

Dear Residents and Owners,

Communal works and finances update for Garden Royal

As you are aware we have undertaken a number of building activities over the last 9 months and, as promised at the AGM, we are giving you an interim update.

As per our lease requirements (internal and external decorations of all communal areas and timber works every five years), we went out to tender in 2017. Of the original quotes that we received, the cheapest came in at £263,000. The Directors felt that this was too expensive and, as a result, embarked upon managing the suppliers directly to achieve cost savings. Whilst the works were driven by lease requirements, the Directors felt that the works to be undertaken needed to fit our future requirements and reduced the ongoing upkeep of the buildings. Amongst other work, we replaced communal doors and windows to most recent building specifications, replaced the walkways in all 3 buildings and improved the safety features of the bin doors in line with council recommendations.

During the course of the program, a number of additional issues were identified that required addressing - such as the title bays above the porch roofs and asbestos protection. Despite this, the board were able to achieve a saving of £118,000 (plus VAT) through onsite management of contractors, and requesting more suppliers to tender.

As discussed extensively at previous AGMs, the roofs are nearing the end of their lifespan and regularly leak into the flats below. When this occurs, costs to resolve must be met by the reserve fund as we are unable to include a roof that is older than 20 years on our buildings insurance. Following engagement with a surveyor we have been advised that all three roofs will need to be replaced within the next 5-10 years at a rough estimated cost of £1,000,000. We have not sought specific quotes - this estimate was given so that we could start to build our reserves required to fund this project. This has taken into account a rough guide on prices increasing as a result of inflation.

Currently Service Charges are collected in arrears, so all ongoing expenditure is taken out of the reserve funds until they are replenished when service charges are paid. As you will be aware due to accountant issues, service charges have been traditionally issued mid to end of the following year. Therefore in order to improve, we are going to move to a new system of invoicing the previous year's reserve fund by no later than March of each year. This will allow us to take advantage of higher interest rates as we have a lump sum to invest, thereby lessening the impact of the forthcoming roof works on each owner. This will then be followed up later in the year once the accounts have been completed by the accountants with the ongoing expenditure for the previous year.

What this means for you

You will now receive an invoice before the end of January for the reserve fund contribution for 2017. You will receive a second invoice later in the year for 2017 expenditure. The total of these invoices will be larger than the demands you have received previously, this is to enable us to start to build up the fund for the roof project.

Whilst the Directors are aware that receiving large invoices is never nice, a number of owners have chosen to pay their service charge monthly in advance so that they do not receive a large invoice /demand part way through the year. All lessees are strongly encouraged to adopt this easy method of budgeting to save themselves the worry and anxiety of meeting the cost of the service charge demand at the end of the year. If you wish to also do this, then please contact JCF immediately to get this set up. Please note that we will not be accepting payment plans in arrears.

If you have any questions, please contact JCF for clarification.

Best regards,

Directors of Garden Royal