

Service Charges Overview

Tenants & Leaseholder Panel update

11 October 2022

Service charges - background

- In Croydon annual increases in tenant charges have been linked to that of the rent
- For 2022-23. Charges were increased by £0.43 to £10.97 for flats and by £0.09 for estate houses to £2.25.
- The expectation is that the full cost of estate and communal services would be recovered via service charges applied to tenants. There is no profit generated from service charges.
- The service charges are applied to 8,448 properties that are currently listed as in receipt of the services provided. In addition to tenants, shared services are also applied to 2,583 leaseholders and 858 freeholders with service charges.

Service charges – forecast spend 2022-23 & 2023-24

- The current model for tenant's service charges is for the Council's running costs to be budgeted for at an overall service level. The total cost is pooled and allocated on a unit basis.
- Amount charged in 2021/22 resulted in cost recovery.
- Due to the large increases in costs forecast for 2022/23 (most significantly in utilities), the HRA will have a **shortfall** in recovering the costs for tenants service charges by approximately **£2.5m**
- The draft budget for 2023/24 if tenants services charges are not raised in line with actual costs would result in an **additional shortfall** in cost recovery of **£2.7m**

Service charges – options

- The Housing Directorate is in the process of developing the Housing Improvement Programme which seeks to ensure HRA-funded services meet the needs of the Council's tenant and leaseholders
- Resident engagement with tenants is required to acknowledge the current arrangements and what future options could be considered