

Rivermead Court Limited Annual General Meeting

Tuesday 4th June 2024

1

Rivermead Court Limited Annual General Meeting

Running Order

Overview/Agenda – Tim Soane

Formal Business - Tim Soane

Finance – Nick Green

Insurance – Keith Bedell-Pearce

Pipework – Michael Stevens

Close

2

Rivermead Court Limited Annual General Meeting

Ordinary Business

- 2023 Accounts
- Re-elections
 - Lady Fiona Fowler
 - Keith Bedell-Pearce
 - Peter Green
- Appoint Auditors

3

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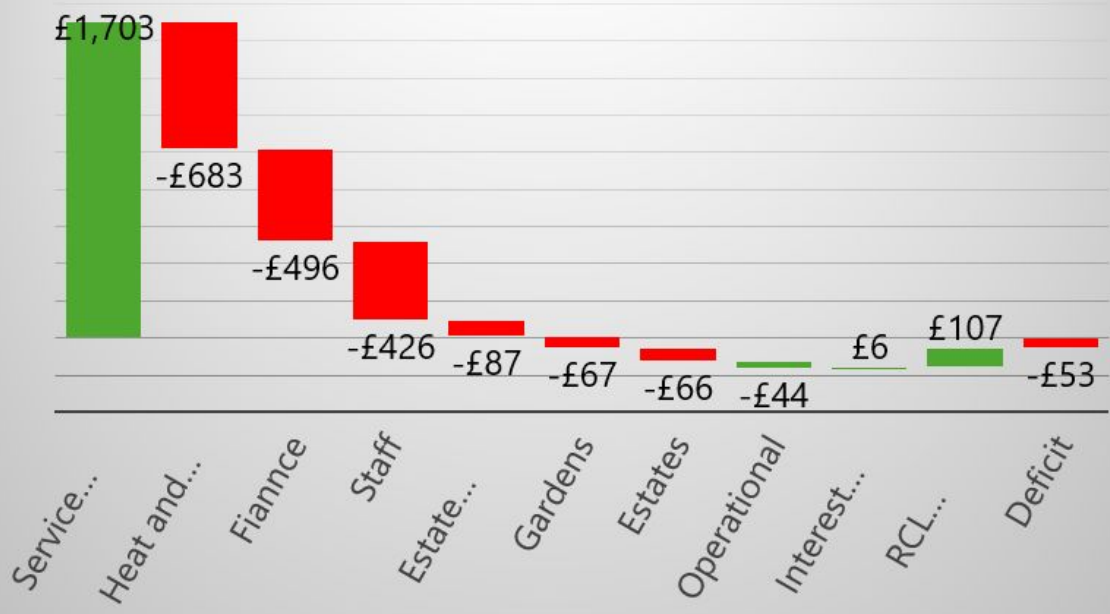
4 June 2024

Finance

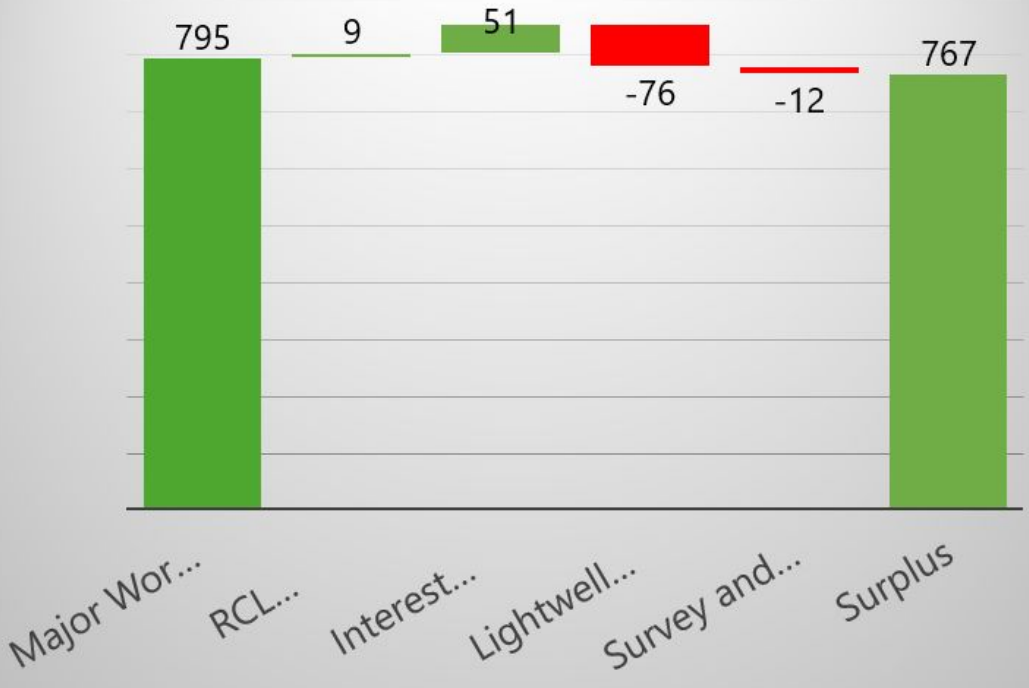
Nick Green

4

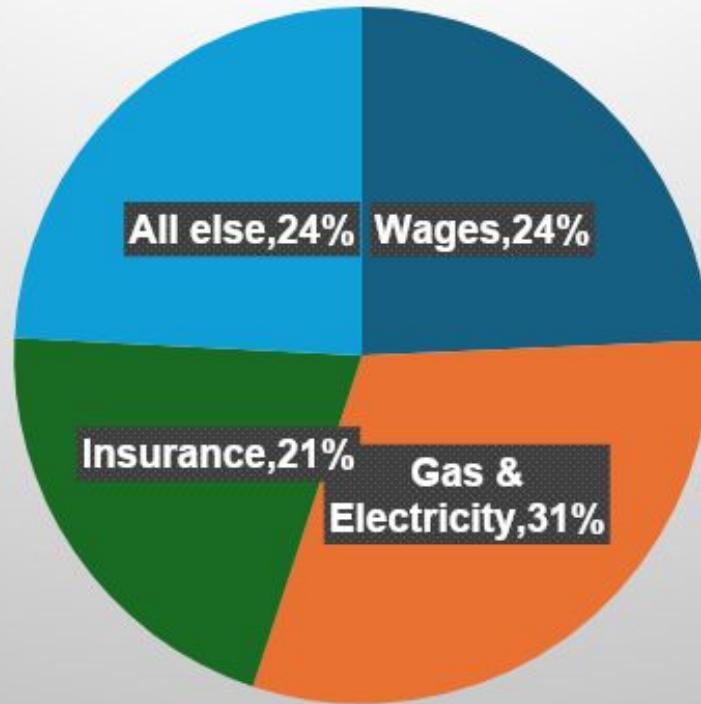
Service Charge Components of Expenditure £'000s v Demand of £1.7m



Major Works Reserve £'000s vs Demand £795k



Top 3 Contributors to Service Charge Costs



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4 June 2024

INSURANCE

Keith Bedell-Pearce

INSURANCE TOPICS

- The cost of Buildings Insurance
- Excessive Excess
- Who is Liable?
- Why so many Leaks?
- Present position on Claims
- Board Priorities

9

The Cost of Buildings Insurance

Under the terms of the Lease, Rivermead Court Ltd is required to put in place Buildings Insurance with “some insurance office of repute”. Our current Buildings insurance is provided by Ecclesiastical.

- Buildings Insurance Premiums for flats up significantly over last 3 years
- Reinstatement values reflecting building costs inflation
- Perceived increase in risk, largely post-Grenfell
- Very thin market for high value blocks of flats
- Other market forces such as cost of capital and volatility in investment markets

10

Excessive Excess

Claims History

- **2009-2017:** Only 19 claims in 8 years with yearly average total of £3,365.
- **2017:** 3 claims totalling £50,000, 15x previous yearly average.
- **2021:** One claim of over a quarter million pounds
- **2022:** Excess increased from £5,000 to £25,000, Ecclesiastical only insurer prepared to quote

11

Why so many leaks?

No single cause but the main culprits are

- Plastic pipes with re-circulating hot water
- Bad workmanship
- Shower pump and other appliance connections
- Defective sealant in showers and bathrooms

Prevention is the 1st line of defence

12

Who is Liable?

The Lease is clear – it's the leaking flat owner's liability*

- Pre-2020, some inconsistency and confusion in payment of small value claims with some being paid out of the Service Charge.
- 2020 Board implemented a policy that 3rd party damage claims were a matter to be settled between the parties.
- Advice in the 2020 Regulations & Guidelines and Newsletters to include Public Liability cover in their Home Contents insurance.

*Clause 1(D) of the Lease provides that the internal plumbing (which includes appliances etc) exclusively servicing the flat is part of the flat's demised premises. Clause 2.(5)(b) makes it clear that it is the Leaseholder's responsibility to keep the internal plumbing in good order and repair.

13

Present Position on Claims

- Ecclesiastical has confirmed its Buildings Insurance will cover water escape claims for the balance after the excess
- Public Liability still recommended to cover the Buildings Insurance excess

BUT

... the Board is not aware of any successful claims by flat owners on their Public Liability insurance – insurers say they will only pay out where there is a “legal liability” on the part of the flat owner.

14

Board Priorities on Buildings Insurance

- Rivermead Court's newly-appointed broker has a direct relationship with Ecclesiastical and will attempt to negotiate a lower excess for the 2025 renewal
- Finance Committee is looking at the possibility of a group self-insurance arrangement to cover at least some part of the excess.

15

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4 June 2024

PIPEWORKS

Michael Stevens

16

The pipework project was completed on schedule and was paid for by the income from lease extensions

Lease extensions		Pipework Project	
	<u>£000</u>		<u>£000</u>
Lease extension income	4836	Main construction contract	2772
less:		HIU's	325
Legal expenses	-110	Other construction	91
Tax	-234		
		Fees:	
		Consulting Engineers	461
		Quantity surveyors	148
		Legal	125
		All other	208
Net income	4492	Total costs	4130
Surplus	362		

Best viewed from the lightwells

17

Ten years to connect to the new system

28 flats already connected

42 flats ready and in the process of being connected

That's 70 in the first five years – and at that rate all will be connected within the next 10 years

The benefits of connection are:

- Makes possible full central heating with individual control
- All new pressurized mains water – potable water at all cold taps.
- Metered charges

18

If you would like to connect . . .

It needs planning but isn't difficult

Lots of experienced help is available

Best time to connect is when undertaking other works such as a new kitchen or bathrooms

But if you prefer not to think about it – ten years to go, and the Old System gives excellent service

John Wells is happy to advise