



Newcastle Great Park Rent and Service Charge Information Pack



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Rent and Service Charge Information Pack

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1. Introduction.

Newcastle Great Park is a mixed-use development that on completion will have delivered over 600 acres of managed open space and infrastructure. On completion of the whole Newcastle Great Park development, all land and infrastructure west of the A1 will be handed over to management companies to undertake services and the cost of undertaking these services are recovered in Rent and Service Charges from property and business owners.

To date over 200 acres of infrastructure and open space is complete and handed over to management companies and property and business owners are obligated to pay Rent and Service Charges for services undertaken.

There are a number of specific management companies and your specific management company is set out in your Land Transfer Document TP1 (TP1). In relation to residential developments there are four specific companies as set out below:

- *NGP Management Company Residential (Cell C) Limited;*
- *NGP Management Company Residential (Cell D) Limited;*
- *NGP Management Company Residential (Cell E) Limited;*
- *NGP Management Company Residential (Cell F) Limited; and*
- *NGP Management Company Residential (Cell G) Limited.*

For ease of reference in this Information Pack, we will refer to the four companies as the “**Individual Managements Companies**”.

The registered office of all the Individual Management Companies for Newcastle Great Park is **3rd Floor, City Gate, St James’ Boulevard, Newcastle-upon-Tyne, NE1 4JE**. Day to day activities are undertaken via the Newcastle Great Park Project Office but this office is not staffed full time so contact should be made via the website **www.newcastlegreatpark.com**. Further contact details are provided later in this document.

The legal obligations placed upon property owners and the Individual Management Companies are set out in the TP1 that is signed at point of sale by purchasers and the seller. Your TP1 also specifies what Individual Managements Company manages the land and infrastructure on your behalf. Copies of your TP1 are available from Land Registry. A significant part of that legal document relates to Rent and Service Charges. Although it is not a legal requirement, we wish to assist all parties involved and provide further information and guidance in respect of Rent and Service Charges in this Information Pack. Prospective purchasers are advised to take independent legal advice prior to purchase.

2. Why are there management companies?

You have purchased a freehold property which is part of a private estate with open spaces and infrastructure and it may have other facilities such as private pumping stations, sustainable urban drainage systems (wetlands), roads, footpaths, playing pitches, community facilities or play areas. The usual arrangement for private estates is for a management company to be formed to undertake services and Newcastle Great Park is no different.

3. Who is responsible for what?

The development of Newcastle Great Park commenced in 2001 and will continue until approximately 2030. There are a number of parties responsible for various aspects of the development. We think it will be helpful to clarify who does what on Newcastle Great Park. Most importantly in terms of Rent and Service Charges we want to help you understand what land and infrastructure the Individual Managements Companies undertake service on and what services they provide.

Adopted highways

Newcastle Great Park is located within the City of Newcastle and your Local Authority is Newcastle City Council. West of the A1, Brunton Lane is currently the only adopted Highway other than all Public Rights of Way. Any matters in relation those highways should be referred to the City Council.

The Developers

Newcastle Great Park is a joint venture between Persimmon Homes and Taylor Wimpey. These two individual developers are responsible for the delivery of all roads, sewers, street lighting and open space within the residential areas until services are handed over to the Individual Managements Companies or roads or infrastructure are adopted. Until then any maintenance or completion of work should be reported to the individual developers and in simple terms to the appropriate customer care department of who you purchased your home from.

The Consortium and Project Office

The Project Office delivers strategic infrastructure for the Consortium of two developers such as the spine road, the sustainable drainage systems (wetlands), play areas, strategic open space, strategic footpaths and cycleways, bus stops, the town centre development. The Project Office is the main point of contact for Newcastle Great Park and if you are not sure about who does what, then contact the project office.

The Individual Management Company

Up until 2015 the Individual Managements Companies were run from the registered office address. Since 2015 we have considered the services undertaken by the registered office and taken positive and proactive steps to undertake more tasks from the Project Office to reduce costs and also make the Individual Managements Companies more available and open. The registered office still remains and a range of legal but mainly accountancy services are undertaken there. Services are now being undertaken at the Project Office but this has taken time and there is a need to invest in IT systems before real improvements are seen in terms of costs. The main benefit is there is seen to be staff who are contactable on site.

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Many management companies employ a managing agent and this could cost up to £100 per annum per property. Since late 2015 the Project Office delivers this role and basically covers the following core services:

- *Advising and calculation of the Annual Service Charge Budget that shows the itemised expenditure in respect of the management land and infrastructure. Items may include insurance, landscape maintenance, maintenance of playing fields and community facilities, maintenance of any play area on the development, maintenance of roads, pathways and street lighting, collection of litter and emptying of litter bins.*
- *Collection of service charges in accordance with the terms of individual transfers.*
- *Credit control of overdue accounts.*
- *Arranging payment of all contracts for works associated services undertaken on land and infrastructure at the development.*
- *Maintaining financial records and preparing information for year-end Accounts and independent audit.*
- *Production of specification for landscape maintenance, placing insurance policy.*
- *Managing services on the ground.*
- *Managing handover of land and infrastructure before undertaking services.*
- *Managing property transfer queries.*
- *Liaising with residents.*

The Project Office acting as managing agent for the Individual Management Companies also instructs work on behalf of the developers. All work instructed by the Project Office is done so clear and transparent way and costs attributed clearly to the correct party.

4. How are Rent and Service Charges Calculated.

Rent Charge

The rent charge is a one off annual payment of £10 ex vat per annum. This is not a ground rent but a legal charge on the property.

Service Charge

This is the charge to undertake services to manage and maintain land and infrastructure. To date freehold owners have not been charged to cover the full cost of undertaking all services and the developers have subsidised the costs and also provided discount usually over the first three years of development.

There are many areas of land and infrastructure that are not handed over to the Individual Managements Companies and are still being maintained by the developers at their expense. Only when land and infrastructure has been handed over to the Individual Managements Companies can the cost of undertaking service be passed to freehold owners. Since the end of 2015 the handover process has been formalised and land will only be handed over when it has been confirmed that the following has been delivered:

- *Work has been undertaken in general accordance with the planning permission;*
- *Work has been undertaken to an appropriate standard and certified if appropriate; and*
- *There is no outstanding maintenance required prior to handover.*

When these three matters are confirmed then the management responsibilities are passed to the Individual Managements Companies and services are undertaken on behalf of freehold owners. A plan is available on the website showing land where services are undertaken on behalf of Individual Managements Companies. You are not paying for services being undertaken on land that is not colored on the plan.

Cost Allocation

The award of contracts for third parties to undertake services is tendered using approved contractors currently used by both Developers. This ensures that contractors meet certain required standards in terms of qualifications, insurances and health and safety requirements.

Unless emergency work, any new contracts are tendered going out to a minimum of three companies. Main services are tendered every three years but there is no legal obligation to do so on a fixed period.

As services are undertaken on site, invoices are processed and recorded for accountancy purposes as is normal. Costs are attributed reasonably between development cells (Cells). Services are either attributed to the specific Cell ie Cell G for Greenside as Cell Specific or Park Wide. Cell specific works are mainly what is known as Local Open Space and on land within your specific development area. Park Wide covers

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a much larger area on land known as Strategic Open Space. As previously stated, all land where services are undertaken on behalf of the Individual Managements Companies is shown on the plan available on the website.

100% of the Cell specific costs are obviously attributed to that Cell and Individual Managements Company. The Park Wide costs are then split between the Individual Managements Companies on a percentage basis that is reviewed annually.

Annual accounts are then prepared and audited based on the above and the three costs (Rent Charge, Cell specific and percentage of Park Wide Costs) are used to calculate the Service Charge for your property.

At point of sale purchasers were advised of the four different property bands of service charges depending upon the size of property and what service charges are likely to be. The information provided was as follows:

- Property size up to 1000 sq ft, Rent and Service Charge £300 per annum ex vat;
- Property size up to 1001 sq ft to 1350 sq ft, Rent and Service Charge £366 per annum ex vat;
- Property size up to 1351 sq ft to 1800 sq ft, Rent and Service Charge £432 per annum ex vat; and
- Property size up to 1801 sq ft to 2500+ sq ft, Rent and Service Charge £500 per annum ex vat.

Your individual service charge is then calculated as follows.

Excluding the £10 annual rent charge the total costs of services (Cell specific and the percentage of Park Wide Services) are then divided by the total floor space of residential properties occupied in that Cell at the end of that year. This total is then multiplied by the total floor space of residential properties occupied in the specific property band in that residential Cell. This provides the total cost per property band.

As in some circumstances properties are completed part way through the year, the calculation is then divided by the number of months properties have been completed. The majority of properties will have been completed for 12 months but some may be for only 3, 4 or 5 months. The cost per property band is then divided by the number of completed months to give the monthly service charge costs. The annually service charge is then a simple calculation of multiplying by 12 calendar months, the £10 rent charge is then added and the total amount is ex vat.

Simple really but to help here is a worked example.

Cell Z service charge calculation

Cell Specific Costs **£10,000**

Park Wide Costs £300,000 but 30% attributed to Cell Z amounting to **£90,000**

1. Total Cost of Services for Cell Z £100,000

2. Total completed floor space in Cell Z 70,000sq ft

3. Total completed floor space in property band in Cell Z £50,000sq ft

1 divided by 2 multiplied by 3 = £71,428.57

£71,428.57 is the total cost for that property band.

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The total number of completed months in that property band is 2670 (one property was only complete for six months)

**£71,428.57 divided by 2670 = £26.75
monthly service charge**

£321.00 annual service charge.

£10.00 rent charge

£331.00 annual Rent and Service Charge

It may look very complicated but it is considered a very fair way to attribute costs when it calculates services by actual floor area of properties and the number of months units have been completed.

There is no obligation to provide specific calculations for each property and we will not be providing this level of detail for individual accounts. We do hope that the above will help freehold owners understand how the Service Charge is calculated.

Invoicing

The cost allocation is done on actual accounts for the year that has passed but also an estimation for costs for the year to come.

Each year freehold owners will receive an annual invoice showing the following:

- *The estimated Rent and Service Charge for that invoice year;*
- *The actual Rent and Service Charge for that invoice year;*
- *The difference or balance between the estimate and actual as above (this could be in credit or debit);*
- *The estimate for the year to come; and*
- *A total of all of the above plus the appropriate vat calculation.*

As freehold owners are aware the Individual Managements Companies are behind in invoicing so in July 2017 invoices were issued for 2015 actual service charges and estimated 2016 service charges. Actual 2016 service charges and estimated 2017 service charges will be issued as soon as annual accounts are complete and audits have been undertaken.

5. What information can I access

You have the right to access service charge records we keep about you on file or computer. However, you might not be able to see information that relates to a third party. We may also withhold non personal information if it is considered to be commercially sensitive.

Information about service charge records is available in what is known as the data room. As is set out in your TP1 you can gain access to view information kept and this relates to all annual accounts for the current and previous year, service charge cost allocation and third party invoices. To protect your personal information and confidential information of third parties you can only view this information if you sign a non disclosure agreement and reasonable notice is required to view this information as set out in the TP1. If you want to view information in the data room please contact the Project Office.

6. *How to pay your service charges.*

When you purchased your property your solicitor will have taken a sum of money at completion which will have paid the Service Charges which you are responsible for from the date of purchase up to the next Service Charge demand date. You will need to look at your completion statement to confirm this.

We will normally send out the service charge invoice about a month before the payment is due. It is important to note that unless you have notified the Individual Managements Companies that invoices for a set period of time are to be sent to a specific address, all invoices and correspondence will be sent to the occupier of the property. It is your responsibility to serve notice of transfer of a property if you sell the freehold and if you do not then you could be liable for charges after you move.

The payment is due on the date specified. The money received onto your service charge account will be placed against the oldest debt on your account. This is to simplify the management of the collection process and to keep costs down for everyone.

If you do not intend to pay your service charges in full when they are next demanded, then you will need to set up a standing order **in advance** as soon as possible after you move in to the property. This will be the service charge for the next period divided by the number of months remaining until the next invoice is due.

This means that by the time that your next service charge payment is due you will have built up a credit balance on your account so that it pays in full the service charge demanded. You will then need to carry on paying this amount until the next invoice is issued.

Payments of service charges can be made as follows:-

Direct to the development Bank Account via telephone or internet banking

Sort Code:	40 34 345
Account Number:	3117 0961
Account Reference:	On your letter.
Bank:	HSBC
Account name:	Newcastle Great Park (Estates) Limited

By cheque: Made payable to Newcastle Great Park (Estates) Limited. Please ensure that your account reference is on the rear of the cheque so that it can be applied to your account. If you do not put your account reference on the rear or the cheque then it cannot be applied to your account and you may then be showing as in arrears. Please attach the cheque to the remittance advice provided and send to the Project Office.

Via the website: You can pay via debit or credit card using **www.newcastlegreatpark.com** using the quick link Resident Service Charge Payments. Some web browsers encounter problems entering information via the link and this is being looked into but can cause problems. If you do encounter problems please contact the Project Office.

We are sorry but we are unable to accept cash or card payments direct and we are not able to accept a cheque drawn on an account other than that belonging to the property owner. This is due to Money Laundering legislation.

7. Arrears of service charges.

If residents default on their service charges, then this means that there will not be enough money to deliver the services to the development and eventually the appearance of the development will deteriorate.

The Individual Managements Companies can take all reasonable measures to recover outstanding Services Charges and recover reasonable charges in doing so. In 2017 the Individual Managements Companies have decided that the cost of debt recovery should reasonably be charged to the individual account of the party who has not met their legal obligation. This is a wholly reasonable decision as individual freehold owners who have met their legal obligations should not have to pay increased Service Charges to cover the recovery of bad debts.

On that basis from 1 September 2017 the following procedure will be followed:

- *If you have not settled your account within 20 days after the due date, then the Individual Managements Company can write to you asking you to pay by return. We are not legally obliged to send this letter but we do understand that sometimes payment is forgotten. If you have arranged to pay by standing order in advance then you should not receive this letter. If you do, then please contact the Project Office.*
- *If we do not hear from you or receive payment in full within a further seven days then we will write to you again, and there will be an administration charge of £25 plus VAT applied to your account.*
- *At this point, if you are having real difficulty in paying then we may, without prejudice to the Individual Managements Companies legal rights be able to agree a temporary payment plan.*

- *If, after a further seven days payment has not been received or we have not heard from you, then we will send you what is known as a final 'letter before action'. This is the last letter we will send to you before preparing the file to be sent to the Individual Managements Companies appointed solicitors for further action. We have to carry out extra work before the file is sent to solicitors and if we have to send one of these letters to you then there will be an administration charge of £150 plus VAT applied to your account.*

Unfortunately, by the time that we are at this point of credit control we will not be in a position to negotiate any payment plan and only full settlement of the account and the administration charges will prevent further action.

If your file has been sent to the appointed solicitors please note that from this point we are not able to discuss the account and all communication must be with the appointed solicitors.

If a court claim is brought against you to recover the debt, we would instruct the solicitors to seek recovery of our legal costs in addition to the debt and interest on the debt.

We recognise that owners may fall into temporary difficulty with the payment of service charges due to loss of job etc. If we know about these problems in advance then we can try to help. **Please do not leave it until you receive a final letter before action to contact us.**

8. *Emergency out of hours cover.*

Unfortunately things do go wrong or issues take place outside normal working hours. If you have an urgent issue please contact the Individual Managements Company via the website. There is no 24 hour emergency cover and you are not charged for such a service. The Project Office is not manned fully during normal working hours and you are also not charged for such a service. When you report issues via the website this is monitored and you will receive a response if it considered urgent.

9. *Insurance.*

The development public liability insurance policy is placed on behalf of the Individual Managements Company and recovered through your payment of service charges.

10. *Parking.*

We recognise that parking is a very important issue for residents.

If you have a parking space on the development the space number will be shown in your transfer documents. You should only use the space you have been allocated or on your demised driveway. Please do not park in any other spaces, on the kerbs or on the corners of roads.

Residents are also not permitted to run a business from residential properties and such operations do cause impact upon residential amenity.

We are not able to intervene in any parking disputes between residents.

Parking bays are for parking permitted vehicles only. The types of vehicles which are not allowed are:

- *Untaxed vehicles*
- *Unroadworthy vehicles*
- *Commercial vehicles over 1 ton*
- *Vehicles for sale*
- *Vehicles which you are repairing (unless they are minor repairs to your own vehicle)*

Visitor bays are for the use of visitors only.

Abandoned vehicles

An abandoned vehicle is a vehicle which is not wanted by its owner. It may be in a poor condition, untaxed or left in the same place for several weeks. These vehicles make the estate look unsightly and can be a risk to the safety of residents so when we receive a report of an abandoned vehicle we will take swift action to remove that vehicle. We will work with the local council and the police to make sure that the vehicle is actually abandoned and we will put a prominent notice on it warning that it will be collected after a certain date. We do reserve the right to remove vehicles immediately if we believe that they pose an unacceptable risk to health and safety.

Reporting abandoned vehicles

If you think that a vehicle has been abandoned on the estate, please contact us with the following information:-

- *The location of the vehicle*
- *The make and colour of the vehicle*
- *The registration number of the vehicle*

11. Contact us.

As stated any formal correspondence should be sent to the registered office of the Individual Managements Company.

Any solicitors or agents requiring information about the Individual Managements Companies should contact the Individual Managements Company at the registered office but before requesting information it is reasonable for professional advisors to have reviewed the TP1, understand that this is not a leasehold management company and please only ask specific and relevant questions. As previously stated there is charge of £60 plus vat to deal with notices of transfer.

The Individual Managements Companies request that day to day queries are submitted via www.newcastlegreatpark.com using the quick link. Please provide your full name and address with customer reference and contact information.

You can also write to the **Newcastle Great Park Project Office, Barton Farm, Brunton Lane, Newcastle-upon-Tyne. NE13 9NT.**

The office is not fully staffed fully during working hours but normally staff are available from **9.30am until 12.30 pm** on the phone. **Telephone 0191 217 3860.** If you want to meet face to face call the office and make an appointment.

Individual Managements Companies also hold monthly drop in sessions at the Community Centre on the **third Thursday of every month between the hours of 2 and 7pm.** Any party can call in and raise any queries they have. Details of the drop in sessions are always made available on www.newcastlegreatpark.com. Sometimes the dates change around the holiday times so please keep an eye on the website.

This document is there to help you as a freehold owner and is not a full review or opinion of all legal obligations. At the same time this document will be continually updated so if you consider it would be helpful to add or consider further information please let us know.