Admiral House, Cardiff
(Newport Road Maintenance Ltd)

20.06.2023

All leaseholders

Admiral House (Newport Road Maintenance Limited - "NRML")

Dear Member,

As you will no doubt be aware, over the last year, the Board has been attempting to organise a full-scale render repair project, but that this has been delayed due to Covid and then last year's fire safety enforcement notice and now additional requirements emerging from Welsh Government.

You will know that after a considerable time we issued a Section 20 Notice to collect funds for the Render Project, having agreed a specification and selected a contractor. We are mandated to have all funds available before formally issuing the contract as NRML is made up of self-funding Members where the Board has NO borrowing authority.

As we were collecting funds from Members for the Project two unforeseen events occurred. Firstly, the winning render contractor withdrew their quotation because they believed this was no longer profitable. This stopped the project until another contractor could be engaged. Secondly, the Fire Service inspected Admiral house in line with the latest Fire regulations after Grenfell Tower. Following inspection, an Enforcement Notice was issued for mandatory work to be completed over a very short period.

The Board was left with no choice with Covid in full swing other than to suspend the Render Project and after consulting Members to use the funds available for Remedial Fire Safety work. The vast majority of Members agreed with this approach when consulted last year. This is important as we could all have been subject to legal action that would have put the Directors, Members and property in a very difficult position.

ALL the known Fire Safety work is reaching a conclusion as WPP and the on-site team have been working closely with the Fire Service and the existing enforcement notice has been removed. However, due to the building's history, having been converted from offices to apartments, there are further fire safety requirements currently under consideration by the Welsh Government and the SW Fire Service which we will also need to comply with when concluded. We expect that further enforcement notices will be forthcoming.

Following Grenfell, Welsh Government were provided with Funding from Westminster to resolve Cladding issues. While Admiral House does not suffer from cladding issues, Welsh Government wants additional Fire Safety measures implemented across all high-rise buildings. Their initial response has been that Developers must cover the cost; however, the developers of Admiral House and the original freeholder went into receivership many years ago.

The Board has notified the Government Officials of this and accepted a Welsh Government authorised survey of Admiral House. The results of the survey are currently unknown, neither are any remedial actions nor who will cover these costs. The Board is monitoring the situation and lobbying to have any future worked covered by the Welsh Government as well to recover some of the costs that we have already spent. However, at this time there is absolutely no guarantee that any funds will be forthcoming.

Given the potential for further expensive fire safety works and considering the financial difficulties that many Members are experiencing following Covid, with high inflation and mortgage rates, the Board, has determined to continue to hold the render project for at least 12 months or until there is some stability in financial markets, wages and inflation and more is known about the expected additional fire safety works.

The building remains structurally sound. The render project is to improve the appearance and longevity of the fabric of the building. While this project is on hold Members can be assured that any leaks and repairs necessary will be resolved urgently to minimise any further deterioration and disruption to leaseholders and tenants.

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Year End 2022 Service Charge & Financial Statements for NRML

The financial statements for 2022 have now been uploaded on the Admiral House portal http://admiralhousecardiff.com/ .

These show that:

We spent £11,348 (2.6%) less operating and maintaining the property than we collected via the service charge (page 2) and so no balancing charge is required.

This small operating surplus has been added to the existing reserve / sinking fund to help offset some of the overspend in 2021 and to cover some of the fire safety works that were completed during 2022. This leaves an overall surplus / deficit for the year of £0 (page 4).

There were no major over or underspends vs our budget for the year (page 9 & 10). The main items of expenditure for the building were: (i) staff wages to provide 24 hour concierge/security services and ongoing maintenance/cleaning services; (ii) water rates which include all apartments' consumption; & (iii) buildings insurance which has raised significantly nationally and globally in the last few years. For the car park, we did not require as much to be spent on lift repairs as in recent years.

We have now collected all of the requested section 20 funds from all leaseholders and as previously communicated, we have spent a portion of this on the mandated fire safety works required by last year's enforcement order from the South Wales Fire Service which has now been signed off and removed (page 11).

2023 Service Charge - Current Status & 2nd half yearly invoice

At mid-year, our actual spend is roughly in line with budget and no new issues have arisen that require immediate resolution via the service charge. As a result the recent second half-annual service charge invoices remained at the same level as for the first half of the year.

Best Regards
Emrys, Phil, Nasir, Susan, Matt

Reminder: the Board of Directors for Admiral House are all leaseholders themselves, serve on a voluntary and unpaid basis and are charged with the duty to manage the property in the best interests of all leaseholders as equitably as possible under company law.