



Service Charge Guide

Brighton Marina
Residential Properties

May 2016

A photograph of a marina filled with numerous boats of various sizes and colors, including white, blue, green, and red. The boats are docked along a pier, and their reflections are clearly visible in the calm, blue water. The scene is bright and sunny, with the water reflecting the sky and the boats.

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Introduction

An important responsibility of being a leaseholder of an apartment at Brighton Marina is that you have agreed to pay a service charge. This charge covers your share of the costs of maintenance, services and management of both your apartment block and of the Brighton Marina Estate as a whole. (Note though that you are responsible for maintaining the inside of your own apartment, including any repairs and redecorations necessary.) This guide is intended to help you understand how the service charge works, how the charge is calculated and what it pays for, and the responsibilities of leaseholders and the Management Company.

The basis of the service charge is that all users of Brighton Marina Estate share the costs of services, maintenance and management. The lease obliges the Landlord and Management Company to provide certain specified services and the leaseholders to cover the reasonable expenditure thereby incurred – this is the service charge.

We hope that the information provided here is helpful; it has been compiled based on questions and enquiries received over years of managing the Brighton Marina Estate. This guide is not a legal document and is intended to be complementary to the individual property leases. In the event of any conflict the lease takes precedence over this guide.

Payment

Your service charge is based on an annual budget, and payments are due quarterly (every 3 months) on 1st January, 1st April, 1st July and 1st October. We will send you an invoice in the month before the due date. The leaseholder of the apartment is responsible for ensuring that the charges are paid by the due date, whether the apartment is sublet or not. Although our legal obligation is to send correspondence to the apartment, we are happy to write to you at another address. Please keep us informed of your address and contact details so the invoices reach you. There are a number of ways in which you can pay your service charge – direct debit, direct transfer, card payment or cheque. Further details are found under the ‘contact and payment details’ section at the end of this guide.

How the service charge is calculated

The service charge is made up of what we call ‘direct’ and ‘indirect’ or ‘estate’ costs.

Direct costs are those costs which relate to services, maintenance and management of the building, where your apartment is located.

Indirect (or estate) costs are those costs which cover services, maintenance and management of parts of the Brighton Marina estate which benefit everyone on the Marina. The details of what costs are included is set out in the lease.

Before the commencement of each year we prepare a service charge budget for the year, which we send to you before the commencement of the year. (Our financial year is the same as the calendar year.) The invoices which you receive are based on this budget. After the end of the year we reconcile the actual amount spent against the budget and send you a statement showing whether there has been any under or over spend. (This document is called the ‘service charge certificate.’) Variations in actual spending from budget may result in either a credit to your account, a transfer to reserve funds, or in us needing to make an additional charge.

We use our best endeavours to draw up a budget which we believe will reflect the likely expenditure during the year, but it is always possible for there to be unforeseen costs which will make expenditure exceed budget. Where this happens the excess cost can either be met from the reserve fund or, if this is not sufficient, by us making an additional charge to you.

It is important that everybody's service charges are fair and reasonable. This is especially important when it comes to ensuring that the shared estate costs are divided fairly and reasonably between all the parties benefitting from them.

To make sure that this happens, a panel of surveyors who are experts in service charges are retained by the various parties who contribute to the service charge (including the residents). These surveyors scrutinise the annual budgets and from time to time consider the way in which the costs are divided up (or 'apportioned'). They make sure both that the apportionment is fair and reasonable, and that it is in accordance with service charge legislation and industry codes of practice. There is also a Brighton Marina Residents Association with whom the management company work closely. The residents association delegate members with appropriate experience to meet with the Management Company and agree the budget.

The procedure described above determines the amount of service charge attributable to the residential blocks as a whole. The amount that you pay in service charge for your apartment is then determined according to the size of your apartment, by floor area.





What is covered within my service charge payment?

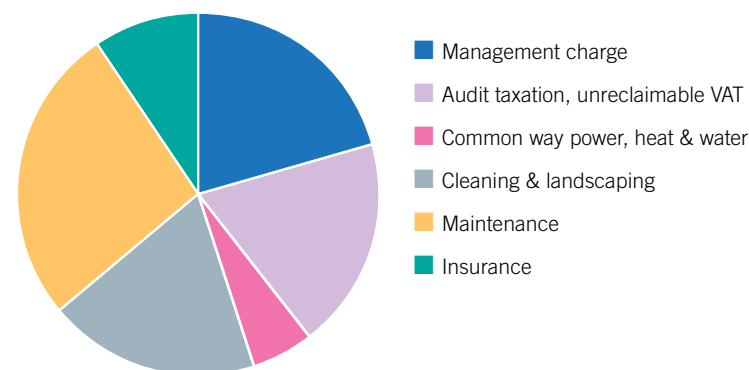
The specific details of what is covered are set out in the lease. As described above, the service charge is made up of direct and indirect costs.

Direct costs cover those items directly applicable to your residential block.

Depending on your block, this may include:

- Maintenance of the main structure of the buildings
- Maintenance of the common parts of the building
- Cleaning and lighting of the common parts of the building
- Mechanical and Electrical systems servicing and maintenance, such as lifts, entryphones and access systems, shared television aerial system, shared ventilation systems
- A management fee to the management company.

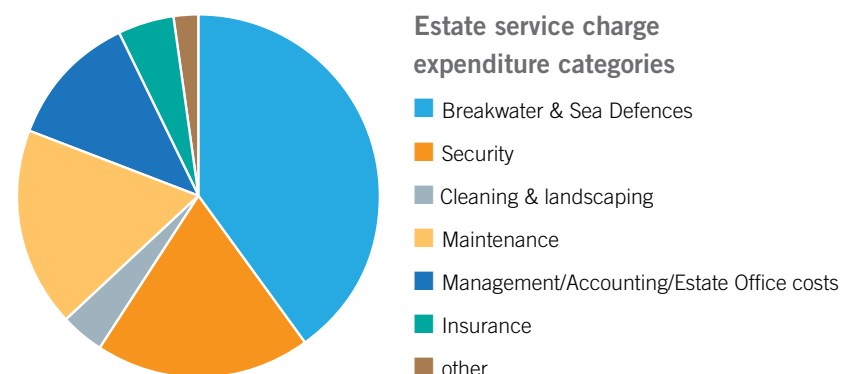
Based on our budget prepared for 2016, the direct costs are divided as follows:



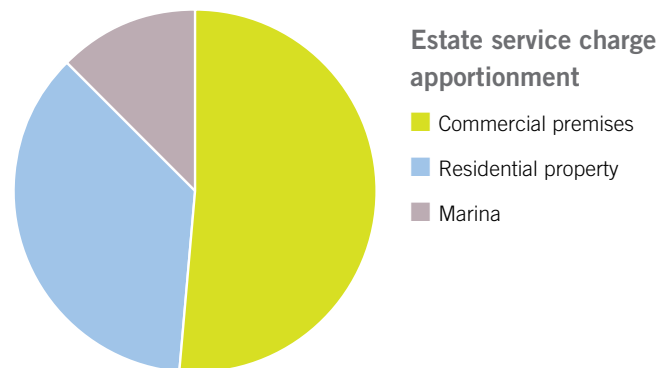
Indirect costs cover those items shared by everybody on the Marina estate. This includes:

- Security guarding
- Cleaning and lighting of shared roadways and areas
- Maintenance of shared roadways and areas
- Maintenance of the marina lock and sea defences.

These indirect or 'Estate' costs are made up as follows:



As stated, these 'Estate' costs are shared by everybody on the Brighton Marina Estate. This includes Commercial Premises, Residential Properties and the Marina. **These three groups pay the costs in the following proportions:**



Management fee

The service charge includes a fixed management fee which covers the administrative and financial management costs of the services which we provide.

Reserve Fund

As well as the service charge your quarterly invoice includes a 'reserve fund' payment. The reserve fund is money held in a separate interest-bearing bank account, to contribute to the cost of major works, such as cyclical redecoration, which might typically be carried out every 5 years. The intention of the reserve fund is to cover the cost of major

works so that you are not given a large bill when the works are done, but rather the cost has been spread evenly over your quarterly payments. However, if there are not enough funds in the reserve fund to pay for works, then the shortfall will be recharged to leaseholders, as provided for in the terms of your lease.

Money paid into the reserve fund cannot be refunded to leaseholders, so if you sell your apartment you will not be repaid any reserve fund contributions which you may have made but have not yet been spent. The benefit of the reserve fund passes to the new owner of the apartment.

Planned maintenance

We have a maintenance plan for each residential block which seeks to assess when major maintenance works will be needed and how much they might cost. This is operated in conjunction with the reserve fund to ensure, as far as possible, both that the development is maintained to a high standard and that we do not need to come to you for extra service charge contributions above those budgeted.



Section 20 consultation

As set out in Section 20 of the Landlord and Tenant Act 1985 (as amended) if works are needed that will cost any resident more than £250, then we are legally bound to carry out a consultation process with leaseholders. This process is called a section 20 consultation. It gives you the opportunity to formally comment on the proposed works and to suggest a contractor for the works should you wish. Also, if we want to enter into an agreement of more than 12 months with a supplier that will cost any resident more than £100 per year, then we also have to carry out this Section 20 Consultation.

Building insurance

Your quarterly service charge invoice also shows an amount for insurance. The Management Company is responsible for insuring the common parts of the Marina and also the structure and internal common parts of the residential block. The charge shown is your share of this insurance premium. Please be aware that whilst you do not need to take out building insurance, insurance of your contents is not included and you will need to arrange cover for your contents, as well as for any liabilities arising from your ownership of the apartment. There is an excess of £100 on the building insurance policy, which means that the first £100 of any claim made has to be met by the resident making the claim.

Ground rent

Your January and July invoices will show an amount for 'ground rent.' This is an annual charge (collected half-yearly) made by the landlord of the development. The amount of ground rent is set by the terms of your lease.

Payment arrears

The Management Company takes payment of the service charges very seriously as without these payments the development could not be serviced and maintained. There is an arrears collection procedure where payments are not made, which can result in additional costs to you. If you cannot make the payments due then you should contact the Accounts Manager at the Estate Office as a matter of urgency to discuss your options. In the end, if you are continuously unable to afford your service charge payments then you may need to sell your apartment. Purchasing a leasehold apartment is a big decision and you must be sure that you can afford the commitment that you are taking on.



Contact and Payment Details

The Management Company are based in the Estate Office at Brighton Marina.

Office opening hours:

9.00am – 5.30pm Monday to Friday

Telephone: 01273 628627

Email: enquiries@brighton-marina.co.uk

Postal address:

Brighton Marina Residential Management Co Ltd
The Estate Office
Brighton Marina
Brighton
BN2 5UF

Bank Details for Service Charge Payment

(Your property code should be included):

Sort Code: **01 01 23**

Account: **05124328**

Payments can also be made by Direct Debit (apply to the Estate Office for a form to set this up) or by cheque (payable to **Brighton Marina Residential Management Company Limited**).

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Disclaimer

The information in this guide is correct to the best of our knowledge at the time of publication, but may be subject to change. Liability cannot be accepted for errors, omissions or subsequent changes.