

<b>Committee:</b> Housing Management and Almshouses Sub-Committee	<b>Dated:</b> 29 November 2023
<b>Subject:</b> Guest Rooms Review	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	4
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>£</b>
<b>What is the source of Funding?</b>	
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>Y/N</b>
<b>Report of: Executive Director of Community and Children's Services</b>	<b>For Decision</b>
<b>Report author: Liam Gillespie, Head of Housing Management, DCCS</b>	

### Summary

The Housing Division has eight guest rooms for use by residents wishing to accommodate their visitors for short stays; six on Golden Lane Estate and two on Middlesex Street Estate. These facilities were part of the original design concepts for the two estates and were provided due to the high proportion of smaller flats on each site.

A nightly charge is made for the facilities, which is offset against the cost of providing the facilities. At the January 2023 meeting of this Sub-Committee, Members requested that officers review the current provision and consider the affordability of the current charges.

This report summarises the current position and outlines suggestions for a pricing structure, on which Members are invited to comment.

### Recommendation

Members are asked to:

- Note the report
- Approve the proposed pricing structure for the guest room facilities (includes reductions to current nightly rates)

## Main Report

### Background

1. Guest rooms are provided at Golden Lane Estate and Middlesex Street Estate for use by residents, to accommodate their guests for short stays.
2. The rooms are basic and offer beds, en-suite bathroom facilities and 'hotel-room' items such as tea and coffee making facilities. Bedding is currently provided for use by guests.
3. Officers have been asked to review the current provision due to questions around the cost of booking these facilities and the cost to the Housing Revenue Account of operating them. This report is intended to give an overview of the current provision and provide a revised pricing structure for comment.

### Golden Lane Estate

4. Golden Lane Estate's guest rooms are described below. The rooms form part of the original design and intention for the estate, which was built between 1956 and 1962.

<b>Number:</b>	6 guest flats
<b>Type:</b>	3 singles and 3 doubles
<b>Facilities:</b>	Shower/toilet facilities, TV, wardrobe, tea/coffee making facilities
<b>Current cost:</b>	<ul style="list-style-type: none"><li>• £80 per night for a double (Golden Lane residents)</li><li>• £60 per night for a single (Golden Lane residents)</li><li>• £90 per night for a double (Barbican residents)</li><li>• £70 per night for a single (Barbican residents)</li></ul>
<b>Occupancy:</b>	Usage has reduced since the pandemic, however, more enquiries being made and booking are expected to increase.
<b>Users:</b>	85% of bookings are by Barbican residents or leaseholders on the Golden Lane Estate. In 2019/20, only 5 tenants made a booking.

5. The estate is predominantly made up of smaller properties (studios and one/two-bedroom homes) and these facilities were provided for use by residents who wished to accommodate their visitors in the local area. It is not known what the historic pricing structure was, however, it is reasonable to assume that the guest rooms were meant to provide a more affordable alternative to local hotels, as well as being conveniently situated on the estate.

6. The current pricing structure has been in place for several years. Further details about income and expenditure can be found below.

### **Middlesex Street Estate**

7. Middlesex Street Estate was completed in 1972 and two guest rooms were provided for use by residents. These are located on Petticoat Square, on an upper floor on the Harrow Place side of the estate. The facilities are described below.

<b>Number:</b>	2 guest flats
<b>Type:</b>	1 single and 1 double
<b>Facilities:</b>	Shower/toilet facilities, TV, wardrobe, tea/coffee making facilities
<b>Current Cost:</b>	<ul style="list-style-type: none"> <li>• £55 per night (double)</li> <li>• £45 per night (single)</li> </ul>
<b>Occupancy:</b>	Pre-pandemic, 2 to 4 bookings per month, average 3-night stay. The facilities re-opened in September 2023 following full refurbishment.
<b>Users:</b>	Middlesex Street residents only

8. The guest rooms at Middlesex Street were taken out of use for some time as they needed significant refurbishment, this has now been completed and the rooms are back in use. The work included redecorating throughout, installing new flooring and completing repair works to the bathrooms.

### **Financial Information**

9. Financial information for the last five years can be found below. Members will note that the rooms have consistently cost more to provide than they produce in income.

	<b>Year</b>	<b>Expenditure</b>	<b>Income</b>	<b>Total</b>
<b>Golden Lane</b>				
	2021-22	11,471.91	657.58	-10,814.33
	2020-21	29,385.76	2,603.81	-26,781.95
	2019-20	39,639.29	24,394.57	-15,244.72
	2018-19	49,896.27	21,890.68	-28,005.59
	2017-18	9,936.89	28,144.12	18,207.23
<b>Middlesex Street</b>				
	2021-22	1,645.15	845.06	-800.09
	2020-21	4,486.68	17.62	-4,469.06
	2019-20	6,978.65	2,055.20	-4,923.45
	2018-19	6,375.02	6,806.28	431.26
	2017-18	10,683.36	22,189.11	11,505.75

## Considerations

10. The guest rooms currently run at a cost to the HRA. The fall in bookings since the pandemic, coupled with the costs of cleaning and maintenance, mean that they are unlikely to be profitable, however the income in previous years has been significant and has reduced the impact on the HRA.
11. It is unlikely that the rooms were ever intended to support their own running costs. Instead, they were provided as a convenient facility for use by residents, at a reasonable cost, as part of the facilities paid for by the income to the HRA. Amenities provided for resident use are not normally required to make a profit (another example is community rooms).
12. While it is sensible to try to cover the costs associated with laundry and refreshing consumables, it would not be possible for the income to meet other running costs such as utilities, staffing and repairs/maintenance, even if prices were raised significantly above current levels. Laundry costs make up a significant element of the running costs and it has been suggested that a policy could be adopted of residents providing their own bed linen or paying extra for us to provide it upon request. It is suggested that this approach is adopted, at least for a trial period.
13. Usage data shows that the Golden Lane guest rooms are predominantly hired by leaseholders living on the Barbican and Golden Lane Estates. Anecdotal evidence is that the rooms are considered too expensive by many residents, with hotels in the area being priced at a similar level for superior facilities.
14. Bearing in mind that generating a surplus is not necessary, officers have reviewed the pricing structures to make the facilities more affordable, which may encourage more bookings by residents. That, coupled with the refurbishment works on some rooms, may increase interest, and generate more income.
15. While a profit is unlikely, the rooms, if properly managed and maintained, will be regularly used and the demand placed on the HRA minimised as far as possible by the generation of a healthy income.
16. It is clear from usage data that there is still a demand for these facilities from residents and setting the fees at a more reasonable level will likely encourage wider use of the facilities by residents. The facilities are intended to provide a useful and affordable amenity to residents. It is therefore only fair that they are charged at a level that will allow residents to make use of them.
17. The guest rooms are also a useful facility from a housing management perspective, as they can occasionally be used to provide short-term emergency accommodation to residents who are displaced by emergencies, or for respite from major works projects.

## Current Policy

18. The current policy on Guest Rooms states that rates will be set with reference to the cost of providing the facilities. However, given the financial data already outlined, this position will have to be reviewed and the policy reconsidered, as this is not achievable for the reasons outlined above.

## Recommendations

19. On the basis that the guest rooms are intended as an amenity for the convenience of residents of Golden Lane and Middlesex Street Estates, and are not meant to be profitable, it is recommended that:

- the guest room hire rates are reduced to make them more accessible to a wider group of residents living on Middlesex Street and Golden Lane Estates
- Bed linen will only be supplied upon request, for a reasonable additional charge
- Higher rates can be maintained for non-residents (applicable to Golden Lane only)
- The Guest Rooms Policy is revised to reflect this change to the basis for the charges

20. Officers were delegated authority as long ago as 1997 to set pricing for the guest rooms. The terms of that delegation allowed changes of plus or minus 15% to be implemented by officers.

21. Members are asked to approve the rates as follows:

### *Resident rates*

- Golden Lane double: reduce from £80 to £40
- Golden Lane single: reduce from £60 to £30
- Middlesex Street double: reduce from £55 to £40
- Middlesex Street single: reduce from £45 to £30

### *Barbican residents (applies to Golden Lane only)*

- No change to current rates

22. The revised rates represent a reduction of between 25-50% and therefore require Member approval.

23. A further consideration is that a system of concessionary rates could be introduced, for instance for residents in receipt of means-tested benefits. The above rates may still be unaffordable for those on a very low income and

reduced rates could help more residents make use of the guest rooms. Members' comments on this point are welcomed.

## **Implications**

24. Reducing nightly rates for the guest rooms will reduce income to the HRA, if bookings remain at the same level. However, the reduction in nightly rates may encourage a wider range of residents to use the facilities, which it is hoped will mitigate the loss of income.
25. Officers will monitor the income and expenditure and report back to Committee on progress once the new rates have been in place for a reasonable amount of time, to gauge the impact on booking levels and income.

## **Conclusion**

26. Guest room provision on Golden Lane and Middlesex Street Estates has been reviewed. The facilities currently run at a cost to the Housing Revenue Account, however it is unlikely that they were ever intended to break even or make a profit.
27. Instead, they are intended as convenient and affordable facilities for residents, especially those living in smaller homes who wish to have friends and family stay with them.
28. It is obvious that there is still a healthy demand for these facilities, however the nightly rates are potentially too high and have the effect of restricting access to the facilities.
29. Members are asked to approve the proposed reduced rates, which are intended to make the facilities accessible to a wider range of residents living on Golden Lane and Middlesex Street Estates, while still bringing in some income to offset the cost to the HRA of providing the facilities. Income and expenditure will continue to be reviewed regularly.

## **Appendices**

- None

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