

APPENDIX 3: Leasehold and Tenants Charges 2023/24 Lewisham Homes

Meeting	TRA Chairs Meeting		Item No.	x
Report Title	Service Charges 2023/24			
Report Of	Director of Finance and Technology - Rowann Limond			
Class	Information	Date	12 December 2022	

1. Purpose of the Report

- 1.1 This report sets out proposals for resident's service charges in 2023/24 Residents are invited to comment on the proposals which will be fed back to the Mayor and Cabinet as part of the Council's budget setting process.

2. Recommendations

- 2.1 To consult residents on the service charge proposals and provide feedback to the Mayor and Cabinet.

3. Background of the Report

- 3.1 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.
- 3.2 Each year a review of the actual costs is undertaken as part of the budget setting process and recommendations made to the council in respect of proposed charges.
- 3.3 The 2023/24 service charges have been set against a backdrop of high inflation and a cost-of-living crisis. Service charges should be based on actual costs but following comparison against the 2021/22 actual costs it has been decided to cap the increase to the service charges at 7% as the increase would need to be significantly higher if the weekly charge was to recover the actual costs incurred.
- 3.4 It is acknowledged the current cost of living increase is significantly affecting Tenants and Leaseholders. Lewisham Homes empathises with all residents about the difficult choices that are having to be made and has done its very best to keep the proposed increase at an absolute minimum.
- 3.5 It is important to note the actual services charge costs incurred exceed the amount recovered. In future years it may be the policy to recover service charges closer to the actual costs incurred.

4 Tenant and Leasehold service charges 2023/24

- 4.1 The proposed 2023/24 charges as compared with 2022/23 are shown in Appendix 1
- 4.2 The proposed charges for 2023/24 have been aligned, as much as possible, to the 2021/22 actual service charges. Adjustments have been made where the actual costs include exceptional items and have caused a spike in the rolling average for

these costs. This is particularly the case for caretaking, building repairs and maintenance.

- 4.3 The total proposed service charges have increased from £37.18 per week to £39.50, an increase of 7.0%. This increase has been driven by inflationary increases to costs. In particular there has been a 10% cost of living increase to caretaking staff costs, which has directly affected the costs of caretaking, grounds maintenance and sweeping,
- 4.4 There have been increases in transport costs due to increases in fuel. This has also contributed to cost increases across a number of service charge headings.
- 4.5 There has been a decrease in service charges for window cleaning and pest control due to costs for 2021/22 being lower than estimated.
- 4.6 A proposed increase in communal heating and communal lighting of £0.18 and £0.53 per week respectively is due to an increase in energy costs.

If you require further information on this report please contact Rowann Limond
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Appendix 1

Existing Service	Tenant (T) / Leaseholders (LH)	2022/23		2023/24		
		Weekly Charge	Estimate 2022/23	Weekly Charge	Estimate 2023/24	Increase from 22/23
		£	£	£	£	%
Caretaking	T & LH	6.76	4,560,283.05	7.44	5,016,311.35	10%
Ground Maintenance	T & LH	2.20	1,870,031.07	2.20	1,870,031.07	0%
Repairs and Maintenance - Building	LH	3.28	854,174.95	3.51	913,967.19	7%
Repairs and Maintenance Technical	LH	1.13	273,415.53	1.25	300,757.08	10%
Lifts	LH	1.77	90,033.51	1.83	99,036.86	10%
Entry Phone	LH	0.51	34,452.63	0.76	51,678.95	50%
Block Pest Control	T & LH	2.10	197,112.86	1.75	164,238.00	-17%
Ground Rent	LH	0.19	50,550.00	0.20	54,088.50	7%
Sweeping	LH	1.08	220,016.84	1.26	235,418.02	7%
Management	LH	2.70	706,522.92	2.89	755,979.53	7%
Window Cleaning	T & LH	0.12	46,593.20	0.09	33,822.00	-27%
Bulky House Hold Waste Collection Service	T & LH	0.58	363,058.00	0.72	388,472.06	7%
Bulk Waste Disposal	T & LH	0.88	566,915.10	0.95	606,599.16	7%
Insurance	LH	1.14	300,237.58	1.22	321,254.21	7%
Total excluding energy charges		24.47	10,133,397.25	26.08	10,811,653.98	7%
Communal Lighting	T & LH	1.20	690,306.47	1.39	738,627.93	7%
Communal Heating and Hot Water	T & LH	11.50	880,462.96	12.04	921,238.50	5%
Total energy charges		12.71	1,570,769.43	13.43	1,659,866.43	6%
Grand Total		37.18	11,704,166.68	39.50	12,471,520.41	7%