



The
Property
Institute

Service Charge Index

2026



About The Property Institute

The Property Institute (TPI) is the leading professional body for the property management sector, representing around 7,500 property managers and more than 380 managing agent firms collectively. TPI members manage over two million leasehold homes in England and Wales, freehold flats in Scotland, and institutional build-to-rent developments across the UK. At the heart of TPI's work is a clear mission: to ensure residents live in safe, secure, and well-managed homes, with access to the right information, delivered by competent and regulated professionals. **The Service Charge Index** directly supports this mission by strengthening transparency, accountability, and understanding across the sector.

Service Charge Index 2026

TPI Service Charge Index was established to provide the residential property sector with a robust, evidence-based benchmark for understanding how service charge costs are evolving. As service charges continue to play a critical role in the long-term management, maintenance, safety, and sustainability of residential buildings, access to reliable and comparable cost data has never been more important.

The Index offers valuable insight into expenditure trends across different property types, helping property managers, leaseholders, developers, policymakers, and industry stakeholders better understand the financial pressures shaping the sector. By analysing large-scale service charge data and identifying the drivers behind cost movements, the Index supports greater transparency, informed decision-making, and improved industry standards. Since its launch in 2024, it has become an important reference point for the sector, reflecting both the complexity of modern building management and the growing need for accurate, standardised, and representative service charges.

This year's index has been developed through a platform created in partnership with Ark Residential, our technology partner. The collaboration has enabled a more streamlined and efficient approach to delivering the index and supporting its ongoing development.





1. Dataset & Analysis Overview

The sample analysis contained service charge costs and budgets (2026 only) from **2,137 residential estates** covering **117,052 homes** (see diagram) across England, Wales and Scotland. The dataset was compiled from **13 member firms** and covers the three-year period from 2024 to 2026.

Data was collected through a combination of manual spreadsheet and system-generated exports from firms' internal CRM, which were uploaded into the TPI Service Charge Index platform powered by Ark Residential. The data was reviewed, standardised and aggregated to support comparative analysis across different building types, geographical areas and cost categories.

Data is presented on a per estate basis and an average per leaseholder basis. However, due to apportionment, service charge bills will vary greatly between residents, so aggregated cost averages will not be representative of actual leaseholder bills.¹

The data for 2026 is largely based on service charge budgets and will not necessarily reflect what the final costs are. Years 2024 and 2025 costs are 'actuals' – meaning they are the final costs incurred and paid by leaseholders.

Many service contracts operate on annual or multi-year cycles, meaning renewals and retendering do not occur uniformly across the sample. As a result, year-on-year changes for individual expenditure categories may reflect the timing of contract cycles and renegotiations across the sample.

All service charge cost categories presented within this report include all relevant taxes and statutory charges, including but not limited to Value Added Tax (VAT), Insurance Premium Tax (IPT), and any other associated duties, levies, or administrative costs that may be payable in relation to the services provided. The figures shown are intended to represent the total anticipated cost to leaseholders and occupiers unless otherwise stated.

Number of estates and home by height and type



2,137

Total number of estates analysed



117,052

Total number of leasehold homes



1,876

88% under 11m



111,575

Leasehold Flats



148

7% 11-18m



5,477

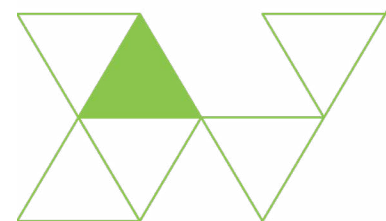
Leasehold Houses



113

5% over 18m

¹ A lease will typically state how service charges are to be 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.





2. Headline Picture

On average, service charges have broadly tracked inflation.

The dataset shows that budgeted service charges for 2026 rose by 6.3%, compared with 2025 costs. This followed a 0.5% fall in 2025, from 2024.

Overall, the average service charge bill has risen by 5.8% since 2024. This is slightly lower than the rate of inflation, which according to the [ONS](#) increased by 6.1%² over the same two-year period.

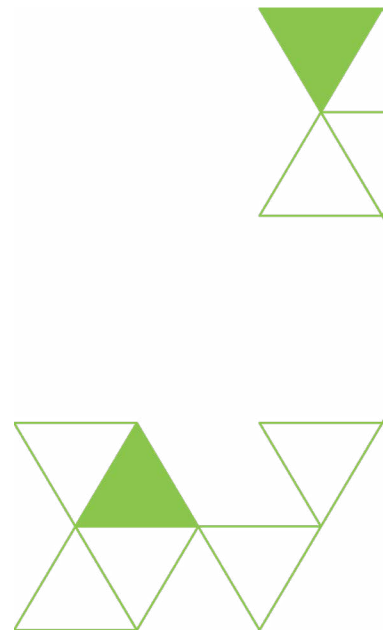
Our analysis of the dataset has also produced the following findings:

- There is significant variation by building height, with average budgeted service charges being £2,418 for under 11m buildings; £3,507 for 11–18m buildings; and £4,447 for buildings over 18m.
- There is also a pronounced deviation by building age, with average service charges for a building less than 25 years old being £2,508 compared with £5,208 for a building over 50 years old. Buildings between 25 and 50 years old had a slightly lower average of £2,411.
- Costs of Repair & Maintenance, contributions to Reserve Funds, and the cost of Buildings Insurance make up around 50% of the average service charge costs.
- The expenditure categories with the highest rate of growth between 2024 and 2026 are: Building Safety Act compliance costs (up 53%, albeit this is a small portion of the overall service charge); Contribution to Reserve Funds (up 26%); and On-site Staff costs (up 11%).



The average cost per leaseholder ranges from **£1,525** in the lowest tenth percentile to **£8,680** in the highest, reflecting the significant variation driven by building type, height, age and location.

²This was calculated from January 2024 to January 2026 by comparing the CPI Index.





3. What's in a Service Charge Bill?

Understanding what sits behind a service charge bill is key to understanding why costs rise, fall or vary between buildings. The expenditure categories tracked within this Index reflect the

real-world costs involved in managing, maintaining, repairing and safeguarding modern residential buildings and estates.

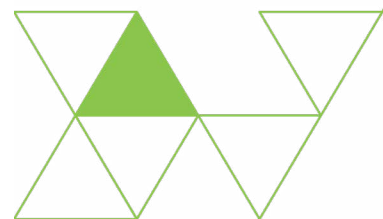
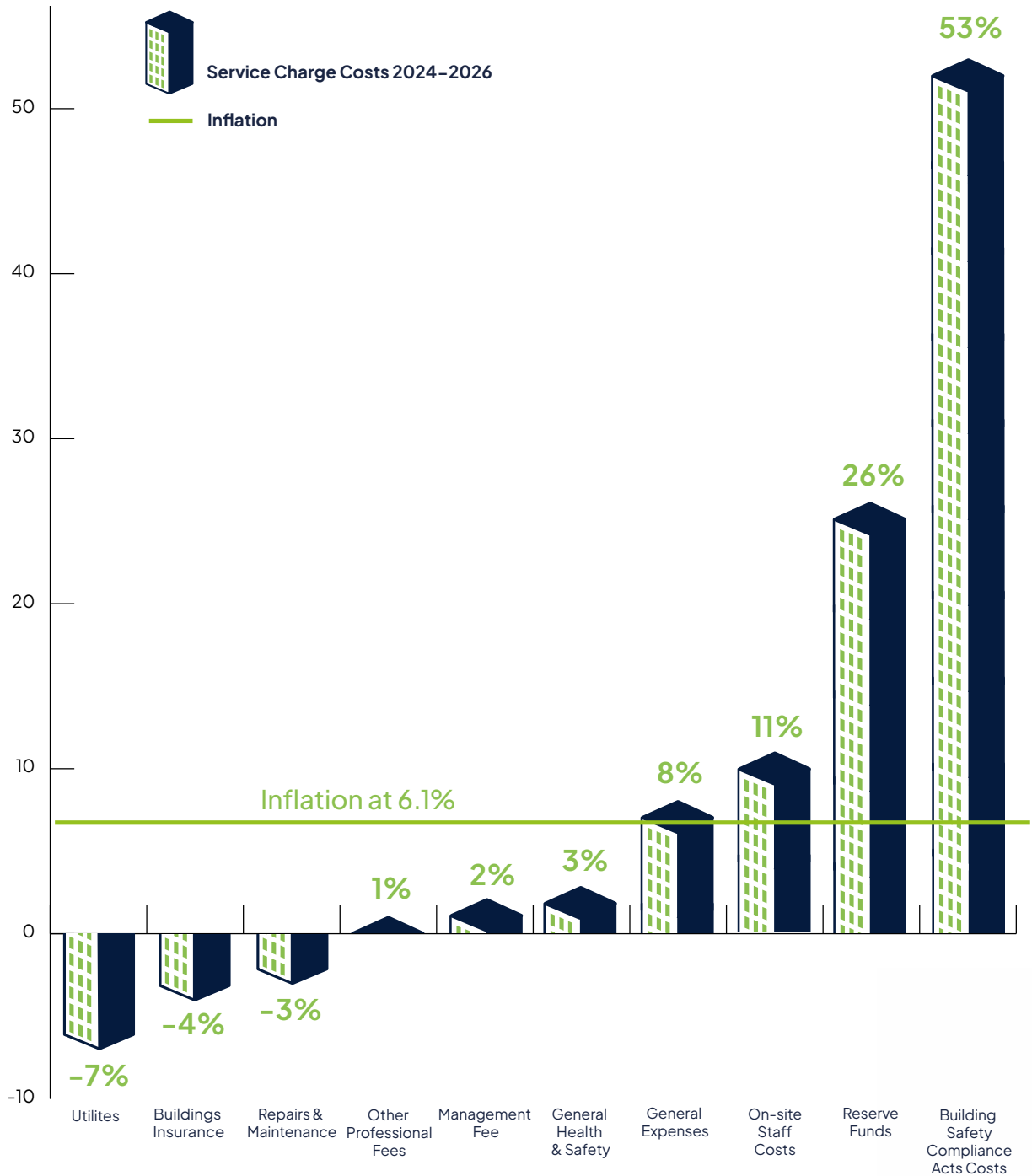
Breakdown by Category of Expenditure

	2024	2025	2026 ^{budget}
 Repairs & Maintenance Costs of general repairs, maintenance, regular inspections and other associated costs of maintaining common parts	£71.58m	£67.87m	£69.42m
	→ -3%		
 Reserve Funds Contributions to reserve funds, as allowed by the lease	£44.18m	£43.08m	£55.78m
	→ 26%		
 Buildings Insurance inc. IPT Total insurance costs, including premiums, placing insurance and managing claims	£46.74m	£45m	£45.09m
	→ -4%		
 Management Fee Total fee for services provided by the managing agent under the contract	£42.10m	£38.64m	£42.99m
	→ 2%		
 On-site Staff Costs To include concierge, on-site building or maintenance managers	£36.89m	£39.37m	£40.78m
	→ 11%		
 Utilities Communal utilities costs – including gas, water, electric, fibre broadband, etc	£40.01m	£37.67m	£37.30m
	→ -7%		
 General Expenses To include admin fees, banking fees, reactive/unplanned repair or maintenance costs	£27.53m	£29.53m	£29.78m
	→ 8%		
 General Health & Safety To include general (non-BSA/BSR) surveys, inspections, reports, tests, and risk assessments	£7.26m	£6.63m	£7.48m
	→ 3%		
 Other Professional Fees To include Legal costs, accountancy & auditing fees, Company Secretary fees, HR fees	£6.25m	£6.76m	£6.34m
	→ 1%		
 Building Safety Act Compliance Costs Costs incurred to comply with BSA & BSR requirements, including additional fees for MA services, and consultants, surveys, assessments, etc	£3.26m	£5.20m	£4.98m
	→ 53%		



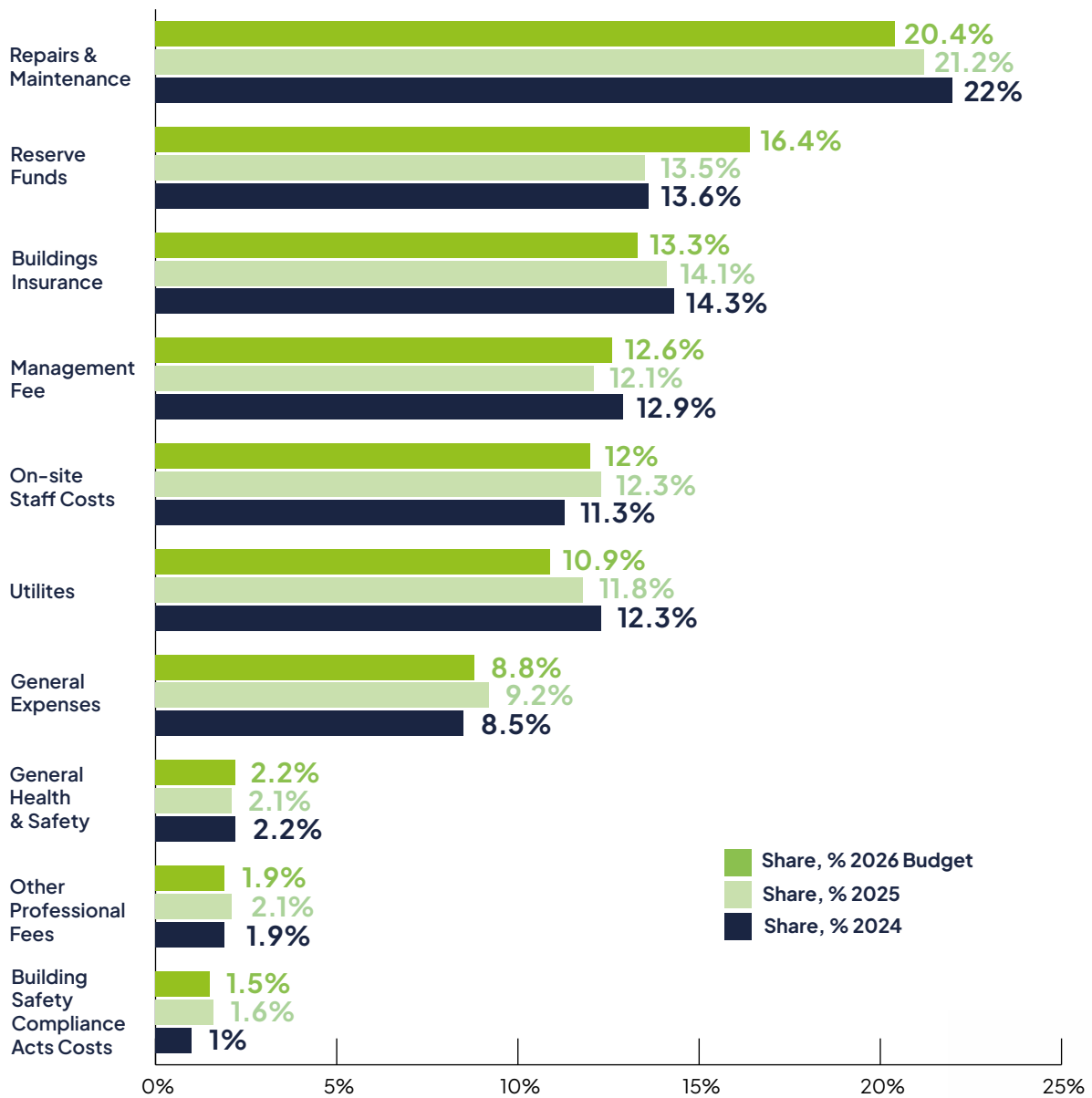


% Change in Service Charge Costs from 2024 to 2026





Cost Proportions for 2024, 2025 and 2026





Key Expenditure Categories

Repairs and maintenance

Repairs and maintenance remain the **largest single category at 20.4%** of total budgeted spend in 2026. These are the real costs of keeping buildings habitable and safe — reactive repairs to fabric, structure and communal areas, as well as planned maintenance programmes.

Construction cost inflation, particularly for labour and materials, has been a persistent pressure. [BCIS](#) reported an increase on building maintenance prices, **rising by an average of 3.3%** across the same period.

The cost of labour is also a key component of these costs. According to [BCIS](#), the construction sector has seen a 13% decline of employed workers since 2005. Yet, demand for construction work continues to grow. The [CITB](#) estimates that the industry will need an additional 239,300 workers by 2029 — almost 50,000 new workers each year — to fulfil demand.

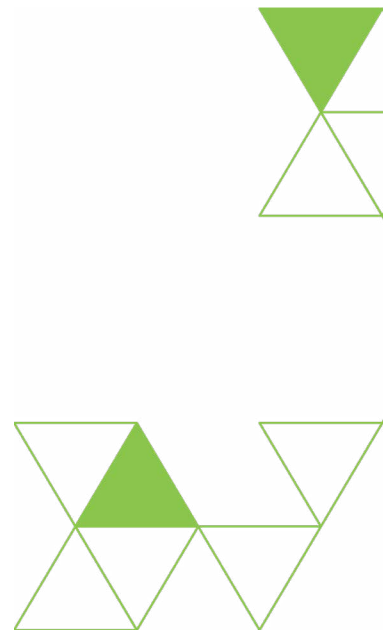
Despite this, the **repairs and maintenance costs budgeted for 2026 have fallen slightly since 2024 costs (-3%)**.

Reserve funds

Reserve funds are contributions accumulated over time to pay for major planned works — roof replacements, lift renewals, external redecoration and other large-scale expenditure.

Reserve fund contributions **increased by 26% from 2024 to 2026**, and the second largest category with a **16.4% share in the 2026 budget**. The reason for this rise could be that budgets for 2025 were set during a period of high inflation, and as cost pressures eased over the course of the year, year-end surpluses arose which were, subject to leaseholder approval, transferred into reserve funds for future expenditure. It could also be that service charge budgets are increasingly having to address historic underfunding for major works, particularly in aging buildings, by increasing reserves. This hopefully reflects a growing emphasis on responsible long-term management by resident- and landlord-controlled estates. For leaseholders, a higher reserve fund contribution now means a lower risk of a large, unexpected bill later.

Building age is a major contributing factor to Reserve Funds. Reserve fund requirements appear to be significantly higher in older buildings: **leaseholder contributions to reserve funds in buildings built before 2000 are 2.5 times higher than those in newer buildings**, reflecting the greater maintenance requirement of older stock as their materials, structures, and building services start to deteriorate.





Building Insurance

Budgeted costs for building insurance have remained flat in 2026 (0% change), with a cumulative **fall of 4% over the 2024 to 2026 period**. However, insurance costs remain significantly higher than they were prior to 2020. The residential block insurance market was severely impacted by the Grenfell Tower tragedy, as [FCA](#) reports, average annual premiums for mid- and high-rise residential buildings increased by 125% between 2016 and 2021.

Changing risk appetite has caused multiple insurers to exit the market, reducing competitive pressure and pushing up premiums — particularly for taller and higher-risk buildings. Insurance represents **13% of the budgeted 2026 service charge bill**. The absence of further increases in 2025 and 2026 is positive, but pressures on the insurance market remain.

Management fees

Management fees — the fees paid to managing agents for the provision of their services and duties in administering the building under a management agreement or contract — represent around **12.6% of total service charge expenditure** across all reported years. This proportion has remained largely stable across the three reporting years, indicating that management costs have tracked with overall service charge costs.

Since 2024, management fee costs have **increased by 2%** to 2026. When compared alongside wider trends across the professional property services sector, the [Office for National Statistics](#) data shows that real estate activities earnings increased by 4.1% between 2024 and 2025. Over the same period, average gross annual salaries for chartered surveyor increased 5.5%, reflecting the continued demand for skilled professionals across the sector.

Utilities

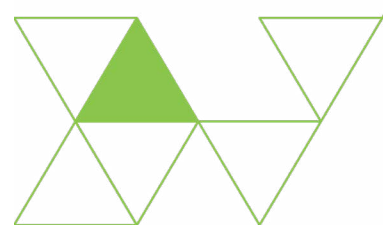
Utility costs — the energy used to power communal areas, lifts, heating systems and shared facilities — have **fallen by 7% cumulatively since 2024**, reflecting the normalisation of energy prices following the 2021/2022 crisis. Note that supplies to common areas are usually not price-capped as they are for consumers' own homes. They now account for **11% of total service charge** spend. However, there is uncertainty ahead; if global instability continues to put pressure on wholesale energy markets, utility costs could rise again.

Building Safety Act Compliance Costs

Whilst these costs have increased in percentage terms, they remain a relatively small proportion of the overall service charge cost for buildings in scope, representing just **1.5% of the total service charge budget for 2026**. Costs of complying with the Building Safety Act 2022 and the new Building Safety Regulator (BSR) regime have **risen 53% in the last two years**, with costs peaking in 2025 at over £5 million across the sample of buildings in-scope, having increased 59% from 2024. In 2026, they have fallen by 4% to £5.0 million — this is broadly as expected, as the new cost regime started to land in budgets in 2023 and 2024.

These costs reflect the requirements of the new building safety regulatory regime introduced by the [Building Safety Act 2022](#): registration of higher-risk buildings with the Building Safety Regulator, managing the certificate regime for the Leaseholder Protections provisions, preparation of safety case reports and other requirements of the Building Assessment Certificate (BAC) regime, and related compliance activities. They are distinct from safety remediation costs, which are separately recorded.

The peak in 2025 likely reflects the initial implementation phase of the regime, concentrated in buildings over 18 metres. As this cohort completes its initial compliance requirements, costs are beginning to stabilise, following the BAC regime's initial call-in of buildings in 2023 and 2024, as BSR costs have become known and more predictable for budgeting.





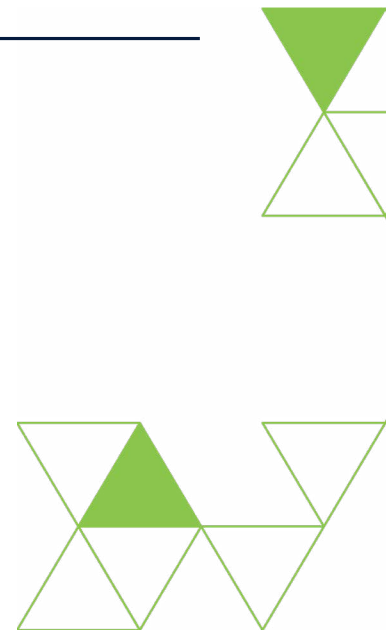
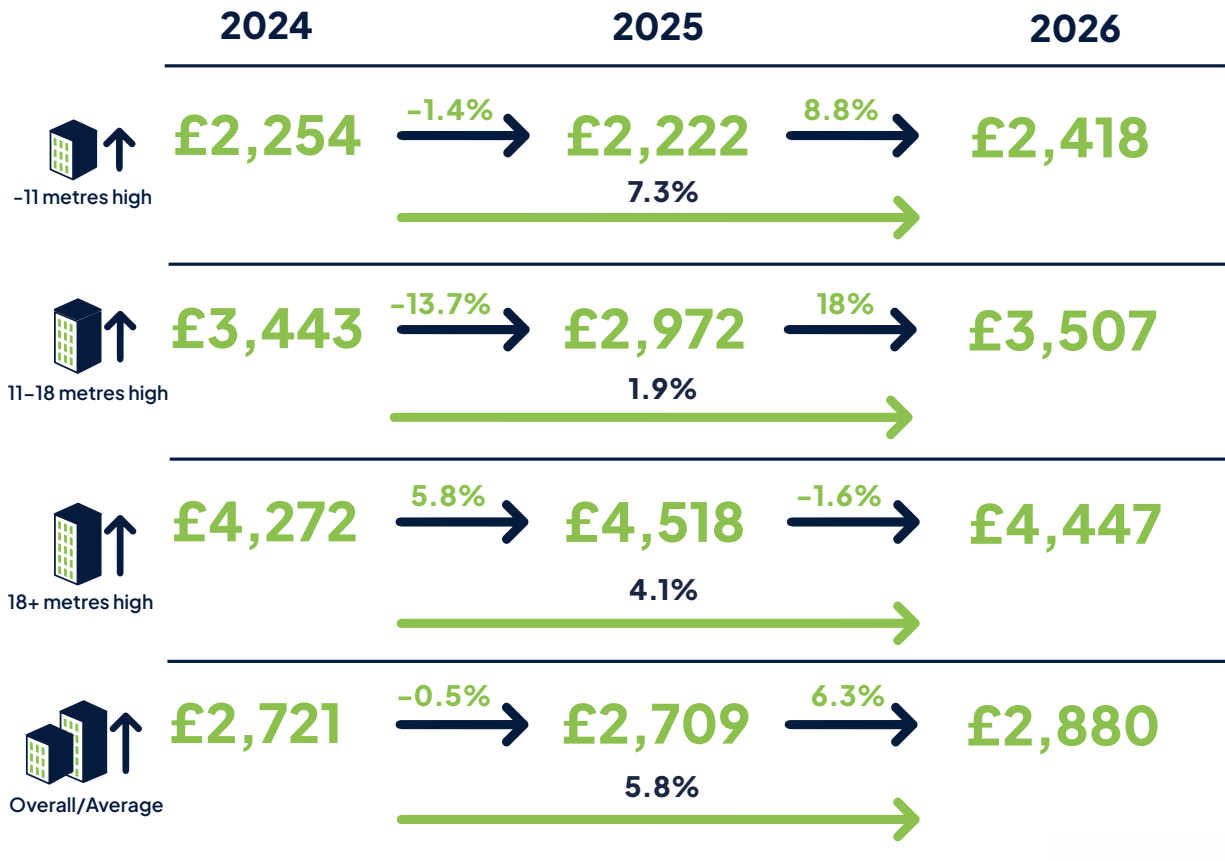
4. Why Building Type Matters

The Impact of Building Height

Building height is the single strongest predictor of service charge level in this dataset. This reflects differences in the complexity, structural design, regulatory requirements and running costs of tall buildings.

The high-rise vs low-rise per leasehold home comparison in the 2026 budget (£4,447 vs £2,418) is striking but reflects the added complexity of high-rise schemes, including, including complex mechanical and electrical systems, and amenity-heavy designs.

Service charge costs and trends by height of buildings, per Leaseholder





The Impact of Building Age

Building age is the second strongest predictor of service charge levels. Leaseholders in buildings built since 2000 pay an average of £2,508, compared with £2,411 for homes built 25–50 years ago, and £5,208 for properties older than 50 years.

The primary drivers of higher costs in older buildings are reserve fund contributions and buildings insurance. **Reserve funds in buildings over 25 years of age are 2.5 times higher than in newer buildings**, reflecting the greater volume and cost

of planned major works required to maintain older fabric. **Insurance is approximately double for older buildings.** Looking at the costs across building ages, there could be several factors for why the insurance costs are higher and further investigation is needed.

The age premium is amplified by building height. Older high-rise buildings are the most expensive category in the dataset: **18m+ buildings built more than 25 years ago**, carry an average service charge of **£7,337** per leaseholder, compared with **£3,706** for newer high-rise buildings and **£2,387** for older low-rise stock.

Category Breakdown of Building Age

		Average Per Estate		
		Under 25 years old	25–50 years old	Over 50 years old
	Repairs & Maintenance	£29,815	£17,970	£25,370
	Reserve Funds	£18,277	£19,992	£63,034
	Buildings Insurance	£13,227	£11,557	£23,922
	Management Fee	£21,722	£11,132	£14,690
	On-site Staff Costs	£17,853	£1,979	£23,198
	Utilities	£15,869	£4,665	£19,965
	General Expenses	£11,851	£6,792	£5,132
	General Health & Safety	£3,594	£2,794	£3,607
	Other Professional Fees	£2,075	£2,331	£2,770
	Building Safety Act Compliance Costs	£2,286	£621	£1,632
Average Total Service Charge		£134,140	£79,655	£180,290



Appendix: What is a Service Charge?

Under Section 18 of the [Landlord and Tenant Act 1985](#), a service charge is defined as an amount payable by a tenant of a flat either as part of, or in addition to, the rent, to cover services, repairs, maintenance or insurance, and the landlord's management costs. The charge may vary depending on the relevant costs, meaning the actual or estimated expenses incurred by the landlord or a superior landlord in providing or managing those services, as set out in Section 18 of the Act. It is not a fee paid to a managing agent or landlord for profit.

Service charge money paid by leaseholders is held in trust in ring-fenced designated bank accounts ([under Section 42 of the Landlord and Tenant Act 1987](#)) and can only be used for the purposes set out in the lease. Service Charges are used to maintain the structure and common parts of leasehold buildings and covers the cost of the services provided — the lease will set out how service charges are to be accounted for and which costs are to be paid for by leaseholders.

The lease is the governing document. It sets out which costs can be recovered through the service charge, and how those costs are to be apportioned between leaseholders. **The scope of a service charge is therefore determined by the legal agreement between the parties — not by the managing agent or landlord acting unilaterally.**

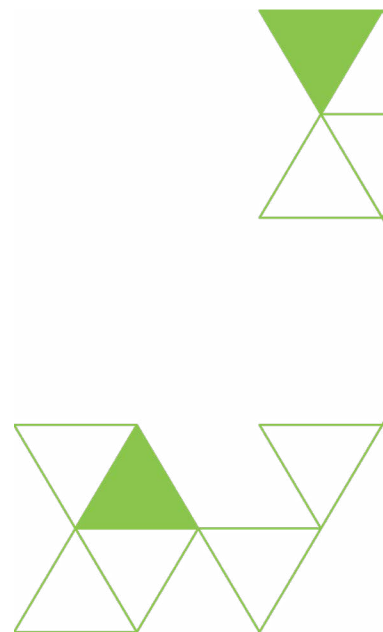
Usually, the service charge will cover maintenance, cleaning, groundskeeping, repairs, health & safety compliance, inspections, surveys, energy supplies, buildings insurance, on-site staff costs and other general expenses, all incurred in the upkeep of the building. All leaseholders paying variable service charges (based on apportionment) should receive an annual statement from their landlord or RMC — or their appointed managing agent — within six months of the end of the accounting year. The annual statement should include an income and expenditure account and a balance sheet. An independent accountant should examine all annual statements of account before they are issued to leaseholders. **Any surplus or deficit is credited-back to the leaseholders at year-end, not kept by the managing agent, RMC or landlord and is not a source of profit for them.**

Who controls the service charge?

The answer depends on the ownership and governance structure of the building. Where there is a Resident Management Company (RMC) or a Right to Manage Company (RTM), the residents have control and are responsible for setting the service charge budget. In the absence of a resident company, the landlord sets the budget.

All service charges must be reasonable by law, and leaseholders have the right to challenge their reasonableness at the First-tier Tribunal.³

³ Under the [Landlord and Tenant Act 1985](#)



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