

Meeting	Executive Management Team		Item No.	6
Report Title	Leasehold and Tenant Charges 2015/16			
Report Of	Director of Resources – Adam Barrett			
Class	Decision	Date	17th November 2014	

1. Purpose of the Report

- 1.1 This report sets out proposals to change existing service charges for residents in 2015/16.

2. Recommendations

That EMT:

- 2.1 Agree and recommend to the Council service charges for 2015/16 before submission to the Area Panel on the 15th December 2014.
- 2.2 Notes the average decrease in the current tenanted service charges of £0.01 which equates to -0.13% i.e. from £7.72 to £7.71 per week and the leasehold service charges decrease of £0.09 which equates to -0.65% i.e. from £13.89 to £13.80 per week.
- 2.3 Notes the RPI for September 2014 is 2.3%.
- 2.4 Note that Lewisham's service charges remain below the average benchmark charges for London Boroughs.

3. Background of the Report

- 3.1 One of Lewisham Homes core objectives is sustainability and this includes ensuring that there is a focus on providing services to residents that are affordable without compromising quality. This has been achieved by a decrease in the average proposed charge for tenants by -0.13%.
- 3.2 Lewisham Homes proposed 2015/16 average service charges for tenants, at £7.71, remains below the London average of £9.19 for 2013/14.
- 3.3 The Council's Housing Revenue Account is a ring fenced account. The account can only contain those charges directly related to the management of the Council's housing stock. By implication leaseholders must be charged the true cost of maintaining their properties, where the provision of their lease allows. This prevents tenants subsidising the cost to leaseholders, who have purchased their properties.

Implications approved		
Report approved by Director		
Report approved by CEO		

4 Tenant and Leasehold service charges 2015/16

The table below sets out the proposed changes between the current 2014/15 average charges and the 2015/16 proposed charges.

Table 1

Existing Service	Tenant (T)/Leaseholders (LH)	Estimate (per week charge)		Change		
		2014/15	2015/16			
		£	£		£	%
Caretaking	T & LH	5.93	5.93	no change	0.00	0.00%
Ground Maintenance	T & LH	0.97	0.97	no change	0.00	0.00%
Anti-Social Behaviour	LH	0.31	0.38	increase	0.07	22.58%
Customer Services	LH	0.05	0.06	increase	0.01	20.00%
Resident Involvement	LH	0.42	0.43	increase	0.01	2.38%
Repairs and Maintenance - Building	LH	1.56	1.56	no change	0.00	0.00%
Repairs and Maintenance Technical	LH	1.06	1.06	no change	0.00	0.00%
Lifts	LH	2.65	2.65	no change	0.00	0.00%
Entry Phone	LH	0.36	0.27	decrease	-0.09	25.00%
Block Pest Control	T & LH	1.55	1.63	increase	0.08	5.16%
Ground Rent	LH	0.19	0.19	no change	0.00	0.00%
Sweeping	LH	0.87	0.88	increase	0.01	1.15%
Management	LH	2.47	2.47	no change	0.00	0.00%
Window Cleaning	T & LH	0.06	0.06	no change	0.00	0.00%
Bulky House Hold Waste Collection Service	T & LH	0.48	0.48	no change	0.00	0.00%
Insurance	LH	0.87	0.87	no change	0.00	0.00%
Total excluding energy charges		19.80	19.89		0.09	0.45%
Communal Lighting	T & LH	0.86	1.21	increase	0.35	40.70%
Communal Heating and Hot Water	T & LH	9.88	8.01	decrease	-1.87	18.93%
Total energy charges		10.74	9.22		-1.52	14.15%
Grand Total		30.54	29.11		-1.43	-4.68%

T & LH - Services Charges to Tenant and Leaseholders , LH - Services Charges to Leaseholders only

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5. Analysis of impact due to changes in Service Charges for Tenants

- 5.1 There is an overall decrease of -0.13% for the service charges that tenants receive, from £7.72 to £7.71 per week. This decrease is as a result of a decrease in communal hot water and heating of -18.93%. The decrease in communal hot water and heating is due to a consistent drop in energy usage and stable purchase price over the last 3 years. The decrease in energy usage has been due to the relatively mild winters that we have had.
- 5.2 Communal lighting and block pest control charges have increased by 40% and 5% respectively. The increase in communal lighting charge is due to higher energy prices. Block pest control has increased as there are more infestation treatments on the 2015-16 programme.
- 5.3 Caretaking and ground maintenance charges remain unchanged.
- 5.4 Table 2, below sets out the impact of the changes for current services for Tenants. The average decrease is -0.13% with 70% receiving an increase of 1.99% which is below inflation at 2.3% (September RPI)
- 5.5 Approximately about 143 properties will not be receiving any service charge in 2015-16 as they have been demolished as part of the Heathside and Lethbridge regeneration programme.

Table 2

Bands of Decrease/Increase	Number of Tenants	% of Total	Average decrease /increase	Income 15/16
Dec - 3.00 plus	598	4.46%	-26.12%	£ 352,759.16
Dec - £2.01 to £3.00	439	3.28%	-18.67%	£ 231,847.81
Dec - £1.01 to £2.00	1126	8.40%	-11.66%	£ 617,798.39
Dec - 0 to 1.00	1502	11.21%	-4.30%	£ 654,011.08
Inc - 0 to 1.00	9311	69.50%	1.99%	£3,007,897.39
Inc - £1.01 to £2.00	230	1.72%	16.86%	£ 123,876.57
Inc - £2.01 to £3.00	115	0.86%	23.01%	£ 76,601.06
Inc - 3.00 plus	77	0.57%	167.17%	£ 309,830.20
Grand Total	13,398	100.00%	-0.13%	£5,374,621.67

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6.0 Analysis of Impact due to changes in Service Charges for Leaseholders

- 6.1 Charges for leaseholders have reduced by -0.65%, i.e. from £13.89 to £13.80 per week. This is mainly due to reduction in communal heating and hot water, and entry phone charges. Table 3 below sets out the impact of the changes for leaseholders with 77% receiving an increase of 1.54%.

Table 3

Bands of Decrease/Increase	Number in Band	% of Total	Average decrease/increase	Income 15/16
Dec - 3.00 plus	86	1.83%	-31.00%	£ 62,152.02
Dec - £2.01 to £3.00	59	1.25%	-11.58%	£ 56,383.53
Dec - £1.01 to £2.00	325	6.91%	-8.05%	£ 269,553.46
Dec - 0 to 1.00	528	11.22%	-2.02%	£ 439,337.97
Inc - 0 to 1.00	3624	77.02%	1.54%	£ 2,465,628.55
Inc - £1.01 to £2.00	66	1.40%	7.73%	£ 66,692.59
Inc - £2.01 to £3.00	16	0.34%	13.37%	£ 15,960.92
Inc - 3.00 plus	1	0.02%	901.85%	£ 431.97
Grand Total	4705	100.00%	-0.65%	£ 3,376,141.01

- 6.2 On a conclusive note the overall impact of a rate decrease for both tenants and leaseholders will not mirror each other as there are more charges purely specific to leaseholders see Table 1.

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7. Tenant Service Charge Benchmarking

- 7.1 The benchmarking data for 2014/15 is not currently available. As a result, the data for 2013/14 has been used to benchmark the service charge.
- 7.2 Table 4 below shows that the proposed Lewisham Homes Tenanted charges for 2015/16 are not excessive as they are below the average uninflated, 2013/14, tenanted service charges of £9.19 for London Boroughs.

Average charges per week for London Boroughs for tenanted Service Charges 2013/14.

Table 4

Borough	£
Haringey	17.25
Hackney	12.15
Ealing	11.60
Camden	10.11
Islington	9.78
Brent	9.38
Tower Hamlets	8.63
Barnet	8.04
Lewisham proposed charge 15/16	7.71
Redbridge	7.64
Hillingdon	7.33
Southwark	7.01
Newham	6.79
Harrow	3.78
Average (exclude Lewisham proposed)	9.19

Source - CIPFA Rent and Service Charge data April 2014

If you require further information on this report please contact Adam Barrett on

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