



VISTRY GROUP

Information Guide: Managing Agent Process

VISTRY GROUP

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What is a Management Company and why is it required?

A Management Company called Bracebridge Manor (Bracebridge Heath) 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, Vistry provide the directors of the Management Company. This is common practice as it provides time for the communal areas to be completed and Vistry are responsible for making sure that happens. Once the communal areas are ready, Vistry 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 Vistry have left the development.

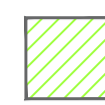
Which parts of the development are covered by the Management Company?

The areas which are planned to fall to the Management Company to manage and maintain are highlighted indicatively on the plan enclosed, which includes the insurance, management, and maintenance of the Public Open Spaces (POS), some soakaway facilities, play equipment and footpaths. The plan included below, also details the development as a whole, including the extent of the managed areas which are shown as shaded.



NORTH POINT

KEY:



AREA TRANSFERRED TO MANAGEMENT COMPANY

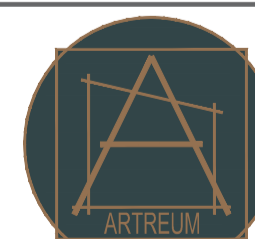


RIGHTS OF ACCESS TO PUMPING STATION FOR ANGLIAN WATER



ACCESS TO EASEMENT
REQUIRED
BY ANGLIAN WATER

| B | 18.11.2021 | CPC | ACCESS TO PUMPING STATION IDENTIFIED |
|-----|------------|-----|--|
| A | 14.09.2021 | CC | ACCESS TO PUMPING STATION ADDED TO MANAGEMENT COMPANY AREA |
| - | 27.07.2021 | CC | FIRST ISSUE |
| REV | DATE | BY | DESCRIPTION |



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CLIENT: **LINDEN HOMES**

PROJECT: **LINCOLN: PHASE 1**

TITLE: **MANAGEMENT COMPANY PLAN**

SCALE @ A2: 1:500 DWG No: 1010-06-02-13 REV: B

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/buildings, 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 if necessary.

Commented [AD1]: Do we perhaps want to make clear that they can appoint a new agent if not satisfied with the MA?

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.

Attached is a schedule of the items which the Managing Agent will maintain on behalf of the Management Company, together with their estimate of the likely cost for the coming year.

Estimated Service Charge per Household per year
£275

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.

Bracebridge Heath
Detailed Schedule Budget for the Year Ending 2024

| | Phase 1 | Phase 1 & 2 |
|--|----------------|----------------|
| SCHEDULE 1 - ESTATE COSTS | 41 | 132 |
| 1300 - Insurance | | |
| Public Liability Insurance | £988 | £1,356 |
| Subtotal | £988 | £1,356 |
| 1304 - D&O Insurance | | |
| Directors and Officers Insurance | £345 | £552 |
| Subtotal | £345 | £552 |
| 1380 - Grounds Maintenance | | |
| POS Area (trees, grass, hedges, weed etc fortnightly visits) | £4,094 | £11,232 |
| Private drives maintenance (fortnightly visits) | £787 | £2,160 |
| Subtotal | £4,881 | £13,392 |
| 1470 - General Maintenance | | |
| General Repairs & Rubbish Removal | £932 | £3,000 |
| Subtotal | £932 | £3,000 |
| 1501 - Play Equipment | | |
| Maintenance of LEAP area | £0 | £1,000 |
| Annual ROSPA Inspection | £0 | £500 |
| Subtotal | £0 | £1,500 |
| 1634 - Contribution to Reserves | | |
| Contribution to Non-Annual Expenditure | £1,350 | £3,684 |
| Subtotal | £1,350 | £3,684 |
| 1800 - Management Fees | | |
| Management Fee (£65 per unit + VAT) | £3,198 | £10,296 |
| Subtotal | £3,198 | £10,296 |
| 1810 - Accountancy Fees | | |
| Accounts Preparation Fee | £500 | £1,000 |
| Subtotal | £500 | £1,000 |
| 1812 - Audit Fee | | |
| Audit Fee | £300 | £450 |
| Subtotal | £300 | £450 |
| 1835 - Company Secretarial Fees | | |
| Company Secretarial Fees | £460 | £565 |
| Filing Fee | £13 | £13 |
| Subtotal | £473 | £578 |
| 1840 - Health and Safety | | |
| Health & Safety Costs | £378 | £474 |
| Subtotal | £378 | £474 |
| Schedule 1 Total | £13,345 | £36,282 |

Typical elements of the service charge cover (These may differ from one development to another).

- a) **Landscape and Play Area Maintenance** – this includes regular visits to the site to mow grass, keep down weeds, maintain trees and plants and make sure that any play equipment is safe, carrying out any maintenance as required. The visits are more frequent in the spring and summer, usually every two weeks and generally monthly in the Autumn and Winter.
- b) **Benches and other Street Furniture** - there may be benches, seats, fences, etc which require maintaining to ensure that they do not get into disrepair.
- c) **Reserve Fund** – whilst the equipment around the communal areas is carefully maintained, sometimes there is a requirement to replace items. This would be particularly relevant if e.g. play equipment becomes unsafe. A fund is built up over a prolonged period to pay for these items when such occasions require.
- d) **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.
- e) **Accountancy, Legal and Company Secretarial Fees** – 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.
- f) **Health & Safety Requirements** – 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.
- g) **Managing Agent 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.

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, in order to cover the period from the date on which you complete your purchase to the end of the next service charge period.

The Managing Agent will then send you an annual service charge invoice. 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 resident officers are in place, the developer may ask the Managing Agent to stand in as officer of the Management Company. But control of the Management Company will be 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:

Phone: 0333 321 4080

Website: <https://www.firstport.co.uk/contact-us>