Admiral House

Dear Member,

Newport Road Maintenance Limited (NRML) / Admiral House

Directors' report - June 2018

It has been another challenging year for the Board working hard on the issues relating to the condition of the render of the building. You will have already received the stage one Section 20 Consultation documentation relating to this work. We can assure you that we have and will continue to take action to repair any urgent issues.

Since issuing the first stage Section 20 Consultation documents it has been difficult to get contactors and structural engineers to consider the work, however we now have 4 opinions, including a member's company for the Board to consider. At our last meeting, based on these reports, we concluded that we should focus on patching the cracks in the render and paint rather than undertake complete replacement. While a final decision has yet to be made this is currently our preferred option. We are also investigating the opportunity to install expansion joints, again by way of professional advice, to minimise future cracking.

While this approach will still be expensive, it will be significantly less than stripping all the existing render for an entirely new application. We will be in a better position to discuss the situation at the AGM in September. We will also need to determine the time scale for the second stage Section 20 Consultation documentation (statement of estimates).

The building is operating well with the onsite management team led by Karl; however, we have had significant issues with the car lifts this year to date.

Financial report on 2017

Each year NRML estimates what it will cost to run and maintain the building and car park in the coming year. This estimate is set as the budget and this amount is then collected from leaseholders via the service charge. At the end of each year, if the actual amount spent is more than the budget, an additional 'balancing charge' is made to leaseholders to collect the difference. If the amount spent is less than the budget then a refund is made to leaseholders.

During 2017, NRML spent £18,323 more than budgeted (approximately 5% over-budget). £13,660 of the sum relates to the building and £4,663 of this relates to the car park. Due to this overspend you will find an invoice for an additional balancing charge included within this communication. Also included are the financial statements for NRML, showing how the service charge was spent in 2017.

The main reasons NRML spent more than budgeted relates to:

- Building Water Rates: Leaseholders do not pay individually for water - the total amount used by the occupants of the building is charged to NRML and passed on via the service charge. During 2017, Welsh Water replaced a faulty meter that had not been giving accurate consumption readings. As a result of this, our water bills have increased significantly which has caused circa £15k overspend.
- Building Professional Fees: As part of the Section 20 Consultation to investigate the issues with the building's render, a number of consultants have been engaged to provide their professional opinions on the best approach to resolve this. This has resulted in approximately £8k overspend.
- Car Park Lift Repairs: Significant repairs and maintenance were required to keep the car lifts operational during the year. These unexpected costs caused approximately £6k overspend.

The Directors of NRML have considered the £9,600 professional fees spent to investigate the building's render. Because these are related to the Section 20 Consultation and are not part of the running or maintenance of the property we have made the decision to fund these from the buildings reserve fund but to be later included in the Section 20 Consultations costs rather than include them within the balancing charge invoices for 2017. This reduces the amount invoiced to you but also reduces the amount in the reserve fund to pay for potential future major repairs or refurbishments.

For 2018, NRML has increased the budget by 2.9% to cover expected increases in running and maintenance costs. The Directors and WPP continue to work to ensure that best value for money is obtained for all necessary spend at Admiral House.

For more information please contact WPP who will be able to assist.

Phil Parry, one of our Directors stood down from the Board late last year, I would like to take this opportunity to express my thanks for his hard work and the personal help and support to me during my time as Chair. There is an appointment process to follow should you wish to serve as a director however interested parties to replace Phil can apply through WPP.

I would like to personally thank all Board members for their due diligence in managing the company on your behalf.

Please join us for the Annual General Meeting of Newport Road Maintenance Limited in the Mercure Hotel on 17th September – further details will be provided in due course.

Yours sincerely

Emrys Davies (Chair) on behalf of the Directors