

Welcome

Winterthur Way Leaseholders Meeting

25th March 2024

Agenda

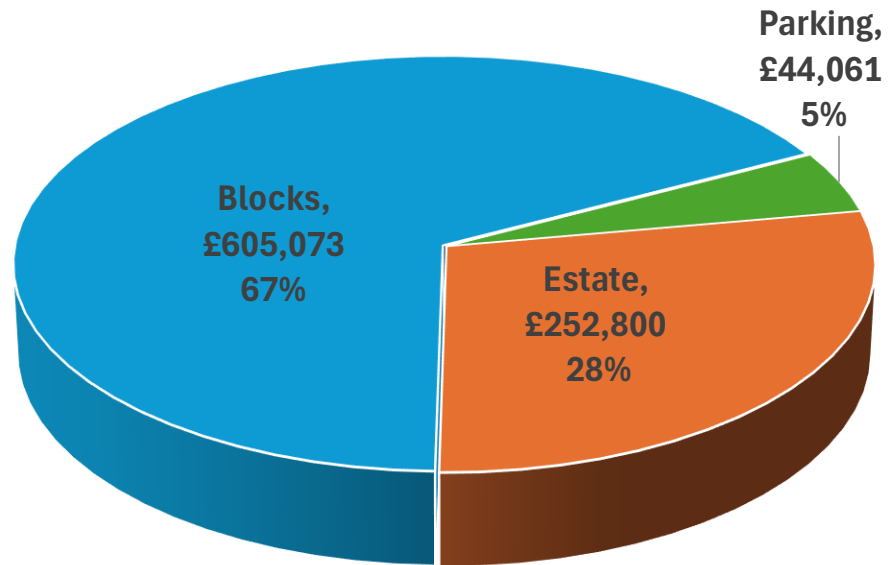
To address the following concerns put by some (*circa*. 20) leaseholders:

1. A desire to return to face-to-face meetings with transparent and verifiable voting
2. The reasons for the (2024) service charge increase and efforts to reduce costs
3. The option of paying the service charge in instalments
4. Concerns the site doesn't seem well maintained given the high charges
5. Opportunities for new members to join the board at the meeting
6. Difficulties selling properties - a) Service charges have reached a level that mortgage lenders consider problematic and b) The performance of the managing agent has also made selling difficult
7. Lack of communication and seeking of leaseholder views

- 1. A desire to return to face-to-face meetings with transparent and verifiable voting**

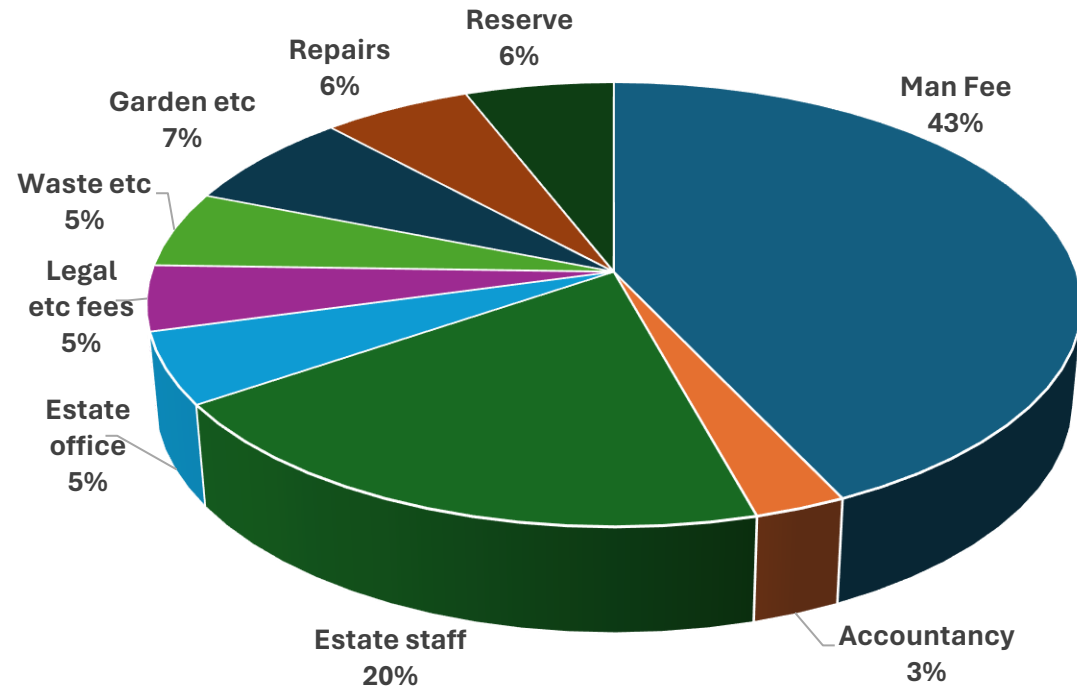
2. The reasons for the (2024) service charge increase and efforts to reduce costs

Winterthur Way Overview of Costs



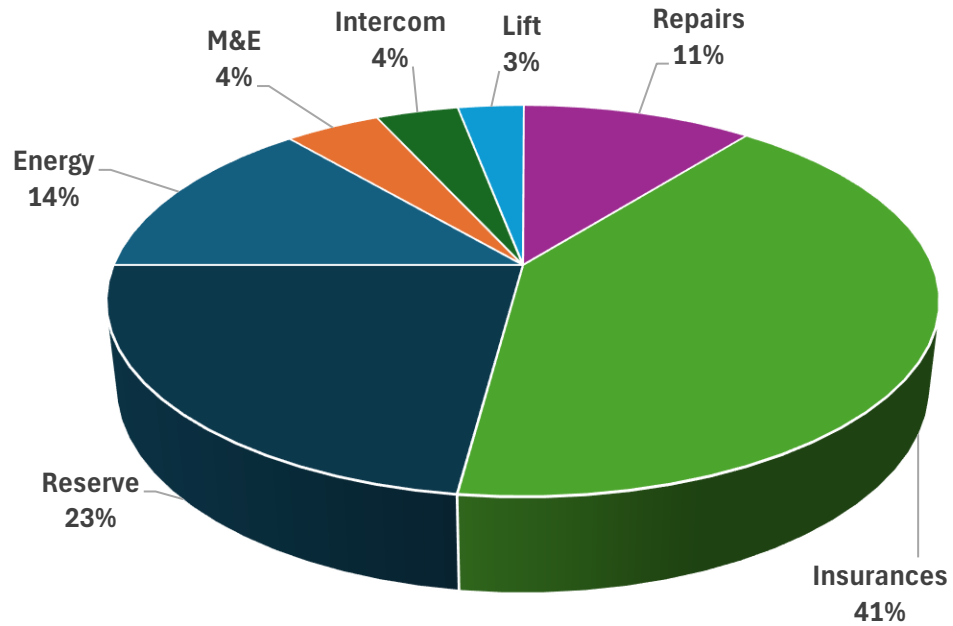
Estate	£	252,800	
	£	252,800	28%
Birch	£	80,000	
Cherry	£	124,608	
Holly	£	148,367	
Elm	£	122,655	
Fir	£	74,729	
Willow	£	17,833	
Oak	£	6,805	
Yew	£	10,037	
Maple	£	20,039	
	£	605,073	67%
MSCP	£	39,943	
U/Croft	£	3,548	
Surface	£	570	
	£	44,061	5%
	£	901,934	100%
378	units	£ 2,386	average

Estate Costs



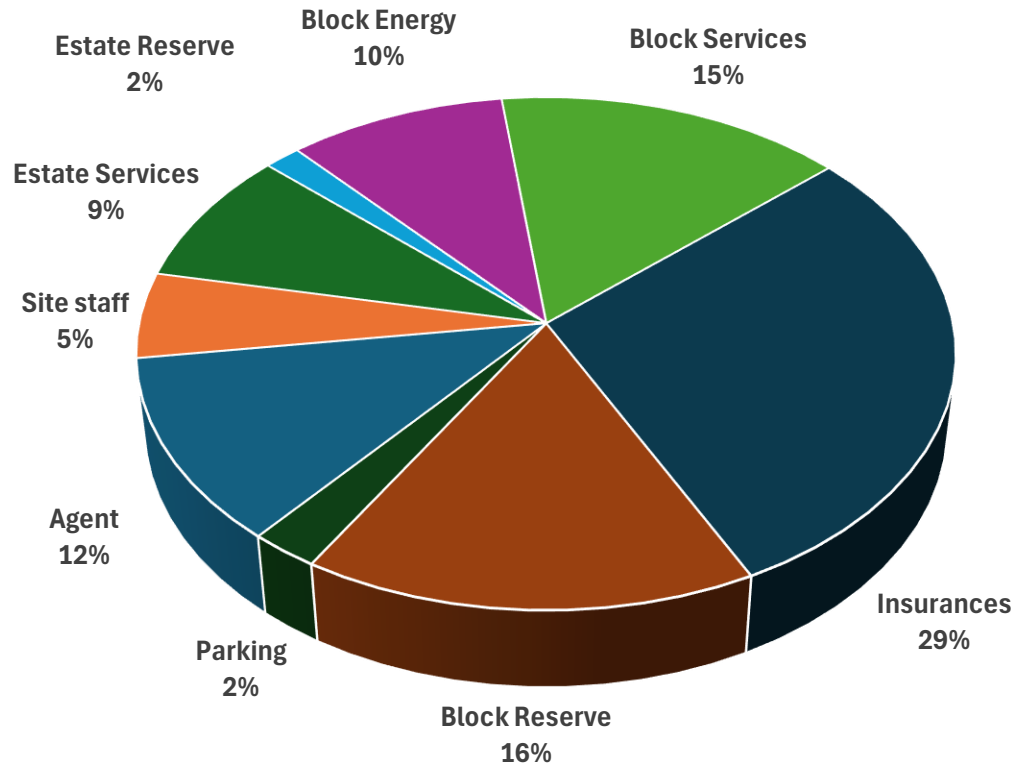
Typical Annual Estate Costs	Total	Each	%
		378	
Man Fee	£108,600	£287	43%
Accountancy	£7,000	£19	3%
Estate staff	£50,000	£132	20%
Estate office	£13,200	£35	5%
Legal etc fees	£12,000	£32	5%
Waste etc	£14,000	£37	6%
Garden etc	£18,000	£48	7%
Repairs	£15,000	£40	6%
Reserve	£15,000	£40	6%
Total	£252,800	£669	

Block Costs



Typical Annual Block Costs	Total	Each	%
		76	
Energy	£18,000	£237	14%
M&E	£5,800	£76	4%
Intercom	£5,000	£66	4%
Lift	£4,000	£53	3%
Repairs	£14,000	£184	11%
Insurances	£54,200	£713	41%
Reserve	£30,000	£395	23%
Total	£131,000	£1,724	

Typical Leaseholder Service Charge



Typical Leaseholder Service Charge

Agent	£287
Site staff	£132
Estate Services	£210
Estate Reserve	£40
Block Energy	£237
Block Services	£379
Insurances	£713
Block Reserve	£395
Parking	£60
<hr/>	
	£2,453

Reserve Fund

		Estate Charges All (378)	Block B Birch (50)	Block C Cherry (76)	Block D Holly (96)	Block E Elm (76)	Block F Fir (50)	Block W Willow (9)	Block X Oak (3)	Block Y Yew (3)	Block Z Maple (11)	MSCP Res LH (110)
Balance as per 2020	263,214	6,556	14,140	49,642	42,716	8,324	34,648	17,252	12,222	15,527	18,621	43,565
Collected during 21	162,319	15,000	16,537	24,310	28,665	26,250	17,364	4,134	2,342	2,205	5,512	20,000
Adj costs billed to RF	(121,021)	(36,818)	(29,842)	(5,552)	(12,044)	(4,441)	(28,940)				(1,284)	(2,100)
Charges to leaseholders	248,000			76,000	96,000	76,000						
Non HE Eligible Exp 2021	(50,247)			(15,398)	(19,451)	(15,398)						
Adjusted balance at YE 2021	502,265	(15,262)	835	129,002	135,886	90,735	23,072	21,386	14,564	17,732	22,849	61,465
Collected during 22	163,786	15,000	17,364	25,526	30,308	27,563	18,232	4,341	2,342	2,322	5,788	15,000
General RF expenditure	(49,827)	(25,544)		(6,636)	(3,483)	(3,036)	(1,294)	(2,816)	(2,374)	(1,268)	(1,266)	(2,110)
Charges to leaseholders	124,000			38,000	48,000	38,000						
Non HE Eligible Exp (Stanlil) 2022	(558,319)			(171,098)	(216,123)	(171,098)						
Non HE Eligible Fees 21-22	(13,069)			(4,005)	(5,059)	(4,005)						
Provisional 2022 Res Balance	168,836	(25,806)	18,199	10,789	(10,471)	(21,841)	40,010	22,911	14,532	18,786	27,371	74,355
Spent during 2023	(59,027)	(26,447)	(4,372)	(4,915)	(1,052)	(21,775)	(292)	(53)	(23)	(23)	(76)	
Contributions 2023	275,927	15,000	18,232	26,802	32,126	134,091	19,144	4,558	2,459	2,438	6,077	15,000
Est Balance of Reserves at 31 Dec 2023	385,736	(37,253)	32,059	32,676	20,603	90,475	58,862	27,416	16,968	21,201	33,372	89,355
Estimated Contributions 2024	158,050	15,000	18,232	47,947	58,836	(21,145)	19,144	2,000	2,459	2,000	6,077	7,500
Spent during 2024 (to date)	(45,856)			(2,285)	(2,886)	(2,285)	(38,400)					
Est balance at 31 Mar 2024	497,929	(22,253)	50,291	78,339	76,552	67,045	39,606	29,416	19,427	23,201	39,449	96,855

Insurances

£248,717 Building Insurance
 £5,768 Engineering Insurance
 £552 Public Liability Insurance
 £451 Directors Liability Insurance

£255,488
 28.3%

Property Value & Coverage Limits	Building Characteristics	Claims History	Deductibles, Coverage Options	Provider and Policy Terms
<ul style="list-style-type: none"> The value of the property and the desired coverage limits for property damage and liability protection significantly impact insurance premiums. 	<ul style="list-style-type: none"> Factors such as the location, age, construction materials, occupancy type (e.g., residential, commercial), and safety features (e.g., fire alarms, sprinkler systems) influence insurance premiums. 	<ul style="list-style-type: none"> A history of insurance claims, including the frequency and severity of past incidents, can impact future insurance premiums. 	<ul style="list-style-type: none"> The chosen deductible amount and the scope of coverage options (e.g., additional endorsements, umbrella policies) affect insurance costs. 	<ul style="list-style-type: none"> Different insurance companies may offer varying premium rates and policy terms, so shopping around and comparing quotes can help find the most cost-effective coverage.
<ul style="list-style-type: none"> Unable to influence? 	<ul style="list-style-type: none"> Unable to influence? 	<ul style="list-style-type: none"> Unable to influence? 	<ul style="list-style-type: none"> Option to place greater burden on individual leaseholders who have to make a claim? 	<ul style="list-style-type: none"> Limitations on ability to contract with alternative providers due to lease restrictions?
<ul style="list-style-type: none"> Increase excess for all claims? Amend deductibles to absorb more of the risk within VHMC? 				

Utilities

£104,477

£10,000

£250

Electricity

Waste Management

Water and Sewage Charges

£114,727

12.7%

Consumption Volume	Tariff Rates	Energy Efficiency Measures	Waste Management Practices	Water & Sewage Infrastructure
<ul style="list-style-type: none"> The total volume of each utility consumed by the property, influenced by factors such as the number of units, common area usage, resident behavior, and efficiency of appliances and equipment. 	<ul style="list-style-type: none"> The rates charged by utility providers, which can vary based on factors such as time of use, consumption tiers, demand charges, and contract terms. 	<ul style="list-style-type: none"> Investments in energy-efficient appliances, lighting, HVAC systems, and water fixtures can reduce utility consumption and lower costs over time. 	<ul style="list-style-type: none"> Recycling programs, waste reduction initiatives, and proper waste segregation can impact waste management costs by reducing landfill fees or qualifying for rebates. 	<ul style="list-style-type: none"> The condition and efficiency of water and sewage infrastructure, including pipes, pumps, and treatment facilities, can affect consumption and maintenance costs.
<ul style="list-style-type: none"> Timebound services such as heating, lighting etc? 	<ul style="list-style-type: none"> Market scan for alternative lower cost provider? 	<ul style="list-style-type: none"> Revisit energy efficiency measures; disable heating, disable communal sockets etc? 	<ul style="list-style-type: none"> Refuse to remove abandoned bulk waste? Charge individual owners or blocks? 	<ul style="list-style-type: none"> Unable to influence?
<ul style="list-style-type: none"> Review all appliances wrt requirement and efficiency? 				

Administrative Cost

£108,600

£8,000

£200

-£2,727

Management Fee

Estate Office Costs

Management Company Expenses

Adjustments (interest, MSCP contribution)

£114,073

12.6%

Fee Structure	Size and Complexity of Property	Scope of Services	Staffing Levels and Salaries	Technology and Software	Office Space / Overhead
<ul style="list-style-type: none"> The fee charged by the property management company, which may be based on factors such as a percentage of rental income, a flat fee per unit, or a combination of both. 	<ul style="list-style-type: none"> Larger properties with more units, amenities, and common areas typically require more administrative resources and may incur higher management fees. 	<ul style="list-style-type: none"> The range of administrative services: maintenance, financial reporting, and legal compliance etc., influences the overall cost. 	<ul style="list-style-type: none"> The number of administrative staff employed by the management company, their qualifications, and wage rates contribute to administrative expenses. 	<ul style="list-style-type: none"> Investments in property management software, accounting systems, communication tools, and other technology solutions can impact administrative costs. 	<ul style="list-style-type: none"> Costs associated with leasing office space, utilities, insurance, office supplies, and other overhead expenses related to running the estate office.
<ul style="list-style-type: none"> Renegotiate fee? 	<ul style="list-style-type: none"> Unable to influence 	<ul style="list-style-type: none"> Reduce services; seek volunteers from leaseholder community to assume key responsibilities? 	<ul style="list-style-type: none"> Employ less experienced / capable staff? 	<ul style="list-style-type: none"> Invest more in technology and tools to mitigate admin overhead? 	<ul style="list-style-type: none"> Close office. Move to a remote operation?

Repairs

£64,470

£15,000

£1,745

General Repairs

Estate Repairs

Electrical Repairs

£81,215

9.0%

Property Condition	Type and Severity of Issue	Quality of Materials & Workmanship	Response Time and Urgency	Contracted Services	Preventative Maintenance
<ul style="list-style-type: none"> The age, condition, and quality of the property's infrastructure, including buildings, common areas, and electrical systems, influence the frequency and extent of necessary repairs. 	<ul style="list-style-type: none"> The nature and severity of repair issues, such as routine maintenance tasks, wear and tear, damage from accidents, or equipment failures, affect repair costs. 	<ul style="list-style-type: none"> The use of high-quality materials and skilled labor for repairs can contribute to longevity and reduce the likelihood of recurring issues, impacting repair costs over time. 	<ul style="list-style-type: none"> The speed at which repair requests are addressed and the urgency of addressing critical issues, such as safety hazards or disruptions to essential services, can affect repair costs. 	<ul style="list-style-type: none"> Outsourcing repair tasks to third-party vendors or contractors may involve fixed costs, variable costs, or service-level agreements, depending on the nature of the repairs. 	<ul style="list-style-type: none"> Investments in preventive maintenance programs, regular inspections, and proactive repairs can help minimise the frequency and severity of repair issues and reduce overall repair costs over time.
<ul style="list-style-type: none"> Unable to Influence 	<ul style="list-style-type: none"> Invest more in proactive maintenance? 	<ul style="list-style-type: none"> Amend quality to mitigate recurring issues? 	<ul style="list-style-type: none"> Leave things broken for broken to get synergies in repair cost? 	<ul style="list-style-type: none"> Add more partners to preferred contract list? 	<ul style="list-style-type: none"> Spend more.

Maintenance

£24,311	Intercom System
£17,730	Lift maintenance
£8,012	Water Booster Pump Maintenance
£6,287	Water Tank Cleaning & Testing
£3,479	AOV/Smoke Vent Maintenance
£3,110	Barrier Maintenance
£1,985	Lighting Repairs & Maintenance
£1,728	Mansafe System Maint/Testing
£1,505	Aerial & Satellite Systems
£1,260	Website Maintenance
£800	Lightning Protection Maint'
£696	Dry Riser Testing
£300	Street Lighting Maintenance
£200	Emergency Lighting Maintenance
£174	Dry Riser Maintenance
£100	Fire Safety System Maintenance

£71,677

7.9%

Maintenance

Age & Condition of Equipment	Usage Intensity	Complexity of Systems	Manufacturer Specifications	Contracted Services
<ul style="list-style-type: none"> The age, condition, and reliability of the equipment influence the frequency and extent of maintenance required. Older equipment may require more frequent repairs and replacements, leading to higher maintenance costs. 	<ul style="list-style-type: none"> The frequency and intensity of use of equipment, such as elevators and parking barriers, affect maintenance needs and costs. High-traffic areas may require more frequent maintenance to ensure smooth operation and safety. 	<ul style="list-style-type: none"> The complexity and sophistication of systems, such as intercoms or lighting controls, can impact maintenance costs. More advanced systems may require specialised expertise and parts, leading to higher maintenance expenses. 	<ul style="list-style-type: none"> Adherence to manufacturer recommendations for maintenance schedules, procedures, and parts can affect maintenance costs. Failure to follow recommended maintenance practices may result in premature wear and more frequent breakdowns. 	<ul style="list-style-type: none"> Outsourcing maintenance tasks to third-party vendors or contractors may involve fixed costs, variable costs, or service-level agreements. The terms of maintenance contracts and the quality of service provided can influence maintenance expenses.
<ul style="list-style-type: none"> Unable to influence 	<ul style="list-style-type: none"> Ask people to use the stairs; reduce frequency of barrier use (open car park during daylight hours?) 	<ul style="list-style-type: none"> Replace existing intercom system? 	<ul style="list-style-type: none"> Invalidate warranties by adopting alternative maintenance schedules? 	<ul style="list-style-type: none"> Adopt novel contracting approach?

Cleaning

£49,851 Estate Cleaning Staff
 £5,000 Cleaning Supplies
 £2,395 Window Cleaning

£57,466
 6.4%

Size and Complexity	Frequency	Level of Cleanliness	Type of Surfaces	Staff Costs	Equipment and Supplies
<ul style="list-style-type: none"> Larger properties with more complex layouts may require more cleaning time and resources. 	<ul style="list-style-type: none"> The more frequent the cleaning schedule, the higher the cost. 	<ul style="list-style-type: none"> Higher standards of cleanliness will necessitate more intensive and frequent cleaning, impacting costs. 	<ul style="list-style-type: none"> Different surfaces / materials may require specialised cleaning products or methods, affecting costs. 	<ul style="list-style-type: none"> Staff costs are influenced by wage rates and staff efficiency. 	<ul style="list-style-type: none"> Costs for cleaning equipment, supplies, and maintenance can impact the overall budget.
<ul style="list-style-type: none"> Unable to reduce number and scale of individual blocks or floors? 	<ul style="list-style-type: none"> Reduce frequency? 	<ul style="list-style-type: none"> Reduce specification? 	<ul style="list-style-type: none"> Unable to change the surfaces / materials? 	<ul style="list-style-type: none"> Outsource? Reduce average salary cost? Reduce hours worked? 	<ul style="list-style-type: none"> Source from lower cost supplier?
<ul style="list-style-type: none"> Outsource cleaning (anticipate significant uplift in cost unless offset by reduced frequency / standard) Adopt self-cleaning of individual block floors (i.e.: only clean lobbies with low frequency cleaning of other areas) Reduce responsiveness to incidents (i.e.: allow problems to persist longer) Reduce specification (hoover, don't polish etc) Source supplies from alternative supplier Other ideas? 					

Professional Services

£10,000	Legal Fees	£26,350 2.9%
£7,003	Accountancy Fees	
£6,264	Professional Fees	
£2,500	Estate Risk Assessment	
£250	Corporation Tax	
£220	Bank Charges	
£100	Surveyors Fees	
£13	Annual Return	

Professional Services

Scope	Expertise	Service Delivery Model	Compliance	Market Rates
<ul style="list-style-type: none"> The breadth and complexity of services provided by professional firms, such as legal or accounting services can significantly impact costs. 	<ul style="list-style-type: none"> The level of expertise and qualifications of professionals involved, including their experience, certifications, and reputation, can influence service fees. 	<ul style="list-style-type: none"> Whether professional services are provided on an hourly basis, through retainer agreements, or project-based arrangements can affect overall costs. 	<ul style="list-style-type: none"> Compliance requirements with legal and regulatory standards governing property management, such as tax laws, zoning regulations, and lease agreements, may necessitate professional services and associated costs. 	<ul style="list-style-type: none"> Local market conditions, including competition among professional firms and prevailing rates for similar services, can influence service fees.
<ul style="list-style-type: none"> Abandon attempts to recover funds from Fairview / Homes England? Take more risk by not seeking legal guidance when required? 	<ul style="list-style-type: none"> Use less experienced, less skilled resource? 	<ul style="list-style-type: none"> Change the contractual basis on which work is delivered? 	<ul style="list-style-type: none"> Unable to influence. 	<ul style="list-style-type: none"> Off shore professional services?

Grounds Maintenance

£16,810

£2,730

£1,500

£1,368

£500

Landscape Maintenance

Estate Staffing Costs

Planting - Replacement/Renewal

Pest control

Gritting salt

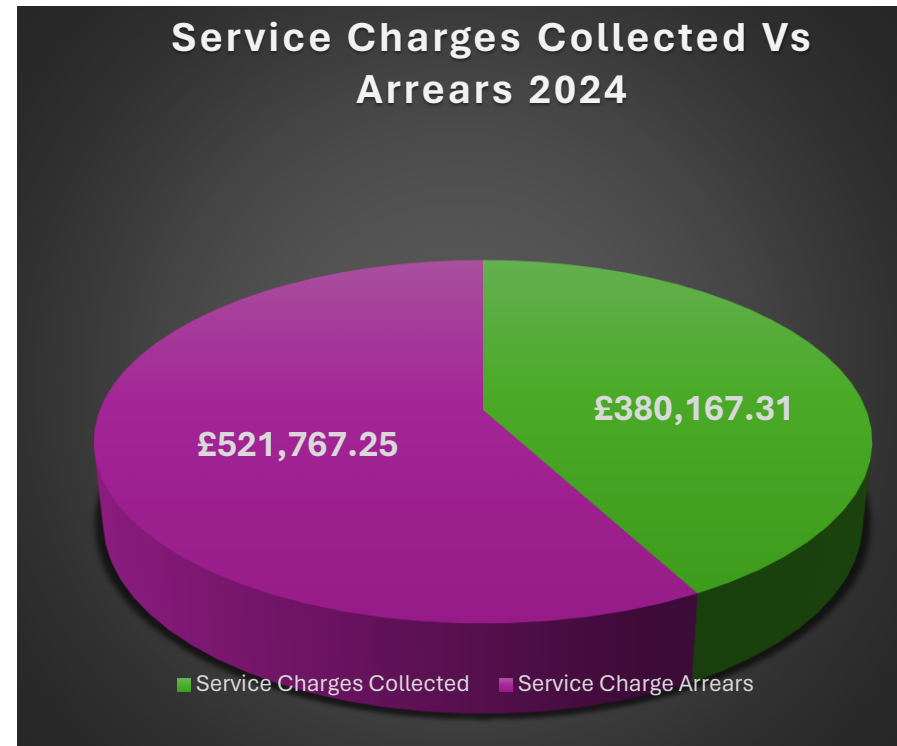
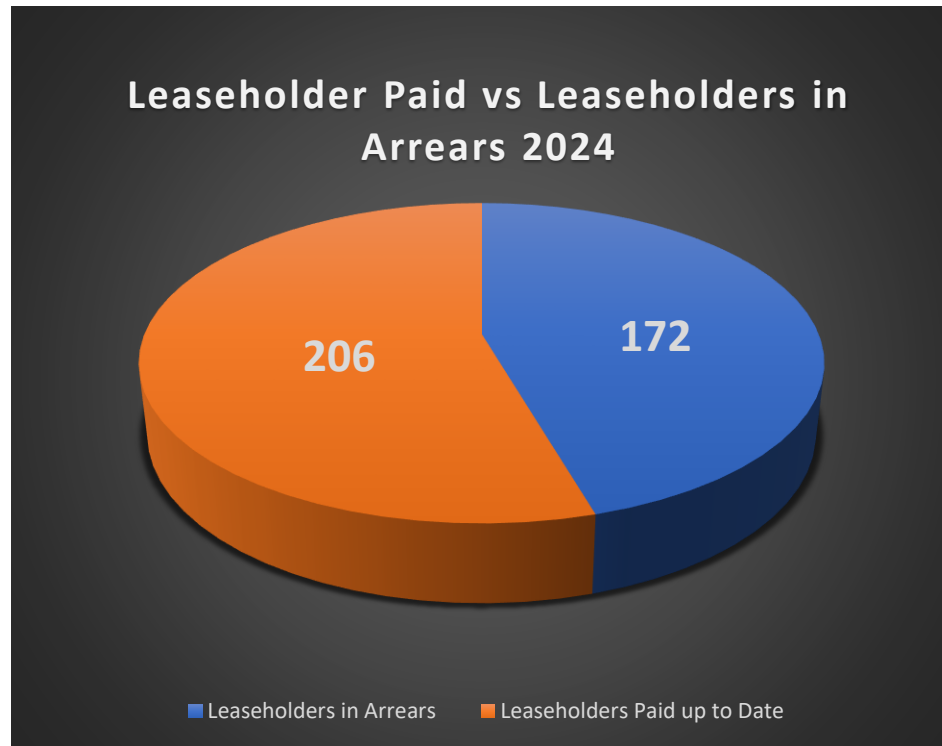
£22,908

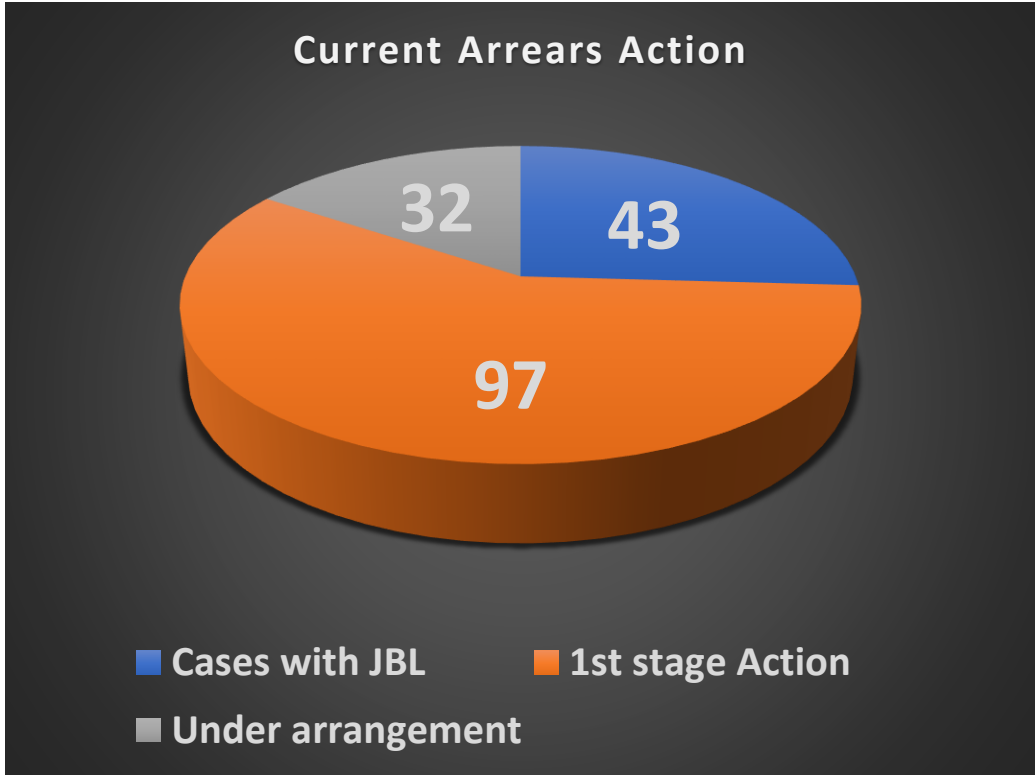
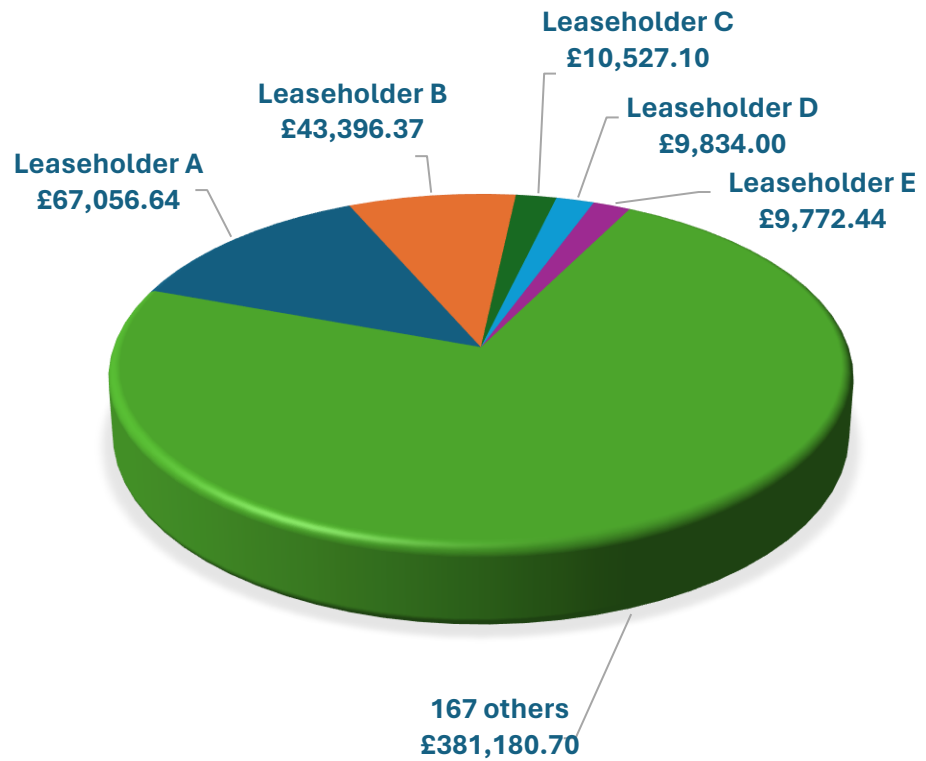
2.5%

Frequency	Pest and Weed Control	Plant Selection and Care	Equipment and Materials	Labour and Productivity	Seasonal Variations
<ul style="list-style-type: none"> The frequency of maintenance visits, such as weekly mowing, seasonal planting, pruning, and pest control treatments, affects overall costs. 	<ul style="list-style-type: none"> The presence of pests, insects, and weeds requiring control measures, as well as the chosen methods and frequency of treatments, can influence costs. 	<ul style="list-style-type: none"> The selection, installation, and care of plants, including their size, variety, and maintenance needs, affect landscaping costs. 	<ul style="list-style-type: none"> The cost of specialized equipment, tools, fertilizers, pesticides, mulch, soil, and other materials required for landscaping and maintenance tasks contribute to overall costs. 	<ul style="list-style-type: none"> The cost for skilled landscapers, gardeners, and technicians, as well as their efficiency and productivity levels, influence maintenance expenses. 	<ul style="list-style-type: none"> Maintenance requirements may fluctuate seasonally, with increased needs for services like snow removal, de-icing, and winter protection measures during colder months, impacting costs.
<ul style="list-style-type: none"> Let the grass grow? 	<ul style="list-style-type: none"> Abandon pest control? 	<ul style="list-style-type: none"> Remove plants? 	<ul style="list-style-type: none"> Source from alternative suppliers? 		<ul style="list-style-type: none"> Control the weather?

3. The option of paying the service charge in instalments

Leaseholder Arrears





VHMC Cash Situation March 2024

VHMC Cash Reconciliation March 2024

<u>Cash Reserves</u>	Actual	Notional	Shortfall
Current A/C	£516,929	£743,950	-£227,021
Reserves A/C	£123,923	£543,782	-£419,859
MSCP A/C	£192,270	£192,270	£0
Homes England A/C	£473	£534,360	-£533,887
Linked Fire Alarm A/C	£0		£0
	£833,595	£2,014,362	-£1,180,767

Debtors

Leaseholders arrears		£521,767
Claims on HE/Fairview		£659,000
		£1,180,767

- 4. Concerns the site doesn't seem well maintained given the high charges**

5. Opportunities for new members to join the board at the meeting

Parveen Kapoor

and

Mark Allen

6. Difficulties selling properties –

- a) service charges have reached a level that mortgage lenders consider problematic and**
- b) the performance of the managing agent has also made selling difficult**

7. Lack of communication and seeking of leaseholder views

Conclusions