

IN OUR
10TH YEAR



Outstanding

The Dispute Service Ltd Annual Review 2012-13

UK Government Award for Customer Service Excellence 2012
Best Tenancy Deposit Protection Scheme 2012

Foreword



Martin Partington
CBE QC
Chairman



Steve Harriott
Chief Executive

The Dispute Service is an industry owned and government approved provider of tenancy deposit protection for the residential lettings market. We're not for profit and don't have any shareholders. This means that any surpluses can be put back into the business to improve the schemes we run for our members.

This annual review sets out a flavour of our work and once again we are delighted to report an outstanding set of results:

- We were granted a new service concession agreement to continue to operate an insurance based tenancy deposit scheme in England and Wales;
- We achieved the UK Government's Customer Excellence Award in April 2012 and underwent a successful review in March 2013;
- We won the PropertyDrum award for Best Tenancy Deposit Service in May 2012;
- We were highly commended for customer service in the Landlord and Lettings Awards in October 2012;
- We launched the TDS Academy to develop our training for members on tenancy deposit protection;
- We extended the Tenancy Deposit Scheme for Landlords with the Residential Landlord Association under the DepositGuard brand;
- We were successful in bidding to operate a tenancy deposit scheme in Scotland and launched SafeDeposits Scotland Ltd in July 2012 with a number of key partners. By March 2013 SafeDeposits Scotland was by far the largest of the three deposit protection schemes operating in Scotland;
- We provided information to the Eire government on developing tenancy deposit protection in the country;
- We published a detailed Guide to Tenancy Deposit Protection in England and Wales and published the first and only evaluation of the first five years of deposit protection;
- We were appointed by the Northern Ireland Assembly to run an insurance backed and custodial scheme in Northern Ireland through TDS Northern Ireland Ltd;
- We have continued to publish a wide ranging series of case studies, adjudication digests and blogs covering all aspects of our work;
- We were invited to join the All Party Parliamentary Group on the Private Rented Sector and have contributed to the work of governments across the UK by making submissions on a number of consultation papers.

We are grateful for the ongoing support of our customers, users and stakeholders and look forward to reporting back on another outstanding year in 2013-14.

The Coverage

The Dispute Service is now a UK wide provider of tenancy deposit protection services through:

The Tenancy Deposit Scheme

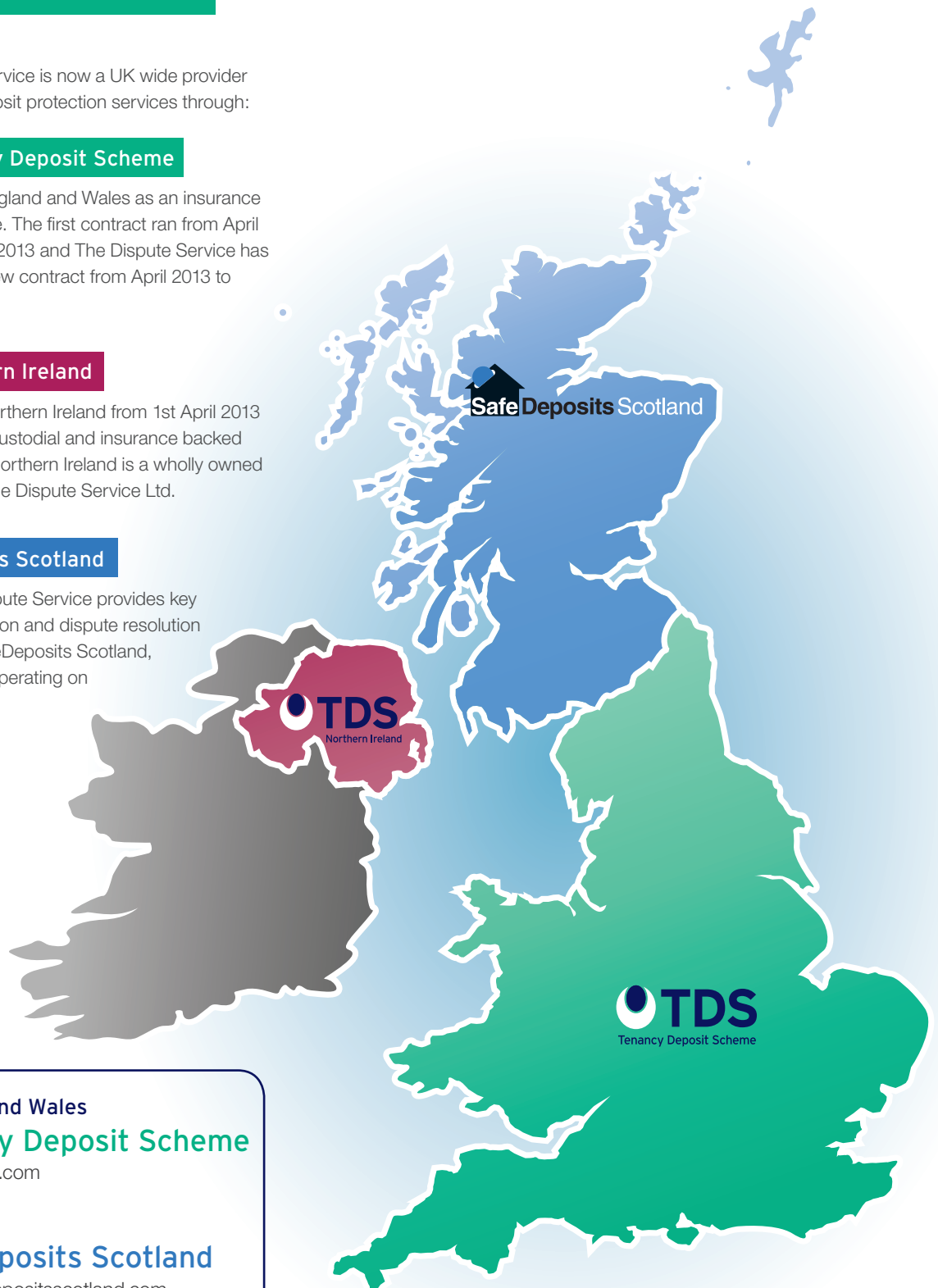
Operating in England and Wales as an insurance backed scheme. The first contract ran from April 2007 to March 2013 and The Dispute Service has been given a new contract from April 2013 to March 2018;

TDS Northern Ireland

Operating in Northern Ireland from 1st April 2013 and offering a custodial and insurance backed scheme. TDS Northern Ireland is a wholly owned subsidiary of The Dispute Service Ltd.

SafeDeposits Scotland

Where The Dispute Service provides key deposit protection and dispute resolution services to SafeDeposits Scotland, which started operating on 1 July 2012.



England and Wales
Tenancy Deposit Scheme
www.tds.gb.com

Scotland
SafeDeposits Scotland
www.safedepositsscotland.com

Northern Ireland
TDS Northern Ireland
www.tdsnorthernireland.com

The People

The Dispute Service Limited is a company limited by guarantee with its two corporate members being the National Federation of Property Professionals (NFOPP) and the Royal Institution of Chartered Surveyors (RICS). It is managed by a Board of Directors consisting of two Directors nominated by the corporate members, up to four independent directors plus the Chief Executive and Deputy Chief Executive. The company is a not for profit organisation and all surpluses are retained within the organisation to further improve its services to members.

Board as at 31 March 2013

Martin Partington	Chair
Paul McCormack	Royal Institution of Chartered Surveyors
Ian Potter	The National Federation of Property Professionals
Jodi Berg	Independent
Steve Harriott	Chief Executive
Nick Hankey	Deputy Chief Executive (Resources)
Alan Ward (Observer)	Residential Landlords Association

The Board meets on about 10 occasions each year.

Senior staff as at 31 March 2013

Steve Harriott	Chief Executive
Nick Hankey	Deputy Chief Executive (Resources)
Michael Morgan	Head of Dispute Resolution
Ben Beadle	Head of Member Relations & Director TDSNI



From left to right: Ben Beadle, Steve Harriott, Nick Hankey, Michael Morgan.

The Mission

Our mission is to:

- Provide a high quality, customer focused tenancy deposit protection service for tenants, agents and landlords in the UK;
- Ensure that we provide independent and fair adjudication and dispute resolution services in relation to tenancy deposit disputes and other disputes where the expertise of the company can be utilised;
- Be seen as the leading authority on tenancy deposit protection.

Key strategic objectives

The Dispute Service has six key strategic objectives to deliver its mission:

- Deliver **great customer service** to agents, landlords and tenants;
- Provide **cost effective** tenancy deposit protection which delivers value for money;
- **Listen and be accountable** to our members;
- Offer a **professional alternative dispute resolution service**;
- **Lead the way** in tenancy deposit protection;
- Develop **new business growth** opportunities in the UK.

The Legislation

Tenancy deposit protection in **England and Wales** was introduced in the Housing Act 2004 (as amended) and requires the protection of tenancy deposits and a free service to resolve any disputes over their return. The legislation came into effect on 6 April 2007.

Until 31 March 2013 there were three schemes authorised by the government to operate the service. There were two insurance backed schemes where landlords and lettings agents register the deposit with a scheme but continue to hold the deposit, and also one custodial scheme where the landlord or letting agent transfers the deposit to the scheme for safe keeping. As from April 2013 there are now four insurance schemes and one custodial scheme.

Scotland has its own form of tenancy deposit protection which came into force in July 2012. Scotland has a custodial model with a free dispute resolution service attached to each of the three licensed schemes.

Northern Ireland introduced tenancy deposit protection in April 2013 and offers both a custodial and insurance model with a free dispute resolution service. Four schemes have been approved to operate in Northern Ireland.

The insurance model charges landlords and lettings agents a fee to protect deposits. This fee pays for the service and in addition provides insurance to enable the scheme to pay back the tenant their share of the deposit in the event that the landlord or agent fails to do so. The scheme will then take action to recover any monies it is due from the landlord or agent.

In the custodial model, the scheme holds the deposit during the tenancy and retains the interest it receives on the deposit to finance the operation of the scheme, including the dispute resolution service.



Membership

TDS has almost 2,500 lettings agent members, most of which are regulated by ARLA, NAEA, RICS, NALS, UKALA or the Law Society. It has a relatively small number of unregulated agent and corporate landlord members and 14,000 landlord members.

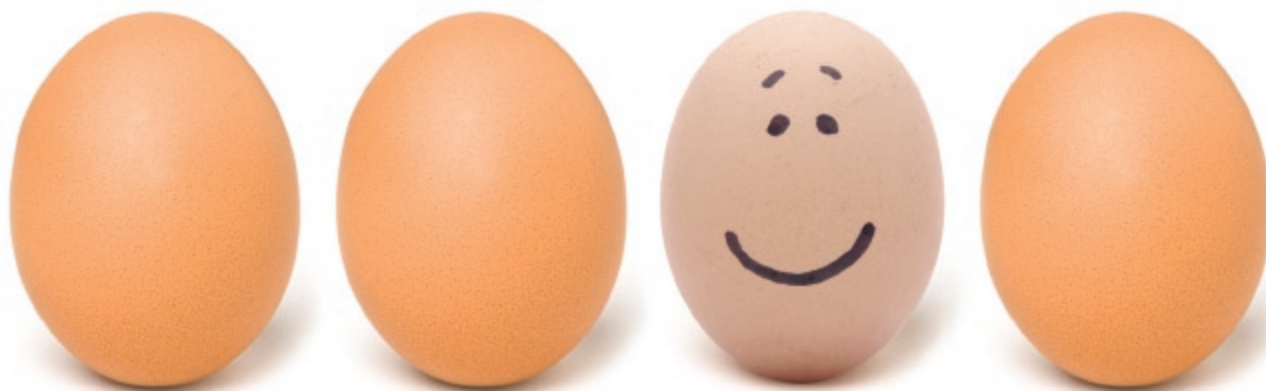
Deposits protected

In terms of deposits protected the scheme currently insures deposits worth over £1,000,000,000.

Disputes

The table below shows the number of disputes adjudicated during the year.

Year	2012-13	2011-12	2010-11
Total disputes adjudicated	8,948	8,461	8,527
Disputes as a % of deposits protected	0.98%	0.97%	0.89%



The Service

Customer service

TDS is a customer focused organisation with its key customers comprising letting agents and landlords, along with the tenants who benefit from using the service. Over the last few years we have worked hard to raise the level of customer service we offer. It is our commitment to great customer service that really marks us out from the competition. But don't just take our word for it!



Sophie Allsop with Ben Beadle and Steve Harriott of TDS, alongside Alan Ward and John Halliday of The Residential Landlord Association

In April 2012 we were delighted to receive the UK Government's Customer Service Excellence award in recognition of the service that we provide to members and tenants who use our service.

In March 2013 this was followed up by a review visit from the assessor who noted the continuing progress we had made during the year and increased our ratings in two areas.

In May 2012 we won the Property Drum Award for the best Tenancy Deposit Protection service and in October 2012 we were Highly Commended for Customer Service at the Landlords and Lettings Awards.

As part of our work on customer service, we now publish a set of Customer Service Standards and review how well we are doing on each of these.



Plain English accreditation

We know that tenancy deposit legislation and dispute handling can be confusing for people. That's why we have made efforts to produce our key information in Plain English with the accreditation provided by the Plain English Commission.

Learning from you

During the year we have continued to conduct surveys of customers' experience of using the Scheme. This may cover how people have found the adjudication service, how we deal with complaints or how well the TDS Call Centre answered your calls. We spend a great deal of time analysing these surveys and trying to improve our service as a result.

Viewing evidence on-line

As from April 2012, we have improved our service further by enabling all parties to a dispute to be able to see all of the evidence submitted through an on-line link to our evidence database. This means that all parties can see what the other side to the dispute is saying and can provide further evidence in support of their claim.

OMBUDSMAN ASSOCIATION

Although The Dispute Service is not an Ombudsman we are carrying out alternative dispute resolution services. As such we are a **Complaint Handler Member of the Ombudsman Association**.

We operate in accordance with the Ombudsman Association's Principles of Good Complaint Handling, ensuring that we make impartial decisions about tenancy deposit disputes. During the year we carried out a self- assessment of our compliance with these Principles of Good Complaints Handling and made a number of changes to the way in which we handle complaints in the light both of this self-assessment and the feedback from people who have used our service.

It is vital to us that landlords, tenants and agents trust us to be fair and impartial in the way we handle and resolve their disputes. We gauge this trust by asking questions in satisfaction surveys about what people think of the adjudication decisions we make, and whether they would recommend us. As explained elsewhere in this review, we get very high satisfaction rates in those surveys. We also monitor the outcome of the cases we deal with, and this shows a largely even spread of decisions – there is no bias in favour of landlords, tenants or agents. We have developed a new framework for measuring the quality of our adjudication decisions, and the consistency of the decisions that we make.



Customer satisfaction ratings

We are keen to understand what our customers think of us and during the year carried out a number of surveys to find out what people think of our various services. In 2011 we started a quarterly survey of everyone who has had a dispute adjudicated by TDS. This survey has been very helpful in identifying what we need to do to improve the disputes process for those people who use it.

Customer Contact Centre

The Dispute Service operates a customer contact centre for the Tenancy Deposit Scheme and the Tenancy Deposit Scheme Northern Ireland. This provides a one stop shop for queries about all aspects of deposit protection and disputes.

In 2012-13 the Customer Contact Centre dealt with:

- 89,232 telephone calls (2011-12: 82,962 calls)
- 28,174 emails (2011-12: 25,762 emails)
- Average call wait 21.9 seconds

The Customer Contact Centre is open from 8am to 6pm Monday to Friday. It won two gold awards and one highly commended accolade at the National Sales Awards in November 2012.

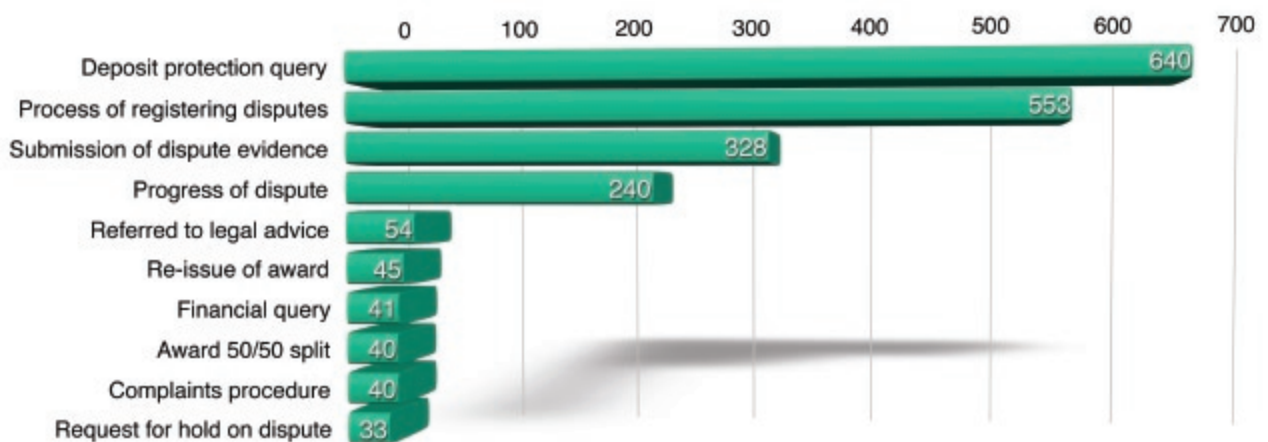


Staff at the dedicated TDS customer contact centre

Contact issues

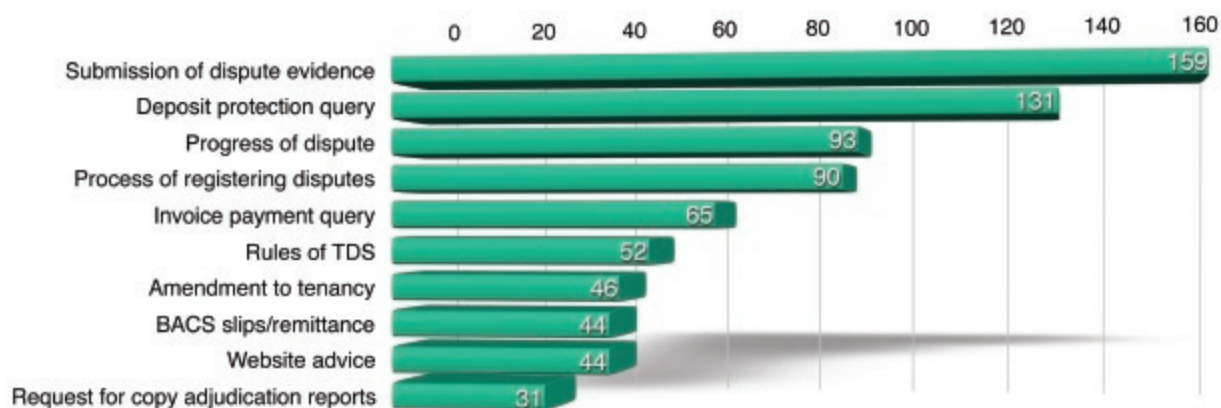
This chart below shows the nature of contacts received in March 2013. It indicates that the bulk of tenant queries are to do with deposit protection, how to register a dispute and how to submit evidence; these were the same main reasons for contacting us during 2012.

Tenant queries to Contact Centre March 2013



Agent queries to Contact Centre March 2013

For agents, the main reasons for contacting us are very similar and in March 2013 related to disputes and deposit protection issues. The main reasons for contact are consistent with 2012.



Call answering performance

In 2012-13 the team answered calls in an average of 21.9 seconds. Our Government target is for calls to be answered within 60 seconds, so we outperform in this area.

Customer satisfaction

We continually monitor the service provided by our customer contact centre and carry out regular customer satisfaction surveys. The table below details the results from agents, landlords and tenants during 2012. From a possible score of 5 (being the highest) we have continually scored 4.67 and higher.

On a scale of 1-5 where 5 is excellent how do you rate the services of the TDS customer contact centre?

Year	March 2012	Oct 2012
Landlords	4.70	4.80
Agents	4.67	4.96
Tenants	4.78	4.75

The Customers

Training

TDS provides training on the dispute resolution process and complying with the law. The aim of our training is to raise standards in the industry and to convey best practice to customers in relation to tenancy deposit protection. This means working with our customers to ensure that they comply with the deposit protection legislation and better understand how we deal with deposit disputes.

Encouraging the resolution of disputes informally without the need for formal adjudication, results in lower costs for TDS and because of our not for profit status it means we can pass back the savings to members in the form of discounts and reduced fees.

Over the last year we have provided a range of training through:

- Workshops at conferences;
- Seminars for members in their own offices;
- Meet TDS events;
- Roadshows.

TDS Academy

One of the most regular pieces of feedback we received from our customer visits was that members wanted more specific details on the way that deposit disputes were adjudicated. It was from this feedback that the concept of the TDS Academy was born.

In November 2012 we launched the TDS Academy; this is a four part training course aimed at lettings agency staff and landlords and is the most comprehensive training programme on tenancy deposit protection available in England and Wales.

It is designed to train delegates in how to get the best out of tenancy deposit protection and offer practical solutions to difficult scenarios. We are hoping to obtain external accreditation for the Academy courses and may look to develop opportunities to complete it on-line. Participation in each course also counts as part of your continuing professional development.

For more information on the TDS Academy please check out our website at www.tds.gb.com/tdsacademy.

Understanding what our customers do

It is important that TDS has a good understanding of the day to day work of our agent and landlord members. We have regular contact with members in their own offices and elsewhere but this year we decided to take this a step further by giving some of our staff the opportunity to sit the ARLA Technical Award in Residential Letting and Property Management.

Although a number of our Member Relations and Dispute Resolution Team staff members have many years of agency experience, some do not and we felt it was important that both junior and senior staff took the time to sit the ARLA Technical Award to appreciate the diverse range of skills necessary to survive in the front line as a property manager!



Ben Beadle
Head of Member Relations

“As a membership organisation, it is important we listen to customers and deliver a service they can rely upon. With our third year of reduced headline rates, good performance discounts and award winning customer service, members are really starting to see that being not for profit pays dividends.”

Member visits

A key part of the work of the Member Relations team is to support our customers to ensure they are familiar with our decision making processes. They can then use this knowledge to assist them in resolving deposit disputes locally. During the year we made personal visits to approximately 50 firms and worked with their staff to improve their knowledge and skills in the area of deposit protection.

E-Consultation network

In 2011 we established an E-Consultation network comprising a group of approximately 140 agent, landlord and tenant representatives who wished to have a say on changes being considered to TDS policy or guidance documents, before publishing to the wider membership. In 2012-13 we consulted the members on the following issues:

- the rewriting of the 'progress of a dispute' document, which sets out things to consider before submitting a dispute to TDS;
- member training – following the end of our workshop programme, we invited members to shape future training events and it was by pooling the replies of our ECN members that the TDS Academy was formed;
- the publication of 'A guide to check-in and check-out inventories.' This was a new document which gave greater clarity about what the adjudicator looks for in such documents and therefore enabled customers to update their inventories where required;
- the publication of 'How to present your case to the adjudicator.' Again, a new document designed to give greater clarity about the type of evidence that should be submitted when making a claim, and included presentation tips.

Communicating with customers

TDS' expertise is regularly called upon to inform the industry on tenancy deposit protection. Some of the events our representatives have spoken at this year include:

- The Landlord and Letting Shows
- NAEA National Forum
- London and South East Landlords Day
- The Landlord Law Conference
- Regular ARLA, NAEA, and RICS member events
- Broxbourne Landlords Forum
- Aylesbury District Council Landlord event
- Monmouthshire Council Landlords' Forum



Member User Forum

TDS has a Member User Forum which meets on a regular basis to act as a sounding board on issues affecting our scheme and our customers. There were four meetings in 2012-13 and a range of issues were discussed, such as:

- Membership subscriptions
- Scheme rules
- Website review
- Providing additional member guidance on resolving disputes.

At the time of going to print, we were informed of the news that forum member Nick Cooper had sadly passed away. We would like to put on record our thanks for his input and commitment to the forum and wider industry.

Forum Members as at 31 March 2013

Name	Company	Name	Company
Carole Charge	Leaders	Liz McCallum	Grainger plc
Jon Clark	Touchstone CPS	James Scott-Lee	Chancellors Group of Estate Agents
Nick Cooper	Northwood Franchising	Theresa Wallace	Savills UK
Chris Day	Sequence	Alan Ward	Residential Landlords Association
Susan Hughes-Thomas	The Home Management Company		

“ As a member of both TDS and the Member User Forum, I have been pleased with the receptive way the TDS senior team have accommodated the Forum’s views and ideas.

By engaging the views of its customers through the Forum, TDS ensures that it delivers a better scheme for the benefit of agents, landlords and tenants. ”

*James Scott-Lee
Chairman, Chancellors Group of Estate Agents*



“ Savills has been a member of the Tenancy Deposit Scheme since its inception in 2007. I joined the Members Forum in 2010 and have been continually impressed by the way the TDS listen to feedback from members and the public and adapt accordingly. The Forum is a good sounding board for members to express their views and an opportunity to work with TDS with the ultimate shared aim of improving the scheme and meeting the needs of all parties. ”

*Theresa Wallace,
Head of Customer Relations, Savills*



Conferences

TDS was out in force during 2012-13 and we had stands at the following industry events:

- ARLA Conference
- NALS Conference
- Negotiator Conference
- Landlord and Letting Shows
- Welsh Landlords Day
- Chartered Institute of Housing Conference, Manchester
- Landlord Expo, Bristol
- Brent Landlords and Tenants Event, Wembley
- Hounslow Landlord Conference



John King at South West Landlords Expo

Working with Landlords

TDS re-launched its membership to landlords in January 2012, and since then the Tenancy Deposit Scheme for landlords has gone from strength to strength. Together with our colleagues at The RLA, we have delivered market leading rates to RLA landlords under the **DepositGuard** brand and worked with them to simplify deposit protection for landlords.

TDS also has a long standing relationship with Unipol Student Homes and offers membership to Unipol accredited landlords. We work very closely with Unipol, making contributions to their landlord seminars and also to wider training events. In 2013, TDS held a joint event around tenancy deposit protection to housing advisors, as part of our tenant outreach campaign. Unipol have an impressive record on using training to raise standards in the industry and it is testament to this approach that we are still able to report not receiving a single dispute from Unipol landlords!



Reaching out to tenants

Although it is landlords and agents that pay membership fees to TDS, we are acutely aware of the responsibility we have to the tenants whose deposits we are safeguarding. In the last year we have worked hard to include tenants in our consultations and have taken steps to introduce tenants registered on our database to our scheme by emailing an overview of deposit protection.

For many tenants, tenancy deposit protection is something left to the end of the tenancy when too often it is too late to do anything about it. We therefore try to provide accessible information for tenants online, through leaflets, and at events:

- What is the Tenancy Deposit Scheme?
- Tenants: 10 things to help you get it right
- Tips for tenants – don't let your deposit get away!
- A dedicated section on the website providing information about deposit protection and disputes
- A Guide to Deposits, Damages and Disputes



Links with tenant organisations

We have also established links with a range of tenant organisations including the National Union of Students, the Citizens Advice Service, and Shelter to ensure that we understand the issues faced by tenants and can work with them to improve tenancy deposit management.

A valuable method of outreach this year has been our attendance at student union housing events. Students' renting habits and the large amount of housing advice available to them make raising awareness amongst this group of tenants very effective.

Student events we have attended this year include:

- Newcastle University Students Union Housing Information Week
- University of Hertfordshire Housing Fair
- Stafford University House Hunt Event
- Queen Mary Student Union Housing Fair
- University of London Student Landlord Fair

Communications

YouTube

On-line video is continually growing as a major social media tool. This year TDS teamed up with the UK's leading on-line landlord forum, PropertyTribes, to create a new Tenancy Deposit Scheme YouTube channel, featuring interviews with Steve Harriott, Mike Morgan, and Ben Beadle. Work is now underway on new and innovative animation videos as an information resource for landlords, agents, and tenants.

You can access the TDS YouTube by visiting:
www.youtube.com/tenancydeposits

Twitter

Our Twitter Account @tenancydeposits continues to flourish. With nearly two thousand followers it has been a great platform for constant interaction with people affected by deposit protection.

You can follow TDS on Twitter on twitter.com/tenancydeposits

TDS blog

We have been using the TDS blog as a way of providing quick information to members and others on topics of interest. This has included our responses to important court cases such as Johnson v Old and Ayanuga v Swindells, advice for members on the changes to scheme rules, and the monthly adjudication digest.

To find our blog go to <http://blog.tds.gb.com/blog/>.



LinkedIn TDS group

The Tenancy Deposit Scheme LinkedIn group continues to grow and now has nearly 250 members. It gives members the chance to ask questions, air their views, and find out all the latest news which we publish there.

To join in the discussion, simply sign in to [linkedin.com](https://www.linkedin.com) and search for the Tenancy Deposit Scheme group.

Member E newsletter

We continue to publish a monthly newsletter, which we email to members. The newsletter is a great way to stay in touch with what's going on and you can subscribe as many of your staff as you wish. Simply log in to your member's page and look for the Newsletter Subscription box on the Member Dashboard page. Alternatively contact us at Member.Relations@tds.gb.com.

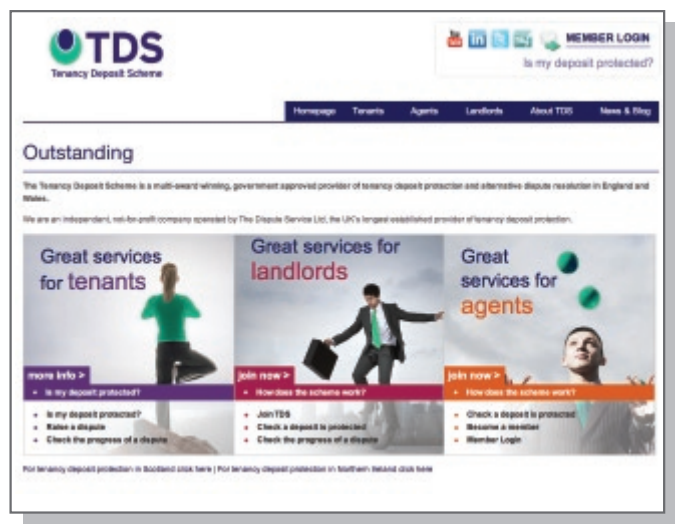
Member guides

This year, we have published a range of information available to members about how we approach adjudication decisions. You told us that you wanted to know more about what our adjudicators look for, with examples, and we now have a library of case studies and useful guides such as;

- Cleaning;
- Agent's fees;
- Damage and missing items;
- Redecoration;
- Our approach to unfair contract terms;
- Guidance for a change in sharers;
- Dealing with non-contactable parties.

Website

As the final stage in the TDS brand evolution, we launched a new website in April 2013 to coincide with the new contract in England and Wales. This new website is easier to use and has additional functionality. Later this year we will be upgrading the dispute evidence portal on the website to allow agents, landlords and tenants to upload evidence directly from their PC rather than having to submit it to us by post or email.



The Adjudicators

The adjudication service is led by Michael Morgan, Head of Dispute Resolution and Independent Case Examiner. He is supported by a team of Independent Case Reviewers and Casework Managers in addition to a Deputy Head of Dispute Resolution.

Driving up performance

Our key performance measurement is the average time it takes us to complete an adjudication from the point at which all the information has been received from the parties. In 2012-13 we:

- consistently and significantly outperformed our minimum target of 95% of cases adjudicated in 28 days;
- issued almost 87% of adjudication reports within 21 days of receiving information from the parties, and the average time taken per case was less than 15 days.

Driving up quality

As well as exceeding what is expected from us in terms of performance times, we have asked landlords, tenants and agents receiving an adjudication decision from us to complete a satisfaction survey. The results of this tell us that the work we have been doing to improve the adjudication process continues to attract high levels of customer approval. In particular:

- over 80% of agents and tenants, and 70% of landlords, felt that it was easy to submit evidence in support of their case;
- similar levels of satisfaction were given for the information on the TDS website and the guidance we give about how the adjudication process works;
- over 70% of landlords and tenants, and over 90% of agents, thought our adjudication reports were well-written;

During 2013, we will be introducing further improvements to our on-line evidence portal, and the way that we keep parties informed about the progress of their dispute.

We have added to our team of employed adjudicators, and now have 9 full-time and 2 part-time employed adjudicators. As can be seen from our performance figures quoted above, this continues to deliver a more timely, consistent and cost-effective adjudication service. All are members of the Chartered Institute of Arbitrators, as are our panel of freelance adjudicators who help us cover the peaks in workflow.

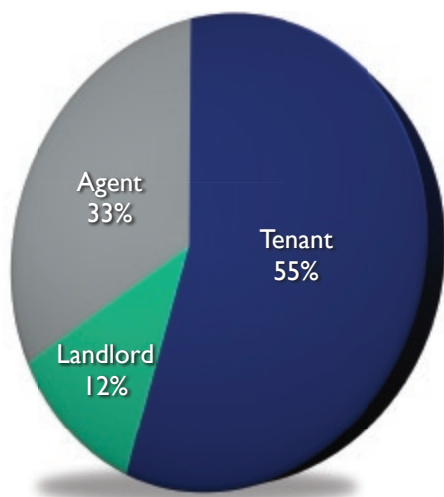


Michael Morgan
Head of Dispute Resolution
and Independent Case
Examiner

“ We recognise that few people want a dispute, but when one arises it is important that the service we provide delivers a fair and fast decision. We’ve worked really hard to exceed our timescales set by government and yet still deliver the quality our customers need. From our surveys, you think we are getting it right - but further improvements are in the pipeline too! ”

Who initiates disputes?

Access to dispute resolution by TDS is open to members, landlords and tenants and any party can initiate the dispute with us. During 2012-13, we saw a slight increase in the number of applications made by tenants as opposed to agents and landlords. That said, the overall split was a similar profile to previous years.



What are disputes about?

Since 2007 we have been collecting data about the types of disputes we deal with. The profile of disputes has not changed significantly and in 2012-13, cleaning, damage and redecoration continued to feature most frequently in deposit disputes.

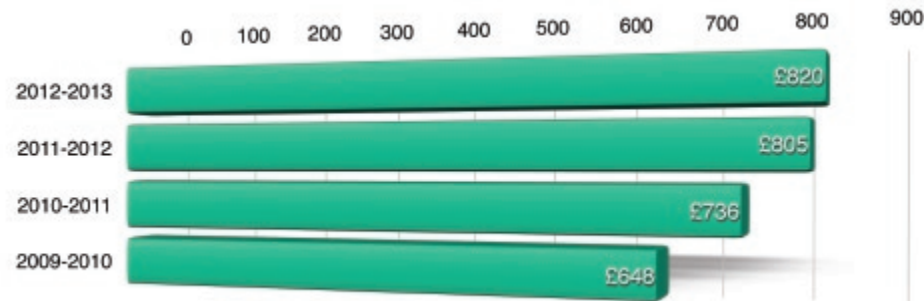
Year	2013	2012	2011	2010	2009
Cleaning	56%	52%	49%	46%	49%
Damage	43%	45%	43%	39%	43%
Redecoration	30%	28%	25%	24%	26%
Gardening	13%	12%	11%	12%	13%
Rent arrears	17%	18%	16%	15%	16%
Other	52%	56%	55%	55%	50%

This table shows how often claims in each category arise in disputes brought to TDS. Most disputes involve more than one category of claim;

- Cleaning has consistently been the most common dispute in cases brought to TDS, featuring in around half of the cases we deal with;
- In the last year, the proportion of disputes involving cleaning claims has climbed again and is now at its highest level since the start of the scheme;
- We have noticed that the disputes referred to us have become more complex, involving multiple issues. This may reflect an increased willingness among the parties to resolve 'single issue' cases or those involving relatively small amounts;
- 'Other' disputes cover a wide range of items – for example refilling oil tanks, emptying septic tanks – or, in one case, the death of a goldfish.

How much is in dispute?

The chart below shows the changes in the average amount in dispute for cases handled by TDS in the last 4 years.



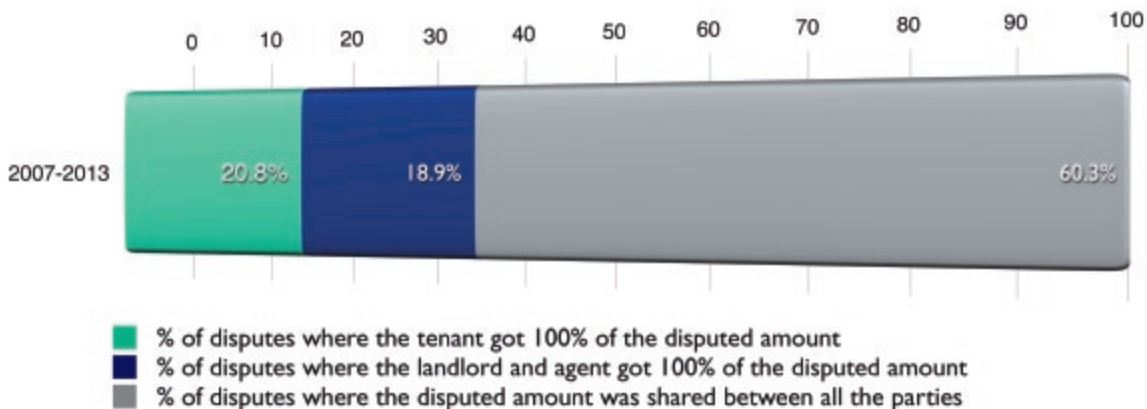
- There has been an increase of around 26% in the average value of disputes referred to TDS for adjudication over the last four years.
- In the current year, the average disputed amount represented approximately 59% of the value of the average deposit protected.

Who receives what?

Parties sometimes complain that adjudications are biased in favour of either tenants or landlords. The figures below demonstrate that, taken as a whole, the division of disputed deposits is broadly even.

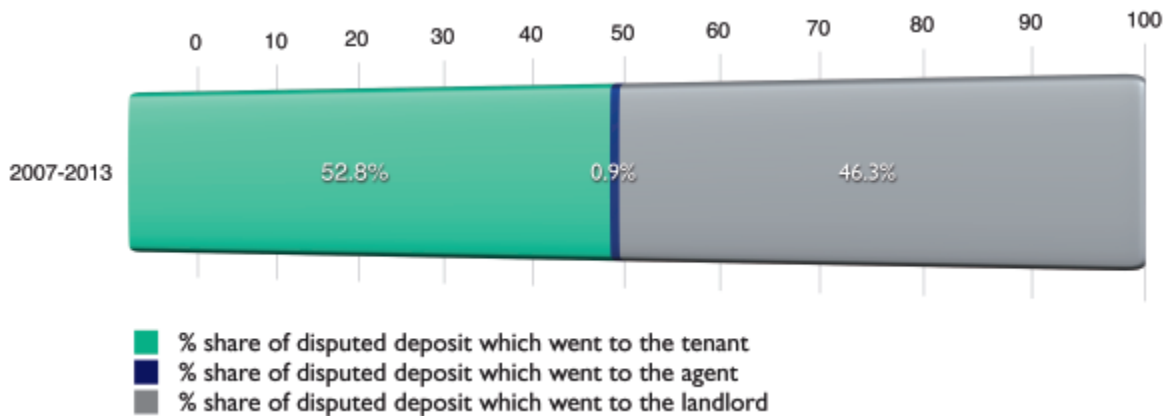
We analyse the outcome of disputes in 2 different ways:

The % of disputes where an award is made in whole to the tenant, landlord/agent or shared between the parties



- The first two columns above show the percentage of cases where either the tenant or landlord/agent received 100% of the disputed deposit. There has been a small reduction over time in the cases where the tenant has received all of the disputed deposit. This is likely to reflect a greater understanding between agents and landlords of the sort of evidence they need to submit in order to support a claim against a tenant's deposit.
- During the same period, a much greater proportion of disputes result in the award being shared between the parties (column 3).

Allocation of disputed deposits between the parties



- The graph above shows the overall share of the disputed deposit awarded to the tenant, landlord or agent. In the last year, the overall shares to tenants and landlords were broadly the same.

Looking to the future

Our new service concession agreement from 1st April 2013 brings with it a number of changes to the way insurance backed tenancy deposit protection schemes operate.

At the same time, we conducted an extensive review of our adjudication service, listening to what our customers wanted, the feedback we have received from our members, and also visiting other dispute resolution schemes to see what we could learn from them. Our aim, as always, has been to make tenancy deposit protection with TDS simpler and easier to operate:

- From April 2013, we will no longer require letting agent and landlord members to include specific clauses referring to TDS in their tenancy agreements – but the content of tenancy agreements will of course be very relevant to the outcome of adjudications;
- We have removed the 'red tape' surrounding the timescales for notifying tenants of deposit deductions at the end of the tenancy. We simply make it clear that landlords and agents should deal with end of tenancy issues as soon as practicable and let the tenant know of any proposed deductions promptly;
- We have introduced a single time limit for sending deposit disputes to TDS for ADR. This will now be 3 months from the tenancy end in all cases. We will still have discretion to accept cases outside this timeframe if we consider it to be in the interests of justice to do so;
- Prescribed Information must still be served on tenants and relevant persons and we have not changed the template we provide for this. However, we will not be checking that this has been done as part of the adjudication process. We are also introducing a new alternative way for you to be able to get the Prescribed Information and scheme leaflet from our website.

The Value

Being a not for profit organisation means that TDS can reduce prices and invest in improving services without having to pay dividends to shareholders. Over the last three years TDS has reduced its charges to its members year on year and in 2013-14 these charges were reduced even further.

With a winning combination of low headline fees, discounts for good performance and excellent customer service members really can benefit from the services which TDS provides.

The current headline rates at April 2013 (including loyalty bonuses for agents) offered by TDS are set out below. Members can also earn attractive discounts based on their performance against various criteria in the previous membership year.

Tenancy Deposit Protection Fees England and Wales from 1 April 2013

	TDS
Landlords	(inc VAT)
Deposits less than £500	£14.70 (RLA £13.20)
Deposits more than £500	£21.95 (RLA £17.95)
Joining fee	None
Agents*	(exc VAT)
NFOPP/RICS	£8.75 pa plus discounts
NALS/Law Society	£10.25 pa plus discounts
Unregulated	On application
Joining fee	None
Annual renewal	None

*Agent fees are annual subscription fees with discounts including the £0.50 loyalty discount.

Improving the use of IT

Our new service agreement with the Department for Communities and Local Government commenced on 1st April 2013 and the website was amended to reflect rule changes. At the same time the website was refreshed to make it easier to navigate and to give a new clean look incorporating our new logo. The library of old documents held on the website was reduced to ensure that members do not use old documentation.

Last year we took a decision to improve the way in which we deal with our disputes post by utilising the services of a specialist post handling supplier. This change was rolled out in 2012/13, with existing staff performing parallel checks to ensure the system worked well and that members were not inconvenienced. We now open and scan all post received on the day it arrives in the office and make the evidence information available for the parties to view electronically, which has been welcomed by Members.



Nick Hankey
Deputy Chief Executive (Resources)

“Over the past three years TDS has built up its reserves, reviewed and streamlined processes and made staffing changes. As a not for profit organisation we have been able to invest in reducing prices and improving services rather than paying dividends to shareholders. In 2013-14 we have been able to reduce membership fees even further.”

Our IT department is in the process of developing a solution for disputes to be raised via the website and for the parties to upload evidence directly into our dispute system. This development will enable us to reduce the costs of processing adjudications and further improve performance times.

In order to keep costs to a minimum, we have worked hard to use e-mail wherever possible to reduce post costs and to pay out disputed deposits by BACS. An automated system to print off cheques has been successfully launched.

Streamlining finance processes

A review of our Finance function over the last 18 months resulted in streamlined procedures and matching skills to tasks to be performed to maximise efficiency and reduce costs. The cost saving has been used to reduce headline rates for 2012/13.



The Numbers

As a not for profit scheme we decided to set a breakeven budget for 2012-13 to enable us to reduce fees for members. We were able to do this as over the past few years we have succeeded in building up our reserves to ensure our financial viability. In practice we did much better than the budget because of the success of the new landlord scheme and we delivered a stronger set of results in 2012-13.

The scheme continues to hold significant cash reserves and in 2013-14 again reduced fees to members in all categories, as well as continuing to offer significant discounts on headline rates for good performance against the scheme criteria.

We continue to look at processes and costs to ensure that the scheme offers value for money in all its activities. Administrative costs were higher year on year due to one off implementation costs required for the new DCLG contract that commenced on 1st April 2013 and the set-up of the new post handling system.

Summary Audited Financial Accounts

	2012-13	2011-12	2010-11
Turnover	5,639,020	7,115,659	7,993,489
Cost of sales	1,428,088	1,320,969	1,325,474
Gross profit	4,210,932	5,794,690	6,668,015
Administrative costs	4,028,716	3,544,931	2,813,711
Other operating income	0	0	0
Operating surplus (loss)	182,216	2,249,759	3,854,304
Interest received	142,308	121,698	51,500
Surplus/(loss) on ordinary activities before taxation	324,524	2,371,457	3,905,804
Tax on profit of ordinary activities	77,699	617,674	1,093,913
Surplus/(loss) for the financial year after taxation	246,825	1,753,783	2,811,891



SafeDeposits Scotland is a not for profit company whose members are:

- The Dispute Service;
- Scottish Association of Landlords;
- ARLA;
- RICS;
- Scottish Council for Voluntary Organisations;
- National Union of Students Scotland.

The custodial scheme that SafeDeposits Scotland operates went live in July 2012 and has been very successful, gaining the largest share of the tenancy deposit protection market in Scotland with over 50% of deposits protected at 31 March 2013. This amount has increased still further after the 15th May 2013 deadline for all tenancy deposits to be protected, making SafeDeposits by far the largest of the three schemes operating in Scotland.

TDS provides the financial, IT and adjudication services for the Scheme and also provided the bulk of the initial financing. As expected SafeDeposits Scotland reported a loss before tax for the year ended 31 March 2013, which included set-up costs. This is because the only income that SafeDeposits Scotland earns is the interest it can keep on the deposits it protects. It will take a number of years for the business to move into surplus.

Despite the current low rates of interest available SafeDeposits Scotland is operating ahead of its original Business Plan projections because of the higher amount of deposits protected.

Nick Hankey (Deputy Chief Executive) sits on the SafeDeposits Scotland Board as The Dispute Service representative.

TDS Northern Ireland



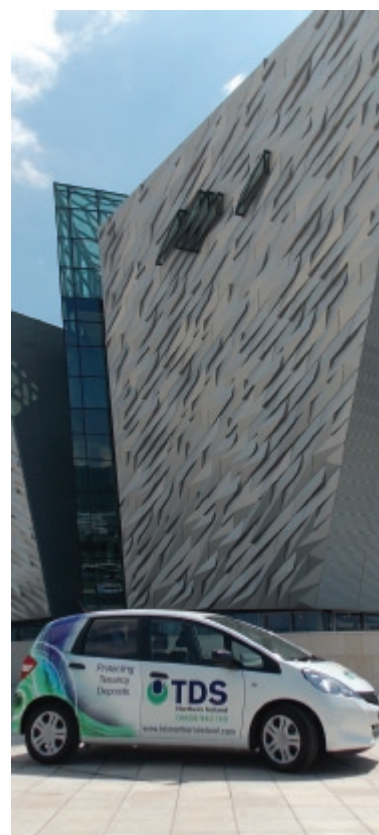
From 1st November 2011, the Northern Ireland Assembly introduced regulations for custodial and insured tenancy deposit protection schemes for deposits taken on or after 1st April 2013. TDSNI is a wholly owned subsidiary of The Dispute Service and was awarded a licence to operate both schemes.

There is a small office in Belfast with The Dispute Service providing all back office services, including finance, IT and adjudication. The number of deposits protected since April 2013 is encouraging, but with the regulations not being retrospective, it will take time for the scheme to be fully operational. The Dispute Service provides the financing via an inter-company loan, but once the scheme becomes profitable this will be repaid.

Tenancy Deposit Protection Fees Northern Ireland from 1 April 2013 - Insurance Scheme

	TDS
Landlords	(inc VAT)
Deposits less than £500	£11.75 (LANI £11.00)
Deposits more than £500	£14.75 (LANI £14.00)
Joining fee	None
Agents	(exc VAT)
NFOPP/RICS	£8.75
NALS/Law Society/UKALA	£10.25
Unregulated	On application
Joining fee	None
Annual renewal	None

Whilst the bulk of the services for TDS Northern Ireland are delivered from Hemel Hempstead, two staff are employed at our Belfast office.



The TDSNI car outside the Titanic Centre in Belfast.



**CUSTOMER
SERVICE
EXCELLENCE**



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