



# Welcome event fee regulation a big step towards sector specific consumer protection

**Sector backs MHCLG decision on event fees**

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Today the Government has announced that it has accepted the Law Commission's recommendations on event fees in the retirement housing sector, aimed at ensuring high levels of transparency and clarity for consumers.

This concludes two years of work by the Law Commission and the Ministry of Housing, Communities and Local Government on this crucial issue on which many Retirement Community operators rely for their long-term business models providing housing, lifestyle, care and support services to older people.

Event fees, more correctly known as deferred fees, allow operators to reduce and control upfront and ongoing costs for residents by using some of the equity in a property when it is sold on. They are a very common feature of the retirement community sectors in mature markets like New Zealand and Australia.

Michael Voges, Executive Director of ARCO said:

“The Government is right to demand high standards of transparency on fees and charges. Any quality operator will welcome the announcement on deferred fees. Consumer protection and confidence need to be at the heart of the Retirement Community sector as it expands significantly over the coming years.

“ARCO has long argued for higher levels of transparency on all fees and charges, including deferred fees. We will now redouble and intensify our efforts to help make sure that these are implemented so that older people can make fully informed decisions about retirement living. Other countries have dedicated retirement community acts that safeguard the rights of customers – the UK does not. However, this announcement is a step in the right direction as we work towards sector-specific legislation for Retirement Communities in the UK.”

**Ends**

**For further information please contact:**

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## Notes to editors

1. ARCO (the Associated Retirement Community Operators) is the trade body for private and not-for-profit providers of retirement communities in the UK.
2. Retirement communities go beyond the traditional sheltered housing offer, and provide an extensive lifestyle and support offer, including the provision of meals and – importantly – care services regulated by the Care Quality Commission. They are not care homes or nursing homes.
3. Event fees are used in a variety of ways in the retirement community sector, including to reduce up front purchase prices, reduce service charges and maintenance liabilities, and contribute to the long term financial sustainability of a retirement community delivering care and support. The concept of business models based on deferred fees originated in Australia and New Zealand where they are widely understood and accepted, and where large retirement village sectors have developed.
4. ARCO has repeatedly called for higher levels of transparency on event fees and other charges, and is advocating for the introduction of sector specific legislation in the UK, similar to the Retirement Villages Act 2003 in New Zealand.
5. The Law Commission's ruling on event fees was as follows:  
*Inevitably, specialist retirement housing has high operating costs, covering maintenance of the property and the cost of cleaning and maintaining the sometimes extensive communal amenities. In some cases, developments will also provide a manager or other staff. Older people on a fixed income may be deterred or prevented from buying a retirement property by service charges covering the full cost of these services and facilities, which may be unaffordable.*

Event fees may, however, be a way of making service charges, and therefore specialist retirement housing, affordable to consumers. A consumer can pay a predictable, affordable service charge because upon resale the landlord/operator will receive a deferred additional payment to compensate for not receiving the full service charge.

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