



THE CANOPY, CHIGWELL, ESSEX

This document summarises the services and management arrangements provided at The Canopy, by Cognatum Estates Limited.

25 apartments were built in 2021, together with an estate office and an open air terrace. The cost of providing the services and amenities is shared equally between all the properties.

The properties are sold on a 299-year lease from 2023, which is designed to safeguard good neighbourly relations and provide the framework for the management and services. The lease allows properties to be bought and sold on the open market. Owners are consulted annually regarding costs and there are no ground rents and no restrictions on owning a property, except that one resident must be over 55 years of age.

COGNATUM ESTATES

Cognatum Estates is a not-for-profit company, limited by guarantee, which provides management services exclusively for its private estates. The services include the care and maintenance of the gardens and buildings, employment of an estate manager and deputies, who are on hand for advice and emergencies.

They arrange the collection of the service charges and manage the audit and accounting arrangements. The management year runs from 1 January to 31 December and independently audited accounts are presented after each accounting period. The service charge is payable quarterly in advance by direct debit.

Further information about Cognatum Estates can be found on the web site www.cognatum.co.uk.

ESTATE MANAGER SERVICE

The estate managers have the responsibility for the day-to-day management of The Canopy. During the initial period of occupation, the estate managers will live onsite to ease the transition into management from the development phase. Subsequently the estate manager will live off site nearby. The estate office will be open at the regular times displayed, and the managers can be contacted by phone or email during the working day. Deputies provide cover when the managers are off duty, and during any periods when they may be absent due to holidays or sickness. There is 24-hour emergency response cover in place and security checks are carried out daily by our staff.

COMMUNAL CHARGES

Within the service charge, the estate office covers things such as telephone, computer, post and stationery costs.

Water, light and heat to the common parts also form part of the service charge.

UTILITY CHARGES WITHIN APARTMENTS

The heating, hot water, and cold water services are supplied from a single, communal distribution and communal metering system.

As a result, the costs for water, light and heat to individual apartments are also payable in the service charge. This will vary year on year depending on usage and tariff.

Residents will therefore not have any further utility costs or Individual services other than a telephone line, which residents must have for the personal alarm service, and broadband should they choose to have it.

ALARM COMPANY

A personal emergency alarm system with 24-hour monitoring service is provided. This uses an electronic pendant transmitter with telephone connection. Where appropriate the alarm call centre will contact the estate manager, who will attend as soon as possible.

GARDENING

The estate managers are responsible for grounds maintenance on the estate, with the use of contractors where appropriate. A handyman may also contribute to the grounds activities, in addition to services such as changing exterior light bulbs, organising the bin store, sweeping driveways and other maintenance jobs as directed by the estate manager.

MAINTENANCE AND BUILDING REPAIRS

A provisional sum is allowed for general maintenance and building repairs to cover such items as dealing with blocked drains and replacing roof tiles.

BUILDINGS INSURANCE

The fabric of the buildings and the grounds will be insured against fire and general perils with the Ecclesiastical Insurance Group on a block policy. This policy covers normal employers' and public liability and everything in the common parts. Owners need only make their own insurance arrangements to cover contents and any other cover they consider necessary.

WINDOW AND GUTTER CLEANING

The cleaning of the outside of all windows is arranged every other month through a contractor. There is also an annual gutter clean.

TERRACE

A rooftop terrace with furniture and planting is provided for all residents.

SERVICE CHARGE

The service charge is divided into three elements, the day-to-day running costs covering the areas described above; the managing fee; and the transfer to reserves, both of which are detailed below.

MANAGING FEE AND SALE ADMINISTRATION FEE

The managing fee is the charge payable to Cognatum Estates for the financial and administrative services provided by head office and is included within the service charge for The Canopy. The same charge applies to all properties on Cognatum estates.

An administration fee applies the point of sale (excluding the first sale). When a property is sold there is a fee of 1% plus VAT of the gross sale value, for promotional activities to ensure continuing brand awareness and interest in the estate, thereby protecting investment by residents.

DEFICIT GUARANTEE PERIOD

All Cognatum estates operate by collecting income through the service charge to cover all expenditure. However, in the first three years of a new estate, different rules need to apply. Not all properties will necessarily be sold, and therefore the expenditure may well exceed the income received which will be directly proportionate to the number of properties occupied.

To ensure that the estate does not run at a loss during this period, the development company also contributes towards income. This is known as the Deficit Guarantee. In this way, residents will pay a consistent amount for the services provided from first occupation.

To keep track with inflation and remain a realistic estimate of expenditure in years two and three, the service charge will rise by RPI or 5%, whichever is the greater. This is reviewed and discussed with residents on an annual basis.

The Deficit Guarantee system necessarily requires a suspension of aspects of the 11th Schedule of the lease. Cognatum does not distribute annual accounts for the first three years, as these do not represent the true picture of the costs of running the development.

Prior to year four, Cognatum will submit a revised budget for that year to residents for their information. From the 4th year, certified annual accounts will be sent to all residents.

RESERVE FUND

Part of the service charge is an annual contribution towards the build-up of a fund for long term or regular maintenance and to pay for unforeseen contingencies. The purpose is to ensure that the cost of major items of maintenance is spread evenly over the years. The Reserve Fund is kept separate from the annual management charge in a deposit account earning the highest appropriate rate of interest. Annual contributions are based on a long-term maintenance plan.

2023 SERVICE CHARGE BUDGET FOR THE CANOPY - 25 PROPERTIES

	£
<u>Expenditure</u>	
Staffing & Sundry	49,000
Utilities	82,500
Alarm system	12,000
Maintenance	12,500
Insurances	11,200
Window cleaning	10,000
Managing fee	22,750
Total day to day running costs	199,950
Transfer to reserves	10,000
Total expenditure	209,950
*ANNUAL PROPERTY SERVICE CHARGE	8,398

Reserve Fund balance available on request