

Meeting between SHRA Representatives and Carillion plc

Wednesday 15th January 2003, Offices of Sovereign Harbour Limited

Representing Carillion / SHL:

Mark Orriss (MO) Development Director, Carillion

Clifford Carvell (CC) Project Director, SHL

Dan Hughes (DPH) Marina Operations Manager (Harbour Master)

SHRA Representatives:

Reg Ludford (RL) SHL Liaison

Dave Hitchcock (DH) Planning Issues

Clare Donovan (CD) Chairman

The third of proposed regular meetings between the two groups to raise issues important to those who live at the Harbour, this is a report of the meeting and is not intended to represent accurate minutes.

The principle topic for discussion was the SOVEREIGN HARBOUR TRUST which had been a major cause for concern at the last residents' Public Meeting.

SOVEREIGN HARBOUR TRUST

Residents had continued to voice questions regarding Harbour charges and the role of the Trust. There was disquiet concerning the ability of the Trust to make decisions regarding residents' money without any representation for residents on the Trust's Board.

MO Started with the history:

In June 1988 an agreement was signed between various parties involved with development of the harbour site. This is the SW Agreement (from the Southern Water Authority - now the Environment Agency) and covenants Sovereign Harbour Limited (SHL) to obtain a yearly rent charge.

The Trust was established for the maintenance of the environment at the Harbour site, thus protecting home owners investment. It also protects against changes to future Harbour management companies.

IT WAS A CONDITION OF PLANNING that this agreement be signed specifically because of the littoral drift problems likely to be encountered.

The Rent charge comprises 2 elements, the SW Charge and the Marina Charge.

The SW Charge is an amount payable annually in advance and is a known FIXED amount, set at £75 in 1988 to be adjusted annually according to the Retail Price Index.

The Marina Charge is a minimum of £10 or a sum based on the COSTS of Harbour maintenance for the PRECEDING YEAR, divided by 1500 (minimum) or the total number of dwellings.

The SW Agreement means that this money is collected in perpetuity and the Trust administers the money from the SW charge.

Having paid for LITTORAL DRIFT^[1] obligations any surplus can be used to off-set costs

of Sea Defence works and Harbour Maintenance.

It is up to SHL to apply to the Trust for the surplus money in order to reduce the Marina Charge.

An agreement signed in 2001 between the Sovereign harbour Trust and the Environment Agency sets out precise figures.

£35000 (index linked annually) for LITTORAL DRIFT

50% of the surplus being available to the Environment Agency

50% of the surplus being available to SHL for Harbour maintenance.

The Trust retains a Sinking Fund (currently about £30,000).

MO Reiterated that ALL RESIDENTS had signed a Deed of Covenant on completion of their property purchase and that the various covenants and responsibilities are outlined in this Deed. It is also clearly stated that should the Rent Charge remain outstanding for 2 years, the Trust can take legal possession of the property.^[2]

CD requested legal clarification of the status of the Trust as a company "limited by guarantee" and MO will contact the Trust's solicitor

RL Asked about current Directors/Trustees and any remuneration

MO Trustees are UNPAID apart from expenses incurred eg. to attend Board Meetings.

1 ex-Tarmac plc CEO

2 ex-Tarmac plc Finance Officer

3 Carillion Executive with an Engineering background (to monitor Harbour Maintenance etc)

CD had the Environment agency identified representatives for the Trust as discussed at the last meeting?

MO Nothing yet forthcoming from the EA.

The SH Trust is continuing to apply for charitable status for tax benefits.

HARBOUR CHARGES - this years invoice

DH Questioned the allocation of dredging costs was it part of the littoral drift problem?

CC Littoral Drift relates ONLY to the movement of shingle. Harbour mouth silting is a problem faced by all harbours and dredging is an essential part of Harbour Maintenance. With 50% of the SW Charge surplus available for maintenance, SHL applied to the Trust to use this money to off-set the dredging charges and thus reduce the Marina charge levied on residents.

DH Stated that this could be better defined in the accounts sent to residents with the invoices for annual charges.

CC Agreed that this should be investigated with a view to better clarification of any charges.

DH Asked whether the SW Charge was levied against properties at the

- "Waterfront", Developers' Site Offices, Berth Holders
- MO ONLY RESIDENTS pay the SW Charge. Others charges are levied against the above.
- CD Asked why the cleansing charges were so much higher this year.
- DPH Increasing number of waterside developments with consequent increase in rubbish as well as numbers of berths. Developers were being monitored with a view to re-charging them should the problem persist.
- RL Requested the number of properties currently on site.
- CC 1654 in total. 364 properties from the initial phase of development are liable for the SW charge but are exempt from the Marina Charge due to their distance from the waterside. Thus for the Marina charge the divisor this year remains at 1500 (minimum).
- MO Reiterated that with on-going developments increasing the number of "legally completed" properties, charges next year should be lower.

LITTORAL DRIFT

There was discussion about the movement of shingle BEFORE 2001 and concerning the agreement with Pentium.

- Some residents had enquired as to whether the shingle should have been moved over the past 7 years and at whose expense?
- In the SW Agreement, littoral drift was to be addressed by relocation of shingle from the town side of the Harbour breakwater to the foreshore towards Pevensy Bay. There has been however a dispute with the Environment Agency concerning the removal of groynes.
- Once the build-up of shingle by the Harbour arm was sufficient to warrant removal it was lifted and stockpiled until the dispute had been resolved. To raise the level of the beach and to comply with EA requirements, Carillion moved shingle from the Pevensy Bay road sites. NO MONEY FROM THE SH TRUST was used until 2 years ago when the amount to be used was limited and index linked.
- The EA is now liable for the upkeep of the foreshore and littoral drift and are responsible for securing a long term contract with Pentium to fulfil this obligation. (Contract NOT YET SIGNED as expected by year end 2002.) The EA apply to the SH Trust annually for the agreed sum.

FUTURE DEVELOPMENTS

There were discussions about waterside walkways:

- 1 David Wilson were being urged to re-lay and complete their section.
 - 2 Persimmon had erected a picket fence at the end of the walkway on their first development, because of a "Health & Safety issue" according to their site manager. They had been asked to remove it.
 - 3 Quotes had been requested for completion of the walkway adjacent to White Oak's Dukes Quay development.
- DH Queried a long term problem with a lamp post.
- DPH The problem would be addressed. Quotes had been sought for a contractor to straighten all leaning and damaged posts.
- CD Asked if there had been any interest in the "Hotel" site at Langney Point and

- whether there was continuing interest in the Pevensey Bay Road sites
- MO No Hotel interest. Suggested that the site would probably go for residential development.
- ALL Agreed that it would be a good site for a Pub / Restaurant.
- MO Pevensey Bay Road sites are still under discussion but nothing will be forthcoming until after the B&Q enquiry.
- RL Reiterated residents demands for more facilities at the Waterfront with preference for retail units with housing over.
- MO No plans have been submitted.
- B&Q
The Public Enquiry will start in February 2003.

Whilst the Enquiry is expected to last around 5 days, any resulting decision may take up to 6 months.

Next meeting: To be agreed following the Public Meeting on February 13th.

^[1] littoral drift is the movement of beach material along a coastline by wind and wave action due to the oblique approach of waves to the shore. This is predominantly powered by prevailing south westerly winds and waves. This results in erosion of the beach in some areas with potential for flood damage as a result. There is consequent build-up of beach material in other areas.

^[2] refer to solicitors for a full review of the Deed of Covenant.