

Chelsea Bridge Wharf Residents' Association (CBWRA) Minutes – 11 April 2021

Attendees:

Chairperson: Stephen Thompson (ST)
Treasurer: Charlie Garton-Jones (CGJ)
Company Secretary: Catherine Thomé (CT)

Alexander Minakov	(AM)	Building representative for Oswald and Horace
Hasher Marouf	(HM)	Building representative for Oswald and Horace
Jean Dornhofer	(JD)	Community liaison
Mike O'Driscoll	(MOD)	Building representative for Warwick and research
Natalia Nyudyurbegova	(NN)	Technology
Patrick Savage	(PS)	Building representative for Centurion
Susan de Laszlo	(SDL)	Building representative for Howard
Toby Spoerer	(TS)	Building representative for Lanson and technology

ST welcomed everyone to the first CBW Resident Association (RA) meeting.

It was agreed that the meeting would be transcribed for accuracy and transparency. MOD offered to recommend someone he had worked with personally and charged a reasonable rate. ST thanked all committee members for stepping up to play an active role and stated that everyone was entitled to an equal say and vote in deciding the priorities of the RA. There is not yet a building representative for Burnelli. All agreed with MOD's suggestion that an initial residents' survey was important and appreciated his offer to draft it.

JD enquired whether the RA had any budget. ST confirmed that it did and that CGJ would speak about it further later in the meeting. He briefly explained that the budget stemmed from member subscriptions which Rendall and Rittner (R&R) managed. It was not clear which residents were members and he hoped to update the list of members via an outreach in June. TS added that Chris from Garton-Jones had been signing up all new tenants into the RA and collecting the £10 annual fee as well which meant that tenants as well as owners were paying membership fees.

ST then announced he had some good news to share. He has been in close contact with Richard Daver, R&R's managing director for several weeks. Despite a number of residents' frustration with R&R, Richard had been responsive within the parameters of what he was able to do. The discussions have been about the fact that Berkeley Homes should have been paying for the "fire warden night patrol" over the last couple of years. The good news is that Berkeley Homes have agreed to refund £450,000 to the residents of the development and that this has been confirmed by Richard in writing. CGJ confirmed this would represent a refund of approximately £370 per property as there were currently around 1100 properties. RA members congratulated ST on this achievement which he credited to a collective effort and the pressure that many had been applying on R&R for some time. CT enquired about the timeline for the refund and ST subsequently confirmed R&R intended to do this in July.

The discussion then moved to issues regarding maintenance and ST extended an open invitation for anybody who would like to get involved, or has experience, or contacts with regards to any of the big projects the development is planning. ST introduced PS who has a lot of experience with regards to properties and property management generally. ST and PS have been working with R&R to come up with some proposals with regards to the ponds, which are a big budget item as well as the aesthetics of the fountains.

PS said one of the issues was that R&R called many maintenance articles within budget and as a result offered no information on the tendering process. As an example, he referred to an issue with the carpet costs which NN and TS are familiar with where there had been two quotes and R&R selected the cheaper quote although the two quotations were not comparable. In addition, this was being considered at the same time as a replacement programme - it was unclear why R&R were cleaning and replacing at the same time.

On the matter of the ponds, R&R have tendered to two companies. One quotation, from Triflex seems to add 10% in consultant fees. The other quotation is not relevant. Triflex may be a fantastic product to line the ponds with, but it is only guaranteed for 10 years and therefore not good value for money. PS advised that the RA research the ponds costs thoroughly and do not sign off on the current quotation.

PS suggested the ponds could be replaced by getting an architect to design something beautiful that required less maintenance. CGJ said that Berkeley Homes would not agree to this and had in the past claimed that the ponds were an essential feature of the development. The RA could only replace the ponds once it owned the freehold.

ST summarised that the management company had been left to its own devices without any robust oversight for approximately 15 years and that the plan going forward was, with PS's help, to intervene and propose alternative quotations, starting with the fountains and the intercom system. ST said they would circulate the information for RA members to have a look at and to comment on. In the new spirit of transparency and cooperation, the management company will be asked to provide the RA with quotes which the RA will scrutinise.

JD enquired when R&R's contract up was for renewal. NN said she believed Berkeley Homes would be reviewing it in May. ST explained that Berkeley was their employer, technically, and that RA would not really have any say until it obtains the Right to Manage and be in a position where it owns the freehold which would realistically take a couple of years. Until then he suggested it would be best to strive to have a collaborative and positive relationship with R&R whilst diligently questioning expenditure.

The RA then discussed the matter of insurance costs. ST called on PS who has a lot of experience and understands the way that the insurance market works and said that commissions, premiums and back-handers were common practice.

CGJ reminded everyone that there were different insurances at CBW because there are different landlords. For example, L&Q insurance have 20,000 properties spread across the UK but one single policy and charge every leaseholder the same premium. Warwick residents are fortunate to only pay around £200 a year with L&Q. Howard residents pay over £700 per flat as the premium does not benefit from the same L&Q subsidies. Oswald, Eustace, Centurion, Horace and Howard are all insured by Fairhold Artemis.

CGJ explained that Berkeley Homes' policy was a useful benchmark because they still owned the freehold and get the insurance for Lanson and Hawker and work in a similar way to L&Q, getting a policy for their entire estate which generally consist of high rises in London. They do not take large commissions because they are a FTSE 100 company and would not risk tainting their public image. CGJ suggested that RA compares both premium per square foot to demonstrate that Fairhold are more expensive, he noted that if it ever went to a tribunal on that basis the RA would win.

The RA then moved on to discuss a potential accounting audit which would require a vote once further information had been circulated. ST said it was established there were concerns with the way in which R&R operates, has operated and where money has been spent. ST expressed his personal view that the RA should question costs. One proposal is to work with an accountant who understands the methodology of management companies accounting processes and would teach interested members of the committee the language of the accounts, with a view to then being able to spot problems or concerns, which is hard to do at the moment with the way the management accounts are presented. ST said another option would be to instruct a firm to undertake a management audit and that a document had been circulated prior to the meeting which summarised the best of the accounting quotes. This came to £42,000 and another discussion would be needed about funding it.

NN clarified that this firm would need to question costs rather than solely check accounting accuracy. She suggested using the Battersea Power Station (BPS) development where a committee member has a flat as a benchmark and see if they are successful in recovering any money. The committee member explained that the audit had reached an advanced stage with the first part of the audit which cost £40,000 and that the dilemma faced was whether to continue to the next stage which was £70,000 to then pursue a legal route to recover money.

SDL queried how the RA could fund this. ST replied he would personally be reluctant to spend this much but that it would be funded by some form of outreach to residents to make contributions which would not be ideal. ST said he was looking for consensus from the committee on this. JD commented that an audit would not be a good way of having a close and collaborative relationship with R&R and suggested that the strategy mentioned earlier of "looking over their shoulder" and questioning spending would be more effective.

ST agreed that the RA's diligence was more likely to generate the sort of returns the RA would potentially see on the insurance, similarly to the fire warden night patrol refund, and that a forward looking approach would be more positive in terms of the outcome than the backward looking approach. MOD reminded everyone that some members had been fighting these battles with R&R for years and that their ability to respond and improve was very limited. He was doubtful R&R would become more transparent and effective. CGJ reminded the RA that it would only truly be able to take control when it obtained the Right to Manage (RTM) and took over the freeholds for the buildings, but that this would take another couple of years. He suggested that for now we focussed on potentially considerable savings such as the insurance which was within the reach of the RA.

CGJ proceeded to discuss the finances of the RA and started with some background information. He explained that in 2011 the association did a RTM to allow the leaseholders to take control. Although it won in court the landlords then won their appeal on a technicality due to poorly drafted legislation. In summary, because the car park extends below all the structures of the leasehold buildings, it means they are not properly divisible in the legal sense,

so RTM did not technically, necessarily apply. The association did not have the funds to appeal the decision however one part of the settlement enabled it to levy a £10 voluntary annual fee on leaseholders and as a result the RTM now has £26,000 in its accounts which is available to the RA to spend as it sees fit.

CGJ said the first large item of spending was the CBW mobile application which costs £7000 a year, which is most of the annual £8,500 annual income from the landlords' £10 fee as some had opted out. He felt that now that the RA was proving effective in getting refunds, it could justify asking for more. He explained that R&R currently collected £10 once a year and suggested that it could be collected twice a year which would bring £16,000/£17,000 and enable the RA to do more. MOD expressed his view that although doubling the subscription would not be unjustified, the RA would need communicate with residents first. CGJ said the earliest this would start would be June 2022. ST clarified that adequate notice would be given and that residents could choose to opt out.

ST brought the conversation back to the forward looking accounting approach whereby the RA would work with an accountant who could teach interested RA members the language of the accounts and enable the RA to spot items to question or get alternative quotations on before R&R spends the money. ST referred to another quote which had been circulated from an accounting firm which PS has worked with in the past and has offered to give advice at a reasonable cost. ST said there was a third option which was discarded straight away as they wanted to charge several hundred pounds for an initial call alone. ST concluded by saying RA members would receive a pack on the accounting audit options and that a vote would then take place.

ST then moved on to discuss community issues such as road safety and parking which he and JD had in contact about and keen to address as they felt that it was important for the RA to help develop a spirit of community in a pleasant and safe environment, not just reduce costs. ST and JD would liaise further with Battersea Police and the Wandsworth Community Body that deals with matters that are of interest to Wandsworth residents. The key focus is the behaviour of the motorists in the area and why Chelsea Bridge does not have any speed cameras, and the Burger Van's location given the additional development in the area. JD added that she hoped once COVID-19 allowed it the RA could host regular social events in order to further develop the community spirit. ST said he would work with MOD to create a survey so the RA can understand what residents are interested in and what they want to get the community and the committee to focus on.

He handed over to MOD to speak about the perennial concern that is the way in which we are given information about our service charge and how difficult it is to understand. MOD explained that at ST's request in February he had put together a document for R&R highlighting what the problems were with the billing system and how major items were unclear such as the monthly or quarterly service charge amount. He added that to date Richard Daver had not responded but that a meeting was scheduled toward the end of April. He invited committee members to share examples of their service charge statement as the format varied from building to building.

NN suggested that the budget for each block should clearly breakdown the amount each flat paid towards items such as insurance, lease, or carpet cleaning. ST said he understood from PS that these accounts were produced by a limited number of software companies. He said MOD and he would request some sort of executive summary cover sheet in bright colours with

pie charts that addresses NN's points and also breaks the numbers down into the sort of monthly fees which MOD said residents want to see. MOD said he would try to get R&R to create a more sensible format and mentioned instances of residents who were in serious arrears because they could not work out the monthly outgoings. NN said some residents did not receive the electronic bills, that some would prefer hard copies and that she had been told by R&R they would charge for this.

As the meeting neared the end, ST brought up the strategy goal with CGJ had started on with RTM and plans for freehold ownership years ago. It should be helpful to CGJ and lawyers to have an effective residents association that represents the interests of all the residents, with its own database and its own app. CGJ added that a he had heard from a senior civil servant that parliamentary time has been set aside in April 2022 for leasehold reform which was very positive even though it may take a couple of years before legislation is voted.

In closing, ST reminded committee members that as representatives of CBWRA they should communicate with R&R in a professional manner. MOD mentioned that R&R had recently been taken over by a Swedish venture capital firm and that the impact of this was as yet unclear. ST invited all members to circulate information about matters of interest to the RA and thanked everyone for joining the meeting and for their contributions.