



2012



Outstanding

The multi award winning

Tenancy Deposit Scheme

Joint Foreword



Martin Partington
CBE QC
Chairman



Steve Harriott
Chief Executive

An Outstanding Performance

By any account 2011-12 has been an outstanding year for TDS:

- ◆ We have achieved the coveted UK Government Standard for Customer Service Excellence;
- ◆ We won the PropertyDrum award for Best Tenancy Deposit Service 2012;
- ◆ We have invested heavily in our Member Relations service;
- ◆ We have brought more of our adjudication services in house; improving quality and reducing costs at the same time;
- ◆ We have significantly extended the scope of our promotional work and guidance;
- ◆ We have radically updated our Rules in the light of feedback;
- ◆ We have significantly increased our contact with members;
- ◆ We launched new membership options for landlords in January 2012; the *Tenancy Deposit Scheme for Landlords*, and *DepositGuard* for members of the Residential Landlords Association;
- ◆ We launched a new custodial tenancy deposit scheme with our partners in SafeDeposits Scotland in July 2012.

We have done a great deal of preparatory work to enable us to submit our bid for the renewal of our current government service concession agreement in England and Wales in July 2012.

We have had great support from our Members and staff during the past 12 months and we look forward to an even more outstanding year in 2012-13.

How the Tenancy Deposit Scheme Works

Tenancy deposit protection is covered by the Housing Act 2004 as amended by the Localism Act 2011 and requires the protection of tenancy deposits and a free service to resolve disputes over their return. The legislation came into effect on 6 April 2007 and covers England and Wales only. Scotland has its own form of tenancy deposit protection which came into force in July 2012.

The Tenancy Deposit Scheme is one of three government authorised schemes and it operates an insurance backed scheme as follows:

- ◆ The member agent or landlord holds the deposit;
- ◆ The member protects the deposit with the Scheme by paying a fee;
- ◆ The Scheme has insurance which enables it to pay the disputed deposit to a tenant at the end of a tenancy if the member fails to do so (subject to certain conditions);
- ◆ Where there is no dispute at the end of the tenancy, the member will, as normal, pay out the deposit promptly to the parties;
- ◆ Within 10 working days of the end of the tenancy the member should tell the tenant if they propose to make deductions from the deposit;
- ◆ If the tenant wants to challenge the proposed apportionment of the deposit, they should do so within 20 working days of the end of the tenancy. If there is an agent, they must try to negotiate a settlement between the parties within 10 working days;
- ◆ If this cannot be done, any of the parties can refer the dispute to the Independent Case Examiner (ICE) for independent adjudication;
- ◆ The deposit-holder must transfer the disputed deposit to The Dispute Service. The ICE will carry on with an adjudication and pay out the deposit even if the deposit has not been submitted. The Dispute Service will claim the amount in question from its insurers, and seek to recoup it from the member. Persistent failure to submit disputed deposits may lead to the termination of membership;
- ◆ The ICE seeks to make his decision within 28 days of receiving all the necessary information. The deposit is paid out within a maximum of a further 10 working days.

Lettings Agents who join TDS pay an annual subscription based on their membership of a relevant regulatory body which requires them to carry Client Money Protection Bonding: the Association of Residential Letting Agents; National Association of Estate Agents; Royal Institution of Chartered Surveyors; National Approved Lettings Scheme; and the Law Society. The subscription fee for agents from April each year is based on the number of tenancy deposits registered on our database in January of the same year. It is a matter for members to decide if and how they recover the subscription from landlords or tenants.

Landlords can join the Scheme either as corporate landlords or as individual landlords. Corporate landlords are quoted an individual fee for membership to cover a specified number of tenancy deposits. Landlords can join the scheme and protect deposits on a “pay as you protect basis” with a discount for those who are members of the Residential Landlords Association.



Key Facts

Membership 2007-2012

	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
	Firms	Firms	Firms	Firms	Firms
Regulated Agents	2,537	2,552	2,402	2,783	2,298
Unregulated Agents	16	28	4	21	268
Corporate Landlords	35	36	29	28	27
Other Landlords	1,710	23	26	28	27
Total	4,298	2,639	2,461	2,860	2,620

Deposits Protected

	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Tenancies registered with TDS	870,968	960,148	969,810	786,400	731,240
Deposit values registered with TDS (£)	979,304,718	1,013,802,810	933,418,946	694,738,318	466,190,677

Disputes

	2011-2012		2010-2011		2009-2010		2008-2009		2007-2008	
	Received	Closed	Received	Closed	Received	Closed	Received	Closed	Received	Closed
TDSRA	88	156	303	473	551	550	600	907	1,324	1,341
TDS	9,835	10,633	13,544	11,824	11,613	11,449	6,284	5,584	577	423
Total deposit disputes	9,923	10,789	13,847	12,297	12,164	11,999	6,884	6,491	1,901	1,764

A Three Year Strategic Plan 2012-2014

The Board has a rolling three year Strategic Plan which is reviewed annually and which sets out a clear vision for TDS along with set of three year strategic objectives.

The TDS 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 it provides 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

TDS 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 its members;
- ◆ Offer a **professional alternative dispute resolution service**;
- ◆ **Lead the way** in tenancy deposit protection;
- ◆ Develop **new business growth** opportunities in the UK.

The three year Business Plan is backed up a by a comprehensive Service Improvement Plan, progress against which is monitored by both the Senior Management Team and by the Board.

Governance

The Dispute Service 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, four independent directors and the Chief Executive and Resources Director. 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 2012

Martin Partington (Chair)
Royal Institution of Chartered Surveyors (Paul McCormack)
The National Federation of Property Professionals
 (Ian Potter)
Jodi Berg

John Hornsey
Malcolm Lindo
Steve Harriott (Chief Executive)
Nick Hankey (Resources Director)

The Board meets on about 10 occasions each year.

Senior Staff

Chief Executive
Stephen Harriott

Director of Resources
Nick Hankey
(appointed September 2011)

Head of Adjudication/ICE
Michael Morgan

Head of Member Relations
Ben Beadle

Outstanding Customer Service



Steve Harriott
Chief Executive

“We are committed to delivering outstanding customer service to those agents, landlords and tenants who use the Scheme and over the last year we have continued to make real improvements to the service we provide. In particular we have continued to deliver improvements to our customer service and as a result we were delighted to have been awarded the coveted UK Government Standard for Customer Service Excellence in March 2012. In May 2012 we also won the industry award for best Tenancy Deposit Protection Service.”

Winning the Customer Service Excellence Award

The independent Assessor reported that:

“A significant turning point in the Service’s culture would appear to be the arrival of the current CEO who has inspired a massive turnaround in the culture from an inward looking service to a proactive, outward looking, customer-focused service who now demonstrate openness and transparency as well as far greater engagement and consultation with its customers”.

The Assessor reported that The Dispute Service’s strengths were seen as:

- ◆ A remarkable turnaround in a short period (two years) in the philosophy of the Service who have changed from an inward looking organisation into a proactive, professional and transparent organisation in response to the frustrations voiced by their members.
- ◆ A set of meaningful KPIs have refreshed and re-focused the organisation and provided clarity for staff as well as providing a monitoring and feedback method by which to demonstrate the tangible success of the organisation.
- ◆ It is clearly apparent that in the last two years you have significantly improved in the areas of openness, transparency, engagement and consultation with your customers. This has led to a greater responsiveness and being in touch with the market you serve.
- ◆ Staff morale, team spirit, and team working are excellent, created by a massive improvement in communications and supported by a caring, approachable and empowering management culture.



The Government Standard

Website

We launched a new website in April 2011 after extensive consultation with members. The website is now easier to use, provides a wealth of information and has additional functionality; in particular the ability for members and tenants to check online whether their deposit is protected by TDS.

Customer Satisfaction Ratings

TDS is keen to understand what our customer 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.

Adjudication Satisfaction Survey December 2011

Member ratings

We find it easy to submit dispute evidence to TDS **94.7%**

We find the website useful in submitting a dispute **91.0%**

We find the Guide to Deposits, Disputes and Damages useful **97.2%**

We find the Call Centre helpful **91.0%**

Viewing Evidence Online

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.

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 Language Commission.



An Outstanding Member Facing Organisation



Ben Beadle
Head of Member Relations

“TDS is a membership organisation and as such we need to listen to our members and respond to their needs. Over the last year our Member Relations team of five staff have worked really hard to ensure we are an outstanding member facing organisation.”



London Adjudication Workshop

TDS has 4,298 letting agent and landlord members. Since the launch of the Tenancy Deposit Scheme for Landlords at the end of January 2012 there has been a rapid increase in the number of landlord members.

Adjudication workshops: You be the judge!

Following on from the success of our Meet TDS events in 2011, we extended this program to customer workshops. Members told us that they wanted more information about how TDS adjudicates disputes. In liaison with the Adjudication service we held a number of Adjudication workshops where we looked in more detail about the principles of adjudication, with specific examples of how this approach was applied.

Over 300 letting agents have attended the courses to date across the country and feedback has shown an overwhelmingly positive response:

The course has improved my knowledge of the adjudication process **98%**

I will be able to apply the knowledge I have gained in my job **99%**

Rated the course overall seven or higher out of ten, ten being excellent **96%**

“Thoroughly enjoyed the workshop – good value for money”

(Manchester, November 2011)

“Useful, detailed, and relevant information provided”

(Newcastle, January 2012)

“Good content, well presented!”

(Cardiff, January 2012)

Member Visits

A key part of the work of the Member Relations team is to visit our customers to discuss how TDS makes a decision, and using this knowledge to assist them in resolving tenancy deposit issues locally. During the year we visited approximately 50 firms and worked with their staff to improve their knowledge and skills in the area of deposit protection.

"Thanks so much for visiting our offices, we found the presentation really useful. It is a huge relief to find we can just lift up the phone to get a question answered - Keep up the good work!"

Caroline Cope, Simmons & Sons

Member User Forum

TDS has a Member User Forum which meets on a regular basis to act as a sounding board for TDS on issues affecting our Scheme and our customers. The Forum met on five occasions in 2011-12 and discussed a range of issues such as:

- ◆ Membership subscriptions
- ◆ The Localism Act
- ◆ Scheme Rules
- ◆ Case Studies and Member guidance documents

Forum Members as at 31 March 2012

Susan Hughes-Thomas,
The Home Management Company

Carole Charge, Leaders

Nick Cooper, Northwood Franchising

James Scott-Lee, Chancellors

Theresa Wallace, Savills

Liz McCallum, Grainger

Chris Day, Sequence



Susan Hughes-Thomas
MARLA (Honoured)
Past President of ARLA

"My company has been a member of the Tenancy Deposit Scheme since 2007 and I have sat on the Member Forum since its inception in 2011. In that time I have been hugely

impressed by the willingness of the senior managers to embrace the views, ideas and sometimes criticisms of all of the Forum members. The purpose of the Forum, alongside the members of the E-Consultation Network is to voice the collective views of the 'end users' of the scheme to create a 'user friendly' product which fulfills the requirements of the legislation. During this time the transparency of the 'working model' of TDS has changed beyond all recognition."



Liz McCallum,
Lettings Director
Grainger plc

"As a member of the TDS Member Forum I have found the senior management of TDS open and receptive to new ideas for better relations

with their customers – and transparent with regards to their plans to meet (where possible) the wishes of their customers. The Forum provides members with an opportunity to candidly express their views of the current or proposed rules, processes or charges which are listened to and discussed openly. The creation of the Forum has enabled a mixed group of users to be able to raise concerns on behalf of members and work with TDS to arrive at appropriate solutions – or communication of the TDS position."



Mike Morgan speaking at The NALS Conference

E-Consultation Network

In 2011 we established an E-Consultation network; a group of 135 individuals who agreed to be consulted on policy or other changes being considered by TDS. In 2011-12 we consulted the members on the following issues:

- ◆ Case studies and how we approach disputes
- ◆ Guidance document on a change of sharers
- ◆ Dealing with non-contactable tenants and landlords
- ◆ Let Only deposit protection

Speaking Events

During 2011-12 TDS spoke about dispute resolution at:

- ◆ The NALS Conference
- ◆ The Landlord and Letting Show
- ◆ The Unipol Owners Consultative Group
- ◆ Chartered Institute of Housing, Cambridge
- ◆ NUS Welfare Zone Conference
- ◆ ARLA/NAEA Conference, Scotland
- ◆ A large number of ARLA/RICS member events



ARLA Conference

Conferences

TDS was out in force during 2011-12 and we had stands at the following industry events:

- ◆ ARLA Conference
- ◆ The NALS Conference
- ◆ The National Housing Federation Home Ownership Conference
- ◆ The Landlord and Letting Show
- ◆ ARLA/NAEA Conference, Scotland
- ◆ Chartered Institute of Housing
- ◆ Landlord Expo, Bristol
- ◆ Property Business show

Working with Unipol Student Homes

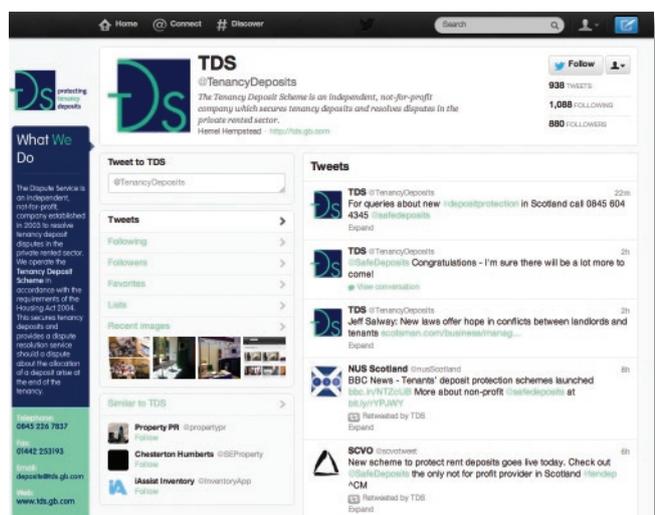
TDS now offers membership to Unipol accredited landlords and we have worked closely with Unipol Student Homes on training their landlords, giving them practical suggestions about how they can avoid disputes, and resolve them if they get one. Unipol offer their landlords a great degree of support in their aim of raising standards, and this has been demonstrated through their dispute rates – we have not seen a single dispute!

Communications

In 2011, TDS appointed a Social Media and Communications Officer to improve our communications with customers and users of the scheme. We now deliver information through a wide range of methods to ensure that agents, landlords and tenants can access useful information about the service we provide.

Twitter

Our Twitter account [@tenancydeposits](https://twitter.com/TenancyDeposits) was launched in November 2011 and in July 2012 has over 900 followers. We have found it a useful way of staying in touch with members, landlords and tenants on issues affecting TDS and customers can be sure of a prompt reply if they have a query.



TDS Blog

We have also started blogging and during the year we issued 14 blogs on topics such as:

- ◆ Changes introduced by the Localism Act
- ◆ ADR – Proportionate Justice and the Case of TDS
- ◆ PRS and deposit protection in the year ahead
- ◆ The importance of a robust inventory
- ◆ TDS and court orders
- ◆ AST threshold increase in Wales

To find our blog go to <http://blog.tds.gb.com/blog/>. We will shortly be enabling the blog for you to leave your comments and get involved in the debates.

LinkedIn TDS Group

We also host a LinkedIn group for TDS members where we discuss a range of matters, such as the Localism Act and adjudication matters. You will get responses to any questions you have from senior TDS staff. To join this group please 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

Member Dashboard

One of the points that our members raised was that they wanted to see a greater level of information on disputes and tenancies online. As a result, we worked with our Members' Forum and developed an improved member dashboard. This details useful information such as;

- ◆ Monthly dispute and tenancy registration data
- ◆ All your disputes in one place, with a tracker to tell you what stage they are at
- ◆ Who submits disputes
- ◆ What your disputes are about
- ◆ Who gets what



Working with Tenants and Tenant Groups

Whilst it is our member landlords and letting agents who pay the subscription fees to TDS, we also recognise that we have a responsibility to tenants whose deposits we are protecting. During the year we have worked very hard to engage with tenants and to ensure that they receive as much information as possible about tenancy deposit protection.

Information

For many tenants, TDP will be a mystery so we have provided a wide range of information on our website and in leaflet form directed specifically at tenants:

- ◆ What is the Tenancy Deposit Scheme
- ◆ Tenants: 10 things to help you get it right
- ◆ 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 to ensure that we understand the issues faced by tenants and can work with them to improve tenancy deposit management.

During the year we have had contact with:

- ◆ The National Union of Students (in both England and Scotland)
- ◆ The National Association of Citizens Advice Bureaux
- ◆ The Brent Private Tenants Rights Group
- ◆ Camden Federation of Private Tenants
- ◆ The National Private Tenants Organisation
- ◆ Shelter

In addition we have found that our social media presence has been picked up by tenants and we have an increasing number of tenants following us on Twitter and reading our blogs.

"I would like to thank the adjudication service for the handling of my dispute. Thank you, it was treated very fairly."

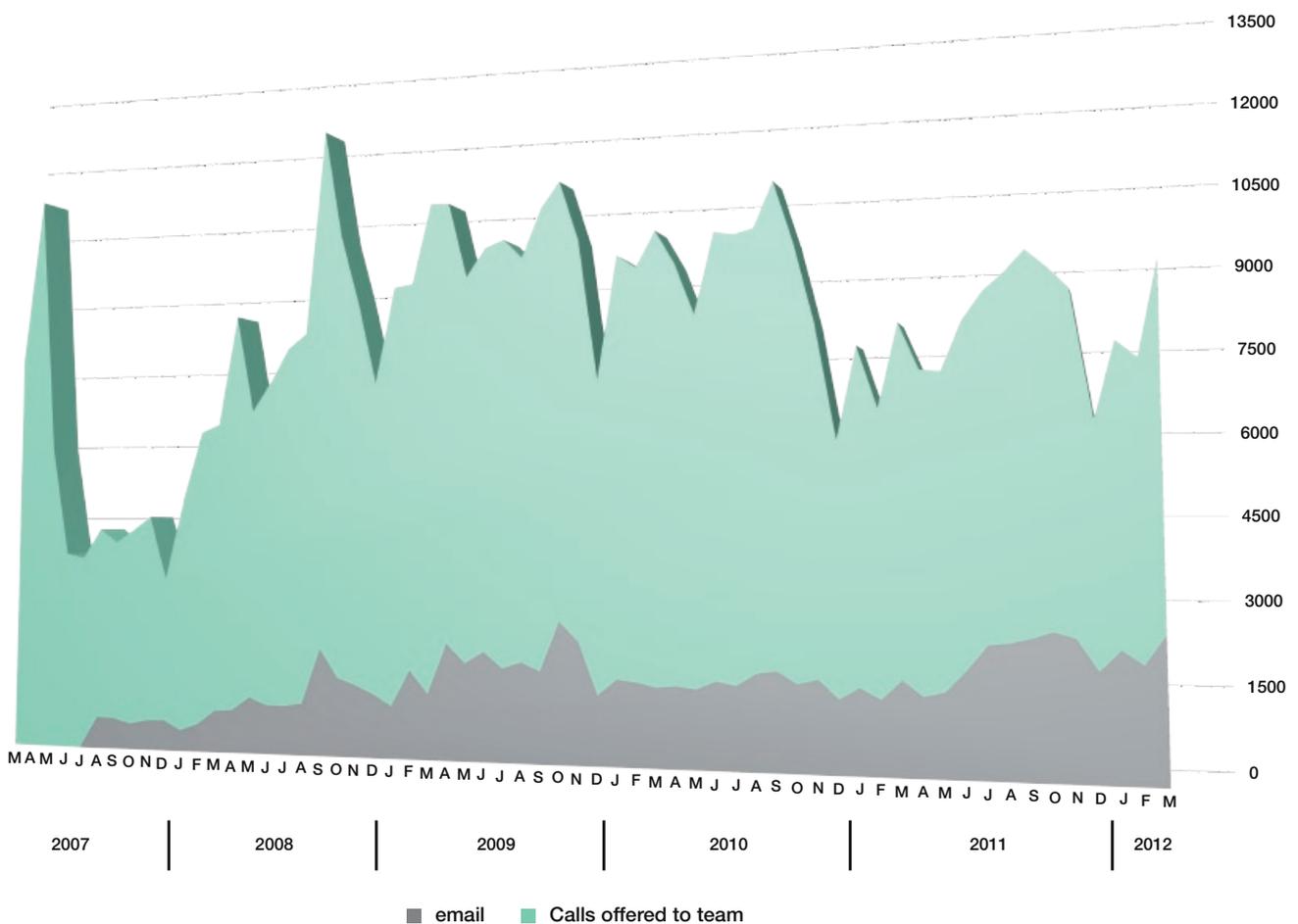
Feedback from a TDS tenant

Outstanding Customer Service

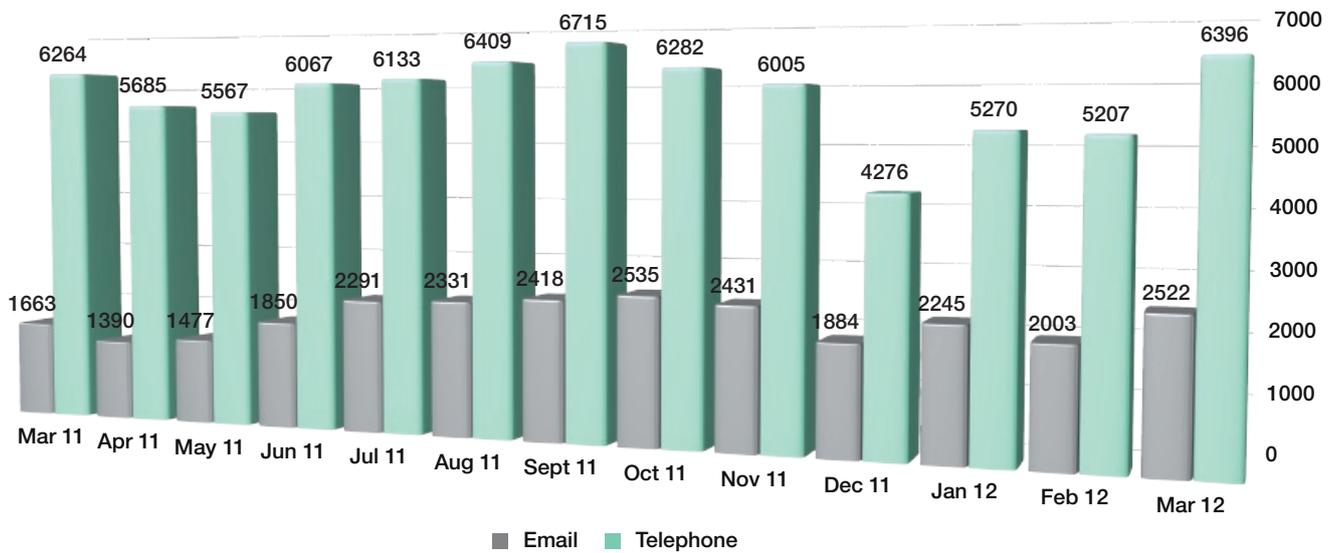
Most of our customers contact us via our dedicated Customer Contact Centre. During 2011-2012 they dealt with 82,962 calls and 25,762 emails. The Customer Contact Centre is open from 8am to 6pm Monday to Friday and in 2011 they won the coveted Marketing Magazine award for Contact Centre Agency of the year.

The chart below shows that over the last two years the number of calls to the Customer Contact Centre has declined whilst emails have increased. This is a reflection, we think, of the quality of the information on the website and the fact that more and more people are getting used to how the scheme works.

Calls and Emails to the Customer Contact Centre 2007-2012

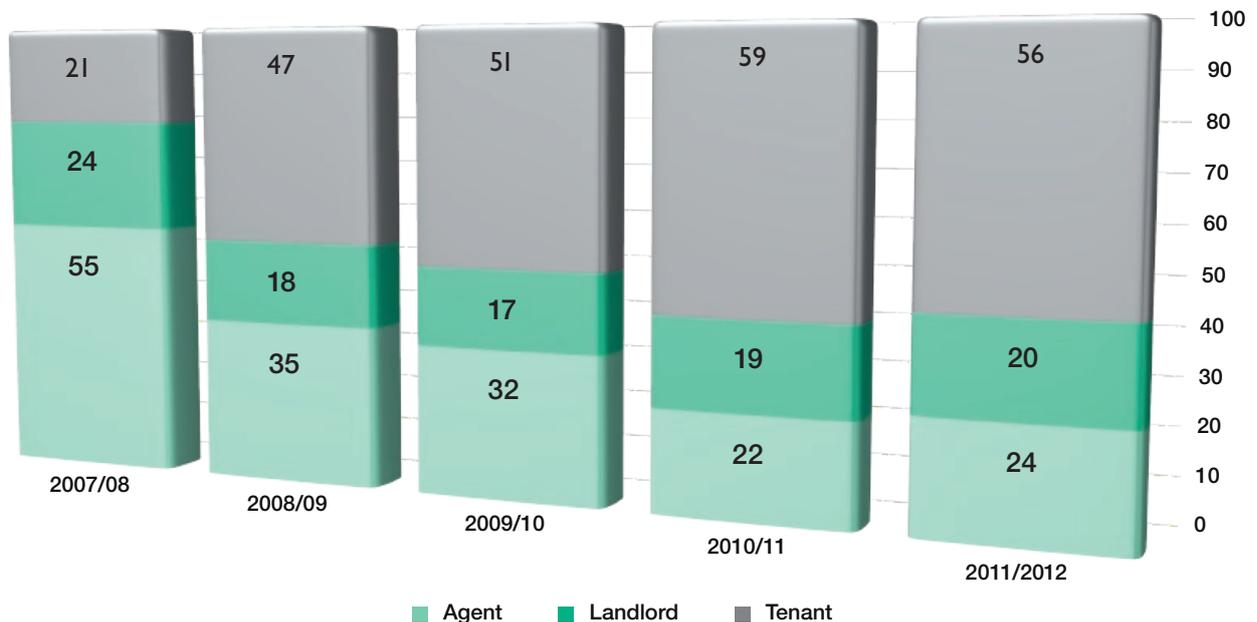


Calls and Emails to the Customer Contact Centre 2011-2012



We have also seen a change in the pattern of who calls the Customer Contact Centre over the last 5 years. In 2007 the majority of callers were from Agents (55%) as they were getting to grips with the service. In 2012 it is tenants who make up the majority of callers (at 56%) and we are investing heavily in our website to increase the amount of useful information the website holds which tenants can access. Since the launch of our new Tenancy Deposit Scheme for Landlords in January 2012 we are already seeing an increase in calls from landlords as they get to learn about how the Scheme works.

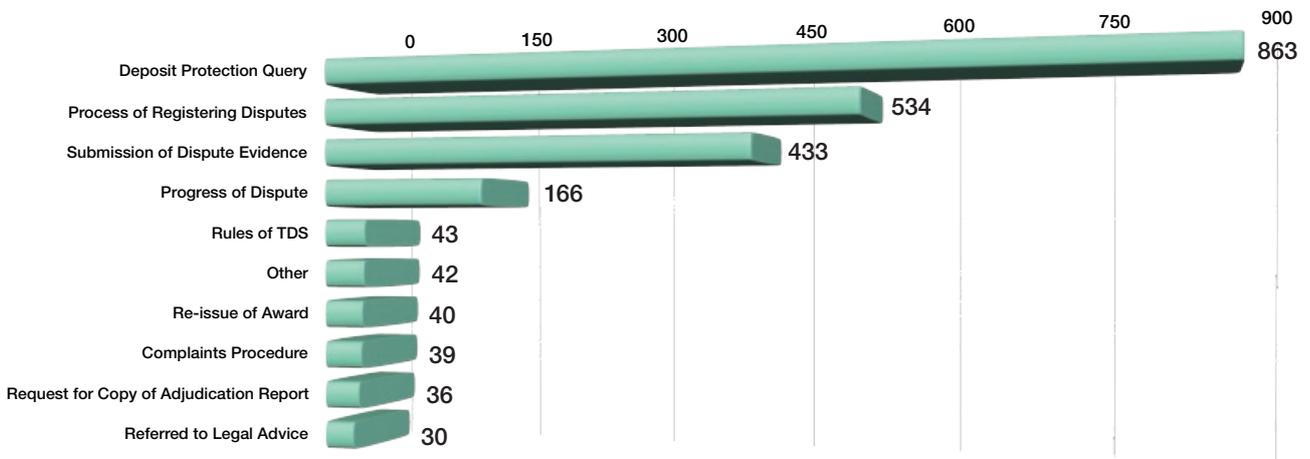
Contact Profile



Contact Issues

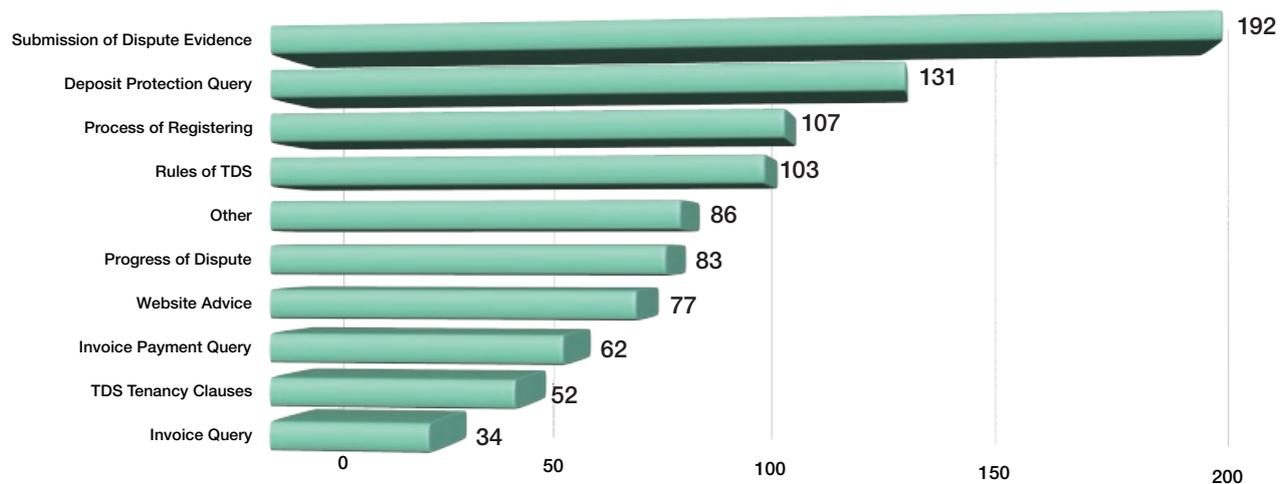
This chart shows the nature of contacts received in March 2012 and shows that the bulk of tenant queries are to do with deposit protection queries, how to register a dispute and how to submit evidence.

Tenant Queries to Contact Centre March 2012



Agent Queries to Contact Centre March 2012

For agents the main contacts are very similar and related to disputes and deposit protection issues.



Call Answering Performance

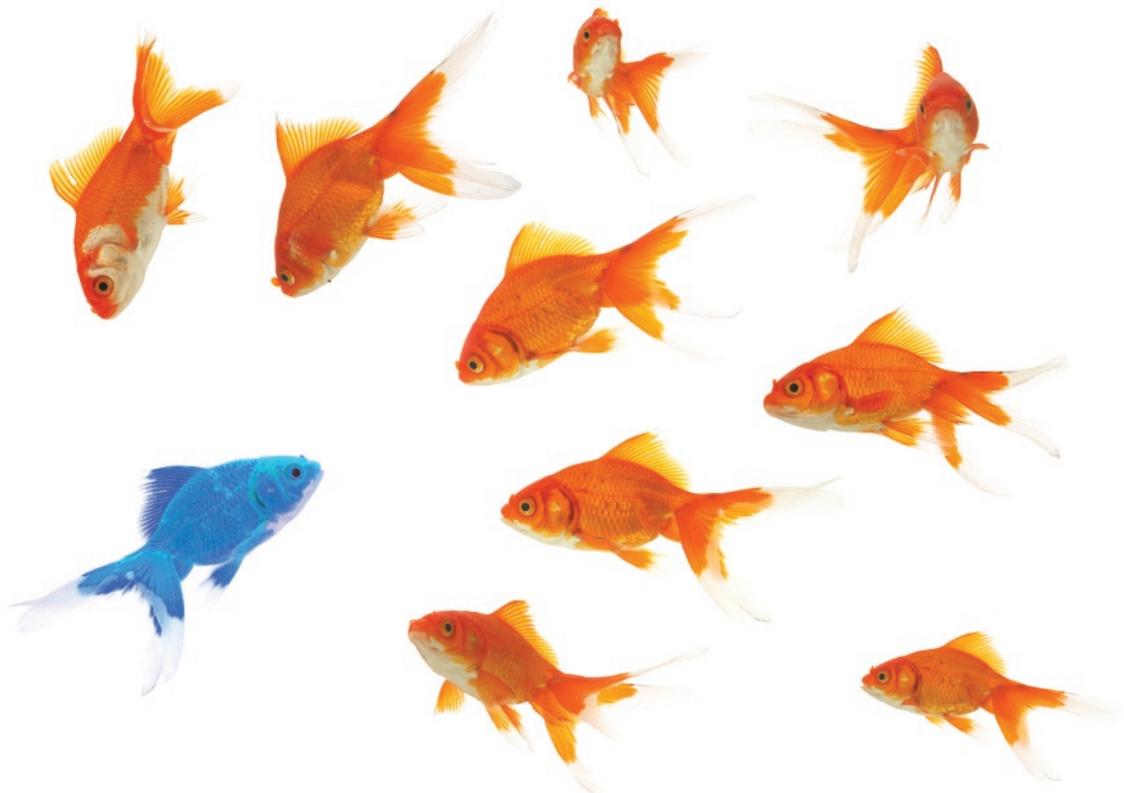
In 2011-12 the team answered calls in an average of 13.41 seconds which is lower than their average of 15 seconds in 2010-11. Our government contract target is for calls to be answered within 90 seconds.

Customer Satisfaction

We continually monitor the service provided by our Customer Contact Centre and carry out regular Customer Satisfaction Surveys. The chart below details the results whereby out of a score of 5 we have continually scored 4.6% and above from Agents, Landlords and Tenants during 2011-12.

On a scale of 1-5 (where 5 is excellent) how do you rate the services of the TDS Customer Contact Centre?

	Jul 2011	Oct 2011	Mar 2012
Landlords	4.60	4.69	4.70
Agents	4.74	4.83	4.67
Tenants	4.77	4.75	4.78
Participants	463	360	424



Delivering an Outstanding Alternative Dispute Resolution Service



Michael Morgan
*Head of Adjudication and
Independent Case Examiner*

“We continue to build an outstanding and expert team, independently recognised through their membership of the Chartered Institute of Arbitrators. We are beating our targets for performance times, and by asking users of the adjudication service what they think through our regular satisfaction surveys we can see that you think we are getting it right too.”

The adjudication service is led by Michael Morgan, Head of Adjudication and Independent Case Examiner. He is supported by a team of five Deputy Independent Case Examiners and five Casework Scrutiny Managers.

Focusing on Quality

During the year, we have increased the number of people employed directly by TDS to undertake adjudications to deliver a more timely, consistent and cost-effective adjudication service. We aim to deliver approximately 70% of our adjudications through our in-house team. We also retain a pool of freelance adjudication professionals who are available to undertake the balance of the caseload and cover any seasonal peaks in demand.

TDS and the Chartered Institute of Arbitrators

We feel it is important to demonstrate that our adjudication team is professionally qualified to resolve the disputes we are presented with. During 2011-12 we ensured that all our adjudicators were assessed to be admitted as Associate Members of the Chartered Institute of Arbitrators (ACIArb), the world’s leading professional body for promoting the settlement of disputes.

Improving Our Response Times

We recognise that tenants, landlords and agents all wish to see their disputes resolved as quickly as possible. During 2011-12 we have continued to fine-tune our handling of disputes, meaning that we have been able to reduce further the time taken to issue adjudication decisions.

In addition to exceeding our government-set target for completing adjudications within 28 days, we have increasingly focused on reducing this to 21 days. During the final quarter of the year, over 85% of our adjudication reports were published within 21 days of the parties submitting their evidence. On average, reports were issued in less than 15 days.

Increasing Transparency and Education

During the year we have increased the amount of information we provide on how the adjudication process works, how we reach our decisions and added to our library of monthly adjudication digests and case studies. We have also launched a quarterly statistical digest to give an update on developments in the adjudication team and its work during the year. This also shows the outcome of adjudications, and the proportion of awards being made in favour of landlords and tenants.

A Guide to the Tenancy Deposit Scheme was written by the specialist property solicitor David Smith of Anthony Gold Solicitors with the support of Michael Morgan and Steve Harriott of TDS. This publication is designed to take landlords, tenants and letting agents through the principles of deposit protection and alternative dispute resolution with a particular focus on how TDS operates. It’s available free from our website and to purchase in hard copy from us direct.

Learning Lessons

During 2011-12, we have made significant progress in reducing the time it takes us to respond to reviews of adjudication decisions.

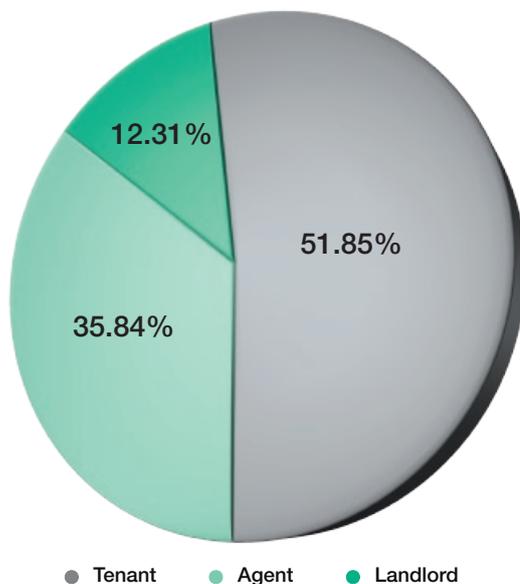
Where errors are made, we have an improved process for learning from them. We also want to know what our customers actually think – and with this in mind we have also surveyed landlords, tenants and agents using the adjudication service, as well as those requesting reviews of adjudication decisions, since the beginning of 2011 we will continue with this in the coming year.

Disputes Performance

During 2011-12, we closed 10,789 disputes, a small reduction on last year.

Who Initiates Disputes?

TDS Disputes 2011-12



Access to dispute resolution by TDS is open to members, landlords and tenants and any party can initiate the dispute with us. During 2011-12, applications were split broadly evenly between tenants on the one hand and agents and landlords on the other. This is 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 2011-12 the following areas featured most frequently in deposit disputes:

- ◆ Cleaning
- ◆ Damage
- ◆ Redecoration

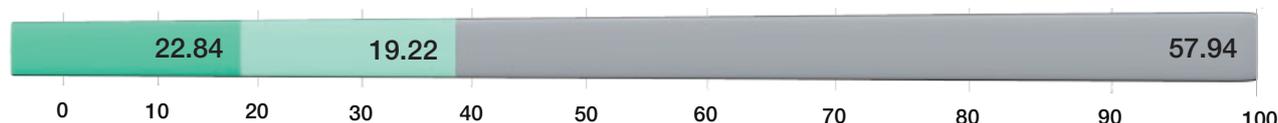
Reasons for Disputes by Calendar Year

Types of Dispute	2007	2008	2009	2010	2011	2012
Cleaning	50%	52%	49%	47%	49%	52%
Damage	36%	45%	43%	39%	43%	45%
Decoration	18%	25%	26%	24%	25%	28%
Rent Arrears	22%	18%	16%	15%	16%	18%
Gardening	14%	13%	13%	12%	11%	12%
Other	47%	48%	50%	55%	55%	56%

Who Receives What?

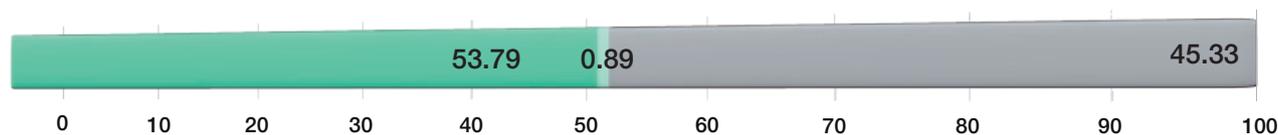
The tables below illustrate the proportion of disputed deposits awarded to tenants, landlords and agents over the past five years. In 2011-12, the overall percentages awarded to landlords and tenants was almost equal, representing a gradual increase in the share of the awards made to landlords and a corresponding decline in the tenants' share. This is likely to reflect an increasing awareness among landlords and agents of the type of evidence they need to submit in order to succeed in a claim against a tenant's deposit.

% Decisions where Disputed Deposit is Allocated in Full (2007-2012)



- % of disputes where tenant got 100% of the disputed amount
- % of disputes where landlord and agent got 100% of the disputed amount
- % of disputes where the disputed amount was shared between landlord, agent and tenant

% Share of all Disputed Deposits Allocated to Parties (2007-2012)



- % share of the disputed deposit which went to tenant
- % share of the disputed deposit which went to agent
- % share of the disputed deposit which went to landlord

Outstanding Value



Nick Hankey
Director of Resources

“TDS is a not for profit organisation and one of our key objectives is to deliver services which offer outstanding value for money. We do this by delivering a long term membership subscription pricing strategy and constantly reviewing our costs and structures in order to maintain adequate reserves for the company while delivering value for money”.



Delivering Value for Money

TDS needs to maintain its financial viability in the long term. In 2010 we set ourselves a reserves target to ensure that we always held about 9 months operating costs in reserve. As at the end of March 2012 we had achieved this which meant we were able to reduce our prices substantially to members for 2012-13, dropping our headline rates for the second year in a row and awarding greater discounts and a loyalty bonus.

	2012-13*	2011-12	2010-11
NFOPP/RICS	£9.75	£14.00	£15.00
NALS/LAW SOCIETY	£12.75	£17.00	£18.00

*Including £0.50 loyalty bonus per tenancy

Members can obtain significant discounts with some members in 2012-13 being charged effectively £3.60 a tenancy. Our rates for NFOPP and RICS are lower because of preferential insurance rates we obtain for this class of member.

Improving the Use of IT

In 2011-12 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 means that we can 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. Parties to a dispute will now be able to view all of the evidence submitted by all sides via a dedicated internet based service and will be able to submit additional information electronically to us prior to the case being submitted to adjudication.

To keep costs to a minimum, we aim to pay out disputed deposits by BACS and e-mail adjudication reports wherever possible.

Landlord Scheme

TDS has always offered deposit protection for landlords and we have a number of individual and corporate landlords as members. Until now these applications have had to be individually considered by our insurers, but we have negotiated that they would accept landlord applications without individual underwriting, subject to certain limits. We spent a number of months developing a scheme with the Residential Landlord Association and in January 2012 we introduced a deposit protection scheme for landlords with the following rates.

Deposit value	Non RLA	RLA
<£500.00	£16.50	£15.00
>£500.01	£24.00	£22.50

The scheme is for landlords who manage small portfolios of properties themselves and who tend not to use a letting agent.

The additional revenue stream will help to keep overall subscription costs as low as possible.

A Spotlight on SafeDeposits Scotland



In March 2011 the Scottish Government introduced regulations to introduce a custodial type tenancy deposit scheme in Scotland. The Dispute Service decided that it wanted to develop a proposal to develop a custodial deposit scheme using the successful membership based not for profit principle behind the Dispute Service. It therefore proposed the establishment of a not for profit company limited by guarantee to launch SafeDeposits. SafeDeposits members are:

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

In 2011 SafeDeposits submitted its bid and the new scheme and went live in July 2012 with The Dispute Service providing the key finance, administration and adjudication services to SafeDeposits.

Malcolm Lindo has been appointed Managing Director of SafeDeposits Scotland with Rebecca Johnston as the Operations Manager. Sir Andrew Cubie has agreed to be the independent Chair of SafeDeposits Scotland Ltd.



Financial Performance

The Financial Year Ending March 2012

The Scheme continued to deliver a set of strong financial results for 2011-12 even though it did reduce the membership subscriptions charged to members. This is reflected in the fall in membership income shown as turnover. The Scheme continued to invest in IT improvements, Member Relations and improving communications during the year which has directly contributed to the success in achieving the UK Government's Customer Service Excellence Award and achieving the Property Drum award for the best Tenancy Deposit Scheme in 2012.

The Scheme is now holding significant cash reserves and in 2012-13 implemented a big reduction in Members fees which will result in a much smaller surplus for the year ending March 2013. This is part of the Scheme's prudent approach to reserve management and the desire as a not for profit scheme to reduce costs as far as possible to participating members in the Scheme. The growth of the Landlord Scheme in 2012-13 is expected to make a significant contribution to increasing turnover to the Scheme.

The Scheme continues to look at value for money in all of its activities.

Summary Audited Financial Accounts

	2011-12	2010-11	2009-10	RESTATED 2008-09	2007-08
TURNOVER	7,115,659	7,993,489	3,187,382	3,254,803	2,920,271
Cost of Sales	1,320,969	1,325,474	1,641,372	1,553,734	
GROSS PROFIT	5,794,690	6,668,015	1,546,010	1,701,069	
Administrative Costs	3,544,931	2,813,711	2,393,744	1,765,921	1,873,524
	2,249,759	3,854,304	(847,284)	(64,852)	(1,046,747)
Other Operating Income	0	0	0	8,883	10,440
OPERATING SURPLUS	2,497,59	3,854,304	(847,284)	(55,969)	1,057,187
Interest Receivable	121,698	51,500	16,522	129,816	86,664
Interest Payable	0	0	0	0	(779)
SURPLUS/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2,371,457	3,905,804	(830,762)	73,847	1,143,072
Tax on Profit on Ordinary Activities	617,674	(1,093,913)	226,325	(49,318)	(270,000)
SURPLUS/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION	1,753,783	2,811,891	(604,437)	24,529	873,072



Tenancy Deposit Scheme operated by

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