

National Codes

Annual Report to Communities and Local Government

2013

Introduction and Background

This is the seventh Annual Report to Communities and Local Government (CLG) on the operation and development of the ANUK/Unipol National Approved Codes for student accommodation controlled and managed by both educational establishments and private sector providers.

Previous Annual Reports have focused mainly on the ways in which the ANUK/Unipol Codes for Larger Developments were meeting with the objectives set out in the Government's consultation document concerning Approved Codes of Practice. These were that:

- the development of the Codes should be an on-going process
- an annual review would take place based upon regular monitoring of compliance with the Codes' terms
- the review and progress of the Codes will be guided by committees of management.

Although this seventh report references these objectives, it also focuses on activities that have taken place during the course of the year (July 2012 to June 2013) in managing, developing and promoting the Codes. This also outlines the benefits that have been derived from the self-regulation of this important sector of the student housing market and highlights that members of the Codes (who play an active part in their on-going development) have volunteered to meet higher than statutory standards and be accountable for their performance as a clear sign to student consumers that they are fully committed to provide the best service and standards possible.

Format of the Annual Report

The objectives set by the Government provide a framework when compiling an Annual Report and this report therefore includes the following sections:

- Membership Report 2012-2013
- Committee of Management Meetings 2012-2013
- Meeting the Challenges of the Seventh Year
- Assessment and Verification Process: Procedures and Visits
- The Role of the National Codes Following the Opal Property Group being placed into Administration
- Complaints and Tribunal Procedures: The number of complaints received and how they were dealt with
- Conclusion – including a list of challenges for the eighth year of operations

Contents

| | | |
|--------------------|---|----|
| Section 1: | Membership Report 2012 - 2013 | 04 |
| Section 2: | Committee of Management Meetings 2012 - 2013 | 10 |
| Section 3: | Meeting the Challenges of the Seventh Year | 12 |
| Section 4: | Assessment and Verification Procedures | 14 |
| Section 5: | The Role of the National Codes following the Opal Property Group being placed into Administration | 17 |
| Section 6: | Complaints and Tribunal Procedures | 18 |
| Section 7: | Conclusion | 22 |
| Appendix 1: | Budget Comparisons | 24 |

Section 1: Membership Report 2012 - 2013

- The Codes currently cover 180,186 bed spaces from 129 suppliers. Further details are given below.

The total number of private providers and educational establishments signed-up to both of the ANUK/Unipol Codes, as of 30th June 2013, was 129. 80 of these are members of the Code for non-educational establishments, whilst 49 are members of the Code for educational establishments.

There has been a net increase of 15 providers signed-up to these Codes since June 2012 (a 13% increase), which has mainly resulted from a number of smaller new private providers joining. Future increases in membership is more likely to come from these smaller providers, many of whom are looking to offer well managed, but lower cost, accommodation than their larger competitors can.

The National Codes Administrator is currently dealing with applications for membership from another 11 providers, most of whom are small private providers managing less than 350 bed spaces. 65% of these developments are in the North of England (Bradford, Lancaster, Liverpool, Manchester and Sheffield), and 16% are in London and the South-East (London and Maidstone), with 10% in the East Midlands (Leicester and Nottingham) and finally Scotland (Dundee and Glasgow) with 9%. If all of these applicants are granted membership then it would add a further 7,107 bed spaces to the overall total.

In terms of the number of bed spaces covered by both Codes, the total at June 30th 2013 was 180,186 bed spaces - 14,067 more than in June 2012 (an 8.5% increase). Membership of the Educational Establishment Code accounted for 34,374 bed spaces. There has been a small decline in the number of bed spaces because some educational institutions have either sold off developments or are passing their management to private providers, who are members of the other ANUK/Unipol Code.

The above figures also need to be seen in the context of the loss of the third largest providers of student accommodation, the Opal Property Group, which was placed in administration in March 2013. This resulted in the immediate loss of some 12,000 bed spaces, however, as the management of many of the former Opal developments has passed to other existing members of the Codes, most of the bed spaces covered have been retained; those which were not have passed to a new provider who has applied to join the relevant Code.

Some bed spaces were lost from membership during the 2012/13 period because Nido Student Living was suspended from membership for failing to pay their 2013 membership fees within the permitted period of time. The Chair of the National Codes' Audit Panel took this decision in May 2013, and it was subsequently ratified by the Committee of Management in June 2013. However, subject to the outcome of a re-verification visit, it is likely Nido's 2000 plus bed spaces will return into membership in 2013/14.

An analysis of the geographical spread of developments belonging to the Codes reveals that, as of June 30th 2013, 68 different towns and cities in the UK have a least one building signed-up to either Code, a net increase on 2011-2012 of four. Most of these towns and cities are in England (60), but four are in Scotland and four are in Wales.

As of June 30th 2013 there were a total of 1,405 large student developments in the UK covered by either of the two ANUK/Unipol Codes, which is 67 more than at the end of June 2012; an increase of 5%. Most of these were added by existing members of the Code for non-educational establishments.

Table 1 (below) shows the ten towns and cities that have the most bed spaces covered by the two Codes, along with the number of developments operated under them.

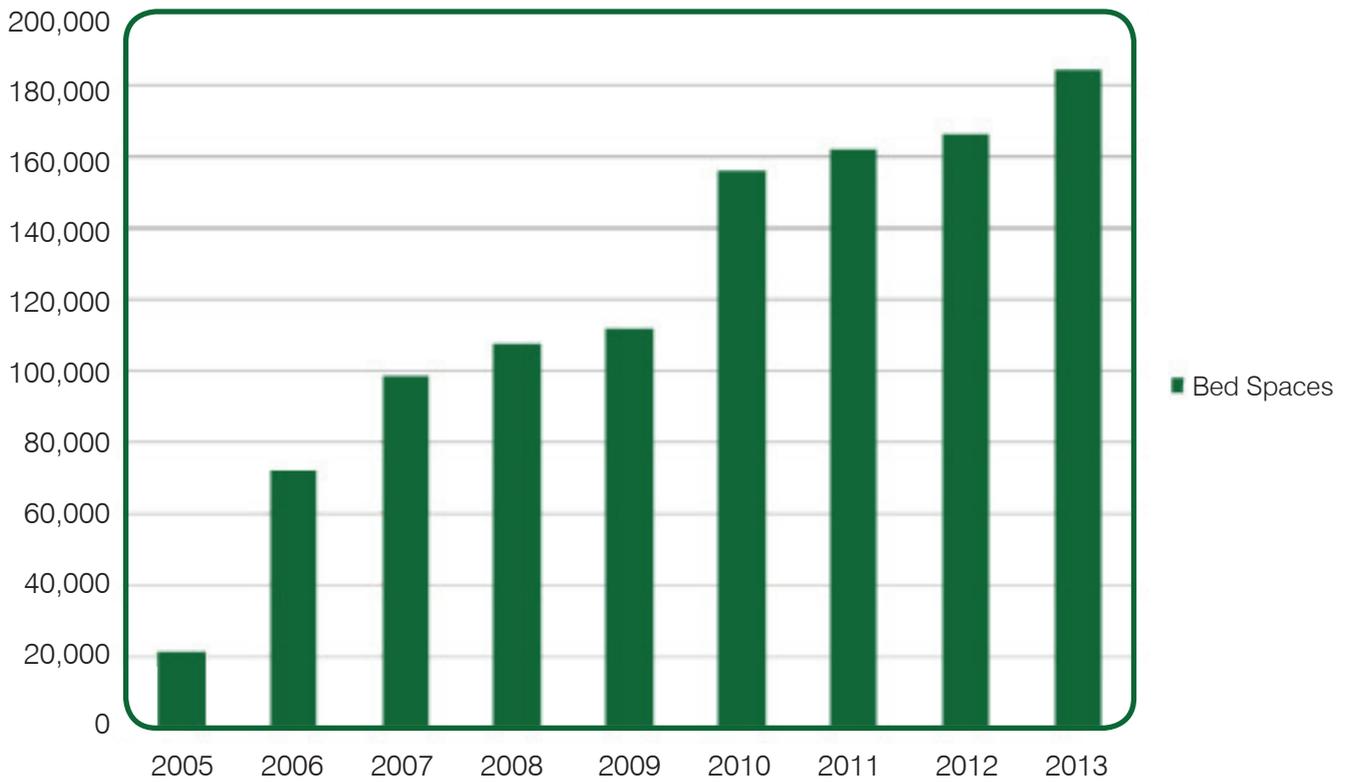
TABLE 1: Top Ten Place with Student Developments Covered by the Two ANUK/Unipol Codes, as of June 30th 2013

| Position | Location | Total Number of Bed Spaces | Total Number of Developments |
|-----------------|-----------------|-----------------------------------|-------------------------------------|
| 1 | London | 25,393 | 125 |
| 2 | Cambridge | 16,871 | 767 |
| 3 | Leeds | 16,488 | 72 |
| 4 | Nottingham | 13,845 | 37 |
| 5 | Sheffield | 8,473 | 22 |
| 6 | Birmingham | 7,643 | 19 |
| 7 | Liverpool | 7,268 | 19 |
| 8 | Manchester | 5,922 | 17 |
| 9 | Leicester | 4,865 | 15 |
| 10 | Bristol | 4,412 | 21 |

Unsurprisingly, London contains most of the bed spaces that are operated under the Codes and London is also where most of the new bed spaces have been added since 2012 (a net increase of 3,413 bed spaces, or 16%).

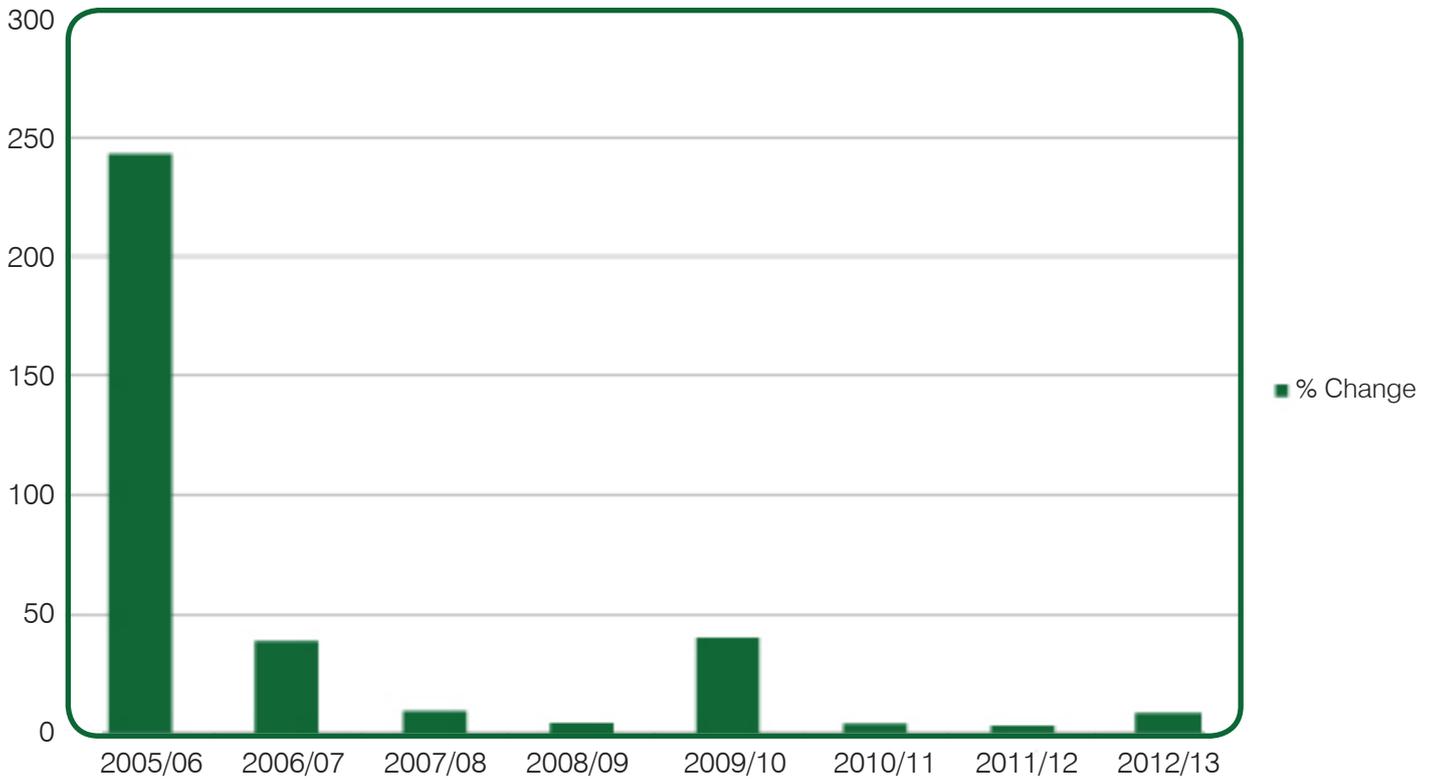
Bed space numbers in Bristol, Leeds, Leicester, Manchester and Sheffield have declined slightly since 2012. This is mostly due to some changes in the operational management of developments in these cities, which have still to be re-verified before they can be accredited again under the relevant Code.

GRAPH 1: Number of Bed Spaces Covered by the ANUK/Unipol Codes - 2005 to 2013



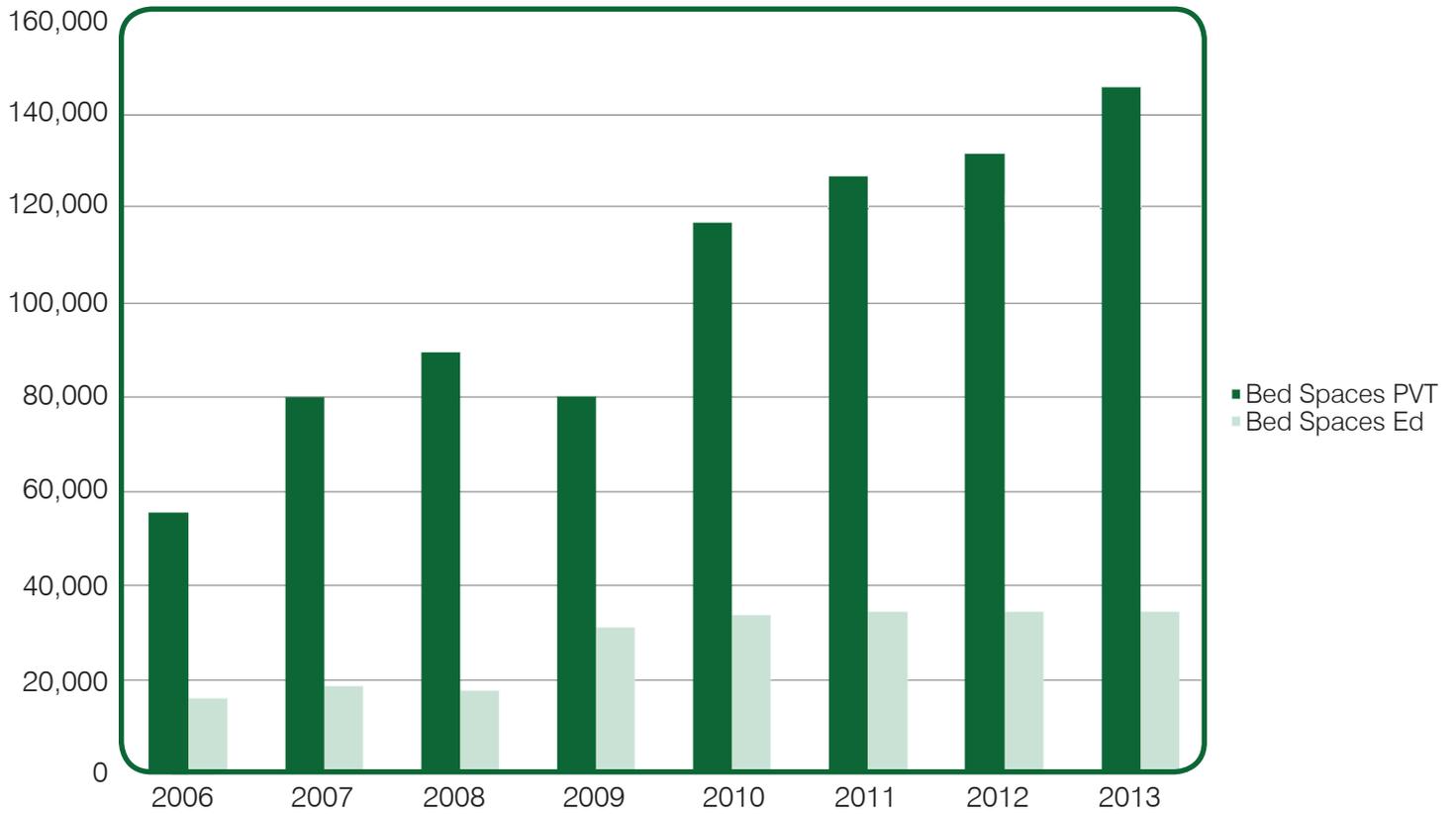
Graph 1 depicts the increase in the number of bed spaces covered by both Codes since 2005, when the Codes were first launched. The numbers have increased year on year in a more or less steady manner, especially since the large increases in both 2007 and 2010.

GRAPH 2: Percentage Increases in Bed Space Numbers - 2005/06 to 2012/13



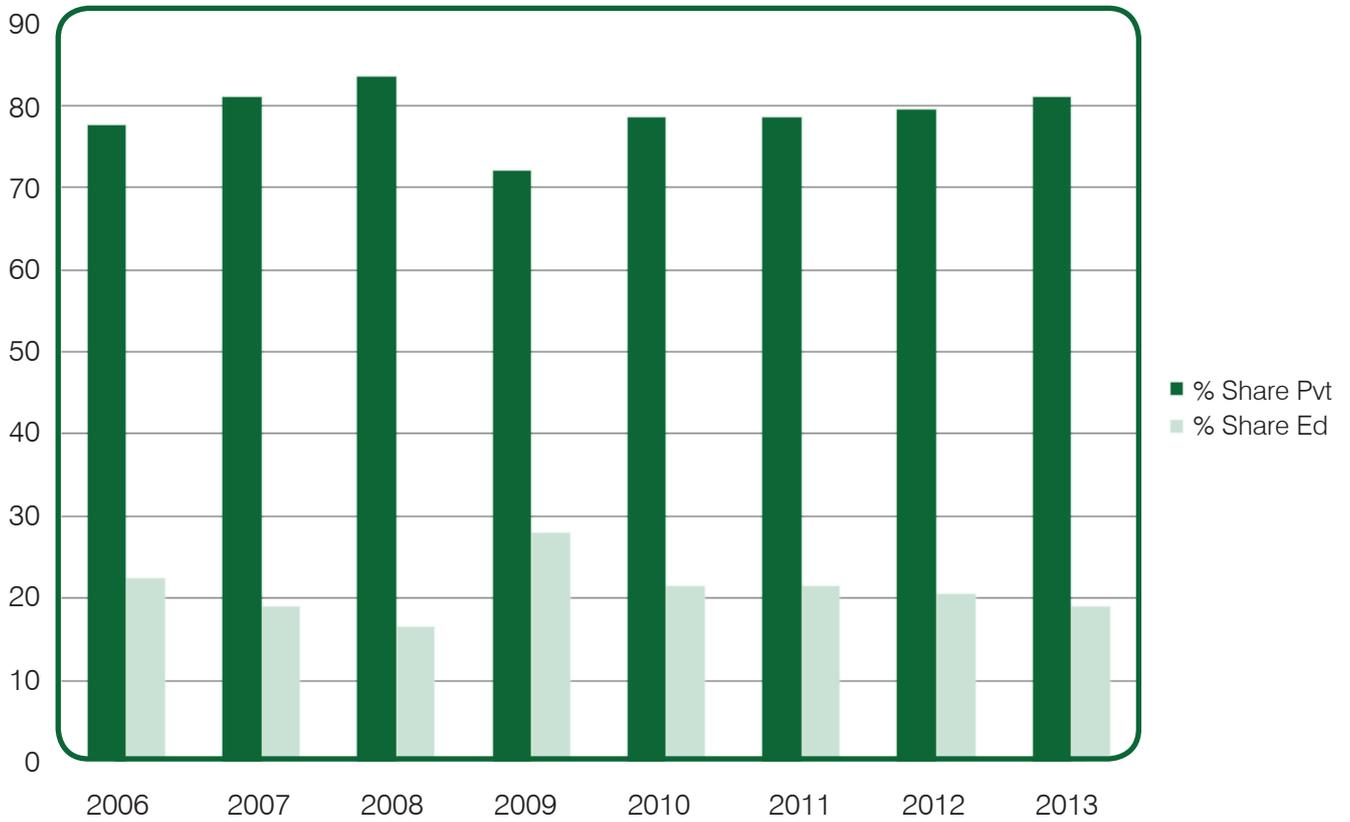
Graph 2 reveals the large percentage increase that occurred in bed space numbers between the first year of the Codes in 2005 and the following year. Whilst it was not likely that such percentage rises would occur again, some more modest but significant ones did happen between 2006 and 2007, as well as between 2009 and 2010.

GRAPH 3: Comparative Bed Space Coverage by Code - 2006 to 2013



Graph 3 aims to show the relative size of the two Codes in bed space numbers and serves to highlight the comparative changes in membership of the two Codes since 2006 - when the Code for Educational Establishments was first approved by the Government. The overwhelming dominance of the private sector is demonstrated clearly in this graph, although the inclusion of the Cambridge colleges within the Code for Educational Establishments in 2009 is also apparent.

GRAPH 4: Percentage Share of Bed Space Numbers by Code - 2006 to 2013



Graph 4 shows how the Codes compare in terms of percentage share. Although there was an increase during 2009 in the percentage of bed spaces within the educational establishment Code - with the addition of the Cambridge colleges - the overall percentage share for that Code has been falling back since then, as growth levels have not kept pace with those for the other Code.

Section 2: Committee of Management Meetings 2012 - 2013

The Committee of Management (CoM), which is comprised of all the Codes' key stakeholders, continues to provide an effective forum for members where information, good practice and any concerns can be raised in a mutually helpful and co-operative environment. The CoM also sets the fees to join the Codes and approves an annual budget for the operation of both. Fees are therefore set by those who pay them.

The CoM has met on three occasions since July 2012: 2nd November 2012; 11th February 2013; and 17th June 2013. Attendance at meetings continues to be buoyant, with an average of 23 attending each meeting (an increase of 4% on 2011-12 attendances). Meetings are generally lively, well-informed and last for about two and a half hours.

A number of changes to the membership have occurred over the period from July 2012 to the end of June 2013.

The Opal Property Group (as reported in the last section) was placed in administration and ceased to operate a management platform in May 2013, therefore they were deemed to no longer qualify for a place on the CoM. Pete Mercer's (NUS Vice President for Welfare) term of office came to an end in June 2013 and he has been replaced on the CoM - as from July 2013 - by Colum McGuire. Jacqueline Colgan (Spectrum Housing Group) resigned. Martyn Duguid (Nido Student Living) was suspended from membership of the CoM. The remaining vacancy for Co-opted places was filled by Mike Poole, from Evenbrook Capital Partners Limited, who have an interest in a development based in Birmingham.

Finally, it is welcomed that CUBO have re-joined the Committee, with Ms Frances Stone as their representative.

In addition to the above, two members were replaced as the nominated representative of their organisations and these were: Jonathan Chandler (University of Greenwich) - replaced by Bill Franciscy; and Gregor Ritchie (Mansion Group) - replaced by Joanne Pollard.

There remain vacancies for nominees from several key stakeholder organisations. Both the Association of Managers of Student Services in Higher Education (AMoSSHE) and Local Government Regulation (LGR) have failed to nominate replacement representatives, however, on a more positive note, Universities UK, who have previously been represented on the CoM, have recently discussed nominating new representatives and it is anticipated that they will be attending the CoM from the start of the 2013/14 academic year.

CoM meetings continue to be hosted by members, so thanks need to be recorded to: The Royal Veterinary College; NUS and Derwent Living for hosting the last three meetings.

Current Members of the CoM:

Mark Allen (UPP Projects Ltd)
Andy Attewell (Victoria Hall)
Michael Ball (ASRA)
Lynn Bennett (Derwent Living)
Martin Blakey (Unipol)
Chris Blencowe (Cambridge Colleges)
Jane Crouch (Fresh Student Living)
Cheryl Darnell (Association of Colleges)
Martin Duguid (Nido Student Living)

Ian Fletcher (ANUK)
Bill Francisy (University of Greenwich)
John Gautrey (IQ)
Joanna Goodman (NUS)
Andrew Griffiths (Chair)
Linh Hawke (Viridian)
Allan Hilton (Cass and Claredale)
Chris Holt (Towers Lettings)
Jo Hynes (University of Leeds)
Victoria Johnson (Leeds Metropolitan University)
Simon Jones (Unite)
Charles Kerr (South Street)
Sasha Marshall-Ocana (Royal Veterinary College)
Paul Martin (DCLG)
Bob Mayho (CIEH)
Colum McGuire (NUS)
Huw McLean (Welsh Assembly Government)
Beatrice Merrick (UKCISA)
Robert Moyle (Campus Living Villages)
Joanne Pollard (Mansion Group)
Mike Poole (Evenbrook)
Ian Robertson (Unipol)
Paul Rowlinson (Sanctuary Management Services)
Frances Stone (CUBO)
Richard Stott (Kexgill)
Tom Toumazou (ANUK)
Terry Waide (Northern Ireland Housing Executive)
Geraldine Ward (University of Hertfordshire)
Paul Watson (Liberty Living)
Brian Welsh (Knightsbridge Student Housing Ltd)
Keith White (CRM)

Section 3: Meeting the Challenges of the Seventh Year

The last Annual Report set a number of challenges for the seventh full year of the Codes' operation. These included:

- The delivery of a new, on-line, Self- Assessment Questionnaire (SAQ) for use by members of both of the ANUK/Unipol Codes;
- Reviewing the Code for Educational Establishments;
- Up-dating the on-line training course to take account of any recent changes in law/regulation, as well as to ensure it is applicable to members of both Codes;
- Organising a third joint National Codes conference.

All four of these objectives were either achieved, or are in the process of being so, but it may be helpful to provide some more detail on each of these areas of work.

Delivery of the New On-Line SAQ

The new SAQ, operational from spring 2013, is available on-line and applies to members of both of the ANUK/Unipol Codes, as users can select either the educational establishment Code SAQ or the one for non-educational establishments when they register. All existing members of both Codes have been asked to complete and submit a new SAQ before the end of September 2013, and all new applications for membership have been completing their self-assessments using the on-line version since March 2013.

Feedback from those who have so far used the new SAQ has been very positive and the verifiers, who also have to complete their assessments from visits undertaken on-line, have reported that it has been beneficial to them - especially as a draft version of their visit report is generated automatically by the on-line system.

Review of the Code for Educational Establishments

A paper setting out some possible alterations to the content of this Code was presented at the November 2012 meeting of the Codes' Committee of Management. It included a recommendation that the paper be circulated to all members of that Code as part of a consultation process, which was agreed.

When the CoM met again in February 2013, members were informed of the outcomes from the consultation process and were provided with a paper setting out what alterations might be made to the Code as a result of that feedback. The meeting agreed that a virtual working group should be convened in order to assist with the development of a final draft version of the new Code.

The National Codes Administrator presented a final draft version of the revised Code to the CoM in June 2013, based on the suggestions received from both members of the working group as well as from members of the Code in general. This version was agreed by the CoM and was then sent to members of the Codes' Consortium for final ratification, who ratified the changes and agreed the final version.

The final stage of the process, which has yet to be completed, relates to the approval of the revised Code by the Department of Communities and Local Government (DCLG).

Updating of the on-line Training Course

The on-line training course was first introduced at the beginning of 2011 as a means of providing staff

who worked within developments covered by the Code for Non-Educational Establishments with a way of finding out more about that Code and its requirements, especially in respect of the day-to-day management of purpose-built student accommodation.

Since the on-line course was first launched, the Code for Non-Educational Establishments has been revised (it came into operation from January 2012) and it has become apparent that many members of the Code for Educational Establishments would also like to make use of it. Therefore the course needed to be up-dated and broadened out.

Although work has begun on this particular objective, at the time this report is being compiled it has only been possible to undertake a general review of the content of the course and for a paper to be written setting out what changes are needed. The next stage, to be completed before the start of 2014, is to make amendments and additions to the sections that require work, locate suitable new images for the website and to produce two new videos in place of the current ones - albeit with the same scripts.

Organisation of a Third Joint National Codes Conference

The third joint National Codes conference took place on Friday 30th November 2012 at Mary Ward House in Central London. The event attracted a total of 70 delegates, significantly fewer than the 114 who attended the second joint conference. Part of the reason for this decline may be explained by the fact that the date clashed with a regional Association for Student Residential Accommodation (ASRA) event and the HMO Network conference.

The format of this conference was similar to the very first joint conference, consisting of a mixture of plenary and optional workshop sessions, covering a wide range of topics. At the end of the event delegates were invited to complete a feedback form, rating the different sessions as well as some general issues - like food and the venue. Out of the 70 delegates who attended, 37 returned an evaluation form (a response rate of almost 53%).

Delegates were asked to rate the different aspects on a numerical basis, where 1 = excellent, 2 = very good, 3 = good, 4 = average and 5 = poor. The average overall rating for the event was 2.21.

Additional Achievements of the Seventh Year

As well as meeting the challenges set for the seventh year, some other successes are worth reporting.

Development of a Verifiers' Tool Kit

Following a number of discussions at meetings of both the Committee of Management and the Audit Panel over the last year, a document setting out the procedures for verification visits has been agreed. Called the 'Verifiers' Tool Kit', this document outlines to providers who are to be subject to a visit what is likely to happen in advance of the visit, what will happen during the visit (including the sort of documentation that verifiers will wish to consult and which rooms/flats they will want to look at), and what takes place afterwards.

All of the verifiers have been asked to make use of the tool kit when contacting providers that they have been given the responsibility for verifying. The document has also been posted onto the National Codes website, making it accessible to anyone with an interest in how the verification process operates.

The Committee of Management agreed in June 2013 that this document will be reviewed annually.

The Establishment of a One-Day Training Event Designed for Applicants and New Members of the Codes

This event was devised following suggestions made by a number of the National Codes verifiers,

based on their discussions with various new providers whilst undertaking their initial verification visits. Although many of these providers were aware of the on-line training course, the verifiers reported that some of these provides wanted something that was able to go into more depth about the Codes and their requirements.

The National Codes Administrator was asked to establish the extent of the demand for such a course and, assuming it was sufficient to make the event financially viable, to devise a programme that would be of interest to both new members as well as providers who were applying to join the Codes. Following an email to all Codes members and applicants, the NCA was able to report that some interest had been shown and, on the basis of this, a programme was devised that covered the general background of the Codes; their content, the self-assessment and verification procedures, as well as the complaints process. The event was designed to include a mixture of presentations on these subjects as well as small group work, with the emphasis on networking.

The event was run for the very first time at the end of April 2013, in London, and it attracted 13 delegates. The feedback received was very positive and, based on that perceived success, it will be run again in late October 2013.

Section 4 – Assessment and Verification Procedures

Verification Visits and Re-Visits

Two rounds of verification visits have been completed since the start of July 2012. Between August and December 2012 a total of 28 verification visits or re-visits were completed, whilst between January and June 2013 a further 49 were conducted. This is 13 more visits than were carried out over the same period in 2011/12, an increase of 20%.

Table 2 (below) details the different categories of the visits made, up to the end of June 2013. A further nine visits have been scheduled for July and August 2013 - most of which fall within the category of change of operational management.

TABLE 2: Visits by Type, July 2012 to end of June 2013

| Category | Number of Visits Aug-Dec 2012 | Number of Visits Jan-June 2013 | Totals |
|------------------------------------|--|---|---------------|
| New Applicant | 13 | 8 | 21 |
| New Development of Existing Member | 3 | 16 | 19 |
| Cyclical Revisit | 5 | 5* | 10 |
| Change of Operational Management | 1 | 17 | 18 |
| 1st revisit | 2 | 2 | 4 |
| 2nd revisit | 4 | 1 | 5 |
| Totals | 28 | 49 | 77 |

* includes one of the Cambridge Colleges, verified as part of the peer to peer system

All new applicants for membership continue to be subject to a verification visit before the provider can be regarded as being accredited under the relevant Code, and priority is given to such applicants in terms of planned verification visits. Table 2 clearly shows the continued interest from providers of purpose-built accommodation in wishing to join the relevant ANUK/Unipol Code.

Those existing Codes members who have a medium to large portfolio of student developments are

subject to annual verification visits, usually to sites which have not previously been subject to a visit. One of the reasons for the large number of visits that fall within this category during the first half of 2013 was the situation with the Opal Property Group. Not long after they were placed in administration it was decided that some sample sites of theirs should be subject to a visit, to ensure on-going compliance.

In circumstances where an existing member takes over the operational management of a development that was previously managed by another member of the Codes, arrangements are made to verify that development as a matter of course, regardless of whether the development was recently verified under the previous provider. Table 2 reveals that the largest number of visits undertaken in the first half of 2013 were as a result of changes in operational management, which was directly due to the situation with the Opal Property Group.

Decisions about whether it is necessary for a member or applicant to be re-visited following the initial verification visit are determined by the verifier concerned, in consultation with the Audit Panel and the National Codes Administrator. Only in situations where action points are identified during a verification visit would it be necessary to consider such a revisit and, even then, the verifier may deem it appropriate for the provider concerned to offer documentary evidence that the points have been addressed, rather than there being a need for the verifier to check this in person. However, verifiers are charged with ensuring that action points have been addressed within their given timescales and they can determine how soon after the original visit any re-inspection should occur. Where such revisits reveal that some or none of the action points have been addressed, a verifier can require a second re-visit to take place - the costs of which would need to be met by the provider.

The other category identified in Table 2 refers to cyclical revisits which, in other words, means visiting providers who have been existing members for a period of three years or more. Where these providers have only one development then it is looked at again, but where they operate more than this then a different site is likely to be chosen.

TABLE 3: Outcomes from Verification Visits Undertaken between 1st July 2012 and June 30th 2013, by Category

| Category | Number of Visits Finding One or More Action Points | Number of Visits Finding No Action Points | Totals |
|------------------------------------|---|--|---------------|
| New Applicant | 18 | 3 | 21 |
| New Development of Existing Member | 11 | 8 | 19 |
| Cyclical Revisit | 7 | 3 | 10 |
| Change of Operational Management | 11 | 7 | 18 |
| 1st revisit | 1 | 3 | 4 |
| 2nd revisit | 4 | 1 | 5 |

The findings outlined in Table 3 require some additional commentary in order to provide a clearer indication of the outcomes from the visits undertaken.

The significant proportion of new applicants who are shown as needing to address one or more action point is not unusual, and these findings are similar to those from previous years. Although that applicant will have self-assessed the extent of their compliance with the Code in advance of the visit taking place, it is anticipated that they may not immediately fully comply with all requirements of the relevant

Code. The verifier uses their judgement to determine whether they appear capable of completing the actions within the timescales allowed, in which case membership will be recommended. However, in other cases the verifier may take the view that membership should be delayed until the action points have been completed, and/or confirmed via a re-visit.

As is perhaps to be expected, existing members generally performed much better in terms of having no action points identified in their verification visit reports of new developments. Out of the eleven developments that were regarded as having some action points that needed to be addressed, there was only one that was reported to the Audit Panel as requiring closer scrutiny - and even then it was not recommended that membership be withdrawn from that provider.

Visits to developments as a result of changes in operational management also appear prominently in Table 3. Whilst most of these are linked to the situation with Opal, changes within other members' management platforms also necessitated such visits. Whilst many were found to be fully compliant, most did reveal some action points that needed to be addressed. However, none of these gave rise to any significant concerns on behalf of the verifiers who completed the visits to lead them to recommend membership be withdrawn from the provider who had taken over the management.

The most concerning finding from Table 3 is the number of members who had failed to address one or more action point by the time the re-visit occurred. However, an analysis of the outstanding action points shows that most relate to the non-completion of repair and maintenance issues, such as window cleaning and decorative condition. However, in the case of two of the re-visits the issues cited were more serious, as they related to health and safety concerns. In these cases the Audit Panel (when it next meets in August 2013) will recommend the appropriate action to be taken.

Finally, although the outcomes from the second round of verification visits to current members suggests significant failure to comply with the Code, closer scrutiny of the action points does not reveal any concerns that have led the verifier to recommend that the provider's membership be withdrawn. However, in one case the verifier has indicated a need for a further re-visit, the costs of which will be charged to the provider.

TABLE 4: Number of Verification Visits Undertaken 2007 - 2013

| Year | No. of Developments Visited | No. of Different Applicants/Members Visited |
|-------------|------------------------------------|--|
| 2007 | 37 | 26 |
| 2008 | 37 | 31 |
| 2009 | 49 | 35 |
| 2010 | 60 | 65* |
| 2011 | 72 | 58 |
| 2012 | 50 | 37 |
| 2013 | 49** | 24** |

*This includes the 18 Cambridge Colleges verified by the peer to peer system up to the end of June 2010

** Up to the end of June 2013 (A further 80 visits or revisits are planned for the second half of 2013 to another 75 members/applicants, which will include 30 Cambridge Colleges)

Table 4 shows that, with the exception of 2012, the number of verification visits undertaken each year has increased, with the final number for 2013 (if all of the proposed 80 additional visits take place) being in three figures.

The Audit Panel

The Audit Panel has met on three occasions between the start of July 2012 and end of June 2013. The first meeting was hosted by the British Property Federation, the second by Unipol Student Homes, and the third by Sanctuary Management

The membership of the Audit Panel remains the same as was reported in the 2012 Annual Report, however, as from the autumn of 2013 it is likely that a new Chair will be appointed, and a post of Deputy Chair will also be created. It is also probable that some additional verifiers will be recruited to augment the existing team, mostly to ensure that there exists the capacity to respond quickly should another member be placed in administration and/or there is a change in the operation platforms of a significant number of developments currently accredited under the Codes.

Currently the membership is as follows:

Mr Ian Fletcher, Chair;
Dr Stephen Battersby - Verifier;
Mr Chris Blencowe - Cambridge Colleges ;
Ms Mary Bright - Verifier;
Ms Joanna Goodman - National Union of Students
Ms Victoria Loverseed - Unipol;
Mr Philip Moxon - Verifier;
Mr David Robertson - Verifier;
Mr Nick Stanton - Verifier

Section 5 – The Role of the National Codes Following the Opal Property Group Being Placed Into Administration

There are numerous mentions in this report of the Opal Group moving into administration and ceasing to be a student housing supplier. The financial failure of the third largest student accommodation supplier in the UK and an important Code member, posed a significant challenge for the Codes.

The role of the National Codes was to ensure that, through the administrative turbulence, contracts and monies from students were honoured and service levels remained high.

Additional verification visits were carried out on the Opal portfolio during their administrative process to ensure the consistency and delivery management standards and, following the changing of management platforms (as Opal's responsibilities were taken over by others) further verification visits were undertaken to ensure these standards have been maintained under the new arrangements.

The verification processes showed that services provided to residents were unaffected and the standards in the Codes continued to be met.

The Codes' Consortium met on a weekly basis throughout the first month of administration and obtained firm assurances from the various teams of administrators that:

a) any contracts for accommodation entered in to with the Administrators would be honoured by them, or the obligation to honour them would be expressly passed over to any purchaser of the building.

b) tenants on existing contracts who had paid rent in advance would have those payments honoured by the Administrators

c) buildings would continue to be managed by the current operator and if any change of management platform was made the National Codes Administrator would be informed of that within 24 hours.

d) the administrators would provide a contact number or website information where parents and tenants who have concerns could find out up to date information or contact a designated member of staff.

The National Codes website also was updated daily to give up to date information which was also carried on the National Union of Students' website.

In looking back it is pleasing to note the level of co-operation that took place within the consortium involving, on some occasions, almost daily contact between the three key players - the National Union of Students, ANUK and Unipol - who co-ordinated the action. There is no doubt that the National Codes rose to the challenge of working with the administrators to reassure tenants and potential tenants that their money was safe and standards were being maintained and rigorously verified.

Section 6 – Complaints and Tribunal Procedures

Code Complaints

Table 5: National Code Complaints Received, by year and status

| Year | Total No. Contacting the NCA | No. of Formal Complaints Submitted | No. of Formal Complaints Submitted to the Tribunal |
|---------------|------------------------------|------------------------------------|--|
| 2005 | 1 | 0 | 0 |
| 2006 | 5* | 0 | 0 |
| 2007 | 5* | 2 | 1 |
| 2008 | 20* | 3 | 2 |
| 2009 | 21 | 7 | 6 |
| 2010 | 17 | 3 | 1 |
| 2011 | 27 | 6 | 2 |
| 2012 | 45 | 18 | 5 |
| 2013 | 14 (to end of June) | 5** | 2 |
| TOTALS | 155 | 44 | 19 |

* one of these concerned a development that was not covered by the Codes

** one is on-going

Table 5 indicates very clearly the extent to which the Codes' complaints procedures have been accessed since the Codes were first launched, and provides a sense of the increased awareness amongst tenants (and their representatives) about the Codes and the complaints process related to them.

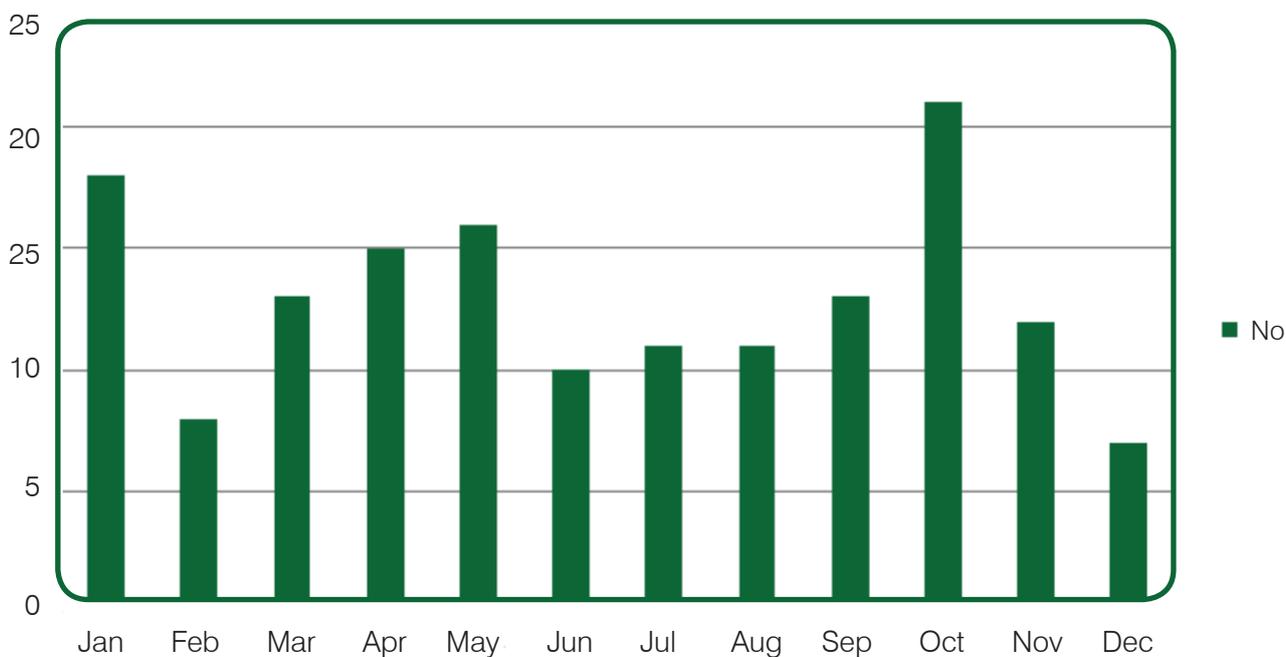
The National Codes Administrator records all contact made by tenants or former tenants (or their representatives) of developments covered by the Codes that may be regarded as a complaint about a member not complying with the relevant Code. The number of such contacts steadily increased from 2005 to 2009, but then (with the exception of 2010) significantly increased in 2011 and 2012. Whilst the

figures for the half-year of 2013 are lower than the same point the previous year, as can be seen from Graph 5 (below) there does tend to be a spike in complaints in the autumn, which may mean the final figure for 2013 is on a par with that for 2011.

Table 5 also makes clear that less than 30% of all of the complaint-related contacts made with the NCA develop into formal complaints, defined as complaints either issued on the prescribed complaints form or deemed as requiring a reply from the relevant member as a result of information provided by the complainant. Even if the proportion of complaints to formal complaints is looked at year-on-year, the greatest proportion has never exceeded 40% - which was in 2012.

Finally, the proportion of formal complaints that have needed to be referred to the Tribunal process is less than half (44%) of the number submitted. Whilst this proportion was much greater in 2007, 2008, and 2009, it was around a third or less for each of the following years.

Graph 5: Complaints/enquiries Received by Month since 2005



In terms of when during the year complaints/enquiries are made to the National Codes Administrator, Graph 5 reveals some interesting patterns of spikes and troughs. Looked at on the basis of an academic year, there are spikes in October, January and April, which could be explainable in terms of the cycle of the tenancy. The October ones often relate to dissatisfaction with property conditions when the tenants moved in; the January ones to problems that existed in the first term and have not been resolved. and/or perceived poor conditions following maintenance work undertaken during the Christmas vacation; and the ones in April could be attempts to pre-empt deposit deductions.

Table 6: Outcomes from Non-Formal Complaints

| Outcome | Numbers |
|---|----------------|
| Not pursued any further | 36 |
| Issues resolved by provider | 6 |
| Still to be dealt with under the provider's own complaints procedures | 67 |
| Concerned non members | 2 |
| On-going | 1 |
| Total | 112 |

Table 6 reveals that, in the majority of cases, non-formal complaints tend not to have been dealt with by the provider's own complaints procedures at the time they are raised with the National Codes Administrator. Either that or, having received an initial response from the NCA - which may simply be a request for additional information - the complainant does not pursue the matter following that original contact. In a small number of cases the provider, having been made aware a problem has been raised, will undertake to resolve the situation without the need for it to be taken to any formal stage. However, it is possible that the reason the majority of these contacts do not turn into formal complaints is because the provider makes an intervention, thus ensuring that the complainant either does not pursue the matter further OR gets satisfaction via the provider's own complaints procedures. Unfortunately it is not possible, given the way information about complaints is currently compiled, to determine the extent of such provider inputs.

Table 7: Outcomes from Formal Complaints

| Outcome | Numbers |
|---|----------------|
| Referred to the Tribunal and Up-held | 12 |
| Referred to the Tribunal and NOT Up-held | 7 |
| Resolved by Provider before the matter was referred | 13 |
| NOT referred as no additional information was provided to support the complaint | 6 |
| NOT referred as the matter had not been subject to the provider's own complaints procedures | 3 |
| Complaint was made more than 6 months after end of tenancy so could not be considered | 1 |
| Concerned non-members | 1 |
| On-going | 1 |
| Total | 44 |

Table 7 is a much better indicator of the extent to which providers respond to complaints that have been received against them, and reflects the fact that - once a formal complaint has been made - the provider is required to respond to the allegations that are being made; it is only where the matter remains un-resolved after that contact has been made (or is disputed) that the complaint would be referred to the Tribunal procedures. This table shows that a provider is more likely to resolve a matter

once they have been contacted by the NCA, however, it also reflects the fact that where the Tribunal is asked to adjudicate on a matter the complaint is more likely to be up-held than not. In a small number of cases the complainant either does not provide any additional information to assist the NCA complete the initial assessment of the complaint, or it is clear that they have moved to the second stage of the complaints procedure before the first stage (the provider's own complaints process) has been entered into.

Table 8: Most Common Issues Included in Complaints - In General and in Formal Complaints

| Issue/s | No. of Times Raised in General Complaints | No. of Times Raised in Formal Complaints |
|---|--|---|
| Disrepair | 36 | 5 |
| Dealing with disputes | 19 | 3 |
| Deposits | 17 | 5 |
| Contractual matters | 10 | 4 |
| Disrepair and dealing with disputes | 9 | 2 |
| Tenant issues and dealing with disputes | 5 | 4 |
| Dealing with disputes and responding to complaints | 4 | 1 |
| Misleading advertising | 4 | 2 |
| Dealing with disputes and not responding to correspondence | 3 | |
| Tenant issues | 3 | 1 |
| Misleading advertising and disrepair | 3 | 2 |
| Access to rooms/flats issues | 2 | 1 |
| Contractual issues and disrepair | 2 | 0 |
| Disrepair, not dealing with disputes and not responding to correspondence | 2 | 3 |
| Harassment | 2 | 3 |
| Misleading advertising and dealing with disputes | 2 | 0 |
| Not acting professionally | 2 | |
| Not responding to correspondence | 2 | 1 |
| Security issues | 2 | 0 |

Table 8 lists the most common themes that have been cited as the reason for why a complaint -both general and formal - has been made (taking only those that have been given in at least two separate complaints), and makes a comparison between general complaints and formal complaints. It is not surprising that disrepair is the most commonly cited cause for a complaint, neither is it astonishing that the second most common relates to the way disputes are dealt with. The appearance of deposits in third is, given the existence of deposit protection, more unexpected, however, this is a very broad heading and covers situations where a provider failed to protect deposits through to a complaint about whether advice on cleaning was given at the end of a tenancy; it should also be remembered that some providers covered by the ANUK/Unipol Codes do not use Assured Shorthold Tenancies and, as such, are therefore exempt from the need to protect deposits.

Relationship Between the Audit Panel and Complaints Tribunal

All decisions concerning the removal of membership from either of the Codes are matters for either the Audit Panel or the Complaints Tribunal to consider, who will then make a recommendation to the Committee of Management. Both the Audit Panel and Complaints Tribunal have powers to suspend the member whilst the matter is considered more fully.

Complaints Tribunal Membership

The Tribunal Chair, Mr John Martin (a Barrister and acknowledged expert in the field of housing law) was re-appointed in 2012 for a further three years, although he indicated at the time that he would not be seeking a third term. The Chair is supported by two Vice Chairs, who each represent student and provider interests: Mr Colum McGuire (NUS) is the student Vice Chair, whilst Mr Keith White (CRM) is the Vice Chair representing providers. Keith was re-appointed for a 3 year period in 2012 and Colum will serve until the end of his period in office, which will not exceed 2 years.

There are five other Tribunal members, all of whom were also appointed for a further three year period in 2012, and a vacancy has arisen with the resignation of Mr Gavin Duncan, so a replacement will be appointed at the November 2013 meeting of the Committee of Management. The current additional members are:

Mr Mark Allen (UPP)
Ms Joanna Goodman (NUS)
Ms Victoria LoveSeed (Unipol)
Mr Paul Rowlinson (Sanctuary Property Management)
Mr Tom Toumazou (ANUK)
Vacancy (Member Provider)

Section 7 – Conclusion

Achievements in the Seventh Year

- Completion of the revised Code for educational establishments;
- Delivery of the new on-line self-assessment questionnaires for both of the Codes
- Continued growth in the number of bed spaces covered by both Codes;
- Development of the Verifier's Tool Kit;
- Initiation of a review of the content of the on-line training course
- Organisation of a third joint National Codes conference;
- Delivery of a new training event on the Codes designed specifically for new applicants and members.

Challenges for the Eighth Year

There are a number of challenges for this year which are summarised below:

- Completion of changes to the on-line training course so that it reflects the recent

amendments made to the Codes and applies to both of them ;

- Recruitment and training of four additional verifiers in order to provide sufficient coverage to ensure capacity in the event of a substantial increase in the need for verification visits resulting from changes of operation management in buildings already accredited under the Codes;
- Appointment of a new Chair of the Committee of Management and the Audit Panel, and selection of a Deputy Chair for the Audit Panel;
- Ensuring all current members of both of the Codes have completed the new on-line Self-Assessment Questionnaire by the end of September 2013;
- Collecting copies of tenant satisfaction surveys from all members of the Codes;
- Organising a fourth joint National Codes conference;
- Reaching the 200,000 mark in terms of the number of bed spaces covered by the Codes.

The Codes continue to make a real difference to the rising standards of management in student housing and are held in high regard by universities and colleges, and by the private sector, as setting transparent and verified benchmark standards and promoting best practice. This has only been possible by the support of the Codes members and the efficient administration of an increasingly large membership managing very substantial portfolios.

Accreditation Network UK/Unipol Codes of Practice of Student Accommodation Managed by Higher Education Institutions and for Student Accommodation Managed by Undertakings subject to HMO Licensing

Annual Report to Communities and Local Government (CLG)

Appendix 1: Actual to Budget Comparison for the period 1st August 2011 to 31st July 2012 and the 2012-2013 Budget

| 2012-13 Annual Budget £ | | 2011-12 Actual £ | 2011-12 Budget £ | Variance £ |
|-------------------------------|-------------------------------|------------------------|------------------------|---------------|
| | INCOME | | | |
| 170,000 | Fee Income | 170,528 | 160,000 | 10,528 |
| 16 | Interest | 14 | 8 | 6 |
| <u>170,016</u> | TOTAL | <u>170,542</u> | <u>160,008</u> | <u>10,534</u> |
| | EXPENDITURE | | | |
| 20,931 | Office Costs | 19,747 | 19,109 | 638 |
| 18,776 | IT Expenditure | 18,071 | 15,672 | 2,399 |
| 74,280 | Staff Costs | 65,526 | 63,052 | 2,474 |
| 1,686 | Travel Costs | 3,669 | 1,750 | 1,919 |
| 2,250 | Publications | 1,076 | 2,498 | (1,422) |
| 1,000 | Merchandising | 0 | 1,000 | (1,000) |
| 37,500 | Consultancy and Verification | 38,579 | 40,000 | (1,421) |
| 3,000 | Tribunal & Honoraria Expenses | 5,804 | 6,000 | (196) |
| 1,000 | Legal | 1,939 | 1,000 | 939 |
| 2,500 | Training Programme/Website | 5,645 | 5,000 | 645 |
| 2,000 | Miscellaneous | 433 | 250 | 183 |
| (2,800) | VAT | (1,836) | 0 | (1,836) |
| 2,755 | Depreciation | 1,047 | 2,480 | (1,433) |
| <u>164,878</u> | TOTAL | <u>159,700</u> | <u>157,811</u> | <u>1,889</u> |
| <u>5,138</u> | Surplus/(Deficit) | <u>10,842</u> | <u>2,197</u> | <u>8,645</u> |

DCLG are reminded that the financial year runs from August 1st 2011 to July 31st 2012 but fees are due on January 31st 2012 and runs for a calendar year. The cash flow for the National Codes is heavily in the negative until the half year point, when it moves into surplus.

There are only small variations in the fee levels proposed for the 2012-2013 current year. The budget takes into account the costs of the following initiatives:

- the completion of the on-line self-assessment process by private providers (operational from January 2013)
- the establishment of a new National Codes database with improved electronic storage of details of visits
- the extension and updating of the current on-line training for private providers to the Code for educational establishments
- the three yearly review of the Code for educational establishments
- the updating on the on line training course for private providers
- a larger annual conference with more free places for members

- more activity within the complaints and tribunal system.

The verification process is also getting more expensive to operate because :

- many new members are smaller operators who tend to take up more time for their initial assessment and visits and the sampling system means that with smaller operators sampling is effectively 1:1
- there has been considerable movement of buildings between operators and managers and because of the policy adopted by the CoM that where there is a change of manager the building needs to be re-verified, the number of verifications has increased
- the number of return inspections has also increased, although after an initial re-inspection, this is now paid for separately within the fee structure.