

Nether Edge Management Company Limited

**Annual General Meeting 2023
(Calendar Year 2022)**

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Directors' Report 2022

The Board of Directors operated transparently throughout the year, prioritising effective communication and dialogue with residents in the face of multiple obstacles.

As unpaid volunteers, the Board's commitment lies in contributing to the efficient management of the estate for the benefit of all shareholders and residents.

In 2022, the Board and Management Team faced various challenges, including the resolution of site-wide issues and the recruitment of suitable personnel to replace outgoing staff members. While success varied in these endeavours, the Board consistently ensured that the Estate and finance office remained fully operational.

Despite proposing virtual Board drop-in sessions for residents/shareholders, no interest was shown in registering for any of the proposed dates, so taking this as feedback, the Board suspended such events until there is a demand for them. In the meantime, individual resident requests will be directed as appropriate to the Estate Manager, Finance Manager and Estate Staff.

The Board was pleased with the high attendance (the most in recent years) of shareholders at the virtual Annual General Meeting held in May 2022.

As previously and to facilitate the smooth running of proceedings, site-oriented questions were requested in advance, allowing for detailed explanations, and in particular regarding the Service Charge accounts for the calendar year 2021.

The format and approach employed in the meeting were deemed successful by mutual acclaim, the voting mechanism was highlighted as being particularly clear and duly, the 2021 Service Charge and Statutory accounts for NEMC Ltd were approved and adopted.

During the meeting, the need for increased on-site security was discussed, with majority support from attendees and proxies, the Board subsequently initiated discussions with various providers to address the following issues and concerns:

1. Transitioning from an analogue to a digital access system for the existing gates.
2. The need to replace obsolete and unsupported operating systems.
3. Non-residents using the site as a cut-through, including those with dogs leaving regular pavement mess.
4. Non and former residents frequently accessing the Leisure Suite.
5. Occurrences of (Police attended) nefarious activities in one of the car parks.
6. The qualified absence of any public right of way through the site.
7. Non-residents disposing of waste in our bins.
8. Renewal of the CCTV contract.

As a result, the CCTV systems were upgraded, blind spots are now covered, operating systems are now fully supported, and the leisure suite access fob system has been enhanced.

Plans for upgraded security access at the gates have been delayed due to the need to focus spending elsewhere in response to forecasted increases in costs of energy expenses.

The Board was encouraged by the attendance at an Extraordinary General Meeting held in late November, which focused on the consequences of increased energy costs. The proposed points put forward by the chair received overwhelming support from the attendees and proxies, and a significant contribution of £10,000 was agreed to be diverted from Estate reserves to offset increased costs for 2023.

Furthermore, the meeting led to the formation of a self-organised resident shareholder group, known as the Energy Working Group (EWG). The EWG will research innovative initiatives aimed at reducing energy costs across the estate and suggest ideas to the Board through an appointed chair.

In late 2022 and early 2023, the Board conducted a thorough audit of the company's Articles of Association. The audit revealed that, apart from the changes made to the original Articles of Association in November 2007, subsequent attempts to modify the Articles were not legally valid, despite being mentioned numerous times in board documents from 2012 and floated to the Nether Edge Living website. As a result, if the current Board determines to initiate a formal change proposal process at some time in the future, we confirm the process will consider previously suggested changes and will be based on the November 2007 Articles as the foundation. The board will strictly adhere to a procedure that necessitates a special resolution and a minimum vote from not less than 75% of eligible shareholder members.

In closing, the board would like to take this opportunity to once again extend an invitation for new applicants to join the board. We strongly encourage individuals from all backgrounds and genders to apply, as we strive to create a balanced representation within our board composition and recognise the importance of diversity and inclusivity in fostering a well-rounded decision-making process. We warmly welcome candidates who can contribute their unique perspectives and experiences to create a harmonious and effective board and look forward to receiving applications from outstanding individuals who share our commitment to balance and excellence.

Legal Advice

During the year the Board continued to engage the services of local property solicitors Lewis Francis Blackburn Bray (lfbb) to provide legal support and advice.

The Board sought advice in several areas and avail itself of opportunity to clarify a multitude of queries raised for the benefit of all lease and free holders.

Lease Breaches

Several Lease breaches sadly took place during 2022, some households withdrew and or made reparations as a consequence of warnings, and in other cases multiple fines were gathered as appropriate to the breach, some with the need for assistance and leverage from lfbb.

During the course of the year, the board were directly challenged by a freeholder, prompting us to seek legal counsel regarding the applicability of lease obligations to individuals transitioning from leasehold to freehold ownership status.

We take this opportunity to confirm that none of the leaseholder obligations to the lease fall away as a consequence of the conversion and quote directly as follows from the TP1 doc required for transfer as follows:

“12.5 the Transferee hereby covenants with the Transferor to observe and perform (i) the covenants, conditions and obligations if any contained or referred to in the Charges Register of the Title Number, and (ii) the Lessors’ covenants and obligations contained or referred to in the Lease insofar as the same are still subsisting and capable of taking effect and affect the Property and keep Transferor indemnified against all actions proceedings costs claims demands whatsoever in respect of any breach thereof insofar as aforesaid.”

Also from 12.4.4, which states:

"there is also reserved unto the Transferor for the benefit of the Retained Land and lessees/owners of neighbouring properties all other rights excepted and reserved as contained or referred to in the Lease as if the same were repeated here in full".

Freestanding Garage Blocks - Maintenance and Electricity usage (x27)

The board successfully implemented changes to the 2022 service charge demands to rectify the historical and not previously addressed issue of the entire Estate paying for the electricity and maintenance of the above. The charge is applicable to the 27 properties regardless of the property being freehold or leasehold.

Insurance

Our director lead for finance, carried out a comprehensive review of NEMC Insurance policies which yielded significant outcomes that align with our objectives of competitiveness, favourable policy terms, and market-driven coverage adjustments.

The selection of Aviva Insurance as the most competitive policy provider and the transition to an alternative insurance brokerage have positioned NEMC Insurance for enhanced value and protection. Additionally, the 10% increase in Buildings Sum Assured ensures that our assets remain adequately covered amidst evolving property price trends.

By way of a forward safeguard, we’ve also put in place a more robust sign-off mechanism to ensure all claims are interrogated rigorously for accuracy to ward against the extraordinary and the exorbitant.

The recommendations of the review urge that NEMC maintain an ongoing monitoring and evaluation of policy providers to ensure continued competitiveness and suitability, whereby we now;

1. Regularly review and update policy terms to address emerging risks and market dynamics.
2. Strengthen communication and collaboration with the selected insurance brokerage to maximize the benefits of the transition.
3. Monitor property price trends closely and consider periodic adjustments to the Buildings Sum Assured to maintain adequate coverage.

*We continue to maintain our membership of the Housing Ombudsman and this amounted to an annual cost of £860.00

Staffing

We commenced 2022 without a full time Estate Manager and were pleased to appoint Carl Burnett in April 2022. Carl came to us with reports of extensive estate and facilities management experience, but after a protracted working review process Carl decided to leave us in November 2022 for pastures new.

Carl's services were secured through a recruitment agency and upon careful consideration, the board determined that this approach did not deliver optimal value for money. As a result, the board decided to explore alternative methods that would provide a higher return on investment. After thorough deliberation, it was agreed that a different approach should be adopted, one that would afford the recruitment process significantly more time and leverage an extensive network of connections and online advertising platforms. This revised strategy aimed to maximise the pool of qualified candidates and ensure a comprehensive evaluation process.

Following an exhaustive series of interviews, the board successfully identified a suitable candidate for the position of Estate Manager. Gary Lund was selected as the new Estate Manager after a rigorous assessment process and he was able to join us at the end of Q1 2023, and brings with him a vast wealth of experience and expertise.

We were also delighted to announce the appointment of Judi Goldacre as our new Finance Manager, taking over from the esteemed Julie Gill. Judi's extensive background in accountancy and bookkeeping positions her as an excellent fit for this crucial role within the NEMC organisation. With her previous experience in a similar capacity, Judi brings a wealth of relevant skills and expertise to the table.

Judi's seamless integration into our team was facilitated by her comprehensive understanding of our suite of operating systems. This familiarity allowed her to quickly acclimatise to our unique processes and procedures and enabling her to hit the ground running and make an immediate impact.

The appointment of Judi Goldacre represents our commitment to securing top talent in key positions. Her strong financial acumen and professional experience make her a valuable asset and a significant contributor to our financial and budgetary planning you will read in the coming pages.

We would again like to thank our previous Finance Manager, Julie Gill, who retired her position after a period of handover with Judi. Julie provided us with sterling service over the years of her tenure and often volunteered at extremely short notice to provide operational cover within the Leisure Suite.

A big thank you also goes out to all of the facilities staff including Simon Mulvaney and Mitch Coley who have worked for us during 2022 and specific special thanks are due to Dave Burns who helped us through a difficult period in Q1.

As we approached the latter part of 2022, with no Estate Manager, we would also like to thank those Directors who carried out hours of unpaid work covering our vacant staff positions to ensure our facilities remained open and functioning.

Directors

We would like to thank Sandra Bridge, who left in November 2022, for her contribution to the Board and contributing much of her knowledge and experience of HR and other related matters. We also welcomed on to the Board, Dave Patterson who brings with him a multitude of skills and also, Dr Karen Harvey.

In conclusion, we extend our appreciation to all shareholders who have demonstrated unwavering support for the Board throughout the preceding year. Your trust and confidence in our endeavours have been invaluable, serving as a source of inspiration and motivation.

Moving forward, we hope to swell our number with some key additions and to both navigate and surmount the challenges that lay ahead, bolstered by our collective resolve and determination.

In our commitment to upholding the integrity and stability of our operations, we shall diligently reinforce the covenants and regulations of our lease agreements. It is by adhering to these established frameworks, we aim to ensure that our actions remain in accordance with high standards of governance and compliance.

NEMC Board of Directors

Susan Goodlad, David Patterson, Anthony McDonnell, Ben Moss, Andrew Broskom, Adrian Wild

15th May 2023

2022 YEAR END (Q4) SERVICE CHARGE BUDGET REPORT – ALL BLOCKS

General Note:

Expenditure is as at the year-end 31 December 2022.

Overall: the annual total budget set for the whole estate was £394,473. The outturn for the year end is £394,127; £346 under budget.

Areas we have seen deviation from the budget are:

Salaries: Underspend £7.4k. Savings on Estate Manager roll together with unbudgeted Employment allowance credits in respect of Employers National Insurance contributions.

Leisure Centre: Overall 8.2k overspent, mainly due to increased Electricity costs as compared to budget.

Reserves closing position as at 31 December 2022:

The closing reserves position for all blocks before any year-end adjustments (transfer of any surplus or charge of deficit) is as follows:

TOTAL EXPENDITURE SUMMARY

As at 6 Feb 2023 - M12

Year	2023			2022	2022			Variance
	Variance to 2022 Charges	Budget	% change - 2022	2023	Bgt Full Year	Bgt Ytd December	Actual Ytd December	
Communal Management & Administration	-6,440	160,887	-3.85%	164,570	167,327	167,327	160,476	6,851
Leisure Suite	47,914	127,969	59.85%	68,997	80,055	80,055	88,320	-8,265
Insurance	5,172	58,076	9.78%	47,554	52,904	52,904	52,901	3
Alexandra	-502	3,004	-14.33%	2,894	3,506	3,506	2,494	1,012
Alexandra Building	-1,600	2,900	-35.56%	4,000	4,500	4,500	4,500	0
Cliffe	89	7,561	1.20%	6,319	7,472	7,472	7,326	146
Edward	813	5,053	19.17%	3,201	4,240	4,240	4,148	92
Kingswood	1,470	12,225	13.67%	9,121	10,755	10,755	9,970	785
Muxlow	-72	11,587	-0.62%	10,057	11,659	11,659	11,083	576
Peveril	795	9,019	9.66%	6,172	8,224	8,224	8,280	-56
Sheaf 1	2,678	10,116	36.01%	6,679	7,438	7,438	7,610	-172
Sheaf 2	-1,756	21,605	-7.52%	23,325	23,361	23,361	23,981	-620
Sheaf 3 Apartments	142	3,428	4.33%	2,673	3,286	3,286	3,339	-53
Sheaf 3 Building	-3,000	1,440	-67.57%	4,440	4,440	4,440	4,440	0
Victoria	389	4,465	9.54%	3,611	4,076	4,076	3,912	164
Freestanding garages	2,039	3,269	0.00%	0	1,230	1,230	1,347	-117
Total Expenditure	48,130	442,602	12.20%	363,613	394,473	394,473	394,127	346

As part of the year end preparation the following transfers have been made:

1. Block Management charges transferred from relevant blocks to Estate reserves, as agreed last year.
2. The Transfer Fee Fund income received in 2022 of £34.3k made up of the following, has been transferred to Estate Reserves.

		Actual Ytd December
Share Cert Income	4089	-450
Mgt Pack Income		-1,600
Transfer Fee income	4085	-32,316
Transfer Fund Fee Income		-34,366
Bank Interest received	4087	-386
Admin chrges - BoL	4094	-200
Admin chrges - BoL	4090	-300
Fob Income	4081	-984
Breach of lease	4903	-50
Recharge work	4092	0
Speech Therapy	4091	-459
Other Income	4080	0
Other Income		-2,379
Total Income		-36,745

3. The closing position of Estate Reserves, before transfer of the year-end surplus £126.8k.

Area:	Annual budget 2022:	Q4 position / overspent	Explanation
Communal Management and Estates			
Fob	£0	+£984	No budget is set for fob as the income received during the year more than covered the expenditure. Fob income at Q4 = £984
Staff Training	£600	£874/£274	Additional pool plant training
Roads, Drains, Severe weather	£1,600	£2,262/£662	Unbudgeted drains maintenance spend
Security measures	£1,300	£1936/£636	CCTV battery replacement and other CCTV works
Gates	£1,750	£3,013/£1,263	Unbudgeted annual gate servicing
Fobs	£0	£632/£632	Cost offset from income from replacement fobs
Electricity	£3,750	£4,571/£821	Additional per unit cost as compared to budget
Office Telephone	£1,000	£1,553/£553	New office telephone handsets
Sundry Expenses	£50	£79/£29	Batteries and other small items

General administration	£100	£196/+£96	Stamps prepaid prior to price increase. Amazon Prime subscription £79, Business cards £40
IT and network costs	£3,600	£4,314/£714	£360 Sharepoint installation
HR staff, job adverts, rec. costs	£6,500	£6,995/+£495	Over budget recruitment fees for Estate Manager/advertising costs recruitment
Bank charges	£150	£167/£17	Additional activity
Ombudsman	£405	£645/+£240	Small element relates to 2023.

Leisure Suite			
Window Cleaning	£240	£432/ +£192	Pool facing windows cleaning
Cleaning Materials	£1,750	£2,212/ +£462	General inflationary pressures
Boiler Maintenance	£500	£540 / +£40	The boilers failed in the plant room and required repairs. This did not rectify the issue and the boilers were replaced by new commercial boilers from LS reserves.
Air Handling, maint. and repairs	£750	£1,792/ +£1,042	Current year includes delayed 2021 service(unbudgeted) £534 and 2022 service
Electricity	£33,000	£43,689/ +£10,689	Increased unit cost compared to budget
Gym maintenance	£1,200	£2,074/ +£874	Actuals included Gym equip maintenance £1.5k, £1k Gym service and £263 Air Con repair
Door Entry system	£150	£200/ £50	Repairs
Water Cooler	£325	£357/ +£32	General under budgeting
Fire risk assessment	£870	£916/ +£46	Materials required for remedial work
Electrical and lighting repairs	£150	£715/ +£565	General under budgeted – actuals include tripping sockets call out CRC.
Alexandra Apartments			
Internal Cleaning	£607	£643/ £36	Small inflationary increase during year
Communal Electricity	£100	£163/ £63	Per unit charge above budget
Cliffe			
Internal Cleaning	£1,145	£1,214/ £69	
Communal Electricity	£450	£543/ £93	Per unit charge above budget
Emergency lighting	£100	£163/ £63	
Edward			
Internal Cleaning	£876	£928/ £52	Small inflationary increase during year
Communal Electricity	£540	£747/ £207	Per unit charge above budget
Emergency lighting	£100	£163/ £63	
Kingswood			
Internal Cleaning	£1,164	£1,233/ £69	Small inflationary increase during year
Communal Electricity	£1,725	£1,934/ +£209	Per unit charge above budget
Fire alarm maint. Smoke vent.	£168	£321/ +£153	Change of contractor – increased costs

Muxlow			
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Internal Cleaning	£926	£982/ £56	Small inflationary increase during year
Communal Electricity	£585	£760/ +£175	Per unit charge above budget
Emergency lighting	£100	£163/ £63	
Peveril			
Internal Cleaning	£679	£720/ £41	Small inflationary increase during year
Communal Electricity	£1200	£1,307/ £107	Per unit charge above budget
Day to day maint.	£200	£237/ +£37	General under budgeted
Sheaf 1			
Internal Cleaning	£695	£736/ £41	Small inflationary increase during year
Window cleaning	£90	£92/ £2	General under budgeted
Communal Electricity	£660	£892/ £232	Per unit charge above budget
Emergency Lighting	£100	£144/ £44	
Fire alarm maint. Smoke vent.	£250	£297/ +£47	Change of contractor – increased costs

Sheaf 2			
Internal Cleaning	£1,939	£2,085/ £146	Small inflationary increase during year
Window cleaning	£510	£561/ £51	General under budgeted
Communal Electricity	£2,700	£3,162/ +£462	Per unit charge above budget
Day to day maintenance	£500	£562/ £62	General under budgeted
Emergency Lighting	£200	£327/ £127	
Fire alarm maint. Smoke vent.	£300	£633/ +£333	Change of contractor – increased costs
Lift Maint.	£3,000	£3,368/ +£368	General under budgeted
Lift Inspections	£460	£664/ +£204	Actual is cost for year.
Sheaf 3			
Internal Cleaning	£324	£387/ £63	Small inflationary increase during year
Window Cleaning	£150	£153/ £3	General under budgeted
Communal Electricity	£330	£633/ £303	Per unit charge above budget
Fire risk and door assessment	£302	£472/ +£170	Awaiting refund £170
Fire alarm maintenance	£295	£312/ +£17	Tbc.
Victoria			
Window Cleaning	£90	£92/ £2	General under budgeted
Communal Electricity	£368	£496/ +£128	Per unit charge above budget
Day to Day maintenance	£200	£247/ +£47	General under budgeted

Management Maintenance Issues

Annual Fire Risk Assessment 2022

This was carried out in February 2022 and all outstanding actions were carried out and completed.

All remedial work required from the 2021 fire door inspections were completed at the end of February 2022. The next inspection is due at the start of January 2023 and preparation for this is already underway.

Leisure Facilities

In order to address the ongoing issues with the domestic boilers in the plant room, two new commercial boilers were installed as replacements. In addition, significant maintenance was performed on the Calorax machine, which is crucial for the functioning of our swimming pool. The purpose of this maintenance was to prolong the machine's service life, considering that the eventual replacement is expected to be an extremely time-consuming process and the estimated cost of the replacement could be in excess of £30k. To explore the feasibility of various options, Gary is currently collaborating with the service engineers.

Site Survey, Pre Planned Maintenance Schedule

The initial Planned Preventive Maintenance (PPM) was formulated as a 10-year plan, carried out in 2019. However, a decision was made in 2021 to reassess and revise the PPM, condensing it into a 5-year plan. The purpose of this revision is to ensure more accurate assessments from different contractors who provide services to the communal block and grounds within the estate. It is important to note that these estimates are subject to change, as they serve as a basis for determining future service charges.

CCTV and IT

As previously mentioned, to enhance security measures, additional CCTV posts and cameras were strategically installed throughout various areas of the estate.

Furthermore, a reassessment of our previous IT provider led us to engage the services of a new company, ESP. ESP has provided valuable guidance concerning our Paxton entry System for our Leisure Suite. They assume responsibility for the maintenance and support of our hardware, including computers, within the Estates office. This encompasses comprehensive support services for both hardware and software, compliance with GDPR regulations, data backups, and management of shared drives. These measures collectively ensure the security and integrity of our IT systems within NEMC.

Additionally, we have established a maintenance plan with ESP to provide comprehensive support for our combined CCTV and IT infrastructure.

Interior and Exterior Decorations

During the course of the year, maintenance activities were carried out on multiple blocks within the estate. Specifically, the Kingwood and Muxlow blocks underwent repainting of exterior windows and doors, while the Victoria Block received both external and internal decoration. Additionally, as part of the maintenance work on the Victoria Block, four terracotta chimney pots were replaced.

Gardens and Grounds

NEMC is again pleased to report that our highly satisfactory relationship with Groundwork Gardening will continue into 2023 after an extremely successful 2022.

We made significant progress in our plan for the appropriate pruning and cutting back of hedges and Brooms throughout the site and despite challenging weather conditions, Groundwork successfully managed to maintain and enhance the natural beauty of our 10-acre site.

Our collaboration with SCC in matters of conservation has been positive, and fostering strong working relationships with the council helped energised our commitment to biodiversity, - hopefully you'll have seen first-hand, the captivating wildflower garden which adds to the diversity and ecological value of our site.

Moreover, we are pleased the plan to nurture the 130+ trees of distinction which grace our premises is fully up to date as we exit 2022

Reinforcement of Lease Obligations for Enhanced Harmony within the Estate

In light of observations throughout 2022, it has become apparent that some individuals who are in breach of the regulations outlined in the lease either lack awareness of its contents or do not possess a copy of the lease at all. To address this issue and promote a harmonious living environment, it has been agreed to reintroduce a "Welcome to the Estate" document in 2023.

The purpose of this document is to serve as a reminder to new landlords, incoming residents, and tenants of their obligations as outlined in the lease. By providing a concise summary of the key covenants and regulations, we aim to generate a greater sense of understanding and adherence to the lease terms, thereby fostering a harmonious community.

The "Welcome to the Estate" document will be distributed to all new landlords, incoming residents, and tenants upon their arrival. It will outline the fundamental obligations and responsibilities specified in the lease, including but not limited to rules pertaining to property maintenance, noise levels, parking, and shared amenities, etc.

By reintroducing this document, we aim to enhance awareness and ensure that everyone residing within the estate is well-informed about their rights and obligations. This proactive approach will contribute to the creation of a cohesive and respectful community, where residents can coexist harmoniously and enjoy a high quality of life.



We encourage all existing leaseholders, landlords, and residents to familiarise themselves with the lease and its provisions. Should anyone require a copy of the lease or have any queries regarding its contents, we shall look forward to sharing them with you in due course.

Permission docs for owners wanting to alter their home / apartment

In 2022, the facilities team upgraded the documentation for owners wanting to make changes to their houses / apartments in order to cover off the requisites of our Landlord, the NEMC and SCC, where relevant.