



Hampshire Lakes Village Budget Meeting

19th December 2023

10.30am-11.30am



Housekeeping

- Introductions
- Fire Alarm
- Please remain respectful in all exchanges

Finance Support

Nicola Dillon, our Finance Partner, is joining us via Teams

Agenda

- **Introduction**
- **Financial costs incurred current FY**
- **The service charge budget for the new financial year**
- **Planned works**
- **Sinking / Cyclical repair funds**
- **Any other business**

Leasehold Service charge

Overview of location

The service charge is calculated based upon the communal running costs for the village.

All service charge costs are applicable to 119 apartments equally.

The service charge budget is completed by the General Manager and Financial Business Partner.

Current Year Overview

Forecasted overspend in current financial year.

Professional fees –

The actual Insurance premium received for 2023/24 increased more than the estimated 35% resulting in a forecast spend of £41,000. This is £8,000 more than budgeted cost of £33,000.

Estate Costs

Estate Manager Costs

Who it includes:
General Manager (67%)
Maintenance Manager
Wellness Manager
Recruitment/Uniforms

Inflationary increase of 2.5%

Other Staff Costs

Maintenance operatives, driver including an additional 10 hrs pw, night porters, reception & admin, wellness. Inflationary increase to all staff in line with the real living wage (£10.90 ph to £12.00 ph.)

Estate Costs

Office cost, internet & Telephone

Anchor on call

**Stationary, postage, telephone and printing.
Budget based on 22/23 actuals for phone/internet.**

No Increase

Communal Utilities

£84,293 decrease in utility costs

Budget is based on historical consumption @ budgeted energy price rates for gas and electricity.

Gas - £49,214 From £83,645 (-£34,440)

Electricity – £122,992 From £167,378 (-£44,386)

Water - £5,255 From £10,731 (-£5,505)

Communal costs are provided at net. All contributions from commercial services and care home are not included.

Grounds Maintenance

Costs include 2 gardeners + inflationary increase to all staff in line with national living wage. Additional 7.5hrs pw to support Mike.

**Additional tree and ditch works (£10,000)
Lawn maintenance (£29,000) price held for 3 years. Equipment, Chemicals, additional planting, uniform (£5,000)**

Cleaning, Waste Management and Pest Control

Includes cost increase of Communal cleaning contract due to real living wage increases, inflation price increases for materials . Window cleaning contract (£9,400) Fascia's (£2,600) gutters (£1,700). Windows 8 times a year, Fascia's twice a year . Gutters once a year.

Professional Fees

Audit fee - £193.00

Building & communal content insurance - £58,290

Licences - £3,500

Wellness compliance consultant £3,221

The financial year runs from April through to March. Insurance premiums run from July to June and cross over 2 financial years. The budget contains 3 months actual premiums April to June and 9 month's forecast. A forecast is a prediction of what we believe the cost will be. This is usually based on the 3 months actuals inflated by a given rate.

Insurance includes buildings, communal contents and terrorism and is allocated based on the valuation of the location. (Note: the valuation relates to leasehold only and excludes any valuation for the care home. The care home receives its own premium)

Hampshire Lakes is valued at £45 million, and the overall premium is 0.1% of the valuation.

Premiums increase due to changes in valuations along with global and local factors.

Grounds breakdown & overview

Budget for current financial year is on track which is a credit to Mike controlling the budgeted number we submitted.

1. Lawn contract held price for three years therefore the price will not be reviewed at the end of 2025 with Real gardens.
2. Additional 7.5 hrs pw to support works required within the grounds.
3. Tree & ditch work budgeted for £10,000
4. Additional items including plants, chemicals etc £5,000

Mike will be working on several areas throughout the next financial year, and he will take you through this briefly today.



Service Contracts

Heating Equipment
Pool hoist
Fire, Lighting, Call Systems and Door
Entry
Lift servicing
Water servicing
Miscellaneous servicing

Administration of Maintenance Contracts

All services – Based on current year with inflation at 7%

The % charge is not 20% as reported, this was an error within the explanatory notes and should read 13.32% as per previous year. **(My apologies)**

This cost relates to the delivery of annual contracts and not for additional ad hoc works i.e cyclical repairs, which are bespoke and occasional which are paid from the cyclical repairs fund.

General repairs

General building repairs

Budget remains as prior year as repairs in 23/24 YTD are lower than estimated.

Reserves

Repairs Fund
(Cyclical Refurbishment)

Cyclical repair fund has increased by 15% to cover expected costs in future years. Phase one planned works due to start early 2024.
Funds as of October 2023 £341,569

Additional points

Management Fee

Fee increased from £538 to £576 per property – This is for provision of support and central services which are not included elsewhere within the service charge.

Other Income / Surplus from last years service charge accounts

20% Wellness Income based on external memberships and concessions.

Surplus (£10,009) as per financial statement Mar 31st 2023. The surplus is artificially lowering the service charge by £7.01 pm

For information only
Sinking Fund – not part of
the service charge.

Fund as of October 2023 £607,652

Planned Works – Repairs Fund

- Internal and External Cyclical works for Phase 1 will be completed in this current financial year 23/24 this follows the section 20 letters that were issued in November and costs already accounted for in current year cyclical repairs fund.
- Refurbishment works will be overseen by Ian Williams – Contractor and the Anchor Surveyor.

Additional note:

- Meeting arranged with the Committee and Talvinder the ‘Head of Investment’ on the 31st January 2024 to discuss the above stock condition survey.



Resident questions raised – Budget related

Professional fees

Resident question

In 21/22 these were £15493

In 22/23 these were £25806

In 23/24 these were £39684

Now proposed £65205

The rate of growth is serious, and a full breakdown and explanation would be appreciated.*

This Includes audit (£193) and licences (£3500) and insurance (£58290) compliance consultant (£3,221). The increase is due to insurance.

Increase to professional fees £25,521, equates to an increase of £17.87 ppm.

Insurance Premium runs from July to June annually and inflated by 35% based on current year actuals.

In brief of Increase reasoning:

1. There have been global increases in the cost of material and labour which has resulted in a continuing increase in the cost of claims for all insurers which is driving up claims inflation.
2. This has a direct impact on the costs of claims and insurers need to take this into consideration when setting premiums.
3. Claims received from Anchors Homeowners have increased in frequency and cost.
4. Inflationary pressures- Increase in property values are much higher than previous years.

All the above has meant that Zurich have reviewed and increased their rates therefore increasing the property premiums.

Due to significant increase further, specific questions have been raised with the Anchor insurance team. *

Resident questions raised – Budget related

Brought forward surplus

Q – Will we always be so lucky?

A - Fortunately we do have a year where we have budgeted increases that are being absorbed by budget decreases however this may not always be the case. The nature of a variable service charge is that it may go up or down in line with expected costs. Ideally, we should not have any balances at the yearend as the budget is set based on the running costs of the village and the amount we expect to spend. Residents should be aware that there is a running cost for the village to which the balance from prior year is added.

Resident questions raised – Non -budget related

Wellness Centre

Q-Reason why the proposal for the centre to be open unmanned was rejected.

A- This proposal was rejected on the grounds that 'Anchor' will not take the 'Risk'. Therefore, the below questions have not been answered.

Q – By how much would the wellness insurance rise if residents were allowed unsupervised access?

Q- Would this depend on the hours involved and if so in what way?

Q – By how much would staffing costs fall if residents were allowed unsupervised access when organised classes were not in progress?

Resident questions raised – Budget related

Wellness Centre

Q- How much of this is from each of the guest room, non-resident Wellness members and Wellness concessions?

It is clear from the Anchor 'Service Charges Budget. Supplementary information for homeowners' document provided with the HL Service Charge budget that income '..can include guest room income...rental to third parties of communal space...'. Why in the past have we been informed that such income is not 'lease compliant'?

A - The supplementary information gives examples however All leases across Anchor differ. The budget for 24/25 includes 20% of external memberships which was based on 55 members and 20% of all concessions. All costs associated with the guest suite are charged to anchor and are offset by any income received for use of the facilities.

Resident questions raised – Budget related

Utilities

Q- The Laundry, Willow Gardens, and the Kitchen all have their own gas, heating, electricity and water meters installed as per the agreement with Anchor for 'option 3'

A - Laundry has meters fitted. Willow has water, heating and electric. Kitchen has gas for appliances only so the costs for DGV are used (DGV is a much larger operation so we feel the amount transferred would be more than the amount should meters be available) Water for the kitchen is done on a 5% gross of billing.

Q - The unit rates charged to these operations are exactly the same as those charged to residents for their private usage

A- 100% where meter reads are available.

Q- Since it appears that future communal utility usage charges, due to 'improved market conditions will reduce please confirm that these reductions will also be applied to residents' private usage and that residents will be refunded for excess charges

A- As in prior years the unit rates change for private billing change once a year starting from mid-April. The unit price will be reviewed once a year and the resident charges changed in line with the review. All historic amounts invoiced to individual customers are deemed to be correct based on the prices that were set at the time. The nature of some utilities means that the unit charge billed for your own personal consumption may not always match the amount charged by the supplier. However, all amounts charged to residents are used to offset the amount charged by the supplier and any remaining amount is deemed to be communal.

The unit prices for resident private billing will be communicated prior to the end of the financial year March 31st, 2024

Resident questions raised – Budget related

Other questions

Q – Does the budget reflect the salary of new GM?

A –The budget reflects the current salary based on the current year with uplift.

Q – Maintenance manager cost, why is a proportion not charged to WG?

A-No cross charge has historically been done for the maintenance manager as 23% of the General manager is transferred to cover the cost of landlord duties performed by both roles.

Q- Other staff costs, why is a proportion not charge to WG?

A –Willow gardens pay for 20 hours of maintenance per week, 10 hours of driver per week, 10.5 hours of admin reception per week. The service charge is reflective of the hours delivered to leaseholders.



Resident questions raised – Budget related

Utilities

Questions submitted are awaiting response from our Energy department. (I have informed the resident concerned who submitted these)



Final Points

Resident feedback forms

- The majority of comments raised in the feedback forms submitted have been addressed however for specific individual questions these will be responded to directly to the individual as stated in the utility slide.
- Any questions raised at this meeting will be noted and responded to in due course.
- The presentation will be handed to Keith to add to the website.

***Thank you for attending and I
wish you all a very happy
Christmas and all the best for
2024***

