



Nether Edge Management Company Limited

AGM 2018

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Directors' Report 2017/ 2018

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The year 2017 was characterized by change.

From the outset of 2017 decisions had to be made about a new management and staffing structure. Discussions about going back to using a Managing Agent or continuing to employ a Facilities Manager and outsourcing professional services finally resulted in the latter.

A number of different staffing structures were considered, and rejected, and the final one resulted in our gaining Tracey, as our new Facilities Manager and promoting Aislinn to a new Senior Facilities Assistant role.

It is impossible to enumerate all the changes for the better that followed Tracey's appointment in May 2017. With her dauntless energy, resilience, patience and good humour this was the biggest change leading to a positive impact on the site. She has shown a determination to complete outstanding works from 2016 or before, plus her professional rigour when deciding on retaining or replacing contractors. A major challenge was to meet the external risk assessment of July 2017 with 119 actions met within 12 months. Significant changes during 2017 included new contractors, bringing maintenance in-house, poolside improvements and a new website.

Gill Turner joining us in mid-July, on a part-time basis, to update, advise and revolutionize our bookkeeping, gave us confidence that both more clarity and probity were achievable. James Boler of JRB Accountancy in becoming our accountant enabled us to understand our accounts more clearly, whilst reducing our accountancy fees considerably.

The AGM in June was just quorate and after some vigorous debate the Service Charge accounts, and the Statutory accounts of NEMC Limited for the Year ending 31 December 2016 were duly adopted and the Minutes of the General Meeting held on 8 September 2016 were also duly received.



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We were sad that Dave Carlin and Alison Ryan completed their years of service as NEMC Directors in June 2017. Their contribution was inestimable and we shall probably need to call upon them for advice for a long time to come.

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One thing that didn't change was the Quiz, held early in the year, which was very well attended, subject to hilarity, and possible cheating, and with the added bonus of a hot supper.

It was a pity that the 'Cheese and Wine' event didn't get off the ground in the summer of 2017, through lack of support. But a big thank you to all those who worked towards it.

We hope to announce other social events in the coming year.

But the year wasn't all plain sailing; Aislinn leaving the Facilities Team in autumn 2017 left a large gap in terms of experience and procedural knowledge, and finding suitable replacements proved difficult at first.

Hopefully 2018 will continue to be a settling down and forging ahead period, given all the enthusiasm, energy and goodwill on both the Board and Management Teams of NEMC, and of course amongst our external professional advisers.

And we shall endeavour to try to answer the residual questions raised at the recent well-attended NEMC Meeting held on 2 May 2018.

A very big welcome on Board to our newish directors: David, Steve, Wayne, and Peter. And our thanks to Jo for the time she was on the Board for making such a valuable contribution, in a very short time, especially in bringing more order to our archives.

We greatly appreciate our present Staff team and hope that they enjoy working with us - a big thank you to Keith, Simon, Andy, Sam, Jilly and Conor as well as Annabelle who has provided casual holiday cover.

Many thanks to Karen and Vanessa who have now completed their period of service on the Board. We shall miss you as colleagues and friends, and also for your wealth of experience and knowledge



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We do need more Board Members. Being a Director is very rewarding but can at times be time-consuming and demanding, often reliant on a prompt response and availability to help progress a wide variety of issues that come to us for discussion, decision and approval.

Above all we need your common-sense, and commitment, acting as an equal member of our team. While definitely not essential our skills base would be enhanced by any additional experience you may have in areas such as accountancy, legal, planning and administration. Page | 4

Finally: a very big thank you to all residents who have been both patient and supportive during what might be called NEMC's mini renaissance.

Our Very Best Wishes

NEMC Board of Directors

Wayne Allison, Samantha Fearnough, Stephen Harrison, David Miles, Pauline Pasley, Peter Rosenberg and Vanessa Ryall



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EXPLANATORY NOTES

FINANCIAL STATEMENTS OF SERVICE CHARGE INCOME & EXPENDITURE 2017

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Introduction

2017 was a challenging year that included a number of high-cost items of expenditure and changes in personnel that could not have been anticipated.

During this period, as well as internal Staff changes, the Estate engaged an external Bookkeeper and a new accountant. There have also been a number of changes to the Board. These changes have constrained continuity and resulted in a steep learning curve for all concerned.

Unfortunately it has also meant that the finances have not run as smoothly as might be expected, but we are well on the way to remedying this.

While a number of corrections to the 2017 accounts have already been effected, there are a small number of others still being considered. Should any of these transpire to be misallocations between Blocks, then an adjustment will be made in the 2018 accounts between block reserves.

It should be stressed that this will not affect the overall bank balances or in any way disadvantage members.

The Accounts

Please note that this document deals only with items of note and is not intended to provide a detailed explanation of the Accounts.

There have been two main changes to the presentation of the accounts:



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Firstly, the Estate and the Communal Management & Administration have been combined as they are one and the same. Historically, the Leisure Suite was also included, but this has been left separate as it is quite distinct.

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Secondly, for clarity, Block Reserves are now shown on the same page as the Block Account.

There have also been some minor changes to correct and improve consistency of headings across the different accounts.

Total Expenditure was £283,782 (up £3,323 from 2016).

There was an overall deficit of £29,380 (an increase of £25,047 from 2016) mainly due to Estates & Communal Management and Leisure Suite expenditure. The most notable items of expenditure were:

<i>Estate</i>	<i>Overall Deficit £17,956</i>
£19,441	Increase in Staff & Staff Training, in large part due to staff turnover and overtime.

<i>Leisure Suite</i>	<i>Overall Deficit 15,715</i>
£10,068	Control Panel for Plant Room
£25,915	Air Handling Upgrade
£10,268	Pool, Spa and

This has been in part offset by a contribution of £34,000 from the Transfer Fee Fund.

The Blocks

Fire risk assessment/signage. In July 2017 an external Fire Risk assessment took place across the whole site and 119 actions resulted in an increased cost to signage and other related items. The cost to the blocks depended on the actions required. However, in some cases these charges do look quite high, so these will be checked and adjustments made if necessary.

Lighting. LED lighting upgrades began early in 2017 and are expected to be completed by end of September 2018. All blocks will have LED communal lighting. These have been/will be charged to Block Reserves.



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Electricity. New contracts were put in place in December 2017 as some contracts had lapsed in early 2017 and were on expensive non-contract rates.

There is also an issue over metering where it is unclear where some communal areas, including the gates and street lighting, are recorded, which may take some time to resolve.

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In this respect, a number of corrections have already been made to electricity charges, but some are still being checked, and adjustments will be made to Block Reserves in the 2018 accounts should it be necessary.

Sheaf 2

£1,158 Drain Repairs. This should have been charged to the Estate, so an adjustment will be made to the Reserves in 2018.

Looking forward

Quarterly Budget Reviews had lapsed, but are to be reinstated. We are currently looking at the possibility of budgets being entered onto the Sage accounting system so that meaningful Quarterly Reports can be produced with minimal effort, so saving significant staff time.

It is anticipated that all bookkeeping, financial practices and procedures will be up to date by the year end.

2019 Budget calculations will begin shortly, when the first 3 quarters of the current year's accounts are available, together the 2017 Accounts, to inform the budget process.

This will feed into determining the level of Service Charges for 2019.

Service Charges over the last few years have increased below the rate of inflation, which, once the 2017 deficit is taken into consideration, has led to a decrease in the Reserves overall in recent years.



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Because of this, it is likely that they will need to increase by more than the rate of inflation to ensure sustainability in the future. However, to avoid a significant jump in 2019, this is likely to be spread over the next few years.

Finally

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Please note that none of the possible adjustments mentioned above need prevent the adoption of the 2017 Service Charge Accounts, as any corrections that may be required can be made to the Block and Estate Reserves in the current year.

The Board looks forward to Shareholders adopting the 2017 Service Charge Accounts so that we can focus on the 2018 Accounts, the Budgets and Service Charges for 2019, and ensure that the estate will continue to be run efficiently and sustainably



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**FACILITIES REPORT FOR THE YEAR 2017
FOR THE PERIOD MAY 2017-DECEMBER 2017**

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Facilities Manager arrived in May 2017.

1. Health & Safety

Fire

In May 2017 Facilities Manager requested to have a fire risk inspection by an external consultant. Crown in Sheffield, carried this out in June 2017. They listed 119 risk actions in their report.

Electrical

Sheaf 1 Electrical Meter room ceiling coming down/ water ingress. This was investigated and traced water to Sheaf 1 external steps. A contractor came to look at the issue in late November 2017. Work completed May/June 2018.

Electrical Inspection/ Leisure Suite Plant Room

The original pool plant electrical panel was on the brink of being overloaded, "running hot" and regular trips of fuses within the board. 3 quotes were obtained. Beaver International who built the pool and electrical control panel, originally, came on site to install a new panel. Installed July 2017.

Legionella

Quarterly tests being carried out via lab in Manchester.

Legionella Risk assessment carried out in August 2017.

NEMC not compliant with twice yearly balance tank cleaning. Quotes obtained for a specialist balance tank clean in December 2017 and in June 2018. Through research a chemical approach has been adopted, this is roughly 1/3 of the price of the traditional method (involving 2 men/ to meet confined space regulations, as previously used at NEMC).

Leisure Suite Cleaning



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This is in-house using a standard colour coded system and new cleaning material supplier. Upon pricing the supplier previously used by NEMC a local supplier Kilis was found to be 50% cheaper. Kilis are now the cleaning products supplier.

2. Maintenance

Electrical LED lighting upgrade

Remaining communal block LED upgrades were written into the 2018 budget. Emergency Lighting/Inspection is undertaken thoroughly monthly, including “full drop tests” periodically.

Contractors

A number of contractors were replaced in 2017.

So as a result, we now have a range of new contractors, for example, an intercom specialist, general electrician, plumber and heating engineer, decorator, Nottingham based pool spa plant servicing company. Large firm and small local firm roofing specialist contractors. New contractor for lighting conductor servicing who have resolved the failure issues left by the last contractor.

Communal TV/Satellite

Payment dispute from Oct 2017-Dec 2017 due to non-payment/ non-attendance – when actually maintenance was not required/ nor carried out as part of service visit. TB/Facility Manager negotiated 2 years of owed/debt payments down to 1 year on the basis that we would want to use them for assistance with residents communal SAT/TV as and when issues reported.

2017 Maintenance Issues

- **Spa** - Spa heater failed summer 2017. Spa filter fitted at NEMC is not the usual type fitted, continues to give maintenance issues from time to time – really should be a sand filter.
- **Floc** – no floc entering pool in May 2017 (designed to bind microscopic elements together and be trapped in filter). Pipe blocked. Resolved in June 2017
- **Intercoms** - Various residents were complaining about intercoms not working in different blocks. NEMC selected to work with a new contractor who has since resolved all of the issues by a combination of repair and replacing components.

- **Roofs**



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A number of roofing issues have been dealt with in 2017, namely, Peveril, Muxlow, Kingswood. Most of the work is related to leaks suffered by owners due to missing slates, blocked gutters, issues with lead flashing and missing or damaged coping stones.

Gutters overflowing causing extensive water damage in Muxlow flats 67,71 & 69

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- **Drains**

Kingswood / Edward

Estates office brought in the contractor who had the previous annual gulley contract to clear drains and asked to deal with the reported issues from Kingswood and Edward Place residents. Just power blasted the drain and told estates team that tree roots were penetrating the drain so this would need to be resolved. A resident in Kingswood had a toilet out of use due to main drain issues others had foul smells penetrating their property. It was obvious the drains required further detailed investigation. EDS, a local specialist camera surveyed several drains and lifted about 6 drain inspection covers. No tree roots, camera survey confirmed blockage caused initially by baby wipes/ other wipes and sewage not running away. Cleared drains before Christmas as an emergency measure but warned remedial drain work was an urgent requirement as the main drain fall was insufficient and the drain was filling with stone because the drain pipe itself was not concreted in place. Resolved January 2018

Edward – problem for over 6 months, drain blockage between Kingswood and EP. Resolved by EDS.

- **Rats in OM – broken drain –**

Drain Solutions camera surveyed the drain and problems. Various cracks/ open drain/ rats entering. Pest control contractor attended. Drains repaired and issues resolved October 2017. No further issues or examples of rodent activity.

- **Gym Air conditioning**

The gym air conditioning was leaking periodically every few months – reason being there was not enough “fall” from the units to drain. This was resolved in December 2017 by increasing the pump output and adjusting some pipework above the ceiling in the gym.

3. NEMC Website



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The NEMC website was hacked in November/December 2017. Facilities Manager approached the previous developer in Sheffield and they suggested we contact a freelance developer they use for small sites like NEMC. A quote for £3-5k was given depending on the extent of work required, they suggested the site should be redeveloped.

TB approached a specialist through a self-employed specialist contractor, worldwide freelance website and has had the work completed on the redevelopment for £500. The website will now be hosted via a Sheffield company. The website is now mobile/tablet friendly. Most of text and information has been migrated across. The website can be developed further as residents/ NEMC board wish.