

WELCOME

VHMC Members Meeting

April 2015



Welcome & Introduction

About this evening

- Purpose & agenda

About us

- Board composition
- New appointments
- Our goals

about this evening



about us



Director, Operations
Wayne Buckley



Director, Member Relations
Jaz Parmaer



The conductor
Martin Edge (Chairman)



Director
Matt Garvey



Director, Finance
Simon Hirst



Director
Dave Griffith

our goals



1. To manage and maintain Winterthur Way in a **cost effective & sustainable way**;
2. To **maintain the fabric of the estate** to a standard consistent with member expectations;
3. To provide infrastructure, support and services **appropriate to the needs and expectations of members**;
4. To drive the adoption of **new working styles & processes** vital in a technology-driven age (e.g.: on-line issue management);
5. To **protect and grow the value** of members investments by promoting a culture of continuous improvement;
6. To **enhance and protect Winterthur Ways identity and image**, reinforcing its position as Basingstoke's premier residential development.





Building Firm Foundations

Celebrating Success

- Past initiatives

Appointment of New Management Agent

- Our process & the outcome
- Introducing Andrew

Introduction to Chaney's

- Purpose, role & remit
- Observations & Opportunities
- Progress so far
- Q&A

celebrating success



Board Team

Board member contact details:
Contact the relevant board member for any specific issues or concerns relating to VHM.

- Martin Edge, Chairperson VHM
chair@winterthurway.co.uk or martin@winterthurway.co.uk
- Simon Hirst, Director of Finance VHM
finance@winterthurway.co.uk or simon@winterthurway.co.uk

VHMC Directors Meeting

Meeting Details

Date	Time	Venue	ESD/OW Basingstoke
21 March 2015	19:00	Yenar	ESD/OW Basingstoke
Present	In attendance	Absent / Apologies	
• Martin Edge	• John Tazaki (Chairman)	• Joe Farmer	
• Wayne Buckley	• Andrew Cooper (Chairman)		
• Simon Hirst (Phone)			
• Steve Gifford			
• Mark Gifford			

Minutes of Meeting

Date	Description	Action
19:00	Approval of Board Minutes	• None
	The board agreed the minutes of the meeting held on 19 th Feb.	

Home - About Us - Our Roles & Responsibilities

Our Roles & Responsibilities

The board is led by its chairperson, an individual board member who is appointed and segmented into four portfolios with an individual board member appointed by it.

The responsibilities of each role can be accessed below.

- Chairperson
- Director of Finance
- Director of Operations
- Director of Communications & Member Relations
- Company Secretary

What we said...

- ...**design, build and implement a member website** and self-service portal.
- ...introduce **web based e-mail solution** to support member, staff & board communications.
- ...upload VHMC information assets to the member website to **promote open access to information.**
- ...**review governance instruments** to ensure agreed frameworks and policies were consistent with both best practice and member needs and expectations.

What we did...

- Built the Winterthur way website for free.
- We aim to add self service functionality during 2015.
- All directors now use winterthurway e-mail addresses that are published on-line.
- The website is populated with large amounts of historic information.
- All meeting minutes and supporting materials are published on-line.
- Board roles & responsibilities have been defined.
- Key policies have been documented (debt collection, cash management, financial approval limits, H&S, expenses etc).
- We plan to update our articles of association during 2015.

celebrating success



What we said...

- ...**review VHMC expenditure for the period 2012 to date** in order to facilitate the identification of any omissions or errors and identify future cost reduction opportunities.

- ... complete **replacement of all communal lighting** across the estate

- ...listen & respond to improvement ideas put forward by members and residents.

- ... **review and revise the terms of service with our managing agent.**

What we did...

- We have completed an almost forensic review of our cost base and rectified previous errors.
- We have reviewed supplier contracts, including our managing agents, and taken steps to reduce cost without adversely impacting quality.

- Internal lighting across all blocks has been replaced – we plan to complete external and car park lighting replacement during 2015.

- **New signage** adopted estate wide in response to member & residents concerns raised at member & resident meetings.

- We appointed a new managing agent with the a depth and breadth of capability better matched to our needs without increasing out costs.

Terms of Appointment

Section A - Basic Terms



The Client appoints the Agent to be its Agent to perform the Service and the Agent accepts such appointment.

1. Date of this Agreement: 15/12/14

2. 'The Client', Victory Hill Management Co. Limited

Agreement Number: 00000005

3. 'The Property' the subject of this Agreement:

Wetherill Way
Barnstaple
Hampshire
PL22 7PB

securing the right support



The following documentation is available on-line at www.winterthurway.co.uk:

- Request for proposal
- Tender responses
- Tender evaluation report
- Final Contract

Introducing...



CHANEYS

Chartered Surveyors & Property Managers



Accelerating Improvements

The need to improve

- Increasing the value of our homes
- Improving the environment in which we live

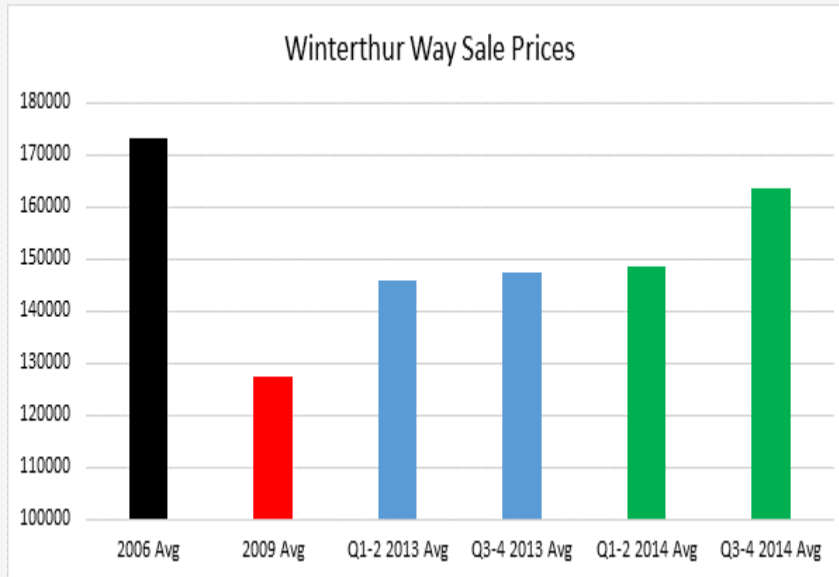
The 2015 improvement plan

- Programme overview
- Current projects (scope, priority, cost & progress to date)

Long term planning

- Summary of concerns
- Planned approach
- Target timeline

The need to improve...



Growing the value of our homes...

- The illustration shows average sale prices from 2006 to 2014 (source: Zoopla)
- The value of our properties has not yet reached pre-recession peaks.
- Sale prices at the end of 2014 were still £10k below original 2006 sale prices on the estate.
- The average selling price of a flat in Basingstoke is £157k (source: Rightmove)
- The sale price falls away sharply as you move out of the town centre (i.e. in the suburbs).

Reducing risk & growing investors returns...

- >75% of properties across Winterthur Way are currently let
- Winterthur way must competes with an increasing number of newer developments
- As at 25th April '15, 61 flats are available to rent in Basingstoke
- The average rent (all property types) in Basingstoke is £841pcm (1 bed x £763 and 2 x bed £911)
 - For flats, the average rent in Basingstoke is £861
 - It takes on average 54 days in Basingstoke to let a property from scratch

2015 improvement plan



Ref	Title	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1501	Estate management (Rules)												
1502	Lease Compliance (Lettings)												
1503	Articles of Association												
1504	First Impressions												
1505	External Appearance												
1506	Long Term Planning												
1507	Self Service												
1508	Site Services												
1509	Bikes & Bins												
1510	MSCP												
1511	Security (CCTV)												
1512	Childrens Playground												
1411	Lighting Renewal												

Winterthur Way
Basingstoke
Hampshire

Project Brief

Project Overview

Project ID	1501	Project Name	Estate Rules
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Short Description

Draft, publish & enforce estate rules consistent with lease requirements and stated board objectives.

Project Governance

Budget	£2,500.00	Sponsor	Jaz Parmar & Wayne Buckley
Approved on	Tbc	Start Date	Feb '15
		End Date	May '15

Project Detail

Purpose & Objectives

- To enhance Winterthur Ways identity and image, reinforcing its position as Basingstoke's premier residential development.
- To create an improved living environment for the residents of Winterthurway.

- 10 projects prioritised for delivery during 2015
- Each project has...
 - a defined scope, approach and timeline for implementation
 - an anticipated cost & corresponding budget / provision
 - an individual board member responsible for ensuring the project progresses as planned
- Project briefs are available on-line

2015 improvement plan



We plan to...	Progress so far...
<ul style="list-style-type: none">...draft, publish & enforce estate rules consistent with lease requirements and stated board objectives.	<ul style="list-style-type: none">Estate rules draft & circulated to all members, residents and local letting agencies Enforcement activity to commence during H2.
<ul style="list-style-type: none">... review, communicate & enforce terms and conditions associated with individual member leases	<ul style="list-style-type: none">Leaseholder obligations included in estate rulebook; additional guidance and new lease holder notification process to be circulated to members during H2.
<ul style="list-style-type: none">... review VHMC articles of association to ensure they are consistent with protecting majority member interests	<ul style="list-style-type: none">Short list of potential updates draft for review; anticipate presenting proposed revisions to members for adoption at AGM (Oct 15).
<ul style="list-style-type: none">...improve visitors first impressions of VHMC by accelerating minor internal and external repairs & renewals.	<ul style="list-style-type: none">Draft specification for improvements to entrance foyers / lobbies under review; short list of “quick wins” (e.g.: updated road markings etc.) identified & target implementation plan being developed.

2015 improvement plan



We plan to...	Progress so far...
<ul style="list-style-type: none">• ...Refresh the external appearance of all properties (excluding MSCP) across Winterthurway estate.	<ul style="list-style-type: none">• Developing formal tender specification for external clean & overdue planned maintenance works; anticipate completing a single block “trial” refresh during 2015.
<ul style="list-style-type: none">• ... Review planned maintenance schedule, confirm anticipated financial impact by block and agree funding approach.	<ul style="list-style-type: none">• Developing detail financial cost model to better qualify impact of planned maintenance requirements; anticipate detail comms with members outlining impact & options during H2.
<ul style="list-style-type: none">• ... Implement self-service (on-line logging of maintenance & repair issues; manage my account)	<ul style="list-style-type: none">• Working with Chaney's to review feasibility and cost of self service tooling.
<ul style="list-style-type: none">• ...Evaluate alternative strategies for the provision of on-site services (cleaning, light maintenance & repairs and grounds maintenance).	<ul style="list-style-type: none">• Vision statement & draft service plan defined; new estate manager appointed; anticipate further progress during H2.

2015 improvement plan



We plan to...	Progress so far...
<ul style="list-style-type: none">• ...review parking policies	<ul style="list-style-type: none">• Currently evaluating options for providing additional visitor parking spaces & driving improving utilisation of MSCP; anticipate proposed policy changes being implemented during H2.
<ul style="list-style-type: none">• ... complete lighting upgrade across external areas & car parks	<ul style="list-style-type: none">• Tender documents issued & revised quotes received for remaining lighting works (MSCP & undercroft car parking); anticipate completion during H2.

long term planning



building infrastructure renewals



Years	Component
25	• Fall Arrest System
30	• Rainwater goods • Windows & doors
35	• Flat Roof
40	• Main Roof • Main Entrance Doors
45	
50	• Rain Screen Cladding • Curtain Walling
55	
60	• Render
60+	• Bargeboards, Fascias, Soffits • Brickwork

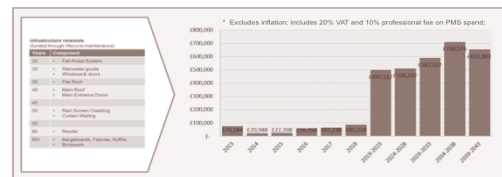
Funded through lifecycle maintenance fund

Key facts:

- Vivid surveyors commissioned to develop planned maintenance schedule (PMS) for winterthruway.
- PMS developed through audit of operations & maintenance manuals and site inspections & surveys.
- PMS will be used to inform & underpin future funding requirement for long term maintenance needs.

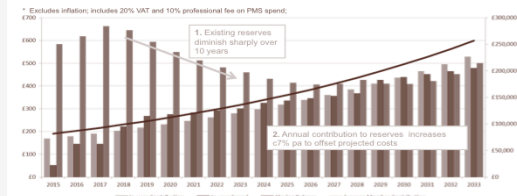
projected PMS infrastructure costs known

building infrastructure cost projections...



- PMS cost projections exclude improvement & hardware replacement initiatives (e.g.: lighting upgrades; heater replacements; CCTV installation etc).
- Forecast PMS spend to exceed £2.5m over 30years
- Significant cost challenges lay ahead - long term financial planning is key

potential impact on service charge



- Member contributions to lifecycle fund will need to increase to mitigate anticipated costs
- Likely c30% increase (c£145 FY14 to £190 FY15 avg); thereafter c7% pa (exc inflation)
- High variation between block charges (due to construction & scale) – more analysis required
- Anticipate long term financial plan being shared with members at AGM (Sept '14)

Planned Maintenance Schedule

- Based on extensive site surveys
- Identified overdue, current and future maintenance needs.

Financial Model

- Based on high level cost estimates
- Identified anticipated service charge impact.

- The planned maintenance schedule is specific to individual blocks
- The cost of maintenance for communal infrastructure will be split across relevant blocks / members
- Cost estimates will be sourced for each major works programme
- Costs will be adjusted to reflect government endorsed planning assumptions (e.g.: inflation)
- Block specific impact analysis will be shared with relevant members at block meetings during H2
- Consolidated feedback & board recommendations will be put forward at H1'16 members meeting
- Anticipate any necessary changes in reserve fund contributions being included from FY'17



Managing our Costs

Revisiting the past

- Summary of FY12 & FY13
- Overview of omissions & errors
- Summary of FY14
- Multi-year impact

Managing our cash

- Policy & current position

Securing our funding

- FY15 collections policy impact

Situation inherited as at November 2013:

- The values shown in service charge accounts did not match VHMC cash position.
- Documentation relating to 2012/13 was either missing or incomplete.
- 2013 budget had been set artificially low.
- The board commissioned forensic analysis of VHMC service charge accounts from 2012 onwards.
- The analysis included reconstruction of balance sheets from raw all available data sources.

Impact on 2012:

- For 2012, VHMC service charge accounts incorrectly reported a net surplus of £12,589.
- Analysis demonstrates the correct value as being **a net deficit of £14,668 for 2012**
- For 2012, the variance in service charge accounts actual v reported was c£27k (>£75 per member).

Impact on 2013:

- Predicated on incorrect reporting, an unrealistic budget was set for 2013.
- The 2013 budget included significant cost reduction targets that were not underpinned by a plan.
- The new board had no opportunity to revise the budget
- Analysis demonstrates **a net deficit of £92,133 for 2013**.
- By the end of 2013, cumulative deficit was £106,801 (>£300 per member).
- In addition, during 2013 planned contributions to lifecycle maintenance funding was cut. This artificially reduced 2013 service charge values and drove additional costs into future years.

Securing our future

- Significant action taken by the new board during 2014.
- A realistic budget set for 2014.
- 2013 redecorating costs of £54,109 taken against reserves.
- Remaining deficit of £52,692 held over into 2014 rather than charging leaseholders.
- 2014 costs aggressively managed – further improvements expected during 2015.
- AFA dispute resolved – financial impact reduced significantly versus expectation.

Key outcomes:

- Actual operating costs during 2014 marginally below Budget for all 9 blocks.
- 6 blocks costs reduced to levels below prior year (2013).
- Total costs for parking during 2014 below both Budget and prior year.
- Total Estates costs for 2014 £65,346 below Budget; up £7,784 on prior year due to a necessary increased in managing agent costs (up by £17,017 to reflect more realistic service needs).
- Exceptional legal costs in support of AFA litigation significantly below budget (due to mitigation).

Cumulative impact to 2014:

- **Prior year deficits absorbed**
- **Net £39,706 surplus returned to leaseholders.**

managing our cash



Cash at Bank 31 st December 2014	<u>£639,591</u>
General Maintenance Funds	£345,574
MSCP Restricted Reserves	£211,561
Service charge refunds due to leaseholders	£ 39,706
Net working capital	<u>£ 42,750</u>
	<u>£639,591</u>

securing funds



	Cuulative Arrears	Variance
Dec 2012	£ 85,777	
Dec 2013	£149,366	+75%
Jun 2014	£230,861	+55%
Dec 2014	£ 64,718	-71%

- Arrears has decreased by 71% over the previous 12 months – lowest position since 2012.
- Active board intervention from June '14 to reduce debtor volume & value (monthly reviews)
- New payment policy agreed for 2015 to simplify collections & debt recovery process
- Payment policy has been well received – most members complied with agreed terms.
- Payment policy was an exceptional measure to mitigate impact of readopting lease compliant payment process – leases requires payment on or before 1st Jan of each year.
- From 2015, the board have adopted a zero tolerance approach to non-payment.
- New legal partner appointed to lead debt recovery efforts.
- All accounts in arrears are now with our legal partner, Boyse Turner.
- VHMC incurs no additional cost for pursuing non-payers – the member in arrears pay all legal costs.



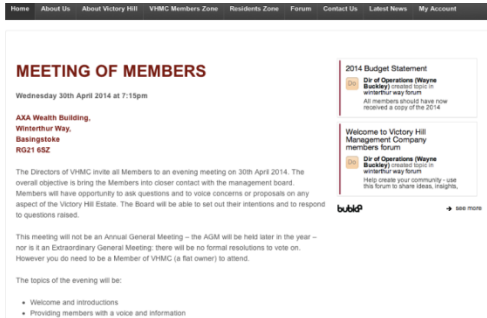
Working Together

Communications plan

- Our approach

Environment

- Estate rules for residents
- Leaseholder obligations
- Compliance & enforcement schedule



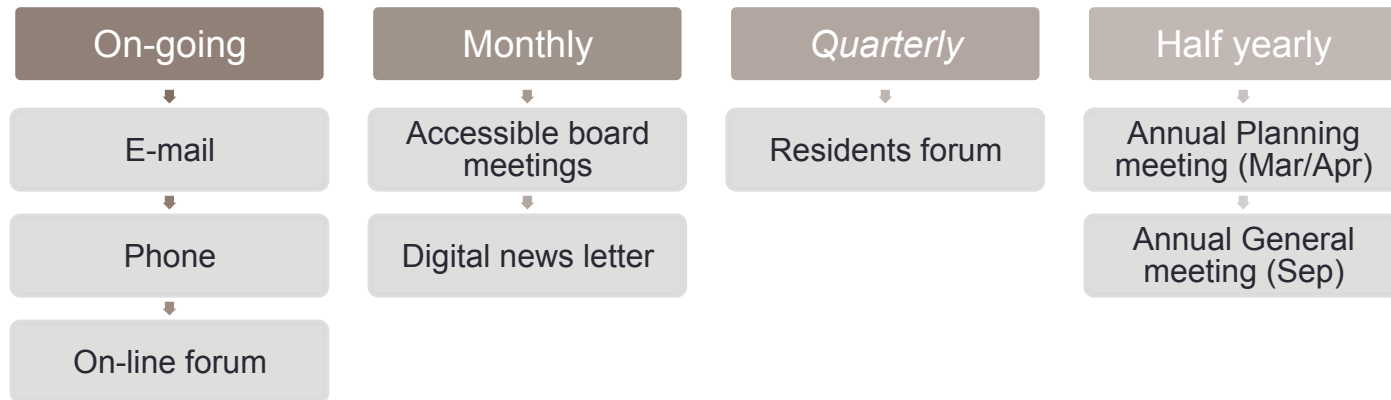
accessible information



frequent conversations



more effective management



building a better environment our new estate rules



Winterthur Way Estate Rules



Victory Hill Management Company Limited

CHANEYS
Chartered Surveyors & Property Managers

Background:

- Developed at request of both members and residents
- Version one created Q1 '15
- Distributed to members, residents and local agents

Key contents:

- Parking
- Bins & Recycling
- Bike Stores
- Balconies and Patios
- Communal areas
- Water & Electric Meters
- Aerials & Satellite TV
- Pets
- Antisocial behaviour
- Drains
- Building Works and DIY
- Fire
- Subletting an Apartment at Victory Hill

building a better environment notification requirements



When...	What...	How...
<ul style="list-style-type: none">If you let your property	<ul style="list-style-type: none">Member numberAgent name & contact detailsAgreement typeAgreement start date & durationTenant name & contact details	<ul style="list-style-type: none">On-line formFee Payable
<ul style="list-style-type: none">If you own a vehicle	<ul style="list-style-type: none">Member numberVehicle registrationVehicle type (make, model, colour)Registered keeper detailsYour allocated parking bay numberName & contact detail of responsible member	<ul style="list-style-type: none">On-line formNo fee payable
<ul style="list-style-type: none">If you keep a pet* <p><i>*excludes pet fish</i></p>	<ul style="list-style-type: none">Member numberType of petDescription	<ul style="list-style-type: none">On-line formNo fee payable

compliance and enforcement



Environment

- Excludes resident and leaseholder registration
- Enforced from 1st May 2015
- Compliance from 1st July 2015 (with penalties)



Resident Registrations

- Includes vehicle & pet registration
- Enforced from 1st July 2015
- Compliance from 1st October 2015 (with penalties)



Leaseholder Registrations

- Includes tenant registration
- Enforcement from 1st October 2015
- Compliance from 1st Jan 2016 (with penalties)

- Non-resident members will be notified of any material rule breaches by tenants.
- Anticipate penalties being raised against members service charge accounts.
- Don't expect many members to receive penalties (i.e.: anticipate high level of compliance).
- All registration processes will be published / made available on-line
- Penalty & registration fees to be confirmed – board recognises this is not revenue raising opportunity!



policy guide water usage



Background – 2012 to 2014

- Individual meters were installed for all flats in Blocks B, C, D, E and F in August and September 2012. In 2013 and 2014 the annual management charge demand included an estimate of the average water charge for each block **with the intention that a debit/credit for each flat would be raised when the actual cost of water for the year for each flat was known.**

Policy for 2015

- For 2015 we separated your water charge from the management charge. The reason for separating the water charge is to make it simpler for Landlords to identify costs of water and to pass them on to tenants if they wish.
- During December 2014 you received two demands: one for management charge (estate, block and parking) and one for advance water charge (£250).

April 2015 Update

- You have now received an adjustment demand/credit which includes adjustments to 31st December 2014 for all management and service charges including water. Specifically for water usage this adjustment takes into account:
 - Accruals for 4th quarter 2012 (hitherto not included in charges)
 - Credits/debits for 2013 based on actual usage
 - Credits/debits for 2014 based on actual usage

policy guide

water usage



Points to note:

- Leaseholders may well ask “*why are we now facing more water charge adjustments going back to 2012?*” And the response is that in previous years there had not been any reconciliation made between the total amount of water supplied to the Estate by South East Water and the total amounts metered by the individual flats.
- Payments by VHMC to SE Water exceeded the amount recovered from Leaseholders. Additionally, allocation of the fixed element of the water tariff had been made incorrectly across individual flats.
- Reconciling water usage by individual flats with water registered by the bulk block meters is an ongoing challenge because the two do not match.
- Calculation of costs of water for each flat now includes an adjustment factor, specific to each block, which reconciles the total volume of water used by all flats (for the year) in each block with the total volume of water recorded on the SE Water bulk meter for the year for the corresponding block.
- Although this adjustment balances the books and is fair to all Leaseholders, ultimately it is unsatisfactory and the Directors are considering options for remedying the situation. Options include negotiating with SE Water for them to adopt the individual meters – although this will require the existing meters to be replaced.