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## What is a Management Company and why is it required?

A Management Company called Finches Park (Frinton-on-Sea) Managing Company Limited has been set up for your development to manage areas of the development and some parts of its buildings, where ownership of those areas is not transferred to the residents directly. You will be responsible for the maintenance of your home and any land conveyed to you, whilst the Management Company will maintain any areas which are not conveyed to any purchaser. These are communal areas for the benefit of some or all residents and therefore have to be held in a separate entity.

During the initial set up and construction of the development, Linden provide the directors of the Management Company. This is common practice as it provides time for the communal areas to be completed and Linden are responsible for making sure that happens. Once the communal areas are ready, Linden will hand control of them over to the Management Company and when the development is complete, residents will take over as directors of the Management Company.

The Managing Agent (see below) will continue to support the residents in the running of the Management Company so that communal areas are maintained after Linden have left the development.

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## Which parts of the development are covered by the Management Company?

The development known as Finches Park is situated in Kirby Cross, Frinton on Sea and comprises of 267 new build homes. The areas which are planned to fall to the Management Company to manage and maintain are highlighted indicatively on the plan below, which includes the insurance, management, and maintenance of the playground and surrounding pathways. The plan included below, also details the development as a whole, detailing each phase of the development.



## What is the role of the Managing Agent?

The Managing Agent is an external company, appointed by the developer, to maintain the communal areas of the development, once they have been handed over to the Management Company.

Their role is to assist the residents of the development in building their community, by maintaining the communal areas to a good standard and ensuring that the administration of the Management Company is professionally handled. This ensures that the residents don't have to worry about getting areas insured, getting accounts and audits done for the Management Company, appointing landscapers to care for public open space and play areas or appointing cleaners to maintain stairwells and other internal communal areas.

Whilst initially appointed by the developer, before any homes are handed over, the Managing Agent is employed by the Management Company and therefore by the residents. The residents can challenge the Managing Agent on their performance and on the service charge and, if necessary, replace them with a different Managing Agent.

## What is a service charge and how is it calculated?

When you legally complete, you will become a member of the Management Company and you will agree to pay an annual service charge for the maintenance of the communal areas on the development.

The service charge is paid to the Managing Agent so that they can then pay for all the costs which they incur in managing the estate and buildings on your development. The amount you pay is your share of the total cost, based on the Managing Agents estimate of what they will spend, given their experience of other similar developments.

Although Finches Park has multiple phases to the development, areas which are shared with all residents, being playground and individually maintained areas for each phase, the budget has been set to include multiple schedules to provide transparency. Dependent on which phase the property you wish to purchase is in, you will pay towards the Estate Schedule, Roadways and the phase schedule, details of each schedule can be found below.

### *Estate Schedule*

This schedule houses all expenditure listed below, being either company expenditure or expenditure which relates to all properties, and is apportioned equally across all properties that form part of Finches Park.

<b>SERVICE CHARGE ESTIMATE DETAIL [Estate Schedule]</b>	<b>Cost Estimate</b>
Accountants Certification	£402.00
Company Secretary	£1,148.00
Directors & Officers Insurance	£259.59
Landscaping, Grounds Maintenance	£118,746.94
Health & Safety Risk Assessment	£1,446.00
Management Fee	£30,438.00
Play Area Inspection & testing	£1,028.00
Public Liability Insurance	£786.74
Water, Communal Supply	£439.35
Contribution to Reserves	£3,600.00
<b>TOTAL ESTIMATED COST</b>	<b>£158,330.63</b>
Number of units contributing to schedule	267
<b>Estimated Estate Schedule per Household per year</b>	<b>£593.00</b>

## Roadways

As with all other schedules the estimate is split equally between all properties.

<b>SERVICE CHARGE ESTIMATE DETAIL [Roadways]</b>	<b>Cost Estimate</b>
General Repairs Contingency	£1,500.00
Road sweeping/Gritting	£4,243.20
Contribution to Reserves	£1,500.00
<b>TOTAL ESTIMATED COST</b>	<b>£7,743.20</b>
Number of units contributing to schedule	267
<b>Estimated Roadways Phase 1-4 schedule per Household per year</b>	<b>£29.00</b>

## Individual Phase Schedules

This schedule houses all expenditure listed below, being either company expenditure or expenditure which relates to each phase, and is apportioned equally across all properties that form part of the phase.

As this expenditure is phase specific, only properties will only pay towards the schedule for their particular phase.

<b>SERVICE CHARGE ESTIMATE DETAIL [Phase 1]</b>	<b>Cost Estimate</b>
General Repairs Contingency	£500.00
Contribution to Reserves	£100.00
<b>TOTAL ESTIMATED COST</b>	<b>£600.00</b>
Number of units contributing to schedule	49
<b>Estimated Estate Schedule per Household per year</b>	<b>£12.24</b>

<b>SERVICE CHARGE ESTIMATE DETAIL [Phase 2]</b>	<b>Cost Estimate</b>
General Repairs Contingency	£500.00
Contribution to Reserves	£100.00
<b>TOTAL ESTIMATED COST</b>	<b>£600.00</b>
Number of units contributing to schedule	28
<b>Estimated Estate Schedule per Household per year</b>	<b>£21.43</b>

<b>SERVICE CHARGE ESTIMATE DETAIL [Phase 3]</b>	<b>Cost Estimate</b>
General Repairs Contingency	£500.00
Contribution to Reserves	£100.00
<b>TOTAL ESTIMATED COST</b>	<b>£600.00</b>
Number of units contributing to schedule	91
<b>Estimated Estate Schedule per Household per year</b>	<b>£6.59</b>

<b>SERVICE CHARGE ESTIMATE DETAIL [Phase 4]</b>	<b>Cost Estimate</b>
General Repairs Contingency	£500.00
Contribution to Reserves	£100.00
<b>TOTAL ESTIMATED COST</b>	<b>£600.00</b>
Number of units contributing to schedule	71
<b>Estimated Estate Schedule per Household per year</b>	<b>£8.45</b>
<b>SERVICE CHARGE ESTIMATE DETAIL [Phase 5]</b>	<b>Cost Estimate</b>
General Repairs Contingency	£500.00
Contribution to Reserves	£100.00
<b>TOTAL ESTIMATED COST</b>	<b>£600.00</b>
Number of units contributing to schedule	15
<b>Estimated Estate Schedule per Household per year</b>	<b>£40.00</b>
<b>SERVICE CHARGE ESTIMATE DETAIL [Phase 6]</b>	<b>Cost Estimate</b>
General Repairs Contingency	£500.00
Contribution to Reserves	£100.00
<b>TOTAL ESTIMATED COST</b>	<b>£600.00</b>
Number of units contributing to schedule	13
<b>Estimated Estate Schedule per Household per year</b>	<b>£46.15</b>

*Service Charge Breakdown per phase*

Due to the multiple schedules, which can be confusing, please see below schedules you will pay towards per phase.

*Phase 1*

<b>SERVICE CHARGE Schedules</b>	<b>Cost Estimate</b>
Estate	£593.00
Roadways	£29.00
Phase 1	£12.24
<b>Total estimated cost per household per year</b>	<b>£634.24</b>

*Phase 2*

<b>SERVICE CHARGE Schedules</b>	<b>Cost Estimate</b>
Estate	£593.00
Roadways	£29.00
Phase 2	£21.43
<b>Total estimated cost per household per year</b>	<b>£643.43</b>

*Phase 3*

<b>SERVICE CHARGE Schedules</b>	<b>Cost Estimate</b>
Estate	£593.00
Roadways	£29.00
Phase 3	£6.59
<b>Total estimated cost per household per year</b>	<b>£628.59</b>

*Phase 4*

<b>SERVICE CHARGE Schedules</b>	<b>Cost Estimate</b>
Estate	£593.00
Roadways	£29.00
Phase 4	£8.45
<b>Total estimated cost per household per year</b>	<b>£628.59</b>

*Phase 5*

<b>SERVICE CHARGE Schedules</b>	<b>Cost Estimate</b>
Estate	£593.00
Roadways	£29.00
Phase 5	£40.00
<b>Total estimated cost per household per year</b>	<b>£662.00</b>

*Phase 6*

This phase contributes to the Estate Schedule, Roadways Phase 1-4, Roadways Phase 5 & Roadways Phase 6.

<b>SERVICE CHARGE Schedules</b>	<b>Cost Estimate</b>
Estate	£593.00
Roadways Phase	£29.00
Phase 6	£46.15
<b>Total estimated cost per household per year</b>	<b>£668.15</b>

Your service charge is likely to increase, year on year, because prices of labour and materials are likely to rise in line with inflation. The Managing Agent will keep you informed of any increases each year and provide an explanation of why the increase is necessary.

## Typically, what do the elements of the service charge cover?

- a) **Accountants Certification** - Fixed fee for the accountants' charges for the certification of the year end service charge accounts.
- b) **Company Secretary** - because the Management Company is a Limited Company, which provides a level of legal protection for the residents, the Company has to have proper accounts prepared and audited and has to register with Companies House. This will all be arranged by the Managing Agent
- c) **Directors & Officers Insurance** - Insurance covering the officers of the Residents Management Company during the course of them performing their duties
- d) **Landscaping, Grounds Maintenance** - this includes regular visits to the site to mow grass, keep down weeds, maintain trees and plants, carrying out any maintenance as required. The visits are more frequent in the growing seasons, usually every two weeks and generally monthly in the Summer and Winter.
- e) **Health & Safety Risk Assessment** - this is an important element of running the communal areas with the need for periodic risk assessments, advice and action taken to ensure that everything is kept in a safe condition for everyone who wants to use those areas. This will include fire risk assessments for apartments.
- f) **Management Fee** - this is the fee charged by the Managing Agent to act on behalf of the residents in managing the communal areas. All of the items above will need to be arranged and managed, with contractors appointed for maintenance and repair, insurance arranged, and accountants and solicitors appointed.
- g) **Play Area Inspection & testing** - the inspection and testing for compliance on the play area on site.
- h) **Public Liability Insurance** - whilst residents will take out insurance on their homes which they own, there is a need to have insurance for the communal areas and for the Management Company itself.
- i) **Water, communal supply** - Predicted costs for the landlord's communal water supply provided on site
- j) **Contribution to Reserves** - whilst the equipment around the communal areas is carefully maintained, sometimes there is a requirement to replace items. This would be particularly relevant to play equipment which becomes unsafe. A fund is built up to pay for these items when such occasions require.

## How and when is the service charge levied?

When you legally complete on your home and sign up to your rights and obligations relating to the Management Company, an amount of Service Charge will be taken for between your completion and the end of the service charge period.

The Managing Agent will then send you an six monthly service charge invoice, in advance of April and October of every year. If you recently legally completed and therefore have just paid an amount on completion, this will be credited against the invoiced amount. You will only pay your share of the Service Charge for the period which you have been in ownership of your home.

The Managing Agent will provide you with details of how to pay when they send the invoice as there are options to spread the payment by Direct Debit, if you need to.

## Who maintains the communal areas from the start?

Vistry is responsible for creating and building any communal areas. With apartments, the communal areas form part of the building which is being constructed by Vistry.

For a period of time, Vistry will maintain everything and only when the communal areas are complete, can they be handed over to the Managing Agent for maintenance. This will vary from site to site; on some developments everything will be handed over at the end, on others there will be a phased handover over the course of the development.

When Vistry are maintaining the communal areas, the residents will not be charged for the maintenance of the communal areas. However, a service charge may still be levied as there are administration costs incurred by the Managing Agent in order to ensure that insurance is in place and accounts and audits are carried out. This may be covered by the service charge collected on completion (see 6. Above) but if it continues for a long period you may be asked to pay a further service charge.

## What happens when the development is finished?

When the developer has completed all the homes and all of the environment around the homes, the communal areas will be fully handed over to the Management Company. Those areas must be properly completed and be in good condition, otherwise the Managing Agent, acting on behalf of the residents will refuse handover. Handover will only take place when the Managing Agent is happy to take those communal areas on.

Up to this point, the Directors of the developer will have been acting as Directors of the Management Company, acting on behalf of the residents. When everything is complete, the developer will look for residents who are willing to take on the role as Directors of the Management Company.

Until the resident officers are in place, the developer may ask the Managing Agent to stand in as officer of the Management Company. However, control of the Management Company remains in the hands of the residents as members. The Managing Agent will support the residents in the running of the Management Company, but the residents always have the right to do things differently if they choose to.



## Who should I contact with any queries?

The details of the contacts at the Managing Agent are as follows:

*SHW (London)*

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Tel: 01273 876200

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