



Dear Resident,

Channels - Site Wide Service Charge ACCOUNTS & UPDATE Summer 2021

Please find enclosed a comprehensive pack of information for you as at the end of the Site Wide Service Charge year of June 2021, as follows:

1. Service Charge Statement

2. Community Interest Company (CIC)

We have successfully converted the company into a CIC which all home owners can join – full details attached

3. Accounts for the year to 30 June 2021 and Budget for 2021/22

4. Website Our new website is now live and we hope you enjoy it – please let us have any comments and suggestions so that we can ensure this is of maximum benefit to all residents. www.channelscic.co.uk

5. Village Green This is located in front of Channels and is now available for residents to use. There is a bit of tidying up still being done, but you can use it.

As always, please do contact us on residents@channelscic.o.uk with any issues or queries

We are proposing to run the first formal meeting of the CIC on **Thursday 7th October at 7pm** which you are invited to attend.

LOGIN DETAILS: Meeting ID: 821 1722 1034 Passcode: 357095

<https://us02web.zoom.us/j/82117221034?pwd=c3FxbjY5N0N0S0s3VzN6cVE1dysvcG1kUT09&from=addon>

Dial: +44 203 481 5240 The United Kingdom

Find your local number: <https://us02web.zoom.us/j/82117221034?pwd=c3FxbjY5N0N0S0s3VzN6cVE1dysvcG1kUT09&from=addon>

Passcode: 357095 One tap mobile +442034815240,,82117221034#,,,,*357095#

Yours sincerely

Hugo Kirby, Olly Buck and Olly Stubbings



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Conversion to a Community Interest Company

We are very pleased to confirm that the Channels Site Wide Management Company is now a Community Interest Company designed to give all our residents a part to play in managing our wonderful landscape.

The Company is now called: “Channels Community Stewardship CIC”

All resident homeowners are entitled to become a member of the company.

Being a member doesn't carry any liabilities (other than to pay your service charges) but means that as a member you have a voice and can help direct the management of the site wide areas and the budget.

On the next pages are some more details and a form to be completed.

First Meeting

We are proposing to have our first CIC meeting after the Summer Holidays on

Thursday 7th October at 7pm

We are proposing to conduct the meeting **virtually** by Zoom so that everyone can have a chance to join and ask questions.

The agenda for the meeting is shown below.

We will then have a later “surgery” style session at Channels where we can meet people face to face.

Local Management Areas and Management Companies

The current approach to service charges is based on the separation of Local Management and Site Wide management companies. Having a CIC in place does mean that, if you wish, the CIC can take over the individual Local Management areas and run the whole of the Channels development site and charge one service charge rather than the current separated approach.

This had always been the intention and would simplify administration and, importantly, cut costs for everyone.

At this stage we are not pushing for that – just advising that it could be done – it is your decision. If you would like to explore that please discuss it with your Local Management company.

Below we summarise the situation and we have made a proposal on how all the areas could be combined within the CIC to your Local Management Company



The CIC Proposal to Local Management Area Companies

At present each developer area is managed by a separate Residents Management Company, so:

- Channels (Chelmsford) Management Company Ltd manages the area developed by Bellway;
- The Lanes (Channels, Chelmsford) Management Company Ltd manages the area developed by Croudace
- Home Group manage the area developed by Home Group (Persona Homes)
- Marden manage the areas developed by Marden

This was not the original intention, which was for the whole estate to be managed by one party, with the residents as members.

By having separate Site Wide management and Local Area management the residents end up paying two sets of managers to do very similar jobs, which duplicates work and costs more.

We propose that the Channels Community Stewardship CIC can, if residents wish, take over the management of any of those parcels, which will involve significant cost savings for the residents of those parcels which do come into the CIC.

There are two scenarios:

A. if all Local Management areas come in to the CIC

then the estate can be managed as a whole, with just one service charge, which will significantly reduce the administration costs.

B. If only some Local Management areas come into the CIC

In this situation those areas will keep a separate identity and be managed by their own local residents committee within the wider CIC, so that they make their own decisions for their own area, free of interference from anyone else.

There would still be just one service charge statement, but it would show two charges – the site wide and the local area separately.

In this scenario there would be some additional administration for us as managers, but there would still be a significant saving on current costs.



A summary/extract of some of the CIC Rules and other details

1. Membership is open to all freehold and long leasehold residential property owners on the Channels Estate who apply for membership on the form below for so long as they remain owners and are up to date with their Site Wide Service Charge Account (or if they pay through their management company, that management company is up to date).
Please note that residents who live in a home owned by a Housing Association are not eligible for membership but may apply to go onto a register to be allowed to attend and speak at CIC meetings (simply use the form below and tick the box that you are in a Housing Association property)
2. A formal CIC members meeting will be held each year to confirm the accounts of the CIC, to review the budget for the year and to carry out any formal decisions required.
3. Informal CIC meetings will be held regularly as requested by members, probably quarterly.
4. The members will elect directors of the CIC to represent them and make day to day decisions.

Please indicate in the form below if you would like to be a director (or to nominate someone else)

Note: It is intended to have directors representing each house builder parcel

DRAFT Agenda for CIC Meeting

- 1 to review applications for membership and confirm members
- 2 to review proposals for directors and appoint directors of the company
- 3 to review and if appropriate approve accounts for 2020/2021
- 4 to review the proposed service charge budget for 2021/2022 and consider:
 - a) any proposed changes to the budget
 - b) any proposals for additional expenditure, including in particular:
 - i) Community projects e.g. growing points
 - ii) proposal for a Community Garden at Condor Gate (Budget £5,890)and to approve the final budget and, if appropriate, any service charge for 2021/22



CIC MEMBERSHIP APPLICATION FORM (sending details or a scanned copy by email is acceptable)

Channels Community Stewardship CIC

Application to join the CIC

Name: _____

Address: _____

Property within the CIC area (if different): _____

Email address: _____

Telephone number: _____

I/We hereby apply to join the CIC and confirm:

1. that we are the registered legal owners of the address shown above in the CIC area

Note: Tick here if you are living in a house owned by a Housing Association and wish to participate

2. we are up to date with our site wide service charges as shown on the statement provided to us (or we provide details of payment made / attach payment to bring us up to date)
3. we consent to the CIC holding our personal details as provided above for the purposes of communication regarding CIC and Channels Estate matters.
4. I/We would like to propose myself/or another name as a director

Signature _____ Date _____

Channels Email Pledge: We will only ever send you emails about the Channels Estate. We will not share your data with anyone.

You can UNSUBSCRIBE at any time by sending us a message headed UNSUBSCRIBE.

Residents can SUBSCRIBE at any time by sending their email and street address with a message headed SUBSCRIBE.



ACCOUNTS

Site Wide Management Accounts

Following on from our newsletter in April we are pleased to attach more detailed accounts for the Financial Year 2020/2021

We are very pleased to report that we came in under our forecast, and that we now have a well organised estate management process and a strong financial position, much changed from when we took over in November last year.

We can also re-confirm that the proposed budget for this year 2021/2022 remains unchanged.

We have made substantial strides in organising things and collecting unpaid service charges and continue to do so, although some residents have not yet paid.

If you have not paid you will receive a Statement around the same time as this newsletter

***Please settle this statement as soon as possible
as further delays will lead to additional charges and
you will not be able to join the CIC unless you are up to date***

We are dealing with the debtors and are making good progress, including with the Bellway residents Management Company (CCMC) who were causing us considerable concern but have now paid a significant part of their balance and committed to paying the rest by the end of December.



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SITE WIDE SERVICE CHARGE A C C O U N T S

INCOME AND EXPENDITURE ACCOUNT

For the year to 30 June 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>Income for the period</u>			
Service Charges		£49,736	£90,420
Other Income			
Costs Recovery		£61,129	
		£110,865	£90,420
Community Projects fund	taken to reserve	£50,000	
<u>Expenditure for the period</u>			
Estate Work maintenance and repairs			
On Site Part Time Manager		(£7,000)	£0
Estate Work		(£23,853)	(£15,134)
Managing Agent		(£16,410)	(£25,690)
Administration & Professional			
Insurance		(£1,692)	£0
Miscellaneous costs		(£710)	
Accounts remedial work due to failure of previous agents		(£10,000)	£0
Bank Charges		(£40)	(£34)
Total Expenditure		(£59,705)	(£40,858)
Surplus/Shortfall for the year	excluding reserves	£51,159	£49,562
BALANCE SHEET			
Assets			
Cash at Bank	1	£2,421	£603
Service Charges in arrears	2	£112,936	£141,254
Other Debtors	3	£50,000	£0
Other Debtors	3	£71,700	
		£237,057	£141,857
Liabilities			
Creditors		(£36,510)	(£42,470)
		(£36,510)	(£42,470)
Net Assets		£200,547	£99,387
RESERVES			
Surplus		£130,547	£79,387
General Reserve		£20,000	£20,000
Growing Point Funds	4	£50,000	£0
		£200,547	£99,387



NOTES TO THE ACCOUNTS

1 Post Balance Sheet Events

Since the Accounts date cash has been received

Cash Balance at 13 August 2021	£120,667
Service Charges in arrears at that date (see note 2)	£64,184

2 Service Charges in Arrears

There are a number of residents / the management companies who are in arrears.

All debtors have been sent statements and are aware of the position.

The most significant debtor is Channels (Chelmsford) Management Company Ltd, who are responsible for the Bellway Residents - please see the attached report

	<u>as at 30/6</u>	<u>recd since</u>	<u>balance</u>
Channels (Chelmsford) Management Company Ltd	£72,621	(£39,882)	£32,739
<i>Late Note: CCMC have committed to pay the balance by 31/12/2021</i>			
Marden St Albans Ltd (lot 6)	£19,946		£19,946
TTMP Ltd (Marden Lot 4)	£5,605		£5,605
<i>Note: Marden have committed to payment in August</i>			
Home Group	£6,499	(£6,499)	£0
Individual residents			
Croudace Residents (the Lanes)	£6,059	(£165)	£5,894
Home Group Residents	£2,205		
	£112,936	(£46,546)	£64,184

3 Other Debtors

Marden (Community Projects Fund)	£50,000		£5,894
<i>This is expected in August, see above</i>			
Developer cost recovery	£71,700	(£71,700)	£5,894

4 Community Project Fund

These funds are available for projects chosen by the residents

The CIC will review these.



Proposed Budget for 2021/2022

The Budget for 2021/22 is largely driven by what level of management we all want for the site wide areas. The Budget we have provided is based on the current Site Wide Maintenance Schedule which is included in this report.

It covers all of the land currently available to residents, although we don't expect the budget to materially increase as the remaining areas become available.

Please note that residents only pay for maintenance of the land that has been handed over – no money is spent on land which has not yet been handed over – that is the responsibility of the developers until they hand the land over.

The Site Wide Maintenance budget was originally estimated at around £135/home/year in 2014 which would be around £160/per home/year with inflation, but we intend to do our best to keep it well under the original £135 estimate so we trust that this will be welcome news for everyone.

Because we understand that this is the first time that a budget has been properly consulted on we have included some notes on the next page to help everyone understand the background and how we have arrived at these numbers.

The **BUDGET** for next year, 01/07/2021 to 30/06/2022 is proposed at **£93,800 for the year, or £125.74/home**

We commend the budget to the company as being appropriate for the upcoming year.

Sinking Fund

There was supposed to be a sinking fund but it has been poorly managed.

We propose setting a sinking fund of £20,000. This will be discussed and confirmed at the CIC meeting

Service Charge for 2021/22

The Budget is not the same as the Service Charge, which takes into account any surplus carried forward.

We do have a surplus carried forward and ALSO we have successfully obtained a contribution from the developers for the ecology costs previously incurred.

The service charge for the year 2021/2022 is proposed at £ nil

This will be discussed and confirmed at the CIC meeting



CHANNELS SITE WIDE MANAGEMENT – PROPOSED BUDGET FOR THE YEAR to 30 June 2022

NOTES

SITE WIDE SERVICE CHARGE BUDGET FOR 2021/2022	
Service Charges	£0
Costs	
Site Manager	(£12,000)
Estate Management - Regular Work	(£40,000)
Budget for one-off costs	(£10,000)
Insurance	(£3,000)
Managing Agent	(£28,800)
Admin and Professional	£0
Bank charges & Interest	£0
Surplus for the year	(£93,800)
Service charge per home	£0
<i>Actual cost per home</i>	<i>£125</i>

1 **Estate Work**
this comes in three parts

a. **On site Estate Manager**
Carried out by Olly
Stubbings

b. **Regular scheduled work**
this is as set out in the
schedule below

c. **One off works**

there will always be other work to do on the estate so we include a healthy budget for this kind of work based on what has been spent in previous years. We keep strict control of the costs for this work and hope to make a saving, which would be carried forward to next year and reflected in the service charge for that year.

2 **Managing Agent**

Over the last two years we have interviewed several possible managing agents and so we have a good idea of what they charge. For example:

POD charged £36,000 per year, plus extra costs for accounts work and other things.

The Land Trust quoted over £40,000

We are charging a lot less at £24,000 + vat per year = £28,800 inc VAT.

This is based on the efficiency from charging the residents management company, and there is an additional admin charge of £15 per invoice where we invoice residents directly.

There will also be additional charges levied for late payment or enforcement action.

We will be reviewing the management charge next year to see if we can reduce it further.

3 **Administration & Professional costs**

this is mainly insurance and the cost of an audit, if it is decided that one is required.

BUDGET per home per year

£125

SERVICE CHARGE 2021/2022 proposed

£ nil



Channels Site Wide Open Space Maintenance Schedule

Weekly Tasks

(M W F = Monday, Wednesday, Friday)

Check Fishing Lake levels and drains Daily

- Litter Pick
- Bin Collection
- Check for debris on road
- Health & Safety Check and Walkaround

Village Green	The Park (inc. Play Area & Skate Park)	RDR	Western Mitigation Area
M W F	M W F	M F	M W F
M W F	M W F		M W F
		M F	
M F	M F	M F	M F

SEASONAL & OTHER TASKS

- Strimming and cutting March to November *
 - Hedgerow cutting once in March & September
 - Spraying hard and soft surfaces when necessary
 - Wildflower & Long grass cut once in September *
 - Beds weeded (Skate Park & Play Area) April/July/November
- * Weather dependent*

Green	Park	RDR	WMA
Y	Y	Y	Y
	Y	Y	Y
Y	Y		Y
Y	Y		Y
	Y		

Other Works

- Barking of Bedding areas once per year in February
- Pumping of ponds if overflowing (as required)
- Watering of trees in times of drought
- Covid-19 related issues (e.g. Skate Park notices/closure)

CAR PARK		
Job	Schedule	
Litter Pick	M W F	Weekly
Hedge Cut	Apr / Sept	2 x per year
Weeding	Apr / July / Nov	3 x per year
Spraying Hard Surfaces	April / July / Nov	3 x per year

NOTE: Grass cutting - unless otherwise specified:

- The Green will be cut to a long lawn standard (grass length up to 75mm)
- Wildflower areas only cut once a year
- Other areas to a paddock standard (grass length generally allowed to grow up to 200mm, in places up to 300mm, with individual wildflower clumps and tufts allowed to grow higher)



INFORMATION – THE BASIS FOR THE SERVICE CHARGE

The Service Charge

As part of their planning consents both Channels and Beaulieu are required to manage their open space through a Residents Service Charge. This is common for large developments.

The Service Charge year runs from 1st July to 30th June each year.

At Channels the open space has been and is being delivered by the developers at no cost to the residents.

The residents are only charged for areas which are open to them, up to that time it is a developer's cost.

Open Space comes in two parts:

- Local Open Space Managed by each Developer's Resident Management Company
- Site Wide Open Space Managed by the Site Wide Management Company

Local Open Space is relatively small areas of Open Space within a developers Lot, and Site Wide Open Space is the larger elements and elements which fall outside of the developer Lots. The plans below show the developer lots and the Site Wide areas.

The original hope was that all of the Open Space at Channels would be managed by one management company and delivered through one service charge, and that remains possible if the residents wish it to happen.

For the moment though the management is separate – your own Residents Management company looks after your Local Open Space and we look after the Site Wide Open Space.

The legal obligation to pay the Service Charge is contained in the Deeds of every home at Channels and there are serious consequences for non payment. This Service Charge system was explained by all the Developers at the time that homes were sold and would have been explained by the solicitors handling the purchase.

We have converted the Management Company into a Community Interest Company, where Residents can become members and share the decision making on the services to be provided and the level of the service charge.

The level of the 2021/22 spend will be decided by the CIC involving all the Residents who wish to have a voice and have paid their site wide service charge.

Site Management Plan showing the site wide areas in blue tint



As can be seen there are four main areas and a number of much smaller infill areas.

The main areas each have their own characters as shown above.

The wildlife and some other areas are kept informal and only cut back occasionally, whilst the Country Park and Village Green are maintained in a more formal state

Channels Estate showing the Developer areas

