

Lacuna Estate Management Company

Shareholders Meeting - October 10, 2023



Agenda

- ▶ Introduction
- ▶ Services Provided by LEMC
- ▶ Financial Update
- ▶ Estate Maintenance
- ▶ 2024 Budget Allocation
- ▶ Covenant Revision
- ▶ Landscaping
- ▶ Property Redecoration
- ▶ Solar Panels
- ▶ Compliance with Covenants

Introduction

- ▶ **Lacuna Estate Management Company Limited (LEMC)**
 - ▶ A not-for-profit Estate Management company owned by you as shareholders
- ▶ **Directors**
 - ▶ Dr Ollie Else
 - ▶ Fraser Halliday
 - ▶ Angela Vincent
 - ▶ Carl Zehntner
- ▶ **Adviser to the Director Group**
 - ▶ Tim Amos
- ▶ **Estate Manager**
 - ▶ Jenny Vanbergen

LEMC Website

- ▶ LEMC has a dedicated website where we address many frequently asked questions about Lacuna Estate



<https://lacunaestate.co.uk/>

Kings Hill Estate Charges

Kings Hill
Parish Council

Standard Parish Council Activities incl. maintaining the
Community Centre, Sports Park, Green spaces and
Play Parks in Phase 1

KHREMC

Kings Hill Communal areas, Liberty Square, Linear Park,
Cricket Pitch, Play Parks (Phase 2 & 3),
Landscaping of Roundabouts and Main Trunk Roads

LEMC
(ESTMANCO)

Repairs and Maintenance of unadopted communal areas
within Lacuna Estate (part of Phase 2), plus
Landscaping, and Window Cleaning *

RESMANCO
(Various)

Specific to the 57 Flats / Coach Houses
Incl. Interior maintenance of communal spaces and
Property redecoration











* - Covenants also relate to Insurance and some qualifying redecoration works to Freehold houses

Lacuna Estate - Kings Hill



LEMC Services

What does my Estate Charge cover?

	Houses (123 Properties)	Flats (57 Properties)
Window Cleaning		
Landscaping		
External Communal Areas (Repairs / Maintenance / Utilities)		
Address Covenant Breaches (incl. Antisocial behaviour)		
Buildings Insurance		 *

* - Element to be removed by way of proposed covenant revision

Estate Charge Framework

Former Process

Communal Charge

(Cost shared equally across 180 Properties)

Zone Charge

(Zone Cost Allocation)

Houses: Includes Redecoration + Insurance

Current Approach

Communal Charge

(Cost shared equally across 180 Properties)

Zone Charge

(Zone Cost Allocation)

Excludes Redecoration + Insurance

Insurance Charge

Insurance Cost + Share of Agents Fees
(applies to all Houses that DO NOT Opt Out)

Redecoration Charge

Redec Cost Incl. Surveyor and Agent Fees
(additional charge if LEMC completes works)

Mandatory

Optional

LEMC

Director Group

Estate Charge - 2022 Accounts

Lacuna Estate Management Company

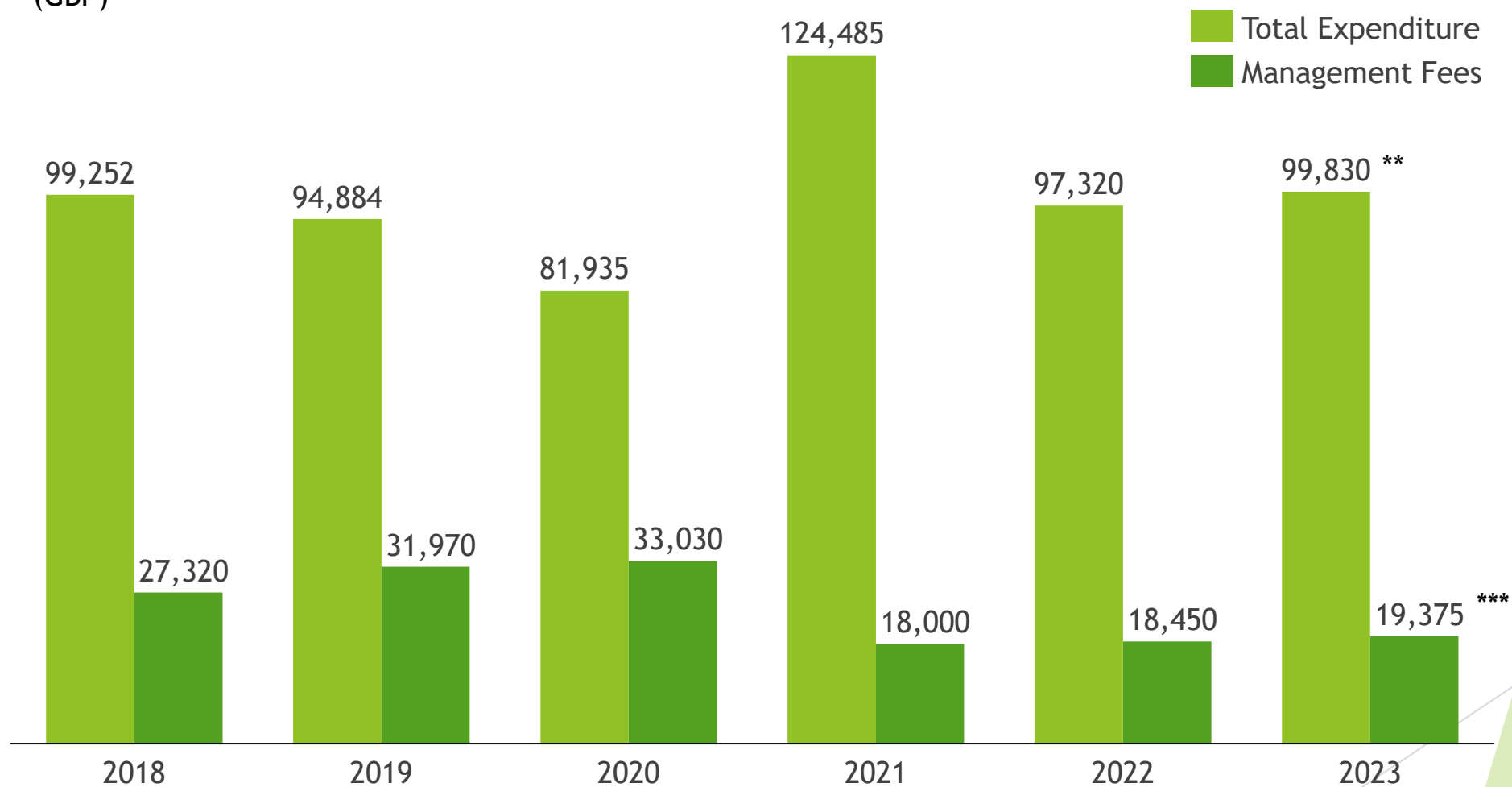
Year to 31 December 2022

Balance Sheet

	Notes	2022	2021
Current Assets			
Service charge Debtors	2	3,393.33	4,223.89
Cash at Bank	3	<u>126,607.64</u>	<u>195,876.37</u>
		130,000.97	200,100.26
Current Liabilities			
Service charges	4	25,247.95	30,037.82
Trade creditors	4	-	-
Omnicroft Reserves accruals	4	-	-
Accountancy accrual	4	2,160.00	2,160.00
		<u> </u>	<u> </u>
Net Current Assets		<u>102,593.02</u>	<u>167,902.44</u>
Reserves			
Freeholds A-E	5a	5,541.64	4,431.48
Communal	5b	31,524.24	26,460.60
Leaseholds	5c	1,816.54	1,547.92
Freehold redecoration	6	36,710.59	108,462.43
Professional Fees	7	27,000.00	27,000.00
		<u> </u>	<u> </u>
Balance at 31 December 2022	8	<u>102,593.02</u>	<u>167,902.44</u>

LEMC Annual Expenditure Report *

(GBP)

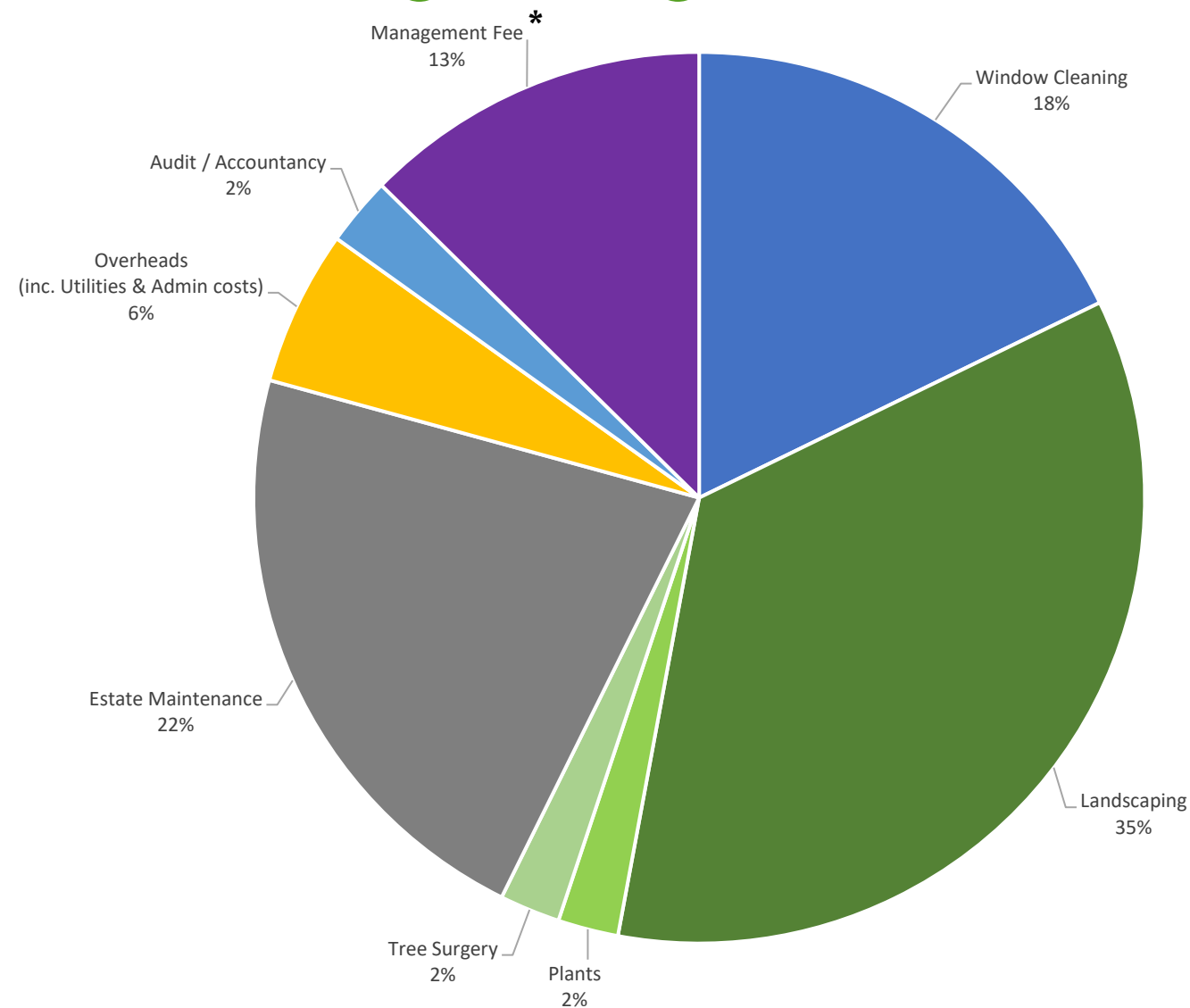


* - Excludes Insurance and redecoration of Freehold homes

** - Estimate for the current year (excl. any adjustment for prompt payment discounts)

*** - Before adjustment for prompt payment discount

Estate Charge Budget 2023



Represents the average cost allocation across the Estate of 180 properties
Exact allocation by property varies in accordance with the covenants

* - Assuming all shareholders claimed prompt payment discount

Estate Charge 2023 vs Budget

Budget 2023 LEMC Estate Charge	-	£90,920	a/
Forecast 2023 LEMC Estate Expenditure	-	£92,389	a/
2023 Forecast Performance vs Budget	-	<u>£(1,469)</u>	
Explained by;			
Plants	-	£(1,000)	b/
Tree Surgery	-	£(1,000)	c/
Other	-	£531	
Total Excess Cost	-	<u>£(1,469)</u>	

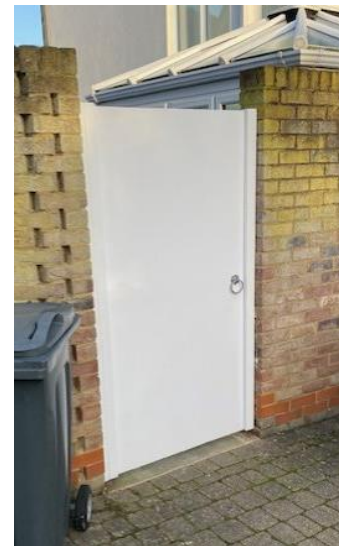
a/ - Excludes portion of management fee available for deduction upon prompt payment

b/ - Increased cost of plant replacement, prim. high levels of box hedging subject to blight

c/ - Tree surgery requirements above expected level and prior year



2023 Estate Maintenance



Work in progress - to be stained

Estate Charge 2024 vs 2023 Budget

Budget 2023 LEMC Estate Charge	-	£99,350	a/
Budget 2024 LEMC Estate Charge	-	£108,275	
2024 Budget Versus 2023		<u>£(8,925)</u>	
Explained by;			
Inflation related adjustment (8%)	-	£(6,241)	b/
Landscaping (market rate adjustment)	-	£(3,042)	c/
Planting	-	£(1,000)	d/
Tree Surgery	-	£(1,000)	e/
Mgmt Fee (below inflation increase - 3.25%)	-	£923	f/
Contribution to Reserves	-	£1,000	
Other	-	£435	
Year-over -Year Increase		<u>£(8,925)</u>	

Estimated Annual
Increase

10% ↑
Houses

6.75% ↑
Flats

a/ - Excludes any adjustment for prompt payment discounts claimed

b/ - Reflects inflation running at 8% year-over-year (excl. Maintenance provision, not increased)

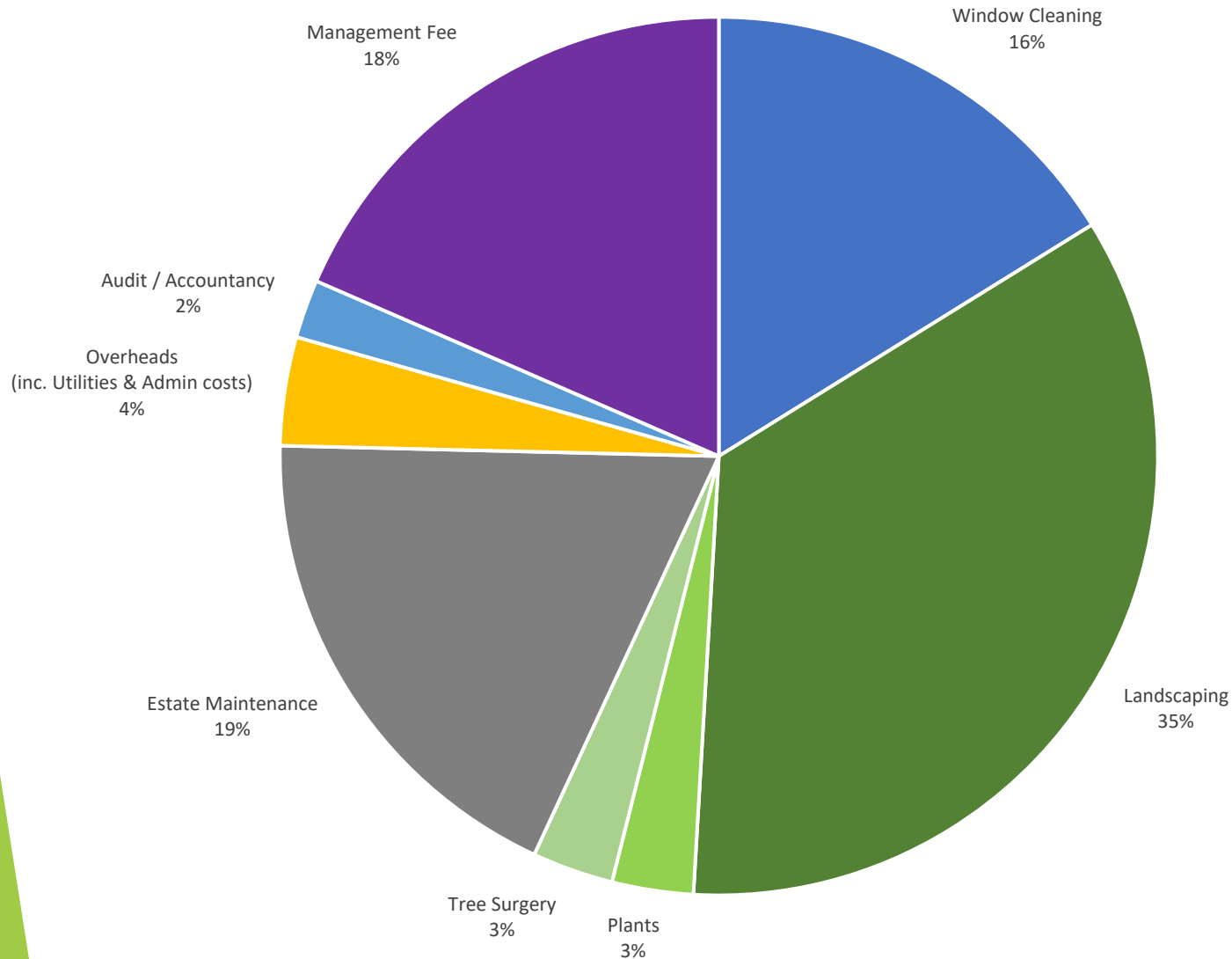
c/ - 17.5% year-over-year increase to move towards market rate (corrects lower increases awarded in prior years)

d/ - Flow through of higher Planting costs observed in 2023

e/ - Flow through of higher Tree Surgery costs observed in 2023

f/ - Reflects saving versus 8% inflation of a negotiated annual increase in the Base Management Fee of 3.25%

Estate Charge Budget 2024 (provisional)



Freehold Houses
£555 - £855 *

Flats / Coach Houses
£395 *

* - Estimated values derived from provisional 2024 Budget calculations. Not final amounts.



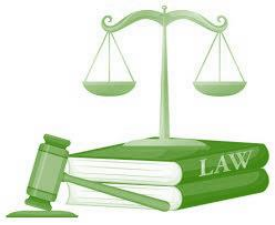
2024 Estate Charge Payment

- ▶ Freehold Houses have primarily funded Estate Charges from Reserves for the past few years, following the change in redecoration policy. These reserves are now exhausted, and all homeowners are required to make payment
- ▶ Estate Charge Invoices will be issued early in January, with payment due by January 31
- ▶ Alternatively, you may pay the first month's payment in January, and establish a monthly Standing Order to cover the balance. We regret that we are not able to offer Direct Debit
- ▶ Note that where necessary, LEMC will appoint solicitors to pursue non-payment of Estate Charges. LEMC is a non-profit organisation, and in the absence of such action, debts would be funded by remaining homeowners, which is not equitable



Prompt Payment Discounts

- ▶ The Directors regret that we are unable to offer prompt payment discounts in 2024
- ▶ We continue to strive to maximise efficiency, and thus minimise management overheads. The Director team provide a number of services to LEMC free of charge, helping to keep costs as low as possible
- ▶ However, we equally have a duty of care to fairly compensate the Estate Manager for the number of hours worked, and we have yet to realise the efficiencies that funded the discount offered in 2023
- ▶ It is hoped that once the covenant revision is finally resolved, the required hours to manage the Estate may reduce
- ▶ An FAQ section has been added to our website in the hope that homeowners can resolve queries without needing to email the Estate Manager. We are keen to provide a service, whilst at the same time controlling costs



Covenant Revision

- ▶ Bradys Solicitors have replaced SLC in acting for LEMC in respect of the covenant revision
- ▶ All homeowners should have received a contract from Bradys for signature. This transfers the obligation to procure buildings insurance from LEMC to the homeowner. As previously advised, this approach delivers substantial savings to homeowners
- ▶ Also enclosed in your pack will be an AN1 form for signature. This places a notice on the property title at the Land Registry that the above contract exists
- ▶ Contracts will require renewal upon transfer of title of the property. This will be affected via the standard LEMC conveyancing process, where new homeowners sign the Deed of Covenant
- ▶ Please complete your paperwork at the earliest opportunity, or contact us with any issues



Landscaping

- ▶ LEMC is responsible for maintaining front gardens and communal areas across the Lacuna Estate and has a contract with John Ambler to provide this service
- ▶ We are fortunate to have negotiated an agreement whereby we contract reduced hours during the winter months where the workload is naturally less
- ▶ Whilst greater hours are contracted for the summer months, it is not feasible to contract sufficient manpower to maintain pace in the peak growing periods over the summer, where all plants can grow quite quickly
- ▶ We respectfully request your patience over the peak period and assure you that best efforts are made to ensure available resource is fairly distributed across the Estate. We cannot reasonably target perfection, as we must also be mindful of cost



Property Redecoration

- ▶ LEMC remains responsible for ensuring the Estate is properly maintained
- ▶ Property Redecoration Managed by LEMC is more costly due to;
 - ❖ Managing Agent's Fees
 - ❖ Surveyor's Fees
 - ❖ Use of Larger Contractors who will be VAT registered
 - ❖ Provision of Temporary Site Facilities (required for major projects)
- ▶ Redecorating your own Home allows you to;
 - ❖ Select a Contractor of your choice
 - ❖ Schedule complementary additional works to be completed concurrently (e.g. repair and redecoration of items not covered by LEMC)
 - ❖ Lower costs through avoiding LEMC overheads

LEMC No Longer Collects Funds for Redecoration Within the Estate Charge
Any Work Undertaken by LEMC will attract Incremental Fees



Property Redecoration Process

- ▶ **Former Process** (LEMC established a reserve by collecting funds in the Annual Estate Charge)
 - ❖ LEMC determined when properties were redecorated
 - ❖ A contractor was appointed to perform required work, as specified by LEMC
 - ❖ Homeowners charged for the cost of work performed
 - ❖ Cost deducted from reserves, with potential for excess fees to be levied

- ▶ **Current Process** (LEMC does not collect funds within the Annual Estate Charge)
 - ❖ Homeowners determine when their property is redecorated
 - ❖ Homeowner appoints contractor and manages works
 - ❖ LEMC will monitor to ensure standards are upheld and will take action where properties are not suitably maintained



Solar Panels

- ▶ Covenants require LEMC approval be sought for any change to the exterior of your property. Any changes should be in keeping with the character of the estate
- ▶ LEMC recognises the importance of embracing new technologies and reducing carbon emissions. The Directors are thus supportive of Solar Panels provided they are installed sympathetically



Directors will approve proposals to install Solar Panels on the roof of a House or Coach House *



Panels should not be installed on;

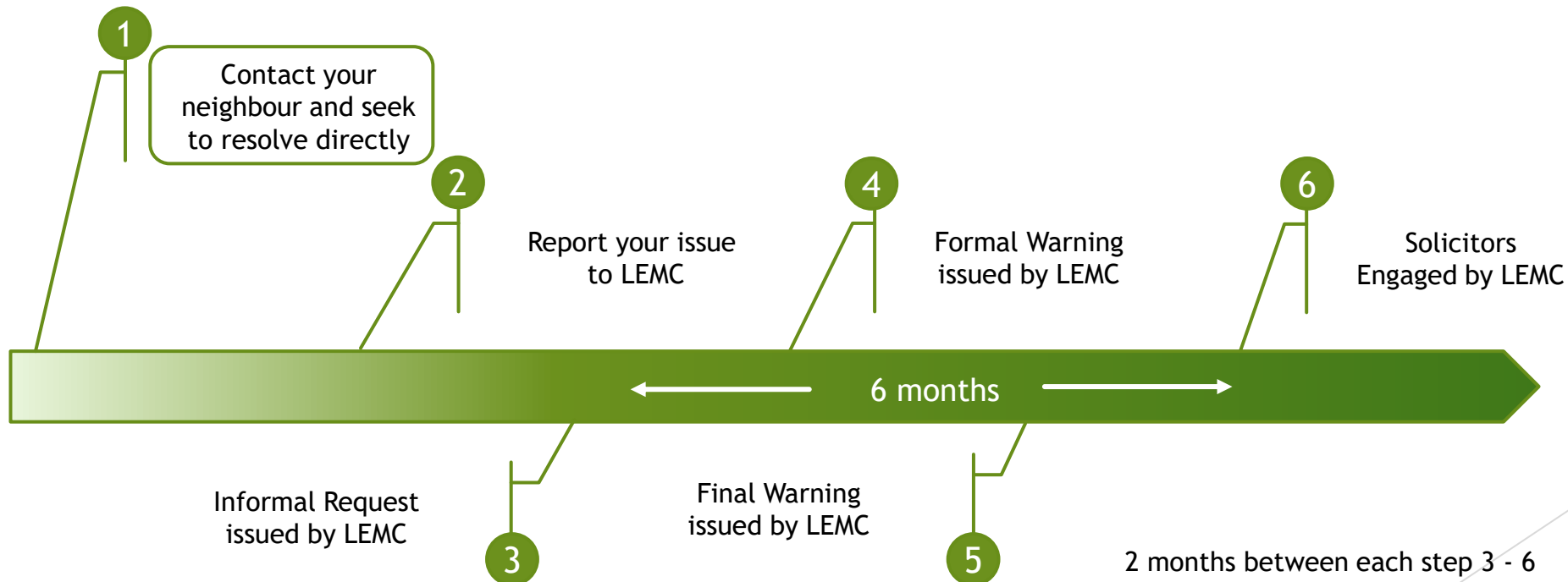
- Roof of a Garage Block or Car Barn
- Single Storey Annexes
- Porches

* - Proposals relating to blocks of flats are a matter for the relevant Resmanco, though LEMC shall not object



Compliance with Covenants

LEMC covenants establish several terms and conditions of living on the Lacuna Estate that were designed to combat Anti-Social Behaviour and make the development a pleasant place for all homeowners



Please try to Resolve Disputes Directly prior to engaging LEMC
LEMC will support as appropriate, but higher workload increases Estate Charges

Thank You for Listening



Q&A

Please get in touch if you would like to join the Director Team and help our efforts to control Estate costs

LEMC
Director Group