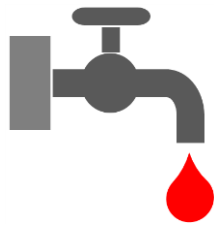


# HOUSEHOLD BILLS AND MONTHLY EXPENSES



Rent is not the only cost to budget for when renting a home in the UK. There are other property related costs specific to the local market that need to be taken into account. **R3Location** summarises the main ones below.

## Council Tax

Council Tax is a system of local taxation. It is a tax on property payable by the occupier. Generally, where two or more persons reside in a dwelling the full tax is payable. Often, Boroughs have a single person discount of 25% if only one person resides in the property.

At the bottom and middle end of the market, Council Tax is a progressive tax based on the value of the property; the higher the value of the property, the higher the amount of tax levied. There is only one band for properties valued (in 1991) above £320,000 (the highest band threshold – Band H) and so the tax stops increasing after this point.

Council Tax varies from Borough to Borough in London, but for Band H properties, the average tax in 2015 amounted to £2,500 per annum approximately (with some notable exceptions).

### 1. AVERAGE COUNCIL TAX

Average Annual Council tax for properties in central London:

**Band H - £1,600 - £2,500**

Single person discount **25%**

## Utility Costs

### Gas and Electricity

Gas and electricity are some of the biggest household expenses and amongst the most complicated to manage. There are a number of providers offering different structures including standard plans, dual plans (both gas and electricity from the same provider to generate cost savings), capped plans, green energy plans, so on and so forth.

The cost of gas and electricity varies depending on the size of the property, the effectiveness of its insulation, and the time of year of course, with winter bills often much higher than summer bills. Properties will have gas and electricity meters and charges will reflect actual usage. On average, it is estimated that the average household pays between £900 (1 bedroom flat) and £1,600 (3 bedroom house) a year for both services, though costs can be higher for the larger family houses in London, with annual bills for both services amounting closer to £2,000 to £3,000 a year approximately.

It is a legal requirement for Landlord to provide tenants with an EPC Certificate (Energy Performance Certificate) giving an energy efficiency rating to the property (usually, the better the rating, the lower the annual cost of energy).

Some websites like uSwitch.com and Gocompare.com provide some excellent price comparisons, and switching providers can often be a good way of lowering costs – though there will be a clause in tenancy agreements restricting tenants' ability to switch without Landlord's prior consent.

### 2. AVERAGE GAS AND ELECTRICITY

Average Annual Gas and Electricity bills for UK properties:

1 bed	£ 900.00
2 beds	£ 1,200.00
3 beds	£ 1,600.00
4+ beds	£ 2,400.00 +

### Water Rates

Unlike gas and electricity, there is no choice to be made for water provider. For London, the main provider is normally Thames Water and it charges for both water being used in the property (water

and water being discharged out of the property (wastewater). Different rates are applied to both types.

Water charges can be applied either based on usage (when a meter is a present) or as an annual fixed charge calculated on average consumption (when there is no meter at the property). Charges do vary from Borough to Borough, but not materially. Water rates normally vary according to size of property (as it is linked to usage – the assumption being the larger the property the higher the number of people in it using water). If there is no water meter at the property, one can be applied for, but this would require Landlord's consent.

### 3. AVERAGE WATER CHARGES

Average Annual Water bills for UK properties:

1 bed	£ 450.00
2 beds	£ 550.00
3 beds	£ 650.00
4+ beds	£ 1,000.00 +

## Other costs

### TV License

If you use a television, you must have a TV License. This currently costs £145.50 for one year. Failure to produce a TV licence when requested by the licensing authority could incur a fine of up to £1,000.

### Insurance

Buildings insurance is normally covered by the Landlord. Tenants should consider obtaining contents insurance for all personal items.

### Broadband and satellite

There are other costs involved in running a home – broadband, telephone, satellite TV for example, but these are all dependant on the type service required – the summary overleaf includes basic information on these costs (normally ranging between £360 - £720 a year depending on packages and deals)

## And finally....

**R3Location** can help with all these areas – and we have included a summary overleaf to give a high level view of all costs associated with renting a property in the UK. We hope you find it useful!

# SUMMARY

## Household bills and monthly expenses

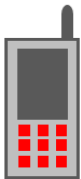


### Broadband/Satellite TV

There are various ways of connecting to the internet using broadband. The most common is through a phone line, but you can also connect through **fibre-optic cable** (up to six times faster than ADSL), mobile signal or even via satellite.

Fibre optic presentation is not always available in London but is becoming more and more common. Prices vary according to packages and use (Sky and BT channels, broadband only etc) and it is worth checking out deals with the three main providers: Sky, BT and Virgin.

**£30/£60<sub>mth</sub>**  
depending on package



**Tip:**  
Get a cheap pay as you go for the first few weeks while you explore packages and prices.

### Mobile phone

Reception is improving everywhere in London with 4G coverage being more and more available.

### Insurance

Consider taking out contents insurance.



## COUNCIL TAX

**£1,600 - £2,500 p.a.**

### Council Tax

If you live in central London, you will likely fall within Band H - the highest band. Tax levels vary from Borough to Borough, with Westminster one of the cheapest.

**£120-£220p.a.**  
(varies for car size/type)



### Parking

If you don't have a garage, a resident's permit may be available



**£450/  
£1,000+ p.a.**

### Water rates

No choice of provider - but do explore metered solutions if available.

### Gas & Electricity

There can be a broad choice of providers available offering different packages - worth exploring options

**£ 900 - £2,400+ p.a.**



### TV Licence

If you use a television, you must have a TV Licence. It includes viewing catch up TV and Sky on tablets



**£145.50pa**

### Average Annual Cost of Utilities & Council Tax

The table below summarises the average annual cost of utilities and council tax. It **does not include** costs associated with TV licence and connectivity costs - both of which would need to be added to reach a total annual cost in addition to rent.

