

Florence Eshalomi MP
Housing, Communities and Local Government Committee
House of Commons
London
SW1A 0AA

By email

11 July 2025

Dear Ms Eshalomi

Firstly, I would like to thank you and the Housing, Communities and Local Government Select Committee for the opportunity to present evidence last month and to speak about how our business and the wider sector is evolving.

I appreciate the opportunity to continue contributing to this important area of policy – in terms of changes to residential ownership and proposals to regulate our sector and improve standards.

We note the Ministry of Housing, Communities and Local Government has now released a consultation on strengthening leaseholder protections over charges and services, including minimum levels of qualifications in the industry. We will be contributing to this and look forward to supporting the committee's future work in this area.

Increasing transparency and giving residents greater choice about their homes is welcome. As you are aware, we have been making extensive changes to ensure our business is prepared and well-placed to provide a more responsive and consumer-led service.

It is also important that residents are adequately supported as we transition to a system in which they will have greater protections and rights, but also new responsibilities. Regardless of ownership structure, clarity of governance and decision making across developments will continue to be critical.

In this context, and as the government has rightly noted, the role of managing agents is set to become even more important. There are hundreds, if not thousands of managing agents in the UK today. As the largest single brand, we only represent 5.8% of this market, meaning that regulation and professionalism across such a diverse and fragmented market is essential. This is something we fully support.

I explained to the committee that we have engaged widely with MPs in recent months, and we are also working closely with residents across the country.

Operationally we have made significant changes over the past 18 months. There is much more detail below but, overall, we are focused on improving our systems and

customer service, and ensuring our people have the right qualifications and skills to work in an increasingly complex industry.

To do this we need to be closer to residents and the communities they live in. We have regionalised our business in order to deliver a more local service to customers, providing better communication and faster resolutions. We have also overhauled our approach to customer correspondence, including re-shoring roles to the UK to ensure training and performance are at the right standard. All of this is supported by significant and ongoing investment into skills and accreditation for our people. As detailed in our responses below, we are already seeing the positive impact of these fundamental changes delivered over the last 18 months.

I trust the responses below will provide the additional assurance the select committee is looking for. I also appreciate that many of the questions set out in your letter reflect those which other MPs have put to us in recent months; on several of these points, we have responded directly to MPs but are very happy to reiterate our position below.

We recognise there is more still to do – for both our business and the sector as a whole. We are confident that the investment and changes we have been implementing are the right ones and will mean we are well equipped to improve performance, manage complexity and deliver for the customers who live in the homes and communities we manage.

Yours sincerely



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Responses to points raised in letter from Florence Eshalomi on behalf of HCLG Select Committee (issued to FirstPort on 1 July 2025)

1) In January, you committed to facilitate senior management meetings with residents for all developments that request them. We would be grateful if you could confirm:

- The number of senior management meetings that have taken place with residents since January 2025.***
- How residents can request these meetings, and how you have communicated this option to all residents in FirstPort-managed estates.***
- Where residents have not requested a meeting, what level of proactive engagement FirstPort carries out between senior management and residents.***

Regular resident meetings have always been part of our service, and should be for the industry as a whole. The format and regularity of these meetings will vary depending on the property and management agreements that are in place. As we have explained above, our new regional model ensures that residents have better access to their local support teams, underpinned by clear accountability and escalation processes within the regional structures.

During the first half of this year, our property managers have already conducted in the region of 20,000 site visits.

Typical scenarios for resident meetings are:

- As standard, our property managers will meet with individual residents regularly to discuss day-to-day management and queries. For example, in the South West region alone our property managers have held over 800 meetings with residents during H1 2025.
- Meetings for larger groups of residents where there is a need to discuss a specific issue, such as major works. This could be for all residents at a development, or a more targeted group of those most closely affected by these works. Normally, this would be led by the individual who manages that development. However, where more specialist knowledge on specific topics (for example, complex heating networks) or more senior experience is needed, technical specialists and regional senior managers will also support meetings as required.
- Where there are resident-led management arrangements in place, for example with a Resident Management Company (RMC). The regularity of meetings will be agreed with the resident directors – this could include quarterly or monthly meetings with property managers, or Annual General Meetings with their property manager and/or senior regional management.

The majority of queries from residents will be managed by their property manager, with the objective of resolving any issue or concern as expediently as possible.

Our regional senior management teams also regularly join resident meetings and visit sites. During the first half of 2025, our senior managers have conducted over 1,600 meetings with residents.

As the committee and your wider parliamentary colleagues are aware, we have also met with a number of MPs regarding sites in their constituencies. These meetings are led by senior leaders from our business. Over the last six months, our senior managers have met with 75 MPs to discuss specific developments or enquiries.

Escalation

Each region's senior managers monitor performance and potential issues across the regions they oversee.

Our new regional model has been designed to make sure that senior management has greater visibility and accountability: these are active and hands-on roles, not simply office-based managerial ones.

Where appropriate, senior managers will join meetings with residents. This is initiated by either:

- The property manager – raising a request for a senior manager to join a resident meeting, to ensure customers have the right level of support from the business in the case of a critical issue or topic.
- Our formal complaints process (via our website) – this will include an assessment of the level of seniority required to resolve the issue as quickly as possible.

Our goal is to resolve customer enquiries quickly, without homeowners or residents feeling as though there is a need for escalation. This is why regional teams are best placed to serve our customers and resolve issues in a more efficient and effective way. This method has already resulted in significant improvements in resolving customer queries first time, without the need for escalation – as detailed in our answer to point 3.

How customers can contact us

When customers need to contact us, they can find our contact details clearly signposted on our website and by using our customer portal, 'My Home'. We also display contact details for customer services, as well as a sign-up link and QR code to our online portal, on posters for site noticeboards, wherever these are available. For our Later Living customers, we have around 1,500 either full-time, live-in development managers or visiting development managers, so there is more on-site customer support available for residents living in these communities.

For new customers, we have two separate processes for initiating communication. For newly built sites, handed over to us by a developer, we will send a welcome letter to all customers at this point. For customers buying a property within an already-managed development, their solicitor should provide us with the customer's email address when the sale completes, enabling us to send a series of welcome emails. Both the welcome letters and emails explain who we are, what we do and how we can support them.

These will include routes of enquiry, details of our customer portal and an overview of the key relationships for each property.

2) In January, you committed to provide detailed breakdowns of bills being rolled out within six months to all residents, in sufficient detail to enable residents to effectively challenge rises. We would be grateful if you could confirm:

- ***The progress you have made on this, and any further changes you will make in the coming months.***

Explaining estimates and accounts – actions being taken

We have undertaken a review of how we present financial information to homeowners. We recognise that better explanation of bills is required and are now taking steps to improve the clarity of the information we share.

Each year customers will receive a service charge estimate. This breaks down the key costs for their development that we anticipate will need to be spent over the year, such as third-party costs for items like building maintenance, cleaning and gardening, as well as reserve funds for longer term requirements.

Following the end of the financial year, we will then share a yearly accounts pack. This sets out actual costs incurred.

To improve transparency and comprehension of these documents, we are making a number of changes, as well as investing in our systems:

- We have reviewed our end-to-end service charge customer journey. This highlighted the requirement to improve both our estimates and year-end accounts pack. We will be starting to pilot an updated estimate pack from Autumn 2025 which, pending customer feedback, will be fully rolled out to all customers. We will also improve the signposting to our accounts pack so that customers can find it more easily in our customer portal.
- The review also highlighted the requirement for explanatory documents which outline in customer-friendly language how to read and digest the information we send to them. This will include things like 'how to navigate our service charge invoices' and 'how to read a statement of expenditure'. This work will be rolled out from the end of August this year and will be available on our website, customer portal and proactively communicated via email.
- In May 2025 we launched a revised invoice, with a more customer-friendly format. This clearly shows how to reach us on our different customer service channels and includes a QR code to enable customers to quickly and easily access

our customer portal. It also makes it clearer for direct debit customers how their payment will be collected as this had been identified as an area for improvement. Next, we will be working on this further by improving the clarity of the descriptions of the different charges on the invoices.

- In addition, we have added an extra step to the year-end accounts process to trigger either an in-person or an online meeting with homeowners if the year-end account is over a certain threshold compared to the original service charge estimate. We can then explain and discuss this variance in detail with customers before the accounts are issued. This gives customers more opportunity to ask questions and understand their year-end accounts in greater detail.

Looking ahead – standardising service charge formats

We appreciate the need for a more standardised approach and clear explanation – as we have set out above. We will be reviewing in detail the Ministry of Housing, Communities and Local Government’s new consultation on increasing transparency of service charges and responding to the Ministry in due course. We look forward to contributing to this important review.

3) In January, you committed to implement KPIs for service quality improvements and to implement clear timelines for their rapid delivery. In addition, you committed to providing information on the initiatives FirstPort is taking to improve quality and their expected timelines and impacts. In particular, we would be keen to understand:

- ***What KPIs you have identified.***
- ***What process you have adopted to arrive at these KPIs, and how the voices of residents on FirstPort-managed estates have been considered in this process.***
- ***Whether you will update us on the initiatives you are undertaking to improve service quality, and how these will improve outcomes for residents whilst reducing timelines.***

As explained in January, we already use a range of performance indicators across different parts of our business. As part of our service improvement programme, we have assessed the KPIs we use and ensure these are embedded with teams and reviewed regularly.

From a customer perspective, we know from the feedback we receive that the most important test of our performance is how responsive we are – and ensuring that when things go wrong, we are able to respond quickly and resolve issues.

As detailed in our response to point 1, our property management teams regularly visit the communities they manage. Our property managers have KPIs set in their objectives

for the number of site visits and site inspections they should be conducting. These are tracked at an individual level as part of a wider performance scorecard.

This stronger oversight and governance of property standards and staff capability has, where necessary, seen us reconfigure teams and points of contact, so residents receive the level of service they, and we, expect.

This is monitored by our board and sits behind our continuing investment in staff training. As we mentioned in the committee hearing, we are working through a training programme, which was kickstarted in 2024, to enable our employees to achieve a TPI level 2 qualification as a minimum. All our operational staff should be qualified to at least this level by Autumn this year. Many of those already qualified are now continuing to further TPI qualification levels or have already achieved these.

Creating greater accountability and visibility of the performance of our property managers is also driving better and more consistent levels of service to our customers. This is monitored through our KPI tracking the volume of complaints, which has decreased by around 40% year-on-year.

Along with investing in training and skills development for our teams, we have re-established all FirstPort telephony teams in the UK. Our teams are also now structured by region, supporting local property managers and fostering a closer relationship with our customers. This has driven a 17% reduction in customers contacting us by phone due to the improvements in first time resolution and optimisation of our relaunched 'My Home' online portal where customers can access their account, key documents and development information.

Where customers do need to seek support beyond their property manager, we track a number of customer service metrics. For instance, over 50% of customer queries received by our customer service teams are now resolved at the first point of contact. When it isn't possible to resolve a query first time, we have reduced the time to resolve these by 26% year-on-year.

We are also actively asking our customers for feedback. This includes expanding our customer surveys (further details are provided in our response to point 7).

We are happy to keep the committee updated on the work we are doing to further improve customer service.

4) In January, you committed to supply information about the compensation FirstPort will pay when you "get things wrong". Many residents have also complained to us that their complaints have not been taken seriously by FirstPort. We would therefore be grateful if you could set out:

- ***The compensation you have paid to residents since 2025, and how this compares to the six months prior to your meeting with MPs in January.***
- ***What you will do differently to ensure that all complaints are properly considered, and under what circumstances compensation will be awarded.***
- ***Whether you will commit to regularly publishing statistics on:***
 - ***The number of complaints that are raised;***
 - ***How long it takes to resolve issues when things go wrong;***
 - ***What proportion of cases receive financial compensation; and***
 - ***How much compensation has been paid in total.***

In cases where service issues are escalated to a formal complaint (known as Stage 1), our objective is to resolve the problem in a way that meets the needs of all parties, which may include residents, their neighbours, ourselves and the freeholder. Typically, our focus is on seeking to address the root cause of an issue and to fix it, while limiting costs incurred.

In 80% of Stage 1 complaints, we complete our investigations and reply to residents within 21 working days. If we think it will take longer, we will let the resident know and inform them when we expect to complete our review.

If the resident is unhappy with the response to their formal complaint at the end of Stage 1, they can seek a Stage 2 complaint review. These are reviewed by a member of the senior management team or a complaints panel. On average, Stage 2 complaints are resolved within a month.

Around 98% of complaints are resolved by our teams and are not escalated further. However, if we cannot reach agreement, the case will usually be referred to a third party for independent review, which is known as a Stage 3 complaint. Generally, this will involve The Property Ombudsman, or in specific cases the Building Safety Regulator or Energy Ombudsman.

Of those cases which are referred to a third party for independent review, typically half are then taken forward by the relevant ombudsman for further investigation.

We pay the cost of all cases heard by The Property Ombudsman, so there are no charges for residents, either personally or through their development's service charge. We have not had any cases heard by the Building Safety Regulator or Energy Ombudsman.

During the first half of 2025, we have paid £34,000 in compensation to customers.

The Property Ombudsman, Building Safety Regulator and Energy Ombudsman should be able to provide details of how compensation is awarded across the wider industry.

As well as following the process set out above, we try to fully resolve concerns ourselves and have worked with The Property Ombudsman to create a preliminary stage focused on early resolution. This has resulted in a 15% reduction in Stage 2 complaints.

With the same objective, we have improved our online complaints webform. This now asks customers what would be a good resolution from their perspective, helping us to try and reach a mutually agreeable outcome sooner.

As noted in response to point 3, we have seen a reduction in resolution time for customer queries, including resolving issues first time.

5) In January, you committed to supply information and evidence to allow MPs to assess the value for money that FirstPort is offering. In December 2022, FirstPort Insurance rebranded as Knight Square Insurance and you told the Committee on 17 June that about one third of your portfolio is administered through Knight Square Insurance. Please set out:

- ***The proportion of other managing agents' portfolios that Knight Square administers.***
- ***How FirstPort's price increases for service and estate charges compare to the rest of the industry.***

Context to insurance brokerage in residential property

We would like to restate some of the explanation that we provided to the Committee in the hearing on 17 June, acknowledging that this is a complex area.

Building insurance premiums are understandably a key area of concern for residents given their contribution to the overall level of service charges, and because premiums have risen significantly across the sector in recent years. This is due to a combination of factors which include general inflation, heightened building safety concerns post the Grenfell Tower disaster, and climate risk. Overall, the pool of insurers with an appetite to cover residential buildings has reduced and this has resulted in rising premiums. The Property Institute's most recent Service Charge Index indicates that building insurance costs have increased by 93% in the last five years.

The level of cover required to be taken out – and who is responsible for doing so – is determined by the property's lease. The policy is ordinarily placed through insurance brokers which advise clients on their options in line with these agreements.

Knight Square Insurance

Knight Square Insurance (KSI) is run independently of FirstPort but is part of the wider group of companies that we belong to. This is not uncommon in the property sector.

KSI is a specialist broker in the residential market, regulated by the FCA, which allows it to secure competitive products. Policies are placed with top-rated insurers to ensure a level of cover that is proportionate to risk and meets the requirements of the party responsible for insurance, which is typically the property's landlord.

In response to the committee's question, we are not able to confirm what proportion of other managing agents' portfolios KSI administers. This information would be held by the managing agents themselves, and it would be unusual for it to be shared with an insurance broker. The complex and fragmented nature of the residential sector means also makes this difficult to assess. However, KSI has advised that it is currently the broker on behalf of 32 parties with insurance obligations, of which FirstPort is one.

Service charge benchmarking

The most comprehensive and independent benchmarking exercise for service charges is undertaken by The Property Institute (TPI) and was last published in April 2024, but this still only covers a relatively small sample of the industry. Although other indices are available, these will often be geared towards a particular part of the market (for example an estate agency's particular sphere of work), so are less helpful as an overall overview.

The TPI's index highlighted that in 2024 the industry average for developments below 18 metres in height was £163,605, and when considering all developments (including those both above and below 18 metres) this increased to an average of £467,138.

Our average service charges across all the developments we manage is £115,319.

The median increase for our service charges in 2023-24 was 6%.

FirstPort does not charge commission or receive any referral fees from contractors providing property management services (maintenance, repairs, cleaning etc.) Our costs are therefore only covered by the management fee. It is important to note that our management fee is not directly linked to the overall service charge (i.e. it does not increase or decrease proportionately to it), rather it is a flat fee which is calculated based on the work we do at a given development.

We recognise that this is an important area and welcome the government's consultation on this topic, which presents a valuable opportunity to get greater clarity across the industry and more robust benchmarking.

6) We would also be grateful if you could provide a clear commitment on resolution timelines for non-complex cases, and set out:

- ***The proportion of residents raising non-complex cases that have been given a clear timeline for resolution.***
- ***The proportion of cases that are completed to this timeline.***

Every customer that makes contact with our customer service team receives notification that their correspondence has been received and that we aim to respond within 3-5 working days. 90% of enquiries are responded to within that timeframe. Our average 'days to resolve' a customer enquiry in H1 2025 was 3.6 days, compared to 5.6 days in H2 2024. When customers call us, we resolve around 40% at this first contact. For enquiries that need further investigation, the customer will receive a case number and be followed up as per the timescales detailed above.

As noted in response to point 3, when customers raise a formal Stage 1 complaint with us, in 80% of cases we complete our investigations and fully reply to residents within 21 working days. If the resident is unhappy with the response to their formal complaint, they can seek a Stage 2 complaint review. On average, Stage 2 complaints are resolved within a month.

Overall, around 98% of complaints are resolved by our teams and are not escalated to an independent third party as a Stage 3 complaint.

Looking at trends over the past year, the number of overall complaints, including from MPs, has reduced by 19.1% from H2 2024 to H1 2025, while the year-on-year change (H1 2024 compared to H1 2025) is down by around 40%.

7) During our evidence session on 17 June, you told us that you measure customer satisfaction through a survey. We would be grateful if you could provide further information, in particular:

- ***The proportion of residents on FirstPort managed estates that have filled out this survey.***
- ***How frequently this survey is carried out.***
- ***Whether you will send the Committee the summary findings of the survey.***

Gathering feedback – our process

Customer feedback is essential to the improvements we are making to our business. To drive our performance, we need to understand customers' views at a greater volume and with better frequency.

As mentioned previously, our property managers regularly visit the developments they manage and meet with customers. This is a critical method of capturing feedback.

Centrally, we are also now introducing a rolling feedback programme to digitally capture customer sentiment. So far, we have sent over 6,000 email invitations asking customers to share their feedback. We want to gather feedback continuously, not as a one-off event which is why we are continuing to implement this initiative and will be progressively rolling this out across the rest of our portfolio.

There is no specific distinction made between residents who live in different types of property, whether that is an apartment block or an estate of freehold homes. Therefore, it is not possible to provide a distinction of how much of this feedback specifically relates to estates.

We ask for a ranking between 0 and 5 and written comments on any specific areas of service, which we then analyse to identify trends and opportunities to improve. This approach is widely used and deliberately simple to help ensure we get as much feedback as possible.

You will find below a summary of our scores and the priorities identified from recent feedback:

- Overall performance score – 3.0 / 5.0
- Key trends – priorities for residents
 - Positive feedback focused on areas that residents see as important:
 - Staff professionalism
 - Community impact – cleanliness and well-maintained communal areas
 - Positive issues resolution
 - Helpful property management teams
 - Critical feedback focused on instances of:
 - Poor communication
 - Unresolved / long-standing areas of concern
 - Higher than anticipated works charges

Where we are able to benchmark against other peers, we are confident that we are moving positively in the right direction within the overall industry. We will continue to focus on service improvement, and will continue to measure feedback by these means. We would be happy to share a similar summary with the committee and suggest that a quarterly analysis would be of most use.

Looking ahead

In addition to reviewing and acting on feedback, we are introducing an additional customer satisfaction questionnaire specifically relating to feedback after a repair or maintenance query has been raised and resolved through our customer service team. We recognise that keeping a resident feeling safe and secure in their home is a priority, so the results from these surveys will give us valuable insights to ensure we continue to improve our service. Focusing on this particular point in the customer journey is also in

response to the key areas of feedback we have seen from customers relating to issue resolution. This additional feedback mechanism will be in place by the end of August.

As noted earlier, this is part of a wider programme of investment in customer service, including onshoring our customer teams and making sure that they are fully integrated with the regional operational areas of the business.

8) The Committee raised the issue of FirstPort sending residents legal letters when they raise disputes, only for the legal action to later be withdrawn when residents dispute those letters. We would be grateful if you could confirm:

- ***What your overall approach is to dispute resolution with residents.***
- ***What your process is for deciding when legal action (including the sending of legal letters) is started, and what your process is for deciding to end legal action.***

We have explained our overall approach to dispute resolution in response to points 4 and 6.

Legal action is typically pursued when residents withhold service charge payments that are due. Legal action is only commenced, at the earliest, 60 days after the service charge invoice is issued. Two reminder letters will be sent, and a telephone call will be made to a resident before an unpaid invoice is referred to solicitors.

It is critical that we maintain a tight credit control process to ensure that funds are available to manage developments – including to cover costs relating to safety, compliance and general upkeep. The only money available to spend on maintenance is what is collected from residents, meaning that if some don't make payments this impacts all residents living in that community and can mean the services provided need to be reduced based on available funds.

We find that a common reason residents cite when payment is withheld is a reluctance to contribute to reserve funds. This is the money that is set aside for longer term or larger anticipated maintenance and major works requirements that will likely be needed in future. For example, replacing ageing lifts or keeping a large roofscape maintained. Contributing to the reserve fund is critical to help spread these costs and to plan ahead for future larger maintenance requirements, thus reducing the burden on homeowners when these works are eventually required and helping to ensure their building remains safe and in good order for the long term.

As property managers, it is critical that we explain the importance of making a fair contribution to these shared costs, and we have set out in response to point 2 how we are doing more to ensure that costs are clear for customers.

In cases where a resident responds to a legal letter to set out their dispute and raise a complaint about the costs or service provided, we will typically aim to resolve the issue outside of court rather than continuing with the credit control process. This is generally in everyone's interest and means a resolution can be agreed more quickly.

It is important to note that leaseholders are able to challenge a budgeted or incurred sum through the First-tier Tribunal, but the entity with the maintenance obligation needs to collect in the sums it thinks are needed to meet those maintenance obligations. If it is subsequently found that the sum charged is unreasonable, the entity with the management obligation must refund residents.

I would like to thank the committee for the opportunity to contribute to this important discussion. My colleagues and I will continue to engage on these important issues and the government's reform agenda in the months ahead.

Yours sincerely



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