RMG
RMG House
Hoddesdon
Hertfordshire
EN11 0DR

3rd November 2024

FAO Justin Herbert

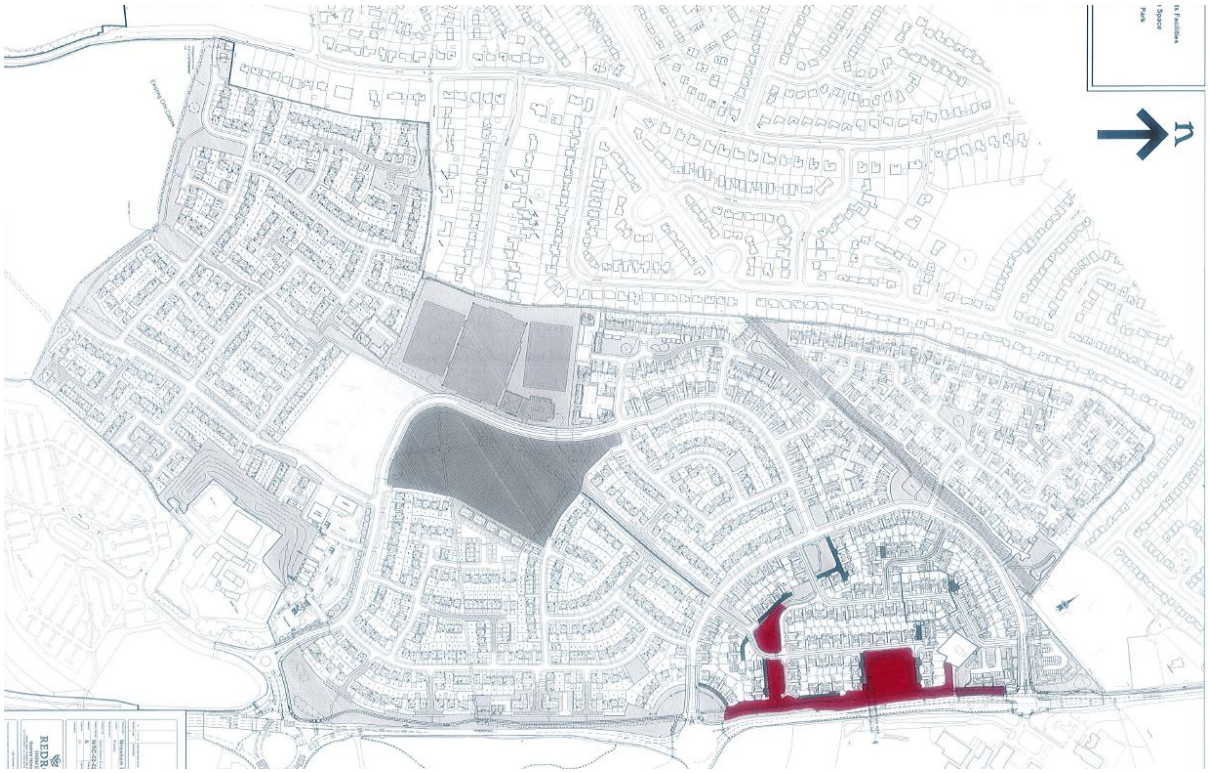
Dear Mr Herbert

FORMAL COMPLAINT: Wrexham Road Garden Village Management Company Limited

Please accept this letter as a formal complaint being made on behalf of the collective Members of the above Residents Management Company, by the Kings Moat Residents Association (KMRA).

We are disappointed to have to escalate our concerns to a formal complaint, as we have extended an offer of collaboration in relation to the estate, but given we have had no response to our last email to Jemma Last on 13th October, we have been left with no choice but to escalate this, following concerns from members of the community and the KMRA.

In May 2023, RMG took handover of a small area of landscaping, representing approximately 10% of the development, as shown in the following handover plan:



Since then, no further areas have been handed over, yet RMGs fees have increased both with regards to monthly charges and since the management proposal was created and issued to the consortium responsible for the construction of the development.

On 15th July 2024, Deputy Chair of the KMRA reached out directly to yourself to express concerns about the charges being levied against the owners, and the lack of services being received in return. This prompted a positive response from Head of Property Management, Paul Hitchen, and then further a positive response from our allocated Property Manager, Jemma Last with an offer of a meeting.

We were happy to share our concerns with Jemma, and sent an email to Jemma on 15th July 2024 asking for the following information to be shared with the KRMA prior to the meeting, to form the basis of our discussions:

1. Landscape management plan
2. Last 2 years accounts
3. Current years budget
4. Expenditure from start of this current year
5. Tenders for the grounds maintenance
6. PL commission disclosure
7. List of completed units (not owners, just units) - attached
8. Business plan for the sports pitches, and how these will work for owners

We explained that meetings on Mondays or Fridays would work well for the KMRA and looked forward to initiating continued dialogue and meetings.

On 25th July, we received the following information:

1. Copy of managed area plan showing areas handed over (not the Landscape Management Plan)
2. Dec 2023 accounts, as the first handover was not until May 2023 and this is when expenditure started
3. Current years budget
4. Expenditure from Jan 2024 to 25th July 2024
5. List of completed units

Sadly we did not receive the following: Landscape Management plan, copies of any tenders for the grounds maintenance contract (instead we were advised no tenders were sought and the contract had been placed with Envirocare as they had ‘delivered the same high standards at other similar developments’ (a reference to Buckshaw Village), the PL commission discloser nor the business plan for the sports pitches.

Jemma also advised that she could not attend a meeting in August due to being busy, and offered early September instead.

On 26th July we requested copies of the handover report from May 2023, which was kindly sent the following day, and note from this there is no reference to the Landscape Management plan, very little detail in respect of the handover, and that our Property Manager at handover was Lauren Sturtivant, not Jemma.

On 9th August 2024, we contacted Jemma to say we were disappointed to still be waiting for the missing information, and formalised a list of questions for Jemma, which made reference to the RMG Management Proposal (copy attached) which was provided to all owners by the developers upon completion of their properties to detail the services the owners would receive and on the basis for which RMG had been engaged, and reference to the information Jemma had kindly provided to date. Those questions were as follows:

1. **Landscape Management Plan** – A copy of the handover plan was provided and not the Landscape Management Plan (LMP). Unfortunately this isn't what we had requested. The Landscape Management plan specifies the planting, the trees, the wildlife (GCNs, bats, birds etc) and how these are to be looked after. Without the Landscape Management Plan, neither RMG nor Envirocare can know how the POS areas and ponds are to be maintained. It should have been used to tender the landscaping contract, and should be used by the Envirocare team to maintain the areas handed over now, and in the future. Anthony Gore makes reference to this document in the management proposal. We further requested a copy of the LMP
2. **2023 Accounts** – We made the following observations which would appear to be accounting mistakes and asked for responses in relation to these:

    - **<u>Income and expenditure 'Estate'</u>**:
        - Audit and Accountancy fees are 100% of the budget, but the estate was only part complete, can RMG advise why the accounts are so expensive given the actual expenditure is very little and with only 6 months worth of expenditure to account for and 7 items of expenditure, 6 if you exclude RMG. The committee asked RMG to consider using an external service charge accountant to save the owners money
        - Can RMG confirm the surplus has been given back to each owner based pro-rata on their completion date. KMRA are being advised that all owners received the same credit, but obviously cannot say whether this is true or not. RMG to advise.
        - There is buildings insurance expenditure allocated and expenses under the estate schedule, this should be for the apartments and should have been picked up, thus increasing the surplus to the estate
    - **<u>Income and Expenditure 'Apartments':</u>**
        - No income or budget is shown, yet there is expenditure against this schedule for cleaning and fire equipment maintenance suggesting the apartments have been handed over. Could RMG confirm they have now backdated and collected the £888 from the apartment

owners in Plots 83-88? At present the houses are subsidising apartment expenditure which is not within the Transfers

3. **Current Years Budget** – KMRA compared the current years budget to that budget proposed by RMG to the developers of the estate. KMRA note that despite not taking handover of anything until June 2023 and not handing over anything since, RMGs fees have increased from £50,760 to £54,059 in the current year. KMRA don't find this to be acceptable. We refer to the management proposal and the comparison to Buckshaw Village. RMG have rightfully promoted their management of the estate and the fact that they have managed to maintain the service charge at £150 per unit since the inception. Our question to RMG is why our service charges have already gone up. The estate management fee proposed by RMG at proposal should be held, as per the comparison made with Buckshaw Village and the 'phased handover' adopted in relation to the estate. KMRA don't find it acceptable for the budget provided to the consortium to not be the budget applicable now. RMG were fully aware of the start date of development and the term for construction and completion. The overcharging should be credited and the original budget proposal reinstated and also maintained, as RMG have been able to do at BV and as per the phased handover adoption.
4. **Expenditure in current year** –
    a. RMG were requested to confirm what this is for. Is this reserve fund or service charge for the estate being used to pay for the apartment insurance? If so, this is clear breach of the RICS Service Charge Code of Conduct and misappropriation of house owners funds.
    b. It would appear Rescom invoice 4476 had been paid twice for the apartments, if so a refund should be arranged. This should have been identified by RMG, not KMRA.
    c. Cleaning costs (Form* Communal) were being paid from the estate schedule, this should be the apartments. This is another breach of the RICS Service Charge Code of Conduct and misappropriation of house owners funds.
    d. Beara Fire Equipment maintenance costs are being paid from the estate schedule, this should be the apartments. Another breach of the RICS Service Charge Code of Conduct and misappropriation of house owners funds.
    e. Envirocare grounds maintenance costs increased from £689.77 per month to £717.36 on 1st June with no additional areas being handed over, an explanation as to why has been requested.
    f. £3103 paid to Osterna (RMGs intern H&S assessor) for a H&S and FRA, RMG were asked to advise of what areas as only a POS has been handed over under the estate. Furthermore, the apartment internal areas were only handed over recently, so KMRA are unsure why an FRA was required if this expenditure relates to the apartments. If the expenditure was solely the apartments, this is another breach of the RICS Service Charge Code of Conduct and misappropriation of house owners funds.
    g. RMG are currently charging £1726.67 per month, this is to manage a £717.36 per month grounds maintenance contract. Given the limited

other expenditure (excluding those in the wrong schedule), RMGs fees are 2.4 times the actual expenditure of the estate. That is neither proportionate, fair, morally right or reasonable in the eyes of any owner on this estate or a tribunal. We refer to the TPI and the service charge code of conduct and the following 'Your charges must be reasonable for the task involved'. At present RMG are collecting money predominantly just to pay themselves.

h. Of the 77 owners charged a late payment fee, we requested to know how much of that has been collected?
i. Of the 18 owners who have had their late payment fee written off, we requested to know how many of those were written off to the Management Company (and therefore now paid by the collective owners)

5. **Tenders For Landscaping** – As the sports pitches are not complete, it is not necessary to engage a contractor to complete maintenance to Sports Englands specification (advised by Jemma in 25th July email). By not tendering the contract, the owners have no reassure that they are getting value for money. The grounds maintenance to be undertaken at present and for the foreseeable is a standard grounds maintenance contract. Furthermore, the grounds maintenance being undertaken at present is not to the high level RMG described, the grounds maintenance standards is extremely low and the areas handed over are in a very poor state. KMRA asked to see the landscaping contract tendered to local contractors. If the pitches need to be maintained to a certain standard, that particular area of the contract can be undertaken by a company like Envirocare as a stand alone contract, it is not specified that one contractor has to undertake it all. Furthermore, KMRA referred again to the Landscape Management Plan and advised that this is not being adhere too

6. **PL Commission** – KMRA issued a reminder this had not yet been received

7. **Business Plan for Sports Pitches** – KMRA expressed concern that nothing is in place yet for them. KMRA would like to understand how the residents can use the pitches, will there be a charge/discount, will they be free to use, will priority be given to resident groups and residents if hired out commercially etc, no information has been forthcoming.

On 20th August we received a copy of the LMP and the insurance commission declaration. We issued a thanks to Jemma and wished her a nice holiday as she advised she was on A/L until 2nd September.

On 12th September KMRA sent a polite reminder to Jemma that we were still waiting for our meeting as offered by Jemma on 15th July. Jemma responded offering 20th September or 4th October. Given KMRA had been waiting since 15th July, the 20th September was confirmed. KMRA requested to include aggressive debt collection on the agenda for the meeting as well as updates on all of above questions raised via email. The meeting would be followed by a walk of the development.

On 17th September 2024 Jemma attempted to rearrange the meeting due to another meeting which had come up on 20th. KMRA politely declined to rearrange as we had been waiting since July for the meeting, and as per the Management Proposal, the development was on a monthly service level and RMG were paying themselves over £1700 per month to provide the service. We were happy however for someone to attend on Jemmas behalf. Jemma kindly adjusted her meetings and attended a meeting at 9 Province Close on Friday 20th September 2024.

During the meeting, KMRA discussed our concerns with Jemma, in the hope of a resolution, a line being drawn, and a collaborative working relationship being formed to move forward. Sadly, since the meeting, and a follow up email from KMRA on 13th October, it has been nearly a month without any communication.

Our formal complaints relate to service and finance management and are as follows:

- As per the Management Proposal issued by Anthony Gore and provided to owners by Redrow and Taylor Wimpey, the following has not been undertaken in return for the management fee:
    - No **Senior** Property Manager has been appointed, instead the development has had three different Property Managers over the last two years.
    - The scaremongering tactic within the management proposal to attempt to persuade the consortium from handing over the Management Company to residential control the KMRA find wholly unacceptable and inexcusable. To suggest the collective owners do not have the 'commercial acumen' or 'the best interest of the whole estate' is an insult to the owners of this development and to the intelligence of the consortium. Thankfully the consortium did not embed RMG into leases/transfers as suggested or create an RMC where the owners are not able to become Directors, as suggested.
    - RMG advise they have the resource, infrastructure, and experience to manage large developments similar to this, but to date this has not been demonstrated.
    - RMG have failed to undertake or provide any of the following:
        - Inviting all homeowners to a welcome meeting at the completion of each phase and when required
        - Establish a Residents Committee (this was established by the owners)
        - Meet with residents at least on an annual basis

        - The Property Management Team available to meet with individual residents to discuss issues on request (as above it took almost 3 months to get a meeting on site)
        - Feed back and communication to homeowners and residents on issues as and when required
- RMG have failed to maintain the service charge at the original rates quoted in the management proposal, as per the comparison in the proposal to Buckshaw Village. It was stated within the proposal that a Phased handover (as adopted at Wrexham Road Garden Village) would ensure no increases in service charges, and no voids to developers. KMRA fail then to understand why the service charge has increased.
- RMG have failed to arrange a welcome meeting
- RMG have failed to organise residents surgeries following issuing of the service charge invoices
- RMG have failed to undertake and complete detailed monthly site inspection reports
- RMG have failed to tender, and monitor contractors, as demonstrated below when referring to the Landscape Management Plan and lack of tendering for the grounds maintenance contract.
- RMG have failed to issue letters to homeowners advising that the development/part of the development will be handed over to RMGs management
- RMG have failed to engage with the residents association

With regards to the Landscape Management Plan and the monitoring of contracts and contractors, the following has not been undertaken by the engaged landscaping contractor, Envirocare, which should have been managed by RMG:

- Ensuring water is draining away from footpath to prevent pooling, as and when required – Within the area handed over, the footpath has been flooding for 18 months with no resolve. The area should either not have been handed over, or sufficient drainage installed at no cost to the owners. (we confirm after KMRA direct liaison with TW drainage has this week been installed)

Hedges and Trees:

- Hedges have not been inspected with gaps recorded, no additional trimming has taken place to encourage growth in gaps, multiple areas which have failed the thrive have not been addressed
- Trees have not been inspected annually by a qualified arboriculturist
- Removal of weeds by hand from the base of trees and 75mm of mulch has not been maintained around each tree
- Trees have not been watered once a week and mulch not maintained
- Tree ties have not been inspected and either replaced or removed twice per year

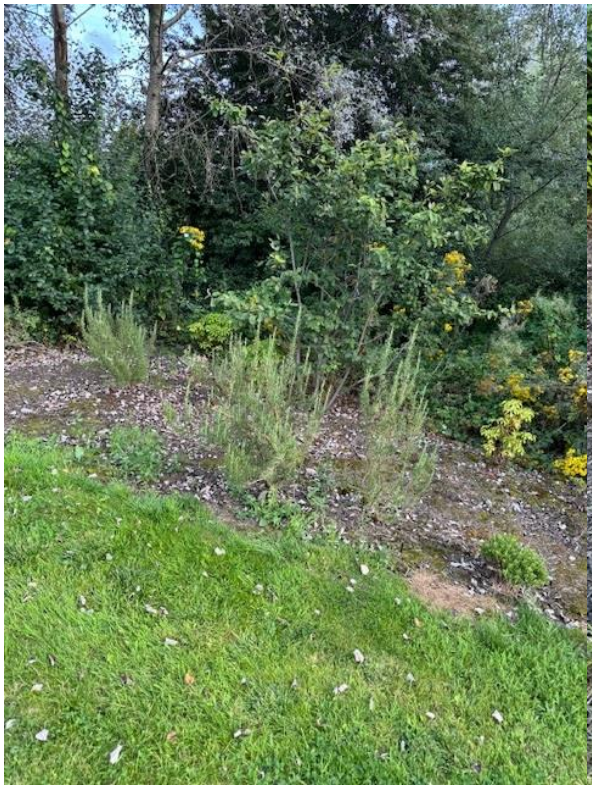
Shrubs:

- The shrubs have not been maintained to ensure strong early establishment
- Areas around plants have not been kept weed free and mulch has not been maintained (should be topped up in April)
- The failed shrubs have not been replaced
- The shrub beds should have total vegetation cover with no gaps to minimize maintenance requirements and to provide a neat and tidy appearance.
- Shrub beds should be inspected annually and where there is significant failure of plants, the Landscape Architect should be consulted to understand the source of the problem
- Weeds have not been removed by hand at least once a fortnight
- Shrub beds have not been watered once a week
- Dead foliage has not been removed

Grass:

- A fertilizer should be applied as required and has not
- Edges to paths and shrub beds have not been cut with a neat edge every month from April to October
- In April and August the soft grass edges were not redefined to form neat straight edges – an attempt at edging has now been done but only to a small area and not to the required standard, and highlighting that the previous three occasions where this should have been done was missed.

Please see images of the standard of grounds maintenance prior to the site visit with Jemma:



As per the email with regards to finance, RMG do not appear to have the correct financial controls in place, overcharging on matters of accountancy and H&S, using house owners money to pay for service to the apartments, and most importantly, charging over £1700 per month in management fees to 'manage' a £717 grounds maintenance contract on the estate.

The KMRA seek the following from RMG as discussed with Jemma at the October meeting and as followed up in the email on 13th October:

1. A refund in Management fees backdated to May 2023 for non-provision of services. At present, RMG are collecting money to pay the majority to themselves, whilst delivering very little in return and not providing the proper financial and on site management. Management fees should be reflective of the work being undertaken and the percentage of the development handed over. KMRA are therefore seeking a 90% refund in Management fees for 2023 (£6608.70), and a 90% refund in management fees incurred to date in 2024 (£12,608 based on the last expenditure report and providing there were no further increases in August, September and October). Fees for November and December should again be reflective of the areas handed over and work being undertaken. Management fees should not be more than double the other expenditure (grounds maintenance).

2. Draw a line and move on positively with a pro-active and working relationship between the KMRA and RMG to make sure the service is being provided, and that we are consulted on all matters including setting the service charge budget (due now), handovers, and debt collection. Quarterly meetings in the diary.

3. RMG provide a copy of the Management Agreement between the Management Company and RMG, this has been requested but not received.

As above, we are disappointed to have to raise these matters as a formal complaint, we were hoping for a positive resolution via Jemma and were keen to commence a working relationship, but sadly this has not transpired.

We look forward to your response within 10 working days.

KINGS MOAT RESIDENTS ASSOCIATION
kingsmoatra@gmail.com