

14th January 2026

Mr Sebastian O’Kelly
 Director
 Leasehold Knowledge Partnership
 The Open Data Institute
 5th Floor
 Kings Place
 London N1 9AG

Dear Sebastian

Firstly, may I apologise for the delay in responding over Christmas and New Year while I consulted with colleagues to be sure we give as full a response as possible to your email.

As a summary, my response now outlines:

- The benefits to customers of the fixed management charge model we operate (we have never issued an unexpected bill to any of our customers for major works, emergency repairs, cost overruns etc., and we are able to offer lower monthly fees to ‘asset rich, cash poor’ older people)
- The positive outcomes this has produced for customers (high satisfaction scores across our villages, and healthy resale prices for our customers)
- The mechanisms used to calculate increases (which follow a formula set out in the lease)
- The service we provide to our customers and how we assess ourselves against our standards (including involving our owners in the process), which go significantly beyond our obligations under the lease (but which we feel are integral to our model of housing-with-care)
- Our commitment to increase regulation for customers paying fixed management charges: we agree that steps should be taken for customers to more easily challenge the quality-of-service delivery.

I want to begin by saying how seriously we take any and all concerns raised by our owner community. Audley Villages has approaching 2,500 owners in 21 villages across the country, with an average age of around 83. New and resale flats in Audley Villages sell for around £500,000 and the wellbeing and contentment of our residents is our primary concern, whatever views may have been expressed to you.

Audley has existed for nearly 30 years. Our model is consistent with the very first village we developed in Tunbridge Wells in the late 1990’s, and is distinguished by its focus on the development and long-term operation of our schemes, together with the retention of a direct financial stake in their success. Our villages are also distinguished by their services and facilities, which typically include a restaurant, spa/wellness facilities, swimming pool, as well as the availability of Audley’s domiciliary care services. (For clarity, Audley Group operates ‘mid-market’ schemes under a different brand).

The form of lease our villages offer is substantially the same form as the very first leases granted but is reviewed constantly to ensure consistency with current legislation, including a detailed review by a leading KC on a regular basis.

There are certain features of our lease which take it outside of many of the traditional landlord and tenant regulations or legislation. In particular, we do not operate a Service Charge model on a cost recovery basis. That model - as you of course appreciate more than most - leaves leaseholders vulnerable to variability in the costs of delivering services and, through a Sinking Fund, unexpected capital items – something which is particularly challenging for retirees living on a fixed income.

Instead, the Audley model operates with a fixed Management Charge on a monthly basis with a Deferred Management Charge designed to make the overall cost more affordable.

The Deferred Management Charge is based on the value achieved upon the re-sale of a property at a future date. This gives alignment between the individual leaseholders and Audley as we are both incentivised to achieve the best outcome for all. Indeed, we believe this has helped ensure re-sale values at Audley Village have generally tracked house price inflation over the intervening decades – over 80% of our 452 resales over the past five years were for a higher price than the initial purchase price paid for the flats with an average increase of £40,000 (please note that we almost exclusively provide flatted developments). We can share with you evidence of the performance of the many hundreds of re-sales that we have achieved since inception.

I turn now to the specific issues raised. I suggest I follow the eleven numbered items in your letter.

1. Our Management Charges increase annually. This is to ensure that there is a correlation between the cost of providing our services and the monthly fees our customers pay. You will appreciate that over the last five years particularly, those costs have significantly increased, especially with regard to staff costs with increases in National Insurance and the National Minimum Wage. Similarly, energy costs related to our extensive central facilities including restaurants, health and wellness clubs incorporating swimming pools and other leisure facilities have substantially increased. We have also seen a significant increase in construction and maintenance costs as they relate to capital projects.

Our mechanism for increasing costs is clearly identified in our leases and would have been a central consideration for solicitors advising our purchasers. In addition, it is prominent in pre-contractual information provided to our customers well before a commitment is made to buy or rent, as the ARCO Consumer Code requires. See for example [Clevedon fees | Audley Villages](#) “Our Costs Explained”. Charges increase by the higher of the Retail Price Index or the Annual Survey of Hours and Earnings (ASHE) published by the ONS. You will understand the latter is relevant given such a high proportion of our costs relate to the staffing of our villages.

It is correct that we do not produce details of the actual costs of operating our villages as that is not a direct interest for owners given the charge increase is determined by independent indices specified in the lease.

The purpose – and benefit - of our approach is to remove the necessity for our owners to have concerns around unknown or unpredicted cost increases as would have applied had we adopted a Service Charge and Sinking Fund model. I want to underline that never, in Audley’s 30-year history, have we charged leaseholders for unexpected repairs, maintenance or other emergencies that would have led to additional bills issued under a traditional variable service charge model and which, as you know from the campaigning work of LKP, have caused such problems in other parts of the housing sector.

2. Ongoing maintenance of our villages is of course essential and the Audley model linking our income in part to the value attributable to properties on re-sale, incentivises Audley to maintain the fabric of the villages to the highest quality. This is something we are proud to have achieved over the decades of our operation.

Nevertheless, we acknowledge that that during the last 12 months, certain capital projects have been deferred ahead of the merger of Audley with Elysian Residences and the finalising of the financial arrangements of the merged company. That process will be completed imminently, and we are now planning our capital expenditure programme for 2026 and beyond.

We keep our owners updated of our village plans through our Village Forums. Membership of the Forums follows an election at each village. Forums meet on a regular basis and through our General Managers are kept informed of village improvement programmes. Forum members are also part of our monthly Audit process when the villages are inspected and scored against pre-set criteria.

3. I believe I have covered the difference between the Audley model and those with variable Service Charges. I would hope that our owners are aware of the risk that Audley carries by indexing the charges and our commitment to services at the outset of very lengthy landlord obligations.
4. Similarly, I hope my previous answers have explained the nature of our model. It is correct that our income from both monthly and Deferred Charges is pooled for collective use. The paragraph from the lease you quote is expressly stated to be subject to clause 7.7 of the lease. However, the text you shared does not reflect the entirety of the relevant material. The whole of Clause 7.7 reads as follows:

“No trust is intended to be created between the Landlord, the Tenant, and the Management Company in respect of the Management Charge the Deferred Management Charge or any other sum received by the Management Company. In any year in which sums received by the Management Company exceed the sums required to provide the Services in that year the Management Company shall be free to deal with such excess as it sees fit and shall not be required to retain the whole or any part of it or account to the Landlord the Tenant or to the tenants or occupiers of the Dwellings in respect of it.”

Please see point 6 for how we have consistently provided services beyond our obligations and how we audit our services against this.

5. To be clear, both our Monthly Management Charges and Deferred Management Charges are collected to meet all the overall costs of the villages be they short, medium, or long term. We do not operate a Sinking Fund nor allocate either Monthly Management Charges or Deferred Management Charges for specific costs. This is made clear in the lease.

This has allowed us to offer optionality to new owners with regard to paying a lower Monthly Management Charge and a higher Deferred Management Charge - this has proven popular, with a large majority of customers choosing to pay lower fees on an ongoing basis (especially those on limited pension incomes i.e. asset rich and income poor). Clearly, this gives the benefit of deferring more cost and making living in a village more affordable for a wider group of people.

The level each are set at is based on the commercial realities of us bearing the costs during the early period of a village whilst waiting for deferred income to commence.

We contest the suggestion that charges must be expended in a specific year for specific purposes and would very much welcome more evidence as to how this has been interpreted from our lease.

6. The Audley lease defines the services we have to provide under our obligations as both Landlord and Management Company. They are restricted to the core services required and do not, for example, include the operation of a restaurant, health and wellness facilities nor care services beyond the minimum described. Each village operates to a set of Village Standards which form the subject of the previously mentioned audit and include a more comprehensive list of the wider services we offer. For your information, we have provided a copy of our Village Standards.
7. I am not clear of the relevance of sales in a specific year to the previous comments you noted. However, they are primarily related to the timing of the delivery of specific projects. In addition, since 2019 we have been developing new sites in joint ventures with major UK institutional investors, meaning that sales are accounted for outside of Audley Group.
8. We no longer charge Ground Rents in our new leases and have not done so for many years. Those Ground Rents that exist relate to our older villages. I would highlight that Audley did not call for an exemption to the ban on ground rents for the retirement housing sector when this was discussed c.2019.
9. If Audley does recommend conveyancing solicitors, they operate independently and provide personalised advice, and do not operate under guidance from ourselves. If any owners feel they have been misadvised by independent solicitors, this would be a matter for owners to take up directly with the solicitors involved.
10. As outlined previously, the lease clearly states that service charge increases rise in line with RPI or the Average Weekly Earnings index. It is correct that if insufficient funds have been collected in any year that we are responsible for delivering services regardless. Indeed, I would suggest that this is a core attraction of our model to owners.

While recognising the diversity of models in the housing sector, after thirty years in the housing-with-care sector, I am very strongly of the view that the fixed charge model offers greater protection to owners than variable service charges, and is the right model for this form of specialist older people's housing.

I am also fully supportive of the view that protection for those who live in the villages operating under that model should have appropriate recourse in the event that services are not delivered to a standard agreed between owners and managers. This is something we and our colleagues at ARCO will continue to progress and promote with Government officials. As you will know, ARCO was founded by its members in recognition of the lack of regulation and legislation for the retirement housing sector in the UK, and to address the negative outcomes this was producing for customers and their families (LKP and Better Retirement Housing have of course been instrumental in documenting these issues and pressing for change). More work is required in this area.

11. We are indeed “robustly audited by ARCO” on an annual basis and are happy to share with you further information to show the work that is put in to ensure that we are compliant with the ARCO code, which is fully approved by the Chartered Trading Standards Institute (CTSI) under the Approved Code Scheme.

I think it is useful to state that in addition to the establishment of our Village Forums and the audit process we operate with both our owners and ARCO, we also, complete a comprehensive survey of our owners on an annual basis to assess satisfaction levels with their individual villages across a range of criteria. I thought it would be useful to attach a summary of the 2025 survey.

While there are clearly areas for improvement, I would suggest that the results are not entirely reflective of the comments you have received. This of course does not mean we do not take those comments very seriously and will continue through our conversations with owners through the Village Forums seek to address any areas of concern.

I hope this response addresses the points you have raised with me, and I thank you again for having done so.

As well as answering any questions you have, I would very much like to discuss some of the points with you in more detail, perhaps via a video call or in-person meeting?

Best wishes,



Nick Sanderson
CEO