

Case Study: 30 years of bad management

The Nobelday Development In Chelmsford



PMS Leasehold Management Ltd.

PMS Leasehold Management Ltd has been managing property since 1987.

PMS started life as 'Property Management Services' in Colchester. We were originally administered from the kitchen table of our founder, Terry Sutton. Since then, PMS has grown to be one of the leading property management companies in the UK.

PMS currently looks after the affairs of more than 180 privately owned developments throughout the Anglia Region, the South and the South-East of the United Kingdom. We have approximately 7,500 individual clients.

PMS now manages Commercial and Retirement properties too, each with its own unique management issues, to compliment our residential property portfolio.

In addition, PMS work alongside several local and national House-builders to provide a management service which is second to none, even from a pre-construction stage.

The Future looks fantastic for PMS; we are continuing to build relationships with new clients and are pressing hard to make sure that our management style and techniques continue to set us apart from other Managing Agents.

2012 saw a significant achievement by our team; we came runner-up in the first National 'ARMA-Q Award', which forms the basis of this case study.

This case study will strike a chord with any resident or Director of a development that has encountered problems with an incumbent managing agent. It will also demonstrate that realistic funding is more important than an Agent's boast to 'lower service charges' as part of their attempts to win new business.



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This development is purpose built, consisting of 30 flats. It was originally completed circa 1981. The site manager is Liam Furr BSc AIRPM and this is his case study.

PMS were invited to manage this development in September 2009. When Liam originally surveyed it, the temptation was to turn the contract down such was the very poor state of the 3 blocks involved. Companies House records also revealed that the RMC had been allowed to go £8,500 into the red.

The specific problems related to:

- Rotten communal entrance doors which offered no security to residents
- Rotten and broken single glazed window frames in the communal hallways which were a direct danger to persons below them. One window had to be boarded up immediately as the glass was about to fall onto the path to the main entrance below. This would almost certainly have been fatal.
- Specific problems of vandalism and one case of arson inside the block, believed to be caused by a disgruntled Leaseholder
- Rotten soffits and fascias
- Very poor internal decorative condition
- A bin store that was literally falling down
- Leaking overflows that had placed a thick layer of limescale (some as much as several millimeters thick) down external walls and windows
- Gardens which were unkempt
- Large flat roof areas that were not water tight
- The funding of the development was very much 'hand-to-mouth' with no coherent management plan for most of its 30 year life



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There was ill-feeling on-site with many Leaseholders not even recognising Nobelday Flat Management Company Ltd. as a valid entity for dealing with their day to day issues.

Liam decided, in his role as New Business Coordinator, to take the contract on anyway as he felt that he could make a significant difference with back-up provided by the PMS team. This was more than a bit of a gamble on his part which was consolidated by his conscious decision to personally manage this development until such time as he could pass it on to our regular site management team.

Liam was in his first few weeks of management when broken, cracked and flaking Crocidolite Asbestos panels were confirmed in situ in the communal hallways on-site which specialists considered to be extremely dangerous.

Liam also discovered that the communal wiring system was not safe and needed a complete re-wire a year later. Needless to say, this had a massive negative effect to the financial plans that had been put in place.

There were times when Liam honestly thought that this block would be unmanageable. However, the enthusiasm of the newly installed Board of Directors of Nobelday, coupled with the genuine care they felt for their block, spurred the process of management on.

Currently, and very much acknowledging this is still a work in progress, we have completed all major works using Section 20 legislation where needed and built up trust and confidence with all Leaseholders at Nobelday in the process which have seen a fantastic improvement in the last 18 months.



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Improvement process

Liam's initial action was to call an immediate General Meeting to discuss (amongst the normal AGM agenda items) the direct impact our management plan was going to have on all Leaseholders at the block. The emphasis was placed on the need for some deeply unpopular decisions that needed to be made to get the development running smoothly and the RMC finances back into positive cash-flow.

This meeting was held with a backdrop of scepticism and mistrust and was a good example of the AGM no site manager ever wants to attend.

After this, Liam carried out the following:

- A complete top down assessment was undertaken on the funding of the development
- From this, the five year rescue plan was produced.
- All soft service contracts were put out to tender. Liam spoke to contractors already undertaking work on local PMS Managed developments to achieve economies of scale.
- Liam immediately instigated the necessary Section 20 consultations to build trust and get major works under way. Interest free finance options were negotiated for the asbestos removal and communal rewire to help cashflow.
- Ongoing intensive communications with the Directors on-site ensued with almost daily contact
- All information surrounding Nobelday was made available to all Leaseholders to allow all concerned to keep abreast of work progress and funding levels.

Good will and trust started to build almost immediately; Liam took many calls from Leaseholders relaying their delight with the way in which information was being provided and that a professional managing agent was now on-



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A comment made by Ian Cosgrove, Commercial Manager of Independent Asbestos Ltd. (the contractors who were tasked with removal of the ACM's on-site) solidified Liam's feeling about Nobelday. Despite the three blocks being dealt with on a phased approach and residents having to evacuate the premises for a whole working day at a time which caused massive inconvenience to all concerned, Ian stated that he had "never known such complicity and good-will while working on a job", with many positive comments being made about the way in which PMS were making changes. Liam sent a letter to all residents and Leaseholders thanking them such was his pleasure at hearing this.

Vandalism became non-existent and even the most hard-core skeptics became friendly and cooperative and quickly cleared any service charge arrears that had accrued.

Day to day management of this development has now passed to our property management department but Liam is still involved in the long-term, strategic, management of it.



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Effectiveness of the process

Liam is quoted as saying:

"I am glad to say that, despite Nobelday still being a work in progress, we have achieved all of the original tasks set out in the five year rescue plan at the times they have been scheduled, along with dealing with the unexpected issues which have arisen.

A combination of a successful ongoing management strategy, coupled with a big increase of good-will from Leaseholders, have seen this development transformed in the three years we have been involved and certainly in the last 18 months (see images).

I honestly believe that the biggest credit should go to the residents themselves at Nobelday; their help, compliance and assistance offered in a very difficult time has enhanced our management practices and decisions. It is massively beneficial to a Managing Agent if the Leaseholders are firmly behind them, as they have been with us at Nobelday".



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Success/Achievement

This single project has provided a massive and broad-ranging insight into what can go wrong with a block of flats when no management strategy is in place. It clearly demonstrates how intense and interesting block management can be.

One of the best ways of measuring our success at Nobelday is that is almost no debt on-site, the development is looking clean and tidy (with acknowledgment given that there are still soffits and fascias and new flooring to be put in in 2013) and the block is secure with a healthy reserve of some £12,000.

The New Business Team at PMS frequently use the board of Directors at Nobelday as referees to help us win new business.

**** update April 2014 ****

We are please to announce that the Nobelday project has now concluded with all maintenance objectives complete.

Since 2009, the development has enjoyed:

- A complete communal rewire
- Asbestos removal
- A new binstore
- A replacement door entry system
- New double glazed windows and entrance doors
- Full external redecorations
- Full internal redecorations
- New carpeting throughout the communal hallways
- Block insurance has been reduced by more than 50%
- The service charge has now been dropped by in excess of £40 per month (30% reduction).



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Testimonial

Sarah Long; Director of Nobelday FMC Ltd.

Back in July 2009, Nobelday Flat Management decided to terminate the contract we had with the managing agents at the time and appoint PMS. This was on a recommendation of a very good friend of mine, who lived in a block of flats close-by, also in Springfield.

At the time they took over, our development visually, as well as the accounts, were not in a good place. Due to the previous managing agent not investing our service, maintenance and re-decoration funds as they should have done, it was in desperate need of care and attention. On top of that, the development had been allowed to run into a £8,500 deficit. We were in need of some quick, efficient and decisive action.

As one of the Directors of the flat management company, I initially met with Liam Furr and his colleague to walk around the site, so they could see at first hand how bad things had become. I was impressed with their short and long term plans and how positive they were about our site, despite how negative we were feeling about it. Additionally, the handover from the old managing agent to PMS, was in itself extremely testing and time consuming. It took professionalism, clear communication and patience on ours and PMS' part to obtain all the relevant paperwork, documentation and accounts from the old managing agent and without the communication and transparency PMS showed, I'm sure the handover would have been even more of a nightmare.

Very soon after PMS took over our site, a 5 year rescue/budget plan was put in place. This meant a gradual increase in the monthly service and maintenance payments. The Directors knew this would not be a popular decision among the leaseholders, but we could see that it was essential that Nobelday returned to the black. It was also the only way we could pay for internal and external redecorations, including the replacement of communal security doors and windows with UVPC, a new binstore, and replacement of soffits and fascias. We were looking at the long term development of the site, as well as the short term.



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Since PMS took over the management of our site, a number of unexpected issues have come to light, two of which were quite dangerous to people living on site. The presence of Asbestos was located in all wall panels in each of the communal areas of each block. Once PMS were made aware of this, they made the Directors aware immediately, sought quotations from the appropriate Asbestos removal companies and communicated and alerted all flat owners (on and off site) to the next steps and costings. The removal was completed on time and with very little inconvenience to people living on site.

The other issue was the faulty communal wiring. For years, we were reporting faulty indoor and outdoor lighting to the previous managing agent, but they used "quick fixes" and so the issues were never resolved. Once PMS took over and we reported the same issues, they appointed an electrician to do a full audit and check of the electrics in each block. This bigger picture showed that the blocks needed a complete rewire for efficiency and health and safety reasons. Again, the Directors were made aware of this immediately, told what the plan was and this was communicated to all the leaseholders, again with costings.

It cannot be understated how little trust the majority of leaseholders had with PMS when they initially took over, wholeheartedly due to the fact that the previous managing agent were totally incompetent and wasted our money, rather than investing it in the development. It took a lot of transparency and brave decisions by PMS along with the Directors, to gain the trust of the leaseholders. As soon as leaseholders saw their money being invested in the site, the trust started.

Looking back, our site was never managed before PMS and I would have no hesitation in recommending them to any other development, if I was asked. So much progress has been made from where we were in 2009 and I have complete trust in PMS with them managing our site. We still have some way to go to making our site to the high standard that we would like, but I have no doubt that with PMS as our managing agent and the ongoing relationship with the Directors, it is a case of when this happens, not if."



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Testimonial

Mr Alex Heading, Director of Nobelday FMC Ltd.

"I moved into Lupin Drive in December 2009 at which point PMS had already been appointed as the blocks new managing agent.

When I attended the annual AGM, this was the first I knew of what state the accounts were in - a deficit of £8,500. of which I was very shocked. However after seeing PMS's 5 year rescue budget plan that they had put in place, I could see that there was hope, as they had clearly planned a gradual increase in monthly service and maintenance charges to help pay for internal and external redecoration that was needed, especially new communal security doors and UVPC windows. They were planning ahead long term, however also dealing with the short term issues as well.

I am now a director, so I have been in contact with Liam and his team on a number of occasions, especially when PMS started getting work done on the flats and unexpected issues were brought to light.

PMS were quick to act and all problems were dealt with efficiently, especially the faulty communal wiring and the unexpected finding of asbestos.

As this is the first property I have owned, I have had very little dealings with management companies, however PMS manage the site very well and all the work they have done so far on the site has been to the highest standard and all plans, long and short term, that PMS have put in place are realistic and achievable and I have the utmost confidence that all of them will be achieved.

In the last 18 months, there have been vast improvements on-site both tangible and non-tangible. The overwhelming feeling is that we are on track to achieve all we set out to do when PMS first got involved."



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Testimonial

Mr. James Sinclair, Director of Nobelday FMC Ltd.

I became a director of our flat management company early 2009, after purchasing in late 2008. In mid 2009, after becoming frustrated with what appeared to be an ever increasing catalogue of mistakes at our development, we decided to start the process of looking for a diligent managing agent; this proved difficult in itself, as the company accounts showed a £4k deficit, and more than one agent refused to take us on.

After a personal recommendation from an existing client, we contacted PMS and it was clear from the initial site visit with Liam Furr that we were dealing with a company with a professional and positive outlook.

The early days of management would have been quite dark were it not for Liam and PMS' 'can do' attitude; it appeared that we were actually £8.5k in the red and there was a catalogue of expensive issues that required attention. Liam drew up a five-year recovery plan that aimed to bolster the company's reserves and to attack each of these issues in order of necessity.

Signing up to a plan that involved an annual increase to the service charge (particularly over the last couple of years) was tricky; it needed to be done but we were not looking forward to the potential backlash from leaseholders. Liam assured us that he would deal with any queries from concerned owners, and he must have done so with professionalism, as far from a backlash, everyone seems to be happy to finally see their service charge making a difference on site.

PMS' skills have been put to the test as in addition to the planned works (replacement of glazing, doors, soffits and



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fascias), we have had several unplanned (and expensive) emergencies over the last couple of years; most notably the discovery of asbestos panelling throughout the block, and the need for a major re-wire. In each case, PMS were a God-send, walking us through what needed to happen and answering any questions that we or the leaseholders had, and offering advice where necessary.

Whilst we still have some way to go, I am amazed at what we have accomplished together in three years, and I shudder to think what state this site would be in now (both financially and structurally) had PMS not agreed to work with us.

I have no hesitation in recommending the team at PMS."



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Gallery (before)



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Gallery (after)



PMS Leasehold Management Ltd

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Property Manager
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