

Appendix B to Committee Meeting Minutes of 7,2,26
Item 4(a)



Questions and Answers Document (via Resident Forums)

Relating to EGM meeting held on 4th November 2020
Service Charge Re-modelling

The new financial model for the villages has arisen from the dissatisfaction of the residents with the current allocation of costs, particularly with regard to the Care Home, restaurant and bar in each village.

General

Q1. As the current service charge model is recognised as “flawed”, what effect will the new model have on this year’s (2020/2021) service charge?

A. The current service charge model was reviewed in line with the lease. The lease made no provision for the apportionment of costs to the care homes on site, income nor catering costs and this proved a contentious area with some residents. To be clear:

- o An allocation formula has been used which, whilst it is deemed appropriate, resulted in resident queries.*
- o We believe that the costs to the care home are fair and proportionate based on information available.*

A model fit for the future to facilitate moving forward & building relationships with leaseholders was proposed by AH (referred to as Model 3) and will be adopted for the financial year 21/22. There will be no change to this years’ service charge.

Q2. How will the change in accounting model be applied to ALU leaseholders?

A. There will be no change for ALU residents’ billing process.

Q3. What will happen to leaseholder payments for maintenance and receipts for the guest suite?

A. Private maintenance: - costs to deliver this service will be reimbursed into the Leasehold service charge on an ad hoc basis.

Guest suite: - no income nor costs will be passed on to the Leasehold service charge.

Q4. Under the terms of the lease, why are the Wellness Centre, laundry and private housekeeping and utilities not included in the new model on this occasion?

A. Private laundry and private housekeeping services: no costs to provide these services will be passed onto the leasehold service charge.

The Wellness Centre: in accordance with the lease all costs to provide this service will be included in the leasehold service charge. In addition, 20% of total concessionary income will be reimbursed into the leasehold service charge.

Q5. Many residents favour an inclusive intimate village "Club" community. What thought has been given to ensuring this is not lost?

A. AH will continue to work with the residents' forum and long-term committee representatives of both villages to ensure that all views are listened to and considered in the planning and delivery of offerings of all services. It is as important to AH, as it is to the residents, that the restaurant and bar provide a food and beverage service for all to enjoy, with reasonable and varied menus, great special events and social opportunities.

Q6. During the Forum discussions with AH regarding the service charge model were any other options discussed and if so, what were they?

A. The three options presented were

- 1. Continue with the current model which is based on an apportionment methodology.*
- 2. A lease compliant service charge for 21/22 which would increase the monthly leasehold service charge as a result of the removal of income and associated catering costs equating to gross profit. This AH subsidy currently equates to circa £74 pm per household.*
- 3. **Income and commercial restaurant and shop activities to be removed from the leasehold service charge.***

Restaurant/Bistro and Bar

Q7. Please would you confirm that AH will be taking over all costs associated with the restaurant including:

a. All furnishings, decorations and capital improvements in both the kitchen, restaurant and bar.

A. Yes, this is the case for all internal furnishing and operational replacements.

b. All sales revenue and associated costs and overheads including all wages, utilities and any provision repair and sinking fund costs.

A. Yes, all operational income and costs will be for AH including as above.

c. How will the Bar be affected under the new model as it is not part of the S106?

A. The bar is part of the restaurant provision and has no implication with regards to S106.

Q8. We also understand AH will be reviewing the 15% discount and no doubt the pricing in general: however, any increase in footfall will be judged on both the cost and offering and this will be down to Anchor to find the right formula for success. The footfall will only follow the offering and not the other way around.

A. We will work with residents' groups to ensure that the offering and pricing is fair and reasonable.

Q9. Many residents have expressed concern that the restaurant prices may increase significantly. What reassurances can AH give the residents that the restaurant will provide value for money and remain competitive? How can the residents influence the quality and costs?

A. As above