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Date: 12 July 2018

Dear Councillor

EXECUTIVE - 17 JULY 2018: SUPPLEMENTARY AGENDA NO.1

Please find attached an additional report which the Leader has agreed to accept onto the agenda as an urgent matter:

20. The Management of Community Assets Associated with New Development (Pages 3 - 44)

Please bring these papers with you to the meeting next Tuesday.

Yours faithfully

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MEETING : EXECUTIVE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 17 JULY 2018
TIME : 7.00 PM

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EAST HERTS COUNCIL

EXECUTIVE – 17 JULY 2018

REPORT BY LEADER OF THE COUNCIL

THE MANAGEMENT OF COMMUNITY ASSETS ASSOCIATED WITH NEW DEVELOPMENT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- In a period of growth, to put in place planning guidelines that will ensure that new community assets are effectively managed in perpetuity without adding pressure on the Council's finances.
- To consider the particular proposal that has come forward from a developer for the management of community assets at Stortford Fields, Bishop's Stortford North.

<u>RECOMMENDATIONS FOR EXECUTIVE: That</u>	
(A)	planning guidelines are prepared that will inform developers about the Council's requirements in respect of the management of community assets in new developments; and
(B)	it endorses the determination by officers of the community assets management arrangements at Stortford Fields, including: (i) the establishment of a Stortford Fields Community Trust in the role of the community assets management body; (ii) a board of trustees comprising up to 15 members,

	<p>including at least one member representing the Council;</p> <p>(iii) the revenue funding of the Trust being provided by a management covenant on residential and commercial properties at Stortford Fields, fees and charges for services and the commuted sum from the developer (secured through the s106 Agreement); and</p> <p>(iv) a two-tier service charge according to property size.</p>
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1.0 The scope of community assets

1.1 The scope and nature of the assets in a development that need to be managed in perpetuity has expanded in recent years to include:

- Green infrastructure, including open spaces and woodland.
- Play areas and informal outdoor sports facilities.
- Sustainable Drainage Systems (SuDS) that store and carry storm water in accordance with flood risk assessments and strategy. (The Government has introduced regulation whereby management and maintenance responsibilities for SuDS must be determined through the planning process).
- Community centres.
- Allotments.
- Unadopted streets, footpaths and cycleways and associated lighting and drainage.

1.2 This is an extensive list of assets that brings with it significant governance and financial implications. As well as day to day maintenance, provision must be made for the replacement of some assets such as play equipment and for the long term maintenance of unadopted streets and courtyards. There are also expectations in planning and environmental policy about the improvement of biodiversity assets.

2.0 Options for the management of community assets

2.1 Given the level of development set out in the District Plan and the understanding that statutory bodies are ceasing to adopt open space, SuDS and even roads, an approach is required for the management of liabilities that arise from planning permissions for development. This will also necessitate working with other neighbouring authorities in the cases of Gilston, East of Stevenage and Birchall Garden Suburb where liabilities overlap or where they are the responsibility of Herts County Council.

2.2 For the most part, developers are currently leading. In the majority of cases they are starting their own management companies with associated service charges or partnering with established Stewardship Trusts without any oversight or monitoring from either EHDC or HCC. Examples in East Herts include the following in Buntingford:

Redrow, North Buntingford

Managed by Trinity

Service charge £298 p.a.

Fairview, former Sainsbury's depot

Managed by RMG

Service charge £278 p.a.

Wheatley, South of Hare Street Road

Managed by GEM

Service charge £150 p.a.

2.3 Oversight by the Council is necessary to ensure that the managing body has not only the know-how to manage the assets but also a sustainable financial model and governance arrangements that involve and protect those who pay the service charges from a wide range of potential issues from affordability and quality of service through to insolvency.

2.4 The following are the broad options for the management of community assets by different types of community assets management body (CAMB). A summary of precedents from around the country is included in **Essential Reference Paper 'B'**. The options are:

- Local Councils
- Private asset management companies
- Established regionally or nationally based stewardship trusts
- A bespoke local community trust.

2.5 Local councils. Traditionally, in exchange for a commuted sum, local councils (town, district and county) have taken on the task of managing the community assets associated with new development. This has generally been limited to open spaces and woodland, play areas, surface-based drainage systems and community buildings. The commuted sums are anticipated to earn enough interest to enable a council to undertake the work for a period of 15-20 years without a significant top-up from the public purse.

2.6 The advantages of a local council taking on the CAMB role include:

- operational expertise and know-how in relevant areas of service provision;
- as an elected body, a tradition of responding quickly to public concerns about matters such as standards of maintenance and public safety;
- financial services that have experience of managing tight operational budgets and of investing and benefitting from commuted sums;
- experience of engaging with the public on budget and service delivery matters;
- experience of encouraging the use of assets by the local community to improve health and well-being; and

- the likelihood of a long term presence in the community.

2.7 The disadvantages include:

- The limited life of commuted sums put pressure on revenue budgets in the long term and there is therefore a need to consider taking on liabilities only where a service charge or another sustainable form of income can be relied upon.
- Public relations issues flow from the introduction of service charges:
 - those paying for the services may see the service charge as duplicating what they pay in Council Tax;
 - conversely, those whose community assets are maintained by a council whose only dedicated income stream is a dwindling commuted sum, with a possible top-up from the Council Tax, may protest about a marked reduction in the quality of service received, compared to assets managed with the benefit of a service charge. The gap will grow in the context of increasing pressure on service budgets.
- An additional burden on management and governance arrangements within a council.

2.8 Private asset management companies. There is a long history of private companies managing the communal areas of small developments, particularly flats. In those cases where councils have declined to adopt community assets in larger schemes developers will often use a limited company and, as with flats, the operations will be funded from a service charge imposed on the estate properties. There may or may not be a commuted sum.

2.9 Private companies have the advantage of technical expertise and know-how in respect of the day to day maintenance of buildings and green infrastructure and benefit from the economies of using existing administrative processes and

management resources. These economies may help offset the need to make a return to shareholders.

- 2.10 However, there is likely to be a focus on the efficiency of operations with less likelihood of engaging with residents and businesses regarding service charges, operational plans and capital improvements. There is also less likely to be a focus on community development, which is a special opportunity on larger scale developments. Compared with other forms of CAMB such as local councils and trusts there will be uncertainty about the long-term commitment and uncertainties about future ownership of the company.
- 2.11 Established asset management trusts. There are stewardship trusts established for the purpose of managing community assets on new development, a well-established example being the Land Trust, set up by English Partnerships in 2004 as *The Land Restoration Trust to create a new organisation that could take on the ownership and develop a long term sustainable land management solution.* They now have 50 sites nationwide.
- 2.12 The Land Trust has a national Board of Trustees so residents and businesses on the estates they manage have no direct control over the policies and operations of the Trust but they establish a residents' forum in order to encourage participation. Their sources of funding are service charges, interest on capital, fees for services and grants. Published data shows a very good level of overall satisfaction with the Trust's services on the part of the communities they serve.
- 2.13 The advantage of using an established trust to manage assets is that it is likely to have a considerable body of know-how, including community engagement and development, which is a Council priority. They should also benefit from economies in administration and management, similar to commercial providers. It should be noted that Countryside Properties have appointed the Land Trust to manage the green infrastructure,

parks, SuDS and unadopted streets at St Michael's Hurst, an arrangement that has been approved via the planning process.

- 2.14 A bespoke local community trust. The Council and a developer may work together to establish a trust that optimises the balance of advantages and disadvantages seen in other forms of CAMB. In particular, the degree of local control over the policies and operations of the trust is maximised by ensuring that the board of trustees includes residents and businesses in the new development and local councillors and other experts in the community.
- 2.15 The trust should be especially effective at engaging with residents and businesses and in encouraging community cohesion and development. The Council can ensure that the purposes of the trust include local priorities such as health and well-being.
- 2.16 **Essential Reference Paper 'B'** includes the precedent of Chilmington Green in Ashford, where the developer has worked closely with the Council on the governance of the trust, creating an appropriate balance of interests and control. The funding arrangements are also unique to the circumstances of the development and do not rely solely on a service charge, albeit an essential component.

3.0 Proposed community trust at Stortford Fields

- 3.1 Stortford Fields has planning permission for 2,200 homes and is being developed by Bishop's Stortford North Consortium (BSNC), which comprises Bovis, Kier Living, Persimmon and Taylor Wimpey. An application (X/17/0511/CND) has been submitted by the Bishop's Stortford North Consortium for the Council's approval of a CAMB for Stortford Fields, which is the greater part of Bishop's Stortford North. Following a review of various options for the CAMB, the Consortium recommends that a bespoke community trust should be established for the purpose.

- 3.2 The Consortium has submitted a second application (X/17/0630/CND) for the Council's approval of a Community Trust Plan, which sets out the possible constitution, staffing, financial and operational considerations of a Community Trust should the Council agree that would be the most appropriate body to manage the assets. The full text of the Plan is attached at **Essential Reference Paper 'C'**.
- 3.3 The applications would normally be dealt with by officers in accordance with the Development Management Committee's Scheme of Delegation. In this case it is considered that there are significant implications for the Council in the establishment and support of a bespoke community trust. Officers are therefore seeking in the recommendation endorsement by the Executive of the principle of a community trust before making decisions on the detailed proposals in the applications themselves.
- 3.4 A CAMB for Stortford Fields would be taking responsibility for the full range of assets listed in para. 1.1 above, with the possible addition of a sports facility to the west of Hoggate's Wood. If a community centre is based on the Foxdells Farm buildings there may be added responsibility for the care of listed buildings. The Trust would therefore be taking on very substantial responsibilities.
- 3.5 The Community Trust Plan (see **Essential Reference Paper 'C'**) includes the following provisions:
- A Board of Trustees of up to 15 members drawn from EHDC (1), environment (1), voluntary/community sector (1), housing associations (1), commercial development (1), Consortium (4), residents (6). As the development progresses, the increasing number of completions would trigger additional residents being brought into the Board and the Consortium members would eventually

withdraw, to leave 11 trustees with residents in the majority.

- Staffing would comprise a chief officer, accounts clerk, community relations officer, community development officer, and a treasurer (possibly EHDC).
- Funding for the trust would come from a mix of sources comprising:
 - 1) A service charge on residential properties.
 - 2) A charge on commercial property (5% of rental values).
 - 3) Interest earned on a commuted sum of £3.725m, secured by the s.106 agreement.
 - 4) Fees for lettings and services.
 - 5) grants.

3.6 The contribution of the main sources of income to the estimated budget would be as follows:

<i>Income</i>	£
Residential covenants	426,250
Commercial covenants	100,000
Investment income	103,000
Total	629,250

<i>Expenditure</i>	
Operational costs + admin	426,250
Subsidies contingency fund	120,000
Sinking fund	71,000
Total	617,250

Balance	12,000
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3.7 To achieve a positive balance, the Consortium proposes that the initial service charge would be £175 p.a. for one and two bedroom properties and £200 p.a. for properties of three to five bedrooms. Taking into account the scope of the operational works, fee levels have been benchmarked with Chamonix, RMG and Developer Eyes (via Kier Living), all experienced in community asset management. Comparing

with fees elsewhere, such as Buntingford (para. 2.2 above), the Stortford Fields initial fees appear to be reasonable.

- 3.8 The Executive's approval in principle is sought to the above arrangements, including the principle of a service charge being used as a means of securing sustainable funding for the trust in the long term. Whilst service charges are being levied in developments across the District, where arrangements for a CAMB have been put in place without the need for planning approval, this would be an occasion when the Council was giving specific approval to a service charge on a very large site.
- 3.9 The section 106 agreement for Stortford Fields makes provision for a management charge as an option but not a requirement, there being other potential sources of income, as indicated by some of the precedents outlined in **Essential Reference Paper 'B'**. These include commuted sums and other payments made by the developers and the income derived from commercial property assets that may be transferred to the management body. Various grants may also be available for biodiversity projects and community development activities.
- 3.10 The precedents do suggest that there may be public relations issues when a management body chooses to levy a service charge:
- The first residents may query why they must pay a charge when there are few community assets to be enjoyed.
 - Residents may be concerned that they pay an additional charge for the maintenance of assets that are covered by commuted sums and the Council Tax elsewhere in the area.
 - Residents outside the development may perceive a higher standard of maintenance compared to their own neighbourhoods and criticise the local council.

- 3.11 However, a service charge is likely to be the CAMB's most certain means of raising revenue over the long term. Detailed work undertaken by Ashford Council showed that even where the Chilmington Community Trust benefitted from the transfer of commercial assets from the developer, together with financial contributions, it was necessary for the Trust to levy a service charge to cover its costs.
- 3.12 It is very important that the funding of the management of community assets on such a large development as Stortford Fields is soundly based because there would be serious implications if funding were to dry up. However, some comfort should come from the fact that the work of the community trust and the level of service charge it requires to carry out that work would be very much shaped by the residents on the board of trustees and residents involved in wider consultation on the business plan and the level of the service charge.
- 3.13 It should also be noted that The Community Trust Plan recognises that in the circumstances of a significant failure to perform on the part of the trust, either through internal division or a failure to maintain assets to the required standards, the Council should have a step-in power that it could exercise at its discretion.

4.0 Planning guidance

- 4.1 It is proposed that the Council puts in place planning guidance for developers that will set out clear expectations as to how CAMB's should be constituted and funded and how they should operate in order to meet the Council's objectives. (It should be noted that Harlow and Gilston Garden Town and the Districts are proposing to seek advice from consultants on the stewardship of green infrastructure, open spaces and SuDS, which may inform the preparation of the Council's planning guidance). Developers would need to seek Council approval to their proposals via planning conditions or section 106 agreements and they would be enforceable. It is clear,

however, that one size does not fit all and that different sites and scales of development will benefit from different solutions. However, certain principles should apply to all.

4.2 The Land Trust has a set of charitable objectives that are a useful start point in setting out the Council's requirements of a CAMB since they express a wide social purpose. With some amendment to them and the addition of operational and financial objectives, the following might be a suitable component of planning guidance:

- Economic vitality – creating opportunities for local jobs and enterprise as well as ensuring property values are enhanced by creating an attractive and desirable neighbourhood.
- Health – providing safe environs for access, exercise and volunteering and to promote the use of green-space for healthy activities.
- Environment and Biodiversity – seeking to protect and enrich the local flora and fauna in accordance with a Green Infrastructure and Biodiversity Management Plan required by planning condition.
- Education and Learning – creating opportunities for the land to be of value to local schools and colleges as well as for “lifelong learning”.
- Cohesion of communities and individuals – working with the new community to ensure all can play a part in how the community assets are managed.
- Operations - to ensure that operational tasks and contracts are efficiently tendered and obtain best value.
- Finance and budgets - to ensure that financial arrangements are in place to secure the funding in perpetuity of the CAMB's services to the community.

4.3 Planning guidance will need to include best practice examples that show how CAMBs can be put in place with a high level of confidence that they will be funded and fit for purpose in

perpetuity without any necessity of funding from the public purse.

5.0 Conclusions

5.1 The District Plan focuses housing growth on sites that are large enough to provide open space and community buildings that should benefit residents and visitors over the long term and it is therefore timely that the Council should formulate guidance for developers, which can be enforced through the planning process. It will ensure that the public assets will be managed by a CAMB that has both the technical expertise and financial security that will ensure the assets are well managed in perpetuity.

5.2 In the meantime, a proposal has been received from the Bishop's Stortford North Consortium for a community trust to be established as the CAMB for Stortford Fields. The s.106 agreement gives the Council a number of opportunities to support the trust, especially needed in its early years, by approving the role of treasurer, approving business plans and budgets and taking one (or more) places on the board of trustees.

5.3 The proposals show good practice in the proposed constitution and financial arrangements and may be approved in principle with confidence that the details of the arrangements will prove to be satisfactory following further discussion with the Consortium.

6.0 Implications/Consultations

6.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives	Priority 1 – Improve the health and wellbeing of our communities Priority 2 – Enhance the quality of people's lives
Consultation:	The draft report was considered by the Council's Leadership Team on 09 July 2018.
Legal:	None
Financial:	<p>If the Council approves through the planning process trusts or other forms of community assets management bodies there will be no financial implications for the Council because it will ensure that the funding arrangements for the CAMB are sound. A financial implication only arises if the Council takes on the CAMB role, which the report suggests is unlikely.</p> <p>If the Council approves a bespoke community trust for Stortford Fields there is a role for the Finance Service in approving the trust's business plans and there is an option for the service to act as the trust's treasurer, for which payment would be received.</p>
Human Resource:	None
Risk Management:	By creating guidelines for developers that are enforceable through the planning process the Council will be controlling and de-risking the process by which arrangements are made for the long-term management of community assets.

Health and wellbeing – issues and impacts:	The guidelines will ensure that community assets management bodies give proper consideration to the Council’s policies in respect of health and well-being and ensure that the assets are used to good effect in that regard.
Equality Impact Assessment required:	No

COMMUNITY ASSETS MANAGEMENT BODIES - PRECEDENTS

1.0 *Buckshaw Village Management Company (BVMC), Chorley.*

1.1 This is an industrial and residential development of 2,800 homes by a consortium of house builders, which has set up its own estate management company. The company employs RMG as its managing agent and it in turn employs Envirocare to undertake the day to day maintenance.

1.2 Residents do not have a place on the board of BVMC but RMG consults a residents association:

We have regular meetings with the Residents Association to ensure they are actively involved in the running of the community facilities. RMG....supports and attends resident held events such as the Christmas Pantomimes, Farmers Markets as well as the regular festivities around Halloween and Easter.

RMG have established themselves as part of the community infrastructure and developed its role beyond traditional facilities management. We have a weekly presence on site to meet with the residents and monitor services.

1.3 The annual management fee was initially £150 per dwelling, but may increase if the income from community centres and sports facilities does not meet costs.

2.0 *Chatham Maritime Trust, Medway.*

2.1 A development of 2,000 homes, university campus, marina and other commercial and leisure uses. The Trust is a charity and a limited company and the board comprises Medway Council, Homes England, the residents association and an association of the commercial interests. The Trust will own all of the public

domain. The Trust has growing role in community development, including activities in the wider area.

2.2 The Trust's income comes from residential and non-residential service charges and endowment funds. The residential service charge is £82.00 per bedroom.

3.0 *Chilmington Green, Ashford.*

3.1 Hodson Developments are building 5,750 homes to the west of Ashford. They have collaborated with the Council on a quality charter, which also sets standards for the management of community assets.

3.2 The Council modelled the cost implications of taking on the estate management function itself but concluded that the long term sustainability of the quality standards was more likely to be achieved by a trust. Detail on the status, role and function of the Trust was set out in the s.106 agreement.

3.3 The board of trustees includes the developers, District and County Council nominees, housing associations and the voluntary sector. Places on the Board will be offered incrementally to residents, up to a maximum of five. The developers will withdraw on completion of the development. Regardless of the number of directors present at a Board meeting, they will have 50% of the available votes divided between them and the Chair will not have a casting vote. This may deadlock the Board on some issues, with the intention of giving the developers a strong say but no overall control.

3.4 A service charge will commence at £335 per dwelling. The Trust will also obtain revenue from assets in the form of commercial units on the development which will be transferred to the Trust by the developers and from a contribution from the developers of £335,000, to be paid in instalments. The

developers are also committed to a contribution of £250,000 over the first five years towards community development.

4.0 *Elsea Park Community Trust, Bourne, Lincs*

- 4.1 The trust manages the community assets of a development of 2,020 homes where Kier Living is the principal developer. The s.106 agreement set out the articles of the Trust, but it is in fact just a company limited by guarantee. At the outset Kier had a majority on the board and had to underwrite its costs, but the s.106 may now be re-written to give Kier less control. Residents pay a service charge and are automatically members of the Trust; and most of the staff of the Trust, including the manager, are local residents.
- 4.2 Building has been intermittent since 2001 and first occupiers objected to paying a service charge in the absence of community facilities. The initial charge was £189.00 p.a. It is linked to the Consumer Price Inflation index and is now £286.00.
- 4.3 Major assets were transferred to the Trust in 2012, by which time it had built up reserves of £500,000, but delivery of the community centre by the developer was delayed and other community assets are yet to be transferred to the Trust. In the circumstances, public relations with residents have been challenging, including residents complaining that the facilities they pay to upkeep can be used by people from outside Elsea Park. However, the Trust is in a secure financial position.

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COMMUNITY MANAGEMENT BODY STRATEGY

PART 2 - COMMUNITY TRUST PLAN

1 S106 REQUIREMENTS

1.1 The S106 agreement requires the Owner/Developer to prepare and submit a Community Management Body Strategy' (CMBS) which must be agreed by East Herts District Council (the Council) 'Prior to the Commencement of Construction of the Development'.

1.2 The S106 agreement says:

“Community Management Body Strategy” means the strategy by which the parties shall:

1. Ascertain the type of Community Management Body and/or identity of the Community Management Body

2. If a Community Trust is required to be set up it will include the Community Trust Plan

1.3 Part 1 of this strategy made the case for the Community Management Body to be a new Community Trust.

1.4 This current report aims to meet the requirements for a Community Trust Plan. The S106 Agreement defines the required content of this Plan (see appendix 1). The following sections respond to the various requirements in turn.

1.5 Throughout this Plan, the body to be created is referred to as the 'Trust'. However, it will be registered as the Stortford Fields Community Management Body Trust.

2 FUNCTIONS AND SCOPE

2.1 The Trust will take ownership of the community assets as defined in the S106 agreement.

2.2 It will carry out the functions as listed in the Responsibilities paper which is Appendix 3 of the first part of this Strategy, with the possible exception of the allotments, depending on the outcome of the Allotment Garden/Community Growing Scheme required by the S106 agreement.

- 2.3 In carrying out its responsibilities, the Trust may commission services from other bodies, which could include commercial managing agents, or the Town, District or County Councils as well as contractors or community groups.
- 2.4 The Trust will be named on the TP1 in every dwelling or commercial sale giving it the right to collect an annual management covenant charge and any additional rent charge or service charges.
- 2.5 In this respect, the annual Management Covenant charge for any owner will include the following elements:
- a) Trust core costs (i.e. staff, office, support for board, etc)
 - b) Greater estate costs (i.e. maintenance of green infrastructure, etc, and also possible subsidy for community and sports centres)
 - c) SUDS charge

3 TERMS OF REFERENCE, FORMALITIES AND POWERS

- 3.1 The Trust will be registered as a company limited by guarantee - Stortford Fields Community Management Trust. The company articles will include an 'asset lock' to ensure that the assets continue for the common benefit of the residents of Stortford Fields. It will be important, from the outset, that it is widely understood as being a not for profit company to provide community benefit.
- 3.2 The Trust will have Objects and Powers similar to those of the Chilmington Green Community Management Organisation, as set out in appendix 2. The Consortium has instructed its solicitors, DAC Beachcroft, to produce the Memorandum and Articles and to register the company.
- 3.3 The S106 requires that the Trust will need to obtain council consent for a disposal of green infrastructure land for conservation or limited access. This will be achieved by adding a clause to the powers in the Memorandum and Articles that will state:

to sell, lease, license, exchange, dispose of or otherwise deal with property (subject to the restrictions in the Charities Act 2011); and subject to any donations or gifts to a conservation charity or body of any parts of the Green Infrastructure Land (and apportioned commuted sum) in order to benefit from specialist conservation maintenance and/or limited public access, must be approved by East Herts District Council (in writing)

- 3.4 The Council, through the S106, also wants to ensure that there are powers 'to enter into a non (or de minimis) profit arrangement in respect of the management and maintenance of the Allotment and Community Growing Space Land'. This will be achieved by adding a clause to the powers in the Memorandum and Articles that will state:

to provide accommodation for any other charitable organisation on such terms as the Board decides (including rent-free or at nominal or non-commercial rents) subject to the restrictions in the Charities Act 2011;

- 3.5 In order to ensure that the Trust is able to access any opportunities to receive grant funding, a further clause in the powers will state:

to make and receive grants, donations or loans, to give guarantees and to give security for those guarantees (subject to the restrictions in the Charities Act 2011);

- 3.6 The Trust's articles will also include a clause not allowing it to set a budget which fails to meet the planning condition and S106 legal obligations, for instance to maintain the green infrastructure land in accordance with the standards laid down in the approved Green Infrastructure and Biodiversity Management Plan. This ensures that in due course, when residents control the board, it will not be able to avoid the obligation to meet the basic required standards of management.
- 3.7 All residents, whether owner, leaseholders, private or social tenants, will be eligible to become members of the Trust. There will also be a category of membership for commercial occupiers. Membership will be free and with a simple sign up process, but only one membership will be allowed per residential or commercial unit and membership will cease on relinquishing occupancy or on debt over 60 days or dispute with the Trust.
- 3.8 The Trust may, in the future, wish to consider making membership automatic for all residents. However, initially, it will require a positive commitment by residents to sign up. In due course, the Trust may also consider offering some concessions to members, such as reduced rates for hiring the community facilities, which might also help encourage take up of membership.
- 3.9 Members will be entitled to attend the AGM, and to put themselves forward for appointment to the Board subject to a process to be determined by the board. The AGM will be promoted as an open meeting for the Board to report on the Trust's work and to set out its plans for the future. The meeting should also be an opportunity for engagement with members and to enable feedback.
- 3.10 However, the Trust will also establish a range of other communication channels with residents, whether members or not, and this will include a website providing contact details; forthcoming events; planned maintenance programmes; issue reporting; and directory of facilities and services.

4 STAFFING

- 4.1 The Trust will require some minimal staff support from the outset to, administer collection of management covenants, ensure company compliance, and support the board as it develops its business plan.

As the first sales are planned for August 2018, the Trust will need to be at least minimally operational by then.

However, the Trust will not need staff to carry out any management or commissioning functions until assets are transferred, which is unlikely to occur for at least two years.

The following part time posts are proposed initially. In due course these will need to be reviewed by the Trust Board.

4.2 Chief Officer

- Strategy and leadership
- Advising and supporting the board
- Commissioning maintenance services
- Supervising the staff team
- Developing new services /activities
- Representing the trust to other stakeholders
- Managing asset transfers

4.3 Communications Officer

- Website maintenance
- Newsletters for stakeholders and residents
- Leaflets for welcome packs
- Organising Trust corporate image.

4.4 Community Development Officer

- Convening meetings for potential voluntary effort – e.g. a Hoggates Wood & Ash Grove group similar to Birchanger Woods,
- assist with integration by opening access to existing community services,
- helping to develop new resident led initiatives,
- support the formation of a residents association,
- help to organise community leisure and social events,
- liaison with established neighbouring resident groups.

4.5 Finance and Admin Officer

- Servicing the board
- Admin support to Chief Officer
- Office point of contact
- Contract administration
- Collecting service charges

4.6 The staff team will need to have a distinct and independent presence in the area so that they are accessible to residents as soon as possible. This is likely to be in the community centre, when it becomes available, but until then the Consortium will provide appropriate temporary accommodation, possibly at 221 Rye Street.

4.7 As the scheme develops and assets are handed over, the Trust team will need to expand, possibly to include more contract management and administration of community facilities.

5 TRUSTEES

- 5.1 The Board of Directors/Trustees is proposed to comprise a maximum of 15 places. Up to 4 of these are for developers, but they will relinquish their places once they no longer hold any land. So, the long term maximum number of places, following developers withdrawal, is 11.

Initially the board will comprise the following nominated positions:

- Development Consortium – up to 4 places
- East Herts DC – 1 place
- Conservation rep – 1 place
- Voluntary/Community Sector rep – 1 place
- Housing Associations - 1 place (to be decided between the RPs)

The Town Council has formally resolved that it does not want to be represented on the Trust Board. Nevertheless, they could be invited to send an observer to Board meetings.

- 5.2 There will also be places for residents which will increase in number as the scheme progresses by adding 1 place for each 350 homes completed. This means there would be 6 resident places by the completion of the scheme.
- 5.3 There would also be one place for a representative of the commercial interests on the estate once 50% of the planned commercial development is complete.
- 5.4 The resident and commercial places would be filled by an annual process determined by the board. The board would also have power to co-opt suitably qualified candidates to fill vacant places until the next annual appointment process.
- 5.5 The developers would be required to stand down from the board once the development is completed. From this point on, the residents will always have the majority of places.
- 5.6 The board will always have the power to co-opt independent members, selected for a particular skill or expertise, to fill any vacant places. These places could be used to involve other key local stakeholders, such as representative of the new local schools.
- 5.7 As the number of resident reps grows, it may not be possible to retain places for all the other identified groups within the maximum number of places. However, the priority in designating places will always be for residents, where the number of places depends on the extent of completions, and the one place for an EHDC rep.
- 5.8 Prior to company registration, the Consortium and council will be invited to nominate representatives who will be registered as founding trustees/directors. The board will then identify and recruit other people to fill the vacant positions as described.

5.9 A target timetable will be agreed by the board at an early stage to ensure that the remaining places are recruited to by the time the board is employing staff and considering taking transfer of assets.

5.10 The articles will also specify that the Directors will not be paid for fulfilling this role but may be recompensed for reasonable out of pocket expenses.

6 TREASURER

The S106 says the appointment of a treasurer shall either be:

- *the Council (including the contractual arrangements for the provision of this service by the Council and the fee paid to the Council for the service) or*
- *other organisation nominated by the Council which said organisation shall be underwritten by insurance or such other effective means to protect the Community Trust funds from fraud or theft*

The Council will need to decide its approach on this.

7 AUDITING ARRANGEMENTS

7.1 The Chief Officer and the treasurer will identify local firms who are experienced in accounting for estate managing agents and bring a choice or recommendation to the Board within the first year of operation. Audited accounts will be produced annually for publication to owners and occupiers and this will need to be tied to the production of an annual budget and announcement of the management covenant charge for the forthcoming year.

8 COMMUNITY TRUST ANNUAL BUSINESS PLAN

8.1 The S106 agreement says the

“Community Trust Annual Business Plan” means the business plan to be compiled annually which:

- 1. Sets out the Community Trust’s proposed projects and activities planned for the coming year*
- 2. Costings and purposes of projects*
- 3. Reviews the previous year’s activities and results*
- 4. Copies of annual accounts and audit reports*
- 5. Other relevant information reasonably required by the Council*

8.2 It is not possible or realistic to include the components listed above in one single report because they occur at different points in the annual planning and reporting cycle. Consequently, it is proposed to establish a reporting and review cycle as follows.

- Trust financial year to be established as April to March.

- Annual accounts, audit reports and review of previous year's activities and results to be published by end June.
- Annual General Meeting with reporting to residents and other stakeholders by end of September.
- Annual business plan setting out the proposed projects for the coming year and including a budget with costings and the proposed management covenant for the year ahead, to be agreed by the Trust Board by the end of December.
- Notice to owners of the following year's charges, by end of February.

8.3 The first year's business plan for 2018/19, setting out the proposed budget, will be prepared by the Consortium's consultant for sign off by the initial trustees/directors as part of the process of establishing the Trust. It will be produced for EHDC by August 2018.

8.4 The Business Plan will include estimates of the Trust's income and expenditure and will also need to include allowances for potential fluctuations in the overall schemes delivery timetable. The key elements of income are discussed further in section 12 below. However, initial estimates of the likely overall costs are set out here as follows.

Annual Cost Estimates

8.5 In order to estimate the management costs, once the scheme is complete, three sources were approached. Firstly, Chamonix, who are involved in a wide range of managing agent situations including schemes for larger estates developed by Consortium members. Chamonix were provided with the 'Outline Scope of Responsibilities of the Community Management Body' which was produced as Appendix 3 of the Strategy report. In response, they have provided an estimate of the overall annual cost of management for our scheme, attached at Appendix 3a, (together with their explanatory notes, Appendix 3b). This estimate averages out at about £120 per dwelling. However, Chamonix have also advised that, as there are some uncertainties about costs, it would be prudent to set the charge between £120 and £200 initially.

8.6 Secondly, RMG (Residential Management Group), an estate management company which already has responsibility for 'greater estate management' on a number of larger developments, was also asked for a broad indication of the level of charge that would be required for the Stortford Fields scheme based on the 'Outline Scope of Responsibilities of the Community Management Body'. Their estimate, based on comparable experience, was that the overall cost would fall between £80 and £170 per unit per annum.

8.7 Thirdly, one of the Consortium members, Kier Living, are currently developing a 460 home scheme at Kettering which involves a comparable range of trees, open space, ponds, planting, etc as well as 'residual' plots, shared driveways, courtyards, etc,. Kier have been provided with a quotation for managing agent services from Developer

Eyes indicating an annual charge of £191 per dwelling. This charge includes SUDS maintenance as well as contribution to a sinking fund. It also includes a contribution towards travel planning, which is not required at Stortford Fields. There is also an additional charge of £20 per dwelling for around 20% of the homes which have communal driveways and parking courtyards.

- 8.8 In each of these estimates and examples, as well as direct costs, the charge also includes the cost of revenue collection and an element for bad debts. It also includes the managing agent's fees and profit. So, there could be potential for relative savings for the Community Trust, as it will not be seeking a profit. Nevertheless, based on these three cost estimate sources, this Community Trust Plan proposes that a prudent figure to use for budget purposes would be £175 per dwelling for homes of one and two bedrooms and £200 for homes of three bedrooms and above. This is the basis of the overall cost projection set out at section 12.17 below.

Uncertain costs

- 8.9 There are other potential costs at Stortford Fields which are not included in the above calculations but which are also uncertain at this stage. The S106 requires strategies or plans for most of these but also sets out a required initial financial allowance. For the purpose of initial estimates of costs, the following assumptions are being made. As the scheme develops, each of these will be tested and refined in order to work towards a more robust and reliable projection.

8.9.1 Allotments

The S106 provides for a £150,000 initial allowance to be spent subject to an Allotment Garden / Community Growing Scheme. The Bishops Stortford Town Council already operates a number of allotments in the town. Discussions with them have established that, provided that the preparatory work is completed satisfactorily, and a reasonable level of occupancy is achieved, then it should be possible for operational costs to be covered by fee income. So the allotments are assumed to be cost neutral.

8.9.2 Hoggate's Park

This park area will be developed to the north west of Hoggates Wood, and is primarily intended to provide sports facilities including a full size football pitch and potentially a junior pitch, a pavilion and a multi-use games area. The strategy will establish the viability for the park to be leased to a suitable club. At this stage this is also assumed to be cost neutral to the Trust, although it may be necessary for the Trust to offer some subsidy for an initial period in order to achieve viability.

8.9.3 Community Buildings

The Consortium will provide one or more community buildings to meet community needs to be owned by the Community Trust and using a £1.9m allocation. The detailed plans are subject to the Foxdell's Farm Heritage Study and the Community Buildings Strategy. These studies will also investigate the potential for commercial activities to

contribute to the ongoing management and maintenance. At this stage it is assumed and expected that the revenue from both community and commercial uses will cover the ongoing management and maintenance costs. However, it may also be necessary for the Trust to offer some subsidy, particularly in the start-up phase, for a limited period of time.

8.9.4 SUDS

The Trust will be expected to collect any further income required towards the costs of maintaining the SUDS through the management covenant. So, the projections for the costs of SUDS maintenance will be a further important component when calculating the level of the management charge. This cost is not known at this stage so an element of contingency is factored into the calculation of the management covenant level.

8.9.5 Estate Roads

The main estate boulevard will be adopted by the County Council but it is not yet resolved whether the secondary estate roads will too.

Management covenant and staff costs

8.10 The actual costs incurred by the Trust will build up gradually as community assets are handed over to the Trust on a phased basis. This also means that there is likely to be a time lag such that a considerable number of homes have been sold before the Trust begins to incur direct management and maintenance costs.

8.11 Nevertheless, the management covenant will be collected from the outset, even though it will be some time before the Trust will be incurring expenditure on maintenance. This will be explained to residents as contributing to the core costs of establishing and running the Trust as well as the direct costs of management and maintenance of the assets. Any additional surplus accrued in the early years, will be applied to the sinking fund towards building a reserve available for longer term replacement and renewals.

8.12 Some core staff will be needed before there is sufficient management covenant income to cover their costs. So, the Consortium will make an early payment of around £100,000 from the Community Management and Green Infrastructure Main Sum, of which the first tranche of £900,000 must be paid to the Trust by the 500th home.

9 COUNCIL MONITORING OF TRUST PERFORMANCE

The Trust Board will need to meet every 6 to 8 weeks during the initial start-up period and would expect to receive a report on performance at every meeting. Since the Council will have nominated a representative and may also be acting as treasurer, it would be reasonable for the board to provide a report to the Council following each Board meeting. Such reports should largely obviate the need for the Council to request specific reports.

10 SETTING UP BANK ACCOUNTS

Once the company is registered it can apply to open a bank account and will utilise the balance of the Community Management and Green Infrastructure Initial Sum, as designated in the S106, as its opening deposit. Detailed arrangements will be agreed with the treasurer to be nominated by the council.

11 TIMETABLE

May 2018

- Approvals of this plan

June 2018

- Start of works on site
- Registration of Community Management Organisation at Companies House to enable reference in agreements with Housing Associations.
- Agree values of Management Covenant, to enable agreements with housing associations.

July 2018

- Convene initial Community Trust Board members
- Identify and appoint further board members
- Finalise Memorandum and Articles of company and register changes
- Finalise Community Trust business plan & submit to EHDC
- Agree treasurer with EHDC
- Open Bank Account
- Establish initial office for Trust
- Commence recruitment of chief officer

August 2018

- Planned first sales.

The timing of subsequent asset transfers will depend on the pace of completion of the scheme as the S106 specifies numbers of completed dwellings as the latest handover point for different assets. Assuming a consistent pace of completions over 9 years, subsequent asset transfers will occur as follows:

July 2022

- Hoggates Wood, Ash Grove, Allotments, Hoggate's Park, Western Neighbourhood Community Building (if permanent), Western Neighbourhood Green Infrastructure Land

March 2024

- Play Facilities, Eastern Neighbourhood Community Building

August 2025

- Eastern Neighbourhood Green Infrastructure and any remaining Land

12 FUNDING

12.1 The Trust, once fully established, will draw on a range of funding sources:

- CM&GI Contribution
- Investment income
- Residential management covenants
- Commercial management covenants
- Trading income, e.g. from community buildings

CM&GI Contribution & investment income

12.2 The S106 specifies that the developer will make a Community Management and Green Infrastructure (CM&GI) Main Sum Contribution of £3,725,000, It is understood that the background thinking was that this main sum could be invested to generate an endowment income for the Trust in order to provide funding for its core costs and to lessen the level of funds required from the management covenant.

12.3 This type of investment has been discussed with CCLA Investment Management Ltd (<https://www.ccla.co.uk/>) who manage investments on behalf of 3,500 charities as well as public bodies and individuals. They advise that an investment in their balanced multi asset fund would currently generate a net income in the order of 3%. This also allows for re-investment and capital growth in order that the value of this income stream rises in line with inflation.

12.4 The Consortium's commitment to forward fund £100,000 from this contribution to provide start-up funding for the Trust, will slightly reduce the funds available for investment. However, the Consortium wants to place a restriction on the use of the main sum of the CM&GI contribution such that the Trust must treat at least 90% of this balance as a restricted fund which can only be invested to generate an endowment income. In due course the Trust may also choose to make additional investments from any generated surplus in order to increase its future investment income. A 3% current rates of return on 90% of £3,725,000 gives an annual income of £103,000.

12.5 The first £900,000 tranche of the CM&GI contribution must be placed with the Community Trust by the 500th home but the full contribution is not due to be paid over until the 1500th home. So, the income that could be generated by this investment will not reach its optimum level until the scheme is 68% complete.

12.6 Future residents may question why their management covenants are used to maintain open space and community assets which are publicly available to all local residents beyond the estate. One response to such a challenge would be that the income generated from this investment is being used towards the costs of delivering this wider public good. This could be used in Community Trust promotion and publicity.

Residential Management Covenants

- 12.7 The management covenant must be set at a level which is not detrimental to sales. Most purchasers nowadays expect to pay some form of estate rent charge, so it is important that it is seen as affordable and reasonable value.
- 12.8 Purchasers will be wary of any hint of escalating rents or charges, because of the recent national publicity about such cases. Owners will have the assurance that, whilst the scheme is underway, the developers will wish to ensure that the management covenant is kept as low as possible in order not to adversely affect sales. Once the scheme is complete, owners will have the further assurance that resident representatives will hold the majority of the places on the Board of the Trust and therefore will be able to ensure that the charge is set, as far as possible, at affordable levels.
- 12.9 Purchasers will also have the additional re-assurance that the Trust has two sources of income that effectively reduces the level of the annual charge which will be required from them. Firstly, the developers are making a significant contribution to the Trust which it will invest to generate an endowment income. Secondly, the commercial units in the scheme will also be expected to pay a management covenant.
- 12.10 The initial charge is proposed as £175 pa for one and two-bedroom homes and 200pa per dwelling for homes with three or more bedrooms. Consortium members believe that this is an acceptable level and is judged to be the highest possible without adversely affective sales.
- 12.11 All Consortium members are experienced in producing estate rent charges as enforceable covenants as a conditions of sale. These name an estate management company as beneficiary. Often these involve a tripartite agreement with the rent charge beneficiary organisation also being a signatory. As a registered charge against the property, it provides the ultimate backstop that onward sales cannot proceed unless any debt against the charge is settled.

Commercial property covenants

- 12.12 A management covenant can also be applied to the commercial properties. These will be a mix of industrial, retail, and office but also may include some community facilities such as health services. Given the range of unit sizes and the variety of uses and therefore rental values, it is proposed that the fairest mechanism to calculate a management covenant charge, would be as a percentage of annual rent.
- 12.13 An illustration of the potential income from this source can be gained by assuming that all 21,000 sq mtr is let at industrial unit rates of say £9 sq ft. Using a management covenant equating to 5% of rent, this would generate a further income in the order of £100,000 pa. Any retail or office units would attract a higher rental, probably in excess of £20 sq ft, which would then increase the overall income.

Community Buildings Income

12.14 The community buildings may be capable of generating an income to the Trust which would help reduce the requirement to generate income through the management covenant. However, this needs to be investigated by the Community Buildings Strategy which must be submitted before 100 homes are completed.

Overall income in relation to costs

12.15 When the scheme is complete and fully occupied, the overall income and costs would potentially be as set out in the following table.

Income	£
Residential covenants	426,250
Commercial covenants	100,000
Investment income	103,000
Total Income	
Expenditure	
Management of Hoggates Park; play areas; Hoggate's Wood and Ash Grove; Farnham Bourne; Green Corridors; Staffing/Managing agent; Collection costs, voids, etc Based on 2,200 units	426,250
Contingency fund for subsidy of Hoggates Park; Community Centre(s); SUDS	120,000
Sinking Fund for replacements and renewals	71,000
Total Expenditure	617,250

12.16 The contingency fund provides for any subsidy which may be required in relation to Hoggate's Park and the Community Centres. It should also provide for any shortfall on the annual costs of the SUDS maintenance and for costs of secondary roads.

12.17 The sinking fund represents an annual target to add to reserves towards long term costs of replacement and renewal. However, it also provides a buffer fund in the event that investments perform below expectation in any year.

13 CONTINGENCY ARRANGEMENTS

- 13.1 The potential income cited above, together with the ability of the Trust to increase the management covenant each year, should minimise any risks that the Trust will have insufficient income to meet its obligations.
- 13.2 At each stage, before assets are transferred to the Trust, the Council will require evidence of the management and maintenance arrangements, together with their funding, before it will sign the Final Certificate which is required for the transfer to proceed. This means that the Council has further opportunity to monitor and manage the transfer process, even after it has approved this plan and, in due course, the Trust Business Plan.
- 13.3 The requirement for regular reporting to EHDC, together with the council's representation on the board, should also ensure that the council would have early warning of any potential failure and would be able to take appropriate action to support the Trust.
- 13.4 The Council also requires some form of 'step-in' power or backstop arrangement, including the ability for the council to step in and enforce the management covenants. This could be provided if the company articles entitles the council to replace the Board and take over control as sole corporate trustee of the charity in the event that the Board has serious internal divisions such that it is unable to reach and agree decisions; or that it has insufficient members to form a quorum, or that it refuses to take decisions which are required to maintain the assets in accordance with the approved plans and strategies.
- 13.5 However, the developers will want to ensure that any such powers, can only be exercised in extreme circumstances and will require the Trust articles to be drafted appropriately.

Appendix 1 – Community Trust Plan – S106 contents

"Community Trust Plan" means the arrangements for setting up a Community Trust which shall be funded by the Community Management and Green Infrastructure Initial Sum of part of the Community Management and Green Infrastructure Contribution and shall include:

1. functions and scope
2. terms of reference, formalities and powers (including empowerment to apply for grant funding for all the facilities it manages and maintains together with all other powers required to perform its duties pursuant to this Deed and as property owner together with (inter alia) power to:
 - donate or gift to a conservation charity or body approved by the Council (in writing) any parts of the Green Infrastructure Land (and apportioned commuted sum) which may benefit from specialist conservation maintenance and/or limited public access
 - to enter into a non (or de minimis) profit arrangement in respect of the management and maintenance of the Allotment and Community Growing Space Land
3. any staff resources required for day to day management and running of Community Trust taking into account its responsibilities during and after construction of the Development
4. the identification of trustees (including the Council)
5. appointment of a treasurer which shall either be:
 - the Council (including the contractual arrangements for the provision of this service by the Council and the fee paid to the Council for the service) or
 - other organisation nominated by the Council which said organisation shall be underwritten by insurance or such other effective means to protect the Community Trust funds from fraud or theft
6. if the Council is not the treasurer then in lieu arrangements for annual accounts to be submitted to the Council together with arrangements upon the request of the Council for reasonable inspection of the accounts from time to time
7. auditing arrangements
8. arrangements for preparing the Community Trust Annual Business Plan including its submission to the Council
9. arrangements upon the request of the Council for a reasonable analysis of the performance of the Community Trust from time to time

10. *setting up bank accounts*

11. *timetables for matters such as establishing the Community Trust; appointments; recruitment; office provision and other matters from time to time as the Development proceeds and assets and liabilities are passed to the Community Trust*

12. *funding of the Community Trust which shall include (but not exclusively):*

- *Community Management and Green Infrastructure Contribution;*
- *Management Covenants (to provide continuous long term and ongoing funding for the management and maintenance of the Community Assets):*
 - *Mechanisms to ensure the Management Covenants are enforceable by the Community Trust (and if achievable: enforceable by the Council) or other legally binding arrangements to enforce the same on behalf of the Community Trust together with arrangements for the same to be paid to the Community Trust*
 - *Terms of the Management Covenants*
 - *Other matters necessary or reasonably required by the Council*
- *income from the operation of the Community Buildings;*
- *if appropriate, the SUDS Maintenance Contribution*
- *other funding (if any) available at the time of the setting up of the Community Trust*

13. *Contingency arrangements in the event of failure or cessation of the Community Trust*

14. *Other matters necessary or reasonably required by the Council to be addressed*

Appendix 2 –Objects and Powers

The following Objects and Powers are those of Chilmington Green Community Management Organisation as set out in the S106 Agreement with Ashford Borough Council – with full acknowledgement.

The Company's Objects are specifically restricted to the following:-

- 1 *to provide maintain and equip parks gardens landscaped areas woodlands open spaces playing fields playgrounds recreational amenity spaces and other elements of the public realm within the Area of Benefit for the benefit of the inhabitants thereof;*
- 2 *to advance public education in the Area of Benefit for the benefit of the inhabitants thereof with particular regard to horticulture arboriculture wild plants and wildlife;*
- 3 *to provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare and with the object of improving the conditions of life for the inhabitants of the Area of Benefit;*
- 4 *to promote the conservation, protection management maintenance and improvement of the physical and natural environment in the Area of Benefit for the benefit of the inhabitants thereof;*
- 5 *to promote, protect, preserve and advance all or any aspects of the health of the inhabitants of the Area of Benefit; and*
- 6 *to establish, manage or assist with the establishing and management of health facilities, community centres, arts centre, workshops, groups for educational play, deprived youth and old people in need and centres residential or otherwise for activities in the Area of Benefit all being for the benefit of the inhabitants thereof.*

The Company's articles also specify its powers:

The Company may do anything that a natural or corporate person can lawfully do which is not expressly prohibited by the Articles in order to further the Objects (but not otherwise) and in particular it has powers:

Staff and Volunteers

- 1 *to employ staff or engage consultants and advisers on such terms as the Board thinks fit and to provide pensions to staff, their relatives and dependants;*
- 2 *to recruit or assist in recruiting and managing voluntary workers, including paying their reasonable expenses;*

Property

- 3 *to purchase, lease, exchange, hire or otherwise acquire any real or personal property rights or privileges (including shared or contingent interests);*
- 4 *to construct, alter, improve, convert, maintain, equip, furnish and/or demolish any buildings, structures or property;*
- 5 *to sell, lease, license, exchange, dispose of or otherwise deal with property (subject to the restrictions in the Charities Act 2011);*
- 6 *to provide accommodation for any other charitable organisation on such terms as the Board decides (including rent-free or at nominal or non-commercial rents) subject to the restrictions in the Charities Act 2011;*

Borrowing

- 7 *to borrow and give security for loans;*

Grants and Loans

- 8 *to make and receive grants, donations or loans, to give guarantees and to give security for those guarantees (subject to the restrictions in the Charities Act 2011);*

Fund Raising

- 9 *to raise funds, to invite and receive contributions;*

Trading

- 10 *to trade in the course of carrying out the Objects and to charge for services;*

Publicity

- 11 *to hold, conduct or promote meetings, conferences, lectures, exhibitions or training courses and to disseminate information to publicise the work of the Company and other organisations operating in similar fields;*
- 12 *to promote or carry out research and publish the results of it;*

Contracts

- 13 *to co-operate with and enter into contracts with any person;*

Bank or building society accounts

- 14 *to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments and to operate bank or building society accounts in the name of the Company;*

Investments

- 15 *to:-*
15.1 *deposit or invest funds;*
15.2 *employ a professional fund-manager; and*
15.3 *arrange for the investments or other property of the Company to be held in the name of a nominee in the same manner and subject to the same conditions as trustees of a trust are permitted to do by the Trustee Act 2000;*

Insurance

- 16 *to insure the assets of the Company to such amount and on such terms as the Board decides, to pay premiums out of income or capital and to use any insurance proceeds as the Board decides (without necessarily having to restore the asset);*
- 17 *to insure and to indemnify the Company's employees and voluntary workers from and against all risks incurred in the proper performance of their duties;*
- 18 *to take out insurance to protect the Company and those who use premises owned by or let or hired to the Company;*
- 19 *to provide indemnity insurance for the Directors in accordance with, and subject to the conditions in, the Charities Act 2011;*

Other Organisations

- 20 *to establish, promote, assist or support (financially or otherwise) any trusts, companies, registered societies, associations or institutions which have purposes which include the Objects or to carry on any other relevant charitable purposes;*
- 21 *to co-operate or join with any charity, voluntary body or public or statutory authority or any other organisation in any location whatsoever in furthering the Objects or allied charitable purposes, to exchange information and advice and to undertake joint activities with them;*
- 22 *to amalgamate with any charity which has objects similar to the Objects;*
- 23 *to undertake and execute any charitable trusts;*
- 24 *to affiliate, register, subscribe to or join any organisation;*
- 25 *to act as agent or trustee for any organisation;*

Reserves

- 26 *to accumulate income in order to set aside funds for special purposes or as reserves against future expenditure;*

Formation expenses

- 27 *to pay the costs of forming the Company and of complying with all relevant registration requirements; and*

General

- 28 *to do anything else within the law which is incidental and conducive to the Objects.*

Appendix 3a – Cost estimate

SERVICE CHARGE ESTIMATE - DRAFT

CHAMONIX
ESTATES

Management Company:

Development: Stortford Fields, Bishops Stortford, Herts

Date of this version: 19th June 2017

Reference: 1364 - Vers A

Prepared by: VH

Service Charge Period: 2017

No. of units to contribute	Gross Charge	Individual Unit Charge
	2200	
Maintenance & Repairs		
• Grounds Maintenance	30000	14
• Tree/Hedgerow/Woodland Protection	45000	20
• Sundry Minor Repairs	13200	6
• Refuse	2000	1
• Play/Recreation Area	4680	2
• Water Feature/Water Course	960	0
• Ecological/Naturalised/Meadow Area	1500	1
• Contingencies	0	0
Statutory Inspections & Testing		
• Health & Safety	1698	1
• Electrical		0
Utilities		
• Electricity		0
• Water		0
Insurance		
• Public Liability, Perils & Employers	3606	2
• Directors & Officers	392	0
• Insurance Valuation	2200	1
Administration		
• Management Fees	132000	60
• Audit & Accountancy	11760	5
• Company Secretarial Fees	480	0
• Sundries	9300	4
Sub Total	258777	118
Reserves		
• General Reserve	3300	2
• Equipment Reserve	4400	2
TOTAL	266477	121

This estimate is based on information available at the date of preparation and may be subject to reasonable revision in the course of development and then on an annual basis as provided for in the form of transfer and/or lease by which an individual property is sold.

SERVICE CHARGE ESTIMATE – EXPLANATORY NOTE STORTFORD FIELDS

A draft service charge estimate has been prepared by Chamonix Estates on behalf of the Bishops Stortford North consortium in respect of the 2,200 new homes being developed within a managed area at Bishops Stortford North.

The various items of expenditure have been broken down and allocated between the following headings:-

Maintenance & Repairs

- Grounds maintenance to be undertaken regularly throughout the year in accordance with the requirements of any landscape management and ecology plans. This will include cutting of amenity grass and meadow areas, tending to any shrubs and new plantings, litter picks, strimming, keeping pathways clear and sweeping hard landscaping.
- It is intended that a suitably-qualified ranger will be appointed to monitor woodland areas, manage tree reduction works and use appropriate methods to monitor/encourage wildlife. New tree plantings will also be closely monitored, stakes/ties will be checked and adjusted and any failed plantings will be replaced. Interpretation boards will also be checked for damage and cleaned as necessary.
- A general allowance has been made for minor repairs, gardening materials and replacement plantings.
- We have assumed there will be litter bins and dog waste bins, and have made allowance for them to be emptied regularly and waste removed from site.
- Weekly attendance to play and recreation areas to cut grass, sweep/rake play surfaces, litter pick and carry out visual inspections of equipment to ensure it is safe and in good working order.
- Banks of ponds and ditches will be cut back as appropriate and regular litter picks undertaken. Inlets/outlets will also be checked at regular intervals to ensure they are free flowing, and obstructions will be removed.
- Allowance has been made for periodic ecological surveys to be undertaken.
- No allowance will be made within the first year for contingencies, but this may be added in at a later date to cover any additional unforeseen expenditure.

Statutory Inspections & Testing

- Allowance for Health and Safety risk assessments to be undertaken to the estate areas in accordance with the Health and Safety at Work Act. We have also allowed for annual RoSPA inspections to be undertaken for the play areas and water features.

Utilities

- No allowance has yet been made for electricity or water, but these may need to be included as and when we are in receipt of further information.

