Admiral House

# Admiral House, Cardiff
# (Newport Road Maintenance Ltd)

26.10.2021

All leaseholders

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

Dear Member,

The Board of Directors for the property would like to update you all on the progress with the building re-render project (per the recent section 20 consultation) which has been complicated by two new issues:

1. The company selected to undertake the work in summer 2022 recently withdrew their tender advising the contract was no longer viable for them.

   Our consulting engineers, Curtins, are now in the process of re-contacting the other companies that previously tendered for the work to assess the next best option. It is already understood that none of these companies will agree to undertake the work at their previously quoted prices and so a re-tendering exercise is necessary. This is likely to cause further delays and an increase in expected costs.

   Early indications are that the work could now cost up to £1 million (previously tendered at £650,000).

   As a reminder, this work is necessary as the current render is old and was not initially well maintained. As a result of this, the property suffers from new leaks each year that continue to damage the internal fabric of the building as well as individual leaseholder apartments. Whilst the render issues are not currently dangerous structurally, the longer that the work is left, the more it will continue to damage the building, the more it will cost to eventually repair, and the more it will make the building unappealing to future renters and buyers, reducing ongoing rents and apartment values when selling.

2. The South Wales Fire Authority has placed an Enforcement Order on Admiral House, requiring a significant number of new fire safety improvements to be made to the building. This work is mandatory and must be actioned to avoid fines and further sanctions on the property.

   This enforcement order relates to ever increasing regulation and new requirements on apartment blocks since the Grenfell Tower fire, which has impacted many hundreds, if not thousands, of properties across the UK. Admiral House has passed all annual fire safety risk assessments to date but does not meet a number of the new requirements due to the way that it was originally converted from an office building into apartments. The enforcement order requires resolution of issues relating to smoke seals, fire door distancing, compartmentalisation issues between floors, ducts for smoke to pass through and more.

Accredited fire safety specialists have already been engaged to assess these issues and provide quotes to resolve them. From quotations received to date costs for the work are expected to be around £250,000.

For your reference, NRML has made an application to the Welsh Government's Building Safety Fund to provide financial support. However, it is currently unclear if any funding will ever be approved or received and commencement of this mandatory work is required by the fire authorities to avoid fines and further sanctions.

The Board of Directors for Admiral House are all leaseholders themselves and serve on a voluntary and unpaid basis to manage the property in the best interests of all leaseholders. However, given the ever more challenging situation that the property is now in and the significant financial cost to undertake both the render project and the fire safety works at the same time, we believe that leaseholders should be able to raise questions at an open meeting.

- The Fire Safety work is non-negotiable and requires urgent attention, so the question here is only how to fund the works in the short term.
- The render project is necessary work but there is an option to delay this work given that no contract has been signed yet and that we will have to re-tender the project. However, please remember that if we delay this work further, the cost is likely to continue to increase.
- Most of the funds requested for the original price of the render project have already been collected from leaseholders.
- NRML maintains a small reserve fund to help to cover unexpected costs. Whilst this will not cover the total costs, it may be used to minimise the short-term burden on leaseholders but will require replenishment over the next few years via a larger ongoing annual service charge.

As such, the Board of Directors propose to host a Zoom meeting at 6pm, Tuesday 16th November 2021. The login details are as follows;

Time: Nov 16, 2021 06:00
PM Greenwich Mean Time

https://us02web.zoom.us/j/82962882313?pwd=akNneFR0OE4wQjJ6U0FHcmdGNXI5dz09

Meeting ID: 829 6288 2313
Passcode: 903172

Whilst other options could exist the Board of Directors believe that the 3 presented below are the most realistic ones available;

**Options** to complete the fire safety work and render project (ordered by Board of Directors preference):

1. **Delay Render Project (RECOMMENDED)**
   - Pay for the fire safety work through a combination of existing reserve fund, render project funds already collected and further levy in 2022.
   - Continue to collect already invoiced outstanding render project funds from leaseholders so that all leaseholders have contributed as per the terms of their lease.
   - Delay the render project until summer 2023.
   - Collect all additional required funds in summer / autumn 2022.

Benefits:

Spreads the work & cost across two years.

No further short-term financial burden on leaseholders.

Least administrative work required.

Drawbacks:

Delays render project another year which may lead to further increased costs.

2. **Continue Both Projects Together**

- Pay for the fire safety work through a combination of existing reserve fund & render project funds already collected.
- Continue to collect already invoiced outstanding render project funds from leaseholders so that all leaseholders have contributed as per the terms of their lease.
- Re-tender render project immediately, continuing to target summer 2022 (if possible).
- Collect all additional required funds in winter 2021.

Benefits:

Resolves both issues in the shortest possible time.

Likely to be the cheapest overall option in total.

Drawbacks:

High short-term financial burden on leaseholders.

Works will run concurrently with associated disruption on the building.

3. **Separate, New Fire Safety Project**

- Pay for the fire safety work through a new Section 20 Consultation process and new invoicing.
- Refund all already collect render project funds back to leaseholders.
- Delay render project until summer 2023.
- Collect full render project funds in summer / autumn 2022.

Benefits:

Lowest short-term financial burden on leaseholders.

Spreads the work & cost across two years.

Drawbacks:

Likely to be most expensive overall option in total.

Delays render project another year which may lead to further increased costs.

Most administrative work incurring further cost.

As stated above, the Board recommend Option 1, however you are encouraged to indicate your preference of Option 1, 2 or 3 by emailing info@wppmc.com by Monday 8th November 2021 which will help the Board determine the majority selection. Should no response be received, the Board will assume you concur with the recommended approach (Option 1).

In all instances, NRML will progress the mandatory fire safety work to ensure it is compliant with statute.

Kind regards
The Board of Directors of NRML