

SERVICE CHARGE GUIDE

Bicester Road, Kidlington
Vistry Cotswolds



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What is a Management Company and why is it required?

A Management Company called Gosford Fields Management 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.

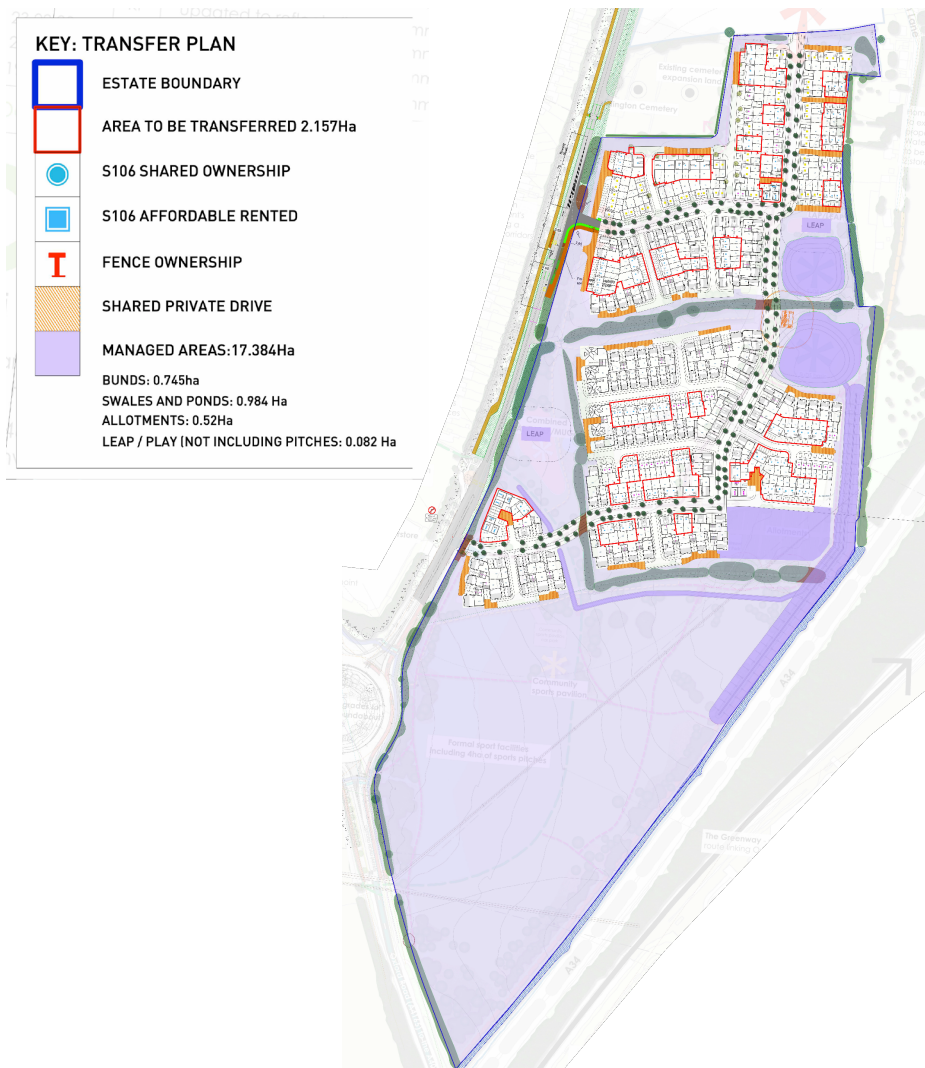
You will be responsible for the maintenance of your home and any land conveyed to you, whilst the Management Company will maintain any areas which are not conveyed to any purchaser. These are communal areas for the benefit of residents and therefore have to be held in a separate entity.

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

The Managing Agent will continue to support the residents in the running of the Management Company so that the communal areas are maintained after the developers 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 on the plan below, which includes the insurance, management, and maintenance of the public open spaces, the attenuation pond, play equipment and footpaths. The plan also shows the development as a whole.



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 professionally handling the administration of the Management Company. This ensures that the residents do not have to worry about insuring the communal areas, appointing landscapers to care for the public open spaces and play areas or appointing cleaners to maintain any stairwells or other internal communal areas. The Managing Agent also takes care of all accounting and auditing on behalf of the Management Company too.

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.

What is a Service Charge and how is it calculated?

When you legally complete the purchase of your property, 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.

Your service charge is likely to increase, year on year, because prices of labour and materials are likely to rise in line with inflation. Furthermore, as the development gets older, items will need to be replaced over time.

The Managing Agent will keep you informed of any increases each year and provide an explanation of why the increase is necessary.

Service Charge Budget

Regular Maintenance

Grounds Maintenance – *Soft Landscaping (Including Play Areas, SUDs Ponds)*

Hardstanding Areas – *Roads, Pathways and Shared Driveways*
Sports Pitch

Utilities

Electricity (External Lighting Columns)

General Provisions

Repairs & Renewals

Allotment R&R

Statutory Risk Assessments

Health and Safety Inspection & Assessment

Property Inspections

ROSPA Inspection & Assessment

Professional Fees

Management Fees

Company Administration

Accountancy

Bank Charges

Dormant Accounts

Annual Return and Filing Fee

Postage

Insurance

Directors and Officers Insurance

Public Liability Insurance

Reserves

Reserve Fund

Total

Estate & Man Co £ p.a.	Total Per Unit (£ p.a.)
£19,428.00	£52.51
£6,307.20	£17.05
£9,048.60	£24.46
£2,000.00	£5.41
£1,500.00	£4.05
£400.00	£1.08
£1,059.60	£2.86
£379.20	£1.02
£300.00	£0.81
£27,528.00	£74.40
£1,980.00	£5.35
£1,003.20	£2.71
£144.00	£0.39
£240.00	£0.65
£34.00	£0.09
£3,108.00	£8.40
£950.00	£2.57
£2,800.00	£7.57
£1,000.00	£2.70
£79,209.80	£214.08

Service Charge explanatory notes

Maintenance

GROUNDS MAINTENANCE

Soft Landscape Maintenance to Public Open Space, Play Area and Sports Pitch

The grounds maintenance will be carried out by an appointed contractor. They will visit 20 times per year to undertake the following specification of works:

- Low level grassed areas to be cut when required
- All lawn edges and pathway edges will be strimmed and kept level
- All plants will be free from dead or diseased wood
- Deadheading of suitable shrubs and pruned according to nature, aspect and species
- Pruning to promote growth, vigour and flowering
- Borders and beds with mulch finishes will be weeded then hoed
- Sweeping of all pathways present within the managed areas
- Litter and loose-leaf removal
- Weed removal
- Maintain planted beds and bulbs

Play Areas (LEAP)

- Grass cutting of low-level grassed areas within play area boundary
- Empty any litter bins within play area upon each visit
- Visually inspect the equipment and report any issues to head office

HARDSTANDING AREAS

Communal Grounds Maintenance to Roads, Pathways and Shared Driveways

- Keep weed colonisation at a minimum and acceptable level
- Hard sweeping of all managed hard standing areas to remove any weed or moss growth
- Maintain street furniture, including litter bins, seating and bollards if necessary
- Keep all managed hard landscaped areas in safe condition and free of debris, litter, graffiti and dog waste
- Inspect areas for subsidence and damage reporting any issues to Head Office for resolution

Service Charge explanatory notes

SUDs Ponds

Maintenance Schedule	Required Action
Regular Maintenance	Litter and debris removal.
	Inspect and clear inlets, outlets and control structures
	Review silt accumulation and remove when necessary
	Remove build of sediment or debris for continual operation
	Grass cutting - for spillways and access routes.
	Grass cutting meadow grass in and around basin.
	Manage other vegetation and remove nuisance plants.
	Tidy all dead growth before start of growing season.
	Remove sediment from inlets, outlet and forebay.
	Manage wetland plants in outlet pool - where provided
Occasional Maintenance	Re seed areas of poor vegetation growth
	Prune and trim trees and remove cuttings
	Remove sediment from forebay, when 50% full and from micro pools if volume reduced by > 25%
Remedial Actions	Repair of erosion or other damage by re-seeding or re-turfing
	Realignment of rip rap
	Repair / rehabilitation of inlets, outlets and overflows.
	Re-level uneven surfaces and reinstate design levels.
Monitoring	Inspect inlets, outlets and overflows for blockages and clear if required
	Inspect banksides, structures, headwalls, pipe-work, etc for evidence of physical damage.
	Inspect inlets and facility surface for silt accumulation. Establish appropriate silt removal frequencies.

Utilities

ELECTRICITY (EXTERNAL LANDLORDS SUPPLY)

Anticipated supply and billing costs for the landlord's supply of electricity in the communal areas of the estate. Typically, this is for any street lighting within the communal areas, as well as any other communal electrical items.

Service Charge explanatory notes

General provisions

REPAIRS & RENEWALS

An allowance for any minor or ad-hoc repairs and maintenance is put in place for areas under management jurisdiction.

ALLOTMENT REPAIRS & RENEWALS

An allowance for any minor or ad-hoc repairs and maintenance is put in place for the allotment area.

Statutory risk assessments

HEALTH & SAFETY INSPECTION AND ASSESSMENT

A Health & Safety Inspection and Assessment to be undertaken on an annual basis to the managed communal areas. A full report will be supplied, and any recommendations dealt with immediately.

PROPERTY INSPECTIONS

Property Inspections are carried out periodically and reported on to reduce health and safety risk factors. The Inspector will also alert the Property Management Team of any other issues which may need to be progressed either with the client, residents, or both.

ROSPA INSPECTION AND ASSESSMENT

An annual inspection and assessment of the play equipment and environment will be undertaken by a ROSPA certified inspector.

Service Charge explanatory notes

Professional fees

MANAGEMENT FEES

These are Gateway's fixed fees including VAT per annum to manage the development on behalf of the Management Company and in accordance with the TP1 terms and Memorandum and Articles of Association.

- Preparing and distributing the annual service charge budget
- Preparing and distributing the year end service charge accounts
- Ensuring the health & Safety and fire risk annual report is undertaken and any points are addressed
- Arranging any necessary insurances for the development and the directors of the management company
- Managing period services to the development, e.g. landscape maintenance
- Contractor liaising
- Overseeing any necessary repairs which may be required to the managed areas
- Liaising with residents
- Periodic site inspections
- Residents correspondence
- Managing the covenants of the TP1 document
- Debt recovery

COMPANY ADMINISTRATION CHARGE

A provision for carrying out the company secretary duties annually on behalf of the Management Company. This includes but is not limited to:

- Preparing and holding the company's statutory registers electronically
- Preparing all necessary reminders and paperwork for the board to approve and the shareholders to receive the accounts
- Sending reminders about statutory accounts fillings due with Companies House and with HMRC
- Filling the statutory accounts when supplied
- Providing a registered office address

Service Charge explanatory notes

- Providing a Company to hold office as company secretary
- Each company is allocated a company administrator, who, for an addition fee, can also assist with any ad hoc work such as changing officers or issuing shares
- Compliance and company administration support
- Notifying Companies House of changes such as directors/secretary, accounting date, registered particulars etc.
- Providing routine secretarial support e.g. Board and General Meeting Minutes, Resolutions, and Notice of Meetings
- Preparing AGM documentation
- Support – We provide specific company secretarial advice and support according to our clients' needs

ACCOUNTANCY FEES

The cost for the preparation and reconciliation of the Year-End Service Charge Accounts, as well as the cost of certification by a third party accounting firm.

BANK CHARGES

This is for the cost of holding the Service Charge in trust, in a commercial account, on behalf of the homeowners.

DORMANT ACCOUNTS

The Residents Management Company will be registered as a Dormant Company at Companies House. This means that the company will not trade as the Service Charge funds are held in trust. Every year, a set of Dormant Accounts are prepared and submitted to Companies House, by Gateway, confirming this.

ANNUAL RETURN AND FILING CHARGE

The cost to file documents at Companies House on behalf of the Residents Management Company.

Service Charge explanatory notes

POSTAGE

All correspondence from Gateway to residents, including the annual Service Charge budget and Year-End accounts.

Insurance

DIRECTORS & OFFICERS INSURANCE

Directors' and Officers' Insurance may cover the cost of defending compensation claims brought against a director by members, shareholders, employees, regulators or third parties.

PUBLIC LIABILITY INSURANCE

Public Liability Insurance will be placed for the Residents Management Company in the event of any third party injuries or damages that occur on the development.

Reserves

RESERVE FUND

It is important that a reserve pot is kept and built up over time. This ensures there will be funds to help cover unexpected costs that arise, e.g. emergency works.

Should major works be required down the line, the reserve fund can be used to offset against that.

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 interim between your completion and the end of the 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.

Who maintains the communal areas from the start?

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

For a period of time, the developer 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 the developers 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, however if this 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 to step down as directors of the Management Company and be replaced by resident directors.

Until the resident directors 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.

Contacting us

If you have any queries regarding this document or would like to know more about Gateway, please do not hesitate to contact us.

We will be delighted to assist you.

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Gateway