



CHILMINGTON MANAGEMENT
ORGANISATION

CMO Annual General Meeting (AGM)

06.07.22

---- DRAFT ----

Director Attendees: Ben Lockwood (BL), Neil Shorter (NS), Alison Breese (AB) Steve Bartlett (SB)

Approved Observers: SallyAnne Logan (SAL), Dan Daley (DD), Katy Parr (by Teams);

Resident Members: 11

Resident Non-Member Attendees: 12

Non-Resident Attendees: Circa nine including Pete New, Neighbourhood Watch, four parish council, Jonathan Rutland, secondary school headteacher and colleague, Hannah Rushford EEA, Cllr Jessamy Blanford

Apologies:

CMO Board Director: Simon Banfield

1. Welcome and Introductions

The Chairman welcomed everyone to the 3rd AGM and introduced the CMO Staff, Board Directors and the local Ward Member. The Chairman mentioned the code of conduct for the meeting that had already been circulated with the meeting notice.

Chairman stated that CMO's legal status as a charity means CMO members have the benefit of having a say at AGMs and a vote on certain matters, and this positive participation will increase as time goes on.

3. Approval of 20/21 draft AGM minutes

Motion proposed by Chairman BL and seconded by NS

Members Vote

No.	Comment	Decision/Action
1	CMO Board Directors	For: 5 Unanimous vote
2	CMO Resident Members	For: 6 Against: 0 Abstentions: 5

Resolution was passed to approve 2020/21 AGM Minutes.



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4. Chairman's Report

The Chairman's report had been circulated prior to the meeting. BL summarised some of the main points.

There is a funding agreement with Ashford Borough Council (ABC) in place which is to cover a grant due to CMO from the developers. CMO have been negotiating with the council who have agreed to fund the deficit at £340k. Cash not yet fully realised in the accounts but shown as a debtor and drawn down from the Council when needed.

There is a service agreement with the council for ABC employees to operate the CMO. Will eventually get to a stage where CMO will need to move away from that model and subcontract or directly employ staff to run CMO. The board is going to be discussing this on their upcoming Forward Planning day.

The community cabin has not yet been handed over and CMO has been doing everything it can to pursue this, discussions with Hodson Developments are ongoing. Community land also waiting to be handed over and CMO is at advanced stages of negotiations with Jarvis about the lake, BDW has a number of areas of land which may be taken by autumn. Still waiting on Hodson land.

First resident director, SJB, was appointed through an open recruitment process.

The Chairman talked about the CMO Community Grants Fund, which with the help of ABC in setting it up, had already started giving out community grants.

The footpath from Chilmington Green Lane to the primary school and from the primary school to The Lakes have undergone some improvements following comments received at last year's AGM. The CMO is lobbying for further work to enable completion particularly on Mock Lane.

5. Presentation of Company Accounts and Independent Examiners Report 21/22

The Chairman explained the difference between the charity accounts and trust accounts; the charity accounts predominantly manage the grant funding received from developers under the 106 agreements and the trust accounts are where the rent charges go and are separately ring-fenced for the purposes set out in the deeds.

BL explained the income in charity accounts; grant income is £1k for Christmas trees from developers and Councillor **Jessamy Blanford**, and the £340k is the deficit funding agreed from ABC, some money for community grantmaking and £2.5k from 106 agreements.



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Expenses include legal fees. Much of this is due back upon the resolution of legal issues; £17k is expected back. Costs also include the service agreement with ABC for staff which has proved to be of great value.

Accounts are independently examined by McCabe Ford Williams and they confirm they are a true and fair representation of the financial statements.

The Chairman asked members for their questions on the interpretation of the charity accounts.

- What expenses are included in 'Sundries'? There is a split between finance and governance sundries.

Response: There will be a number of small expenses, but details are not easy to recall without referring to the records. **SAL agreed to find the details of these expenses after the meeting and distribute them to those interested.**

- Clarification requested on the position of £335k deficit grant.

Response: The £335k is a legal agreement with ABC, so the money is owed to CMO. As the agreement was signed this was shown as income into CMO but also shown on balance sheet as a debtor. This is drawn down from ABC as requested by CMO. It will then move from debtors into cash balance. ABC can't refuse to do this as there is a legal agreement in place. Ashford borough council will eventually claim this money back from the developers that owe it.

There is more in reserves than the 5% of operating costs reserves policy but the board is happy with that. The £335k needs to last until the next milestone of 500 occupied properties is reached as this will trigger the next grants due.

- How many houses are occupied and when will it reach 500?

Response: 215 currently occupied. 500 is hard to predict. There are a number of factors. One is an issue with Natural England where certain mitigating actions are needed to be satisfied relating to the Stodmarsh special protection area. Also, legal issues with developers are under discussion with the council and the housing market is turbulent and unpredictable. About 200 dwellings are due to be built/under construction over the next 2 years; at a rough estimate, 500 could be 5 years' time.

- Member requested a budget forecast which had been requested in the past and not yet seen.

It was agreed the charity's budget could be put up publicly on the website.

- Rumours heard about Jarvis and Hodsons stopping construction, could this be addressed?

Response: It was not known if there was any truth in this. Developers will constantly be reviewing business models based on the economic circumstances. Currently build rate is continuing but it's hard to speculate further than that. **The Board will ask developers again about building projections.**



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- £57k is the cost of the services from ABC, can this be more transparent?
Yes, some details regarding the schedule could be shared with members, SAL will look into that.
- Observation that legal costs are high as a proportion of income.
Response: Board is aware, and as mentioned earlier a lot of this will be recovered.
- A member expressed concern that they have not yet got a compliance certificate nor sight of their full rent charge deed.
Response: Issues with compliance certificates lie with resident's conveyancer or developers but CMO is the last stop before they are issued. CMO can advise why it's being held up and who to ask, so this can be looked into for individual households.
- Concern was raised that it was possible for CMO to increase rent charge.
Response: It was explained that there are strong caveats that go with this, such as it not being possible until 2030 and it needing to go to a members vote. Rent charge can only go up by RPI each year until then.
- There was displeasure expressed with the voting structure as it was felt it worked against the resident members as they only get 50% of the total votes no matter how many there are present.
Response: If members wish to understand the procedure, the CMO's articles are published on the website.

6. Members Vote for approval of Company accounts 2021/22

No	Comment	Decision/Action	Who responsible	Timeframe/date
1	CMO Board Directors	For: 5 Unanimous vote	-	-
2	CMO Resident Members	For: 8 Against: 0 Abstentions: 3	-	-

Resolution was passed to approve 2020/21 Accounts.

7. Appointment of Independent External Examiner McCabe Ford Williams

Motion proposed by Chairman BL and seconded by NS

Members Vote



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No	Comment	Decision/Action	Who responsible	Timeframe/date
1	CMO Board Directors	For: 5 Unanimous vote	-	-
2	CMO Resident Members	For: 10 Against: 0 Abstentions: 2	-	-

Resolution was passed to approve MFW as the Independent External Examiner

8. Presentation of Trust Accounts – Sue Canty, Senior Property Manager at RMG

Questions:

- Debt collection; is CMO doing enough to recover what is owed?
Response: CMO board is trying to strike a balance between debt collection and being fair and reasonable. Many of the individual legal issues are complicated. When land is actually being managed by the CMO, is the point that debt collection needs to be considered.
- Could the letter from RMG for the rent charge invoice be clearer? It does not give a date saying when it needs to be paid. It was felt by the members that there isn't enough transparency and clear guidance in those letters regarding how long there is to pay the invoices and when charges will be incurred. It was expressed that there are a number of residents who do not have a copy of their rent charge deed agreements. In future the accompanying letter to rent charge payment should be more expansive and remind residents of what is in the original deed.
Response: Bills for rent charges are due on demand, as per the deeds, so there is not technically a due date. **Board agreed to pick up with those residents who do not have a copy of their rent charge deeds to try and resolve that issue and make accompanying letter more detailed.**
- Does the board get value for money for RMG fees?
Response: There is a degree of fixed costs that have to be paid even though CMO is in early stages. Charging rate varies after the first 3 years as occupancy goes up. Management fee RMG takes from CMO doesn't get deducted based on those houses which are not paying rent charge. It is representative of houses that should be paying. Fee will look more proportionate as occupancy goes up. RMG has given a lot of support, helping with appropriate policies to get CMO up to certain best practice standard such as ARMA Code.
- Bottom line figures of how much should be paid in rent charges against what is being collected was requested.



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Response: **Board agreed to share this with members as an aggregate amount.**

- Resident members would like to know how many occupant houses there were at year end to give context to the accounts.

Response: **This was also agreed to be shared.**

- Are the trust accounts audited?

Response: Yes.

- Is CPI or RPI being used as inflation index to work out rent charge increases?

Response: It was confirmed that RPI was being used.

- Concern from residents about how much increases could be based on the predicted rate of inflation which is estimated to be very high, especially as cost of living increases are having real impact on personal finances.

Response: The Board defended the balance between keeping the CMO sustainable and being fair in the increases. **Board will consider the resident members comments in their decisions when RPI rates come in and in preparation of the 2023/24 budget.**

- Residents commented that the charge to RMG feels like a high percentage of income.

Response: Board confirmed that the decision to use RMG to collect charges was made a number of years ago to reduce CMO admin and it has been a sensible agreement. It was requested this comment was discussed by the board.

Members of the board agree they would like to be able to hear resident questions more regularly and informally and would consider how they could do this going forward.

9. END OF FORMAL AGM

10. Member Questions

- Concern was raised over high turnover of staff in the primary school and about the path from the lake to the school is in poor condition.

Response: Work is being done on raising the footpath concerns with KCC and also about safety signs.

- Concerns raised about overgrown hedgerows on the school route.

Response: Responsibility lies with the landowners (Riparian Ownership), but KCC highways need to ensure this is done. **CMO can push KCC to resolve and be a voice for the residents.**

- Could there be signage put up around the lake to keep dogs on the lead so they do not chase the wildlife?

Response: **CMO can also bring this up with Hodson on behalf of residents.**



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- Dissatisfaction expressed about lack of promised and advertised public transport, residents felt this was advertised as part of the resident package and they were effectively mis-sold.

Response: **Unfortunately not CMO's responsibility to provide, but CMO will represent this view to the powers that do bare this responsibility.**

- Can CMO chase Hodson for cementing all the parking bays?
- When will the roads be finished? There are concerns about dangerous items such as screws and nails found lying around.

Response: Advised that developers tend to finish the roads once building work is complete so that large vehicles have finished using them.

- Positive comments were made about the great Jubilee celebrations hosted by CMO.