

## APPENDIX 17 SERVICE CHARGE COMMENTARY

This appendix contains a summary of the service charge estimates that have been prepared to reflect the indicative masterplan for regeneration. They are subject to change. It should be read in conjunction with Chapter 13 of the Delivery Section of the Business Plan 'Estate, Housing and Asset Management'.

### 1.1 Residential Service Charge Targets

Initial service charge budgets have been prepared for the estate, and for the buildings in delivery phase one (as an example of the service charge regime for all delivery phases).

Phase one contains one of the seven residential towers over 15 storeys. The costs of running, maintaining and operating any tower are greater than an average low to mid-rise block, mostly due to the additional items of plant required and the increased cost of equipment and maintenance tasks such as window cleaning.

Our budgeted estimates for the Estate service charge at Northumberland Park is made up of the following key elements:

*Table 1-1 Budget estimates for Northumberland Park estate service charge*

Line Item	Budgeted Cost
Management Fees	£400,393
Staff Costs	£1,351,184
Property Administration Expenses	£5,808
Management Office	£44,160
Security/CCTV	£90,000
Cleaning and Refuse	£91,920
Utilities	£184,800
Repairs and Maintenance	£130,680
Health, Fire and Safety	£27,036
Insurance	£42,560
Landscaping	£102,855
Sinking & Reserve Fund	£102,855
TOTAL	£2,471,396

The HDV will deliver service charges for affordable homes at a more affordable rate by avoiding charging for 'add-on' services that are provided over and above the good quality base provision. In the case of Northumberland Park, this relates to the additional services provided by the central concierge team and the amenity areas located in certain buildings, such as gyms and residents' lounges.

The HDV will harness careful design of the public and communal areas, co-ordinated procurement of services, and cost share density benefits driven from the scale of the development. The phase one service charge estimate indicates this will be targeted on most homes.

Table 1-2 Budget estimates phase one service charge

Block	Tenure	Block Charge	Estate Charge	Total Service Charge
1.1.A	Private	£2.62	£0.69	£3.31
1.1.B	Affordable	£2.53	£0.41	£2.94
1.1.B	Private	£2.53	£0.69	£3.22
1.2.A	Affordable	£2.27	£0.41	£2.68
1.2.A	Private	£2.27	£0.69	£2.96
1.2.B	Affordable	£2.30	£0.41	£2.71
1.2.B	Private	£2.30	£0.69	£2.99
1.2.C&D	Affordable	£0.92	£0.41	£1.34
1.2.C&D	Private	£0.92	£0.69	£1.61

For a regular one bedroom flat in Northumberland Park, the service charge estimate would equate approximately between £1,440 and £1,581 for an affordable unit and between £1,590 and £1,780 for a private unit.

This charge benchmarks well with analysis of service charges from relevant comparable schemes in recent zone 4 and 5 developments at an equivalent price point to Northumberland Park. These average service charges for mid-rise blocks of circa £3.29 psf per year (this includes estate and building management costs), by way of comparison, the average service for the Northumberland Park mid-rise blocks is £2.97.

[Redacted material]

Commercial service charges will be targeted at a level commensurate with comparable newly built estates in zones 4 and 5. An additional estate service charge levy will be placed on the retail units in particular due to the additional footfall and associated cleaning required by their occupation. This principle also extends to the leisure centre and some of the community uses, although this additional levy will not be charged on occupiers providing a community service.

### 1.1.1 Employment space service charge targets

Forecast service charge ranges for the new shops, cafes, and restaurants are estimated at:

- Building charge: between £2.00 - £2.50psf;
- Estate charge: between £1.50 - £2.00psf; and
- Total service charge: between £3.50 - £4.50psf.

Forecast charges for the office or university cluster are estimated at:

- Building charge: between £6.00 - £8.00psf;
- Estate charge: between £1.00 - £2.00psf; and
- Total service charge: between £7.00 - £10.00psf.

[Redacted material]