

What Almshouses can include in their Service Charge

Presentation by
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Background

In February 2022, whilst reviewing our annual accounts, we looked into the issue of what we then called 'support costs'. These support costs were an historical charge and there was no definition of what the cost related to or how it was calculated, other than that we increased it in line with CPI inflation plus 1% every year.

From investigations it became clear that we should be calling these costs 'Service Charges', that we should be able to quantify them and most importantly that they would be eligible for Housing Benefit, unlike the previous support costs.

We then identified all costs which we could potentially include and following discussions with our local Housing Benefit Manager, drew up a list of all eligible costs.

We have five separate schemes, and each scheme was assessed independently, so for example where there was a lift this was included in that scheme, not shared over all our properties.

What can be included in Service Charges?

The Almshouse Association states:

“It is recommended that, the WMC is set at or just below an amount equal to the Equivalent Fair Rent plus the service charge in order to protect the long-term interests of the charity.”

We have included a comprehensive list of our service charges at the end of this presentation, but as a general indication, charges which would be the responsibility of a private landlord are eligible, while anything that the tenant is responsible for is not.

In our schemes we have communal heating, the cost of the gas and electricity is not eligible, nor are water charges, but costs for communal use, in corridors or community rooms are eligible.

Housing Benefit Considerations:

- Extra time may be needed to make sure that all residents are in receipt of all benefits they are entitled to, especially those who may be reluctant to claim or are borderline on whether they may be eligible. It can be helpful if residents on Housing Benefit ask for their Housing Benefit to be paid directly to the Almshouse.
- Residents who work or are not entitled to benefits may need additional help. In our case we offer a bursary scheme subsidising them from our Almshouse charity. It may well be that some residents will require a longer period of support.
- When we introduced the new system in 2022 we gave bursaries of £15,443 to 12 residents. This has reduced to £4,908 for 5 residents in 2024.
- We introduced a Service Charge on our 46 properties and our income increased by £118,000 in the year.

How to calculate the level of Service Charge

In the table below we have outlined the various elements that are eligible to be included in a Service Charge.

These include: the audit fees (pro rata if you have other non almshouse charities), warden and scheme manager costs relating to the almshouse, maintenance costs etc. (see table).

We have developed an excel spreadsheet which will be circulated to all attendees or is available from our website as a pdf or the excel version from us.

You can enter the proposed budget for the year for each of the areas of eligible expenditure and the number of properties. For those organisations running a number of separate charity almshouses under one umbrella charity you can separate out each almshouse.

Once you enter the number of units and the budgeted figures then it will calculate the weekly amount that you can implement as a Service Charge.

Adjustment in Second and Subsequent Years

Remember that you should not be making a profit on the amount you ask for in your Service Charge. So in the second year of operation it is important to calculate the actual costs of the services provided and then if it was less than budgeted you can reduce the following years Service Charge by that amount or if you ran at a loss you can increase the level of Service Charge by that amount.

Local Housing Allowance Caps

For those Almshouses that are Registered Housing Providers the Local Housing Allowance limits for those on Housing Benefit and Universal Credit do not apply.

For all other Almshouses you will need to ensure that the total of your WMC and Service Charge falls within the local Housing allowance limit. To do this go to <https://lha-direct.voa.gov.uk/search.aspx> and enter the details of your property(ies).

Contact your Local Council Housing Benefit Team

Once you have calculated the level of Service Charge it is worth contacting your local Council's Housing Benefit team to inform them of the changes (including any Weekly Maintenance and Service Charge increases) and when they will be implemented.

If you are a Registered Housing provider be sure to let them know so that they do not impose the Local Housing Allowance on your residents. It is good practice to submit this updated information each year.

Points to consider:

- Ensure that you undertake consultation with your trustees and residents to explain the reasons for implementing the Service Charge.
- Has your almshouse included all of the items in the service charge that you are eligible to charge for?
- Our suggestion is to only include items in the service charge which are eligible for Housing benefit and so the majority of the residents would not be affected by the increase since this would be paid for by Housing benefit.
- The service charge figure must reflect the actual costs of the service and be recalculated each year and any surplus passed back as a reduction in the following year and any deficit recouped by adding it to the following year's charge.

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
Aerials	Cost of new aerials / repairs to them	Eligible but not TV licences
Asbestos	This includes asbestos surveys or inspections and any necessary works	Eligible
Audit fees	This is the cost of carrying out an external audit of your almshouse.	Eligible (pro rata if you have other non almshouse charities),

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
Bins and Rubbish	This covers the removal of bulk items of waste from bin stores or communal areas of your almshouse, including fly tipping. This can also include bin hire and the actual cleaning of the bins (as opposed to emptying them) if a deep clean is required.	Eligible
Building Insurance	As a freeholder, almshouses are responsible for insuring buildings on behalf of residents against risks such as fire and flood.	Eligible

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
Care Call – Lifeline not usually eligible	This includes the servicing, monitoring and works where there is a dedicated alarm system to protect elderly or vulnerable residents	Cost of Lifeline is not eligible but for example moving to a system such as Housing Proactive from Alertacall would result in the cost becoming eligible
Caretaking and other staff costs	Employment costs for caretaking staff and scheme officers. This includes salary and vehicle costs and the cost of employing any required temporary staff. If you do not have a caretaker, these could be costs for a Warden, Scheme Manager, or Concierge. Residents can only be charged for a service that is delivered to their own almshouse Include the finance element of looking after WMC and Service charge receipts and payments	Eligible

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
CCTV	Maintenance and repair Servicing, monitoring and repairs of the communal CCTV monitoring systems	Eligible
Communal Electricity	Communal electricity charges such as internal and external lighting in your Almshouse	Eligible
Communal Gas Bills	This includes the cost of gas for communal boilers and heating systems	Eligible

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
Communal Signs	Cost for communal signs such as 'No smoking', "Fire Escape" or 'No ball games'	Eligible
Communal Telephone	The cost of providing and servicing communal phones. This will include telephones inside lifts for emergencies	Eligible
Communal Water Charges - not eligible	Charges for the supply of water to the Almshouse as well as the removal of any waste water.	Not eligible

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
Concierge	The provision of staff at the Almshouse to carry out activities such as monitoring CCTV, alarms and access to the Almshouse.	Eligible
Contract Servicing	The statutory servicing and inspection of communal fire alarm systems, emergency lighting, smoke detectors and fire equipment undertaken by contractors	Eligible except lifeline alarm system
Contracted Cleaning Service Cleaning / Caretaking	This is the cost of providing the contracted cleaning service e.g. cleaning and maintenance of internal communal areas, stairs and rubbish chutes.	Eligible including the charity office if in the almshouse

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
Contracted Works	The cost of a grounds maintenance contract including the upkeep of private roads, footpaths, parking areas, and the cost of gardening equipment	Eligible
Controlled Door Entry	The costs for repairing and maintaining the door entry system or any other secured or gated entrances to the Almshouse	Eligible
Electrical Maintenance including bulbs and inspections	This will cover the cost of providing statutory electrical inspections e.g. EICR	Eligible

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
Fire alarms	Testing and Maintenance	Eligible
Furniture, Furnishings, White Goods and Decoration	This includes furniture and flooring in communal areas and the replacement or hire of communal dryers and washing machines	Eligible
Gardening and grounds maintenance	Cost of Gardener or Gardening contractor e.g. cutting grass, planting and weeding flower beds	Eligible
Laundry facilities	Communal laundry and washing machines	Eligible

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
Lift maintenance and repairs	All lift contract costs, including servicing, maintenance and insurance costs	Eligible
Lighting	Communal heating and lighting i.e. costs which include replacement of any lightbulbs in the communal areas of the Almshouse	Eligible
Management fee	This is a flat fee charged on a per unit basis and covers the staff costs and overheads for preparing service charge estimates and accounts for approximately 12% of the WMC charged	Management fee (excluding proportion for any 'care' element that you offer)

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
PAT testing	This covers the cost of the annual PAT testing of electrical goods	Eligible
Pest Control	The costs of surveys and treatment for the removal of pests from communal areas	Eligible
Repairs	Maintenance sinking fund, handyperson services, ERF and CMF and white goods depreciated over time, Wi-Fi service eligible, depreciate the capital on this	Eligible

Items that are Eligible to include in a Service Charge

Item	What is covered?	Is this eligible for Housing Benefit?
Voids	Calculate the cost of all voids for the previous year. A maximum of 10% of lost revenue can be claimed	All void costs include lost revenue up to 10%
Water testing and Water Hygiene	The cost of providing assessments and associated works in relation to legionella and water hygiene	Eligible
Water Pump / Sewerage Servicing	This covers regular maintenance inspections and safety tests carried out by your contractor. In relation to cesspits this will also include regular emptying.	Eligible
Window Cleaning Contract	For the cleaning of communal windows on a routine basis, in line with the agreed contract specification.	Eligible

Service Charge Calculator

			Guild Cottages	Mary Newlands	Shakespeare Court	John Roberts	St Josephs	
			GC	MNA	SC	JRA	SJH	Total
		Number of Units	16	4	12	6	8	46
Service Charge Elements			Guided by Actual Expenditure to Jan 2023 (at 060223)					
Item		Supplier						
Aerials		Artronics/Crystal Electronics						
Asbestos survey/inspections & remedial work								
Audit Fees		Burgis & Bullock	£2,817.00	£396.00	£1,170.00	£684.00	£810.00	£5,877.00
Bins & Rubbish	7511	SDC	£138.00		£92.00	£276.00	£276.00	£782.00
Boiler Servicing		Pipetech	£650.00			£470.00		£1,120.00
Building Insurance	7604	Grout/Higos	£6,731.33	£1,062.33	£2,061.83	£952.00	£1,215.09	£12,022.57
Boiler Insurance	7604	Grout/Higos	£740.78			£549.60		£1,290.38
Caretaking - scheme managers = 25%	25%	Jess & Verney	£7,141.63	£1,785.41	£5,356.22	£2,678.11	£3,570.81	£20,532.19
Other staff costs - Chief/Clerk/Finance officer = 15%	15%		£5,614.91	£1,403.73	£4,211.18	£2,105.59	£2,807.46	£16,142.87
CCTV								£0.00
Communal Areas Electric		Opus budget for MNA SC JRS 7105 Drax for GC	£1,115.71	£556.00	£2,439.00	£759.00		£4,869.71
Communal Areas Gas	7106	SSE	£1,445.04			£140.43		£1,585.47
Communal signage								£0.00

Service Charge Calculator

Contract servicing - fire safety		GottFire	£228.60	£67.00	£124.00	£106.00	£58.00	£583.60
Contract cleaning		Goldhill	£5,907.30		£1,969.10			£7,876.40
Contracted works - paths, parking, gardening equip		RJT						£0.00
Controlled door entry - costs of repair & maintain		Bar Avon	£400.00		£400.00			£800.00
Electrical maintenance - inc inspections		RJT	£930.64	£400.00	£777.40	£400.00	£750.00	£3,258.04
Gas maintenance - inc inspections		RJT	£1,788.00	£921.60		£801.60	£1,195.20	£4,706.40
Fire alarm test & maint		Bar Avon	£400.00	£110.00	£457.20	£122.40	£80.00	£1,169.60
Communal areas - furniture, white goods, décor		JLA White Goods						£0.00
Gardening & Grounds Maintenance		Tracy				£1,728.00	£1,728.00	£3,456.00
Laundry Facilities		JLA White Goods	£609.26	£199.03	£398.06			£1,206.35
Lift maintenance & repairs		Schindler Lifts			£1,200.00			£1,200.00
Lighting - communal inc lightbulbs	£25.00	RJT	£200.00	£50.00	£150.00	£75.00	£100.00	£575.00
Management Fee (12% of WMC at 95% occupancy)	12%							£0.00
PAT testing		RJT						£0.00
Pest control	£5	Sue Baker Pest Control	£120.00	£20.00	£60.00	£30.00	£40.00	£270.00
Routine Maintenance		Per Almshouse Assn Specimen Budget, less items specified	£1,817.62	£564.40	£1,293.21	£846.61	£1,128.81	£5,650.65

Service Charge Calculator

Void costs - inc lost revenue Actual 2023/24		See Residents Occupancy	£2,072.51	£0.00	£607.20	£0.00	£1,466.19	£4,145.90
Water testing & hygiene		WCS Group	£900.00					£900.00
Water pump & sewerage		Pipetech	£350.00			£350.00		£700.00
Window Cleaning		Phil Byrne / Escape	£630.05	£280.02	£1,050.08	£504.04	£700.05	£3,164.23
WIFI - Monthly charges		Social Telecoms WIFI Install	£1,307.63	£653.81	£653.81	£608.08	£608.08	£3,831.41
Stair Lifts		Stannah	£380.45					£380.45
Health & safety - business safe 555919		Peninsula	£334.35	£83.59	£250.76	£125.38	£167.18	£961.26
Gardener/Handyman	80%	Started May 22	£8,998.38	£2,249.60	£6,748.79	£3,374.39	£4,499.19	£25,870.35
			£53,769.18	£10,802.52	£31,668.55	£17,686.22	£21,200.05	£135,126.52
Annual Cost		per unit	£3,360.57	£2,700.63	£2,639.05	£2,947.70	£2,650.01	£2,937.53
Calculated Weekly Cost 2024/25		per unit	£64.00	£51.00	£50.00	£56.00	£50.00	£56.00
2024/25 weekly cost			54.00	55.00	42.00	54.00	79.00	49.00
Under (over) recovered from 2023/24			15.26	47.00	1.00	9.00	-26.00	12.00
2023/24 adjustment for under/(over) recovery			-10.30	9.00	-16.00	-5.00	13.00	-5.00
Proposed Weekly Cost for 2024/25			68.97	107.00	35.00	60.00	37.00	
Cost of Living increase would be		4.0%	57	58	44	57	83	

ANY QUESTIONS?



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