

April 20<sup>th</sup>, 2020,

Dear Company Secretary

### **Sovereign Harbour Rentcharge**

Thank you very much for Mr Collin's response to our letter of Jan 30<sup>th</sup>. The Residents Association has considered this, and members have raised the following issues.

1. From our January letter, you will be aware that the Residents Association has concerns about the administrative costs of collecting the Rentcharge. In Mr Collin's response we note that the administrative costs are £173, 581 of which £151,257 relates to payments to CrippsPG. Can you provide information about administrative costs other than those incurred by CrippsPG?
2. One of our residents has recently requested further information from you about these costs. In Vicki Chenery's response of Feb 24<sup>th</sup>, we note that CrippsPG costs included a sum of £4,485 for Land Registry fees. Can you explain how these costs were incurred?
3. In connection with the above, the CIC asserts in responses to our enquiries and those of residents, that these administrative charges do not affect the overall costs as these are capped by RPI. This is a misinterpretation of the arrangements. Only the SW Charge is capped by RPI. The Marina Charge is uncapped. Increased administrative charges therefore reduce the amount available for the Marina Charge which must be covered in full by the residents. We hope that this misinterpretation will not occur in any future responses to residents.
4. Thank you for your explanation of how the SW Charge is apportioned between EA and Premier Marinas. However, we have questions about other aspects of the Rentcharge.
  - a. We are aware the costs that can be included are laid out in para 4.2 of FORM A and FORM B in Schedule 2 of the Sovereign Harbour Beaches Sea Defence Deed 2001. That is, the cleansing, repair and maintenance of the Harbour and the Waterways, but not costs relating to maintaining berths or moorings or operating and managing the Harbour or controlling navigation. Does the CIC have any mechanism for independently scrutinising the costs that Premier Marina presents to the CIC for collection from Rentcharge?
  - b. Do all residents who pay the SW Charge pay the Marina Charge? If not, how many residents are liable for each charge?
  - c. In previous correspondence and in the CIC board minutes of December 2019, we note you have agreed to publish on your website a more detailed breakdown of the Marina Charge. When will this be published?

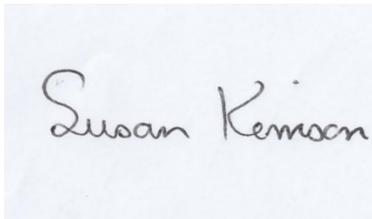
- d. In addition to publication of more detailed accounts on your website, the Residents Association is requesting full detailed accounts. As noted below, a CIC is required by the regulator to provide additional information rather than simply complying with the minimum requirements.
- e. The Residents Association is requesting that the transparency of the Annual Rentcharge Invoice is considerably improved. We are requesting that the invoice should provide a breakdown of the following costs/charges
  - i. Administrative costs
  - ii. Costs incurred by Premier Marinas which will be paid from both the SW charge AND the Marina Charge
  - iii. Monies owed to the Environment Agency

Finally, all Community Interest Companies are regulated by the Office of the Regulator of Community Interest Companies. All such companies are required to comply with standards set out by the Regulator. We refer you Chapter 8 of those Standards "Statutory Obligations" para 8.1.2 which states that

*"...CICs should aspire to produce accounts and directors' reports that provide high quality information for shareholders and other stakeholders rather than simply complying with the minimum requirements".*

The CIC Regulations 2005 prescribe, as part of their minimum requirements, that CICs should provide details of how it has consulted stakeholders on its activities. To our knowledge, the CIC has never held a meeting with residents to discuss any matters of direction or strategy. When the current pandemic crisis is resolved, the committee of the Sovereign Harbour Residents Association is requesting a meeting with you on a twice-yearly basis.

Your sincerely

A photograph of a handwritten signature in black ink on a light blue background. The signature reads "Susan Kerrison".

Dr Susan Kerrison PhD  
Chair, Sovereign Harbour Residents Association