



# Your guide to our service charges and fees



**McCarthy & Stone**

— Retirement living to the full —



We know that when you are thinking seriously about buying a retirement home you will want to be absolutely clear on your costs going forward. After all, how much you can expect to pay in service charges and fees is an important consideration when it comes to budgeting.

At McCarthy & Stone, we firmly believe that the charges we make to our homeowners provide excellent value for money. But it's not enough for us to simply state that. We need to show you, in an open and honest way, where your money will go and what you'll get in return.

We understand that as well as wanting a good idea of what your service charges will be, you also need to know what they do and don't cover. You might also be wondering what kind of year-on-year increases you should allow for and why certain costs, such as ground rent, are there in the first place.

So please take your time and read through this leaflet, which should answer all your questions. And don't forget that our Sales Executives are always happy to discuss any matter with you.

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## How much will I pay?

The last thing you want at this stage of life is the costs associated with running your home suddenly shooting up. That's why so many of our homeowners are pleased to find that the service charges for their apartment tend to work out at less than the like-for-like costs they were paying at their previous property (according to the findings of Housing LIN, an independent consultancy).

What's more, your new apartment is likely to be much more manageable in size than where you're living now. Also, energy bills often turn out to be lower, thanks to the modern construction methods we use at all our developments.

Service charges depend on which development you move to, reflecting the different sizes and facilities we offer. But we certainly don't pluck these figures from thin air. We work out charges using a formula that is the same across the country.

For a typical **Retirement Living** apartment (based on Caesars Place in Godalming), the latest service charge is £43.75 a week for a one-bedroom apartment and £65.66 a week for a two-bedroom apartment.

For a typical **Retirement Living PLUS** apartment (based on Austen Place in Alton), the latest service charge is £126.11 a week for a one-bedroom apartment and £168.23 a week for a two-bedroom apartment.

These figures are guaranteed up to 30 June 2020.

As you'll see, costs in Retirement Living PLUS developments are higher than in Retirement Living schemes. This is because of the increased staffing costs of providing domestic-support packages, and the restaurant facilities on these sites.



## What does the service charge cover?

In our **Retirement Living** schemes, it pays for a House Manager, who is on-site during office hours in the week (which may vary). Employed by McCarthy & Stone Management Services, these staff members are the friendly faces taking care of the day-to-day running and upkeep of our developments. They also help with social events that our homeowners can choose to take part in.

**Other services that are covered include providing and maintaining:**

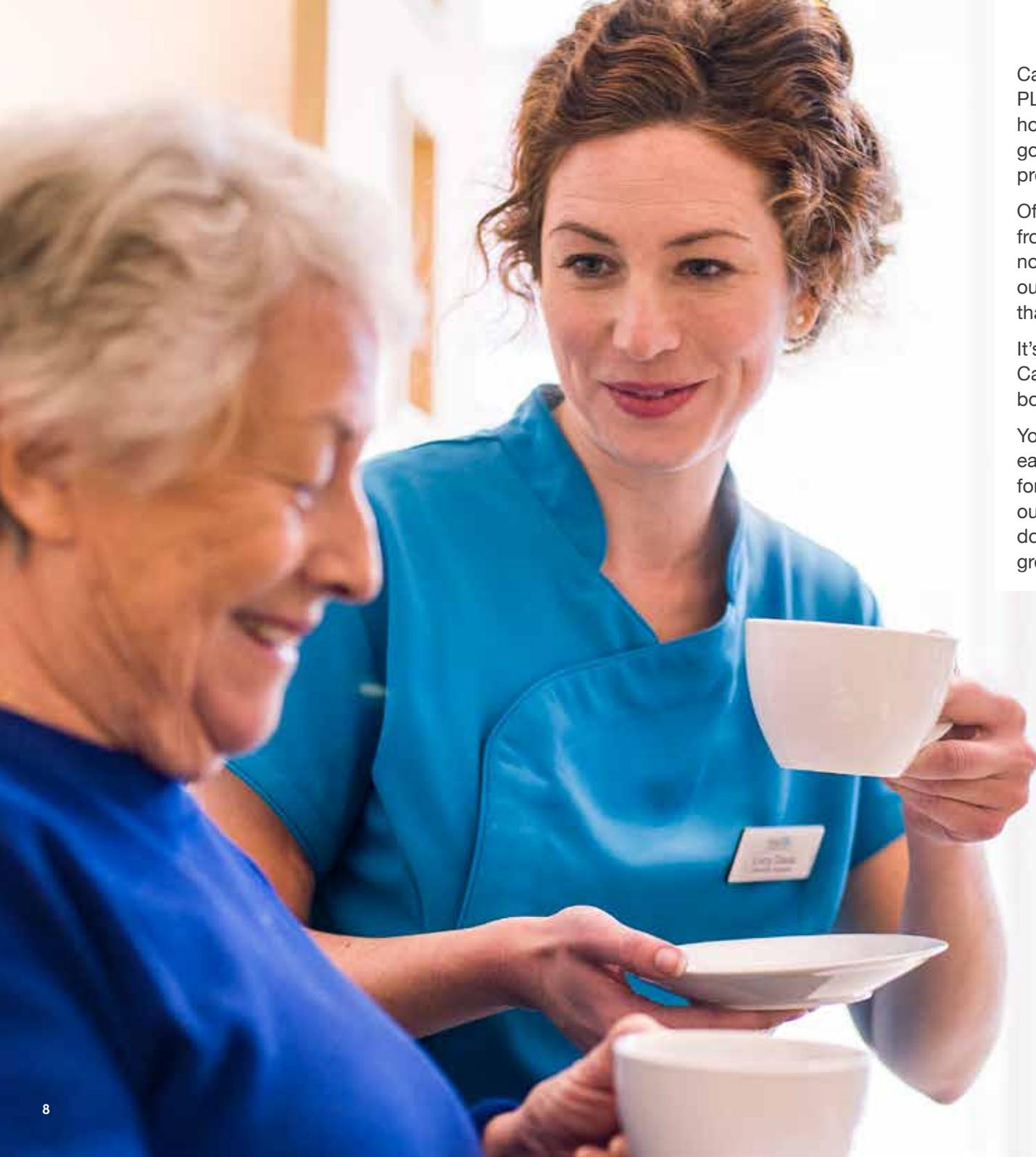
-  24-hour emergency-call system
-  intruder-alarm system
-  camera door-entry system

**Your service charge also pays for:**

-  gardening and general maintenance costs
-  buildings insurance
-  window cleaning (outside only)
-  water and sewerage costs. In Scotland, water and sewerage rates are paid as part of your council tax.
-  heating, lighting and cleaning of all shared areas

At our **Retirement Living PLUS** properties, as well as everything mentioned above, the service charges also covers the restaurant's running costs and staff costs. There are staff members at the development, day and night, every single day of the year.

There is an extra cost for each meal eaten in the restaurant, which is typically from £4-£7 per meal, with everything freshly prepared by our on-site chef. A small additional charge will be added to Guest meals.



Care packages are available at all our Retirement Living PLUS developments. These are tailor-made to cater for a homeowner's individual needs, and might include help with going to bed and getting up in the morning, night services, preparing meals and help getting to and from appointments.

Of course, homeowners do not have to take care packages from us, and can use other providers if they prefer. It's worth noting that you can continually adjust the level of support our packages provide, according to your needs. This means that you only ever pay for what you use.

It's also reassuring to know that we are registered with the Care Quality Commission in England, and its equivalent bodies in Scotland and Wales.

Your charges also include an amount for domestic support each week from our on-site staff, which comes in whatever form you decide would be most useful to you. Many of our homeowners use this built-in benefit for the kind of domestic chores that eat into their time, such as cleaning, grocery shopping and running errands.

## What isn't covered?

Except for water bills and buildings insurance, the running costs of your apartment are not included in the service charges. So you should budget for council tax and electricity bills, as well as any maintenance specifically relating to your apartment.

You should also note that your furnishings and personal belongings are not covered under the buildings insurance we provide. You should take out a separate contents insurance policy.

Although water bills are covered by your annual service charge, some water companies make a separate environmental or 'other' charge on individual apartments. In Scotland, water and sewerage rates are paid as part of your council tax.

## How are the fees calculated and paid?

This is a process that you, as a homeowner, would be involved in. The budgeted costs for each development are presented to everyone living there at an annual meeting. The costs are then divided between the homeowners in line with the terms of their leases.

Written confirmation of the amount to be paid for the year ahead is then sent out to all homeowners. You will be invoiced once a year, but we collect the charges each month by direct debit.

At the end of the financial year, accounts setting out the income and actual spending at your development are prepared and audited by a firm of independent chartered accountants. The accounts are then circulated to all homeowners.

Opposite is an example of what your services and charges bill might look like



## Services and charges At Caesars Place Godalming

McCarthy & Stone Management Services will manage Caesars Place, a Retirement Living Development on behalf of McCarthy & Stone. An overview of services supplied and summary of the estimated Service Charge (payable by all apartment owners) for 12 months ending 30 June 2020 is set out below.

### BUDGET for 1 Bedroom Apartments

	Total	1 bed Apt per year
<b>Property / Building upkeep</b>		
Electricity, heating to communal areas; Water and sewage to communal areas and apartments	£13,241	£288
Building and systems maintenance contracts including repairs to interior and exterior communal area of the building	£17,296	£376
Comprehensive building insurance including insurance of contents of communal areas	£6,712	£146
Communal domestic cleaning and cleaning materials	£5,712	£124
Contract cleaning of window and garden/grounds upkeep	£10,993	£239
Contingency Fund - long term asset replacement, int/ext decorations	£16,509	£359
<b>Property Total</b>	<b>£70,463</b>	<b>£1,532</b>
<b>House Manager staff costs</b>		
House Manager staff costs, including training, Call out allowance	£19,122	£416
Office Costs	£2,936	£64
<b>Retirement Living Total</b>	<b>£22,058</b>	<b>£480</b>
<b>Additional Services</b>		
24hr Emergency Monitoring service (Tunstall) including fire and security systems	£1,521	£33
<b>Additional Services Total</b>	<b>£1,521</b>	<b>£33</b>
<b>Professional Fees &amp; Income</b>		
Income from Guest Suite, Parking Permits and sundry income	-£1,511	-£33
Management Fees and Accounts	£11,811	£257
Bank charges and Audit fee	£610	£13
<b>Other Total</b>	<b>£10,910</b>	<b>£237</b>
<b>Total per year</b>	<b>£104,952</b>	<b>£2,282</b>
<b>Total Service Charge per week</b>		<b>£43.75</b>
Landlord Ground Rent		£8.15
<b>Total</b>		<b>£51.90</b>



## Ground rent

As an award-winning retirement house builder, our two main sources of income are the proceeds from selling our beautiful apartments and the ground rent we charge our homeowners. The ground rent mainly covers the construction costs of the valuable (but unsellable) communal areas we provide.

These communal areas include the shared lounges, grounds, and for Retirement Living PLUS, the restaurants and staff accommodation – all of which play a vital role in the retirement lifestyle that our homeowners enjoy. They make up around 30% of the total area at each of our developments.

Charging ground rent allows us to keep the price of our apartments competitive. Without it, there could be higher purchase prices for our customers.

That is, of course, the last thing we would ever want. So if we ever had to stop charging ground rent, we would always explore alternatives before putting up purchase prices, which we would only do as a last resort.

Ground rent currently applies in England and Wales, but not Scotland, which has a different legal system.

The level of ground rent you are likely to pay will reflect the size of your development and the communal areas it provides, and will be set by us at the very start of the building process. Figures are always clearly highlighted to customers during the sales process.

Our ground rents are typically in the region of approximately £400 to £500 a year depending on the development, number of bedrooms and location. The charges are a little higher within the M25 area, ranging from approximately £500 to £600 a year. Our regional sales teams can provide a more detailed figure.

Ground rents are fixed for 15 years, and are reviewed every 15 years on the anniversary of the date relevant contracts were signed. At this point increases are either linked to the latest Retail Prices Index (RPI) or are 2% a year.

The ground rent doesn't increase after the 125th anniversary, even though our new leases are for a term of 999 years.



## Contingency fees

As you know, your home is in a development where we maintain all shared spaces, both inside and outside. That means you don't have the headache of worrying about the state of the roof tiles or making sure that the development always looks attractive and well cared for. But repairs and renovations do need paying for. The last thing you want is to suddenly be faced with a bill for structural work or a major refurbishment that you simply hadn't budgeted for.

This is where the contingency fee comes in. This is a small fee that's included in your monthly service charges and set aside for these kind of unexpected costs. The contingency fees are in your development's own bank account.

We keep this cost to a minimum by topping up the fund with a charge of 1% of the resale price when an apartment is sold on. If you decide to rent out your home, the subletting contingency fee is 1% of the annual rent you charge.

## Our pledge to you

Our homeowners move into their development expecting a certain standard of living. They also want to know that the services we provide are organised in a professional and entirely proper way.

That's why we want to be absolutely clear that we invite several contractors to bid for all work.

And whichever type of development you choose, service charges don't change much year-on-year. For example, in 2016/2017 there was an average increase of just 1%.

That's significantly lower than the rate of inflation, and yet we didn't need to reduce the level and quality of services our homeowners continued to enjoy.

**If there's anything else you would like to know, please don't hesitate to ask.**



# McCarthy & Stone

— Retirement living to the full —

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