



Highcliffe Residents' Association CIC Annual General Meeting

Monday 9th September 2019 at 7.15pm
at St. Marks Church Hall, Hinton Wood Avenue, Highcliffe

MINUTES

Present:

- HRA Chairman Ian Hartnell
- HRA Directors Guy Gillett, Ben Lock and Richard Reader
- HRA Executive Committee members Tina Butcher, Kathryn Hartnell, Willie McNeill, Mary Reader, Joan Rose, and David Underhill
- BPC Councillors Nigel Brooks and Paul Hillier
- HWPC Vice-Chair Andy Martin
- about 60 other HRA members.

Apologies:

- HRA Executive Committee member Andy Clayton
- BCP Councillors Lesley Dedman and Nick Geary
- HWPC Chairman Bob Hutchings
- HRA members Paul & Valerie Brooks, Carole Matthews, Vincent May, & Pat Stokes

1. Welcome

Chairman Ian Hartnell welcomed members to the meeting on this cold September evening.

2. Minutes of 10 September 2018 AGM

These minutes were approved without dissent.

3. Review of HRA Activities in 2018/19

Chairman Ian said that it had been a year since he and Richard Reader had been elected as Directors at the previous AGM, and much had happened.

The tenant of the greater part of the HRA's building at 254 Lymington Road had recently announced the closure of its business. Because of the importance of this development, Ian read out the following statement:

“The Board of the HRA CIC has asked me to present a statement on their behalf.

“Our main tenant since August 2011, when the Dorset County Council transferred the building known as the Old School to the HRA, has been a privately run and owned nursery business called the Rainbow Pre-School and Nursery CIC.

“After the resignation of a Director of the HRA CIC in Autumn 2014 the two remaining HRA Directors were also the only directors of Rainbow. However, on the appointment of further Directors to the HRA CIC last Summer and at the beginning of this year there have been more individuals to help with the directorial duties. The new Directors reviewed the terms of the Rainbow lease and it was agreed by all of the Directors to seek legal advice. This professional advice has led the Directors to believe that there are substantial amounts of monies owing to the HRA by the Rainbow. Further details will be given later in a statement by the Board of the current financial position. However, the Rainbow Directors have apparently concluded that their business is no longer viable, and we understand that the Company will shortly be liquidated.

“We recognise the work done by the Rainbow for their pupils and are sad that the Directors have concluded that their business is no longer viable. However, it is not possible for the HRA to continue to financially support a private commercial enterprise, and the building was transferred to the HRA for use by the whole community.

“Furthermore, little maintenance work has been done to The Old School building in many years and parts of it have become very dilapidated. In addition, the new Directors have become increasingly concerned about the health and safety status of the building and have had to instigate comprehensive reviews and remedial work as necessary. All of this is putting great pressure on the HRA financial resources as will be explained later in the Board's financial report.

“Going forward it will be necessary for the HRA to find other funding avenues in order to finance substantial costs to repair and redecorate the whole building. It is currently expected that such costs could be in the order of £25k with very little element of improvement included in this figure. It is hoped that finance can also be found in relation to work to improve the building and make it more flexible for use of the community as a whole. The Directors will investigate applications for grants to undertake this work. If anyone has experience of making such applications or other finance-raising activities the Directors would greatly appreciate your help”.

Ian said, on a more positive note:

- Thanks to the volunteers who deliver the printed newsletter to those members for whom we do not have an email address.
- Thanks to Executive Committee member David Underhill, who had greatly assisted in obtaining and laying carpet tiles in the newly redecorated Small Hall in The Old School.
- Thanks to Ben Lock for securing a substantial rebate of business rates wrongly charged to HRA, and Guy Gillett for overseeing the resolution of a number of Health and Safety problems in The Old School.
- Thanks to past Chairman Rob Austin for his quality carpentry in repairing a very rotten window frame.
- The HRA continues to support the Highcliffe and Walkford in Bloom group, and was in discussion with other organisations such as Men's Shed and the Parish Council about possible use of parts of The Old School once necessary refurbishments were complete

Ian added that the Directors had greatly appreciated those members who had come forward to help with the work of the Executive Committee, and would continue to welcome additional assistance. Anyone with experience or expertise relevant to seeking grants for the maintenance of the HRA's community building would be especially welcome.

4. Financial Review

Ian called on Kathryn Hartnell to read the following statement:

“I have been asked to read out a statement on behalf of the Board of Directors in relation to the current financial status of the HRA CIC.

“The Directors had intended to produce the financial statements for the year to 30 April 2019 at today's AGM; however, this is not possible due to a number of issues and uncertainties which may materially impact on the figures.

“The principal issue relates to the current position of Rainbow Nursery, the HRA's tenant.

“The current Board of Directors reviewed the terms of the Lease to the Rainbow as it appeared that many costs should have been recharged to the tenant under the terms of this legal document. They obtained legal advice with regards to recharges and in accordance with this it is the Directors' understanding that there is approximately £14.5k of rechargeable expenses apparently owed by the Rainbow. Furthermore, they have sought legal and valuation advice in relation to the past four rent reviews which had not been implemented correctly. Following the formal rent review process the Directors believe that historic rent of £13.5k also remains outstanding.

“The Directors considered ways of aiding the current tenant. However, on finding that considerable repairs needed to be urgently undertaken on the building and that it was necessary to hurriedly bring up to date all health and safety aspects of the building, they knew that they had to put the financial position of the HRA first. The Directors considered that they could justify a generous offer to reduce the debt owed in relation to the rechargeable expenses by £5k but the Rainbow Directors have not taken up this offer and have closed their business.

“Unpaid rent and rechargeable expenses continue to accrue, and the Directors estimate that the costs of rectifying the dilapidations on the building which would normally have been met by a departing tenant will be in the order of £10k.

“It seems unlikely that any of these debts will be paid. In addition, the HRA has also expended approximately £10k in relation to legal advice and obtaining a formal rent review for the periods from 2013 onwards. Furthermore, initial emergency work on the roof and bringing the health and safety position to a reasonable level has or will cost a further £10k.

“On a positive note one of our Directors, Ben Lock, noted that the HRA should not have been charged business rates historically and that the HRA tenant should have been invoiced directly. He was able to get a nil rating value for the current year and repayment for the prior 2 years totalling £10k. This repayment has helped to defray some of the abnormal expenditure noted above.

“One other matter may also materially affect the accounts. Historically a valuation has been included in the accounts in relation to the building which was transferred to the HRA CIC by Dorset County Council. However, as the transfer documentation requires all proceeds of sale to be returned to the Council if the building is sold it is not clear why value has been accounted for. If the asset value on the building needs to be written down in any way this will impact on the reserves of the Company. Once the position with regard to Rainbow is clear the Directors will ask the Company's accountant to consider how and when the abnormal costs should be accounted for as well as asking for guidance on the valuation of the building and sundry other matters which could have an impact on the accounts. It is hoped that the final accounts will be available at the next meeting for approval by HRA members before they have to be filed with Companies House by 31 January 2020 at the latest”.

Kathryn also said that the Membership Officer had asked her to invite members to check the payment of their subscriptions. Some 345 past members had not renewed their subscription for 2019-20, and will shortly be taken off the list of current members unless they now renew. A few members were paying more than the annual £5 subscription for a single member or a couple living at the same address, and the Membership Officer would be happy to rectify any overpayments that members might identify. Any continuing overpayments will be treated as donations, which will be most welcome!

5. Nominations for Officers and Executives

There had been no new nominations.

6. Election of Chairman, Directors and Executive Committee

Ian said that Directors were required to retire in rotation after at most 3 years, and that Richard Reader was now retiring but was willing to continue in office if members so wished. This was confirmed by show of hands, with no-one dissenting: so Ian declared Richard re-elected.

Ian said that all the other Directors and Executive Committee members were willing to continue in office, if members were content. There were no objections, so they will all continue.

7. Appointment of Accountants

Chairman Ian said that the existing accountants (Neville Dean & Co Ltd - Certified Public Accountants) were willing to continue, and that he would be happy with this. Their re-

appointment was proposed by Willie McNeill, seconded by Jan Berry, and agreed without dissent.

8. Other Relevant Business

Ian invited questions from members, and in response to specific queries made the following points:

- The Board had been advised that to attempt litigation against the Rainbow School Directors would be uncertain of outcome, and would probably cost some £30k to £40k, which was not available.
- The net proceeds of any sale of the Old School must, under the covenants, be returned to BCP, so there was no point in seeking a valuation of the property.
- The Directors had considered whether it was worth retaining ownership of The Old School, given the financial and management issues involved. If the HRA became insolvent, the building might pass to BCP, or if they were to decline it, might become a "*bona vacantia*" and lie idle, slowly deteriorating. However, if the building can be brought into a good state of repair, it can become a great asset to the Village. At present, therefore, the Board will be seeking grants to renovate the building, and is in discussion with local community organisations about possible uses that will at least cover running costs. He invited offers of help with grant-seeking, and one member immediately came forward.
- Making parts of the building available for different educational activities would be an appropriate use of it. As always, it will be a question of finding someone able and willing to organise this economically. Attention would need to be paid to the various regulatory and insurance requirements for such activities.
- Various youth pursuits would also be entirely appropriate – indeed, the building had been used for musical education for young people under the "Sessions" title, and past Chairman Rob Austin had been much involved with this. Offers to facilitate such activities would be welcomed by the Directors.
- The Old School building will very shortly be fully safe for public use – a few H&S issues are still being resolved, but these will not take long.

9. Date of next Meeting

Ian said that as it had not been possible to present draft accounts for approval to this 2019 AGM, he would have to adjourn the meeting, probably until early December, when this AGM would be resumed immediately prior to the next scheduled Quarterly Members' Meeting. The date for this had previously been scheduled as 9th December, but would need to be moved to ensure the availability of key officers for the adjourned AGM.

He added that the 2020 AGM will take place immediately before the September 2020 QMM, the date for which would be announced soon.

Ian thanked all those attending this AGM and adjourned the meeting at about 8.00pm.