



Your
McCARTHY STONE
Complete Lifestyle & Property Services

JUL 2024 - JUN 2025

SERVICE CHARGE

TUDOR ROSE COURT, SOUTHSEA

hello

SECTIONS

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YOUR SERVICE CHARGE FOR 2024/25

Here is your Service Charge Budget for the next financial year. To give you full transparency of what constitutes your Service Charge, the detailed information pack sets out the cost of operating your development and providing the services that support you. Approximately 90% of the costs in your Service Charge are passed directly through from our suppliers, from which we make no profit.

To calculate your monthly charge, the costs are split across all apartments over a 12-month period, according to the lease fraction.

In the past year, despite a drop in inflation, employment costs continue to increase, partly due to the rise in the National Living Wage. This affects both our costs and those of our suppliers. However, we strive to minimise these impacts.

We work diligently to secure the best price for services procured on your behalf, ensuring value for money, and maintaining a high standard. Suppliers' performance is continually assessed, recognising the direct effect on customer experience. Where we can offer customers better value for money, we will use our own in-house resource to provide a service.

We've negotiated an advantageous renewal rate for FY24 buildings insurance; with the rate going up by just 2.5%. The insured value has increased by 5% to reflect rising building costs, totalling a rise of just above 7%, which stands well below the current market trend where increases of up to 23% have been reported.



A small percentage of your Service Charge is the management fee. This fee covers all the support teams who equip your local team with the information, suppliers and services they need to operate your development, such as legal and procurement.

Last year, the management fee increase was held at 5%, considerably lower than the inflation rate. For FY24/25, we've had to adjust the management fee by 8.7%, indicative of the ongoing wage and cost pressures of recent years.

We absorb the production and printing costs for this brochure; it is not paid for by customers. In response to customer feedback to be more sustainable, this report is available on our new digital online hub, improving accessibility and readability. A few printed brochures are available to share. You can request a locally printed personal copy from your House or Estate Manager.

You may have noticed references to Your McCarthy Stone. This reflects our commitment to providing a broader range of support and services, which is encompassed under the name Your McCarthy Stone.

Thank you for being a valued customer. I hope our service continues to contribute positively to the lifestyle in your development and home.

A handwritten signature in black ink, appearing to read 'W. McGillivray'.

WILLIE MCGILLIVRAY
OPERATIONS DIRECTOR

1.

KEY IMPACTS ON YOUR SERVICE CHARGE

ENERGY

While energy costs remain volatile, we have worked closely with our energy broker and suppliers to mitigate price volatility and achieve the best deal for your development.

We have reviewed our strategy to procure energy for our developments. In conjunction with a tendering exercise, we have concluded that entering fixed tariff deals provides greater price certainty, stability, and better budgeting for our homeowners.

From 1 March 2024*, the majority of developments' landlord electricity supplies were taken over by Ecotricity on a 12-month fixed tariff deal. Each meter point (there may be more than one per site) has its own bespoke tariff that is influenced by key factors such as:

- Geographical location
- Meter profile
- Maximum supply capacity
- Estimated annual consumption

UK electricity prices are heavily influenced by global gas prices. This is because gas-fired power stations play a big role in meeting the country's electricity needs, especially when demand is high. If global gas prices go up, it tends to make electricity more expensive in the UK. As a result, interruptions to the supply chain, even speculation of it, will affect wholesale electricity prices.

While improvements in wholesale electricity prices were seen throughout 2023, Ofgem introduced changes to charges through the Targeted Charging Review for distribution, which came into effect in April 2022, and new transmission and balancing system charges, which came into effect in April 2023. The changes to distribution charges from a unit price that varied with usage, to a fixed rate per day per site, has led to an increase in the standing charge seen on bills.

* some developments are due to transfer in future



FOOD & BEVERAGE

Delivered by third party catering contractors, the price includes a management fee and all the costs of running on-site food and beverage provision. The cost of the meal is paid for by customers who take up the service.

Your McCarthy Stone have negotiated cost increases with the catering contractors. The

contract allows an annual overhead increase in March 2024. This will include any proposed salary increases and exceptional catering overhead cost increases, for example, equipment maintenance, uniforms, kitchen deep cleans, etc. This means that catering service budgets may vary during the year.

EMPLOYMENT COSTS

We have seen a reduction in vacancy rates at our developments following last year's benchmarking exercise and the subsequent action around wage rates. Meanwhile the current labour market continues to be challenging, especially in the Care and Hospitality sector. Inflation continues to influence the labour market and the Chancellor's 2023 Autumn statement announced a nearly 10% increase in the Living Wage impacting pay rates across the sector.

We are keen to maintain the gains that have been made over the past 12 months from aligning pay rates to the market. So, we will be increasing pay rates at a level just below that announced by the Chancellor. By taking this approach we hope to continue to retain colleagues within our developments and fill vacancies promptly to ensure we maintain the level of service that is expected by our customers within our developments.

SUPPLY CHAIN

Our Commercial team are dedicated to ensuring that we continue to offer our customers value for money, and that our suppliers offer a great service and high-quality product or service. To minimise the impact of supplier price rises, the team have re-tendered several contracts in the past twelve months making savings where possible, but also ensuring any price increases are fully justified and in line with the market.

Many external factors continue to impact the price of goods and services that we procure for our customers. These include the continued pressure on labour costs, energy and raw material prices. With the competition for skilled resource continuing to increase, many suppliers have struggled to source or retain employees with the required skills to operate in their day-to-day roles. The government also announced a further increase to the National Living Wage from 1 April 2024. This has resulted in an increase in employment costs, which suppliers look to pass on to their customers.

Contractually, many suppliers are entitled to increase their charges annually by either the rate of Consumer Price Inflation (CPI) or the Retail Price Index (RPI). In the current environment, this would pass on an increase of 6.3% - 8.9% (Source: Office of National Statistics - Sept. 2023).

2.

YOUR SERVICE CHARGE FOR THE COMING YEAR

Your individual Service Charge is calculated, as per the lease, based on the development Service Charge for the 12 months ending 30 June 2025.

1 BEDROOM SERVICE CHARGE

Per Month

£720.71

Per Year

£8,648.46

2 BEDROOM SERVICE CHARGE

Per Month

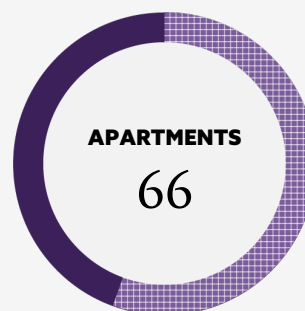
£951.19

Per Year

£11,414.28

The Service Charge is set in advance for the forthcoming year and reflects the expected cost of the services we procure on your behalf as set out in the lease. We are committed to keep the Charge as low as possible, ensuring quality and a good level of service is maintained while also taking account of inflationary pressures and other factors for each type of cost.

YOUR DEVELOPMENT'S APARTMENT RATIO



■ 1 BEDROOM	29
■ 2 BEDROOM	37

SERVICE CHARGE INCREASE

7.5%

The Service Charge has increased on average by 7.5% from the previous year. An increase of £52.58 per month for a single bedroom apartment and £64.27 for a 2 bedroom.

DISCLAIMER

Rounding discrepancies between the figures presented in the brochure and those recorded in the billing system may be observed.

The Service Charge is the estimated cost of running your development for the coming year. It has been calculated to ensure that at the end of the year there is sufficient funding to cover all reasonably expected costs.

These costs are offset by any income we expect to be earned such as the income from guest suite bookings or park permits, which are gifted by Your McCarthy Stone to the development (where applicable).

HOW IS MY SERVICE CHARGE CONTRIBUTION CALCULATED?

The percentage you contribute is calculated according to the terms of your lease. We refer to this percentage as the lease fraction which you can refer to under the 8th schedule section of your lease.

WHAT IS THE LEASE FRACTION?

The lease fraction is the methodology used to calculate the divide of the Service Charge across homeowners where the larger units contribute more towards the overall cost. This is a standard industry practice.

The dividing factor/denominator noted in your lease assigns a 2 to a 1 bed, 3 to a 2 bed and so on. It represents 1 part contribution for each bed and 1 part contribution for the communal area. In addition, the lease stipulates that Food & Drink and 1-Hour Domestic Assistance are allocated evenly across all apartments.



DEVELOPMENT MANAGER AND ASSOCIATED COSTS

Includes all payroll costs along with the 24 hour emergency call team and office costs for the development.

FOOD & BEVERAGE

Delivered by third party catering contractors. This includes a management fee and all the costs of running on-site food and beverage provision. The cost of the meal is paid for by homeowners who take up the service.

COMMUNAL SERVICES

Costs relating to shared areas such as lounges and gardens. This includes the costs of energy, water, insurance, grounds maintenance and cleaning.

REPAIRS & MAINTENANCE

Planned maintenance and reactive repairs of all development assets. Ensuring regularly used assets such as lifts and doors are maintained and a provision for low level repairs.

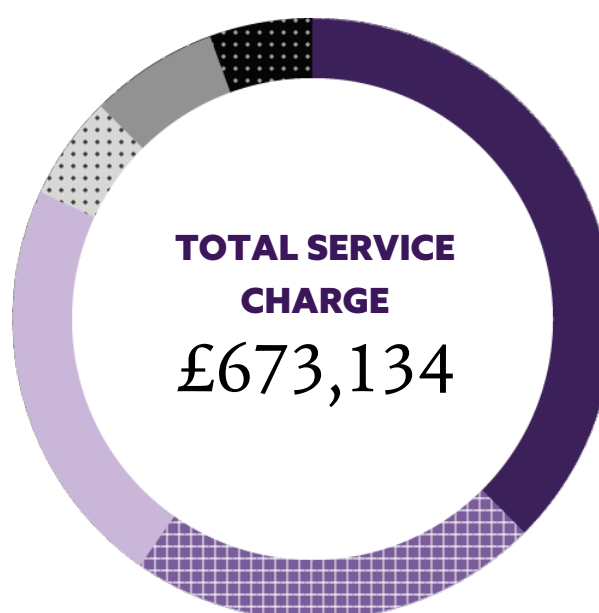
PROFESSIONAL SERVICES

McCarthy Stone management fee; audit and bank fees.

Please note the data behind the expenditure presented in this report includes two decimal places (pence), but for ease of use we are presenting whole £ numbers. This may make some totals appear to be £1 different when adding the lines above due to this rounding.

3. OUR SERVICE CHARGE

The Service Charge is a best estimate of the costs expected in the running of your development for the coming year. Actual costs are used at the end of the year to true up the Service Charge account and calculate any surplus or deficit.



	24-25 (£) Service Charge	23-24 (£) Service Charge	Increase Decrease (%)	*22/23 (£) Actuals
DEVELOPMENT MANAGER AND ASSOCIATED COSTS	269,171	250,252	7.6% ▲	213,767
FOOD & BEVERAGE	145,912	126,731	15.1% ▲	115,747
COMMUNAL SERVICES	149,952	148,633	0.9% ▲	127,414
REPAIRS & MAINTENANCE	33,270	32,145	3.5% ▲	49,743
PROFESSIONAL SERVICES	45,480	41,929	8.5% ▲	39,669
CONTINGENCY FUND	33,173	30,434	9.0% ▲	28,985
TOTAL EXPENDITURE	676,957	630,123	7.4% ▲	575,326
INCOME	3,823	3,823	-	12,088
NET SERVICE CHARGE	673,134	626,300	7.5% ▲	563,238

* If 22/23 is the first year, this number will be the last 12 calendar months or the year-end accounts, if less than 12 months.

THE SERVICE CHARGE IN MORE DETAIL

		24-25 (£) Service Charge	23-24 (£) Service Charge	Increase Decrease (%)		^ 22-23 (£) Actuals
DEVELOPMENT MANAGER & ASSOCIATED COSTS	COST OF EMPLOYMENT	197,571	183,177	7.9% ▲		161,578
	DOMESTIC ASSISTANCE	59,798	55,872	7.0% ▲		38,798
	24 HOUR EMERGENCY MONITORING	3,106	3,106	-		2,406
	OFFICE COSTS	8,696	8,097	7.4% ▲		10,986
	TOTAL	269,171	250,252	7.6% ▲		213,767
FOOD & BEVERAGE	FOOD & BEVERAGE	145,912	126,731	15.1% ▲		115,747
	TOTAL	145,912	126,731	15.1% ▲		115,747
COMMUNAL SERVICES	ENERGY	66,308	67,724	-2.1% ▼		59,141
	WATER AND SEWERAGE	7,986	8,702	-8.2% ▼		5,640
	INSURANCE	14,465	13,431	7.7% ▲		13,058
	GROUNDS MAINTENANCE	7,737	8,016	-3.5% ▼		5,019
	WINDOW CLEANING	7,734	7,095	9.0% ▲		6,307
	COMMUNAL CLEANING	42,775	40,945	4.5% ▲		36,183
	CLEANING MATERIALS - COMMUNAL	2,747	2,520	9.0% ▲		2,066
	PPE	200	200	-		0
	TOTAL	149,952	148,633	0.9% ▲		127,414
REPAIRS & MAINTENANCE	EMERGENCY CALL SYSTEM	6,082	6,836	-11.0% ▼		5,204
	LIFT MAINTENANCE	5,914	5,038	17.4% ▲		5,303
	GENERAL MAINTENANCE	21,274	20,270	5.0% ▲		39,236
	TOTAL	33,270	32,145	3.5% ▲		49,743
PROFESSIONAL SERVICES	MANAGEMENT FEE	43,527	40,044	8.7% ▲		38,137
	AUDIT FEE	926	838	10.5% ▲		810
	BANK CHARGES	200	260	-23.0% ▼		157
	REGISTERED MANAGERS FEES (CQC)	827	787	5.0% ▲		565
	TOTAL	45,480	41,929	8.5% ▲		39,669
CONTINGENCY FUND	CONTINGENCY FUND	33,173	30,434	9.0% ▲		28,985
	TOTAL	33,173	30,434	9.0% ▲		28,985
TOTAL EXPENDITURE		676,957	630,123	7.4% ▲		575,326
INCOME	GUEST SUITE INCOME	3,323	3,323	-		2,312
	NET MEALS INCOME	0	0	-		8,575
	OTHER INCOME	500	500	-		1,201
	TOTAL	3,823	3,823	-		12,088
NET SERVICE CHARGE		673,134	626,300	7.5% ▲		563,238

^ If 22/23 is the first year, this number will be the last 12 calendar months or the year-end accounts, if less than 12 months.

THE SERVICE CHARGE BY APARTMENT

		Service Charge (£) per annum	1-Bedroom per month	2-Bedroom per month
DEVELOPMENT MANAGER & ASSOCIATED COSTS	COST OF EMPLOYMENT	197,571	194.84	292.27
	DOMESTIC ASSISTANCE	59,798	75.50	75.50
	24 HOUR EMERGENCY MONITORING	3,106	3.06	4.59
	OFFICE COSTS	8,696	8.58	12.86
	TOTAL	269,171	281.99	385.23
FOOD & BEVERAGE	FOOD & BEVERAGE	145,912	184.23	184.23
	TOTAL	145,912	184.23	184.23
COMMUNAL SERVICES	ENERGY	66,308	65.39	98.09
	WATER AND SEWERAGE	7,986	7.88	11.81
	INSURANCE	14,465	14.27	21.40
	GROUNDS MAINTENANCE	7,737	7.63	11.45
	WINDOW CLEANING	7,734	7.63	11.44
	COMMUNAL CLEANING	42,775	42.18	63.28
	CLEANING MATERIALS - COMMUNAL	2,747	2.71	4.06
	PPE	200	0.20	0.30
	TOTAL	149,952	147.88	221.82
REPAIRS & MAINTENANCE	EMERGENCY CALL SYSTEM	6,082	6.00	9.00
	LIFT MAINTENANCE	5,914	5.83	8.75
	GENERAL MAINTENANCE	21,274	20.98	31.47
	TOTAL	33,270	32.81	49.22
PROFESSIONAL SERVICES	MANAGEMENT FEE	43,527	42.93	64.39
	AUDIT FEE	926	0.91	1.37
	BANK CHARGES	200	0.20	0.30
	REGISTERED MANAGERS FEES (CQC)	827	0.82	1.22
	TOTAL	45,480	44.85	67.28
CONTINGENCY FUND	CONTINGENCY FUND	33,173	32.71	49.07
	TOTAL	33,173	32.71	49.07
TOTAL EXPENDITURE		676,957	724.48	956.85
INCOME	GUEST SUITE INCOME	3,323	3.28	4.92
	OTHER INCOME	500	0.49	0.74
	TOTAL	3,823	3.77	5.66
NET SERVICE CHARGE		673,134	720.71	951.19

WHILE WE ENDEAVOUR TO KEEP INCREASES IN THE SERVICE CHARGE AS LOW AS POSSIBLE THERE ARE CERTAIN FACTORS WHICH WE MUST ACCOMMODATE

ENERGY

Following the procurement of a fixed rate tariff from 1 March 2024 to 28 February 2025, we've revised our budget projections to incorporate the anticipated annual consumption for your development. Additionally, we've allowed a small provision for any potential price increase effective 1 March 2025.

GENERAL MAINTENANCE

The allocated budget for General Maintenance allows for a range of expenses aimed at maintaining the upkeep of your development. This includes the anticipated costs for planned maintenance contract works scheduled throughout the year and a provision for unforeseen repairs and maintenance that may occur.

LIFT MAINTENANCE

We have successfully negotiated a new lift maintenance contract, now that the previous three-year fixed maintenance contract has ended. It came into effect in January 2024. The 2024/25 Service Charge reflects the new contract pricing.



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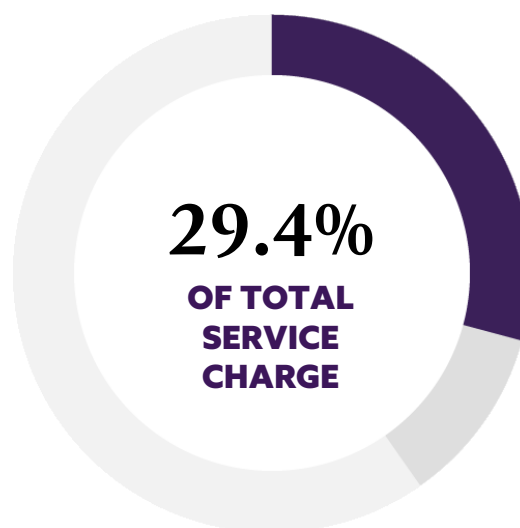
A CLOSER LOOK AT THE SERVICE CHARGE

A few areas within the Service Charge worth seeing in more detail.

DEVELOPMENT MANAGER AND ASSOCIATED COSTS

COST OF EMPLOYMENT

These include not just staff costs (salary, pension, national insurance, etc) but also associated costs such as training. The table below shows a breakdown of these costs.



		24-25 (£) Service Charge	23-24 (£) Service Charge	Increase Decrease (%)	^22-23 (£) Actuals
TOTAL STAFF COSTS	Including Employers NI, Pension etc.	187,241	172,847	8.3% ▲	155,574
CRB / PVOA	CRB (DBS) checks for employees	230	230	-	457
RECRUITMENT COSTS	Covers c.8 staff (excl manager)	4,000	4,000	-	1,132
TRAINING	Staff training	4,500	4,500	-	4,075
TRAVEL & EXPENSES	Travel for cover, training etc	700	700	-	130
WORKWEAR	£75 per employee per year	900	900	-	210
TOTAL COST OF EMPLOYMENT		197,571	183,177	7.9% ▲	161,578

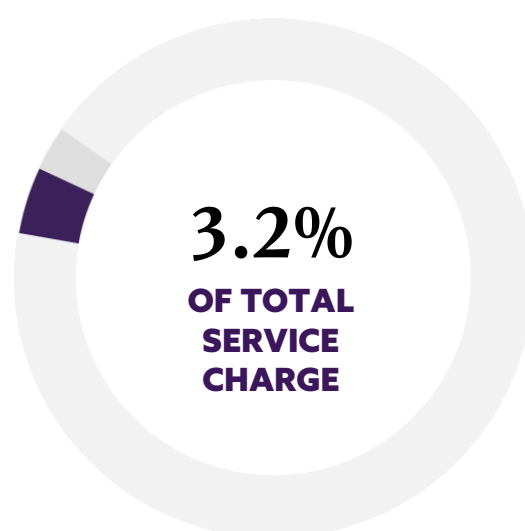
^ If 22/23 is the first year, this number will be the last 12 calendar months or the year-end accounts, if less than 12 months.



REPAIRS & MAINTENANCE

GENERAL MAINTENANCE

Planned maintenance of the development assets and a provision for unplanned repairs and maintenance.



		24-25 (£) Service Charge	23-24 (£) Service Charge	Increase Decrease (%)	^ 22-23 (£) Actuals
FIRE FIGHTING EQUIPMENT	Fire extinguishers, sprinklers & hydrants	363	363	-	695
DRY RISERS	Annual maintenance	343	343	-	896
BOOSTER PUMPS	Maintenance of water pumps	1,100	1,100	-	-282
WATER TREATMENT	As determined by the bi-annual Legionella Risk Assessment	1,711	1,570	9.0% ▲	1,348
AIR SOURCE HEAT PUMPS	Annual maintenance	3,135	3,135	-	4,410
AUTOMATIC OPENING VENTS	Half yearly maintenance visits	1,426	1,570	-9.2% ▼	1,166
ELECTRICAL APPLIANCE TESTING	Annual safety check of all Portable & Fixed Appliances	198	198	-	318
LIGHTNING PROTECTION	Annual maintenance	201	201	-	486
LIGHTING EQUIPMENT	As required	272	249	9.0% ▲	500
LIGHT BULBS	As required	0	0	-	10
ELECTRONIC DOORS & GATES	Annual maintenance	3,086	2,851	8.2% ▲	3,517
PEST CONTROL	Regular visits	559	513	9.0% ▲	438
FEMININE HYGIENE	4 weekly uplift of sanitary bins	360	360	-	360
REACTIVE MAINTENANCE	Unplanned repairs	8,521	7,817	9.0% ▲	17,373
TOTAL		21,274	20,270	5.0% ▲	31,236

^ If 22/23 is the first year, this number will be the last 12 calendar months or the year-end accounts, if less than 12 months.

5.

FAQS

SOME OF OUR MOST COMMON QUESTIONS REGARDING THE ANNUAL SERVICE CHARGE

HOW ARE SERVICE CHARGES PREPARED AND WHAT IS INCLUDED IN THEM?

We aim to keep the Service Charge as low as possible, ensuring quality and a good level of service are maintained while also taking account of inflationary pressures and other factors for each type of cost. We apply standard financial assumptions for each area to calculate the Service Charge for all the developments we manage. These assumptions are then adjusted for each individual development to take account of the number of apartments and facilities available.

All Service Charges are reviewed by your Operations Manager and the Your McCarthy Stone finance team to ensure we apply both a level of local and central knowledge to the process.

HOW CAN I BE SURE WE ARE GETTING VALUE FOR MONEY?

We manage over 500 different developments. We use the size of our operation to negotiate terms, price and quality on nationwide contracts. We make sure our suppliers have the necessary skills and experience to keep your development well-maintained, and that they have agreed procedures around health and safety and working on site.

Working with our energy brokers we endeavour to negotiate and purchase energy on the best terms available and offer the best value to your development.

WHAT HAPPENS IF THE ACTUAL COSTS ARE MORE OR LESS THAN THE SERVICE CHARGE?

During the financial year we monitor the actual costs incurred against the Service Charge. At the end of the financial year we produce a set of accounts which are audited by an independent firm of accountants.

Any surplus which is the result of an underspend or saving is returned to homeowners in line with the lease fraction calculation. Any deficit as a result of actual costs exceeding the Service Charge will be invoiced to homeowners, again apportioned based on the lease fraction. Therefore, it is important that the Service Charge is as realistic as possible to avoid material surpluses or deficits at the end of the year.

WHAT SHOULD I DO IF I HAVE QUESTIONS ABOUT THE SERVICE CHARGE?

It is our responsibility as your managing agent to ensure the Service Charge is set at a realistic level to cover the expected costs.

If after reviewing this report, and the assumptions we have made in calculating the Service Charge for the coming year, you have any concerns about any particular cost that has not been explained please raise it in the first instance with your House/Estate Manager.



WHY DO I HAVE TO CONTRIBUTE TO THE CONTINGENCY FUND?

Some of the building maintenance costs are not incurred evenly every year. For example, the internal and external decorations might only be carried out once every five or 10 years. It would not be practical for the Service Charge to be flexed to include these costs just in the year they were due.

The Contingency Fund is based on the expected costs of these larger projects and spread over the number of years before the works need to be carried out to ensure the funds are available when needed.

WHAT IS THE LEASE FRACTION?

The lease fraction is the calculation which determines how we allocate the total annual Service Charge across the apartments in the development.

For our Retirement Living Plus developments, the lease stipulates that Food & Drink and 1-Hour Domestic Assistance are allocated evenly across all apartments.

All other costs are based on the lease fraction where the apportionment is higher for the larger apartments with more bedrooms.

WHAT IS IN THE MANAGEMENT FEE CHARGED BY YOUR MCCARTHY STONE?

We believe that our fees are competitive within the Property Management industry. Our goal continues to be to deliver a quality management service, by continuing to invest in the services we offer you.

The management fee is set each year on a per apartment basis, which is industry-standard. This is the price that we will charge the development for managing the wide range of activities at the development including:

- Operational support – Operations Manager, plus any support required from the Divisional Director, Management Services
- Finance - preparing budgets and accounts
- Building support including managing contracts
- Human resources and payroll
- Legal counsel services

6.

LOOKING FORWARD

YOU NOW HAVE ONLINE ACCESS TO YOUR DEVELOPMENT BUDGET

Customer feedback has shown that many of you value the additional information we provide in this Service Charge report, but we also recognise that many of you are concerned about the environmental impact of printing hard copies for everyone.

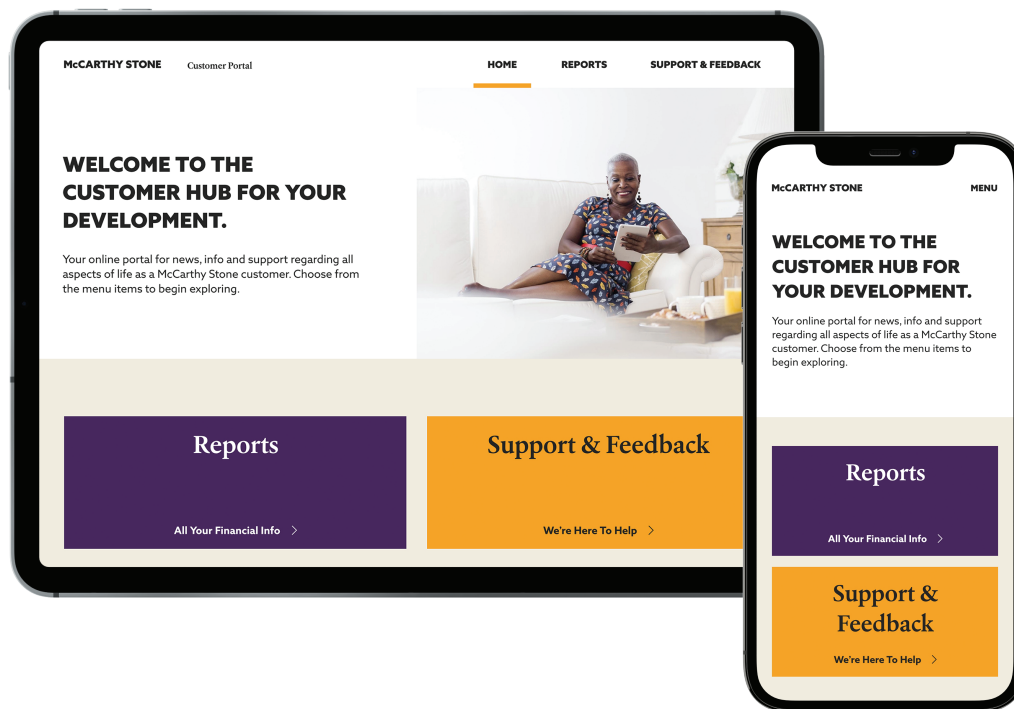
We have worked closely with one of our partner suppliers, to build a digital hub so you can access the guide online, giving you the ability to enlarge it for easier viewing. You can also download a copy to your computer, phone or tablet, and print off your own copy.

To access the hub simply visit:

hub.mccarthyandstone.co.uk/1733A

You do not need to register to access the site, and it can be easily accessed by family and friends. Over the coming months we will add further information, updates and articles to the digital hub. We will also work with your House/Estate Manager to ensure they can support you with access to it.





WHAT CAN I ACCESS VIA THE NEW ONLINE HUB?

SERVICE CHARGE DOCUMENTS

Download or view the latest Service Charge document.

FAQS

You will find answers to the most frequently asked questions.

AUDITED ACCOUNTS

Download or view the latest audited accounts for your development.

HISTORIAL RECORDS

Previous years' financial records will be added to the hub in due course.

HOW TO ACCESS THE NEW CUSTOMER HUB

Scan the QR code provided or enter the URL below to start exploring the customer hub for Tudor Rose Court

hub.mccarthyandstone.co.uk/1733A



Life, well



This report aims to give you all the information you need in relation to the upcoming Service Charge and to clearly explain how the various elements have been calculated and forecasted.

The structure and content of this report has continued to evolve this year, having listened, and acted on customer feedback, and we will continue to enhance this in future years.

Once you've read it, if you have any questions, please feel free to discuss them with your House/Estate Manager.

I am also available to answer any questions you have.

MARIE MOODY
OPERATIONS MANAGER

Lived

Your
McCARTHY STONE
Complete Lifestyle & Property Services

Your development is managed by the Management Services team. In recognition of our desire to offer greater support and a wider range of services to our customers we are now called **Your McCarthy Stone**.

FIND OUT MORE

Want to know more about your Service Charge?
Or have questions about life with McCarthy
Stone? Please speak to your House/Estate
Manager or visit our website at
mccarthyandstone.co.uk