



Sinking Funds

# Leaseholder Meeting 14<sup>th</sup> Jan 2020



# What is a Sinking Fund?

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- **A sinking fund is the name given to a long term savings account that homeowners contribute to through service charges**
  - Allows the cost of major works to be spread
  - A contribution is paid each year
  - This builds up over time .
  - Held in a central interest bearing account.
  - Can only be used for major repairs on your property.
  - Moves with the property.
  - Most leases allow us to do this.

# How is a sinking fund calculated?

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### ● How is the sinking fund calculated?

- Look at what needs replacing.
- Replacement cost and lifespan of the component.
- Review funds regularly to ensure sufficient.

### ● The work undertaken

- You will still be consulted on any single item of works that will cost more than £250 per property
- A qualified surveyor will always inspect the site prior to any work being carried out to ensure it is necessary and that the work is carried out to the required specification.



# Example of a sinking fund

Component	Due for replacement Year	Years left to replacement	Cost	Quantity	Total cost ex VAT	Total cost inc VAT	Charge per annum
		<b>A</b>	<b>B</b>	<b>C</b>	<b>B X C</b>	<b>D</b>	<b>D/A</b>
Boundary Walls	2033	12	£650	68 m2	44,200	53,040	4,420
Gates	2033	12	£150	250 Prop	37,500	45,000	3,750
Paths	2033	12	£55	540 m2	29,700	35,640	2,970
Fascia/Soffit/Bargeboard	2028	7	£17	340 lm	5,780	6,936	991
Pitched Roof Covering	2043	22	£65	1360 m2	88,400	106,080	4,822
Rainwater Goods	2028	7	£23	340 lm	7,820	9,384	1,341
Primary Wall Finish	2033	12	£30	1100 m2	33,000	39,600	3,300
					<b>246,400</b>	<b>295,680</b>	<b>21,593</b>
	Number of properties in the block						34
			<b>Charge per property per annum</b>				<b>635</b>



# Next Steps

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- We are looking to implement sinking funds over the next 2 years for all leaseholders
  - Looking to pilot the introduction with 3 blocks from April 2021
  - Introduce to all leaseholders for April 2022
  - Meetings will be held with individual blocks in the pilot
  - Calculations for individual blocks will be provided ahead of introduction of charges
  - These will take into consideration fire safety work in line with the proposed legislation
  - There are number of changes proposed to fire legislation so flat doors will need to be inspected and if required upgraded so they comply