



Photo by John Shedwick

## Management Fees & Refurbishment Spend

Many of us assume that the annual Management Fee goes towards upgrading the properties that we own, a new kitchen or bedroom for example. This is not incorrect, but it's only partly true. The Management Fee covers a very large number of things, some of which are largely unseen and therefore unappreciated. To help you understand where your money is spent this article provides some examples.

Housekeeping, laundry, linen, cleaning supplies and other housekeeping costs

accounted for almost a quarter of the average Management Fee in 2016/17. This includes the salaries of the housekeeping staff (including their pension contributions where applicable – as required by law) and the buses that transport them many miles to Langdale. The housekeeping team is exclusively used to service our timeshare accommodation, and they're not a small team - we have approx. 50 housekeeping staff in on Saturdays alone.

General maintenance. This may be a tap

that suddenly starts leaking, it may be the cleaning of windows, external painting, roof repairs and many other things – I suspect you get the idea from the numerous things at home that we each need to maintain. You could also include in here things like replacing boilers - to ensure they're safe and efficient, and upgrading Wi-Fi routers - to maximise the signal and try to ensure we keep up to date with the rapidly evolving requirements we all have.

Unseen costs. For me these are things which we either don't see or we see but we don't think about who pays for them. For example, this year we have replaced water  
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tanks – most of us won't even know where they are, never mind see them, but they need to be sturdy and in a good condition to keep the water they hold clean. Then there's the estate roadways – many of us have been impressed by the new tarmac that has gradually been laid around the site, but do we realise we paid for it?

Running costs. We pay the management company to run the site for us day-to-day, to administer the Management Fee invoicing and collection, to provide reception facilities and so on. We also pay a contribution to the AGM expenses, we pay the cost of committee meetings (though no payment to committee members), we pay for legal advice on certain topics and we pay a Trustee to manage the leasehold.

Refurbishment. This covers everything from planning through to delivery. This is a very visible expense, and a greatly appreciated one. For those of us who choose to stay in our lodge week the standard of accommodation is a significant part of the pleasure and benefit we enjoy. For those of us who choose to rent out our lodge week the standard of accommodation is a key part of the appeal to renters. For those of us who wish to sell our lodge week the standard of accommodation is a very important factor to potential purchasers. Perhaps these last three points, combined with the visibility of this spend, explain why many of us think the Management Fee goes towards refurbishment.

It's always important to understand costs – what costs there are, how controllable they are and how valuable they are. Many of our costs are difficult to influence – housekeeping wages for example have to be at least the Minimum Wage, and there has to be a sufficient differential to reflect seniority and role requirements. Rate increases and inflation linked costs are also generally difficult to control. Maintenance can be controlled to an extent – we can go out to tender for routine roof inspections or outside painting, but if a shower fails we need to repair / replace it quickly in order to meet owner expectations. Some things reach a point where they simply have to be done, perhaps for Health & Safety reasons – roadways and water tanks are good examples. When many of our costs increase beyond our control, as is happening currently, we have to balance the importance of continued investment in refurbishment with the desire to limit the cost impact on owners. In the last year we have seen CPI increase by 3%, a Minimum Wage increase of 4.4%, utilities costs rising in the region of 10% and housekeeping

transport costs rising substantially due to a takeover of the bus company and a lack of alternative providers.

## Refurbishment Schedules

We are sometimes asked why there is a delay refurbishing lodges, for example – we have refurbished two apartments at Chapel Stile but not yet any more. There are a number of reasons for this. The Chapel Stile refurbishments have been significant – we have replaced the kitchen, lounge and dining areas all together, we were therefore keen to see how the new environment worked in reality and wanted owner feedback over the course of a year as experiences can be different depending upon the time of year. When we undertake refurbishment we always learn as we progress – we may find a better light-fitting, or a more cost-effective product.

Our decisions always consider the owners. Another example is the twin bedrooms – some owners who had their master bedrooms updated a couple of years ago are keen to have their second bedrooms updated (and they will be), but we want to ensure all master bedrooms are completed first as these are generally the rooms used by the owners themselves.



## Artwork

During the recent refurbishment of two of the apartments at Chapel Stile we considered the artwork to put in the new apartments. Many people have been very complimentary regarding the artwork in Peel Room which was provided by Kendal College art students. We have therefore asked the College to arrange for some students to visit the apartments and prepare some artwork for both the completed apartments and those yet to be done. We hope you will agree that this is a great way to both support the local area and to obtain some unique works of art.

## Owner Benefits

There was a very interesting comment at our AGM last year about the benefit owners receive from Langdale Owners plc (LOP). As many owners were unable to attend the AGM we thought it worth further comment here.

LOP is owned by its shareholders, all of whom are Langdale timeshare owners. The company was deliberately established so that only owners could be shareholders, meaning that the company would always be run with the interests of the owners being paramount. This is clearly demonstrated with three examples – the management company charge, the Owners Privilege Card and Leisure Club access.

The management company charge a fee for the services they undertake on our behalf (see the earlier article for more details on this). Under our agreement that fee can be up to 15%, but traditionally we have been charged significantly less. In 2016/17 we paid approx. £195,000 less than we might have done.

The Owners Privilege Card is given, by LOP, to all owners and entitles us to discounts on food, drink and spa treatments at different times and different levels. During 2016/17 this saved owners £183,000.

As owners we are entitled to access the Leisure Club, but the good relationship between LOP and LOC members has resulted in owners gaining access without charge. At the time of the buyout in 1996 the advisers suggested that an extra £200,000 could be made by LOP if they charged for entry. Even if this were halved and no allowance made for inflation it would be £100,000 per year.

If we add the three figures quoted above you will see that in 2016/17 owners benefited to the tune of almost half a million pounds, and none of this benefit bestowed by LOP differentiates between shareholders and non-shareholders.



## Accounts

At the AGM last year we were asked about keeping a reserve each year within our accounts, specifically why we don't and if it would be prudent to do so.

The Management Fee covers many things (as explained elsewhere in this edition). There are some things we have to pay, e.g. utility bills, housekeeping costs and maintenance. The balance of the Management Fee goes towards refurbishment. When the fee level is set each year the Committee has in mind the refurbishment they wish to undertake to maintain the standards for owners, but what is actually carried out is flexible. This means that if, for example, a property needs underpinning (as has happened) and significant unforeseen cost is incurred, we can reduce the amount of refurbishment that year to ensure we are not in an overdraft position at the end of the year.

We are also very fortunate to have such a good relationship with Langdale Owners plc and, in the unfortunate event of an unforeseen cost arising at the end of our financial year, could approach them for a short-term loan (as has also happened).

Mindful of the comments of owners, the Committee will give further thought to maintaining a small, but not insignificant, balance at the end of each year to cover unforeseen costs.

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## Respect

It's always heartening to hear all the positive comments owners have about the staff here at Langdale and conversely, we believe that the vast majority of owners treat our staff with the utmost respect and consideration. However, we have recently been made aware that there have been several cases where owners have been quite unreasonable and aggressive with Langdale staff. It goes without saying that such behaviour is unacceptable, whatever the circumstances.

Sadly therefore it is necessary to state on behalf of the Committee of the Langdale Owners Club that abuse of any sort cannot be tolerated.

We believe many of the cases arose due to issues with the start dates for lodge weeks last year. As you may have noticed, 2017 was an unusual year for the start dates for

## Housekeeping 😊

You may have noticed that the smiley faces have returned. When you arrive in your lodge there should be a card, left by housekeeping, with happy and sad faces on. Please take a few seconds to mark the card to reflect how you felt about the housekeeping when you arrived. The cards are both a great way to feedback and also a real motivator for the housekeepers. Every month the happy smiley faces are put in to a draw and a lucky housekeeper receives an extra token of appreciation.

### Electronic Communication

More and more people elect to receive communications electronically as they find it more convenient – they can access the communication almost wherever they are (the top of some of our Fells are not great for this!), they frequently receive things more quickly than via postal services and they can store it without cluttering up their home. If you'd like to receive Views, AGM Papers and other documents from us electronically please send an email to [mags.jones@langdale.co.uk](mailto:mags.jones@langdale.co.uk) or complete the form on the owners' website. You will also be saving the Club some postage costs, so thank you.

timeshare weeks. Normally your start date gets earlier by a day or two each year, but roughly every six years it suddenly moves to a week later. This is of course to ensure that your week stays in the same part of the year: if it didn't happen a week purchased for June would end up starting in April!

Last year the "move back" caught a few people by surprise and we had several instances of people complaining, or even arriving a week early. Our team have done their very best to help people out and it is regrettable that some owners took out their frustrations on staff members. The next "jump back" in start dates will occur in 2023 – you can always check your start date by referring to the Timeshare Calendar which is in the Manage Your Property section of the owners' website.

[langdaleownersclub.org.uk](http://langdaleownersclub.org.uk)

## Constitution

Our Constitution is the document that informs us all, as owners, of our rights and responsibilities. It also guides the Committee in their work. Having been in existence for over 35 years it has proved to be a good and comprehensive document. It has been adapted a little over the years and we recently asked our solicitors to undertake a review to ensure it is appropriate for the foreseeable future.

We will be sending you all details of the recommendations made to update the Constitution and presenting the same for approval at the AGM this year. There is no change to the non-profitmaking structure of the organisation or to the objectives of the Club. We will be proposing to remove out of date clauses which concern how the Club was to be established or the initial duties of the Partnership, bring the document in to line with modern legal practice, to try and make it an easier document to read and ensure it meets the needs of the Club going forward.

Fuller details will be sent to every owner so please look out for these and take the time to familiarise yourself with them.

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## Committee Elections

For those of you considering serving on the Committee, or just interested in how long people have served, we're pleased to confirm the Owner Committee Members and their term of office. Elected members can serve a maximum of three terms, unless they are serving as Chairman, in which case they can serve a fourth term.

If you would like to talk to someone about what's involved in being a committee member, or how you can contribute without being on the committee, please contact [anne.durnall@langdale.co.uk](mailto:anne.durnall@langdale.co.uk)

- Ian Hamilton – Chairman – currently in year 3 of term 2. Current term expires at 2018 AGM.
- Jill Walker – Member – currently in year 2 of term 2. Current term expires at 2019 AGM.
- Kit Bird – Member – currently in year 1 of term 2. Current term expires at 2020 AGM.
- Ian Hamilton has been nominated and will be standing for re-election to LOC at the 2018 AGM.

# Taking the long view

Shared Ownership has been around for many years and for those of us who purchased at Langdale in the early 1980's it seems like only yesterday. I purchased my January week in 1983. At the time, Ian Swanson the sales director, said, "You can return every year until 2062." I have to say, for me, the year 2000 was a long way off, never mind 2062.

You are perhaps wondering what has prompted my reflection on holidays past at Langdale and the potential of holidays future. Well, in the autumn of 2017 I was invited to attend an industry event hosted by Dial an Exchange (DAE). The event brought together resort owners, owner committees and management companies, to share experience and learning.

The views expressed and points discussed prompted thought and consideration of how the industry has evolved, in response to the changes in how we take our holidays and what we expect from shared ownership today.

A topic of discussion was how people are starting to appreciate the value of shared ownership, over the longer term. As you know a core element of shared ownership is the length of ownership at a resort, typically time periods are 15, 30, 80, 99 years, or longer.

What is interesting is that some resorts

have already reached the 15 and 30 year point and have either closed or renewed the resort. The resorts that have longer to run are now starting to deal with infrastructure renewal and major refurbishment, as we are at Langdale.

The experience of owners who have reached the end of their shared ownership, has shown that as they returned to the regular holiday market, they have found that renting equivalent accommodation to that enjoyed for many years is significantly more expensive than expected. In many cases they had found the cost of renting to be 3 to 5 times the cost of the typical management fee for their resort.

The lesson here is that as the years pass the gap between the market cost of serviced holiday accommodation and shared ownership management fees becomes material, in terms of relative value.

Not so much in terms of the re-sale value of the week of shared ownership, but the value of access to use the week at a fee that is highly competitive with open market rentals for similar accommodation.

Indications are that an increasing number of shared ownership owners, having experienced the benefits of shared ownership, over 15 or 30 years are keen to maintain the benefit. DAE reported that their members are seeking to continue

to be members of DAE past the end of their shared ownership, something that not all exchange companies permit. However, DAE utilise this demand to offer competitively priced exchange rentals, on weeks that have been deposited by DAE members but not utilised in an exchange.

Why have I shared these thoughts and observations with you, there are three reasons. Firstly, to alert you to the changing relationship between management fees and the open market rental costs of similar accommodation. Secondly, to make you aware of the longer term benefits and value of being a shared ownership owner. Thirdly, to encourage you to take time to consider how you and your family and friends can benefit from your ownership at Langdale. Directly through visiting Langdale, by utilising an exchange organisation, or renting out your week.

I started out by looking back to 1983, with 35 years of the 80 years of shared ownership at Langdale, already enjoyed. I have to say 2062 still feels a long way off. However, taking the long view; I look forward to many more opportunities to share, with my family and friends, the unique experience that is Langdale

**By Ian Hamilton**

Chairman of the Langdale Owners Club



Enclosed with Views is a flyer from Dial an Exchange who are easing the postage costs in return. The views expressed in the enclosed flyer are not those of your Committee.