed us to develop a proven framework that we believe aligns entirely with most client needs and aspirations. We believe that creating continuous improvement is more than simply designing better processes, and we know that any proposed changes will only be properly implemented and sustained if people and leaders really commit. Our secret is how to get leaders and staff to precisely do this. Ad Esse has:

- A group of experienced and mature consultants and experts who can provide the requisite competence required by our clients, not just technical skills but the full set of people skills
- A robust but flexible approach which is tailored to our clients' needs
- A sound understanding of Housing processes and problems. All our consultants have run major Lean programmes as well as individual reviews, including service charges, in housing organisations
- A sound approach for conducting diagnostic and service reviews that produces improvement swiftly with minimal disruption
- Effective training materials and a sound approach to learning and transferring skills so that we can build on the training clients already have and ensure that they are left with the in-house capability to continuously improve.

We have now worked with more than 50 social housing providers where our work has ranged from small single service reviews, for example a service charges review at Poplar HARCA, through to full Lean transformations at A2Dominion, Southern Housing, mhs homes, Sutton Housing, Family Mosaic, East Thames Group, Citizen and One Housing. The size of housing association has varied from about 5,000 properties to over 80,000. We have also worked with housing departments in local authorities, which adds to our understanding of the social housing arena and have worked in adult social care and criminal justice, where social housing is a critical component of care.

We are more than happy to provide referees' contact details should you wish to talk to existing or previous clients.

Sample results from service charge reviews in other housing organisations:

- 19% reduction in account adjustments
- 8% increase in service charge collection
- 5% increase in satisfaction with cross-team relationships
- 85% reduction in the time taken to produce inspection packs
- Arrears down £736k
- 80% queries resolved within one week
- 99% reduction in annual service charge queries (700 down to 7)
- Complaints down 40%
- £500k savings by removing Section 20 write offs

Other service charge review clients:



One Housing





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