

Guest Rooms - costs and service charges

From: Campbell, Jacquie

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Cc: Gillespie, Liam; Noman, Nazia; Jones, Laurence

I've now had the chance to gather all the necessary information and to discuss both the current situation, and your views, with our Head of Estates, Liam Gillespie, our Home Ownership Manager, Nazia Noman and Laurence Jones.

So, the position at Middlesex Street is as I previously outlined. No direct charges were made to leaseholders for guest room costs, including repairs and maintenance, until 2016-17, when the rooms were refurbished and extensive repairs carried out.

However, the time spent cleaning the rooms and taking bookings, and the cost of electricity, were not separated out from the general estate costs and charged to guest room income, which we believe they should have been.

Use of these two guest rooms is very low and the time spent on cleaning and bookings is estimated at no more than a total of 2.5 hours per week. We have no way of calculating exact electricity costs, as there is no separate meter, but, based on the figures for Golden Lane, we believe the cost to be an average of around £500 per year. So the amounts charged to leaseholders have been small, but I understand that it is the principle that matters.

We have discussed at length your view that the costs of repairs and maintenance should be attributable to wear and tear. We still believe that, as a facility available to all residents, there are certain costs that should be proportionately charged to leaseholders as common parts. These would be anything related to the fabric and structure of the building (concrete repairs, external redecorations, roof repairs etc.).

However, having considered your view, we are inclined to agree that the cost of internal redecorations, repairs and furnishings should be paid from the guest room income.

I must stress that this is only our professional view. We now need to set the matter before Members for a decision. So we will be writing a draft Guest Rooms Policy, to apply to all relevant estates. We intend to take this to the Housing Management & Almshouses Sub-Committee in November (we already have a heavy workload of policy drafting going on, which is why it can't be done until then). Views on the policy will be sought from residents via the HUB and the City's website. The accompanying paper will set out the options for Members, but will recommend that all guest room costs, including staff time, be paid from guest room income, and that only repairs which would be considered common parts be proportionately charged to leaseholders.

We will also make a recommendation regarding retrospective charges, once we have calculated these as accurately as is possible. Obviously, I cannot guarantee what decision Members will make, nor can I say at this stage what the opinion of Legal and Finance colleagues will be, but we will be clear about our views.

In future, we will keep a record of all staff time spent on cleaning and bookings, and these will be charged directly to guest room income, with an adjustment being made each year to reflect the actual costs of the previous year. Laurence Jones is looking to have a check meter installed for the guest rooms so that future electricity costs can be calculated exactly.

We appreciate you having brought this to our attention – we agree that it was an anomaly, and are glad to have had the opportunity to review it. I hope you will be satisfied that we have listened to your views.