

ANNUAL RENTCHARGE Q AND A

What is the Rentcharge?

The annual rentcharge is a legal obligation placed on Sovereign Harbour property owners to pay a contribution to the maintenance of the harbour and the local sea defences. This obligation was placed on property owners when the harbour developments were built and has been in existence ever since. The amount collected and the apportionment to the beneficiaries is governed by a complex legal formula – see www.shra.co.uk/rentcharge for further details.

Who Pays the Rentcharge?

Owners of Sovereign Harbour residential properties have a legal duty to pay the rentcharge – they sign a contract to do so when they purchase the property.

Who Collects the Rentcharge?

The **Sovereign Harbour Trust** was set up to collect the Rentcharge. The Trust was originally registered as a charity but fell foul of the Charity Commission, and in 2010 the Trust's charitable status was withdrawn as 'it had never demonstrated any charitable activities'. Information from the Trust's website www.sovereignharbourtrust.co.uk/

Sovereign Harbour Trust is a charitable trust set up to preserve and protect the environment along the beach frontage in front of Sovereign Harbour. Sovereign Harbour Trust collects money to fund the coastal defence activities along the frontage of the Sovereign Harbour. It does this through the medium of its subsidiary company Sovereign Harbour (Sea Defences) Community Interest Company Ltd.

SHRA has no further information about how the Trust fulfils any charitable objectives.

Sovereign Harbour (Sea Defences) Community Interest Company Ltd now administers the collection of the Rentcharge from property owners – see [www.sovereignharbourtrust.co.uk/Sovereign Harbour Sea Defences Community Interest Company.asp](http://www.sovereignharbourtrust.co.uk/Sovereign_Harbour_Sea_Defences_Community_Interest_Company.asp) This website notes that the Community Interest Company (CIC) is

... a wholly owned subsidiary of the Trust, formed to conduct the rent charge collections and applications of resulting funds. The Trust is no longer entitled to any payments under the rent charge deeds but exists to hold the shares in the CIC.

The CIC and its agents Cripps, Greenish and Pemberton have no role other than collecting the monies.

Who are the main beneficiaries?

There are two main beneficiaries from the Rentcharge - Premier Marinas and the Environment Agency.

1. **The Environment Agency** receives monies through the Rentcharge to recover the costs for sea defences.

- **Pevensey Coastal Defence Ltd (PCDL)** PDCL is contracted by the Environment Agency to carry out the sea defences work. For further information see www.pevensey-bay.co.uk

2. **Premier Marinas** receives monies through the Rentcharge to cover some of its costs for harbour maintenance – see below for details of which costs are covered.

What is the money used for?

The CIC has a legal obligation to collect and distribute monies according to a complex formula. Details of this formula can be found on the SHRA website www.shra.co.uk/rentcharge.html (Rentcharge chart). For a typical bill of some £262 in 2020, roughly £92 (35%) went to the Environment Agency, £120 (46%) went to Premier and £50 (19%) was for admin charges.

The monies collected by the Environment Agency – roughly a third of the Rentcharge - go towards contracting Pevensey Coastal Defence Ltd (PCDL) for sea defences - mainly by replenishing the North Harbour beach with shingle. For further information see www.pevensey-bay.co.uk These monies represent only a small proportion of the costs of the overall contract for sea defences along this part of the coast.

Premier Marinas can legally charge for the cost of dredging including survey costs, waterways cleaning, repairs and maintenance, lock and bridge control systems and labour. Premier's costs are usually about half the Rentcharge.

Can the charges go up?

Yes, they can. The amount that the EA can collect is linked to the Retail Price Index (RPI), so it can vary each year. Premier's costs are not fixed or capped, nor linked to the RPI, and can also vary from year to year.

Can the Rentcharge be changed?

The arrangement for the Rentcharge could only be changed with great difficulty as it is set in 'legal concrete' that is ultimately bounded by the individual agreement each property owner enters into. It would need a court case to change it, and legal opinion obtained by SHRA several years ago suggested that the Rentcharge was similar to an "estate charge" i.e. for the maintenance of the estate (the harbour), and therefore justified. To change it without a court case would require a renegotiation between the individual leaseholders and the other parties.