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What is a Management Company and why is it required?

A Management Company called A Dandy Wren 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, Linden/Bovis/Countryside provide the directors of the Management Company. This is common practice as it provides time for the communal areas to be completed and Linden/Bovis/Countryside are responsible for making sure that happens. Once the communal areas are ready, Linden/Bovis/Countryside 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/Bovis/Countryside have left the development.

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

The development known as Roman Fields in Banbury, Oxfordshire is comprised of a local centre, landscaped, public open space, playing fields, allotments surrounding a residential development.

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 newly landscaped public open space areas, equipped areas of play, footpaths/cycleways, SUDs features, an orchard with existing retained vegetation.

The plan included below, also details the development as a whole, including its boundaries which are detailed with red lines.

Refer to site specific Landscape & Ecological Management Plan for the maintenance of all the areas that will be transferred to the management company.

POS Drawings;

Detailed POS Planting Plan Sheet 1 of 5 – P20-0368_29 Rev_F

Detailed POS Planting Plan Sheet 2 of 5 – P20-0368_29 Rev_F

Detailed POS Planting Plan Sheet 3 of 5 – P20-0368_29 Rev_F

Detailed POS Planting Plan Sheet 4 of 5 – P20-0368_29 Rev_F

Detailed POS Planting Plan Sheet 5 of 5 – P20-0368_29 Rev_F

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 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.

Below 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.

See brochure attached for cost breakdown

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) **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 (where applicable)**– 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 (where applicable)** – 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 the first [no.] months, between your completion and the end of the service charge period.

The Managing Agent will then send you an annual service charge invoice, in [month] 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:

Contact@adandywren.com

0345 034 0683

<https://adandywren.com/>



A Dandy Wren

New homes create new communities

Welcome to Roman Fields, here is some information about the managed areas relating to your new home.

We hope you will find this helpful. If you have any further questions, we are always happy to offer a one-to-one consultation to run through any queries you may have.

This is designed to offer a summary overview of the long term management of Roman Fields, which includes the areas to be managed, the associated costs and most importantly, the input that you have over these managed areas.

A Dandy Wren

We have been appointed as managing agent to facilitate the handover of the management, from *Vistry*, to you as homeowners. Our role is to assist you as homeowners, start to build the community that will be Roman Fields. We enjoy collaborative working relationships with our clients and look forward to working with you.

As Directors of the management company you will work with us to review the decisions made that affect your development. You have the ability to employ all contractors on the development which also includes ourselves.

Managed Areas & the Management Company

As you will see from the enclosed plan there are areas of land which will be managed by you as residents. This ensures that the ongoing management of the development is controlled by you as homeowners. The interim Directors are the developer which is standard until the development is finished. The land will be held in a limited company: Roman Fields (Banbury) Management Limited. The advantage of this, is that it ensures you have an input and control of future costs, how the maintenance is conducted and the overall appearance of the development.



Costs

Below is a summary of the costs anticipated from day one. As mentioned, you have input into how the development is run and this includes the costs too. *A Dandy Wren* engages with all homeowners from day one and will work with residents to ensure costs are reflective of the wishes of homeowners*.

Community Costs	Flats	Estate	Explanatory Notes
Grounds Maintenance	£3,500	£75,000	This is a provision for the grounds maintenance based on 20 visits per annum for the managed areas of the development. The grounds contract will go out to tender and once the landscaping strategy is approved we will be able to confirm an exact figure.
Biodiversity	-	-	This ensures that the biodiversity requirements on the development are being met compliantly whilst ensuring the development optimises its ecological credentials.
Arborist	-	£10,000	Due to the number of trees on the development, a provision has been made for an arborist report and maintenance.
Communal Cleaning	£1,800	-	Fortnightly cleaning of the communal areas within the blocks of flats.
General Maintenance	£1,000	£1,000	A provision for ad hoc repairs and maintenance.
Total Soft Services Costs	£6,300	£86,000	
Compliance & Risk Assessments	Flats	Estate	Explanatory Notes
FRA/GRA	£500	£1,000	Under Health and Safety regulations, the development needs to have a risk assessment carried out which helps to ensure everyone is kept safe.
ROSPA	-	£500	The play area needs to be inspected to ensure it is safe. This type of inspection is called a ROSPA (Royal Society for the Prevention of Accidents) and are carried out annually.
Total Compliance & Risk Assessments Costs	£500	£1,500	
Insurance	Flats	Estate	Explanatory Notes
Buildings & Public Liability Insurance	£2,000	£2,500	As part of the developments are privately owned but open to the public, there needs to be insurance in place should a claim be made.
Directors and Officers	-	£250	Because the managed areas are owned by a limited Management Company, of which you are all members, there are Directors needed to assist with the running of the development. As such, these Directors need insurance in the event of a claim.
Total Insurance Costs	£2,000	£2,750	
Administration & Management	Flats	Estate	Explanatory Notes
Accountancy Fees	-	£950	Every year the accounts for the service charges will be certified by an external accountant. This is in accordance with your TP1/ Lease.
Company Secretary Fees	-	£600	This fee covers the administration of the company to ensure that the company complies with the Companies Act and all filings at Companies House are completed.
Management Fees	£1,500	£20,735	These are the fees paid to <i>A Dandy Wren</i> to administer the management of the development. The services included with the fee covers services such as: site visits, residents' meetings, communications, payment of contractors and contractor administration. This equates to £65 per house per year.
Management Fees VAT	£300	£4,147	
Total Administration Costs	£1,800	£26,432	
Reserves	Flats	Estate	Explanatory Notes
Renewals	£1,000	£5,000	The renewals provision is a sum that is put towards larger items of one-off expenditure for the future.
Total Reserves Costs	£1,000	£5,000	
Total Service Charge		Flats £11,600	Estate £121,682

*NB this budget has been compiled using knowledge and experience however may be subject to some variation.

Peace of mind

There are two main legal documents which help to manage Cromwell Abbey.

1. The TP1 covers your specific house and your solicitor will go through this in more detail. In summary, it outlines the obligations on each homeowner, such as the service charge provisions and details on how to assign your property when you decide to move. The advantage of this document is that it ensures that all homeowners are aligned in regard to maintaining the development and standards, which helps to create a cohesive community.
2. The Memorandum and Articles of Association for Cromwell Abbey outlines the way the managed land should be run, which helps to reinforce an aligned community.

Copies of these documents will be provided by your solicitor.

Future costs

Homeowners always want to ensure that the reasons they bought their home remain. One of the important parts of this is to ensure that the standards are maintained. A provision has been made in the budget for longer term repairs and replacement. This will be reviewed on an ongoing basis and includes things such as pathways, biodiversity works, fences and play equipment. Such a provision helps to spread the cost across the life cycle of the development.

Further information

Feel free to contact us at contact@adandywren.com and we will happily assist with any queries.

We also visit Roman Fields regularly and will happily meet up with you.

We look forward to working with you.

FAQs

What is a service charge?

The attached budget outlines the items that are covered by the service charge. The purpose of a service charge is to ensure there are adequate funds to ensure the development is well maintained.

How will the service charge be billed?

As already mentioned, there is a TP1 document that your conveyancer will go through in more detail. When you complete on the purchase of your home, the conveyancer will take an apportionment of the service charge. This will be held until the development (either in its entirety or a phase) comes into management. The service charge is typically billed twice a year. The budget however is reviewed annually.

When do service charges start?

It is usual that the handover will be undertaken in phases. This means that as parts of the development are finished, they will be transferred into management. The service charges start when the first phase of the development comes into management.

What is the handover process for the managed areas from Developer to ourselves?

Once the developer has met all their planning obligations and the development has been completed, they will look to start the handover process for the managed land. This will consist of the developer transferring the ownership of the managed land over to the resident management company. At this stage they will look to resign as the directors of the resident management company and have residents step forward as the new directors.



A Dandy Wren