

## ASHWORTH MANSIONS

MINUTES of the General Meeting of the Company, held on Wednesday the 21<sup>st</sup> of June 2017, at 7.15pm at St Peter's Church .

**Present:** J Cave  
M Clements (Chair)  
C Greeves  
G Greeves  
P Yuzda (Director)  
T Lee  
R Marais (Director)  
B Nicklin  
C Nuttall (Director)  
N Parker (Director)  
A Parker  
T O'Callaghan  
K Williams (Director)

**In attendance:** Tahlia Barnes – Kinleigh Folkard & Hayward

### **1 – Vaults**

Keith Williams introduced the vaults project. Mr Williams is an architect and is in his role of Director, involved in the maintenance of the estate.

Stiles Harrold Williams are acting as consultant surveyors in this project. In addition to this they were asked to review the five year maintenance plan of the estate in order to assist the Board when planning finance, the sequence of works and timescales of projects.

The Board has a general policy of arranging a chunk of reserve funds per annum to go towards major works project and to avoid lessees being hit with large maintenance bills.

Currently the terraces to the gardens and the interior redecorations/refurbishment projects are in the background due to the complexity of works required to the vaults.

The current vaults work is to the Grantully Road elevation and the vaults are underneath the five entrance bridges, running parallel with the front gardens.

The Grantully Road vaults are in a worse state of repair to those on the Elgin Avenue elevation.

All entrance bridges from the pavement to the building entrances support the mains electricity supply to the buildings. Work to this area cannot proceed until the electricity company/UK Power Network, replace cabling.

Consultation has been ongoing for some time due to the negotiations with UK Power Network. There are also gas and water supplies in these areas. However, the technical specification has now been resolved.

Five contractors were invited to tender for the works, but three declined. The two companies who have returned their tenders have both worked previously with Stiles Harrold Williams. Those declining stated they were very busy, or that the work was too fragmented/risky for them in that there were so many parties involved.

Mr Williams met with one of the contractors along with a structural engineer, and an electrical engineer. They were asked to do further work on their method as when the bridges are removed, access to and from the building is required 24/7. The same meeting will be carried out with the second contractor.

It is anticipated that work will take approximately 24-30 weeks to complete, depending on the contractor chosen.

The project should be funded from reserves but will use up most of it. The approximate figure is £267,000 - £273,000 plus associated fees and UK Power Network's costs which are approximately £30,000. The work will cost approximately £400,000 in total.

A similar exercise will then need to be repeated on the Elgin Avenue side.

The question was raised on whether the work will affect individual lessee's planned work within their property. There may be a load limit on any temporary bridge structure (to be confirmed), but in principle there is no reason why residents should be affected or stopped from carrying out their usual routine/planned works.

The tops of the bridges will be resurfaced and the old bricks replaced. There is a cost allowance for this in the tender, but the Board is open to lessee's views on this. It was proposed that three or four sample finishes would be shared if lessee's wished. Those at the meeting were invited to supply photos and suggestions of preferred finishes.

On discussion the view of the meeting was that they would be in favour of spending a bit more in order to bring the building up to the standard of others in the area and in maintaining its features and history.

As part of this work a gas engineer needs to check if the mains supplies underneath some of the bridges are live or not. In order to do this they will need to access flat's gas meters. KFH have given the caretaker a brief tick box survey for affected lessee's to respond and return ASAP.

The meeting gave a vote of thanks to Keith Williams for his time and work in this project.

## **2 - Leases**

Renee Marais was given a vote of thanks for her work on this.

Ms Marais addressed the meeting and provided an update on the current position regarding lease extensions, which has turned out to be a hugely complex issue.

Whilst lessees have more than 80 years remaining on their lease tenors there is sufficient time for extending their leases. Most of the leases run for 125 or 150 years from 1983. They are currently unaffected by marriage value, which would increase costs considerably (this would occur if the length of the leases drops below 80 years).

The approach is to extend the tenure and refresh the lease document, with it remaining the same as the current document but just updating it with more relevant clauses regarding noise etc.

Lessees would need to have their own legal opinion on their own tax liability.

AML Board has no desire to generate a profit from the lease extensions and the principle is to extend the tenor of the amended leases at the lowest possible cost for lessees that are shareholders. However, the solicitor's advice has been that if AML charged as an example £1000 per extension (for associated legal costs) they would be at risk of HMRC levying a tax charge. This would be based on the difference between the £1000 paid and the actual 'arm's length' worth of the lease extension (as a guide this is generally 1% of the overall value of the property). The tax would have to be paid by AML and the risk is too high to ignore this potential liability for the freehold company. There was much feedback from attendees at the last AGM on this issue and the board is of the view that it is very important to ensure that clarity is obtained on this issue.

The Chartered Institute of Taxation will shortly be publishing an article in this regard. Unfortunately until the article is published it cannot be viewed without the consent of HMRC. It is hoped that this article should provide guidance and advice on the basis to make a decision regarding the tax implications for AML of the lease extensions, which should then enable the Board to provide shareholders with an anticipated cost and draft lease for consultation. Lessees retain their statutory right to request a lease extension of their existing lease at any stage and which would be done based on prescribed procedures.

It was also noted that the issue of the price for sale of shares to Lessees who are not shareholders currently would be affected by the cost of the lease extension and that the simple Net Asset Valuation as previously applied had to be reconsidered. Until this was resolved the board felt it imprudent to sell shares.

### **3 – Communal Water Tanks**

Christopher Nuttall introduced the current water situation and Keith Williams provided some history and background to this.

Flats are served by either the mains water direct from the street, the communal mains water booster system, or the original communal water tanks, or in some cases, a combination of these.

The communal water tanks are costly to maintain (approximately £4500 per maintenance visit), and lessees are requested to join the mains booster system. This should also improve the water pressure within the properties.

In the early 2000's during the major works programme, it was evident that the communal water tanks were in poor condition, as was the associated pipework. This resulted in an increase in leak related claims on the buildings insurance policy.

A mains booster system was installed and feeds from the mains and distributes water around the blocks.

In each of the light wells to the rear of the blocks, there are dropper mains pipes and spurs. A valve and dial was fitted in each flat in the kitchen. The dilemma at the time was that it was impossible to design a system for the layout of each flat, as these have been changed and varied over the years.

If all lessees connect to the mains booster system, the old water tanks can be decommissioned.

AML has fulfilled its duty under the terms of the lease, by providing the connection to enable each flat to connect to the new system.

Currently Mr Nuttall is working with KFH to collate previous responses in order to confirm which properties are still connected to the old tank system, with a view to advising the lessees of these properties to connect to the mains booster system within the next twelve months, after which time it is likely that the old water tanks will be decommissioned.

Advice and assistance will be provided to lessees who are unsure as to which system they are connected to.

#### **4 – Site staff**

A vote of thanks was given to David and Mustafa for their help and support to residents.

#### **5 - Any other business**

- a) Website – information is regularly added to the website.
- b) Email contact – lessees can request that correspondence is issued to them by email (from KFH). However, there are some documents that legally have to be sent by post. Anyone wishing to opt for email correspondence should contact KFH directly.
- c) Fire safety – an updated fire risk assessment was carried out today. The assessor's recommended action plan will be sent to all lessees and current residents as a matter of priority when available.
- d) Budget – shareholders were invited to comment on any items they feel should be included and budgeted for:  
Block entrance doors/soft closers are currently being looked at. All doors were serviced by a carpenter/joiner earlier this year and have improved in the short term. The reserve funds were fixed a while ago, however, an update of the cyclical maintenance plan is currently underway and may impact on this.

- e) CCTV – quotes were previously received and there were mixed views from the contractors as to what type of system would work best.
- f) Gardening – the current gardening company is being monitored following what is felt to be a sporadic performance so far. There has recently been a site meeting with the owner of the company which resulted in the promise of closer management of his operatives. This will continue to be reviewed and monitored.

A vote of thanks was given to the Board for their ongoing efforts and hard work.

There being no other business the meeting closed at 8.55 p.m.