

Schedule 7 Estate Plan

1. Overall Provision

- 1.1 For the purposes of this Deed the Development or such part thereof as may be specified in an Estate Plan shall be managed by a Management Company appointed to manage and maintain those elements of the Development that are specified to be managed and maintained by a Management Company or such element(s) shall be transferred to a Management Company for the purpose of managing and maintaining those elements subject to and in accordance with the provisions of this Schedule 7.
- 1.2 Subject to the provisions of this Schedule, the document appended to this Deed as Annex 1 to Schedule 7 and entitled "The Property Management Strategy" sets out the principles by which the management and maintenance of the Development or such part thereof is intended to be undertaken by the Management Company(s) and shall inform the final Estate Plan to be approved by the Council.
- 1.3 The relevant elements of the Development to which the Estate Plan relates shall be managed and maintained in perpetuity in accordance with the Estate Plan to be approved by the Borough Council in accordance with this Schedule 7 and the Development shall not be carried out or Occupied other than in accordance with the approved Estate Plan and the provisions of this Schedule 7.

2 Detailed Provision

2.1 The Owners covenant with the Borough Council not to Occupy the first Dwelling until they have submitted to and received the Borough Council's approval in writing of the Estate Plan for all relevant parts of the whole Development, the Estate Plan shall include but not be limited to:

- (a) details of the *identity of the proposed Management Company* to be responsible for details of the identity of the proposed Management Company to be responsible for managing and maintaining the Development or such specified part thereof with monies received by the Management Company used solely for the purposes of management and maintenance in accordance with the Estate Plan;
- (b) a fully costed *finances and resources plan*, to include an assessment of the lifecycle costs, including income, expenditure, cash flow, resources, staffing and budgeting and arrangements to ensure the permanent funding of the relevant Management Company which may include one or more of the following and which will place particular emphasis on funding arrangements in the earlier stages of the Development prior to substantial funding from individual Dwelling purchasers being available to the Management Company:
 - (i) commuted sums for investment for the benefit of the Management Company;
 - (ii) the creation of an estate rent charge or other service charge arrangements;
 - (iii) endowing the relevant Management Company so approved with income generating assets;
 - (iv) appropriate arrangements for provision of security for the funding;
 - (v) the contingency repair fund to cover maintenance and repair of Heritage Assets within Garendon Registered Park and wider maintenance obligations in respect of the Development.

- (c) ongoing review and monitoring arrangements to demonstrate that the Management Company is being adequately funded in accordance with the approved arrangements (including, where applicable, until any estate rent charge or service charge arrangement becomes self-sufficient) and will be adequately funded in the long term, to include an obligation on the Owners (prior to transfer of responsibility in accordance with the provisions below) to top up funding and/ or provide security in the event that the Borough Council confirms that monitoring reveals the Management Company has or is likely to have inadequate funding to meet its obligations under the Estate Plan for any period of time.
- (d) any contracting of management or other activities to bodies having relevant and proven expertise in the relevant area;
- (e) details of the proposed constitution of the proposed Management Company, Board representation and proposed members/ shareholders in the short and long term;
- (f) confirmation and mechanism to ensure that the Management Company will be required to comply with the provisions of this Schedule 7 and Schedules 5 and 6 as appropriate so far as they relate to future management and maintenance obligations such obligations to be directly enforceable by the Borough Council against the Management Company;
- (g) management and maintenance standards to be implemented and retained in perpetuity;
- (h) public access arrangements in perpetuity and on-going community engagement and liaison;
- (i) Trigger Event for the Transfer (where relevant) of relevant parts of the Development to a Management Company which are to be subject to the Estate Plan, such Trigger Events to have regard to the need for a reasonable period of successful monitoring pursuant to (c) above before responsibility is transferred PROVIDED THAT where the Owner wishes to transfer part of the Development to a Management Company earlier and prior to the monitoring under (c) above, the Owner shall first demonstrate to the Borough Council's reasonable satisfaction (as confirmed in writing) that the funding arrangements for the purposes of (b) above are sufficient and enforceable by the Borough Council and the Borough Council may as a condition of its approval where considered appropriate require the Owner to first provide adequate security for performance, which the Borough Council may agree to be subsequently released following a reasonable period of successful monitoring.

2.2 The Owners shall set up the proposed Management Companies prior to the first Occupation of the first Dwelling in accordance with the approved Estate Plan and the Owners shall procure that the development shall not be carried out or Occupied other than in accordance with the approved Estate Plan and that the those parts of the Site to which the Estate Plan relates are managed and maintained in perpetuity in accordance with the Estate Plan.

2.3 Prior to Occupation of 80% of Dwellings within a relevant Phase or Development Parcel containing land to be managed and maintained in accordance with the provisions of the approved Estate Plan and in any event prior to Occupation of 80% of the Dwellings comprised in the Development as a whole (or prior to such other Trigger Event as may be set out in the relevant Estate Plan for the Transfer of relevant parts of the Development to a Management Company) the Owners shall:

- (a) grant all rights necessary for the management and maintenance of the Development or relevant part thereof in accordance with the Estate Plan;

- (b) prior to any Transfer to a Management Company demonstrate to the Council's reasonable satisfaction (as confirmed in writing) adequate short and long term funding for the Management Company in accordance with the Estate Plan (including the requirements of paragraphs 2.1(b), (c) and i) above) and, where necessary (for example where any estate charge has not at that time become self-sufficient), provide or procure the provision of such financials sums (or other means of funding) and/ or reasonable security for performance as are necessary to enable the Management Company to manage and maintain the Development or relevant part thereof in accordance with the approved Estate Plan;
- (c) procure that the Borough Council has the benefit of directly enforceable covenants for the purposes of paragraph 2.1(f) above and step-in rights in the event of default; and
- (d) Transfer the relevant land to be managed pursuant to the Estate Plan to the relevant Management Company.

and following written approval from the Borough Council (acting reasonably and without undue delay) of the same the responsibility for the management and maintenance shall pass to the relevant Management Company in accordance with the approved Estate Plan. PROVIDED THAT, notwithstanding the provisions of clause 8.2, the Borough Council may enforce against any developer of Dwellings on the Application Site (including for the avoidance of doubt the Developer where the relevant company acquires an interest in the Site within the meaning of the 1990 Act) in the event of default by the Management Company subject however to the Borough Council having first used Reasonable Endeavours to remedy such default via the Management Company (and without material expense or delay to the Borough Council) and such default having a material impact on the delivery of key objectives within the Estate Plan.

2.4 The Owners shall manage and maintain the Development or the relevant part of the Development at its own expense until responsibility for its management and maintenance has been transferred in accordance with the approved Estate Plan and paragraph 2.3 above.

2.5 In the event that there is an Insolvency Event in respect of the Management Company and no alternative arrangements for the effective management and maintenance requirements in respect of the Estate Plan are promptly put in place to the satisfaction of the Borough Council the Borough Council may itself receive all payments from individual freehold and leasehold owners that would or should otherwise be paid to the Management Company including all rent charges or similar proposed as part of the approved Estate Plan subject to the Borough Council using all such monies for the purposes of meeting the said management and maintenance obligations or appointing its own Management Company to do so and such rights will be reserved to the Borough Council via provisions in the relevant transfer document to each individual freehold or leasehold owner such provisions to be first approved by the Borough Council, binding on successors and no Dwelling shall be transferred unless such transfer contains such reservations.

The Owner shall not take any steps to wind up, liquidate, trigger an Insolvency Event or dissolve the Management Company, alter the constitution of the Management Company, use assets or monies for any purpose other than in accordance with the Estate Plan or prevent the Management Company from performing its obligations under the Estate Plan

without the prior written consent of the Council and the Owner shall procure that under its constitution the members and directors of the Management Company shall be obliged to comply with the same.

The Owner, shall procure that the buyer of each Dwelling enters into covenants direct with the Management Company under which the buyer shall: covenant to pay to the Management Company (or such other Management Company approved by the Council for the purposes of the Estate Plan) a pro rata proportion of the costs and expenses to be incurred by the Management Company in respect of its obligations in respect of the Estate Plan; and covenant that upon any subsequent sale of such Dwelling the seller will procure that the incoming buyer shall enter into direct covenants with the Management Company to this effect.

ANNEXE 1 Property Management Strategy – taken from the original

West of Loughborough Property Management Strategy Persimmon and Wm Davis March 2017

1.0 Introduction

Terms of Reference

The West of Loughborough Management Company Strategy forms an annex to the West of Loughborough S106 schedule 7. The West of Loughborough Management Company Strategy identifies the proposed management company structure, its separate functions and joint stewardship roles in maintaining the communal open spaces and infrastructure in relation to West of Loughborough Sustainable Urban Extension (WOLSUE). Following outline permission consent a detailed Estate Plan will be produced detailing the WOLSUE management duties to include:

- Setting out the agreed vision and principles for the continued management of WOLSUE;*
- Define parties responsible for the delivery and implementation of the management responsibilities and obligations*
- Ensure the needs of residents is met and balanced against the appropriate management of open space, structured landscape, wildlife areas and sport/play areas.*
- Shape, direct, assist and manage the future development of the site;*
- Demonstrate quality management to residents and other stakeholders;*
- Meet the social and environmental needs of residents;*
- Secure the effective management of landscape and public open space/play park of WOLSUE;*
- Secure the effective conservation of Garendon Park*
- Ensure financial viability and sustainability of management arrangements.*

The detailed Estate Plan will build upon the principals set out within this Property Management Strategy and shall contain specifics regarding income structure to manage and maintain the following:

Garendon Historic Park, large areas of open space,

Sports

Green infra

Drainage

Community hall

Biodiversity

Heritage assets

Management Company

Freehold title of communal areas and un-adopted infrastructure is to be vested in the WOLSUE

ManCo with handover from the developers to the ManCo taking place upon approval of the council in accordance with WOL S106 Schedule 7. Property owners will pay a year's

service charge (pro-rata) upon completion of their purchase. Any "unused" portion of their annual service charge in the first year would be credited back to them at the end of the financial year. Thereafter, the full service charge would be payable annually. The WOLSUE ManCo is responsible for handling the cost of maintenance and repairs to the communal areas and any un-adopted infrastructure. A contingency repair fund will also be built up over time to for instance cover the repair of:

- Repair and upkeep of Heritage Assets
- Replacement of play area equipment
- De-silting of SuDs features

With no income at the outset the duties and obligations with the Estate Plan and WOLSUE ManCo shall be covered by an initial priming fund created and subsidised by the developer(s). Specifics on this fund will be outlined within the Detailed Estate plan. A business plan will illustrate the point where income and expenditure balance removing the continued developers) subsidy. Agricultural tenant incomes will also supplement the operating budgets of the ManCo.

Service & Administration Charge (s)

Well maintained and presented spaces will add value to properties at WOLSUE creating a sought after mixed-use community where property at all price levels is transacted easily and quickly. WOLSUE MANCO is non-profit making. Income generation is charged to meet the costs of maintaining the development and running the company alone. The service charges) cover physical maintenance of the communal areas and facilities alongside an administrative charge to cover operational costs. Cash generated from this service charge passes down through the umbrella ManCo (wider infrastructure) down to Phase Specific ManCo (phase specific infrastructure funding administration and maintenance costs of each communal asset without recourse to Persimmon Homes, William Davis or external funding.

The initial service charge is estimated on the basis of the whole estate, i.e. the assumption that all properties including affordable contribute and all amenity areas and assets have been transferred to the MANCO. The MANCO will publish its annual budget for shareholders to view. This budget will include a succinct summary denoting the % of the overall expenditure on various items, for example:

- Administration of MANCO %
- Communal open space, Parks and Landscaping %
- Recreation & Community Facilities
- SuDs and drainage %

The service charge is subject to annual review which may require incremental changes to balance income and costs needed to maintain communal facilities. Each property owner within the Manco will be obliged to pay the service charge and administrative fee. Support and advice will be set out within a ManCo handbook provided to all purchasers.

Where the ManCo incurs additional costs to facilitate certain individual activities a surcharge may apply. The list of activities subject to surcharge will principally relate to the recovery of arrears or cost incurred due to a breach of contract. Activities subject to surcharge will be clearly set out within the ManCo house packs issued to residents and commercial occupants.

It should be stressed that there will be no surcharges for the following:

- Conservatories;

- Satellite dishes; and
- Solar panels.

About us

Persimmon PLC builds around 14,500 new homes a year in more than 400 locations nationwide. We are proud to be one of the country's leading house builders and we are committed to the highest standards of design, construction and service.

Persimmon Homes North Midlands Company based in Leicester has a longstanding involvement in Charnwood, with our existing developments at Rothley, Mountsorrel & upcoming sites providing a range of attractive 2, 3, and 4 bed family homes alongside studio apartments. Both live sites have been very successful and helped to boost affordable home ownership in Charnwood District.

William Davis, established since 1935 based centrally within Loughborough with a long held tradition of providing high quality family homes within the district of Charnwood and neighbouring authorities. A 5 Start HBF rated developer William Davis prides itself on the quality of building, landscaping, designs, and customer service.

Application

WOLSUE a mixed use sustainable settlement comprises the following:

- Residential development up to 3200 dwellings;
- a mixed use Local Centre of up to 4ha comprising a local convenience retail unit (2,000 sqm); up to 1,000 sqm of other Alretail, A2 financial and professional services, A3 food and drink
- two primary schools up to 2Ha each;
- formal and informal open space including sports pitches, pocket parks, structural landscaping / green-space and drainage infrastructure; and principal means of access, internal roads and associated works.
- 16 Ha of employment land of B1/ B2 and B8 uses
- Restoration of Garendon historic park

Stakeholder Engagement

Persimmon Homes & William Davis recognises that our involvement leaves a legacy, including the community relations and wellbeing long after our houses have been sold. Persimmon Homes & William Davis place significant value upon stakeholder engagement and fostering good community relations.

Persimmon Homes & William Davis proactively engaged key stakeholders over the last 2 years leading to submission of a well informed, sensitively designed development proposal. Stakeholder engagement has included public consultation events and meeting with both Parish Councils alongside regular meetings with Charnwood Borough Council. We believe the proposed management arrangements set out within this Property Management Strategy achieve our objective of creating a high quality new community with communal facilities and recreational space appropriately maintained over the lifetime of the development.

2.0 Management Structure (see original)

WOLSUE ManCo JOINT INFRASTRUCTURE & OPEN SPACE

WHAT IT IS?

The WOLSUE ManCo (Site Wide ManCo) will be set up with bespoke Memorandum and Articles of Association which will address the specific strategic needs of the Company and the WOLSUE.

Directors will be appointed from the developer, each with Power of Attorney, and appointed person(s) will act as Company Secretary. The Company will be limited by guarantee; be non profit making and any surplus of estate charge will go back into the ManCo at the financial year end.

MANAGEMENT & MAINTENANCE DUTIES

The duties role of WOLSUE ManCo shall include the maintenance and management of:

- *Site wide drainage features;*
- *Site wide Green Infrastructure;*
- *Site wide cycle and path links;*
- *Woodland habitat;*
- *Informal / Formal pedestrian / cycle / footpath, bridleways;*
- *Sports and Community Hall and Outdoor recreation facilities.*

OBLIGATIONS

Relevant planning conditions and s106 obligations ensuring a detailed Estate Plan pursuant to this framework is submitted agreed and executed taking full account of the planning permission and its associated conditions.

FUNDING

A priming fund specifically ring-fenced by the developers shall be employed to secure the delivery of duties outlined until such time that adequate revenue secured via an estate service charge raises the necessary funds to be self sustaining. The estate charge shall be based on either a price per square foot or number of bedrooms so 4-5 bed homes pay more than smaller 2-3 bed homes.

WOLSUE ManCo will also oversee the management arrangements in accordance with the detailed Estate Plan. The Sports and Community Hall and ancillary facilities will be open to a wider geographical area than the WOLSUE development with fees charged for the use of these facilities via organised clubs/associations to help offset their maintenance costs. It is envisaged that residents of the development shall be entitled to discounted prices or an annual pass for a certain number of usage slots. Charging Policy will be in line with CBC charging policies.

PHASE ManCo - SITE SPECIFIC RESIDENTIAL PHASES

WHAT IT IS?

The ManCo for Phases 1, 2 etc are setup in the same format as the overarching WOLSUE ManCo but with Memorandum and Articles of Association addressing phase specific needs. Should serviced parcels of land be sold to other developers then it will be a condition of sale that the ManCo setup is retained for their phases and that ManCo names are specified by the lead developers.

Again, the set up will be as for the WOSUE ManCo with Directors appointed from the developers and appointed person(s) acting as Company Secretary. The separate Phase ManCos will contain a collection of site specific management obligations, each representing separate phases or areas within the wider scheme created to maintain and manage the respective communal areas. Each phase ManCo will apportion its budgets based on expenditure and annual accounts of that Phase to deliver stewardship arrangements focused around the long term management and maintenance duties outlined:

MANAGEMENT & MAINTENANCE DUTIES (tbc)

- *Secondary SuDs swale / train linkages*
- *Open Space & Landscaping features within individual phases*
- *Footpaths within individual phases*
- *Play Areas and pocket parks within individual phases*

OBLIGATIONS

- *Relevant planning conditions / s106 obligations in line with the obligations of ManCo 1 but phase specific and focused on the detailed design requirements pursuant to the area.*

FUNDING

Each Phase will have its own accounts managed as part of the Service Charge. Ring-fenced budgets shall be made available annually with annual expenditure circulars distributed to active residents containing a breakdown showing where and how their monies is being spent across the development to ensure transparency and accountability.

On completion of the Sports and Community Hall and ancillary facilities an incremental 'community facility maintenance sum' from all phased ManCos is triggered, details of which shall be set out within the detailed Estate Plan.

GARENDON PARK MANCO

Garendon Park MANCO will deal solely with Garendon Park. The legal setup is the same as the other MANCO's in that the Company is limited by guarantee and all other statutory requirements are met but the Memorandum and Articles of Association must reflect the discrete nature of the area under management and be specific as to the long term aims and objectives of Garendon Park. Directors should be appointed from within the developers, but the Board can accommodate 3rd party representation from the wider community to potentially include community volunteers, a set number of residents of the built phases, a representative from CBC, a representative from the De Lisle family and Historic England. Further detail to be provided at the Estate Plan Stage.

Garendon Park will be broken down into landscape zones or compartments in accordance with the Landscape Masterplan issued 17th October 2014 i.e. the avenue tree planting up to the Temple of Venus will require substantially different attention than to the site of the former Abbey and its surroundings. These zones are to be determined and will be managed in accordance with the standards set out in the Estate Plan and agreed with the LPA.

It is proposed that a Park Ranger would be provided with a brief to be the eyes and ears of the agent and the estate manager both in Garendon Park and for the strategic open space areas.

The ranger would build up in-depth knowledge of Garendon Park and could potentially support income generating opportunities e.g. leading nature walks for organised groups and schools and co-ordinating volunteers on Garendon Park conservation work and liaison with statutory bodies such as Historic England and Charnwood Borough Council. A ranger looks for potential problems and stops them before they become bigger problems. It is envisaged that this position would be recruited locally.

Duties will specifically be focused on the long term management and maintenance of Garendon Park:

MANAGEMENT & MAINTENANCE DUTIES

- *Landscape*
- *Agricultural land / tenant management*
- *Arboreal*
- *Historic assets*
- *Potential reuse or marketing of listed buildings for visitor centre complex*
- *Preserve archaeology / ecology*
- *Engage with schools*

FUNDING

MANCO 3 will have its own accounts managed as part of the Rent Charge.

The only flexibility in terms of budget setting will involve either use of \$106 monies to protect and preserve at risk historical assets or reinvestment of revenue accrued from agricultural uses inside the park boundary. No revenue for access to the park will be levied.

It is anticipated that revenue raised from leased agricultural land within the Park will help to offset expenditure.

An application to the Heritage Lottery Fund or other outside funding bodies could be considered to assist with conservation of the historical assets.

3.0 Legal Structure

Each time a property is sold on the development the purchaser will be required to enter into a legal transfer of registered title which will lay out the covenants required of each party and with a provision for a contribution to the maintenance costs of each MANCO. A typical transfer will provide for covenants on both sides to be adhered to. Transfers will provide a clause to enable percentage contribution of estate charges to be varied if necessary and will also have a covenant whereby if there is a shortfall of expenditure over income that a balancing charge can be raised, and if there is a surplus of income over expenditure, that this sum is paid back to the sinking fund of the development. The sinking fund will be held by the Manco and shall only be used for the purposes of the Estate Plan. Typical covenants contained within a Transfer are:

Duty on Purchaser (not limited to)

- *To pay reasonable service charge within 20 days of the date of the demand (invoice)*

Duty of Manco (not limited to)

- *Insure the communal areas against third party liabilities;*
- *Maintenance of landscaping within the communal areas;*
- *Cultivation planting and replanting of any grassed or planted areas;*
- *Arboreal control and replenishment;*
- *Monitoring and charging for third party (contractor) costs;*
- *General management of the estate and administration;*
- *General management and maintenance of open space, play areas, swales and SUDS;*
- *Administration of the management companies and the invoicing and collection of the estate charge; and*
- *Placing and administering Directors and Officers insurance.*

All Transfer deeds will be drafted in accordance with current legislation and will be specific to WOLSUE throughout the phases even if a different developer is building on that phase.

Appointed Person(s) will undertake the day to day administration of each Manco on behalf of the developers with each ManCo having its appointed company address care of Appointed Person(s)

4.0 Funding & Budget

In lieu of detail plans required to set the budget an indicative outline budget (high level) was produced for WOLSUE in 2015. As stated earlier we anticipate recoverable expenditure to be based on either a price per square foot basis or number of bedrooms basis which is considered to be a fair and equitable way of recovering expenditure. Each phase will have a separate schedule of costs and as the individual ManCos are set up will report their individual annual accounts. The schedule of costs for each ManCo is as follows:-

- *Apportioned contribution of costs to the WOLSUE ManCo for the strategic open space and infrastructure management; and*
- *Apportioned contribution of costs to Phase Specific ManCos - open space and infrastructure within that specific phase.*
- *Apportioned contribution of costs of Garendon Park ManCo*

INCOME GENERATION

With an estimated annual estate charge ranging from between £200 for 2 bed homes to £500 for large 4-5 bedroom homes on completion the development would generate a pre tax annual income of circa £1,120,000.. Maintenance of assets / play equipment / buildings will periodically elevate costs however surplus monies will be held in a sinking fund to cover major infrastructure outlays.

The revenue generating power of the proposed development on completion is robust and shall ensure the long term management and maintenance of the WOLSUE open spaces and infrastructure is secure.

COSTINGS

A full breakdown of the anticipated costs will be provided within the Detailed Estate Plan. A phased budget will be provided to purchasers to provide transparency. The final costs are subject to amendment dependent on final planning conditions.

5.0 Management controls and handover of phase

Each ManCo will be required to have expenditure and income independently audited at financial year end and estate charge accounts will be produced. There will also be a separate set of estate charge accounts showing the combined income and expenditure of the entire development to show consistency and transparency.

Handover of each phase from the developers to the ManCos will be in accordance with the requirements of the section 106 agreement and Estate Plan(s).

6.0 ManCo duties and fees

An annual administration fee of £50 plus VAT per property covers but is not limited to:

- *Advising and calculation of the Annual Estate Charge budget that shows the itemised expenditure in respect of the management of the communal areas of the development.*
- *Collection of Service Charges and/or Ground Rent in accordance with the terms of individual Leases or Freehold Transfer documentation.*
- *Arranging payment of all contracts for works associated with the communal areas at the development.*
- *Maintaining financial records and preparing year-end Accounts for independent audit.*

- *Instruction and supervision of normal repairs to the structure, plant, fixtures and fittings on a day-to-day basis in accordance with covenants contained in Leases and Deeds of Transfer.*
- *Production of specification for cleaning, gardening, window cleaning and competitively tendering for annual contracts.*
- *Full time developer appointed Estate Manager and potentially an assistant.
Public liability insurance.
Placement of Directors and Offices Liability Insurance for Management Company Clients (where a ManCo exists) through an independent insurance broker.*
- *Dealing with breaches of the transfers or leases.*
- *Leaseholder liaison - dealing with queries and complaints (we have a formal complaints procedure in accordance with the RICS Code of Service Charge Management).*
- *Administration of the ManCos and ensuring that statutory requirements are fulfilled.*

A phase specific welcome pack is sent to each property on completion