

The Property Institute – Service Charge Index (April 2024)

Data Overview

- Compiled from ten data sources (TPI Company Members) each containing a representative sample of estates' service charge costs in March 2024.
- The total sample size is 108 estates. These include estates across England and Wales, of all heights, and a mix of buildings owned by a third-party landlord / freeholder and those that are leaseholder-controlled or owned, and some freehold estates. See Appendix 3 for a list of locations included in the data sample.
- Data is largely presented on a per estate basis, rather than a per leaseholder basis – due to apportionment, service charge bills will vary greatly between residents¹.
- The dataset under each category or year does not always include the full 108 estates, due to individual anomalies in specific data categories (e.g. changes in management agreements and major works projects) preventing a fair comparison across the reporting period.
- *Data presented as Mean averages* (sample size too small for median averages)
- This is the first Index of its kind produced by The Property Institute, but we intend on publishing this index annually (increasing the sample size) to provide more insight on cost drivers and trends.

Total number of estates supplying data	108 (100%)
Total number of homes (LH and FH)	13,754
Resident controlled/owned (of 93) *	57 (61%)
Under 11m	27 (25%)
11m – 18m	29 (27%)
18m+	50 (46%)
Freehold Estates (no height data)	2 (2%)
Awaiting Remediation Work	24 (22%)
Heat Network	16 (15%)

*Data for 93 out of 108 estates

¹ A lease should state how service charges are apportioned between all residents of the building. This could be a simple calculation, or it may depend on more variable factors such as size of the flat, floor or level, access to parking and other facilities and amenities in the building.

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1) Total Service Charge Bills/Budget

Average Service Charge Costs/Budgets per estate (across all 108 reporting estates):

- **2019: £331,729** (average £2,523 per leaseholder)
- **2023: £453,883** (average £3,531 per leaseholder)
- **2024: £467,138** (average £3,634 per leaseholder)

This means an increase of 41% in the last five years; and a 3% increase from 2023 to 2024.²

When considering buildings above and below 18m (106 estates with height data), the average estate costs reported were:

	<u>Below 18m (56)</u>	<u>/</u>	<u>18m+ (50)</u>
○ 2019:	£114,813		£546,965
○ 2023:	£151,804		£801,284
○ 2024:	£163,605		£816,201

These differences in the total bills highlight the increased actual costs in taller, more complex estates. Additionally, the average data shows **a 49% increase over five years in buildings over 18m, compared to a 42% increase in costs for buildings under 18m.** More details on the expenditure split between building height is shown in Appendix 2

² Bank of England Data shows cumulative inflation between 2019 and 2024 at 23%

2) Expenditure Categories

Across the dataset, average charges per estate across expenditure categories shows:

Expenditure Category	2019* (*105 estates)	2023	2024
Management Fee inc. VAT	£28,855	£32,667	£35,020
Utilities inc. VAT	£37,562	£79,898	£65,095
Repairs & Maintenance inc. VAT	£57,512	£74,038	£78,466
General Health & Safety inc VAT	£8,049	£7,970	£11,229
Building Safety Act Compliance inc. VAT	-	£5,812	£28,694
Buildings Insurance inc. IPT	£49,649	£86,068	£95,259
Contribution to Reserve Funds	£59,173	£83,551	£79,233
Onsite staff costs inc. VAT	£106,748	£145,231	£146,427
Other Professional Fees inc. VAT**	£3,888	£6,904	£6,556
General Expenses inc. VAT as applicable***	£22,127	£31,915	£30,715

*38 of 50 18m+ blocks incurred BSA-related costs in 2024

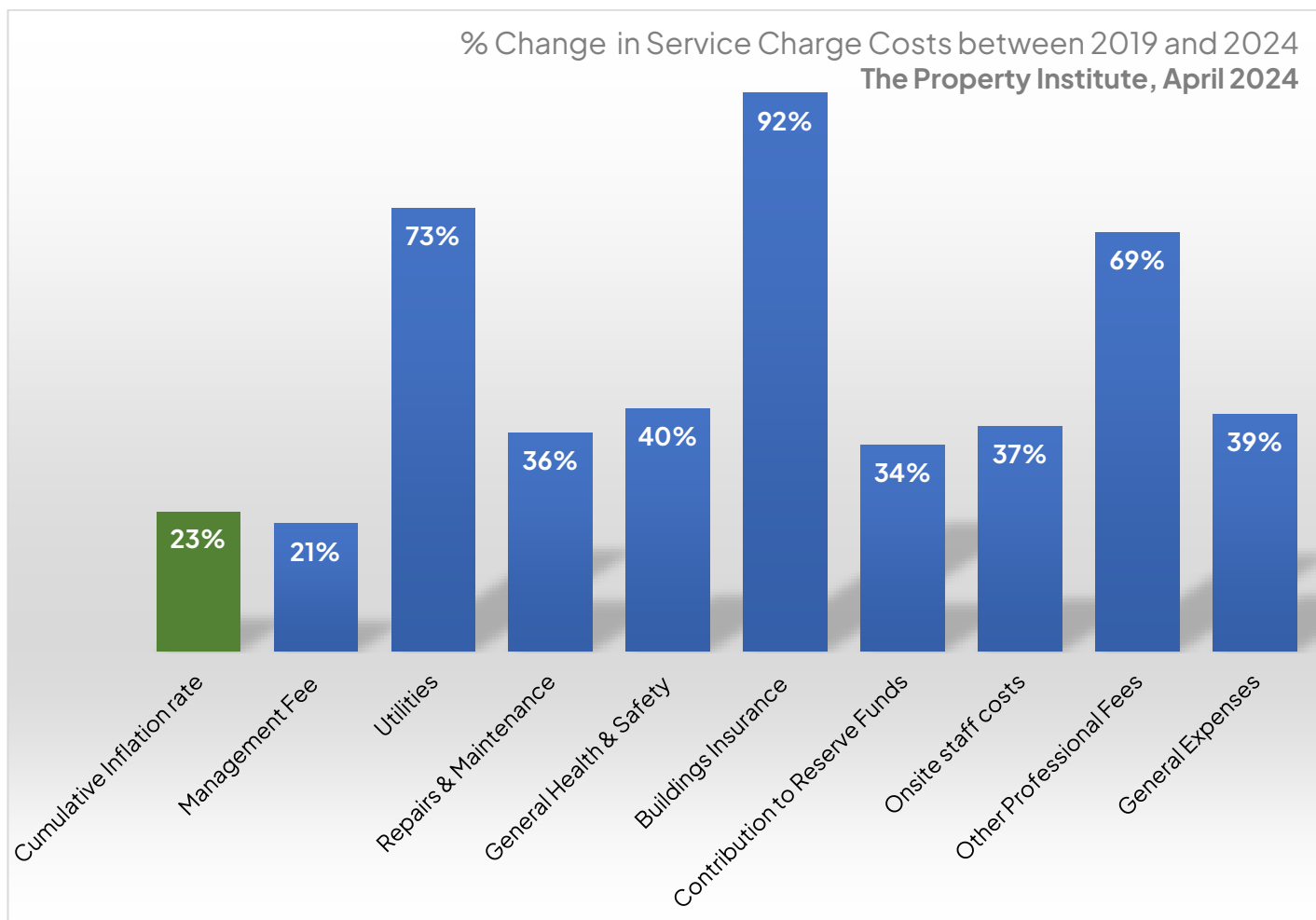
** Includes accountancy & auditing fees, CoSec fees, surveys, legal fees, HR fees, risk assessments & inspections

*** Largely unplanned/reactive repair and maintenance, which is separate from scheduled/planned works

Over the five-year data period (2019 and 2024), this means that average:

- **Building insurance costs have risen 92%**, from over £49k, to over £95k (in estates 18m+, there was a 92% increase, and for those below 18m, a 69% increase)
- **Utilities costs have increased 73%**, from £37k, to over £65k (although costs in 2024 have come down almost £15k, compared with 2023.)
- **Professional Fees have increased 69%**, from over £3k to over £6k
- **Health & Safety costs have risen 40%**, from over £8k to over £11k
- **On-site staff costs have increased 37%**, from nearly £107k to over £146k
- **Repair and maintenance costs have risen 36%**, from £57.5k to £78.5k
- **Contributions to reserve funds have increased 34%**, from over £59k to over £79k,
- **Management fees have increased 21%**, from almost £29k, to just over £35k

According to the Bank of England, it should be noted for comparison that the cumulative inflation rate for the five-year reporting period is 23%. This data is presented proportionally in Appendix 1 and is also shown split between buildings above and below 18m, in Appendix 2.



Cladding Crisis & Building Safety Act Costs

The introduction of the Building Safety Act (BSA) and cost of complying with the new regime has also started to be re-charged to leaseholders in 2024. For buildings that fall into scope of the new regulatory regime of the BSA, **average costs incurred rose from just over £5k in 2023, to an average of over £28k this year – averaging just over £177 per leaseholder living in those buildings.**

Of the 38 estates which incurred BSA-related costs in their 2024 service charges, **over a third (34%) incurred costs of over £30,000 in 2024. In ten of those estates, costs of £50,000 or more were included in 2024 service charge bills.** We are expecting further costs in the 2025 service charge budgets for buildings in scope, as the Building Safety Regulator starts calling in buildings for assessment.

APPENDIX 1 – Cost proportions

The table below shows the approximate % of each expenditure category, as a proportion of the total service charge bills.

Expenditure Category	2019	2023	2024
Management Fee inc. VAT	8%	6%	6%
Utilities inc. VAT	10%	14%	12%
Repairs & Maintenance inc. VAT	15%	13%	15%
General Health & Safety inc VAT	2%	2%	2%
Building Safety Act Compliance inc. VAT	-	1%	4%
Buildings Insurance inc. IPT	13%	16%	17%
Contribution to Reserve Funds	16%	15%	15%
Onsite staff costs inc. VAT	29%	26%	24%
Other Professional Fees inc. VAT	1%	1%	1%
General Expenses inc. VAT as applicable	6%	6%	4%

APPENDIX 2 – Breakdown by building height (106 estates*)

a) Buildings below 18m

Average costs for buildings below 18m (Based on data from 56 estates below 18m, totalling 4,462 homes)

Expenditure Category	2019	2023	2024
Management Fee inc. VAT	£15,787	£17,545	£18,750
Utilities inc. VAT	£8,200	£15,201	£19,255
Repairs & Maintenance inc. VAT	£20,323	£25,716	£28,071
General Health & Safety inc. VAT	£3,706	£5,507	£6,911
Buildings Insurance inc. IPT	£16,606	£25,778	£28,042
Contribution to Reserve Funds	£20,129	£27,554	£27,060
Onsite staff costs inc. VAT	£52,176	£70,150	£73,317
Other Professional Fees inc. VAT	£2,168	£2,910	£3,341
General Expenses inc. VAT as applicable	£17,142	£19,329	£20,279

b) Buildings 18m+

Average costs for buildings 18m and above (Based on data from 50 estates 18m and above, totalling 9,396 homes)

Expenditure Category	2019	2023	2024
Management Fee inc. VAT	£44,553	£55,473	£59,046
Utilities inc. VAT	£71,986	£152,359	£115,434
Repairs & Maintenance inc. VAT	£101,743	£130,369	£135,899
General Health & Safety inc VAT	£12,738	£10,815	£16,090
Building Safety Act Compliance inc. VAT		£6,215	£28,532**
Buildings Insurance inc. IPT	£85,099	£151,280	£163,151
Contribution to Reserve Funds	£106,177	£146,885	£139,537
Onsite staff costs inc. VAT	£122,972	£166,965	£171,444
Other Professional Fees inc. VAT	£5,717	£10,946	£9,833
General Expenses inc. VAT as applicable	£29,005	£49,691	£45,661

**based on 38 estates incurring charges

* height data for 106 out of 108 estates

APPENDIX 3 – Estate Locations

The data sample includes estates across England and Wales, in cities and towns, including: Ashford, Birmingham, Bolton, Bournemouth, Bristol, Cambridge, Colchester, Derby, Guildford, Isle of Wight, Leeds, Lincoln, Liverpool, London, Manchester, Newcastle, Newport, Plymouth, Reading, Southampton, St Albans, Swindon, Winchester, and Worthing.

Please note, we would expect there to be differences in costs across the regions, but the regional breakdown has not been analysed. We have presented averages for all combined data. We expect a regional breakdown to be part of the annual Index in the future.