

# Brock End RTM Company Ltd

15 Windsor Road, Swindon SN3 1JP

T: 0843 88 600 88 DDI: 01793 230498

Minutes of Brock End leaseholders held at 167 Victoria Road, Swindon  
on 27 November 2014 at 6.00pm.

In attendance:

Ashley Cain	Director
John Morris	Company Secretary
David Salisbury	Director
Fiona Hewer	Leaseholder

Apologies:

Rose Yalden	Director
Kenneth Knox	Leaseholder

Introductions:

Ashley Cain, David Salisbury and John Morris introduced themselves:

Ashley Cain is a director of the lettings company ATC Property Management. His company act as a letting agent for some of the leaseholders at Brock End and he has increasingly been involved in resolving maintenance issues at the site. As a result of this involvement he has formed the opinion that there is scope to improve management of the site and reduce the level of Service Charges.

John Morris is a Chartered Management Accountant a member of the Institute of Residential Property Managers and a director of Accounting Services Ltd. In 2004 he started managing residential sites in Swindon where he and his wife Diana have property. Since then Diana and he have been approached by leaseholders and asked to manage other sites locally. He is and has exercised "Right To Manage" (RTM) for several sites in Swindon.

David Salisbury is a leaseholder of two properties at Croft House.

The other director Rose Yalden is a leaseholder of four properties at Croft House and one in Southwich House. Together with David Salisbury they own all the properties in Croft House.

John and Ashley's experience has been that most leasehold residential sites are either:  
a). Managed by large national agents who are too remote to provide an efficient service. They often send their own contractors many miles to undertake simple maintenance at great cost - if only due to the travelling time and expense. They also often make additional income by receiving commission on buildings insurance premiums or

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b). Self-managed by one of the leaseholders who may not have the expertise to provide the standard of service expected by other leaseholders and required by law.

Ashley Cain advised that he recommended John Morris's services be employed as he had seen at first hand the improvements on a number of local sites that John manages.

## **Formation of Brock End RTM Company Ltd**

The meeting was informed that Brock End RTM Company Ltd has been formed with to enable leaseholders to exercise the right to manage the communal parts of the properties at Brock End themselves and appoint a Managing Agent of their choice rather than the one appointed by the Freeholder. This will allow them a say in the management of the blocks and site and the level of Service Charges.

John explained that with the sites he and his wife manage in Swindon that an AGM is held at which the future level of Service Charges is proposed and the leaseholders have an opportunity to discuss it and the management of the site. It is the leaseholders who agree the level of Service Charge rather than have it imposed by the Freeholder. If the leaseholders are not happy with the services of the Managing Agent that they appoint they are free to appoint an alternative agent.

In order to exercise the right to manage at least 50% of the leaseholders in each block that wishes to exercise the right must be members of the RTM company. Membership is obtained by signing an application form.

Progress to date.

The company previously issued notices to the flats inviting leaseholders to join the RTM company and held a meeting earlier in the year. Following this an application for RTM was submitted to the Freeholder for the right to manage Newport House and Croft House as both these blocks had the required number of members. The freeholder objected on a technicality. The company obtained advice and rather than potentially incur legal fees fighting the objection decided to re-submit the application. However, before doing so the directors decided to contact the remaining leaseholders to determine whether there was sufficient support to include additional blocks. As a result of that process the current meeting was being held.

Fiona Hower raised a number of questions:

**1. Given the problems with the current Managing Agents Mainstay I am surprised that more people have not attended the meeting?**

There are a number of reasons for low attendance:

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- Notices were sent to the addresses of the leaseholders recorded by the Land Registry. Some of these addresses may now be incorrect as leaseholders have moved.
- Some of the leaseholders have been unable to attend or have already become members of the RTM company but wish to be kept informed of progress.
- It is acknowledged that people prefer to stick with the status-quo if they are uncertain or do not understand issues.

## **2. What happens to those owners who may find that their block is to be managed by the RTM Company but are not members of the RTM Company themselves?**

These non-members will continue to have no right to a say in the management. However, they have a right to become a member of the RTM company at any time and become involved in the management of the property.

## **3. What happens to the money held by Mainstay in Service Charge reserves when the RTM Company takes over?**

The balance of funds (called “uncommitted service charges”) held will be transferred to the RTM Company.

## **4. Who agrees the Service Charge amount?**

A Managing Agent will usually prepare a forecast of anticipated expenditure covering the next few years and agree this with the RTM Company’s directors. This will then form the basis of the proposed Service Charge. An Annual General Meeting (AGM) will be held and leaseholders will either approve the proposed fee or agree a higher or lower fee as appropriate. John Morris advised that he recommends that Service Charges are set one or two years in advance so that leaseholders have a clear idea of their future obligations for costs and that as far as possible charges should remain fairly constant from year to year. The ideal situation is for a sensible level to be set and for the fee to rise by a small amount each year broadly in line with inflation.

## **5. Will Service Charges be lower?**

The main objectives of exercising Right to Manage are that it will provide cost savings and an improvement in service levels.

John Morris gave two examples of savings:

Insurance costs; with every other site that John Morris has taken on considerable savings have been made. A recent RICS survey found that in over 60% of cases they investigated, that block insurance had been inflated in order to fund commissions and kick-backs to agents. It is not known if that applies to Brock End but initial insurance estimates that have been obtained indicate a saving of over £100 per property in insurance premiums alone.

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Gardening; In West Swindon three of four blocks exercised their Right To Manage the freeholder's agent continued to send a gardener from Bath to mow a small patch of communal grass near the one block that they still managed whilst the RTM Company employed a local gardener to maintain the whole of the rest of the site around the other three blocks.

The gardening fees and buildings insurance costs were lower for the RTM's three blocks combined than for the one block that was not included in the RTM.

A level of service will improve with the site managed locally to a high standard and local contractors employed rather than despatching contractors from remote locations. This approach will help maintain the property's market appeal and re-sale value whilst at the same time making the site a desirable place to live.

## **6. What is the likelihood of my block being included in the Right To Manage?**

At present there are sufficient owners/leaseholders for at Croft House and Newport House to exercise the Right To Manage. From responses received it is possible that Scott House and Betjeman House may shortly obtain the required minimum of 50% membership and right to manage can be exercised for those two blocks.

## **7. I understand that responsibility for management of the block and its costs will transfer to the RTM Company, but what happens with regard to responsibility for general estate management and costs?**

All block costs and management responsibility will transfer to the RTM Company. Responsibility for estate costs will depend on their nature. For example with gardening costs; the RTM Company may assume responsibility for a defined area around the block(s) it manages. Alternatively it may agree with the freeholder's agent that one or other of them employ a gardener for the whole site and charge a proportion to the other. For items that can not be readily split such as maintenance of the gate entry system the default position is that this is likely to be the responsibility of the company that is responsible for the majority of the properties on the site. However, this does not preclude an agreement being reached between the companies on an alternative arrangement. In practice liaison and cooperation will be required between both companies until such time as the leaseholders' RTM company is responsible for the whole site.

## **8. Who decides who the directors of the RTM Company are?**

The initial directors and company secretary were appointed by the leaseholders who formed the company. The company will hold an AGM each year and all the directors are obliged to retire at the first AGM and then by rotation every three years thereafter. The director may be re-appointed by the members at the meeting and any members may put themselves forward as a director (subject to certain procedural rules and requirements). A member may also be appointed during the year by agreement of the

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majority of the directors but is required to retire and may stand again at the next AGM.

## **Next stage:**

The company will re-apply for right to manage for Croft House and Newport House next week. Should sufficient leaseholders become members of the company to allow other blocks to be included at the time this will be done otherwise the right to manage for those blocks will take place at a later time.

Following thanks to Fiona for attending, the meeting closed at 6:50 pm

John R Morris FCMA CGMA AIRPM  
Company Secretary