

SHRA

Sovereign Harbour Residents Association



To: Company Secretary
Sovereign Harbour (Sea Defences) CIC

Cc: Directors, Sovereign Harbour (Sea Defences) CIC

Jan 29th 2020

Dear Company Secretary,

We are writing on behalf of Sovereign Harbour Residents Association. Residents have recently received their annual Rent Charge Invoice from the Sovereign Harbour (Sea Defences) CIC and the Residents' Association has received many questions about the Charge. To assist residents can you provide the following information.

1. We note that in the 2019 accounts, the CIC income is £717,405 and administrative expenses are documented as £173,581 or around 24% of the income. The apparently high administrative expenses were raised with you last year. Your response was that this has no effect on the overall rent charge as this was linked to RPI. This is not an accurate reflection of the situation as the administrative costs reduce the monies available for harbour maintenance and so affects the Marina Charge, which is not indexed or capped. Can you tell us what steps you are taking to ensure that the administrative expenditure is reviewed to ensure value for money? Will your legal and administrative services be put out to competitive tender? And if so, what is the timescale for this process?

2. We are rather puzzled by the discrepancy between the net Marina Costs of £165,028 and the Marina Charge that can be calculated from Premier's Marina Costs as stated in their Deloitte accounts. The Deloitte accounts state the Marina Costs as £437,301. After deducting the 'offset' from the harbour maintenance element of the SW Charge of £258,248, the figure of £179,053 is reached. We have written to you previously pointing out a similar discrepancy in last years' accounts. No adequate explanation was provided. Can you explain these repeated discrepancies?

3. In the guide to "Estate Rent Charge at Sovereign Harbour", it is stated that the Marina Charge has been "been arrived at after taking into account a figure of £258,248 towards Harbour Maintenance from the SW Charge". How is the figure of £258,248 towards Harbour Maintenance arrived at? Is there an "accounts" document or something similar which provides the necessary calculation or provides guidance? If so, please send us a copy. If the figure is arrived at by negotiation with Premier Marinas, can you provide us with information about the procedure through which this occurs?

Finally, it would be helpful if you could provide a named Director to take responsibility for providing answer to the residents' concerns. No titles were supplied in previous correspondence.

Yours sincerely

Susan Kerrison

Susan Kerrison PhD
Chair, Sovereign Harbour Residents Association

Ms Susan Kerrison PhD
Chairperson
Sovereign Harbour Residents Association

BY EMAIL ONLY: chair@shra.co.uk

20 February 2020

Dear Susan

Many thanks for your questions in your letter of 29 January 2020, and I hope the answers below address these satisfactorily.

1. The legal and administrative costs incurred by the CIC.

Of the costs of £173,581 that you mention, £151,257 relates to payments to Cripps Pemberton Greenish ("Cripps PG") and this includes VAT, court fees and Land Registry fees. CrippsPG provide the CIC with a full service that covers everything from raising annual invoices and the collection of the sums due, through to legal assistance on debt collection, property matters and company secretary services. The contract for these services were last tendered in 2014 and CrippsPG were successful in that competitive process. A five year contract was entered into in 2015 which provided the CIC with certainty as to service levels, as the contract is backed by a detailed service level agreement. The CIC board regularly monitors the level of service received from CrippsPG. The current contract will expire in April 2020, and the CIC Board will consider the position on the expiry of the contract. CrippsPG are due to attend our next board meeting to discuss the contract. I would also like to place on record that the contract with CrippsPG is a full-service offering, and as such is fully joined up - there are no gaps and no overlap that often arises when multiple service providers are engaged. Finding alternative providers of this full service provided some challenges back in 2014. Please do note that the role of the CIC is to collect the amounts due and to distribute them accordingly. Instances of non-payment can result in considerable recovery costs.

2. The difference between the £165,028 Marina Charge figure and your calculated figure of £179,053.

The figure of £165,028 used to calculate the rate per resident for the 2019 Marina charge is calculated after considering the amount of cash held in the Marina Charge bank account at 30 November 2019 (being the most practical date to allow the invoices to be raised), as well as the allocation of monies from the SW charge. I set out a reconciliation between your figure and the £165,028 below:

Sovereign Harbour (Sea Defences) CIC
 Number 22 Mount Ephraim
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	£	£
Costs incurred by Premier Marinas (Eastbourne) Limited ("PM(E)L") on behalf of the CIC		437,301
Less: Allocation form the SW charge (see also point 3 below)		(258,248)
		179,053
 Less effect of monies retained in the CIC:		
Bank balance as at 30 November 2019	104,025	
Deduct – balance PM(E)L have agreed can remain with the CIC	(90,000)	
		(14,025)
		165,028

3. The allocation of the funds between the Environment Agency ("EA") and PM(E)L.

There is indeed a detailed allocation mechanism for the allocation of sums collected between the EA and PM(E)L. This is described on the Sovereign Harbour Trust website and I set out the allocation made in 2019 by way of example.

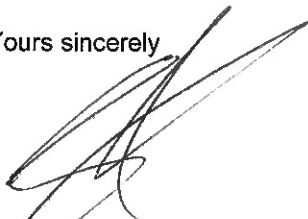
		£
Cash at Bank – 31 March 2019		658,811
Less: Payments not yet processed		(51,202)
Cash available for allocation		607,609
Annual Littoral drift payment to the EA (£35,000 plus annual RPI since November 2000)		(57,981)
Cash retained in the CIC (£20,000 plus annual RPI since November 2000)		(33,132)
Balance available for distribution		516,496
 Split equally:		
EA		258,248
PM(E)L		258,248

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If you have any additional questions, please can I ask that you direct them to our Company Secretary, as before? That way all of our Board members will have sight of them and we can then work out who is best placed to answer in a timely manner.

With kind regards

Yours sincerely

A handwritten signature in black ink, appearing to be 'Geoff Collins', written over a light blue horizontal line.

Geoff Collins