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

A Management Company called First Port Property Services No.4 Limited is responsible 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. The Management Company will ensure that communal areas are maintained after Linden have left the development.

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

The development known as Tithe Barn is situated in Exeter and comprises of 381, 2, 3, 4 and 5 bedroom homes. Situated in close proximity to the centre of Exeter as well as stunning rural and coastal towns and villages, Tithe Barn enjoys the best of both worlds, offering city living with easy access to charming countryside.

The areas which are planned to fall to the Management Company to manage and maintain are highlighted indicatively on the plan attached, which includes the insurance, management, and maintenance of the Public Open Spaces (POS), Play Area, Footpaths/Stairs and parking courtyards. The plan included below, also details the development as a whole, including its boundaries which are detailed with red lines.

Within your Meet the Builder appointment the description of the specific nature of the management and maintenance of communal spaces will be covered when reviewing your landscaping drawings. Reference for 17023LS02.

## What is the role of the Management Company?

The Management Company 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.

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

When you legally complete, 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 Management Company 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 Management Company's estimate of what they will spend, given their experience of other similar developments.

Number of units on the development	381
<b>Estimated Service Charge per Household per year</b>	<b>£ 169.77</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?

[this will be different for each development. This is just an example of the types of information which might be used in providing the best possible information]

- 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 the 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) **Waste and Dog Bin emptying and Maintenance** – the bins around the communal areas are emptied and disposed of every two weeks.
- c) **Benches and other Street Furniture** - there are a number of benches, seats, fences, etc which require maintaining to ensure that they do not get into disrepair.
- d) **Electricity and Lighting to Communal Spaces** – some of the pathways have lighting which require power and maintenance, which will be covered in the charge.
- e) **Cleaning of apartment communal areas** – the internal areas of the apartment block will be cleaned every week and the external bin and cycle store every month.
- f) **Maintenance of apartment communal areas** – all the communal areas will be maintained to ensure they are safe, warm, lit, and presentable, as required. There will be an inspection every month to ensure that everything is in good working order.
- g) **Sinking Fund** – 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.
- 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) **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.
- j) **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.
- k) **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 a proportion of the first 6 months, between your completion and the end of the service charge period.

The Management Company 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 Management Company 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?

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

For a period of time, Linden 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 Linden 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 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 Management Company will refuse handover. Handover will only take place when the Management Company is happy to take those communal areas on.

## Who should I contact with any queries?

The details of the contacts at the Management Company (First Port) are as follows:

**Phone:** 0333 321 4080 - Monday to Friday 9am to 5pm OR 0333 321 4080 – out of hours emergencies.

**Email:** [help@firstport.co.uk](mailto:help@firstport.co.uk)

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

**Post:** FirstPort Property Services, Marlborough House, Wigmore Lane, Luton, Beds, LU2 9EX.

**Register on First Ports customer Portal** (This can only be done once your home is actively Managed by First Port).

## Impacts on your service charge – a 10-year view.

Your service charge budget has been put together with care and attention, however over time there are factors that can impact the ongoing costs of a development.

The following factors should be factored into your calculations:

- **RPI**

The budget will be reviewed annually. Typically, costs will be amended in line with inflation, this usually follows RPI as issued by the office of national statistics.

- **Board of Directors and residents being members.**

The management of the development will be in the hands of the residents, not a third party. This means that the residents will appoint a board of Directors who will review the budget of forecast costs on an annual basis. This means that those who are setting the budget are also paying towards the budget which will help to ensure that the services delivered offer the best value for money.

- **Additional services**

There is provision in the TP1 for additional services to be provided, this helps to ensure the development can move with the times and be future proofed. Naturally the costs of these services will appear in the annual budget.

- **Capital expenditure items**

You will see that within the budget there is provision for a reserve fund. This will contribute towards non-cyclical (i.e. items you will not be replacing every year, e.g. Assets such as fences, play equipment etc) the reserve fund provision is reviewed annually and this may impact on the budget depending on the life of the asset in question.