

Company Background

Greenbelt is a market leader in the management and stewardship of Public Open Spaces (POS) in new housing developments right across the UK.

From our founding in Scotland in the 1990s, the company has expanded nationwide and today we have hundreds of developments across England, Scotland, Wales and Northern Ireland. We currently manage the POS on over 700 separate housing estates of a variety of sizes from 20 homes to over 2,000 and a pipeline of a further 200 plus developments yet to come into our care.

We have led the industry in bringing new products and services to the marketplace. In the late '90s we were the first to implement a new mechanism to guarantee the long-term funding of unadopted POS and other features. Our innovation has accelerated in recent years to better meet the needs of homeowners and housebuilders with the ever-increasing complexity of POS and with the inherent demands and risks that this brings.

We would very much welcome the opportunity to participate in the consultation process that will be conducted by the CMA. We participated in the consultation and legislative process conducted in Scotland up to 2011, and subsequently actively participated in the consultation for the revisions to the Code of Conduct for Property Factors in Scotland.

We fully embraced the tenets of choice, value and transparency and these are embedded in all the products, information and services that we now offer right across the UK. We believe that by working to these principles our business can grow and thrive in the modern world.

With POS becoming ever more complex and with the introduction of Biodiversity Net Gain (BNG) legislation and the contingent additional risks and liabilities therein, the housebuilding industry must carefully evaluate the appropriate solution for the ownership and management of POS – nearly all of our large-volume housebuilder clients are undertaking a review of these policies right now.

It is vital to ensure that home buyers are not unwittingly assuming unwanted risks, responsibilities and liabilities when buying a home. We feel it is essential to allow home buyers to make an informed decision at the point of purchase, and have the choice after a period of time as to whether to continue with the current structure, or to assume more direct involvement by using a structure such as a residents' owned company.

Following the important intervention of the CMA into the leasehold housing market, which ensured buyers would no longer be trapped in leasehold structures that were very much not in their best interests, many housebuilders have extrapolated this principle of direct ownership to POS; typically in the form of a resident-owned SPV referred to as a Residents Management Company (RMC). Whilst the principles of empowerment, choice and transparency are vitally important, simply forcing home buyers, at the point of purchasing a house, to commit to becoming the owners of the POS is a dangerous and miss-timed way of using a solution such as this.



Many independent consultants and experts in POS, Garden Villages, Ecology, Horticulture and Governance Solutions have raised serious concerns about the continued use of RMCs at the very beginning of the life of a new development. This structure tends to lead to frequent re-tendering of managing agents, and the focus is purely on short-term costs rather than also considering “best value” principles and non-financial considerations such as ensuring that the POS, flood mitigation basins and all the other features are well managed for the long-term.

The apparent conflict of goals that we see can be addressed, at least in part, by delaying the establishment of the RMC to a more appropriate point when risks are reduced, the community is properly formed and informed choices can be made. We believe ideas of costs and long-term vision and the management of risks and accountability can be satisfied by using the blended solutions developed in recent years.

The housebuilding industry must adopt a more cohesive approach to POS solutions to ensure that homeowners are offered transparency, choice and value for money; and that they are protected from unwanted risks and liabilities. At the same time, these solutions must ensure the best long-term outcome for the open spaces and the environment to the benefit of the community for decades to come.

This timely intervention by the CMA is a great opportunity to consolidate and rationalise the offering to consumers and ensure that these beneficial outcomes described above are guaranteed.



Consultation Questions

Greenbelt has sought to respond to the consultation questions where Greenbelt believes it is able to assist with the CMA study. Responses will therefore relate to the estate management sector in which Greenbelt acts.

Greenbelt would welcome the opportunity to participate in the consultation process.

1. N/A

2. Do you agree with our areas of focus for the market study, as set out in paragraphs 2.1 to 2.31? If not, what other matters should we focus on and why?

Greenbelt supports the CMA in assessing the impact of estate management on home buyers to ensure that it is fair, reasonable and transparent. This must extend to the arrangements themselves and their long-term impacts.

Failure to deliver long-term stewardship is inherently unfair; it fails to protect homeowners, their homes and the developments on which they live. Any study should consider the non-financial risks and liabilities associated with each arrangement in deciding whether these are fair.

This should include:

- The arrangements currently available/used
- The homeowners' ability to change arrangements themselves and not just the contractors carrying out the works
- The practical and legal obligations on homeowners under these arrangements
- The information supplied to homeowners about the risks and obligations associated with each arrangement.
- The impact and likelihood of failure of the management arrangements
- The risks to homeowners, homes (including values) and developments associated with each arrangement

Further comment and explanation on these points is contained in our responses to questions below.

3. N/A

4. How can competition in this market be strengthened

We believe there is a very competitive landscape in the area of POS management with a variety of companies competing for new business right across the country.

Competition could be enhanced by creating a framework of required parameters for POS solutions. These could include customer protection from risks and liabilities and customer choice as well as ensuring good outcomes for the POS. In this way, managing agents can offer a variety of appropriate products, options and choices to housebuilders and homeowners.

5. How can the functioning of the market be improved

The current confusion and a lack of evolution in some quarters around appropriate POS solutions is potentially damaging to the new homes marketplace.



It is certainly the case that many small and medium sized housebuilders are struggling to understand the implications of the new BNG legislation for open spaces and their aftercare, and are looking for answers as to what is appropriate and compliant.

Whilst it is reasonable to assume that most stakeholders are attempting to use compliant and consumer supportive solutions, there is a need to establish market standards for what is indeed appropriate and what will drive the best long-term outcomes for home buyers and their open spaces.

At Greenbelt, we have developed a range of new solutions for small, medium, large and very large new developments that we believe answer the challenges of cost, risk management and consumer rights; and which are also supportive of good long-term stewardship outcomes.

We are working hard to establish a widespread and active dialogue with all parties on the issues of POS aftercare so that we can continue to refine and develop these solutions to meet the needs of all.

6. N/A

7. N/A

8. N/A

9. N/A

10. N/A

11. In relation to freehold estates:

Please comment on the extent to which each of the following may currently be problematic and how (if at all) each has changed over time:

(a) Non-adoption of roads or other public amenities, and the different ways in which unadopted amenities may be managed (eg by housebuilders, estate management firms, or resident-led companies).

Greenbelt has been providing solutions for POS management since the mid 90s. This period has seen the evolution of POS; from simple areas with grass, trees and shrubs to complex areas which have become key to successful new developments.

POS can create communities and provide long-term benefits for residents. The success of these areas is fundamental to the success of new developments, the formation of a thriving new community, and homes' long-term amenity and value.

Greenbelt has seen one-off payment arrangements (either to local authorities or private companies) decrease, as increasingly-complex management regimes and negative real interest rates have made these extremely costly. For Greenbelt, this reflects that these arrangements are unsustainable; funds are finite and long-term management is financially problematic.

By looking for homeowners to fund their POS, alternate arrangements were provided which could deliver long-term stewardship. As POS becomes more complex and offers greater benefit to developments and those living on them, parties who receive the primary benefit directly fund this maintenance.

Recent years have seen the increase in the use by housebuilders and developers of homeowner-owned management companies that become the owners of the POS. These are intended to provide homeowners with direct control of these areas. Delivering these developments and arrangements can



be problematic with, increasingly, both housebuilders and homeowners finding this process to be challenging. Invariably, these become most problematic once the companies are transferred to homeowner ownership and control.

These arrangements allow homeowners to choose their contractors but also unfairly oblige them to accept the associated onerous burdens and additional costs. Homeowners are typically expected to become members and/or shareholders and stand as directors, forcing them to accept the associated responsibilities and liabilities.

These liabilities are not limited to the duties of directors generally but also those specific to the management and maintenance of POS; homeowners are expected to accept responsibility, and liability, with little or no guidance on their roles and the features they will manage. With the addition of BNG requirements under the Environment Act 2021 and impending secondary legislation, it is obvious that this is an increasingly unfair arrangement.

Homeowners cannot choose whether they want this arrangement; it is established by the housebuilder/developer at the outset of the development and cannot effectively be changed. Whilst homeowners should be informed of these arrangements at the point of purchase, even where the arrangement is considered, home buyers are unlikely to have sufficient details at this time about the long-term impact of these arrangements to make informed decisions. Ultimately, they will only have two choices: (i) accepting this arrangement for the lifetime of the development or (ii) not proceeding with their purchase.

Greenbelt believes homeowners should be provided with choice and is therefore championing new models for delivering POS maintenance. These focus on allowing homeowners themselves to determine how their POS will be managed by providing them with choices about the structure of the arrangements rather than simply who delivers the services.

Under these models, an initial period of professional management and maintenance is provided to allow new development to establish. This is combined with homeowner rights to challenge charges and price-capped periods to ensure that homeowners receive service and value during this period.

This initial period allows the POS to establish; a vitally-important period in terms of horticulture and the community to become established and more integrated. At this point, the homeowners have the knowledge and the opportunity to make an informed decision about how their POS should be managed; homeowners have the right, but not the obligation, to form their own company to own, manage and maintain their POS.

(b) Estate charges, and their materiality

Whilst Greenbelt does not hold data for the sector generally, Greenbelt's average charge across our [REDACTED] developments and [REDACTED] billed households is currently circa £[REDACTED] per annum; around £[REDACTED] per week.

Whilst the charges that Greenbelt levy are significantly smaller than typical management charges on higher-density housing, in asking homeowners to make these payments, it must be clearly shown that they receive a good service and value for money. Should this not be delivered, they should have rights of redress and ultimately be able to exercise choice in their service provider.

(c) Restrictions and/or obligations placed on freeholders via deeds of covenant

Homeowners should be able to enjoy their homes and POS including any areas funded by the homeowner contributions. Homeowners should not be burdened by unnecessary restrictions and/or obligations in respect of their use of the property.



Any restrictions and/or obligations associated with properties connected with the POS should therefore be limited to:

- (i) provisions to protect the amenity of these areas for all homeowners. These should not extend to any use of homes themselves, such as altering the property, which does not affect this amenity
- (ii) provisions designed to protect the long-term maintenance of the amenity and, importantly, the continued funding of this maintenance for the lifetime of the development.

Arrangements to secure the management and maintenance of POS necessitate requirements in the event of a transfer/sale. These both relate to information in respect of the arrangements and charges required by any incoming owner, and the legal requirements in respect of the ongoing funding of the maintenance of the POS.

Fees in respect of these requirements on transfer/sale are necessary to reflect the work required but these should be fair and reasonable.

12. N/A

13. As regards charges made to freehold owners on residential estates:

(a) How transparent are estate charges and covenants (including how they may change over time) to prospective house buyers on freehold estates at all stages up to the point of sale?

Home buyers should be made aware of the provision for management charges throughout their purchase process. This should include at the outset the information they receive in sales centres, right through to legal documents required to complete their purchase.

Greenbelt believes home buyers should also be made aware of the arrangements in place and the obligations these will place on them as a homeowner.

All of the relevant covenants, obligations and arrangements should be contained within homeowners' Transfers or the relevant Deed of Covenant. Greenbelt is aware that this is not always the case, with some arrangements not providing home buyers with sufficient detail.

This issue is compounded where conveyancers do not sufficiently explain arrangements to home buyers.

Excellent work is being done by the New Homes Quality Board to rectify this issue with the New Homes Quality Code ensuring that buyers of new homes are informed about their homes at all stages of the purchase process.

The code includes obligations to provide details of charges and indications of how these will change over an initial 10-year period.

Greenbelt believes that this should include information about the arrangements for POS to include not only details of the costs but, where relevant, the liabilities that homeowners will accept under the arrangements. This information should be clear and simple.

(b) What influence (if any) do homeowners have over the companies managing their estates?

Where homeowner-owned management companies are established, these have traditionally been retained under the control and responsibility of housebuilders until developments are complete. Housebuilder staff are appointed as directors of the company who must accept the duties of a director until the company is handed over to the homeowners.



Once ownership of the company is passed to homeowners and homeowner-directors appointed, the homeowner-directors can control the management of their POS and must accept the associated responsibilities.

Under Greenbelt's current models, homeowners have the option, in perpetuity, to form their own management company to own, manage and maintain the POS. In the event that homeowners decide to exercise this right, ownership of the land will be transferred to the newly-formed company at a nominal price (£1).

Greenbelt's earlier models did not provide for any specific rights for homeowners to take ownership of their open spaces. This has been addressed by Greenbelt's Consumer Choice Policy. Whilst this is not provided for/required under the Transfers of the properties, this policy was introduced to provide all homeowners with similar rights irrespective of the legal rights/arrangements. Greenbelt does not currently hold details of any similar arrangement provided by alternate providers.

(c) Post-sale, what safeguards exist to ensure the quality of the management service or that the estate charges applied are fair, reasonable and transparent?

Where Greenbelt acts as an agent for a homeowner-owned management company, we will look to agree costs and the scope of works with the directors. Works will frequently be dictated by management plans established as part of the planning process, which will need to be complied with.

Homeowners will then be obliged to pay the agreed sums. In the event that they are not happy with the charges, this would need to be referred to the directors who would be ultimately responsible.

Where the development has been handed over to homeowner-directors, this will mean that homeowners must agree the scope and costs of works. This will include accepting any risks/liabilities associated with the scope of these works, or failing to meet any necessary requirements.

Where Greenbelt owns, manages and maintains the POS, homeowners can refer to:

- (i) Our Breakdowns provided at the end of each billing period, which detail the actual costs incurred during the period
- (ii) Our Written Statements of Service, which detail the features on the POS that we are responsible for and how these will be maintained
- (iii) The provisions in their Transfers and any references to charges being reasonable
- (iv) On our newer developments, rights Greenbelt has introduced into Transfers to specifically allow homeowners to challenge elements of their Annual Management Charge (AMC)
- (v) Our Customer Care Team
- (vi) Our independent ombudsman scheme currently run through the RICS Dispute Resolution Service
- (vii) Trading Standards
- (viii) Our Consumer Choice policy (please see details above)

(d) Are freeholders' rights (including to redress) in relation to estate management service and charges, and how covenants are applied adequate? If not, what are the key gaps?

Homeowners in Scotland have the benefit of protections under the Property Factors (Scotland) Act 2011 (PFSA) and the latest Code of Conduct for Property Factors. Greenbelt has chosen to apply the principles of transparency and consumer protection of the PFSA and Code of Conduct to our developments across the UK.



Freeholders in England and Wales lack statutory protections. Freeholders must therefore rely on rights pursuant to their transfers/deeds of covenant and/or providers' policies. Where freeholders do not benefit from such protections, further protections are required.

Statutory provisions may be required and Greenbelt would recommend a code of conduct for all providers. It is important that any such provisions and/or code reflect the nature and realities of open space management and the different models for POS management. This is essential to ensure that homeowners are treated fairly whilst providing for good stewardship without unreasonable burdens on all parties.

14. N/A

15. N/A

16. N/A

17. N/A

18. N/A

19. N/A

20. N/A

21. N/A

22. N/A

23. N/A

24. What are the key challenges for small and medium developers in:

(a) N/A

(b) N/A

(c) Building-out developments

Providing for the long-term stewardship of POS represents an issue for all developers and one which can limit developers' ability to complete developments.

POS can be complex and the management of these areas is likely to become more complex with the introduction of BNG. Arrangements need to deliver long-term stewardship whilst also providing homeowners with protections, choice and control without unreasonable costs, burdens and liabilities.

These issues are potentially significantly more problematic for small and medium sized developers, who are less likely to have the resources and experience of delivering these arrangements.

As larger developments will often have more complex POS, this effectively operates as a barrier to small and medium sized developers' involvement in larger-scale developments. Arrangements must therefore be available which allows these developers to build-out and exit developments.

25. N/A