

# NEWSLETTER

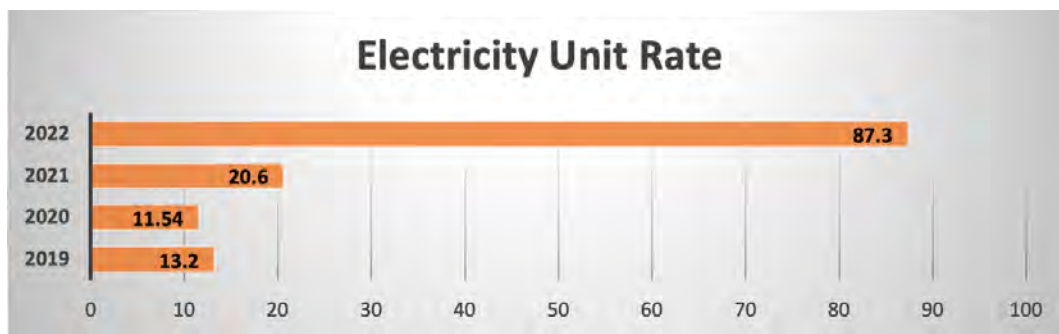
Once again, I thought it would be useful to end the year with an update on what's been happening since January and what is upcoming.

## | Energy

My last newsletter, in January, opened with the big issue of cost increases arising from post-Covid supply chain issues and spiking energy costs. Within a month of issuing that newsletter, we saw the invasion of Ukraine send energy prices into the stratosphere.

As you may know, Canary Riverside was originally wired up in such a way that the residential towers, the hotel, health club and all commercial offices and eateries are dependent on one source of electricity supply, for which we need to contract in October of

Because the government subsidy was announced as up for review next March, I was advised to enter into a 6-month contract instead of the usual 12. However, this still means my having to pay average electricity bills of half-a-million pounds every month between now and April. With this in mind, I instructed Clever Energy to change their billing for flats to monthly-in-advance based on estimated readings which will be corrected in each following month, plus or minus.



each year. In common with all communal supplies to blocks of flats, our meters are classified as 'commercial' and therefore not eligible for the domestic OFGEM price cap. The expiry of our SSE contract at the end of September coincided with the breaches of the Nordstream gas pipeline and its effect on the global cost of electricity, which gas is primarily used to generate.

As in previous years, I used two independent brokers to tender the electricity contract renewal. This time the most competitive offer was 87p per day rate unit; four times the rate for the previous year. Fortunately, that increase was ameliorated by Chancellor Kwarteng's newly announced subsidy of 21.1p per unit to commercial electricity customers. Unlike the OFGEM capping arrangement applying to domestic users, this commercial subsidy is predicated on the government's own monthly assessments of wholesale prices applying at the date of any commercial gas or electricity contract being signed.

Until I receive the first electricity bill under the new contract, I will not know exactly how the government subsidy is being applied and the exact amount of deduction. However, it would seem that the net cost to us will still be more than double last year's unsupported rate.

I ask for your cooperation in prompt payment of their bills to help me avoid extra levies on the service charge. (Commercial tenants were already being charged in advance.) It remains to be seen where commercial energy rates will be next Spring; we can only hope that the Russia/Ukraine situation will have improved by then. Meanwhile my

energy team is working on securing eligibility for our flats to receive the government's domestic £400 fuel grant.

## | Energy Savings

My previous investment in LED lighting, sensors and other energy-saving measures in the car parks, plantrooms and back staircases have now been paying off majorly in energy savings at these record rates. You will also have noticed a reduction in lights burning in various common areas, and especially the car parks. I have also carried out a metering exercise on high consumption plant and equipment to better understand their energy usage and saving options.

For example, we have ascertained that the goods lifts use far greater energy loads than passenger lifts, so we would kindly ask you all to use them solely for goods use. Needless to say, energy savings in your own properties are for you to implement using the vast amount of advice in news and online sources. A major priority would be to replace all your lighting with LED fittings and to use dishwashers only when fully loaded.

## | Other Costs

At the end of last month I sent out the certified service charge accounts for the year ended 31st March 2022 and you will have seen that we managed to stay within budget despite all the inflationary and energy pressures that were building in that 12-month period. That included unexpected costs to deal with the major gas emergency in Belgrave Court the previous July. Better husbandry of plant and equipment enabled me to reduce the M&E spend last year.

However, the current financial year opened with a major burst pipe in Berkeley Tower for which we were liable to pay the first £25,000 as an insurance claims excess. This means that cashflow is critical and, once again, your prompt payments of our service charges and the electricity bills from Clever Energy are critically important.



## | EV Charging

With our April budget package I issued a preliminary consultation notice (Section 20) for the proposed upgrading of the car park electricity supplies to meet the needs of electric vehicle charging. While this involved the installation of additional substations, I planned to use that opportunity to split the hotel off onto its own independent supply as it currently uses about half the power I have to contract for each year.

Unfortunately multiple objections to the proposals were received from the landlord's companies on which I am currently reassessing with my legal and technical advisors. While there is no escaping the need to install new substations to meet EV demand, I am exploring other options which may produce additional benefits to leaseholders. Once all this is clarified, I will send an updated consultation notice.

## | Cladding

As you will know from our series of updates, we received pre-tender support funding from the BSF for the professional work required in assessing remediation requirements and preparing a suitable specification for tendering and execution. The BSF have since confirmed our eligibility for nearly all types of cladding over the estate with some exceptions.

In our last update, we outlined our hopes that a number of the cladding types might escape the need for remediation under the government's updated form of external wall assessment known as PAS 9980, introduced by the (then) new Secretary of State. However, preliminary assessment of the buildings under PAS 9980 has not been as conclusive as previously expected. The introduction of the new Building Safety Act in the Summer has also brought with it a number of further nuances. In order to preserve and maintain a route to a fully funded remediation scheme, we have been working closely with the GLA who are acting as Delivery Partners for the BSF to progress final approval of our Stage 2 costings which we hope will be awarded before the end of the year.



## | Entry-Access System

After supply chain and chip delays, the new entry-access system is ready to go live for estate gates, main doors and car park.

We will shortly be issuing a notice regarding the issue of new fobs. These will be programmed to each leaseholder and can be deactivated in the event of misuse or other security concerns.

If your flat is sublet, it is now doubly important to register the letting as required by the lease.

(For more information see: <https://www.canaryriverside.london/letting-your-apartment>).





## | TV-Sat Reception

Whilst for Belgrave it was the entryphone that failed, in the case of Eaton House it was the TV satellite system. After numerous failures and abortive visits by Sky engineers the TV-Sat system was found to be in a hopeless state of disrepair, unbalanced between upper and lower reaches of the building and in a dangerous state without proper earthing of electrical circuits. Once again I have acted swiftly to renew the system which is now complete and all Eaton flats now have full Sky HD and Sky-Q connectivity.

As with the obsolete entryphone systems, it is likely we will have to roll out the same TV-Sat upgrade to other towers if the service fails and cannot be safely maintained.

## | Other Repairs & Refurbishment

The majority of works I have carried out since my appointment have been in hidden areas like plantrooms and service risers. I am anxious for residents to see visible change and value for money as they come in and out of the buildings on a daily basis. Plans are in hand for refurbishment of ground floor lobbies and concierge stations, the latter to allow for more secure storage of the increasing number of parcels received each day. We are liaising with the RACR on these issues, to include recarpeting of common parts. Section 20 consultation notices will follow once plans and priorities are agreed.

Other initiatives in the last 12 months included: repainting of the P1 and P2 car parks; additional CCTV to cover blind spots; 95% of old electricity meters now upgraded to Smart meters; additional meters installed in communal and plant areas to monitor waste and improve efficiency; refurbishment of signage at the front entrance and cleaning of soffits; further devolution of service contracts on purely commercial plant and equipment to landlord's management team; safety and compliance works on our electrical switchgear and plant; fulfilment of fire risk assessment recommendations and remedials, including smoke vents and firefighting equipment; upgrading of bike storage facilities and clear-out of abandoned cycles. Other wants of repair to the exterior of our buildings must, of necessity, await the commencement of cladding remediation works when scaffold access will be available.

## | Staffing

You will know from previous reports that I carried out a root & branch review of the security and concierge staff, making several changes and implementing better oversight and attendance logging. These measures, together with our changes to M&E contract staffing, resulted in major savings in costs and overtime claims, which are now at record low levels. More recently I have reviewed the ground staff team (nicknamed the Charlies after their radio call-signs) who are responsible for collection of refuse and sweeping and jet-washing paths, the car parks and service areas. They have historically been on an inefficient shift system written into their contracts which was overall more costly than the traditional 4-on/4-off rota.

Through one leaver and one redundancy I have now been able to implement the new system which is projected to save £20k per annum after the first year.

I have gradually assigned the senior grounds staffer, Gary, to a full handyman role. You may have seen him painting entrance floors, lines and pillars in the car parks and other odd jobs that we would normally have to assign to external tradesmen, incurring their profit costs and VAT.

## | Entryphone Systems

As distinct from the entry-access system mentioned above, each residential tower's entrance has an entryphone panel which connects visitors to any flat.

This is a very old system which - after the recent flood at Berkeley Tower which shorted out its circuits - was found to be hanging on a thread with virtually no spare parts available any longer.

Last month the entry-phone in Belgrave failed completely and I had to act swiftly to replace it. New colour video monitors needed to be



installed in all Belgrave flats and, if successful, we will hope to roll out the same system to the other towers before their systems similarly fail for lack of support and spares.

## | Gardens

We were all pleased to see the gardens in such colourful bloom this summer and my aim is to maintain this standard for you all to enjoy.

The gardening contractor continues to let the summer annuals flower up until the first frost, then to be replaced with orange & yellow Polyanthus which, depending on the winter weather, will begin to flower in early February and last until the end of May. They are adding to the tulips planted last year with the same Fosteriana variety. Also, this season they are planting Daffodil Golden Harvest to add colour to early spring. As before, I have held any planting in the beds abutting the buildings which would otherwise be laid waste when the cladding works and scaffolding get underway.

It is sad that the central line of trees opposite the hotel was stricken by the Canker pathogen and needed to be cut down before more of them fell.



They are due to be replaced in mid-November with mature Persian Ironwood trees which will be planted at an initial height of approximately 10-12 feet, growing hopefully to a full height of 16-18 ft within 24 months. Other trees across the development have been thinned out and crowned as part of normal tree surgery and to allow more light into flats on the lower floors.

There are still a handful of individuals who are allowing dogs to urinate on the lawns, causing acid burn marks in the turf. You will have seen the new signage we have located in the grounds. As dogs are not allowed to be kept on the estate without landlord's licence, we are enforcing against such offenders some of whom are subtenants with little regard for our rules and regulations. Ultimately it is the owners of offending flats who will have to pay the legal costs of enforcement against the misdeeds of their errant tenants. For further information please refer to <https://www.canaryriverside.london/pets>

## | Tribunal Matters & Litigation

Whilst the RACR awaits the Tribunal's decision on their challenge to the landlord's insurance charges and commissions over previous years, my main interest is in the challenge to legal costs in all of these tribunal proceedings being recoverable as a shared cost to be allocated in part to the hotel, health club and other commercial tenants.

The landlord has argued that such legal costs should be borne solely by the residential tenants who applied for the Management Order. An appeal hearing has now been fixed for next April.

On other litigation, a major concern for me was the arrears I inherited on takeover from HML, which included over a million pounds tied up in groups of flats held in offshore companies.

Needless to say, it is not easy to sue out in the British Virgin Islands and other exotic tax havens.

Happily, we have been successful in recovering the vast majority of those debts in the last few months. My solicitors are currently engaged in mopping up the residual interest and legal costs from those owners, as well as ongoing arrears of other leaseholders and commercial tenants. Where appropriate, I am applying interest to arrears at the rate prescribed in the leases, which is 4 percent above the base rate, which is rising fast.



## | Your Obligations

As leaseholders you are responsible to maintain your flat in good repair. If you fail to do so, you will be responsible for damage to other flats by water damage for which there is now a £25,000 claims excess. So it's vital to ensure that your plumbing connections and overflow pipes are checked, and your shower and bath seals are regularly renewed to prevent water damage to flats below. Check that your householders' insurance (normally covering contents and jewellery etc.) also covers third-party liability for such accidental damage to other premises. You should also insure for loss of rent from subtenants.

If your flat is unoccupied for long periods, you need to inform us as the insurers may not cover claims for damage that went unnoticed if a flat was left unchecked on a regular basis. Water and gas should be isolated at source, and it is wise to disconnect any electrical appliances which display a red standby light.

On safety, please make sure that you have at least one smoke alarm in your flat and check the test button once a month. Try not to overload plug sockets or use coiled extension cables for any longer than necessary for a specific need. Also, we recommend buying a fire blanket to keep near your cooking hob. Under no circumstances are fires or barbecues to be lit on balconies.

If you rent out your flat, we strongly recommend using a reputable agent regulated by ARLA so that you have the assurance of proper reference-checking and some recourse against rogue tenants. Do not rent for periods of less than 6 months or in multiple occupation, contrary to the terms of the lease. Remember that all lettings need to be registered with the landlord within 28 days of being signed up (see our note on fobs and the RACR website link above).

**And finally, please report any suspicious or anti-social behaviour to the concierge or the security office which is manned 24/7/365 at your service.**

Best wishes.

**Sol Undsdorfer**

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