

Victory Hill Management Company Ltd

Board Meeting

Monday 22nd May 2023, 6.00pm – via Teams

Attended by:

- Martin Edge – Chairman VHMC
- Matt Garvey – Director VHMC
- Stewart Smart – Director VHMC
- Jaz Parmer – Director VHMC
- Oliver Kirkham – Director VHMC
- Sarah Morrisen – SPM, Chaney's

Apologies:

- Wayne Buckley – Director VHMC
- Serif Omar – Director VHMC
- James Buckley – HEM, Chaney's
- Lucy BB – APM, Chaney's

N.B. – MG asked if we could deal with any items that require voting first due to having to leave early - agreed

1. Minutes of Last Meeting and Actions Update

- **Embankment clearances** – SM - Updated board on proposal for number of frequencies of embankment clearances. I've spoken to the contractor. He is suggesting a smaller scale clearance every six months which is going to cost in the region about £1500, so £3000 a year.

SM - I have added the projected costings to the financial spreadsheet and I've forecasted it in so you can see exactly how that's going to affect our Y/E budget. It's a case of whether the Board consider this a necessary spend and whether it's a health & Safety issue due to the number of sharps that we're still finding. We need to be showing that we're doing our best to keep the area safe and clear. Whether 6 monthly clearances are going a step too far, we could just take it too yearly.

I'm sure we all agree that spending this month £3000 it is necessary in the context of keeping the site safe and in good condition

ME - So far this year, we're up to halfway through May. Are there any unforeseen items elsewhere on the estate that we've had to cover that we haven't budgeted for?

SM - We know legal fees are going to be over budget and we have seen a 200% increase in electricity costs for Cherry, but we are aware that LCS have been using Cherry for their hoist etc so some electricity costs may be reclaimable.

Agreed – one more embankment clearance middle of July and then yearly from then on. SM has already factored costings of said embankment clearances in the budget forecast.

MG – ensure we cost under a health and safety cost line rather than landscaping.

- **Communal heaters (corridors)** – all fuses have now been removed as per the instructions at the April 2023 Directors meeting
- **Modtec - intercom contracts** – these have been passed to GT (TPG) to ensure that we are getting value for money. LBB is in the process of arranging alternative maintenance contract quotes from 2 alternative intercom providers.
- **JB Leitch – forfeiture proceedings** – GT reached out to Karen Bolland (JB Leitch); it has been agreed that VHMC pay only the disbursement fees of £295.00. Freehold Managers will cover all costs relating to further forfeiture action.
- **Date for reconciliation of bank accounts** – the work that James has done will form a working tool that will continually evolve.

2. Financials & Arrears

- Monthly financial spreadsheet discussed (up to 31/05/2023) – in summary, projected forecast year is a 3.6% overspend
- Arrears – reduction in arrears:

20/03/23 - £579,767.43 (27%)

08/06/2023 - £316,467.58 (15%)

All relevant cases have now been referred to JB Leitch

3. 2021/22 Accounts

- Meeting held with ME/JB/SM/SK(Fortus). All necessary adjustments have been made, reducing overall balancing charges to circa £17,000. Once formally signed off, revised balancing charges will be re-issued to Leaseholders.
- 2022 adjustments are underway – s20(b) notice will be issued to Leaseholders to safeguard against 18-month rule.

4. Homes England Update

SM - I'll start about what's going on site. It's like night and day here with regards to our contractors. Lcs are great and I can't say any better of them. The quality of their work is very professional.

Birch has a 24-hr waking watch because it's considered high risk, particularly because the fire service can't gain access easily to it because of obstruction from the bigger blocks. Sovereign Housing refused a waking watch for their block (A). Bir, Fir, A and G will be funded by Fairview.

The EWS1 forms have now been issued for Cherry and Elm.

JP - I was actually quite astonished. The difference in the way LCS work, their professionalism, they clean up after themselves, it all makes such a difference to the people living there in particular.

MG - have any flats proceeded to sell since the EWS1 certs have been issued? SM - we've had about 5 people in Elm request to sell, but they're all halfway through the sale process, but what we have supplied them on the on the LPE1 form has been accepted.

About additional costs, prospective buyers are aware that there might be some additional fees.

5. Fairview//VHMC Agreement

ME - What I can tell you is that we still don't have, and we still haven't signed an agreement between VHMC and Fairview outlining theirs and our obligations are. But we have moved forward quite a bit with it both parties Solicitors are dealing.

Current issues to be addressed:

Holly – Aluminium or composite decking

External cleaning of Elm

Internal remediation works to inside of flats

Approval of Variation #3

ME - Between the government and their view about exactly what they are obliged to do under their umbrella contract, the conversations with Holmes England are still going on. So, Sarah and I are sitting in meetings and today I've been charged with doing another update of costs and so on with the objective that Holmes England are absolutely right behind VHMC in as much as they can be.

HE and Mott McDonald are assisting us to push back onto Fairview as much as possible re the unfunded costs that we've suffered to date. That means for fire related work like balconies and also for non-fire related works there's a lot going on but there isn't a lot to formally report about the results at this point in time.

I believe that we'll get there in the end because we've got, HE on our side if we can get DHLUC on side as well then I think we've got a good chance. Yeah, I think so too.

Winterthur way is the only project, which is in a hybrid state of funding, meaning that our job started off with Holmes England funding the whole thing and reclaiming it subsequently from Fairview, the developer. That's how it started off, but now we have a situation where our contractor's gone bust. The original contract is now null and void, The developer stepped in and he's finishing off the job.

Fairview are committed under the government contract to remediate to the standard of the original contract.

And certainly, in the background I feel that Fairview are doing what we want them to do without officially saying they're going to do what we want them to do. So, it will all pan out, but it's going in the right direction, so we'll see. We don't yet know what the difference would be if Fairview say it's aluminium and we say we want composites. So how much, financially we are no clear re this.

We are absolutely not opening this bargaining conversation with Fairview until we've got clear decision from government on as to what they're responsible for.

The point is that the leaseholders should not be 1 cent out of pocket at the end of this job because all of the work that has had to be done has been had to be done because either the fire engineer required it, or the building inspector required it. So, none of this should come back at the leaseholders. All of it has to go back to Fairview, including the.

Of the original 1500 pounds, demanded from leaseholders for balcony works etc, that's going to get thrown back at Fairview as well. Yeah. We're not going to waive from that position unless some clever lawyer shows us why we should waiver. Yeah, so it's an ongoing fight. But as we said, relationships are good and onsite works well.

ME confirmed a general update has recently been put out to Leaseholders via Facebook and the WW website, nothing has been heard and nothing has changed re the position with Stanlil, and the project continues to move on without them.

When the info is to hand, the final Stanlil account will be put together. That will determine what HE funds have been received by VHMC which subsequently will be payable back to HE.

Things continue to move forward at a pace with Fairview and their contractors LCS who have been working well and efficiently. ME has now received a signed copy of the Developer contract with HE, but the definition of exactly what remedial work they will do is not specified – ME is discussing exactly what they will do for Elm, Cherry and Holly. ME/SM are working with them re façade cleaning, balcony defects, planting etc for Elm block.

For Cherry block, they have the materials and works have started.

Program from LCS shows Cherry as being completed in 10 weeks (from last week) so expected date July 2023.

All previous suppliers (apart from the scaffolders) have confirmed they will not be returning to site. LCS are well equipped and have professional contractors to use instead. They have a public relations employee who manages interface with Residents.

Holly – we not seen a programme to date but recall a previous mention of 26 weeks which takes us to the end of the year. Hopefully, these timeframes will be bettered.

The transfer of BAPA from Stanlil to LCS is still in progress.

Fairview are seeking to minimise costs, and at present we have not had clarity regarding the standard and detail regarding works. The Govt contract only requires Fairview to remedy fire related work to a B1 standard (Stanlil remedied to A1). Are Fairview going to do what VHMC want, which is to remediate to an A1 standard? Currently Fairview have indicated that the replacement balconies to Holly will be aluminium, not the composite, which was in the Stanlil contract, they have indicated that if they install composite to the balconies, it will be at an additional cost to VHMC. ME has asked HE to give clear clarification as to what standard Fairview should be remediated to. Are Fairview obliged to complete work in line with our previous contract? VHMC need clarification regarding this.

Stewart asked what if Fairview will not remediate to A1 – ME said Leaseholders would have to pay, BUT Gove has legislated regarding leaseholder protection.

Regarding Fairview's proposal to remediate the balconies using aluminium – ME has bought time

ME has prepared an estimate of costs incurred to date which we could present to Fairview. Fire protection to structural steelwork - £210K, Gutters and parapets - £ 55K, further delays done to comply. Total IRO £ 579K spent but not yet recovered

So, when asked for (say) 80k for balcony material, we can ask 'what about the £ 600K?

Birch and Fir – nothing to update at present.

6. Review of Reserves and Bank Accounts

SS asked what about interest on MSCP – JB said we will account for that.

MG – asked how come Elm reserve funds are depleted – JB – due to the failed ins claim.

SS asked RE £1500 contributions – some of the work billed here was not fire related so potentially does not need to be refunded to Leaseholders.

MG asked RE Elm block – do LH's / sellers know about large reserve fund hole in Elm? JB - No – only board so far.

ME explained that Leaseholders in Holly have paid out contributions but have seen no benefit so far. Will take while to sort out.

7. Fairview Forecast

Covered above in cladding update.

8. Elm insurance Claim

Analysis distributed to all Directors prior to meeting.

SM - You see the conclusion is that there's a cost difference of £1785.60 and I propose that Chaney's cover the cost of the difference.

MG - Why would Chaney's cover the difference rather than Martin?

SM - Because I think that professionally I should have got a second quote.

I was the one that authorized the works, not Martin. This was my error. The way that I would see it, Matt, is that we would reduce, for our next management fee quarter to cover the cost.

MG - I proposed that we take the mean of comparison one and two Yeah.

Directors agreed to this approach.

9. AOB

ME – need to get back to scenario where we can bill 2021 charges.

We need Fortus' feedback on 2021 balancing charges and how charge them.

Progression of the 2022 accounts asap and issue the S20b notice – ask GT for advice.

The meeting was called to a close at 7.40pm