



**ANNUAL GENERAL MEETING  
DIRECTORS REPORT  
THURSDAY, 9<sup>th</sup> JANUARY 2020**



**1. WELCOME & INTRODUCTION**

Welcome to the Annual General Meeting of Channels (Chelmsford) Management Company Limited and I appreciate your efforts as members in being able to attend.

By way of context and reminder to members, the Channels development was granted planning permission for 750 homes in 2012 and since then has been built in a number of phases by different developers. Bellway at Channels consists of the initial two phases of development; Eagle Rise & Aqua Verde and many residents have been on the site since 2016.

Channels (Chelmsford) Management Company Ltd is an organisation that has been set up, as part of planning conditions, tasked with management of the Bellway at Channels Phase 1/2 estate. The objectives of the organisation, often referred to as the Residents Management Company, are stated in its Articles of Association.

Essentially, the company is responsible for communal areas and services within the development which do not belong to an individual and which must be maintained for the benefit of all. This may include communal open spaces, paving, parking spaces, water features, lakes, play equipment and so on. It is also responsible for ensuring that restrictive covenants are adhered to in line with property transfer agreements.

Legal ownership of the aforementioned land passes to the RMC and as residents (private owners and tenants via their Housing Associations) are members of the RMC, the land effectively belongs to everyone that lives on the development. It is therefore the responsibility of residents to ensure the land is appropriately used and maintained in accordance with planning conditions.

I have been a director since 25<sup>th</sup> July 2019 and I was appointed to assist with the smooth transition to a newly appointed managing agent during the summer of 2019.

There are currently two other active directors, both of whom will be resigning as part of tonight's proceedings in line with the company constitution, and POD Management are present in their role acting as Company Secretary.

The key items for consideration at the AGM are the last set of financial statements and the resignation and appointment of directors.

## **2. KEY EVENTS OF THE YEAR**

The Directors Report is supposed to cover the period of the last financial year, highlighting any 'real world happenings' that are responsible for the figures being discussed which in turn provides assurance to members about company performance.

However as my term in office is relatively recent, I intend to highlight key events that I have been aware of, up to the present day, as this will demonstrate an improved level of oversight and governance over recent months. I will ask that POD Management draw your attention to any specific issues with the financial statements as part of the relevant agenda item.

### **a. New Managing Agent**

The key change that has occurred over the last year is a change in Managing Agent. The RMC Managing Agent is an expert 3rd party that is appointed to support RMC Directors in discharging their legal obligations.

The RMC Managing Agent also supports administration of the RMC (as it is a limited company) including acting as Company Secretary, arranging AGMs or EGMs, maintaining company records, preparation of accounts and the filing all necessary statutory returns.

The process of finding a new Managing Agent began back in February 2019 and despite best efforts, it was clear that directors would not receive the level and quality of support required from the existing agent (DJC Property Management). As such notice was served.

A lengthy procurement process took place which involved the production of a detailed service specification (which had not been in place previously) to ensure that RMC directors could hold any new agent to account.

In addition, RMC Directors employed an independent 3rd party landscape consultant to develop a detailed service specification for delivery of on-going landscape management and maintenance in line with planning conditions.

The entire procurement process took 5 months and POD Management commenced delivering their service for the RMC on 1<sup>st</sup> August 2019.

The key point of note is that the RMC now has, as part of its contract with POD Management, a robust service specification that both parties will monitor and which RMC directors will use to determine whether performance is in line with expectations. This provides a far greater level of governance than was previously in place.

#### **b. Community Development**

The RMC has worked very closely with the Channels Residents Community Group (“CRCG”) to ensure that all local views, concerns and plans have been appropriately considered. The CRCG has acted as a voice to the local community and has on many occasions challenged RMC Directors.

The RMC has considered all issues raised and with the support of Bellway, this has led to significant improvements across Eagle Rise & Aqua Verde, many of which may not have otherwise taken place.

Collaboration and healthy challenge between stakeholders has proved to be an excellent way of working, demonstrating that the RMC is a fundamental part of the ‘Bellway at Channels’ community and not just a faceless administrative body.

#### **c. Communication & Social Media**

The RMC launched its own website in November 2019 *specifically for Bellway at Channels residents*. The website provides updates on everything to do with the Bellway part of the wider Channels development so that residents have assurance and oversight as to how the RMC is managing the Phase 1/2 estate.

There is also a Facebook Group dedicated to Eagle Rise & Aqua Verde and a Twitter account has also been set up to ensure that residents have a number of ways to keep in touch.

It has become clear during my time as director that many residents are not fully aware of the respective responsibilities of the RMC, Managing Agent and other stakeholders, such as the Channels Residents Community Group, or the relationships that exist between them.

Provision of key information and general communication with residents are areas that have been enhanced significantly over the last year and together with POD Management, the RMC will continue to ensure this is a priority.

### **3. KEY RISKS IDENTIFIED**

#### **a. Site-Wide Management & Service Charges**

One of the key concerns that has come to light is lack of governance surrounding site-wide management and the costs that all residents are all expected to pay as part of their overall service charge. Whilst the legal position is very clear about the responsibility to contribute to a service charge for management of the Bellway at Channels (Phase 1/2) land, there has never been any evidence of the legal position in relation to site-wide contributions, other than notification of a cost that had historically been advised via DJC Property Management.

It is unclear how the site-wide budget is set, how decisions are made and who can challenge those decisions. RMC directors do not therefore believe there has been sufficient transparency or governance in relation to the site-wide budget or for what residents have been charged over the previous 2 years.

The RMC has tasked POD Management to undertake a forensic analysis of the site-wide accounts, both from the perspective of better understanding what residents have been paying for, what the likely costs might be for the future and to confirm any legal obligations residents have to comply with.

*Until such time that the answers are known, RMC directors have instructed POD not to pay any further site-wide fees.*

#### **4. FUTURE KEY EVENTS**

##### **a. Ground Maintenance Contractor Procurement**

Following appointment of the new Managing Agent, RMC directors were clear that a procurement exercise would also need to take place to ensure that the requirements of the detailed Grounds Maintenance specification could be adhered to and that assurance could be provided around best value.

A tender process was started by POD Management in November 2019, a preliminary report has been prepared for review by RMC directors and following due diligence being undertaken, the intention is for a contract to be awarded with a view to services commencing by the successful contractor on 1<sup>st</sup> March 2020.

##### **b. Site-Wide Governance**

As previously noted, concerns have been raised in relation to general site-wide management and this extends to organisational & stakeholder governance.

As it stands there is no formal place for residents or the RMC on the Site-Wide Management Company board and whilst RMC directors have held a number of informal meetings with key stakeholders, (landowners, the landowner agent and developers), a more formalised position is needed.

RMC directors therefore wish to flag that improvement of governance in relation to site-wide matters, including the ability to formally participate in decision making, will be a key objective to progress for the coming year.

## **5. CONCLUSION**

Over the course of the last 15 months significant improvements have been made in the way the RMC supports residents of Eagle Rise & Aqua Verde.

I would like to thank the Channels Residents Community Group Committee for their hard work in identifying where improvements need to be made, ensuring that residents views are known and for acting as a key link between multiple stakeholders.

I would also like to thank Bellway Homes for recognising where things could have been done better across the development and for the assistance provided in progressing some of the improvements required.

It is now time to focus on the future. The RMC needs to continue working closely with residents and local stakeholders to turn what started as merely 276 housing units on a building site into a thriving local neighbourhood that identifies as part of the wider Channels Chelmsford development.

**Andrew Wright, Director**  
**Channels (Chelmsford) Management Company Ltd**