



Explanation of Resolutions

This document explains the resolutions set out in the Notice of Annual General Meeting of St Benedicts (Tooting) Management Company Limited to be held **online** on Thursday **19th November 2020** at **7.00pm** and provides the Directors' recommendations on voting.

The best way to register to attend the meeting, appoint a Proxy, raise points or questions and vote is by using the St Benedicts website at <https://www.stbentooting.co.uk/proxy>.

Alternatively, the enclosed form may be used for these purposes. **Members are asked to read the explanation of the resolutions in this document before casting their vote** or appointing a proxy. This information is also on the St Benedicts website at <https://www.stbentooting.co.uk/agm>.

Resolutions 1, 2 and 4–15 are ordinary resolutions that require a simple majority of votes cast from those present and by proxy, including submitted online, to pass. Because it seeks to amend the company Articles of Association, resolution 3 has to be a special resolution. This requires at least three quarters (75%) of the votes cast to pass.

Approve minutes

1. To receive and approve the Minutes of the Annual General Meeting held on 14th November 2019.

These are provided with the meeting documents and **the Directors recommend approval.**

Adopt report and accounts

2. To receive and adopt the Report of the Directors and the Accounts for the year ended 30th June 2020.

Under current accounting standards, the Company Financial Statements now contain very little. These are provided with the meeting documents and **the Directors recommend approval.**

Service charges are held on trust for property owners and the main part of the information is in the Service Charge Statement. This is provided with the meeting documents and is for information.

Because the Management Company is now taking advantage of all exemptions and its accounts are no longer being audited, as approved at the 2010 AGM, there is no resolution regarding auditors.

Allow electronic meeting attendance

3. SPECIAL RESOLUTION: To amend article 9 of the Articles of Association of St Benedicts (Tooting) Management Company Limited to allow members present in person or by electronic means to be a quorum so it will become, "9. No business shall be transacted at any general meeting unless a quorum of members is present at the time the meeting proceeds to business: save as herein provided, two members present in person or by electronic means shall be a quorum. Subject to the provisions of the 1948 Act a resolution in writing signed by all of the members for the time being entitled to receive notice of and to attend and vote at general meetings shall be as valid and effective as if the Same had been passed at a general meeting of the Company duly convened and held."

Current temporary amendments to the law for the Covid-19 pandemic have been extended from September to December 2020, but Government statements indicate that restrictions may last another six months or more. The Directors decided to use the temporary provisions to hold an online meeting, otherwise this may not be possible at all.

To provide accessibility for those unable to participate online using post and allow suitable arrangements, members need to register to attend, vote and raise points and questions in advance, which can be done with or without Internet access. Questions and their answers will be published in the Minutes as well as online, also to meet governance guidelines for accessibility.



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It is recommended that companies without provision for virtual meetings should amend their Articles of Association to allow this without temporary legislation. The proposed change allows meetings otherwise satisfying the Articles to be held by members in communication without needing to be present in person. The Articles of Association as they would be amended are provided with the meeting papers. **The Directors strongly recommend approval** to ensure it is possible to hold general meetings lawfully in future in adverse circumstances.

Because it seeks to amend the company Articles of Association, this resolution has to be a special resolution. This requires at least three quarters (75%) of the votes cast from those present and by proxy, including submitted online, to pass.

Extend intervals for periodic work

4. *To set the interval between periodic Estate maintenance and redecoration to five years by default and waive the term in property legal agreements requiring this every four years.*
5. *To set the interval between periodic flats external maintenance and redecoration to five years by default. **
6. *To set the interval between periodic flats internal maintenance and redecoration to seven years by default. **
7. *To allow the Directors to arrange limited rather than full flats periodic internal maintenance and redecoration that is now due and adjust the date of the next full periodic flats internal maintenance and redecoration to spread the costs of periodic external and internal work. **

Periodic maintenance was originally carried out every four years, and property legal agreements specify this for Estate maintenance, such as for the clock tower, portico, private roadways, paths and fencing, for example. Resolutions have been passed in each recent maintenance cycle to extend the period and it is now proposed to do this by default.

As members may recall from the July budget and Newsletter, building costs have risen by a significantly greater amount than inflation from the periodic work in 2010 and 2015 on which charges to gather reserves were based. Consequently, the amount collected was insufficient to carry out all the planned maintenance, which has been delayed because of this and the Covid-19 pandemic, and this is one factor contributing to increased charges.

The Directors carried out extensive work to limit rises in charges as much as possible. The surveyor advised that, with modern paint technology, Estate and flats external redecoration could be carried out at five year intervals and flats internal redecoration at seven year intervals. The Directors set the budget on this basis and indicated they would ask owners to confirm this.

The cost of priority flats external work in autumn 2020 and expected cost of external redecoration in 2021 exceeds the reserves collected for both flats external and internal maintenance. The Directors consequently propose not to carry out full redecoration of flats communal areas this maintenance cycle, instead carrying out limited work only where needed, including for fire safety. It is also proposed to defer flats internal work until more reserves have been collected to cover the cost of the external work.

Those resolutions marked * only concern flats and charges wholly paid by flat owners so house owners are asked to abstain. **The Directors recommend approval** by those to whom the resolutions apply, otherwise further significant rises in charges will be needed next year because the budget is based on these changes. In view of the property legal agreement provisions, it is necessary that resolution 4 be passed without objection to defer Estate maintenance.



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End rebates for replaced windows

8. *Noting that many flats have replaced windows without the Management Company and current Managing Agent being aware, that calculation of rebates to owners of flats with maintenance-free windows is not accurately possible and the current financial position, to end payment of rebates to owners of flats with maintenance-free windows in respect of costs of periodic flats external decoration work. If this resolution is not passed, payment will be delayed for several years until sufficient reserves have been collected through service charges to cover the costs of both work and rebates. **

Quoted costs for flats external repair and redecoration were significantly greater than reserves raised from charges based on previous costs as explained for the previous resolutions. The reserves held are not sufficient to pay the rebates for maintenance-free windows arising from resolutions passed at previous general meetings that have been paid in previous maintenance cycles.

To pay rebates would, consequently, involve paying flat owners money from other funds that they have not yet paid through charges, which is not a proper purpose for which those funds were collected and could be open to challenge. It is consequently necessary either not to pay rebates or to delay payment of rebates until sufficient reserves have been collected to cover the costs of both work and rebates.

When quoting for the flats external redecoration, contractors pointed out that significantly more windows have been replaced than those for which the Management Company and current Managing Agent have granted consent and it is known that the previous Agent before 2010 did not pass on proper records. Consequently, only some owners are receiving the rebate, resulting in disproportionate payment, and it is not possible to calculate an accurate cost of the work saved, which is only a small part of the periodic flats external work costs. The Directors are therefore offering the opportunity to end these rebates.

This resolution marked * only concerns flats and charges wholly paid by flat owners so house owners are asked to abstain. **The Directors are not making a recommendation** as this is for flat owners to choose, *but warn that further rises in flats charges may be needed in future years if it is not approved.*

Confirm policies for flat leaks

9. *Noting the increase in the property insurance premium from £21,573 in 2019 to £50,029 in 2020 in large part due to the claims record for movement and water leaks, the consequent large increases in charges and the dangers of similar large increase in future or that such risks might become uninsurable, to confirm revised policies of the Management Company on consent for flat alterations involving plumbing and for handling leaks in flats that damage other properties or result in insurance claims.*

In recent years, there has been a very poor record of water leaks on the Estate and resulting insurance claims. Insurance premiums rose significantly in 2019 as a result. Previous more lenient policies proved ineffective in controlling water leaks, which continued at an unacceptable rate.

Together with the claims for movement, this resulted in the building insurance premium more than doubling in 2020 compared to 2019, contributing significantly to flat service charges rising on average by around a quarter despite other annual costs being held to the same level as in the previous year. Leaks into other properties have caused residents considerable distress.

Numerous property-owning shareholders demanded that the Management Company take more action. The Management Company therefore tightened its policies on what plumbing alterations can be granted the necessary consent and on how flat water leaks are handled from July 2020.



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A document (on the website at <https://www.stbentooting.co.uk/leaks>) was produced to explain this policy, its reasons and lease requirements. It is believed these will reduce leaks by ensuring future plumbing work is to proper professional standards and because it is now likely to be more cost effective for owners to maintain plumbing and carry out plumbing work to proper professional standards rather than incur the costs for which they are liable if a leak occurs.

Insurance premium costs apply to both flat and house owners, so both should vote. **The Directors strongly recommend approval**, *otherwise there are likely to be further huge rises in insurance premiums, claims excesses and charges next year and in future years or this risk may become uninsurable, while no effective action would be possible to reduce these risks.*

Some owners whose flats have leaked and been subject to the new policies since July 2020 might vote against, so it is important that a large majority of owners vote in favour if they wish to avoid the adverse consequences and for the owners of flats that leak to bear the associated costs rather than all owners.

Endorse tree management plan and require full justification to fell

10. Noting requests to fell trees, to endorse the Estate tree management plan and require that requests to fell trees be supported by full justification following best practice and require that views be sought from owners of nearby properties and taken into account.

The Management Company had to allow an oak tree to be felled between Abbey Drive and St Benedicts Close following insurer investigations regarding flat block movement and the protected sycamore tree by Church Lane may also be felled if the Council permits this.

Trees on the Estate add to its amenity value, were part of the design and a significant number are protected by Preservation Order. In 2014, the Management Company developed an Estate tree management plan available at <https://www.stbentooting.co.uk/information.htm#treemanagement> and seeks endorsement of this to protect the trees and the character of the Estate.

Requests have been made by property owners to fell trees, some with little justification. This resolution requires that proposals to fell trees must be fully justified by evidence to best practice standards such as soil surveys, moisture and movement recordings supporting qualified arboricultural opinion on the cause of issues (as were the proposals by the Estate insurer). It also requires consultation with owners of nearby properties whose amenity value may be reduced. **The Directors recommend approval.**

Reports

11. To report on contracts for services, maintenance and periodic external work.

12. To report on steps taken during the Covid-19 pandemic not discussed in earlier items.

13. To report on a proposal to carry out a pilot to upgrade the landlord electrical system in one flat block to meet current electrical and safety regulations and test if internal lighting can be switched on automatically only when required rather than being on throughout the hours of darkness with consequent reductions in electricity use and costs.

The Directors will report more briefly than usual as the meeting is online and information is readily available on the website. There were no significant changes to contracts, which mostly continued during Government restrictions. Action taken during the Covid-19 pandemic is described on the emergency page. Work through the year is listed in the September newsletter, routine work is listed on the maintenance page and periodic work is described on the major work page.

Current landlord electrical installations in flat block communal areas are life-expired and upgrade is required to meet current electrical and safety regulations. It was previously proposed to upgrade these by 2025 and reserves are being collected through flats service charges towards this.



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Faced with the need to save every possible cost, the Directors plan to bring forward electrical upgrade in one block they can monitor to test if the main lighting can be triggered to come on when required rather than being on throughout the hours of darkness. If so, this would greatly reduce electricity use and costs to set against the installation cost and establish if earlier replacement would help keep flats service charges down.

There are no votes for these items as they are for information. Questions should be notified in advance. This will allow the Directors and Managing Agent to respond in a manner accessible to all, including those without Internet access. If you attend the online meeting, this will also allow you to be called to speak.

Appointment of Directors

14. To deal with the appointment of Directors nominated in advance of the meeting.

Directors do not now need to retire by rotation and both Mr Ravi Joshi and Mr Kevin Herrmann are willing to continue serving as Directors. No nominees were received in time to arrange the vote necessary to appoint additional Directors, so the current Directors would consider appointing nominees willing to serve for the benefit of all backed by two other members as Alternate Directors.

Any other business

15. To deal with any other business notified in advance of the meeting.

Matters that members wish to raise under any other business must be notified in advance. This will allow the Directors and Managing Agent to respond in a manner accessible to all, including those without Internet access. If you attend the online meeting, this will also allow you to be called to speak.

If there are current issues on the Estate, waiting until the General Meeting is not the best way of raising them. It is better to report them using St Benedicts Online (on the website) or to the Managing Agent, so they can be investigated and addressed straightaway.