

Q&A from our Sinking Fund meeting

Held on 14 January 2021

Why haven't we had sinking funds before?

Through Section 20 - we used to bill in total the cost of major works to Leaseholders. We now want to provide a more effective leasehold service - this is best practice and a better way to plan for major works.

We were not made aware that we didn't have these in place. Why?

Nothing was ever provided to suggest that you did have them in place. There was no request for sinking fund contributions from the Trust.

Have we not been paying them through our service charges?

No. A sinking fund contribution would show up as a separate charge on your invoice/statement - your charges are detailed.

The management charge is effectively an admin fee and is charged as per your lease agreement.

What's the difference between service charge and a sinking fund charge?

Service charges relate to the services the block receives throughout the year.

A sinking fund is a fund that is built up over time from which major component replacement costs can be taken. If this fund is not set up an invoice would be sent for any major component work on completion.

How much will it cost me each month?

This will vary from block to block and will be dependent upon when your blocks major components are due for renewal and the expected cost of those replacement.

A breakdown of any calculation will be provided by the Trust.

Will I get a breakdown of the costs?

Yes. The Trust will provide this information.

Will it be clear what the Sinking Fund will be used for?

Yes an annual statement will be sent detailing the movements on your sinking fund.

Why do Peaks & Plains want to do it now?

It should have been done historically and the new Executive team at the Trust think it is the right thing to do.

It will enable leaseholders to better manage the costs related to homeownership rather than having significant peaks and troughs.

Is it because of cladding costs?

No. There were no issues with the cladding on the Trust's high rise buildings.

What if I'm in a position where I can't pay?

The Trust will discuss payment plans if required.

Are there any major works in the pipeline?

This will vary from block to block however information will be provided with the calculation to individual blocks.

What's the difference between major works and day-to-day repairs?

Major works would typically be component replacement – roofs, windows, doors where the existing component is removed and replaced with new.

Cyclical decoration of properties would also be included in this category.

Day to day repairs are unforeseen and do not result in a replacement.

Who manages the logistics of the major works?

These are managed by the Asset Team.