

Charges index to provide service to tenants

Property firms are making steps to address concerns that service charges are too high and not transparent. **Richard Heap** reports

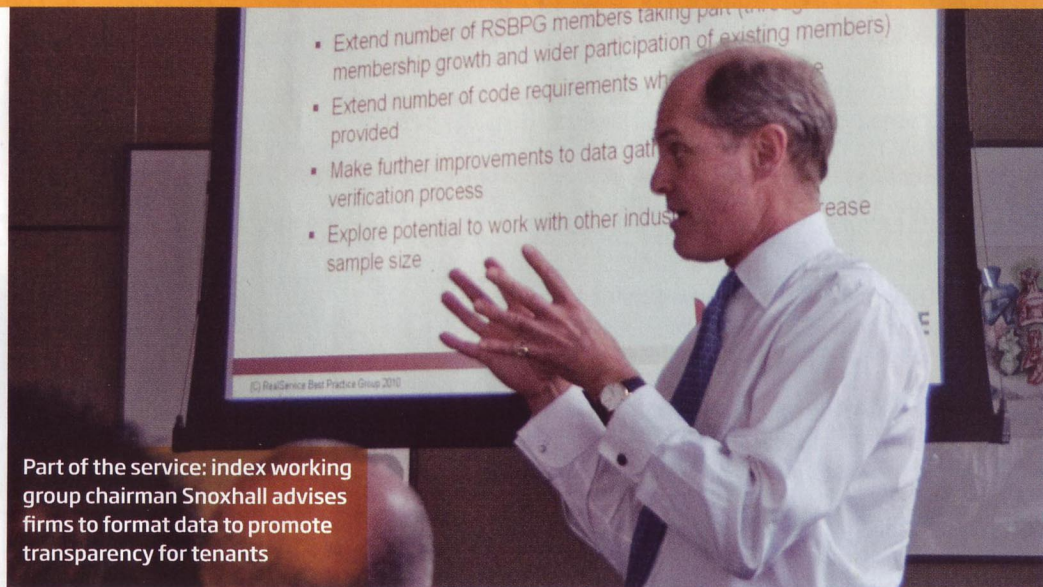
Last Tuesday, benchmarking firm Real Service published first results from its Service Charge Compliance Index.

The index aims to improve compliance of landlords and managing agents with RICS Service Charge Codes, and give tenants more confidence.

The index comprises 11 companies from the Real Service Best Practice Group. It investigated compliance with RICS codes on 1,070 buildings by British Land, Broadgate Estates, the Crown Estate, DTZ, GVA Grimley, Mainstay Group, Marchday and Storeys:SSP, Prupim, Royal London Asset Management, Segro and Stow Securities/Ashville Properties.

It measured the companies on key areas in the RICS codes. The following three were compulsory:

- Participants needed to submit service charge budgets at least one month before the start of the financial year. Across the buildings there was 78% compliance.
- Participants needed to submit reconciled service charge statements within four months of the end of the financial year (69% compliance).



Part of the service: index working group chairman Snoxhall advises firms to format data to promote transparency for tenants

■ Service charge data should be completed and sent to new managing agents within four months of a property deal. From 46 deals, there was 83% compliance.

Justin Snoxall, head of the occupier business group at British Land and chairman of the index's working group says that, although these figures are good, they are from organisations committed to best practice. Figures across the industry would probably be lower.

He says the main problem is that not all firms hold this data in the right format.

"If you are systematic in the way that you do this, it's not onerous. But if you haven't done it before then it can seem onerous."

Now, Real Service wants to encourage more members to join the index in 2011 and increase the number of RICS codes that need to be complied with. But this shows that some landlords and managing agents aim to address tenants' gripes. ■