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**[CHILMINGTON RESIDENTS
COMPANY]**

**(A COMMUNITY TRUST FOR
CHILMINGTON GREEN)**

**Business Plan
2018 – 2038**

JUNE 2018

**Prepared for
Hodson Developments, Ashford Borough Council
and the Partnership Working Group**

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Acknowledgements

A new Community Trust for Chilmington Green has been under consideration since 2011, and this Business Plan is the culmination of ideas and discussions with a variety of partners and stakeholders over the past six years.

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Locality, who were commissioned by Ashford Borough Council to support and advise the planning of the Community Trust, have contributed significantly and in particular through the excellent "Constructive Review" undertaken by twelve experts in the community management field.

The S106 required the creation of a Partnership Working Group (PWG) to act in an advisory capacity to support the creation of the Trust, and in particular the production of this Business Plan. Hodson Developments have welcomed working with the PWG and its members who have reviewed and commented on various parts of this plan over a sustained period, and again I would like to acknowledge their valued role and contribution.

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Summary

- a) Chilmington Green is to be a vibrant, mixed-use new community of up to 5,750 homes and related commercial and community facilities and public open spaces, to be developed by a partnership consortium, led by Hodson Developments, over the next twenty-one years. The new development will be located in the area between Long Length to the east, and the Ashford Road (A28) to the west, whilst the southern boundary will lie south of Chilmington Green Road/Magpie Hall Road and border open countryside. On its northern edge the development meets the urban settlements at Singleton Hill and Brisley Farm (Chartfields). (Section 1.1)
- b) A substantial part of the development site is to be public open space, along with community and leisure facilities, which will require sustained management and investment to ensure that they remain “well equipped and excellently maintained”. The developers and Ashford Borough Council wish to see a locally managed organisation able to maintain the public assets for collective benefit with local participative governance, whilst also being able to take initiative to plan and support community development activities designed to build a sense of community amongst the local residents. (Section 1.1)
- c) One of the key means to achieve these essential components is through the creation of a local Community Trust (or Community Management Organisation as referred to in the formal Section 106 agreement). Community Trusts are independent not for profit organisations (usually with charitable status) which aim to respond to local needs, and are intended to bring about social, economic and environmental benefits to the communities they serve. (Section 1.2)
- d) This Business Plan sets out the proposed role and activities of the Trust, the process for its development, and the details of all the key aspects of its management, operation and governance, along with an analysis of the issues and risks associated. It also contains a detailed action plan. It is designed to demonstrate future long-term operational and financial viability of the Trust, well beyond the end of the development period. (Section 1.4)
- e) The roles and responsibilities of the Community Trust are set within the context of our vision for Chilmington Green as: **a great place to live and a thriving community for all.**

Our mission for the Trust is to: **Own, manage and maintain excellent community spaces and buildings, creating a community for present and future generations.**

Our proposed strap-line is: **‘creating a thriving community for all’** (Section 2.1)

- f) The principal aims and related activity areas of the Trust are defined in the proposed charitable objects (see Appendix C), and can be summarised as:
- (i) Own, maintain and effectively manage the endowed community land, public open spaces, buildings and facilities

- (ii) Initiate, coordinate and deliver community development and cultural activities to create a thriving community (*Section 2.2*)
- g) The Community Trust will adopt a number of core values and operating principles, namely: quality, community focus, partnership, longevity, entrepreneurship, and good governance. (*Section 2.3*)
- h) A development timetable has been set out indicating all the trigger dates for key milestones and S106 obligations from 5th June 2017 (statutory commencement) to end of Phase 2 (January 2027), all of which will drive the development programme of the Trust. (*Section 2.4*)
- i) To achieve all that is intended, the Trust's primary functions are shown in the diagram below (*Section 3*):



- j) A prime responsibility for this Trust is to manage and maintain all the public open spaces. The S106 allows for a substantial amount of publicly accessible and usable space to be provided on site to include: natural, informal and formal open spaces, pathways, cycle ways, planting and incidental play features, and public realm hard landscaping and features. All are with backstop dates (housing trigger points) for transfer to the Trust. (*Section 3.1*)
- k) Underpinning all of the Trust's activities, will be an ethos and approach that seeks to engage and develop the new community across tenure, ages, gender, and ethnicity. Community development builds communities at a local level with an emphasis on social interaction

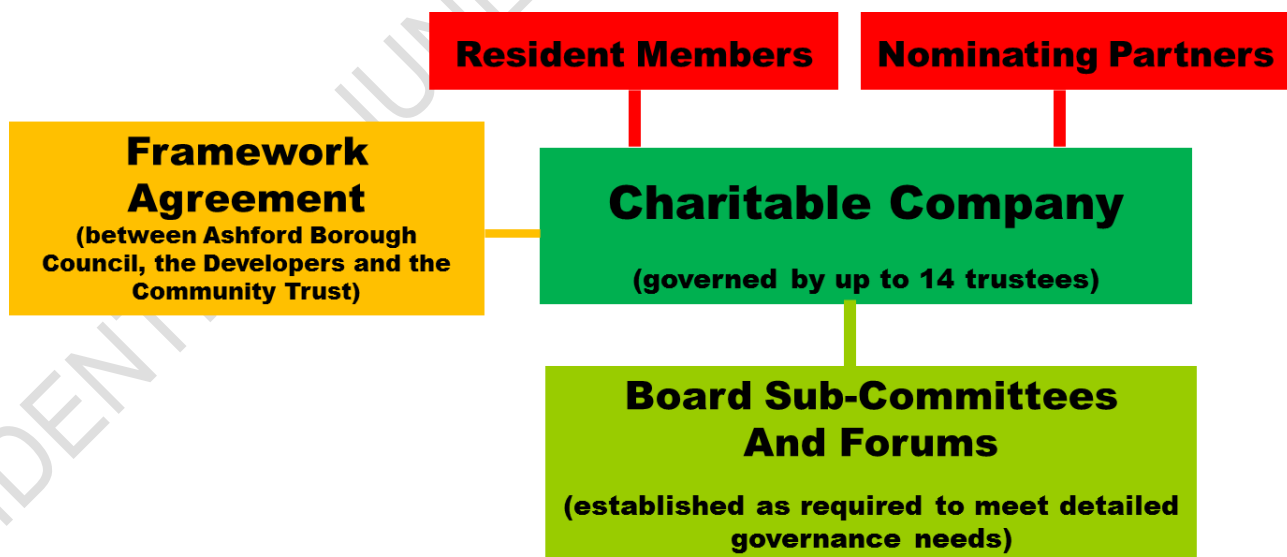
through community events, practical clubs and forums, and leisure activities. These interactions will strengthen social ties, and ultimately create a cohesive and sustainable community. The Trust also has a crucial role to ensure that the new community integrates with existing residents within the Chilmington Green area and its neighbouring communities, which it will do through its community engagement role.

The Trust will adopt and implement the Early Community Development Strategy approved by Ashford Borough Council (December 2017) that encompasses a range of responsibilities and associated activities. Its delivery, via the Trust, will provide the basis for local stakeholders to shape local action. The approach allows for flexibility to cope with changing circumstances and local need. The community development ambition is to:

- Ensure the provision of early facilities meet community need and are valued;
- Encourage new community groups to emerge and help people come together;
- Enable residents (on a day to day basis) to know their neighbours, seek support from their neighbours, be active in the community and be empowered to make decisions.

The evolution of the community and its integration with existing residents will be enabled by early community development work, setting the foundation for local stewardship. A part-time Community Development Leader will be appointed prior to first occupations. (Section 3.3)

- i) The model of a charitable limited company is chosen as it provides a sufficiently robust, but dynamic organisation structure with the necessary legal framework for the ownership of assets and responsibility for resources. Further, through its legal obligations and management ethos it will also ensure strong management and accountability for service delivery and demonstrable public benefit. The governance of the Community Trust will operate at four levels (Section 4):



- m) A small group of representatives of the main stakeholders, entitled the “Partnership Working Group”, have been meeting since September 2016 to guide the planning and preparation for the setting up of the Trust. The PWG is instrumental in advising and enabling the transition to a board of Directors/Trustees. Given all the preparatory work required to ensure the Trust is operational by September 2018 and prior to the S106 trigger date of first occupation (expected to be about April 2019), steps will be taken to implement the governance structures and incorporation of the company shortly after the Council has approved this Business Plan. Charitable registration will follow in due course with the intention this is achieved before first occupations.
- n) Through the PWG process, a nomination from the Borough Council (Councillor Neil Shorter), is proposed. Furthermore, PWG has agreed that the Rev Canon Tim Wilson be appointed as an initial Director to represent the Voluntary and Community Sector for a period of twelve months. This will provide for continuity and the retention of particular skills and insights, while allowing the Board to consider further a selection process for this sector’s representation over the longer term. Both proposed Directors have been actively involved in the Community Management Organisation’s preparatory work for some time.

Barratt David Wilson Homes (BDW) have expressed their intent to nominate David Clark, Part Exchange Manager, Jarvis Homes have nominated Ian Bull, Ian Bull Consultancy Ltd. Hodson and Kent County Council (KCC) are yet to advise.

There will be up to 14 Directors in total, with up to 10 at the beginning (with up to five from the developers) who are then supplemented by a further four resident Directors as each phase is progressed. Individual developers may decide to step away from involvement once they have completed their development. (*Section 4.3*)

- o) The independent status of the Trust will require the appointment of staff to initiate and undertake the practical day-to-day service delivery and support tasks that are required. At each stage of the Trust’s organisational development, the Board will focus on the tasks to be achieved, and determine the best and most cost effective way to achieve them. Given the extended development phase, it is likely that the Trust will adopt a combination of commissioning partners under Service Level Agreements, supplemented by specialist contracted support, leading eventually to a combination of own staff and service partners.

There will be a growing number of executive functions required, which will need to be exercised competently and to defined timescales. These will fall under five task headings and delivered across the three organisational development phases as summarised below (*Section 5*):

ORGANISATIONAL DEVELOPMENT PHASE	TASK HEADING
Year 1: (April 18 – April 19): Start-Up: Formation and Foundations	Governance and Management Marketing and Promotion Planning and Service Delivery Staff and/or Contractors Finance Planning and Management
Year 2 (May 19 to March 20): Early Activity	
Year 3 Onwards (from April 20): Growth and Development	

- p) This Business Plan sets out the financial structure and associated model for anticipated income and expenditure over twenty-one years, which will ensure that firm foundations are laid from the beginning and that the Trust will be self-sufficient and financially sustainable in the long-term. These responsibilities extend in perpetuity, meaning the Trust must plan in the short-term to maintain sufficient funds for longer-term requirements, including the enhancement and replacement of assets at points in the future. (*Section 6*)
- q) The Trust will have seven main areas of income open to it:
- Estate Rentcharge on all residential property freeholders within the formal Chilmington Green development area
 - Pump-priming and deficit grant support from the developer consortium, of the amounts required by the Section 106
 - Income derived from endowed commercial assets (land, property and/or money), of the quantum required by the Section 106
 - Community Facilities: Sessional use and letting
 - Leisure Facilities: User charges for activities provided directly by the Trust and/or managing contractor fees
 - External grants or project management fees
 - Interest on reserves and endowments.

Expenditure will fall into three main headings:

- Land and Facilities Management including maintenance, operation and sinking funds of the public open spaces, buildings and community facilities
- Project costs for activities and associated community development
- Core organisational infrastructure costs for Trust staff and operation.

This business plan proposes a first year Estate Rentcharge cap (SUM A – initial service charge cap) of £373, based at forecast October 2018 RPI indexed price base. The Estate Rentcharge is expected to provide over 65% of the Trust's income from 2039, and so it is crucial for freeholders to understand the Estate Rentcharge concept, and to feel that they are receiving good value from the Trust. Although the Estate Rentcharge is legally binding, with the scope of costs it can support prescribed within an Estate Rentcharge Agreement, high acceptance and collection levels are essential for its successful operation. This income

will be ring-fenced to maintenance, enhancements and replacement and is to be treated as Restricted Funds for the purposes of Charity Law. (Section 6.1)

- r) The Financial Model has been developed to provide a sophisticated approach to modelling which will enable the CMO to easily see the impact of any changes in its circumstances. Over the twenty year build period, it is expected that there will be movement of S106 triggers and that the CMO will need to update its business plan. The model enables the impact of these changes to be tested and reviewed to ensure the CMO remains viable at every stage.
- s) The financial model sets out an initial income and expenditure budget prepared across the anticipated twenty-one year build programme utilising the assumptions outlined in Appendix K. Over the four phases, public open spaces, play facilities, community and leisure facilities will be transferred to the Trust, which will then ensure they are adequately managed and maintained, and utilised for community benefit. The Trust must be viable at every stage of its existence. At the end of the build programme the anticipated annual income exceeds the annual expenditure plus accumulated balances and reserves at that point, ensuring viability in the long-term. Over the first twenty-one years, the financial model shows that the Trust remains viable due to a combination of S106 'deficit grant' and planned timing of the receipt by the Trust of income generating assets and the receipt of the community assets. Relevant details to form summary budgets are extracted and presented below under four headings: (Section 6.2)
- i. Start-up budget: 2018/19 (to end April 19)
 - ii. 2019/20 through to end of Phase 1)
 - iii. Phases 2-4
 - iv. Long-term viability
- t) The Section 106 agreement provides for the endowment of sufficient commercial assets to the Trust to eventually meet about 11% of the costs of the Trust's annual operating budget, and to aid financial security in the long-term. Commercial estate income is to be achieved through the Trust's letting of endowed commercial estate and forms an important component of the Trust's future income base. It is intended to apply commercial estate income directly for the furtherance of the Trust's charitable objectives and therefore treat this income as Unrestricted Funds for the purpose of charity law. It is not proposed to create a trading subsidiary, as one is not necessary at this time, given the planned functions of the Trust. The Council and the developers combined took advice on this point from KPMG. However, should the Trust require a subsidiary company, proposals for this would be brought forward in accordance with the terms of the Trust's governing documents (Articles and the Framework Agreement). (Section 7)
- u) The Trust will have a growing number of operational issues that it will need to plan for and subsequently manage. These begin with the organisational infrastructure during the set-up period, and then will largely evolve in response to the facilities and landscape responsibilities coming on stream, and early community development in response to a growth of new residents.

- v) The Business Plan considers Operational Management issues under the following headings:

Set Up: Policies and Procedures, Insurance, Systems

Implementation: Equipment, Community Facilities.

(Section 8)

- w) Marketing and promotion of the Trust, its role and purpose, and related activities are fundamental to its success, and will be regarded as a high priority from the outset. The development and implementation of a successful Communications Strategy, underpinned by the Community Development Strategy, will have a number of early benefits:

- Build awareness of the Trust and its vision and branding by both new and existing local residents and community groups
- Position the Trust as a key community focused player within the delivery of Chilmington
- Build a positive image and reputation
- Build encouragement and purpose for residents to become Members of the Trust
- Support the promotion of Chilmington Green as a distinctive development.
- Foster knowledge of the role and activities of the Trust leading to practical engagement to a common purpose.
- Build the numbers of social media followers and members to facilitate future communication and participation.

The marketing and promotion is likely to be both formal through banners, newsletters, flyers, web-site, meetings, and informal through word of mouth by getting out and about and talking to individuals and groups. The Trust's Communications Strategy will be agreed early in its formation and will encompass:

- Corporate identity and logo (anticipated to align and synergise with the chosen Chilmington Green brand)
- Key communication messages with various audiences
- Welcome pack
- Publicity literature
- Website and social media
- Database
- Media and public relations
- Design of office stationery
- Newsletter/s
- Personal interaction.

(Section 9)

- x) The Trust will establish both formal and informal methods of recording and reporting on its progress, to account for its work and to manage risks. The Trust's operations and responsibilities will become large in scope and so given the attendant risks the Trust must

manage, a risk management framework will be adopted and regularly reviewed. This will detail all the perceived risks at this stage of the Trust's development, along with associated steps taken to reduce the risk and contingency plans. (Section 10)

- y) The objectives for the Trust for the next eighteen months are to:
- i. Appoint and structure the staff team and associated roles
 - ii. Set up the practical systems for accounting and income collection
 - iii. Build the Trust organisational infrastructure through registering the charity, appointing Trustees, engaging key partners, growing the Trust membership, and building skills and capacity;
 - iv. Deliver the community development and marketing strategies, building the brand and reputation of the Trust
 - v. Prepare, negotiate and agree design briefings and specifications for each of the early community facilities, and for maintenance plans for open spaces.
 - vi. Develop practical project initiatives that meet the Trust's aims with regard to the arrival of the first new residents and achieve demonstrable successes.
- (Section 12)

- z) The objectives for The Trust from 18 months to five years:
- i. To continually evolve and develop the Trust Board to enable its members to drive forward the strategic direction of the Trust and ensure its practices are of an exceptional standard, reaching the high aspirations for community stewardship at Chilmington Green
 - ii. To embed the services and activities of the Trust to ensure high quality delivery, growing resources and action in line with development on site
 - iii. Deliver outstanding landscape and community asset management services
 - iv. To build and cement the reputation for the Trust with residents and stakeholders, embodying high quality services and a reputation which residents can trust
 - v. To ensure a robust approach to the design and specification, delivery and handover of community assets which safeguards the Trust's interests and delivers on the needs of local residents
 - vi. To have a good relationship with the community which is founded on trust and respect
 - vii. Have clear communication and marketing channels which provide for a well-informed and engaged community
 - viii. Provide strong routes to volunteering, supporting residents to get involved, stay involved and play an active role in their community.

Aa) Flexibility

This is an extensive business plan, covering a lengthy period of significant scale. In its construction, many assumptions are made, including the financial model. Over time (short and longer term), these will be tested and unquestionably changed as needs and circumstances evolve.

A key to the Trust's success will be its ability to adapt and change its policies, resources, operational methods or approaches in response to changing circumstances. For example, one such need is to strike the right balance between internal and external sourcing of service delivery, for reasons associated with resilience, managing demands, value for money, access to skills and so on.

For operational practices, including this example, the Board must have the flexibility to determine its preferred approach, while respecting the Trust's Objects and Powers, the requirements of the Section 106 and the Framework Agreement (including the proposed Materiality Guidance, if adopted, as we hope).

This Business Plan looks far ahead, to the near completion of the development, notionally in twenty or so years' time. This will not be the Trust's only Business Plan. Each year the Trust will review this plan, and create rolling medium-term plans and annual resource budgets for the purpose of determining its shorter-term action plans and setting the estate rentcharge. The key parties to the Trust (parties to the Framework Agreement), plus other stakeholders will receive details of the Trust's on-going plans as they develop.

Accordingly, while this plan, as comprehensive as it is, is a statement of intended direction, broad approach, viability, and risk, it would be unreasonable to expect the Trust to adhere rigidly to every detail. Where other courses of action justify a variation, the Framework Agreement governs how the Trust must make its decisions.

Ab) Intentions to Propose Amendments to Legal Documents

During the course of the Partnership Working Group works and discussions over the last year, it became evident that a number of alterations to the various legal documents (ie the Articles of Association, the Framework Agreement and the Estate Rentcharge Deed) would be desirable. This business plan refers to some of the more material amendments proposed, but does not contain reference to all of the changes considered. These are currently the subject of further discussion between the developer's and the Council's legal advisors. A summary of the various changes will be made available shortly to the Council before it concludes its approval of this business plan.

However, it remains the intention of the developers to implement the Trust with the legal documents as they currently stand in the S.106. Assuming that the various changes considered are then agreed by all parties it is the intention then to incorporate the Trust and for its Board to formally propose that the amendments be made.

Consideration of the Trust's formal proposals for amendment would be considered under the Framework Agreement process.

1. Introduction

1.1 BACKGROUND AND CONTEXT

Chilmington Green is to be a vibrant, mixed-use new community of up to 5,750 homes and related commercial and community facilities and public open spaces built out over the next 21 years or so. The lead developers are Hodson Developments. The other developers are BDW Trading, Jarvis Homes and Chelmden. Pentland Homes interest in the development is to be acquired by Hodson Developments.

This development has a clear aim: to create a truly quality environment in which residents and businesses choose to live and work and feel proud of their community. The ambition of all those involved is for a “truly sustainable new community, one which delivers a healthy balance of homes, jobs and local services, supports a viable, high frequency public transport service and is designed in a way which delivers a place of real character with a high quality living environment”.

A substantial part of the development site is to be public open space, which will require sustained management and investment to ensure that it remains “well equipped and excellently maintained”. The Chilmington Green Area Action Plan (AAP) recognises the importance of establishing an effective management regime to help deliver this vision. Furthermore there will be ecologically managed farmland, which will be subject to a defined management arrangement.

In this regard, the planning permission requires a ‘community management organisation’ (Trust) to be created. The initiative proposed is for a Community Trust that is set firmly within the context of creating high quality sustainable physical and community infrastructure with reduced direct responsibility and input from the public sector. There are three main drivers to the setting up of a long-term sustainable management structure in the form of a Community Trust, namely:

- a) For the developers to have an organisation with clear responsibility for owning and managing the public land and facilities to a high standard, and also to support the creation of a new distinct community (place-making) to differentiate Chilmington Green.
- b) For Ashford Borough Council to agree a sustainable and economically viable solution for the management arrangements for open space and hardscape areas, particularly Discovery Park, intended as a strategic park and public facility for Ashford, at nil or low cost to the Borough or Parish Councils.
- c) To have a locally managed organisation with the responsibility to take initiative to plan and support community development activities, designed to build a sense of community amongst the local residents within Chilmington Green.

Given the scale and nature of the development, there is also a mutually agreed requirement to see a consistently high quality built environment. This development will follow the requirements of a Design Code, this Code differentiates Chilmington Green from other local developments and requires maintenance and enhancement to high standards during and beyond the development phase.

This Business Plan sets out the role and activities of the Trust, the process for its development, and the details of all the key aspects of its management, operation and governance, along with an analysis of the issues and risks associated, and to provide a detailed action plan.

1.2 COMMUNITY TRUSTS

One of the key means to achieve these essential components, particularly maintenance of public assets for collective benefit with local participative governance, is through the creation of a local Community Trust. Community Trusts are independent not for profit organisations (usually with charitable status) which aim to respond to local needs, and are intended to bring about social, economic and environmental benefits to the communities they serve. They are regarded as community enterprises, meaning that they:

- Are community-led and focused organisations
- Adopt a self-help ethos, working in partnership but avoiding dependency
- Adopt an enterprise approach to achieve philanthropic and social benefits
- Trade for social purpose, where surpluses are reinvested in further enterprise development for community benefit
- Seek community ownership of buildings, land and other assets to build business capacity and achieve community goals.

Community trusts are bespoke to their local circumstances, but mostly conform to a series of values as advised by Locality¹, a national membership body for community trusts, which:

- Believes in encouraging and supporting people to take responsibility for their own communities
- Stands for accountability to local people, as well as collective action and partnership
- Recognises the diversity that exists within communities and regards this as a source of strength

¹ Locality was engaged by the Borough Council as an advisor for this project, and led on a “Constructive Review” undertaken by twelve experts in the field, with a range of relevant experience and specialist disciplines from across England.

- Values sustainable development which addresses the economic, environmental and social needs of a community, and which involves the creation of wealth for communities by communities.

After considering other options during the Section 106 negotiations phase, the establishment of a Community Trust was deemed the most appropriate solution for Chilmington Green. A Trust for Chilmington Green will work effectively alongside and with other existing organisations, including the Borough, County and Parish Councils, and will be clearly and democratically accountable through its membership base.

1.3 CHILMINGTON GREEN DEVELOPMENT AND SURROUNDS

The new development will be located in the area between Long Length to the east, and the Ashford Road (A28) to the west, whilst the southern boundary will lie south of Chilmington Green Road and border open countryside. On its northern edge the development meets the urban settlements at Singleton Hill and Brisley Farm (Chartfields). Chilmington Green will be connected to the centre of Ashford by footpath, cycleway and a dedicated high frequency, high quality bus service.

Chilmington Green will provide 1,501 new homes and facilities by 2023 (phase 1), with the expected potential to increase up to 5,750 thereafter by 2038 across three further phases:

Phase	Anticipated Numbers of Properties for Each Phase	Cumulative Numbers of Properties
Phase 1	1,500	1,501
Phase 2	1,124	2,624
Phase 3	1,559	4,183
Phase 4	1,567	5,750

The whole development will offer:

- Four new primary schools and a secondary school
- A Market Square and High Street with supermarket and other retail outlets
- A post office, banking facilities, takeaways, restaurants and cafes
- A family pub with restaurant
- Children's play areas and parks
- Green open space and wildlife areas, with footpaths, cycle-ways and bridle paths
- A Community Hub providing youth services, a GP surgery and associated medical facilities, a library and support services for older people, as well as a village hall and place of worship facility
- The first phase of Discovery Park, which extends to Long Length and includes Colemans Kitchen Wood

- A village green, potentially with facilities that include a cricket pitch, tennis courts and bowling green, subject to a review of local demand
- Sports and games fields
- Allotments.

- It will also bring employment for around 600 people by 2024, increasing to about 1,000 as the development grows.

- The developers have signed the Borough Council's Quality Charter that seeks to achieve high quality for the long-term, and so the public presentation for Chilmington Green says the development will:
 - Look good and be a great place to live. It will set the benchmark for high quality design. It will become a place of special and varied character, with sustainability integrated into all aspects of design
 - Respect and integrate heritage buildings, landscape features and wildlife habitats as part of a well-planned layout
 - Offer a lively and fun place to be, with an attractive High Street that meets local peoples' daily needs
 - Be for people of all ages and will provide the range of community, school, health and other services needed by local people in a joined-up way
 - Offer a range of local jobs but also cater for those working in Ashford town centre and elsewhere with regular, high quality bus connections
 - Have its own, strong identity in a landscape setting, closely linked to the urban area to be able to offer new opportunities to other residents of Ashford, in particular those nearby in Brisley Farm, Singleton, Shadoxhurst, Great Chart, Kingsnorth and Stanhope
 - Foster pride and a community that develops a strong sense of local 'ownership' and the capacity to help manage Chilmington Green on a day to day basis
 - Be flexible in design, resilient to change, and able to respond positively to advances in technology and changing working and daily lifestyles.

The Community Trust will function for the benefit of the new residents, to sustain the high quality and continuing maintenance of the public realm and community facilities, with the aim that its operations become self-sustaining in the long-term.

1.4 PURPOSE AND PARAMETERS OF THIS BUSINESS PLAN

This Business Plan is an update to the Plan prepared for and submitted to the Borough Council by the developers' in March 2017. Comments from the Council were received on that Plan in July 2017 and responses provided in December, following further work by the PWG. However, remaining outstanding was a required review to update the first Plan to take account of delays that have arisen with the development.

Accordingly, this second Plan incorporates the responses provided to the Council's comments in December, and re-presents the Plan to reflect:

- a) revised timings for the commencement of housebuilding and first occupations
- b) revised housing trajectory
- c) costs based on more recent assessments and plans, in particular with landscaping costs informed by the first Reserved Matters application
- d) a financial model (updated) that is differentiated between Restricted Funds (and costs, principally the estate rentcharge), and Unrestricted Funds (that support the Trust's other planned costs)

This Plan is submitted to Ashford Borough Council in order for the Council to give final approval for the Trust to be set up and resourced. Following which, the new Trust Board would meet and carry on with completing the preparatory work in readiness for first occupations in early 2019. Once the Board first meets, the current Partnership Work Group could be stood down. However, given the needs of the transition stage to full operational working, there is merit in retaining PWG (including its officer support) on an informal basis to operate in tandem with a formal Trust Board for a short period of up to six months.

In turn, the Business Plan is intended to set out in one document all of the background thinking and planning so that the Trust can be formed through due process and enabled to achieve its objectives. The intention for this Plan is to set out the vision, aims and activities of the Trust, along with related partnerships, governance, financial and operational matters to assist the partners and other stakeholders in their understanding and implementation of the Community Trust. It is essentially an enabling document designed to provide the new Board with solid information and a clear action plan as to what is required to enable everything to happen as described.

The Plan covers a development period of nominally twenty-one years by which time the development is intended to be complete, the Trust operationally and financially self-sufficient and sustainable, and then controlled by a majority of resident Trustees as the developers step aside. An amended Constitution would be adopted at that time.

This plan uses the developers' planned housing occupations programme for Phase 1 and the developers' indicative programme for the three future phases. These plans represent high rates of housing growth for Ashford, and assume that associated planning and delivery arrangements operate smoothly, with no lengthy interruptions to the development progressing and a buoyant housing market throughout. There being considerable factors and associated risks, the potential impacts to this Business Plan are specifically considered in Section 11.

1.5 STRATEGIC ISSUES ARISING FOR THE BUSINESS PLAN

The key strategic issues arising that will impact on the Trust and therefore this Business Plan are as follows:

1.5.1 The Development Timetable

The projected time scale for the development of Chilmington Green is approximately twenty one years, with the first phase of 1,501 units being built and occupied over five years. The housing market at present is reasonably buoyant, but changes in the position and the economy generally can and will arise going forward. The financial model has in-built mechanisms to measure impacts of changes to the forecast housing trajectory, as referred to in Section 10: Risk Management.

The S106 Agreement sets out precise trigger dates based on occupations, enabling the Trust to plan accordingly. In the early part of the first phase, the start-up resources are fixed, so careful planning and management is required to ensure the needs of the growing community are met, the expectations of local residents and stakeholders are managed, whilst also ensuring viability of the Trust's staffing and programme. A table referencing the relevant trigger points as part of the current housing trajectory timeline is included as an appendix to this Plan.

The housing trajectory is shown in Appendix N

1.5.2 Financial Viability and Sustainability

The Trust has to be viable at every stage of its existence. To be viable in the long-term, it will need to ensure that revenue generated from the management and letting of the land, property and community facilities as well the income from the Estate Rentcharge, is enough to sustain it and to cover the operating costs of its liabilities and any activities. In the first few years, whilst these facilities are being developed, agreed levels of grant support will be drawn down from the developers to meet the development and operating costs in advance of the Section 106 trigger point. Nevertheless, the Trust will maintain strict and close control of its budgets and expenditure.

1.5.3 Evolution of Activity Programme

The nature and breadth of the Trust's activities from the menu of services (see section 3) will require regular review and agreement. There will be a need and high expectation to plan for some "early successes" to profile the Trust with the developers, prospective buyers, existing agencies, and first new residents, and to lay the foundations for longer-term partnerships. Trust activity and services provided will evolve and respond to the needs of the local community and other stakeholders as facilities come on stream, resources secured, and residents become engaged.

1.5.4 Public Benefit

The facilities are intended primarily for the benefit of residents and businesses of Chilmington Green and immediate surrounds, and for some facilities such as Discovery Park, for the benefit of the wider population of Ashford. These facilities are provided in direct response to the planning requirements for the development area. Nevertheless, it is intended that the development should integrate with the existing residents of Chilmington Green and surrounding communities, through the use of open space and the community facilities, which are to be designed to service a wider catchment.

In addition to local residents, there are important local interest groups operating in close proximity to the development area. The Singleton Environment Centre and the local church (St. Mary's Great Chart), are two of many community and voluntary organisations that should be engaged and integrated as "communities of interest", that are relevant to the work of the Trust.

1.5.5 Flexibility

This is an extensive business plan, covering a lengthy period of significant scale. In its construction, many assumptions are made, including the financial model. Over time (short and longer term), these will be tested and unquestionably changed as needs and circumstances evolve.

A key to the Trust's success will be its ability to adapt and change its policies, resources, operational methods or approaches in response to changing circumstances. For example, one such need is to strike the right balance between internal and external sourcing of service delivery, for reasons associated with resilience, managing demands, value for money, access to skills and so on.

For operational practices, including this example, the Board must have the flexibility to determine its preferred approach, while respecting the Trust's Objects and Powers, the requirements of the Section 106 and the Framework Agreement (including the proposed Materiality Guidance, if adopted, as we hope).

This Business Plan looks far ahead, to the near completion of the development, notionally in twenty or so years' time. This will not be the Trust's only Business Plan. Each year the Trust will review this plan, and create rolling medium-term plans and annual resource budgets for the purpose of determining its shorter-term action plans and setting the estate rentcharge. The key parties to the Trust (parties to the Framework Agreement), plus other stakeholders will receive details of the Trust's on-going plans as they develop.

Accordingly, while this Plan, as comprehensive as it is, is a statement of intended direction, broad approach, viability, and risk, it would be unreasonable to expect the

Trust to adhere rigidly to every detail. Where other courses of action justify a variation, the Framework Agreement governs how the Trust must make its decisions.

1.5.6 Delivery

The Trust will have a number of executive functions to fulfil, both to service the organisational infrastructure as well as deliver its services. There are a range of ways in which these responsibilities can be delivered.

The Trust Board will agree an initial strategy, and then review the options at each stage of the Trust's existence. The focus should be on capability and then overall cost and flexibility, particularly in determining whether the employment of own staff is preferable to the use of secondees or sub-contractors. The Trust is also likely to adopt a series of SLA's (Service Level Agreements) with service providers, funding agreements with key partners and licenses or leases with societies and groups.

1.5.7 Ownership and Participation

It will be crucial to secure participation and a sense of ownership from the new residents and to ensure take up of the Trust's activities and services. There are also a number of other key stakeholders interested in the Trust's agenda and the organisation itself who will need to be engaged. They fall into three main groups:

- Private sector businesses including the development partners and the future Residential Social landlord (RSL);
- Local voluntary and community groups including Canterbury Diocese (St. Mary's Church), environmental groups, and Ashford Volunteer Centre;
- The local Parish Councils, and the statutory service providers including Ashford Borough Council, Kent County Council, and health representative bodies.

1.5.8 Local Parish(es) and Ashford BC Ward Member Boundaries

The development area currently sits across three local Parishes each with very different profiles, priorities and approaches. In April 2019 the whole development site will shift to reside within Great Chart with Singleton Parish Council with a specific parish ward called Chilmington Green. There will be a moratorium for five years on any further changes, meaning a new parish council for Chilmington Green cannot be considered until after this time.

In May 2019, a new Borough Council ward will be created for Weald Central which will include Chilmington Green and have two ward members.

Given its focus on Chilmington Green, the Trust will play an important role, in signposting people, and could also provide commissioned services for local residents

funded by the Borough and Parish Council. This could be a useful means to build coherence for the area as well as ensure consistency across the Parish boundaries.

Given the expectation that the size of the Chilmington development will eventually warrant a new Parish in its own right, its establishment and the associated partnership will be a high priority for those involved with planning and implementing local service delivery and governance structures. Assuming this is the case, the Trust would seek to work with its local partners to assist in the development of a new Parish Council. Consideration would be given to the extent of scope for partnership delivery in providing future services to Chilmington Green residents.

1.5.9 Management of Risks

The setting up of any new venture brings some risks, and a crucial governance role is to understand and to manage those risks which will change over time. Section 10 and Appendix P of this Plan sets out a full Risk Matrix to assist in that process.

2. A Community Trust for Chilmington Green

The new Trust for Chilmington Green (the Trust) will take responsibility for the open spaces and community buildings, ensuring that they are used for the purposes set out, and will also develop, commission and implement initiatives which support community development and respond to the relevant social, environmental and economic needs of the new community.

It will work alongside the local stakeholders including the Borough, County and Parish Councils, who will each continue to represent residents of the new development as well as continue to provide other important local services.

The Trust will work towards creating a community amongst residents (across all tenures) where people feel safe, enjoy living, and belong, as well as being a place that people visit for leisure or work in many aspects of its retail and service businesses.

2.1 VISION AND MISSION

Through a facilitated discussion with the PWG, a vision, mission and strap-line were agreed.

Vision

These principal roles and responsibilities of the Community Trust are set within the context of the following proposed vision:

“Chilmington Green, a great place to live and a thriving community for all”

Mission

The Trust’s proposed mission is to:

“Own, manage and maintain excellent community spaces and buildings, creating a community for present and future generations”

Strapline:

A proposed strap-line is:

“Creating a thriving community for all”

It is intended to convey these messages through the Trust’s website, its marketing and promotional material, and in conjunction with the developers’ marketing approach.

2.2 AIMS

To achieve this, the principal aims and related activity areas of the Trust are defined in the charitable objects (Appendix C), and can be summarised as:

- a) Own, maintain and effectively manage the endowed community land, public open spaces, buildings and facilities
- b) Initiate, coordinate and deliver community development and cultural activities to create and maintain a thriving community
- c) Promote and support environmental and community sustainability.

The community will have other needs, but these are likely to be delivered by existing public service agencies, including the County's education and highways services, the local commissioning body for primary and GP health services, and the various service departments of Ashford Borough Council.

The Trust will be an organic, entrepreneurial organisation with the capacity to respond to needs and opportunities, either in partnership with public and voluntary agencies, or on its own initiative. Clearly, the remit and capacity to take forward any related activity areas will depend upon either the Trust identifying a priority local need and/or the core partners requesting the Trust to take on other responsibilities and ensuring that there is sufficient funding to do so.

These aims would not preclude the Trust from undertaking other new initiatives as and when opportunities should arise. However, during the Trust's development period the Trust will be clear about the focus on its core aims and responsibilities, to act as a platform to secure the necessary commitments and associated resources to achieve any wider aims for the future.

2.3 VALUES AND PRINCIPLES UNDERPINNING THE TRUST

The Trust will be built upon a number of core values and operating principles. These will underpin the way in which it is set up, governed and operates, and are summarised below:

CORE VALUE	SUMMARY DESCRIPTION
Quality	A primary driver is quality in all aspects of the Trust's operation, particularly its services and its relationship with the beneficiaries.
Community focus	Everything is about Chilmington Green, not just the inclusion of all individuals but also the collective benefit of the community as a whole. Residents will be encouraged and supported to have a sense of ownership and participate in community life in a voluntary capacity.
Partnership	The Trust is established as a Partnership, initially between developers, local councils, and the voluntary sector, but in future with local residents and the Housing Associations.
Sustainability	The Trust, its assets and its activities must be sustainable for the long-term, with all decisions giving consideration to long-term benefit and impact.
Entrepreneurship	The Trust is a social business, and so must always ensure that its income exceeds expenditure, and it takes a business approach to its activities albeit with social benefit.
High Governance Standards	The Trust will be managed and governed to the highest standards through its membership, Board and strategic partners being fully involved, exercising their roles effectively and being accountable to the stakeholders.

These values will be expanded and further developed in the following sections throughout this Business Plan.

2.4 DEVELOPMENT TIMETABLE

The following indicative timetable set against key milestones will drive the implementation of this Business Plan, and so forms the basis of the assumptions underlying the details set out in sections 4 to 11.

Phase 1

Milestone	Anticipated Date	The Trust Implications
Statutory Commencement	5th June 2017	£75,000 The Trust (Stage 1) Start-Up Grant paid to ABC
Commencement of Vertical Construction	June 2018	CMO welcome pack, marketing document and CMO membership application form agreed The Trust's first operating premises design brief and specification agreed by the council The Trust's business plan approved by the council
6 mths from Statutory Commencement	5th December 2017	£50,000 The Trust (Yr 1) community development grant paid to ABC
1st anniversary from first Community Development payment	5th December 2018	£50,000 The Trust (Yr 2) community development grant paid to ABC Play spaces (PS1 & PS2) design brief and specifications agreed before 50th occupation
First Occupation	1st April 2019	The Trust created as company and charity registration complete The Trust's first operating premises ready and lease granted (min 200 sq metres) £75,000 The Trust (Stage 2) Start-Up Grant paid to ABC CMO welcome pack, marketing document and CMO membership application form provided to the first purchasers
Occupation of 125thdwelling	1st September 2019	First instalment of £335,000 - The Trust deficit grant Public Art - likely transfer to the Trust of future maintenance responsibility
2nd anniversary from first Community Development payment	5th December 2019	£50,000 The Trust (Yr 3) community development grant paid to ABC

Milestone	Anticipated Date	The Trust Implications
Occupation of 450th dwelling	1st May 2020	
Occupation of 500th dwelling	1st June 2020	Second instalment of £335,000 The Trust deficit grant First play space transfer to the Trust
Occupation of 750th dwelling	1st December 2020	Third instalment of £335,000 The Trust deficit grant Commercial estate 20,000 sq.ft. design brief and specification agreed. The Trust's second operating premises design brief and specification agreed Play space (PS4) design brief and specification agreed
3rd anniversary from first Community Development payment	5th December 2020	£50,000 The Trust (Yr 4) Community development grant paid to ABC Play space (PS5) design brief and specification agreed before 650th occupation
Occupation of 1,000th dwelling	1st July 2021	The Trust's second operating premises ready and lease granted (min 300 sq metres) Fourth instalment of £335,000 The Trust deficit grant Design specifications agreed for Discovery Park, Sports facilities, and Hamlet (Likely) transfer of Public Art to Trust Second play space transfer to Trust First allotments (0.7ha) transferred to Trust DP3 and P6 design brief and specification agreed
4th anniversary from first Community Development payment	5th December 2021	£50,000 The Trust (Yr 5) community development grant paid to ABC
Occupation of 1,250th dwelling	1st March 2022	Fifth instalment of £335,000 - The Trust deficit Grant
Occupation of 1,400th dwelling	1st September 2022	Hamlet sports facilities provided and leased to Trust Community Hub design brief agreed

Milestone	Anticipated Date	The Trust Implications
		6.96ha Informal natural green space provided before 1,450th occupation
Completion of Phase 1 (1501 Properties)	1st January 2023	Sixth instalment of £335,000 The Trust Deficit Grant Commercial space basic provision completed Provision of one ha of Discovery Park (DP3)

Phase 2

Milestone	Anticipated Date	The Trust Implications
Occupation of 1,750th dwelling	1st November 2023	Seventh instalment of £335,000 - The Trust Deficit Grant
Occupation of 2,000th dwelling	1st October 2024	Eighth instalment of £335,000 The Trust Deficit Grant Third play space (PS6) transfer to the Trust
Occupation of 2,100th dwelling	1st February 2025	Submission of Commercial Estate Marketing Report
Occupation of 2,250th dwelling	1st September 2025	Ninth instalment of £335,000 - The Trust deficit grant
Occupation of 2,400th dwelling	1st March 2026	Commercial Estate second/third tranche design brief and spec agreed
Occupation of 2,500th dwelling	1st August 2026	Tenth instalment of £335,000 - The Trust deficit grant Second allotments transferred to Trust
Completion of Phase 2 (2,624th property)	1st January 2027	

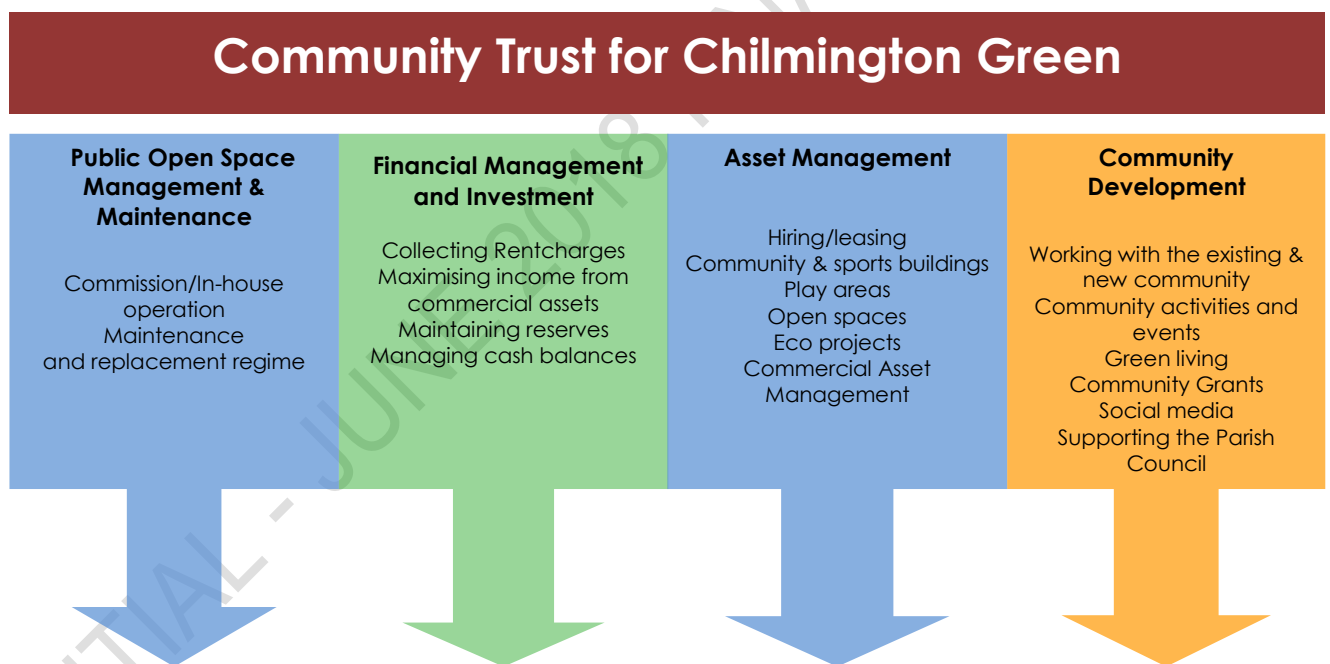
There are additional trigger points and milestones for phases 3 and 4 but they are not listed here as the timetabled dates in the calendar are uncertain. The trigger dates are, though, listed under the relevant delivery items in section 3.

3. Programme and Activities of The Trust

The Trust will own, manage and maintain endowed public assets on behalf of the residents living within the new development. It will use and develop these assets to support the creation of a strong and integrated community. The quality of management will be high and include local stewardship at its heart, bringing the function and importance of community development to the fore.

The proposed aims set out in Section 2 will be achieved through the planning, development, resourcing and implementation of a range of practical programme activities. Some of these are clear and to be regarded as core activities for the Trust, whilst others could be developed over time if there is demand, resources, and a legitimate role for the Trust.

To achieve all that is intended, the primary functions shown in the diagram below will be planned and executed:



Financial Management and Investment will be covered in Section 7 of this Business Plan under “Commercial Estate”, and each of the other three areas will be described in more detail below under two main themes:

- The details of the public assets and open spaces
- What is required of the Trust to operate and maintain them

There is a considerable inter-relationship between each of these three areas, not least because land and buildings are often the key means to bring people together. A community development approach (see section 3.3) will be designed to engage people, understand their needs and interests, and enable them to play a role in initiating and delivering services and supporting the design and maintenance of the new facilities. Each of these primary responsibilities will be set out in more detail below.

On a general note the Trust has a crucial role to play as a consultee on design and specifications for community assets (open spaces and buildings) to be provided over the duration of the development. In this capacity the Trust will also seek to ensure that its ongoing management responsibilities and financial liabilities are both optimised and minimised to ensure that subsequent operation of assets remains affordable.

3.1 LANDSCAPE AND PUBLIC REALM MANAGEMENT AND MAINTENANCE

A prime responsibility for the Trust is to manage and maintain all public open spaces, including associated public realm features. The Section 106 requires some 27.6 hectares of publicly accessible and usable space to be provided to include: pathways, cycle-ways, planting and incidental play features, with backstop housing trigger points for transfer to the Trust, phased as follows:

Phase/Location	Indicative Date*	Area
Chilmington Hamlet	by 1,400 th occupied dwelling (i.e. by September 2022)	Part of main phase 1 total area, (see below)
Main Phase 1	by 1,450 th occupied dwelling (i.e. by November 2022)	6.96 hectares
Main Phase 2	by 2,600 th occupied dwelling	5.76 hectares
Main Phase 3	by 4,173 rd occupied dwelling	7.2 hectares
Main Phase 4	by 5,731 st occupied dwelling	7.68 hectares

* The indicative dates are estimated based on the current planned trajectory of completions and occupations.

This responsibility is amplified in Schedule 3 of the Framework Agreement², which sets out “Essential Activities” to be carried out by the Trust on land that it owns or is responsible for as these will form the basis of the estate rentcharge. Schedule 3 forms the scope of the estate rentcharge that can be legally charged against the

² A contractual agreement involving the Trust, the developers and the Borough Council that ensures oversight of the Trust in relation to certain significant matters of material interest to the parties. See also Governance Section 4.1.

associated income collected from residents. The “Essential Activities” are described as:

“The maintenance, renewal and replacement of the following:

- Soft landscaping (as part of open spaces owned by the Trust)
- Bins for dog waste and litter including emptying bins (everywhere within the Area of Benefit)
- Footpaths (within open spaces owned by the Trust only)
- Cycleways (within open spaces owned by the Trust only)
- Railings and fences (on Trust owned property only)
- Public art
- Site interpretation and information boards
- Trees and tree grills (located on all land owned by the Trust only)
- The fabric of all buildings transferred to the Trust
- Seating (on Trust owned property only)
- Vehicular parking spaces (on Trust owned property only)
- Litter picking (on Trust owned property only)
- Street lighting (on Trust owned property only)
- Informal natural green space (excluding the wider Discovery Park area)
- Discovery Park outdoor sports pitches and related premises.
- Children and young people’s play spaces
- Allotments
- Land comprising ecological mitigation
- Land comprising woodland
- Land comprising the advance planting belts
- Sports facilities at the Hamlet
- Reasonable apportionment of staff and other management overheads
- Purchase lease replacement and maintenance of equipment and any management buildings as overheads associated
- Unadopted highways on CMO land**
- Security measures**
- Enforcement**

*** These are three additional proposed activities to bring within scope that require formal amendment to Schedule 3 of the estate rentcharge.*

Residents and Council partners will be keen to ensure consistent adherence to agreed maintenance standards throughout the development. It is important that maintenance standards evolve and progress over time.

Where assets are considered a strategic facility for use by the wider borough, a consideration between the Trust and the Council needs to be decided as to whether a financial contribution from the Council is required for their ongoing maintenance.

The details for each of these public open areas are amplified below.

3.1.1 Landscape Management and Maintenance Plan (the LMMP)

In the early years of the development, the amount of landscaping features provided and endowed to the Trust will be low. This is because the developers will have up to three years following initial planting, for open spaces to properly develop without defects prior to transfer to the Trust. From the latter part of Main Phase 1 through to Phase 2 and beyond the scale increases more significantly.

Appendix D provides a summary of the Landscape Management and Maintenance Plan (LMMP) adopted for the first Reserved Matters application, which is intended for application across the entire development area.

Summary of the approved LMMP (April 2018)

The LMMP (a summary is provided in Section 8.7.2 and further details in Appendix D) is an overarching, but also detailed plan and specification of how landscape management and maintenance should complement the quality objectives for Chilmington Green. It is an embryonic plan, based around a zonal approach to maintenance that aims to achieve a degree of consistency of management and maintenance, and strong coherence for the appearance of the development. Eventually, the scope of the LMMP will embrace all landscape and associated hardscape areas and maintenance responsibilities.

As a long-term development, the LMMP must, however, evolve and adapt to changing circumstances, and promote innovative practices where these lead to better overall outcomes.

At its heart is a zonal approach to maintenance, based on distinguishing areas of landscaping and their maintenance according to levels of profiles of general impact and usage. Good quality maintenance levels are required throughout the development. The zonal approach supports this, providing for differentiated maintenance levels where only reasonable.

It is a plan to be tested, reviewed, and where necessary amended.

Method Statements

The LMMP contains general guidance and requirements, as well as the detailed specifications applying to each zonal type.

Whether through service commissioning of landscaping management or through the creation of its own direct service capability, or a combination of the two, the Trust will adopt and enforce the LMMP maintenance standards and specifications.

- a) Service delivery – The implication of the LMMP is that the party responsible for maintenance must be competent, must appreciate the quality and technical standards, have or be able to commission an adequate labour supply, be efficient and effective, and provide assurances of continuous improvement.
- b) Health and Safety – The Trust must demonstrate and ensure a sound and solid appreciation of operational methods in response to all relevant regulations and standards, ensuring that works are completed to a high standard whilst simultaneously ensuring that risks to the safety or health of any person affected by land management operations are minimised to as low a level as is reasonably practicable and in compliance with all relevant legislation and standards.
- c) Contract development and investment – approaches to a contractor's or the Trust's service investment, in particular to harness new technology, green technologies and value for money (note: there is a possible implication for commissioning work that may stem from the Government's current review of leaseholds and service charges – including charges payable by freeholders – that may constrain contracting periods to short timescales).
- d) Community liaison and customer service – approaches to be adopted by the Trust (whether insourced or outsourced by the Trust) on customer service standards and liaison with the wider community.
- e) Environmental sustainability will be provided by ensuring that landscape management activities consider the impact of operations holistically to minimise the overall impact of service delivery. Consideration will be given to each life cycle stage from procurement of goods and services to final disposal of products to ensure the best available technique is selected and maintained. In addition to looking to minimise impact, opportunities to improve the environment will be sought in order to enhance the natural surroundings.
- f) Staffing training and development – to include approaches to apprenticeships.
- g) Supporting volunteering and active community engagement in landscaping management. Taking into account the above Health and Safety requirements and the provision of supporting risk assessments.

3.1.2 Landscape and hardscape asset categories (other than general public open space)

Chilmington Hamlet

The new Chilmington Hamlet will comprise of the following (or similar):

- Cricket pitch (1.42ha)

- 297sq.m pavilion (incl 250sq.m community space)
- Batting cage
- Bowling green
- Two tennis courts
- Car park
- Equipment storage facility

The design specification is to be agreed by 1,000th dwelling, and the facilities are to be provided with a total capital cost of £1.266m (index linked) by 1,400th occupied dwelling.

Soft Verge Landscaping

As the various highways and neighbouring footpaths are adopted by Kent County Council, maintenance will be required for the soft verges alongside and also on roundabouts. KCC will continue to own the highways and verges, but in principle have agreed to pass the responsibility for the maintenance of trees and soft verges to the Trust, which it will do under licence. KCC will agree payments to the Trust for this work. The Trust would integrate this work with its other work to maximise efficiency and value for money. However, should payments from KCC be insufficient to meet the LMMP standards, the Trust would need to consider whether it should request more funds, supplement KCC funds from other sources, or agree not to take on the work.

Discovery Park (DP3)

Discovery Park is planned as a large strategic green space for the wider benefit of the Borough. That part to be brought forward in support of the needs of the development area will be laid out in two stages in Phases 2 and 4:

Phase	Indicative Date*	Area
Main Phase 2/3	To be completed by 3,200 th dwelling (i.e. by Summer 2029)	12.11 hectares leading to: - 10.17 ha sports pitches - 1.94 ha of strategic park
Main Phase 4	To be completed by 5,000 th dwelling	14.24 hectares leading to: - 11.96 ha sports pitches - 2.28 ha of strategic park

* The indicative dates are estimated dates based on the current planned numbers for occupations.

The sports pitches will consist of 3G pitches, hockey pitch/Astro, youth and adult pitches and netball courts, although the precise mix will be flexible depending on demand at the time of construction.

- A sports hub will be built which will consist of the following (or similar):
- Indoor sports facility

- Café/bar
- Team changing rooms
- Car parking
- Landscaping with trees and footpaths

Children and Young People's Play Spaces

The Section 106 requires the construction and provision of not less than 6.94 hectares of children's and young people's equipped play spaces as follows:

Phase	Indicative Date*	Area/Location
Main Phase 1	Play Space 1 by 500 th occupied dwelling (ie by July 2020)	0.5 hectares located to be agreed, but generally at the District Centre
Main Phase 2	Play Space 2 by 500 th occupied dwelling in phase 2 (ie by June 2025)	1.5 hectares located to be agreed, but generally at the Hamlet
Main Phase 3	Play Space 4 by 1,100 th occupied dwelling in phase 3	1.5 hectares, location to be agreed
Main Phase 3	Play Space 6 by 1,400 th occupied dwelling in phase 3	1.44 hectares, location to be agreed
Main Phase 4	Play Space 5 by 1,100 th occupied dwelling in phase 4	1.5 hectares, location to be agreed
Main Phase 4	Play Space 7 by 1,500 th occupied dwelling in phase 4	0.5 hectares, location to be agreed

* The indicative dates are estimated dates based on the current planned numbers for occupations.
NOTE: PS3 is no longer being provided

Allotments

2.76ha of allotments will be provided across four phases as follows:

Phase	Indicative Date*	Area
Main Phase 1	by 1,000 th occupied dwelling (ie by May 2021)	0.7 hectares
Main Phase 2	by 1,000 th occupied dwelling in phase 2 (ie by February 2027)	0.57 hectares
Main Phase 3	by 1,400 th occupied dwelling in phase 3	0.72 hectares
Main Phase 4	by 1,400 th occupied dwelling in phase 4	0.77 hectares

* The indicative dates are estimated dates based on the current planned numbers for occupations.

The Trust will be responsible for managing allotments, and will decide how and when they will be let, whether they be let as individual allotments and/or as a community garden, and who will oversee their operation on a day to day basis – this may include the Trust facilitating a local residents' group(s) to take over the operational management responsibility.

Sustainable Urban Drainage (SuDS)

The SuDS responsibilities fall into two categories:

- Below ground (i.e. storm drains, drainage pipes, etc)
- Above ground including attenuation ponds

As stated in the Hodson's SuDS planning application, there is a preference for the Community Management Organisation to take on the responsibility for managing and maintaining SuDS, where these are above ground and fall within land to be transferred to the Trust. This is a working assumption discussed and agreed in principle with the Trust Partnership Working Group. However, any transfer and assumption of responsibility is subject to further consultation with and acceptance by the Trust over the design and management plans for above ground SuDS.

It is unlikely that the TRUST will have any involvement in below ground surface water or foul water drainage systems. The developers will transfer responsibility to a specialist contractor and agent (GTC). As a consequence, residents are likely to be asked to pay a separate service charge outside of the Trust arrangements for this purpose. In circumstances where GTC require access to underground SuDS, should any be located below ground on land the Trust owns, the Trust will enter into appropriate easements to provide GTC with access rights.

Ecology land (total 24.79ha)

Land provided for ecology purposes safeguards habitats of great crested newts, badgers and other wildlife as well as hedgerows. Ecology land will be gifted to the Trust across the construction period. It is likely to require some specialist management given the nature of its make-up and its purpose.

Ecologically managed farmland (66.6ha)

Similarly, ecologically managed farmland will require specialist management to allow for species such as ground nesting birds to flourish. Most of the land is provided to the west of Chilmington Green Road and an arrangement for its management will likely need to be created.

Woodland

There is some existing woodland (11.89ha) already on the site which will pass to the Trust and some new (11.20ha) to be created. Again, this is likely to require specialist management which will be considered by the Trust at the appropriate time.

Creative Chilmington (Public Art)

The planning, commissioning and maintenance of public art within Chilmington will be a very important feature of the new community. Ashford Borough Council has a borough-wide Public Art Strategy designed to ensure that public art plays a full part in enabling artists and crafts people to apply their skills, vision and creative abilities into the process of creating new places and rejuvenating old ones. Chilmington Green is highlighted as one of the biggest opportunities coming forward.

£750,000 is the total budget (index linked) to be paid to the Council for the provision and maintenance of public art spread as follows:

- £50,000 on commencement of development and for the production of a public art strategy by the Borough Council for Chilmington Green
- £100,000 on occupation of 100th dwelling
- £150,000 on occupation of 1,000th dwelling
- £150,000 on occupation of 1,400th dwelling
- £150,000 on occupation of 2,600th dwelling
- £150,000 on occupation of 4,100th dwelling.

The aim of the Chilmington Green Public Art Strategy is to ensure opportunities for public art are provided throughout the development, which will:

- Play an important role in establishing the special character of the place
- Set the benchmark for high quality design
- Create a visually stimulating environment
- Encourage the formation of a socially integrated community with a cultural identity.

The Cultural Services team of the Council have set aside £50,000 as the first tranche of the £750,000 total Section 106 budget and have appointed Dallas Pierce Quintero, as the Council's public art consultant for a term of two years. Cultural Services are very clear that the Trust will play a key role in the development of the plans and with coordinating delivery. Already, PWG has met with the consultant to discuss initial ideas and plans. The brief is summarised in Appendix E.

The Trust will enter into formal agreements with Ashford Borough Council to take over the ownership and maintenance of the public art upon completion.

3.2 FACILITIES MANAGEMENT

The developers have set out a series of facilities and community assets that are required by the Section 106 and intended for transfer to the Trust once built. These are summarised as:

FACILITY	PHASE	INDICATIVE DATE	GROSS FLOORSPACE (SQ. M.)
First Premises	1	January 2019	200sq.m
Second Premises	1	June 2021	300sq.m
Hamlet Cricket Pavilion	2	August 2022	297sq.m pavilion (incl 250sq.m community space)
Community Hub	2	February 2024	4,382sq.m
Discovery Park Sports Facility	3 4	By 3,200 th unit By 5,000 th unit	
Orchard Village Facilities	3	By 4,000 th unit	500sq.m
Chilmington Brook Facilities	4	By 4,700 th unit	500sq.m

During the set-up period and subsequent early years, a key role for the Trust will be to act as an end-client with regard to contributing to the discussions and consultations on the design and detailed use of the community facilities.

Professional support will need to be sought to bring forward these facilities and ensure they are fit for purpose. How this is to be achieved is still to be decided.

The second operating premises, while it is a temporary home for the Trust, is intended to be a permanent building that reverts to the developers once the third and final home of the Trust is ready to be occupied. The asset reverts to the developers and the budget just covers the cost of fitting out the premises to suit the Trust during its period of occupation.

3.2.1 Community Hub Building (4,382 sq.m includes car parking)

£5,152,127 index linked for capital cost of building and fitting out
Design Brief and Specification prior to 1,400th occupation
Provided by occupation of 1,800th dwelling
To include:

- Multi-purpose community leisure building (incl Trust office) of 1,000sq.m.
- Family and social care facility
- Youth facility
- Library (access) point

- Community learning facility
- Police space
- Outdoor multi-use games area
- Car parking
- Health centre with GP surgery for 8 doctors (1,000 sq m)

3.2.2 Local Centre Hubs

Orchard Village (600 sq.m plus car parking) - Facilities by 1,000 occupations within Phase 3 built with capital budget of £733,971 (index linked).

Chilmington Brook (720 sq.m plus car parking) - Facilities by 1,000 occupations within Phase 4 built with capital budget of £748,190 (index linked).

The Trust will need to effectively and efficiently manage and operate the community facilities within its ownership to derive the dual objectives of maximising use and service for the local community and voluntary groups, and also to maximise the net income for the Trust. Each of these facilities have a different purpose and some (e.g. Hub, Pavilion) will play more of a role in providing community services for local residents, and others (e.g. Discovery Park Building) will have greater income generating potential, as well as meeting community needs. The Board will have the ability to lease some of the community buildings to other service providers. This may be where specialist provision is required or local community groups want to take on responsibility for the day to day operation. Each facility will need to be considered on a case by case basis.

Work will be required by pre-planned dates as specified within the S106 to research, consult and agree the development brief for each of these facilities to ensure they are built and completed "fit for purpose". The specifications will need to include levels of core infrastructure such as toilets, kitchen, ICT, that are appropriate to the nature and volume of users. Discussions will also be required to be clear about the demarcation between fixtures, fittings and equipment, to identify any additional budget requirements to ensure each facility is appropriately fitted out and equipped. Kitchen equipment, storage, video, sound and lighting systems for each facility are examples of the topics for discussion.

Legal fees for associated land and building transfers will be paid by the developers up to £1,500 per facility.

3.3 **COMMUNITY ENGAGEMENT, CONSULTATION AND DEVELOPMENT**

A principal objective of the Trust is to build a strong and vibrant community where residents and others who work or use the area, share a strong sense of belonging, pride and commitment to its future and well-being. Community objectives have been a bedrock of the early planning consultation processes with the recognition that

building social networks and community pride is crucial to achieving a sustainable community. Ongoing community engagement and involvement in shaping the new community will be very important.

In the past, one of the most telling criticisms of large new housing developments has been the lack of community spirit and community activity, especially during the daytime, when many residents are at work or school. This can lead to people becoming isolated, and in turn, to other social and health problems.

The Trust will help ensure that residents' and local needs are understood and promoted, strong social networks developed, that people are informed and engaged, and that a wide range of community activities are operating. This will require initiating, coordinating and delivering three integrated activity areas for all residents, namely engagement, communication, and community activities. These will be set within the context of supporting and enabling appropriate informal and formal community led initiatives, which may include themed community groups, possible Residents Associations, and the support of associated volunteering activity.

The building of four new primary schools and a new secondary school also provides a significant opportunity for the Trust to work directly with the schools on key aspects of community engagement and the community use of school facilities.

The Trust will adopt and implement the Borough Council's approved Community Development Strategy, that encompasses a range of responsibilities and associated activities set out below:

Building (a sense of) community (within and between neighbourhoods)	
No.	Responsibility / Activity
a.	Plan and promote welcome pack and welcome events
b.	Initiate a range of community social and cultural events and activities for early years, children, youth, adults, older people
c.	Seek to encourage and engage the local community in volunteering programmes
d.	Initiate (or support) key community events
e.	Support website and social media including information on Chilmington and database on groups and activities
f.	Produce and distribute community newsletters
g	Promote community safety
.h	Managing grant funds to encourage new local activities
i.	Support and enable the creation of a new Parish Council

The Trust will be proactive in encouraging and supporting all aspects of community life primarily for the new residential community with particular regard to community cohesion, leisure, sports, arts, health, the local economy, and environmental impact.

WHAT	HOW
a) Developing and maintaining data and other local information , based on evidence gathered from and by the local community.	Engaging the local residential and business and partner communities to research , understand and respond to local priorities.
b) Developing a communications strategy to keep all residents and stakeholders informed about the development, the Trust and related local governance structures and activities, and to ensure that the work of the Trust is informed by regular dialogue and consultation .	Producing and distributing a Welcome Pack and regular newsletter . Developing and/or maintaining website, Facebook and twitter accounts with potential for further interactive developments through the internet. Support for creation of a new Parish Council .
c) Undertaking outreach work to ensure that the Trust is engaging with the whole community and is both supporting and responding to a diversity of needs and interests.	Hosting welcome and community events and utilising community development approaches as a core activity that underpins all aspects of the work of the Trust.
d) Empowering the local community to take up opportunities to be informed and to influence the provision of local services.	By reinforcing existing strengths and building new skills and capacities through information and training.
e) Encouraging and enabling a wide range of locally run community activities for all ages.	Establishing a Grants Fund to enable local ideas and initiatives to be funded.

The Trust is positioned to play an effective role by working in partnership with the developer consortium, Ashford Borough Council, Parish Councils and Kent County Council to plan and enable further community engagement and to support the required consultation processes. The Community Stakeholder Report (August 2016) produced for the Community Stakeholder Group identified some key areas of work which required community engagement, namely:

- Engagement in the ongoing planning process;
- Quality monitoring
- Priority projects including open space management, Public Art Strategy, Discovery Park masterplan, role and remit of Community Development posts, and the Hamlet Pavilion.

The paper noted that some elements of community engagement are likely to devolve to the Trust, but further discussion will be required with the commissioning partners to progress this.

3.3.1 Community Development Strategy

A Community Development Strategy is vital to the early work of the Trust to create spaces and places for local people to meet, to generate opportunities for socialising, and for the Trust to meet and build relationships with existing and new residents. Indeed an Early Community Development Strategy (Jan 2018-Dec 2020) was adopted by the Borough Council in December 2017 whose intention is to devolve delivery of the Strategy to the Trust once created, utilising the appropriate S106 sum to this purpose.

The process which brought about the Strategy, saw significant research and consultation with local people and stakeholders. Following endorsement by the Community Stakeholder Group (CSG) and Partnership Working Group (PWG) in December 2016, a workshop was held in January 2017 at the Singleton Environment Centre to inform a draft strategy covering the first three years of work on site. Representatives from local organisations and representative bodies were drawn together, including Parish Councils, Ward Members, officers from Ashford Borough and Kent County Council and local organisations expert in their field.

In February 2017, the PWG agreed to take forward the outcomes of the Community Development workshop and evolve the Draft Strategy accordingly, for further consultation with the local community and other stakeholders. A Delivery Framework, based on the core delivery themes and incorporating the ideas, risks and challenges has since been developed following discussions with local stakeholders to shape local action. This approach allows flexibility to cope with changing circumstances and local need. The Community Development ambition set out in the Delivery Framework is to:

- Ensure the provision of early facilities meets community needs and are valued because residents and the wider immediate community and wider borough community are aware, consulted, informed and part of decision making;

- Encourage new community groups to emerge and help people come together to take collective action and generate solutions to common problems;
- Enable residents (on a day to day basis) to know their neighbours, seek support from their neighbours, be active in the community and be empowered to make decisions about community matters whether that be the development of a new facility or their role as a member of a local club or interest group.

An initial Action Plan has been developed using the *Engage, Educate, Empower* (the Three Es) as a methodology basis. The priority areas that will assist community development include:

1. The Planning Process
2. Trust and its Base
3. Early Active Travel
4. Open Space (incl. Discovery Park) Allotments, Play and Landscaping
5. The Community Hub and Primary School
6. Public Art, Heritage and Archaeology.

Each of the delivery areas is likely to have a task group led by the most relevant delivery partner with flexible membership of these groups to accommodate the most appropriate partners and individuals at that time. The Trust will coordinate monitoring and evaluation of the work.

Working in partnership with local people and experts presents a more sustainable model, a diversity of offer and provides for a richer community fabric with a more organic approach to building and supporting the community.

The Strategy will be made available to local residents and will include a summary flyer to explain the key principles and actions.

3.3.2 Community Development Work

Underpinning all of the Trust's activities will be an ethos and approach that seeks to engage and develop all of the new community across tenure, ages, gender, and ethnicity. Community development builds communities at a local level with an emphasis on social interaction through community events and practical club and leisure activities which strengthens social ties, and which ultimately creates a cohesive and sustainable community.

The evolution of the community and its integration with existing residents will be enabled by early community development work, setting the foundation for local stewardship. A Community Development Leader will be appointed in 2018/early 2019 prior to first occupation (see section 5.2.6).

The workshops in 2017 brought forward some strong ideas for delivery and a range of risks and challenges. A summary of these is listed below. The workshop themes

were based on the early deliverables on site and were; masterplanning (Planning), Transport, The Community Trust, Amenity Open Space and Play, Ecology, Public Art, Heritage and Archaeology, Discovery Park Masterplan, the Community Hub and Schools/Education.

- a) Develop bespoke webpages on stakeholder websites (developers, Ashford BC, Kent CC, Parish Councils and in time, the Trust) providing key information e.g. current and approved planning applications, live construction traffic news on KCC's website and a dedicated phone line provided by the developers for concerns on construction impacts
- b) Agree the content of a Welcome Pack for new residents, distribute and include a summary leaflet of the Community Development Strategy
- c) Meet and greet new residents (within four weeks of moving in). Consider innovative welcome 'gifts' such as a sustainable garden pack or vegetable starter pack with growbag
- d) Create an engagement programme at the Trust base which includes 'drop-in's' or surgeries with various stakeholders and the Trust's Trustees; have internet access points, display design drawings, etc
- e) Work with local service providers and residents to identify appropriate early services that bridge the gap before the Community Hub, Health Facility and School e.g. breakfast/after-school clubs
- f) Create a Community Chest Grant fund (managed by the Community Development Worker) focused on supporting new groups/community activities which meets the needs of the residents and generates participation and stewardship, and looks to build local capacity such as volunteering
- g) Deliver specific programmes of activity that support the needs of the disadvantaged, vulnerable and unemployed
- h) Deliver a green transport engagement project that helps introduce the Active Travel brand, and test, consult and generate further ideas
- i) Agree with stakeholders the process for community consultation on key sites to ensure involvement is timely and meaningful
- j) Explore with residents and stakeholders the 'Chilmington Story' (see Heritage) and incorporate in designs
- k) Continue to work with KCC Education (and/or its promoter) to identify opportunities for community and stakeholder involvement as the primary school develops
- l) Maintain strong communication channels with residents that promote involvement in the shape and design of early services and facilities encouraging early stewardship so that when services are provided on site, there is already a desire to 'stay local'
- m) Engage with existing residents and stakeholders on the Public Art Strategy (for clarity, now called the Creative Chilmington Strategy)
- n) 'Tell the Chilmington Story' (past, present and future) and promote it Borough-wide.

Consideration will also be given to supporting youth work, resident forums, family work, allotment forum, faith groups and sports clubs.

3.3.3 Raising and Securing Income for Local Projects

Fundraising from charitable and private sources is becoming increasingly competitive. For small groups wanting small amounts of money, fundraising can be a significant barrier to good, creative and socially worthwhile initiatives, as well as taking valuable time from core service provision. The Trust will agree a proportionate grant budget to “pump-prime” new activities and will also develop the capacity to provide advice and support for effective fund-raising for local initiatives or will undertake fundraising for local initiatives where appropriate, acting as the accountable body. The Trust will also have access to Ashford Borough Council’s Community Grants Fund.

3.4 **COMMUNITY EVENTS**

Community events are important to bring people out, create a buzz, and to raise profile. Further discussions are required, but they are likely to fall into two categories:

- Small local events: Activities such as community BBQ’s, informal community social events, welcome events, etc will evolve and be a conduit for consultation as well as activities in their own right.
- Large open events: A joint approach with other key stakeholders including the developer consortium, Borough Council and social landlords can significantly increase the scale and impact of any early events such as a Summer Special or an Opening Event.

3.5 **MANAGING THE COMMERCIAL ESTATE**

Section 7 sets out the detail of the nature and scale of the Commercial Estate to be endowed to the Trust. Once handed over, this will require professional management, both in terms of letting and deriving maximum regular income, as well as its maintenance. Although the first tranche of Commercial Estate is not due to be handed over to the Trust until the end of Phase 1 (January 2023), this will be considered in the early years of the Trust to determine the most effective way to manage this Estate.

3.6 **OTHER**

There are a considerable range of community services that the Trust could undertake, depending on the needs of the residents and the capacity of other local alternative service providers. As a charitable community focused body, the Trust will champion or take forward new initiatives if the Board and strategic partners agreed on the basis that core funds are protected for primary purposes.

3.6.1 Encouraging Greener and Environmentally Sensitive Lifestyles and Practices

Carbon reduction and environmental sensitivity are important features in terms of Chilmington Green's physical estate (energy efficiency and energy use), and in lifestyle matters such as through water conservation and travel plans. The Trust has the potential to play an important role in safeguarding the local environment, and with encouraging behavioural changes in nurturing greener and environmentally sensitive lifestyles and practices amongst residents and businesses. Examples of the Trust's scope of work and influence are shown below. Further, the Trust will seek to lead by example wherever practical, including in the use and running of its community premises, and its procurement and delivery of services:

Encourage greener and environmentally sensitive lifestyles and practices amongst residents and businesses	
No.	Activity
a.	Develop travel plans with input to early transport schemes
b.	Encourage recycling, appropriate waste disposal, and effective waste management through partnership with the Borough Council
c.	Encourage residents and businesses on energy reduction
d.	Develop community garden and/or allotments for local food production
e.	Encourage water reduction and recycling

The development and funding of a Travel Plan(s) (Planning Condition 22 refers) designed to secure sustainable movement, for example by reducing car use and promoting healthier lifestyles, but there are many other lifestyle choices including energy saving and recycling where the Trust, working in partnership with the primary service providers may contribute to influencing behavioural change.

Developers will fund the travel plans to discharge Planning Condition 22 and pay annual monitoring fees of £1,000 to Kent County Council (as per Schedule 27 within S.106).

Given its engagement with the local community, the Trust could develop and support the implementation of various initiatives, and, subject to agreement with the developers, it could manage a Travel Plan(s) through employing a Travel Coordinator as part of its staff team.

Alongside this would be other opportunities to work with the local schools, businesses, and other service providers to further the concept of green lifestyle, which will require support, development and promotion.

3.6.2 Other and New Initiatives

A further focus for the Trust is to develop and broker practical projects that respond to the strategic aims of the Trust. There will be various other opportunities that present themselves which may further the vision and aims for the Trust. It is difficult to predict all of these, but partnership with local community groups and other local agencies will enable the Trust to develop as a credible local delivery agency and supportive body for the local voluntary and community sector.

These need to be considered further in the light of the agreed aims of the Trust, but at this stage, some examples of community services that could be provided are set out below.

- Housing Management
- Maintenance of grounds and homes, possibly in partnership with social landlords
- Environmental improvements
- Training and employment for local people
- Capacity building support for local groups
- Community energy and services
- Wardens and security
- Financial advice signposting
- Childcare (affordable), after-school activities and youth activities
- Fundraising for new community social and support activities.

These services might be provided for their own intrinsic benefit, but can also be the means to achieve other social objectives such as the provision of local training and employment, perhaps for a target group of disadvantaged people.

4. Governance

The agreed governance structure for the Trust will provide the necessary legal framework for the ownership of assets and responsibility for resources, whilst also ensuring strong management and accountability for service delivery and demonstrable public benefit.

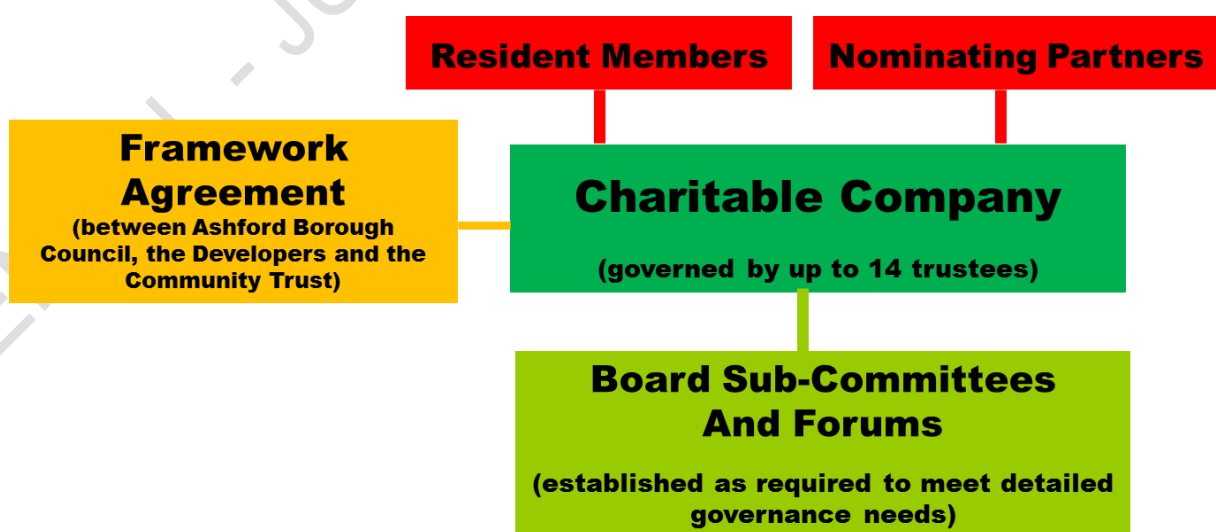
The model of a charitable limited company for the benefit of the Chilmington Green development area is to be adopted. This model provides for a sufficiently robust and accountable, but dynamic organisation structure to safeguard assets and financial resources. The Trust model provides the ability to own and manage the public land and built facilities, respond to local community needs, and build a sense of community among the local residents, partners, service users and visitors.

4.1 PRINCIPLES FOR GOVERNANCE STRUCTURE

Due to the extensive consultations through the planning process, the key parties agreed that the proposed Community Trust must have an effective governance structure capable of meeting a series of long-term objectives. These included:

- Sustaining the quality and relevance of the service delivery
- Safeguarding the assets
- Being resilient to any risks
- Remaining accountable and transparent to the local community
- Safeguarding the key interests in the development of strategic partners (the developers and the Borough Council)

The governance of the Community Trust will operate at four levels as shown in the diagram below:



Each component is explained in more detail in section 4.2 below.

Professional advice was received from accountants (KPMG) with regard to any trading activity the Trust might undertake, and therefore the need for associated subsidiary or related companies. Based on the current plans, the advice is that the Trust will not undertake any activities outside of its charitable scope (once registered) and therefore no subsidiary or related companies are required. However, this can and will be reviewed throughout the Trust's ongoing development, as there is provision within the draft Articles to establish trading subsidiaries if deemed appropriate.

4.1.1 Area of Benefit

One key principle for the Trust is the "Area of Benefit" which provides the Trustees with a geographical parameter for the provision of charitable services and benefits. When taking decisions, the Trustees (the Directors of the company) must bear in mind that the charity has been set up to benefit those who live and work in the 'Area of Benefit'.

The area is described in the Articles as "Chilmington Green" and relates to the area that is defined in the Chilmington Green outline planning permission with its boundaries set out in detail in the Site Plan attached as Appendix B (this is a copy from the Planning Application and Permission documents). 'Chilmington Green' is currently proposed as the name for the new development, subject to final confirmation from the developers.

As set out in the Site Plan, the Area of Benefit for the Trust reflects the formal development area, and is therefore limited to the new development area. This is the focus for the new Trust's work. Whilst it is expected that existing residents, and those from neighbouring communities and farther afield, will utilise Chilmington Green's public open spaces, community facilities, its schools, health services and retail facilities, the prime duty of the Directors will be to focus the Trust's work on those who live or work in the new Chilmington Green development area.

Membership of the Trust (see 4.2.1 below) is confined to those either who reside within the formal Area of Benefit, or who are appointed to the Trust Board as Trust Directors by the other key stakeholders.

As mentioned in Section 1.5.4, once operational the Trust will be keen to ensure that there is good integration between the new and existing communities within and surrounding Chilmington Green.

A key point of interest to the existing community within the outer perimeter of the development area (the Area Action Plan boundary), but not within the Area of Benefit

for the new development, is their status (and of future residents arising from any other approved housing development within the AAP boundary) about participation in the Trust.

It is noted that there is serious interest from four existing residents in progressing housing applications on their land.

PWG has discussed this point on a number of occasions, and has held discussions with representatives of existing Chilmington Green residents. All parties understand that the planning permission and associated Section 106 legal structure for the Trust do not permit participation by existing residents, including financial contributions through the proposed estate rentcharge mechanism. Nevertheless, PWG is sympathetic to the residents' point of view, and wishes to avoid a situation where existing residents (and others arising from further development) feel excluded for the long-term.

There is not a simple remedy to this position, as absorbing other residents on exactly the same basis as new residents of the Chilmington Green development, is technically and legally not possible (as the Section 106 and supporting arrangements are restricted to the new development). A different solution would be necessary. Accordingly, options to address this point will be explored by the developers and the strategic partners (including the Borough Council) in association with the Trust. It is not a decision the Trust alone could make.

4.2 GOVERNANCE STRUCTURE

4.2.1 Charitable Company

At the core of the Trust will be a charitable company limited by guarantee. This model facilitates an entrepreneurial and community focused culture, which is vital if the organisation is to expand and develop the range of services and facilities for the local community. The charitable company provides:

- A recognised model
- Limited liability for Directors/Trustees and its Members
- A democratic structure with a membership base
- Not for "personal" profit
- Continuity for longevity
- Charitable corporation tax and business rates benefits
- The ability to employ staff and enter into contracts
- The ability to raise funds (and borrow money if required)

The proposed Articles (and the Framework Agreement – see separate Section) drafted by specialist lawyers (Anthony Collins LLP) contain provisions for the operation of the company including:

- Objects and powers
- Membership
- General Meetings and their conduct
- Appointment of Directors
- Quorum for Director meetings
- Obligations and conduct of Directors
- Committee and working parties

These Articles form part of the Section 106 planning agreement. There is an intention to amend the articles to include two new Objects. These can be found at Appendix C.

It is important that all Directors/Trustees are familiar with the content of the Articles and the scope of the Trust, and of the supporting governance architecture that will support the principle of a Trust operating to high standards of governance.

Trustees will receive induction briefings to explain the fundamentals of charity law and their associated roles. Good understanding of the governance framework will be particularly important for the Chair of the Trust and its Company Secretary (see below) to ensure that the charity complies with its Objects and Powers, and is run to the highest standards.

The proposed six Objects (plus the two intended) are set out in Appendix C. These focus on provision and maintenance of public open spaces and community facilities, but allow for all the proposed activity areas of the Trust, all of which are of a charitable nature designed to facilitate securing charitable status.

Membership and Rights

The Articles (6-9) set out details about membership of the Trust, who must be either Directors or a resident of the Area of Benefit, irrespective of tenure, i.e. tenants as well as freeholders are entitled to sign up as members.

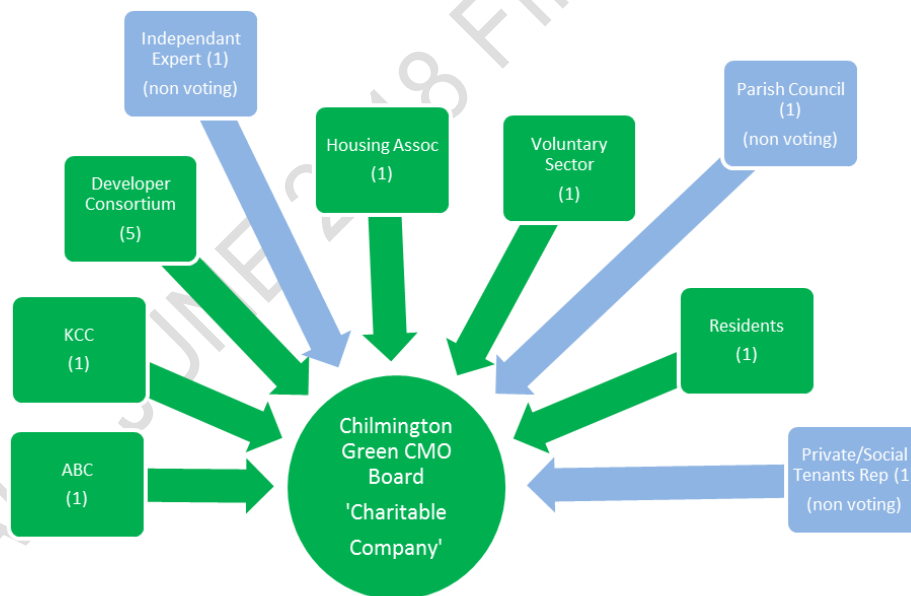
Membership is not automatic, and is not linked to the Estate Rentcharge Deed. Residents of the new Chilmington Green will be encouraged to sign up as members either at the time of conveyancing or shortly after they move in (see section 9.2 on Marketing and Community Engagement). Membership is restricted to one individual per household to avoid any excessive influence, and Article 15.3 limits resident company members to a maximum of 50% of the votes at General Meetings.

Membership of the company provides the following statutory entitlements:

- Attendance at the company's General Meetings; these are distinct from company Board meetings and at least one General Meeting must be held annually;
- The opportunity to submit and vote on resolutions;
- To approve any proposed changes to the constitution or the name of the Trust;
- At the AGM, to receive the Directors' report, the accounts and the auditors' report, and to appoint the Trust's auditors;
- For residents, the opportunity to participate in the appointment of the Resident Directors.

Board of Trustee Directors

Initially, the Board of Trustee Directors will be made up from the following stakeholders with one representative each except for the developers who are entitled to appoint up to five Directors:



NB: Whilst one resident Trustee is shown in the diagram above, as the development progresses a further four resident Trustees will come on stream, replacing developer Trustees.

It is envisaged that there will be up to 14 Directors in total, ten at the beginning who are then supplemented by a further four resident Directors as each phase is completed. The Directors will be appointed by their respective nominating organisation, but must act in the best interests of the charity and not their organisation. Section 4.3 details the recommendations for nominations identified so far identified.

The Trustee Directors will make the strategic decisions required for the Trust to carry out its work. The Directors must act in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011 when carrying out their duties. This means that they must act in the best interests of the Trust and should not therefore, in legal terms, be seen (or act) as representatives of their nominating partner (i.e. the developers, the Councils, etc.). This is because it is not legally appropriate for any Director to be mandated to “represent” the interests of an outside party. Through pre-incorporation inductions for the Trustee Directors, those involved will be briefed on this point and the importance of maintaining robust, transparent and independent governance for the Trust.

It is proposed that one Trustee Director is appointed by the Housing Associations (Registered Social Landlords or Providers) that are expected to have interests in the development (Article 19.2.3), but this cannot take place until a Housing Association(s) is appointed by the developers. This is unlikely to occur before the inaugural board meeting. The new Board will consider whether one of the non-voting advisory places be allocated, initially to someone with insights from the RSL sector to ensure appropriate timely input. There is also a duty on the Board to appoint a Trustee Director from the Voluntary and Community Sector, with discretion for the Board to agree an appropriate process.

Residents who live within the new Chilmington Green development area will be invited to appoint one Trustee Director prior to the completion of each phase, with the first resident Trustee Director appointed at the earliest opportunity, ideally within the year after first occupation. Further resident Directors will be added as early as possible during each subsequent main development phase (Article 19.7). At the end of the development it is the intention the Trust becomes fully resident led, with suitable amendments to the Articles to also be agreed at that point.

The Articles allow for a transparent selection process of a Resident Director and leave discretion to the company board to determine that selection process to ensure appointments are open and achieve selection of the most capable and experienced residents.

Trustee Directors all have a three-year term of office, irrespective of how they are appointed (Article 19.6). For nominated Directors (excluding resident Directors, and the Director representing the voluntary and community sector) there is an automatic right for the nominating party to continue its Director for another three-year term. The

Articles provide for the removal of Directors by the Board in certain circumstances, and provide the ability for a nominated Director to be removed by their nominating organisation, subject to written notice.

Please note that at present the draft Articles do not contain a clause permitting the Trust to appoint to casual vacancies other than through an Annual General Meeting. To aid the Trust in circumstances where vacancies may arise and an AGM is some time off, PWG has recommended that when constituted, the Trust should seek the formal approval to the inclusion of a 'casual vacancy clause' in the Articles.

There is also provision for Observers (i.e. non-voting places) to attend the Board meetings, two of whom are specifically referenced and expected as a minimum (Article 29.5), namely, one from Great Chart with Singleton Parish Council and one selected by tenants (persons occupying a dwelling under an assured shorthold tenancy). The Board may also allow further independent experts to attend. The Board can also appoint other specialist advisers who are also deemed as Observers. The Articles allow Observers to attend and participate at all meetings of the Board (subject to the Chair's invitation to speak or advise), but may be excluded by the Chair whenever confidential matters are to be discussed. Standing Orders will be developed with regard to the operation of meetings to include the selection and appointment of specific Observers. A Code of Conduct for Observers will apply.

The term 'Observers' does not extend to inviting members of the public or residents to Board meetings, other than the tenant representative observer. A Resident Director will be a Trustee on the Board. Residents will be engaged in other ways, including creating forums, and will, if they are Members, have the ability to attend and participate in the Annual General Meeting and any other General Meetings held.

It is expected that Trustee nominations will comprise a balance of appropriate skills, insights and experience to ensure a suitably qualified board.

Appendix F provides a set of Terms of Reference for the Board of Trustees agreed by the PWG. They build on the Articles to provide clear guidance on the expected roles and responsibilities of Trustees.

These roles and responsibilities include:

- Defining and ensuring compliance with the values and objectives of the company
- Supporting, advising and approving the periodic Business Plans and budgets
- Create the right execution processes and administrative arrangements for the Trust's role in establishing and collecting Estate Rentcharges
- Agreeing priorities and performance targets through the annual Delivery Plan
- Defining policy and strategy for the growth and development of the Trust and any associated programme activities

- Ensuring financial viability and the management of the sustainable long-term income and funding strategy
- Approving service level agreements for any sub-contract activities
- Appointing (and if necessary removing) and managing the Trust Development Manager, Trust Chief Executive or interim contract staff
- Monitoring performance and directing action if required
- Approving accounts before publication
- Representing the Trust to outside agencies and forums

The quorum for a Board meeting is a minimum of four Directors, with at least two being from the Developers. The intention is that two non-developer Directors will be required to qualify as a quorum. Decisions arising at a Board meeting are to be decided by a simple majority of votes with each Director having one vote. Until the occupation of the last dwelling, the developers shall have 50% of the votes on any decision.

However, it is intended that decisions are generally reached by consensus, but in situations where decisions need to be put to a vote, if there is an equality of votes on any decision, the Chair is not entitled to a second or casting vote (Article 25.7). In the event of a deadlock, there is a process under the Framework Agreement (see para 4.2.2.) for bringing the parties round the table to work towards an agreement.

Board meetings will be supported by the Trust Chief Executive (or their equivalent) and the Company Secretary, and their frequency will be decided by the Directors of the Board.

Chair and Vice-Chair

The role of Chair will be crucial, particularly during the first year as the Trust is formed, and the working style and culture established. The appointment of the Chair and the Vice-Chair are matters for the Directors to determine.

Appendix G summarises a role description for the Chair of the Board, who will be supported in these functions by the Vice-Chair.

Annual General Meeting (AGM)

The AGM is one of the key means by which the Trustees can report on progress over the previous twelve months to its members (the residents). An Annual Report from the Board is a requirement, along with a report of its strategy for the future. The AGM will receive the annual report and accounts and will be the time when resident Directors are appointed (subject to detailed rules to be worked up by the Trustees). AGMs are also opportunities for resident members to put forward their own resolutions, subject again to detailed rules.

Company Secretary

The Trust will appoint a Company Secretary or will ensure that the required roles are covered. In the first instance and for the first twelve months, the role of Company Secretary will be undertaken by appropriately qualified lawyers, providing the ability for the Board to obtain any advice required. After twelve months, the Board will review whether to continue with specialist legal advice or find alternative ways to fulfil the role.

4.2.2 The Framework Agreement

Given the governance principles outlined above, and the size, significance and long build programme of the development, two of the strategic partners, i.e. Ashford Borough Council and the developers, have a role to ensure their respective strategic interests are appropriately dealt with.

This will largely be through the Board of Trustees and its alignment in pursuance of shared aims and objectives for the development of Chilmington and its community. As a safeguard and to protect these shared interests, a contractual agreement will be in place (known as the Framework Agreement) that will require the separate consent from the key partners should the Trust propose certain and more material departures from the intended aims and objectives of the Business Plan for the Trust. The Trust will be a party to the Agreement to ensure that it keeps to these obligations.

The matters falling within the scope of the Framework Agreement can be divided into two categories; those that can be agreed by the Board (provided all developer Directors are present), and those that must be referred to the partners for written agreement (prior consent). If, of course, the Board cannot agree, then the matter would be referred to the partners for decision under the 'deadlock procedure' referred to earlier:

Require Special Board Approval

- Entering, varying or terminating any contract that impacts beyond the Area of benefit
- Entering, altering, or varying any bank mandate (subject to review as wish to remove this requirement)
- Undertaking any activity which could prejudice the charitable status
- Acquisition or creation of any subsidiary undertaking.

Require Prior Written Agreement

- Amendments to the Articles
- Changing the classification, nature or scope of the Trust

- Changing the nature of the business of the Trust as set out in the Articles
- Approving any proposal relating to the winding up or insolvency of the company
- Proposed amendments to the Maintenance Standards, or revisions to the Business Plan.

Under the terms of the draft Framework Agreement, there are a number of matters (i.e. those noted under the heading Special Board Approval) which require the Directors appointed by the developers and the Council to be: a) present at the relevant Trust board meeting, and b) vote in favour. Certain key decisions however (i.e. those noted under the heading Prior Written Agreement and Special Board Approval) additionally need the **prior written consent** of each of the developers and Ashford Borough Council.

Given the governance framework and the drive for a well-functioning Board committed to shared aims and objectives, it is not expected that the Framework Agreement process will be required frequently or unduly affect the Trust's obligation to fulfil its duties and day-to-day operations of the Board. The Framework Agreement is nevertheless a safeguarding mechanism.

In the event of any disagreement on key decisions, the Trust Board must decide its position. If the Trust Board cannot do so, then any party can trigger the deadlock procedure in the Framework Agreement. Ultimately, in the event that agreement cannot be reached, the Framework Agreement sets out a process (Schedule 2) for the resolution of disputes.

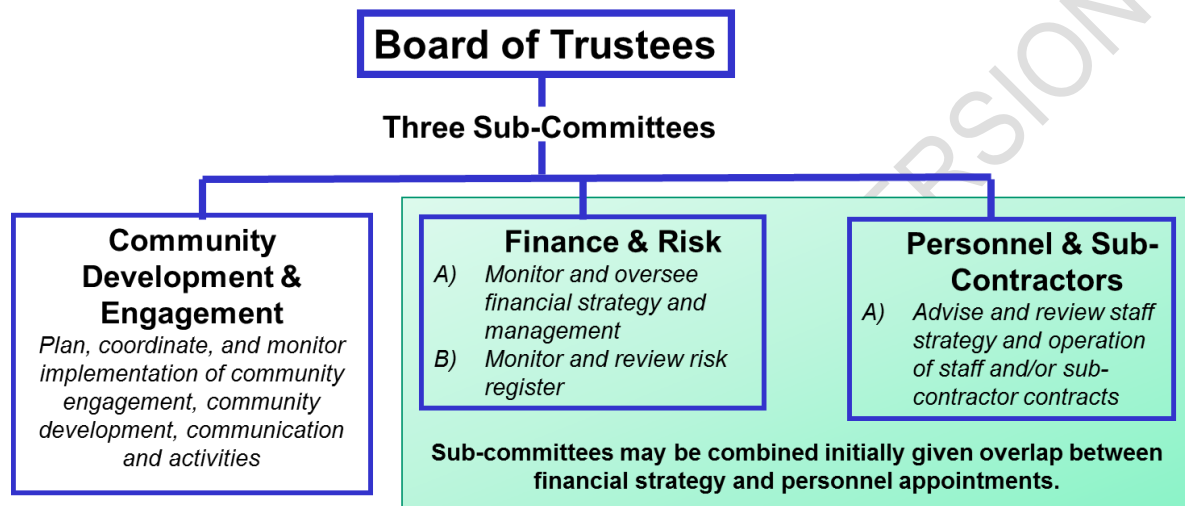
Please note that when constituted, the Trust will seek formal approval from the Agreement Parties to some necessary changes to the Agreement, to aid more reasonable decision-making and control over routine operational matters.

PWG has considered the detail of the Agreement and recommends that to avoid complications for the Board and its effective and independent management of the Trust amendments covering the following issues are required:

- A level of **materiality** is applied before the Trust must seek the prior consent for changes to the Business Plan or Maintenance Standards
- That prior consent for bank mandate changes is removed
- That the Essential Activities in the Framework Agreement and the Scope of Use Schedule in the Estate Rentcharge Deed are drafted in terms that are consistent with each other to avoid any uncertainty and risk of resident challenge on these grounds. Also, that some relatively minor additions to scope are added to include: unadopted highways, and security measures.

4.2.3 Board Sub-Groups

The Articles will allow the Trust to create Sub-Committees and working groups as it deems fit. These will evolve and change to meet the Trust's needs, and are likely to reflect its core activity and responsibility areas (eg Landscape Maintenance). In the early years three Sub-Committees/Groups of the Board that are likely to be constituted are shown below:



Each will have a formal Terms of Reference (see Appendix H) and be serviced with executive support and independent advice. The overall role of a Sub-Committee is to support and advise the Board, Trust management and its staff, ensuring appropriate review of options for any associated strategies and detailed operational plans and their implementation.

It is currently envisaged that the Sub-Committees or groups will probably hold bi-monthly or quarterly meetings, and the three Chairs will report back the key actions to the full Board for ratification. For the first two years, it is expected that the Finance/Risk and Personnel/Contractor Sub-Committees are combined, given the close overlap on the responsibilities and the limited number of Directors. The Sub-Committees can include people by invitation who are not voting Trustees, and can provide a useful means to involve wider stakeholders in the detailed aspects of the Trust's operation.

4.3 SETTING UP THE TRUST

A small group of representatives of the main stakeholders, entitled the "Partnership Working Group", have been meeting since September 2016 to provide advice to guide the planning and preparation for the setting up of the Trust. The PWG will be instrumental in enabling the transition to a Board of Directors/Trustees.

This Business Plan includes reference to the proposed Articles of Association, the Framework Agreement and the features of the role description for Chair. Given all the preparatory work required to ensure the Trust is operational, the intention is for the Trust to be operational three months before first occupation and must be prior to the S106 trigger date of first occupation (expected to be about April 2019). The governance structures will be formed over the indicative timeline shown below:

INDICATIVE DATE	TASK
June 2018	The Trust Business Plan submitted PWG to agree process and timetable for nomination of Directors and Parish Council Observer Nominations for Directors to be put forward by strategic partners Begin process to identify Voluntary Sector Director
July 2018	The Trust Business Plan approved Incorporate the company limited by guarantee with subscribers as nominated Directors from Developers, ABC and KCC.
Aug 2018	Set up a bank account Inaugural Board meeting <ul style="list-style-type: none"> - Directors formally appointed and to formally sign - Strategic Partners to Sign Framework Agreement - Board Sub-Committees established - Initial policies and procedures approved Apply for charitable status
Sept 2018	2 nd board meeting Code of Conduct to be updated and approved Combined Finance and Personnel Sub-Committee to meet Community Engagement Sub-Committee to meet.
October 2018	3 rd board meeting Achieve charitable status
November 2018	4 th board meeting Agree standing orders for Trust (to include appointment of residents, time-limits [if any] on Director appointments.
December 2018	5 th board meeting

4.3.1 Transition Process

The Partnership Working Group (PWG) will be required to meet soon after the Business Plan is submitted in order to confirm the timetable and oversee the process for the establishment of the new governance structure. This will maintain continuity and provide oversight and accountability for decisions and actions (e.g. Branding, Marketing Strategy and Welcome Pack) whilst the Trust is being established. It is

expected that PWG will continue and run in parallel with the board for a limited period of time (up to six months).

A Code of Conduct for the Trust was approved at the January 2017 PWG Meeting. This Code is to be reviewed, updated and approved at the first 2018 Trust Board meeting.

The following processes are recommended:

Company Formation and Initial Board

Once the Business Plan is submitted, Director nominations can be confirmed from Ashford Borough Council, Kent County Council, at least two developer nominations, and an initial Director to represent the voluntary and community sector. Solicitors will be instructed to register the Company with these five founding subscribers.

This Board should be credible and competent, and ideally reflect a balance of experience and attributes, e.g. gender. To achieve this will require some pre-planning and consideration from respective nominating partners.

The members of the Initial Board will keep their respective constituencies informed, and be reappointed or replaced through the subsequent nomination and appointment processes and the Annual General Meeting, as summarised in the Articles.

Through the PWG process, nominations from the Borough Council (Councillor Neil Shorter), is proposed. Furthermore, PWG has agreed that the Rev Canon Tim Wilson be appointed as an initial Director to represent the Voluntary and Community Sector for a period of twelve months. This will provide for continuity and the retention of particular skills and insights, while allowing the Board to consider further a selection process for this sector's representation over the longer term. Both proposed Directors have been actively involved in the community management organisation's preparatory work for some time.

BDW have expressed their intent to nominate David Clark, Part Exchange Manager, Jarvis Homes have nominated Ian Bull, Ian Bull Consultancy Ltd. Hodson and KCC are yet to advise.

Future Boards

The Initial Board will need to adopt a number of 'standing orders' (or rules) governing its operation and policies and procedures (see Appendix M for a draft list of relevant policies and procedures). This will include the selection (and/or membership structure) for resident Directors. The Board will then operate along the following lines:

- a) The Chair should be elected from and by the Board every year

- b) The Articles allow for a three-year term for Directors. Those appointed by the various stakeholders are deemed to be re-appointed unless the relevant nominating body proposes a replacement
- c) For resident Directors, to ensure there is not a wholesale change, Standing Orders should be agreed which allow for phased election/re-appointment from the second AGM
- d) At the following AGM, and at every AGM thereafter, nominations or elections to be held for resident Directors. Reappointment is acceptable. The Phase 1 Resident Director to ideally be appointed at the 2019 AGM
- e) Any casual vacancies can be filled by co-option until the following AGM. However, one of the legal points of review is a recommended added clause to the Articles to permit the appointment of Trustees to temporary casual vacancies.

4.3.2 Exit and Sustainability

The developers will be on the Board as primary stakeholders from the beginning. It is expected that some or all of the developers will vacate their place over time as the development is built out and the Trust becomes sustainable. Most other Board places will be filled by rotation or through election processes as set out in the Articles.

At the conclusion of the development period and the withdrawal by the Directors appointed by the developers, the aim is for the Trust to become principally resident led. At that time a fresh governance framework, including amendments to the Articles, will be necessary.

The Trust and Insolvency

If the rescue mechanisms in place for companies are not possible, then liquidation or winding up is the last resort.

In the event of a winding up, then under the (current draft) Articles of Association, the Trustees of the CMO have the responsibility to use their “reasonable endeavours” to ensure that the work for which the CMO was created continues. However, this does not alter the Trustees’ statutory responsibilities as set out below:

- Payments to creditors are the Trustees’ primary responsibility and should be scheduled in accordance with their priority;
- The CMO could contravene the provisions of the Insolvency Act if it paid grants to beneficiaries or made a transfer to another charity in anticipation of insolvency so that other creditors do not get a fair settlement - this means that Trustees

should not apply the charity's funds for its purposes if it could be construed that the application could be seen to have this effect (a 'preferential transaction');

- The charity's assets should not be removed, particularly given the provision in the Articles. However, in a winding up cash is important and if buyers are found for the charity's non-cash assets, they can be sold - in doing this the Trustees must always keep in mind the need to maximise the funds available to pay the charity's creditors.

Charitable Companies and Liquidation

When the Directors of a charitable company know, or ought to know, that there is no reasonable prospect of avoiding insolvent liquidation they must from that time take every step necessary to minimise the potential loss to the company's creditors. This may involve cutting down or stopping some or all of the CMO's activities. Paying professional fees for advice obtained is justifiable if incurred with a view to ensuring the best outcome for the charity's creditors.

The court will not normally order the compulsory liquidation of a charitable company on the ground of inability to pay debts until after a creditor has either:

- issued a formal legal notice called a 'statutory demand', and the demand has not been met (this applies to sums greater than £750 which then remain unpaid for 21 days); or
- obtained a court judgment against the charity, in relation to a claim against it, and that claim has not been satisfied.

In these circumstances the creditor can petition the court to wind up the company. Once a charitable company is being wound up, whether voluntarily or compulsorily, it is placed under the management of an insolvency practitioner as liquidator. It is then too late for the Trustees to take action of their own to bring the charity out of insolvency.

Members of charitable companies can voluntarily place the company into liquidation. Where the members of a company pass a resolution to liquidate the charity, this will be a creditors' voluntary liquidation if the company is insolvent. It will be a members' voluntary liquidation if the company is solvent. The main difference between the 2 is that in a creditors' voluntary liquidation, the creditors rather than the members control the choice of insolvency practitioner.

CMO Trustees have a duty to act in the interests of their charity and protect and safeguard its assets. They must exercise proper financial management and compliancy with the law, including insolvency law.

The Trustees themselves will normally have no personal liability for the company's debts, because the company has a separate legal identity (unless, for example, they personally guarantee the payment of the debts). However there are certain limited circumstances involving fraud, transactions at an under value, wrongful trading or breach of trust where Trustees may face personal liability and Trustees should take professional advice on this issue.

The Role of the Commission

The Charity Commission cannot become involved in the internal administration of a charity, including restructuring and refinancing. When solvency is an issue, it may have a regulatory interest. However, in the Commission's view questions of financial viability must remain a matter for the charity Trustees and their professional advisers. The Commission has powers to become involved if it suspects that Trustees have mismanaged the charity or there has been maladministration.

CONFIDENTIAL - JUNE 2018 FINAL VERSION (DRAFT)

5. Partnerships and Resources Required for Programme Delivery

The Trust will be built upon the enthusiasm and qualities of the people closely connected with it. These will include the strategic partners, the voluntary Directors/Trustees, the volunteers, the contracted service providers, and in particular, the staff who coordinate the management and operation of the Trust.

There will be a growing number of executive functions required which will need to be exercised competently and to defined timescales. These are divided into five task headings and delivered across the three organisational development phases as summarised below:

ORGANISATIONAL DEVELOPMENT PHASE	TASK HEADING
Year 1: (April 18 – March 2019): Start-Up: Formation and Foundations	Governance and Management Marketing and Promotion Planning and Service Delivery Staff and/or Contractors Finance Planning and Management
Year 2 (April 19 – March 2020): Early Activity	
Year 3 Onwards (from April 2020): Growth and Development	

There are essentially three ways in which these tasks will be undertaken:

- By the engagement of specialist support under contract
- By employing own staff
- By the commissioning of existing agencies or partners under service level agreements.

At each stage of the Trust's organisational development, the Board will focus on the tasks to be achieved, and determine the best and most cost effective way to achieve them. Given the extended development phase, it is likely that the Trust will adopt a combination of all three through commissioning partners under Service Level Agreements, supplemented by specialist support, leading eventually to a combination of own staff and service partners. Detailed proposals are set out below to summarise the practical tasks required and the staffing strategy to deliver them.

5.1 EXECUTIVE TASKS AND STAFF STRUCTURE

Following submission of the first Business Plan in March 2017, the developers, working in conjunction with the PWG and Ashford BC's CMO project team, continued the preparatory work as originally intended. This particular section is looking forward

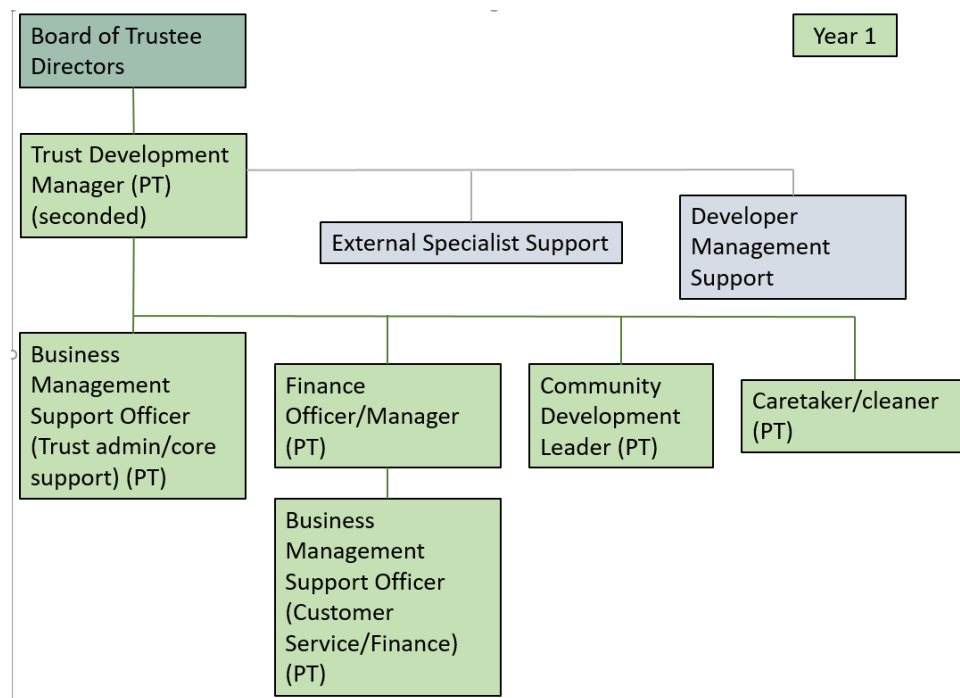
from the point of Trust Board formation and continuing with that early work and foundation setting prior to first occupation.

Importantly for the first stage at least (possibly permanently), it is most likely that a specialist company will be engaged to support the administration, collection, and arrears recovery of the estate rentcharge. Typical fee scales for this type of service are 5%+ VAT of each year's annual estate rentcharge income. Please note, the financial model assumes a collection fee of 6% (inclusive of VAT). Specialist companies, such as RMG, offer more fully inclusive packages to support the full accounting requirements for estate rentcharges and can deal with resident consultations over charge levels and service contract arrangements. Fees are typically a unit cost per house/flat.

The independent status of the Trust will require the appointment of staff to initiate and undertake the practical day-to-day tasks as required by the Board of Trustees. The Trust will undergo a staged development process, and so the principal tasks and associated staffing required can be summarised within these three stages as follows:

A) Year 1 (April 18 to April 19): Foundation and Early Activity

In the first operational year, i.e. from April 2018, the Trust will consolidate its systems and processes, and work to prepare for its future growth. Towards the end of the year, it will have its first operating premises. First occupations are unlikely to occur until the beginning of next year (April 2019) but, early activities will commence, mostly being community development work. A proposed staffing and associated support structure during the first year is as follows:



The principal tasks for the team during the first year will be as follows:

Governance and Management

1. Formation of the Company
2. Seek formal approval to PWG's recommended amendments to legal documents governing the Trust
3. Induct, support and train initial board of Trustees
4. Draft all policies and procedures
5. Agree a process for selection of a voluntary sector Director, beyond the initial 12 month period
6. Identification of Resident and RSL Directors
7. Induct and support the Board of Trustees
8. Service Board and Sub-Committee meetings of Trust incl. agendas, minutes, and drafting or collating reports and papers
9. Monitor and review implementation of S106 with regard to the Trust
10. Update 2019 Delivery (Business) Plan
11. Organise and support AGM.

Marketing and Promotion

12. Inform and oversee design of branding and its use and application
13. Plan detailed marketing messages and materials with Hodson PR/Marketing company
14. Prepare and have approved the Welcome Pack and arrange production
15. Prepare copy and briefing for website (pages) and social media for 'Go Live'

16. Provide briefing to update and maintain website (pages) and social media
17. Promote Trust and its agenda to partners and wider stakeholders
18. Brief and liaise with house builders' sales and marketing staff
19. Review Welcome Pack and amend where appropriate and necessary.

Planning and Services

20. Liaise with Hodson and ABC over the detailed specification for the open spaces and for design and fit out of the first community facility to include the Trust's offices
21. Liaise with Hodson and ABC over Creative Chilmington, implementing as required
22. Take occupation and equip the first new Operating Premises (including first community space)
23. Manage the booking, maintenance/cleaning and use of the Operating Premises
24. Undertake the community engagement and development work
25. Implement Public Art expenditure programme in partnership with Ashford BC
26. Plan to take on initial landscape maintenance roles
27. Liaise and work with Ashford BC and the developers on specification and transfer of community facilities
28. Respond to Ashford BC planners on developer submissions where Trust is a consultee.

Staff or Contractors

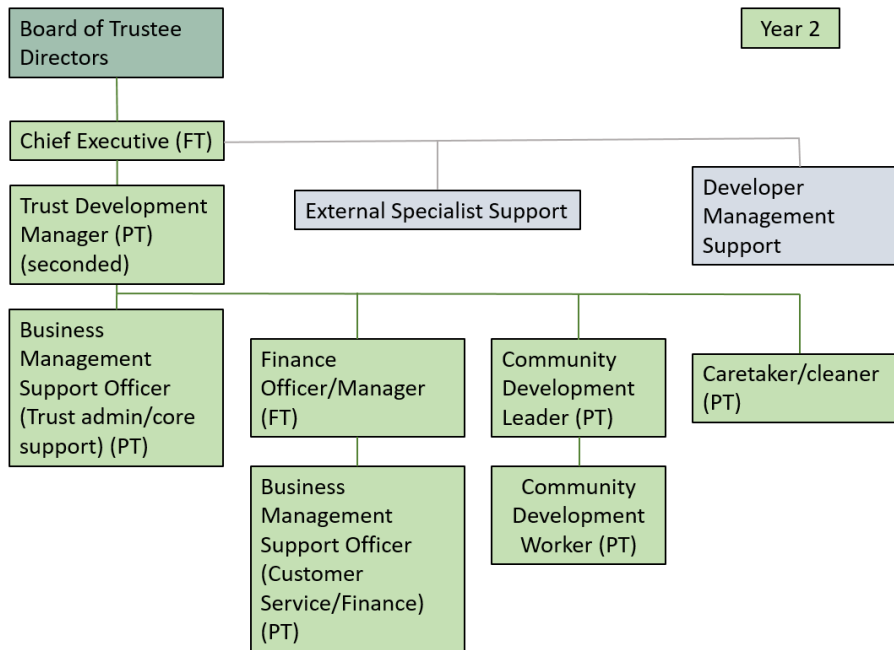
29. Draw up and agree detailed job or task specifications where necessary
30. Recruit, induct, manage and develop any staff, service providers and/or volunteers with appropriate monitoring
31. Ensure appropriate legal documentation (contractors)
32. Develop and approve a volunteering strategy.

Finance Planning and Management

33. Oversee opening of bank account, commission insurance requirements and payroll and HR services
34. Inform and oversee setting up of financial systems and maintenance of account systems
35. Plan for, implement and maintain accounting and estate rentcharge systems and other invoicing systems
36. Oversee development of financial procedures, management of financial resources, authorising payment of expenditure as required
37. Oversee preparation of Year-End accounts and Annual Report
38. Manage financial resources, including income collection and debt management, and Trust payments
39. Prepare 2019/20 budget, and determine the estate rentcharge level.

B) Year 2 Onwards (from April 2019): Growth and Development

In the second operational year, i.e. from April 2019, the Trust will be well established, be running its first operating premises and the first residents will take up occupation, with over 500 people expected to be living in the new community by April 2020. The Trust staffing and associated executive support structure will need to evolve according to the work related demands, and so during the second year and going forward it is expected to be structured as follows:



The key difference is that the Trust is likely to appoint its own (full-time) Chief Executive with a strategic and outward looking focus at some point during the year. There is potential for the Trust Development Manager to be in post for up to a further year to help focus on the growing operations and activities, leading up to the appointment of the Business Manager in Year 3.

The indicative tasks and responsibilities for the team during the second year and beyond will be as follows:

Governance and Management

40. Support the Board of Trustees
41. Service meetings of Trust Board and Sub-Committees incl. agendas, minutes, and drafting or collating reports and papers
42. Monitor and review implementation of S106 with regard to the Trust
43. Update 2020 Delivery (Business) Plan
44. Organise AGM

Marketing and Promotion

45. Update and maintain website and social media
46. Promote Trust and its agenda to partners and wider stakeholders
47. Brief and liaise with house builders' sales and marketing staff
48. Review marketing activity, grow and amend where necessary.

Planning and Services

49. Manage the booking, maintenance/cleaning and use of the Community facility
50. Undertake the community engagement and development work
51. Initial landscape maintenance roles
52. Liaise with Hodson and ABC over the detailed specification for the open spaces, design and fit-out of the second community facility, and the play space
53. Respond to ABC planners on developer submissions where Trust is a consultee.

Staff or Contractors

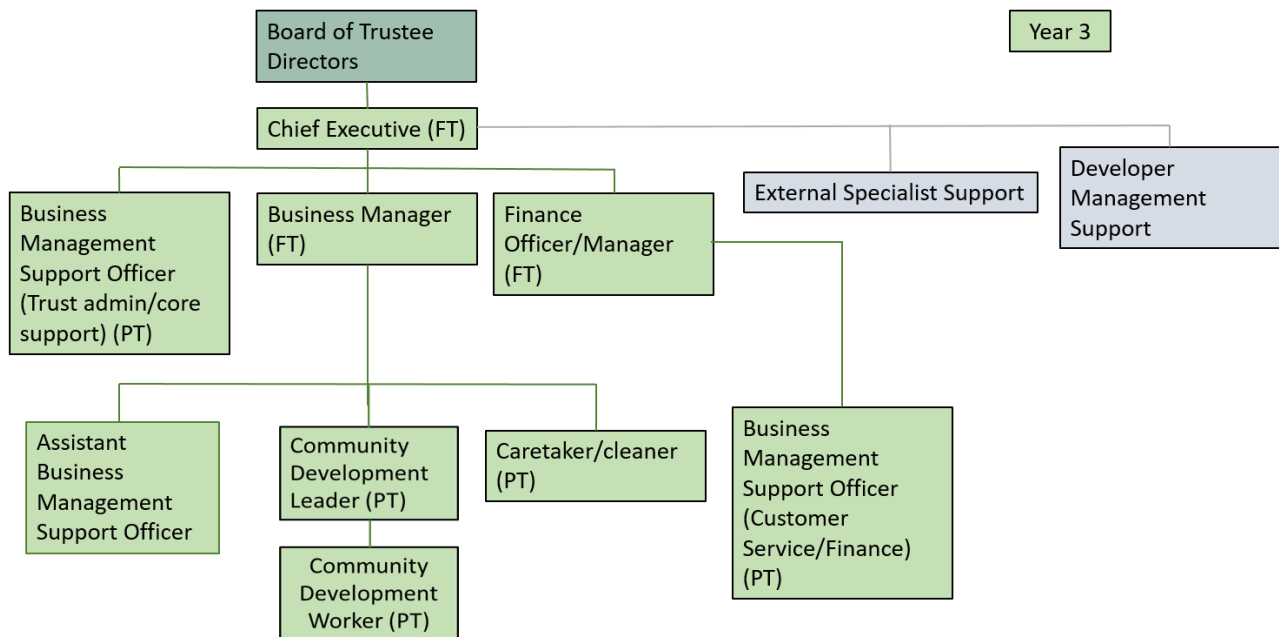
54. Manage and develop any staff, service providers and/or volunteers with appropriate monitoring
55. Review Community Development Strategy and create new five year Strategy.

Finance Planning and Management

56. Maintain accounting systems
57. Oversee Year-End accounts and Annual Report
58. Manage financial resources, including income collection and debt management, and Trust payments as required
59. Prepare 2020 budget, and implement arrangements for estate rentcharge.

C) Year 3 Onwards (from April 2020): Settling to Routine Operations

The final stage of the early staff structure will take place in Year 3 with the introduction of a Business Manager post and the end of the secondment of the Trust Development Manager. This important change marks the end of the early set up of the Trust where systems, processes and activities are embedded in the long-term approaches to delivery. Further staff join the team as resident numbers increase and the administration of the Trust increases to support the needs of residents.



5.2 STAFF ROLES

The Trust staff team will grow slowly over the first few years as the executive responsibilities increase. The challenge is to obtain the necessary levels of executive capacity and experience when required in order to utilise limited financial resources as effectively as possible.

The following strategy reflects the anticipated approach to providing the most proficient and cost effective staff resource over the next three years and beyond.

5.2.1 Engaging Own Staff

The preferred strategy is to utilise and build on the quality experience and record of accomplishment of the current team from Ashford Borough Council who have been closely working on the Trust's development. Subject to agreement by the Council and the new Board, two of the current staff team would continue in their roles and responsibilities, but acting directly for the company/Trust from its inception through to 31st March 2019. The role would be supported or supplemented by a part-time (50% post) Business Management Support Officer, and then from February 2019, the Community Development Leader for 2 days/week. From April 2019, the Trust Development role would be reviewed with an option for an extension or a variation of the support arrangement. If this is not possible or appropriate, the Trust will need to recruit externally. Sometime in 2019 it is likely that a full time Chief Executive will be engaged to take the Trust forward.

The anticipated staff appointments for Year 1 and 2 can be summarised as follows:

ROLE	HOURS/WK	FTE SALARY*	PRO RATA SALARY	START DATE
Chief Executive	Full-time	£49,000	£49,000	1 st April 2019
Trust Development Manager	22hrs Yr1 & 2	£45,000	£27,900 Yr1 <i>(Based on £45k fte)</i>	1 st April 2018
Business Management Support Officer	18hrs Yr1	£20,000	£11,999 Yr1	1 st April 2018
Business Management Support Officer (2)	18hrs Yr2	£20,000	£11,999	1 st April 2019
Finance Officer/Manager	18hrs Yr1 Full-Time Yr2	£40,000	£19,459	1 st April 2019
Community Development Leader	14hrs Yr1	£28,000	£10,595	1st April 2018
Community Development Worker	14hrs Yr2	£22,000	£8,324	1 st April 2019
Caretaker/Cleaner	12hrs/wk rising as required	£12/hr	£12/hr	1 st April 2018

* All indicative salary costs are index linked and supplemented in the financial model (with 17% on-costs) to allow for national insurance and at the appropriate time, the provision for pension contributions with a suitable workplace pension provider.

5.2.2 Chief Executive

Job Title: Chief Executive Reporting to: Trust Board		Full-time from circa April 2019 (potentially dual with Trust Development Manager for Year 2)
Responsible for: Working with the Board, developer consortium, Ashford Borough Council, KCC, Parish Councils and other stakeholders to grow the Trust's activity programme and associated facilities and resources to achieve the vision and objectives as set out in the Business Plan.		
Features of role:	<ol style="list-style-type: none"> 1. Develop effective working relationships with the Board and provide inspirational leadership in the strategic and operational management of the Trust. 2. Service the Board and its meetings, working closely with the Trust Chair. 3. Ensure effective marketing and promotion of the Trust and its services, working closely with the developer and ABC marketing teams. 	

	<ol style="list-style-type: none"> 4. Act as the end client in all discussions around the design and specification of community facilities. 5. Work with the developers to ensure seamless handover of the public open spaces and their ongoing maintenance. 6. Establish and develop effective partnerships with voluntary, private and statutory agencies to identify and respond to priority needs for the local area. 7. Initiate, develop and ensure delivery of practical projects to respond to resident social and community development needs 8. Support and manage the implementation of the Finance Strategy. 9. Recruit, direct and manage suitably qualified staff and specialist advisors. 10. Implement the Business Plan and update the annual Delivery Plan.
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5.2.3 Trust Development Manager

<p>Job Title: Trust Development Manager Reporting to: Trust Board and then Chief Executive</p>	<p>1 - 2 year secondment from Ashford BC Part-Time (0.6)</p>
<p>Responsible for: Working with the Board, developer consortium, Ashford Borough Council, Kent County Council and Parish Councils, and other stakeholders to set up the Trust and lay strong foundations for its future as set out in the Trust's Business Plan.</p>	
<p>Features of role:</p>	<ol style="list-style-type: none"> 1. Implement the Business Plan for first two years and update the annual Delivery Plan 2. Oversee the registration of the charity, the appointment of Trustees, and the setting up of the governance structures 3. Service the Board and its meetings, working closely with the Trust Chair 4. Advise the development of branding, and working closely with the developer and ABC marketing teams, ensure effective marketing and promotion of the Trust and its services 5. Act as the end client in all discussions around the design and specification of community facilities 6. Establish and implement the Community Development Strategy including the appointment and management of the first Community Development worker 7. Inform and advise the setting up of the finance systems 8. Recruit, direct and manage suitably qualified staff and specialist advisors 9. Manage the office. <p>Once a Chief Executive is appointed, there will be a review of responsibility with the assumption that some of the work will be taken on by the Business Support Manager (operations and service delivery).</p>

5.2.4 Finance and Administration

Business Management Support will be provided by two part time roles which are intrinsically linked roles. One post would coordinate all day-to-day office functions and would be responsible for the implementation of the administration of the Trust and

the new community facilities as well as the administrative aspects of the communications strategy. The second role would support the set up and management of contracts and be providing the customer service function to residents as well as the maintenance of daily financial records and databases. The key tasks summarised as:

Job Title: Business Management Support Officer Reporting to: Role 1; Trust Development Manager and then Chief Executive and Role 2; Finance Officer/Manager		Full-time from April 2018 (likely to be two roles)
Responsible for: Providing effective administrative and clerical support for the Trust		
Features of role:	<ol style="list-style-type: none"> 1. Maintaining and implementing administrative systems for the Trust 2. Establishing, updating and maintaining records on databases, websites, files and reference library 3. Maintenance of personnel records and operation of payroll services 4. Providing general support, running the office and cover for the team 5. Organising meetings, putting together and distributing agendas and supporting papers and taking minutes of meetings 6. Producing and maintaining quantitative monitoring reports 7. Supporting the set up and management of contracts 8. Coordinating and providing customer services support to residents. 	

Financial Management and Book-Keeping responsibilities are covered by a part-time specialist Finance Officer/Manager.

Job Title: Finance Officer/Manager Reporting to: Trust Development Manager and then Chief Executive		Part-time from April 2018 (0.5)
Responsible for: Providing effective financial management and book-keeping for The Trust		
Features of role:	<ol style="list-style-type: none"> 1. Maintaining and implementing book-keeping systems for The Trust 2. Manage all income, banking and expenditure 3. Maintenance of payroll services 4. Producing three year rolling and annual budgets 5. Producing financial management reports 6. Preparing year-end accounts for Independent Examination or Audit 7. Procure, set up and manage contracts (including estate rentcharge administration). 	

5.2.5 Caretaker/Cleaner

Job Title: Caretaker/Cleaner Reporting to: Trust Development Manager		Sessional Work based on minimum of 12hrs/wk
Responsible for: To be responsible for the opening/locking, maintenance and cleaning of the Trust's community buildings and external spaces, largely at evenings and weekends.		
Features of role:	<ol style="list-style-type: none"> 1) Opening and unlocking building 2) Dealing with regular maintenance, carrying out minor repairs 3) Cleaning inside and outside to maintain high standards of cleanliness throughout. 	

5.2.6 Community Development

Job Title: Community Development Leader Reporting to: Trust Development Manager and then Business Manager		Part-time from April 2018 (0.4)
Responsible for: Working with the residents and local public and voluntary service providers to plan, implement and manage activities and projects to respond to the needs of the community.		
Features of role:	<ol style="list-style-type: none"> 1. Outreach to meet new residents, delivering Welcome Packs to each household and gathering resident data and interests 2. The efficient and effective planning and delivery of a range of local community projects within agreed budgets 3. To assist in developing and delivering marketing and communication (leaflets, newsletter, website) 4. Develop and maintain effective relationships with the community, groups, organisations and others, to further the development of the local community 5. Evaluate the effectiveness of activities and identify ways of enhancing programmes 6. Build and maintain good working relationships with relevant staff of the main partners including: the developer marketing teams; Ashford BC, KCC and Parish Councils, and the RSLs 7. Assist in recruitment, training and support of volunteers 8. Participate in the Community Development Board Sub-Group and prepare and present verbal and written reports as required. 	

As the Trust grows, other core staff will be required depending on the nature and extent of the activity programme, particularly with regard to the day-to-day management of the open spaces and community facilities, and management of any commercial assets. Some posts will become full time, as the demand for services increases.

It is likely to be two or three years before the Trust has any substantive responsibilities for managing and operating open spaces and significant community facilities. During that period, the core staff team should be kept to a minimum in order to minimise overhead costs, and during that period a strategy can be developed as to whether the Trust will expand its own staff team or sub-contract. It should be noted that the

financial forecasts supporting this Business Plan for the costs of landscape maintenance, include provisions to meet management overheads.

The table below outlines all the roles coming forward in Phase 1 and details when they are likely to come on stream and also where roles will increase in hours.

	PHASE 1				
Role	Year 1	Year 2	Year 3	Year 4	Year 5
Trust Development Manager	0.6	0.6	0.0	0.0	0.0
Chief Executive	0.0	1.0	1.0	1.0	1.0
Business Manager	0.0	0.0	0.0	1.0	1.0
Business Management Support (likely to be split into two roles)	1.0	1.0	1.0	1.0	1.0
Community Development Leader	0.4	0.4	0.6	1.0	1.0
Community Development Worker	0.0	0.4	0.6	1.0	1.0
Finance Officer/Manager	0.5	1.0	1.0	1.0	1.0
Assistant Business Management Support	0.0	0.0	1.0	1.0	1.0
Facility Person per hour (£12)/equated salary	0.3	0.4	0.6	1.0	1.0

* Colour denotes the year a role starts

Given the “people-centred” orientation of the organisation, it is crucial to set the right ethos from the beginning for all those involved, and also to invest in suitable training and support.

5.2.7 Performance

The Trust Board will adopt an appropriate salary policy, including associated benefits and any associated performance incentives for staff, and subsequent performance

review processes. Trusts with a large asset base and deficit grant funding could easily become lazy or complacent. Accordingly, the Trust will be careful to avoid this situation and will continue to review and update its arrangements to ensure that its Board and staff remain focused on delivering quality outputs and sustained growth.

The PWG has considered much of the detail relating to the initial set up arrangements. On pay policy it has recommended that the Board should adopt an evolutionary approach that provides shorter to medium term flexibility, before consolidating a position for the longer term.

5.2.8 Engagement of Specialist Support

The Trust Board will need specialist skills to provide practical input into the setting up of the Trust and advice for at least the first two years, particularly until the appointment of the first Trust Chief Executive. The specialist areas which have been allowed for in the Trust's budget are:

- Legal
- Finance
- Human Resources
- Landscape Management
- A financial allowance for other needs

Terms of Reference and associated contracts will need to be drawn up for each of the areas, and possibly tendered if required and appropriate to do so.

5.3 SERVICE PARTNERS

The creation of effective practical partnerships with the various stakeholders will be crucial to the long-term success of the Trust. Many of these partnerships have been nurtured, and will remain a feature of the Trust's approach. The service requirements will fall into three broad categories, namely community development, facility design and delivery and facilities management. The potential partners with a role to play are identified as:

POTENTIAL PARTNERS WITH ROLES TO PLAY WITH TRUST	
◆	The developers from the Consortium
◆	The appointed Housing Association(s)
◆	Ashford Borough Council
◆	Parish Councils
◆	Kent County Council
◆	Police
◆	NHS, CCG and GP's
◆	Local Resident Groups
◆	Voluntary groups

- ◆ Local schools
- ◆ Church/faith groups including St Mary's Great Chart (part of the wider Ashford Parish)
- ◆ Training providers
- ◆ Local conservation and heritage organisations
- ◆ And others as the development proceeds

The Trust will seek to engage these key local organisations (amongst others) more closely in the achievement of its own aims to build and develop the community. The Trust will look to work particularly closely with the Borough Council to make best use of its in-house expertise in the development of community facilities.

5.4 VOLUNTEERS

Volunteers are generally critical to the effective development and operation of charitable organisations, and will be important to the Trust and delivery of its Objects, and a component of its activity programme. It is anticipated that alongside the staff team, volunteers (that are residents) will play a role in the wider governance and operation of the Trust, and particularly in the planning and implementation of community projects. The main roles for volunteers will be:

- Participating as Trustees
- Participating as members of the Trust
- Acting as members of a reception committee for new residents
- Participating in the planning and consultation of public art, play areas and community facilities
- Undertaking the organisation of key events and activities such as community social events
- Supporting an editorial group for the newsletter and social media news feeds
- Initiating and running community projects
- Participating in formal forums, groups and societies
- Acting as champions and ambassadors
- Promoting active travel
- Maintaining green spaces, particularly the open space/community garden at the first community premises.

The development, use and support of volunteers will be intrinsic to the culture and operation of the Trust and so the development of a volunteer strategy during the first year will be a priority task. The strategy will:

- Provide a clear framework for both formal and informal volunteering
- Ensure that all health and safety, insurance, and safeguarding policies are in place and adhered to
- Promote all volunteering opportunities
- Build skills and capacity
- Ensure adequate training and support for individuals involved

- Ensure the implementation of the Trust's equalities policy at every stage
- Plan and provide appropriate financial and in-kind resources.

5.5 TRAINING AND DEVELOPMENT

5.5.1 Training

To ensure the sustained development and support of the Board, staff and volunteers, training will be provided and undertaken. This will complement individual skills and provide for the needs of the organisation.

5.5.2 Apprenticeships

The Trust, its facilities and activities programme should provide a rich source of opportunities for apprenticeships for local young people and unemployed residents. These will be a useful additional resource to the Trust, with benefits for local people, preferably as part of a wider training and skills development strategy.

There are many opportunities available, which the Trust could explore and look to grow with time. Examples of such schemes include The Princes Trust Fairbridge Programme, which provides opportunities for those aged 16-25.

The Trust may also look to take secondary school age children on work placement programmes, which fit with modules within their course, as well as graduate placements (annual contract or 12-week block). It is important that there is mutual benefit to both the young person and Trust given the time that is required to make such placements a success.

5.6 A NEW PARISH COUNCIL

There is a formal presumption made by Ashford Borough Council for the creation of a new Parish Council following its 2016 Community Governance Review of Parish Council boundaries. This presumption must be tested again when there are between 151 and 999 local government electors living in the new parish area (a "local government elector" being a person registered in the register of electors), at which point a further Community Governance Review will be run to canvass local views. Meanwhile and as an interim step, the Borough Council has approved the amendment to existing parish boundaries to include the development area within a revised boundary of the Great Chart with Singleton Parish Council (and consequent adjustments to Kingsnorth and Shadoxhurst parish councils' boundaries) to take effect from the next local parish council elections in 2019.

The Trust is likely to enter into partnership arrangements with the existing and potentially new Parish Council to ensure local needs are met and there is consistency of standards across all areas within Chilmington Green.

6. Finance

The structure of finance for the Trust is a crucial aspect in determining its ability to be viable for both the short and long-term. This chapter sets out the financial structure and associated model for anticipated income and expenditure, which builds on the foundation principles of the Section 106 Agreement. From the beginning (of the development plans) the aim is to achieve operational and financial sustainability for the long-term.

Over the course of the development, the Trust's long-term stewardship responsibilities grow significantly and will include:

- The management and maintenance of extensive areas of open space in various forms
- A significant volume of public realm
- A broad range of endowed community buildings serving a variety of needs
- A reasonably significant endowment of commercial space
- Roles in community development and engagement
- Administrative and support costs in respect of the above, including the setting and collection of estate rentcharges.

These responsibilities extend in perpetuity, meaning the Trust must plan in the short-term to maintain sufficient funds for longer-term requirements, including providing 'sinking funds' for the enhancement and replacement of assets at points in the future. This is underlined in the Section 106, which obliges the Trust to demonstrate its plans to ensure that funds are available for asset renewal.

Given the scale of these responsibilities, the Trust's intention is to secure a solid reputation for good financial management that will help:

- Ensure sound financial planning from the beginning
- Make effective and efficient use of resources
- Achieve the Trust's quality objectives and fulfil commitments to all Trust stakeholders
- Deliver accountability to stakeholders
- Provide confidence to beneficiaries, stakeholders, funders and potential investors
- Gain advantage when in competition for scarce resources
- Achieve long-term sustainability

This Business Plan looks at finance under three headings:

- I. Financial Strategy and Model
- II. Income and Expenditure Budgets

III. Financial Management and Reporting

6.1 FINANCIAL STRATEGY AND MODEL

As an emerging new organisation, the parameters for the Trust's financial plans over the long-term are covered by principles and developers' contributions specified in a formal planning agreement, the Section 106 Agreement.

A complex Financial Model supports this Business Plan, incorporating all relevant Section 106 commitments. From each 'trigger point' the Model forecasts anticipated income and expenditure relating to each commitment type, and uses the developers' current Phase 1 housing trajectory and future phases forecasts for predicted house completions and subsequent occupations.

This housing trajectory is referred to in this Business Plan as the 'Developers Base Position'.

This forecast is acknowledged to represent 'high growth' for Ashford, and is ambitious. Chilmington Green is a multi-developer development, where three development partners, plus possibly other house-builders (as building plots may be sold) will have a presence during Phase 1. However, it would be unrealistic for this Business Plan to rely on forecast. In Section 11, a number of downward revisions to the trajectory are therefore made, and the resulting financial positions analysed accordingly.

The Model has progressed significantly since the first submission of a Business Plan, in March 2017. In part, this was to take account of the Borough Council's comments to that submission (July 2017). Further, the Model has evolved, particularly in recent weeks as greater development detail emerged from the first Reserved Matters applications.

Accordingly, changes made include:

- Presentation of the Model across each Main Phase. This serves to readily see a potential financial position at the conclusion of each main phase, and better helps to understand risks should there be delays between phases.
- Annual Operating Expenditure and Income is now shown before the developers' deficit grant payment – this change highlights the importance of the Section 106 requirement of a deficit grant payable over the first ten years (approximately) given the Trust was anticipated to incur operational deficits over this period.
- Distinguishing spend and income between the **'ring-fenced'** and **'un-ring-fenced'** activities of the Trust. This presentation is necessary to comply with charity accounting and budgeting, the Estate Rentcharge Deed, and the Framework Agreement and for the Trust to see and manage its other commitments from other income, outside of its obligations under the Deed.

- Fully reflects inflation, based on projections that are similar to the Borough Council's own long-term planning. This inflation uplift is also consistent with inflation indices within the Section 106 – this change allows the Trust and readers of the Business Plan to see possible movements in cash-flow, the potential impacts for the estate rentcharge cap, and impacts for the 'bottom-line', all of which would not be readily seen by a constant price-base presentation. The Model also inflates Section 106 capital costs caps (dictating the developers' costs for the provision of community assets) as these impact on sinking fund provisions.
- Now that the first Reserved Matters application from the lead developer has been submitted, its detail for landscaping (and public realm) has been used and extensively extrapolated where reasonable for the remainder of Phase 1 and then across other land parcels for later phases. Original model costs were reviewed against this analysis, with the conclusion that model costs could be reduced. A 10% reduction was made, but nevertheless still providing scope for contingencies, replacements and a degree of 'top-up' for highway verge areas.
- The developers' planned Phase 1 housing trajectory and their forecast programme for later phases has been incorporated (these being different to the 2017 Business Plan submission). The model automatically adjusts the transfer of assets to the Trust according to housing trigger points, and further calculates forecast spend and income from the point of asset transfer.
- A separate analysis (according to trigger points) showing the housing trajectory and expected transfers of assets to the Trust is contained within the model.
- All expenditure items and costs have been reviewed and updated (with additional cost items included where missing from the original submission), and where possible linked to growth in housing or income.
- Recent advice from a local agent on commercial rental yields has been received, along with further consideration by the lead developer. Commercial yields are held at the original model assumption for Phases 2-3 (£9.50/sq ft net – current prices, then inflated). The lead developer's view is that for the longer term, the commercial estate should attract higher yields and such an assumption should apply for the Trust's estate. As discussed in Section 7 there are many factors to consider. On this element, this Business Plan takes a cautious view and defers the receipt of income from the estate for up to 24 months after handover. The financial model assumes the Trust will take up to the full 50,000sq ft of commercial property (gross internal area). The alternative for the second and third tranches is to take a cash equivalent endowment. If taken and invested in residential property locally, yields would at least equate to the commercial estate assumption, helped of course by the Trust potentially being a cash buyer (this assumes current 2-3 bedroom property rentals will hold for the longer term).
- From the end of Phase 2 and then onwards the Model assumes the Trust will take just over 55% of landscape and hardscape maintenance in-house. An annuity financing cost (£100,000 per annum at current prices, but then indexed) is included to cover the capital cost of depot, plant and machinery provision – and refinancing for plant and machinery. Testing of the landscape costs in the Model confirms they are otherwise sufficient to cover an in-house model as an

alternative to a contracted arrangement. Irrecoverable VAT is reduced from a similar point.

- Sensitivity testing of the housing programme has been applied – the analysis and conclusions from this are set out in Section 11.

6.1.1 Sources of Income

The Trust will have seven main areas of income:

- Estate Rentcharges on all residential property owners (freeholders) within the formal Chilmington Green development area
- Pump-priming and deficit grant support from the developer consortium
- Income derived from endowed commercial assets (land, property and/or money)
- Community Facilities: sessional use and letting
- Leisure Facilities: user charges for activities provided directly by the Trust, or management fees
- External grants or project management fees
- Interest on reserves and endowment

The principal elements of each of these are set out below.

a) *Estate Rentcharge*

The Estate Rentcharge is a legally binding covenant that each and subsequent residential property owner (the freeholder) must complete before occupation. Estate Rentcharges are governed by the Rentcharges Act (1977) and subsequent case law (the Rentcharges Act from that time prohibited new non-estate rentcharges from being created).

They are charges on land and do not expire. Note, that leaseholders (short or long-term) will not enter into an Estate Rentcharge agreement, but it is anticipated that landowners will pass on the costs through service charges. Similarly, Housing Associations (Registered Providers - RPs) will be liable for the Estate Rentcharge, not their tenants directly (RPs generally are quite familiar with the estate rentcharge concept). Discussions with RPs will take place about the arrangements they will adopt in relation to the charges they incur. This proposal to require freeholders only to enter into the Deed is in accordance with the requirements of the Section 106 Agreement.

It is crucial for potential house buyers to understand the Estate Rentcharge concept, and once they are in occupation of their homes, to feel that they are receiving good value from the Trust. Securing high positive perceptions over the long-term across a large and growing community presents an ongoing challenge and the Trust cannot become complacent in its approach. Accordingly, the Trust will work and liaise with

the developers to ensure that residents have a correct and clear understanding of the Trust, its responsibilities and residents' rights as part of both the conveyancing and 'Welcome Pack' arrangements.

An important matter to resolve well in advance of first occupations is the legal arrangements for administering the Estate Rent Charge Deed and the first payment of the rent charge. Consequently, the developers' lawyers and CMO advisors have been instructed to formulate the necessary legal and financial protocols over the coming weeks to ensure that all developers and house builders are able to administer it efficiently and consistently. Part of this is the likelihood the Trust will engage an external specialist support company that has particular expertise in setting up and managing the subsequent collection and recovery processes for service charges, estate rentcharges and ground rents. This would include liaising with developers' lawyers and the Trust to ensure that processes and timings are robust.

Estate rentcharges have a nominal fixed element (typically £1) and a larger variable element.

Government review of leasehold

Last year (2017) the Government consulted on the need for and support to certain reforms of what it considered was unacceptable practice in connection with leasehold sales and service charges, as part of its objective to reform the housing market.

The consultation sought views on the need to reform leasehold practices, and to strengthen rights, including those of freeholders, where residential property is subject to annual charges for services.

Both Ashford Borough Council and Kent County Council supported the proposed reforms, drawing attention to the CMO stewardship model for Chilmington Green as going some way to provide residents with the greater assurances and advantage that in other some other management arrangements was not present.

Following the consultation period, on 21 December, Government issued its first response.

This included a ban on leasehold house sales, save for some practical exemptions. Secondly, that Ground Rent (as opposed to service charges) must be £0 in future.

Government has indicated that it will make further announcements, which are likely to include an extension to freeholders of similar legal rights available to leaseholders to challenge service charges. There has been no further announcement on this yet, but one may arise before the summer recess.

However, it is widely anticipated that freeholders will be afforded access to the First Tier Tribunal (Property Chamber) to challenge any unreasonable element of a service charge, and given statutory rights to be consulted about a management company's plans to spend on services.

Currently, any proposed expenditure by leasehold management companies above a total equivalent to £250 per household triggers a statutory requirement to consult residents (under Leasehold and Tenants Act 1985 rules).

In practice, the spirit of a current Code of Practice applying to leasehold management companies, may apply to companies with responsibilities to provide services that are also paid for by freeholders.

The relevant Code is: *the RICS Code of Practice - Service charge residential management Code and additional advice to landlords, leaseholders and agents - 3rd edition (2016)*. Its preamble references that the Secretary of State, under a Statutory Instrument, approved the Code. Failure to comply with any provision of this and subsequent approved code does not of itself render any person liable to any proceedings, but in any tribunal proceedings, the Codes of Practice shall be admissible as evidence and would be taken into account by the Tribunal.

Both the governance and accountability model for the Trust covers many of the Code's principles, with two exceptions:

First, the need to consult residents for proposed expenditure exceeding the threshold mentioned above.

- a) A limitation on contract periods of 12 months (less one day) for 'qualifying work'. In the Trust's context, this would cover all activities for which the Estate Rentcharge is ring-fenced (landscaping, associated general overheads, and the use of ring-fenced replacement sinking funds).

If the Code and legal rights are extended to freeholders in the same form, then it could apply to the Trust and any other form of residential property management organisation, where contributions to common services and facilities are involved. In the current form, the Code would imply greater administration, higher levels of resident consultation, and arguably more restrictive arrangements for arranging contracts.

The PWG/the Trust will continue to monitor the position over the next few months. It is understood that ABC may submit its views to Government on how a better balance may be struck to achieve efficient and effective governance for freeholders, while not over-burdening and dis-incentivising management companies from achieving efficiencies and value for money for residents. The developers would be keen for joint lobbying with the Borough Council.

Although the Estate Rentcharge is legally binding on home owners (freeholders) with the **scope** of costs it can support prescribed within an Estate Rentcharge Agreement (see 3.1 above), high acceptance and collection levels are nevertheless essential for its successful operation. It is important to appreciate that the 'scope' of what the Estate Rentcharge may cover is an enabling provision. It does not necessarily mean the Trust will incur costs as far as its scope may allow, but it would of course need to consult and inform estate rentcharge payers of any intention to do so beforehand.

Note that when rentcharges remain unpaid, ultimately the Trust may secure outstanding charges against the freehold, and be repaid should a house be sold - this mirrors the legal recovery arrangements for leasehold service charges that are common across the Borough. However, it would not be the Trust's intention to use this power of recovery routinely for minor arrears, as does happen with some leasehold management arrangements. It is understood the Government may announce a restriction on 'charges' and seeking possession for arrears of service charges in the summer.

The Estate Rentcharge will be treated as Restricted Funds (for charity law and accounting purposes) assuming the Trust achieves registered charitable status (before first occupations). Principally, this is to comply with the arrangements for ring-fencing the Estate Rentcharge to Essential Activities as referred to in the Section 106 Agreement and Estate Rentcharge deeds. Within the Restricted Fund, a proportion of annual Estate Rentcharges will be allocated and held for future purposes within a Sinking Fund(s). Sinking funds will be managed in accordance with a usage and investment policy agreed by the Trust, and managed separately from its unrestricted reserves. Sinking Fund contributions from estate rentcharge payers will be accounted for at property household level.

The principle of an average (across property types) Estate Rentcharge is set out in the Section 106 Agreement, along with conditions that govern its application to particular Trust expenditure.

A significant requirement and financial parameter within the Section 106 Agreement, is a '**cap**' to be applied on the **maximum** amount of each year's Estate Rentcharge. This acts to provide a higher degree of certainty for residents, greater confidence to the developer consortium for house marketing purposes and a discipline for the Trust. Annually the 'cap' is RPI indexed linked.

This Plan proposes that the first Cap (SUM A and SUM B) be set at **£373** (for the first estate rentcharge year assumed in 2019) and then revised upwards annually according to Section 106 indexation (Retail Prices Index). The Sums A and B proposed include Section 106 Agreement RPI allowances from April 2014 to April 2018 and an assumed further inflation uplift to October 2018 as it is the intention that the Trust should determine its charges three months before the

commencement of each year. Here the Plan assumes the first rentcharge year commences in April 2019. The calculation supporting the proposed uplifted SUM A is annexed to this Section. The proposed Initial Cap is made of: Fixed Element of £1, and Variable Element of £372.

Being a maximum, the cap provides the Trust with some flexibility to levy a lower charge where justifiable; the Trust Board would decide this against its review of annual budgets and forward forecasts.

Estate Rentcharges are disaggregated across house types, with the proposed formula as set out below:

PROPERTY SIZE	ANNUAL (maximum) ESTATE RENTCHARGE (subject to future indexation)	% OF STANDARD ESTATE RENTCHARGE
1 Bedroom Flat	£ 130.55	35%
2 Bedroom Flat	£ 186.50	50%
2 Bedroom House	£ 242.45	65%
3 Bedroom house	£ 373.00	100%
4 Bedroom House	£ 447.61	120%
5 or more Bedroom House	£ 596.81	160%

Once approved as part of this Business Plan the Trust will implement the figures in the table as the basis for 'SUM A' (the Initial Service Charge Cap for the first service charge year) AND SUM B (the 'Initial Service Charge Cap for subsequent years, subject to index linking).

The formula proposed is based on numbers of bedrooms for houses and apartments **at the point of first construction**. This Plan does not intend adjusting estate rentcharges in the event that any owner increases/reduces the number of bedrooms or size of a property. Note the Estate Rentcharge Deed refers to the charge being calculated against floor areas of individual properties, or such other method as the Deed Manager may reasonably propose. As it is not practicably possible to forecast and determine floor areas with great confidence, this Plan and for the future, estate rentcharges will be determined using property sizes according to the table above.

A necessary variation is made to distinguish between two-bedroom flats and two-bedroom houses, the latter being larger, but the former also being potentially subject to a developer's other service charges, which are a normal arrangement for flatted accommodation. This principle of basing the estate rentcharge on bedroom numbers was considered alongside other options during the Section

106 Agreement negotiations, but was deemed by the parties to the negotiations as the simplest and most transparent means to create a differential between sizes of properties. The option of a flat rate, regardless of size of property was discounted.

The Financial Model assumes the following mix of properties as approved through the planning process:

1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House	5 Bed House	TOTAL
178	480	865	1930	1943	354	5750
3.10%	8.35%	15.04%	33.57%	33.79%	6.16%	100%

To maintain the confidence of freeholders rather than only rely on the Trust's legal recourse to recover rentcharges, the Trust will adopt the following strategy to maximise a positive commitment by those paying:

- Pro-active and early marketing of the Trust (including to potential house purchasers and estate agents)
- Early recruitment of a resident Trustee (i.e. during the first year of occupations)
- Adopting principles of good transparency and openness to residents
- Delivering quality services, both against the Estate Rentcharge and those funded from other income
- A consultative and responsive approach, accommodating residents' reasonable needs and helpful signposting where issues are the responsibility of other parties/organisations
- Robust systems of financial management
- Robust income management and Estate Rentcharge enforcement
- Robust internal governance
- High emphasis on risk identification and management
- Open review mechanisms

Leaseholders and tenants in private rented property are most likely to make an indirect payment to the Trust, as property owners (freeholders) with responsibility for paying the Estate Rentcharge, will in turn collect this from their leaseholders or tenants through separate service charges or rents.

Given the administration costs of setting up each new Estate Rentcharge account for every new freehold property, the Trust will receive a fixed set up fee of £175 (index linked) for every new freehold property, which will be collected at the point of conveyancing and passed to the Trust. The set-up fee will also be applied for subsequent sales of each property. The Trust will enter into a contract or service level agreement with a legal specialist to handle deed processing on its behalf,

though will retain responsibility for signing-off each deed. The Trust will agree a protocol for handling this process, including who within the Trust, on its behalf, may sign each deed.

b) Developer contributions (cash)

The developer consortium will provide cash support to the Trust through two principal headings as set out in the S106 Agreement:

HEADING	DETAIL
Start-up Grant:	£150,000 paid in two instalments of £75,000, the first at statutory commencement (5 th June 2017) and the second £75,000 at first occupation (expected April 2019). Both instalments are subject to indexation.
Deficit Grant:	£3.35m (index linked) paid over to the Trust in ten instalments starting from the occupation of the 125 th house, the second instalment at the 500 th occupation, and then to be paid every 250 occupations thereafter.

c) Annual Income from Commercial Estate

Section 7, sets out the details of the Commercial Estate for endowment to the Trust. Income derived from letting is intended for direct application for the furtherance of the Trust's charitable objectives.

A minimum quantum of built commercial space of 15,000 up to 20,000sq feet (Gross Internal Area) must be provided and endowed to the Trust, by the 1,500th dwelling, i.e. the end of Phase 1. Within the Section 106 Agreement, this basic provision is capped at a value of £2.921m (April 2014 price base). Two months after the 2,100th dwelling the Trust has an option, exercisable once only. It may decide either to receive two further tranches of estate, up to a further 30,000 sq. ft. (Gross Internal Area), or to take two cash payments (each of £2.191m at April 2014 price base) should the Trust prefer. The Trust will decide after weighing up the pros and cons of a greater level of commercial estate. If the cash option were taken, the Trust would invest sums to secure a long-term income stream, in the form of a cash investment and/or the purchase of property assets (residential or commercial).

There is obviously some uncertainty over the income forecasts for a commercial estate, and so the financial model has used a cautious net rental assumption of £9.69/sq. ft (Year 1 and then RPI linked). This is derived as follows:

- While 50,000 sq ft of gross commercial space is required and considered possible, for prudence the financial model assumes a revenue yield from 40,000 sq. ft of lettable space, to allow for communal spaces, corridors, plant and so on (that is a 20% gross to net floor area reduction). Of course, greater lettable space may be

achievable. Accordingly, the Trust would work with the developers on the Design Briefs and Specifications to maximise net internal lettable space and potential yields.

- Market rents for commercial space in Ashford town are currently variable, with relatively little entirely new stock coming onto the market in recent years. Older stock has suffered a decline in yields in the past year. More recently, there has been some greater new stock coming on stream (including the Dover Place Commercial Quarter block) with target rentals greater than considered achievable for Chilmington. However, town centre developments will command higher figures. The gross yield for the Chilmington endowment is held at £15.00sq. ft (current prices and then inflated) over the plan period.
- 40% allowance for management (potentially externally commissioned), maintenance, incentives and voids
- The Trust could take up to 24 months for initial spaces to yield income after the estate is transferred to the Trust – this allows for slower take up and greater incentives if needed.

Prior to construction of the first tranche of commercial estate, the developers will undertake a market assessment in conjunction with the Trust prior to preparing a Design Brief and Specification. Similar processes will follow for later provision of commercial estate if that option is selected, and prior to the backstop trigger points of the 2,400th dwelling occupation (second tranche) and the 3,450th dwelling occupation (third tranche).

d) Community Facilities: Sessional Use and Letting

Endowed community facilities (the Community Hub and Local Centres [Orchard village and Chilmington Brook] etc.) will be subject to management and letting arrangements. The presumption made is that such assets in the long-term should be managed to be self-sustaining financially, but in the short-term are likely to require a subsidy. Cross-subsidisation of community facilities is likely.

Each type of facility is considered and factored into the model. Potential usage and income figures are drawn from comparable examples operating elsewhere across Ashford, informed by the Borough Council's advice and experience. Management arrangements for facilities will be considered and determined by the Board after taking advice. This is likely to include considering outsourcing to management partners, leaseholds, partnering with a local parish council, and self-management.

The Board will also determine letting and hire policies and associated parameter rates (or guidelines) for its community facilities at the appropriate time.

e) Leisure Facilities: User Charges

Endowed leisure facilities (e.g. Cricket pitch/pavilion, bowling-green, tennis courts, football pitches, sports hall, café/bar, etc.) will be subject to management and letting arrangements approved by the Trust. The Trust will agree an overall strategy for management, which will include its preferences for striking an appropriate balance between externally commissioned and internally managed arrangements. The presumption made is that in aggregate, such assets over the longer-term should be managed as self-sustaining financially. In the short-term, the Trust may subsidise from its other sources, but not the estate rentcharge, as this would be outside its scope of the Essential Activities within the Framework Agreement, although not outside the scope of the Estate Rentcharge Deed (which provides the outer limits of scope).

Once again, each type of facility is considered and factored into the model with potential usage and income figures drawn from comparable examples operating elsewhere across Ashford. The Trust would determine methods of management, letting and hire policies, and where appropriate it will determine associated fee rates or guidelines for its leisure facilities.

The Trust's user charging policies are likely to include concessionary arrangements for categories of user, including the potential for concessions to Chilmington Green residents (where members of the Trust). The Trust will consult the Borough and County Councils, and others about its proposals.

f) Other Third Party Funding

The Trust is expected to source other related third party funding. This cannot be guaranteed, as there are no legal arrangements in place to confirm, but the agencies involved are sufficiently confident of their intentions for them to be included within the Financial Model.

The first is the annual developer contribution of £50,000 per annum for Community Development, payable in the first instance to the Borough Council for five years from six months after statutory commencement, i.e. 5th December 2017. The Borough Council has agreed the principle of transferring these sums to the Trust, subject to the detail of requests being considered.

Ashford Borough Council will be responsible for the design and commissioning of public art. The intention is that the Trust will be asked to take on the management and maintenance responsibility.

Kent County Council will be in receipt of a 30 year commuted sum from the developers for the maintenance of the highway verges. KCC will enter into an agreement with the Trust such that the Trust will undertake the maintenance

under licence (not a contract for the provision of services to KCC). The Trust would receive either the full commuted lump sum or the sum in annual payments. The Financial Model assumes maintenance expenditure matches payments for the duration of the commuted sums. Where the Trust considers that the desirable maintenance regime would exceed the sums made available by KCC, the Trust may consider enhancing the work using its own resources. However, this must be a decision the Trust takes at each point of transfer when being asked to agree to take on the maintenance responsibility from KCC. At worst, if the differential is too great a risk to sustain, the Trust has the ability to decline to take on all or any parcels of verges that KCC adopts. The Trust would hope to avoid this situation.

KCC will also be in receipt of developer contributions for youth work within Chilmington Green. The Trust will be in a good position to support and deliver services to children and young people through its Community Development Strategy and work. It is possible, therefore, for the Trust to receive some funding from KCC to undertake a supporting role, however this is not currently budgeted within the model.

No other third party funding is assumed. However, as an independent and charitable organisation the Trust will have good opportunities to attract third party grants and funding for a variety of purposes. This category of funding will be encouraged and be targeted for project and growth delivery beyond core funding. However, where opportunities arise for longer-term sustainable growth in revenue, either from the use of its assets or services, the Trust will adopt policies and procedures to encourage and manage these opportunities. The Trust will, nevertheless act prudently before considering whether any such incomes streams may reduce the call on the Estate Rentcharge.

g) Trading Activity

The Trust will be careful not to stray unwittingly into trading activities that go beyond its Objects and therefore potentially compromise the Trust's charitable objectives. Trading activity is possible where such trading is serving the 'primary purposes' of the Trust. Profits achieved would not be subject to corporation tax. Operation of commercial estate where lettings of space (rentals) is within the scope of charitable activity is proposed.

Non-primary purpose trading (where an income generating opportunity is not directly covered by the Objects), would be possible, if considered suitable by the Trust Board. However, unless the volume of non-primary purpose trading is below a relevant tax exemption threshold, the Trust's trading activity of this type would be subject to corporation tax. To overcome any compromise of the charity's Objects and standing with the Charity Commission, the Trust would need to consider creating a trading subsidiary. In these circumstances, the Trust Board would take further legal and financial advice before contemplating a non-primary

purpose trading activity. Where this type of trading activity is enabled through a subsidiary the Trust would require the subsidiary to consider donating annual profits to the Trust under HMRC tax rules that permit this and effectively make such profits free of corporation tax. The Trust's Articles permit the creation of a trading subsidiary.

h) Borrowing

The Trust's Articles provide an express power to borrow and provide security.

There is one specific circumstance in this Plan, and the associated financial model where long-term borrowing is a possible requirement. This is in connection with the potential provision of a landscape depot or base for the Trust to take in-house responsibility for a proportion of the landscaping service. There is no Section 106 requirement for this, as this would be an operational decision taken in the interests of securing best value for money and cost effective achievement of the quality aims. The financial model provides financing costs for a building, plant and equipment over up to a thirty year loan period.

The Trust Board would consider this and other possible requirements against its financial position and forecasts, including its reserves capacity to reduce or avoid the need for long-term borrowing. As charity law requires, the Trust (as a charity) must not put its assets and Objects at unreasonable risk through borrowing. Charity law and guidance would require the Trust Board to take 'proper' advice, covering the need for a loan, its terms, and the ability for the Trust to meet repayments. The Trust Board would take account of guidance covering the power and scope to provide security for a loan. Borrowing might be appropriate for project set-up, including providing a new asset, provided the revenue consequences are affordable within future core funding streams over the long-term. Short-term unsecured borrowing may, as an exception, be permitted to finance operational costs, provided the Trust has the ability to repay.

Community assets for public benefit transferred to the Trust through a Section 106 agreement would be outside of the Trust's scope to use as security. Any security needed would be considered against its income generating commercial estate, or such other property the Trust has itself acquired.

The Trust Board will approve and keep under review a borrowing policy, including financial parameters and risk management procedures to govern the maximum extent of any borrowing. Full due diligence procedures will be adhered to in line with the Trust's Treasury Management Policy.

i) Investment interest

As the development matures so does the Trust's position to grow significant reserves (restricted and unrestricted) and hence accrue investment interest. At this time, without full cash flow planning, this Business Plan does not include investment income. The trust will adopt an Investment Policy to govern how and where it may choose to deposit surplus funds, for either the shorter or longer term.

Note that the financial modelling is based on the Trust setting each year's estate rentcharge at the maximum level (the Cap). Consequently, in later years the model shows that significant cash surpluses arise, including on Restricted Funds. In practice, this particular scenario (the Developers Base Position) demonstrates the potential flexibility the Trust would have over setting future estate rentcharges. It would not be possible for the Trust to carry unreasonably large surplus funds with reasonable justification, as estate rentcharge management and accounting requirements would require refunds made annually of unplanned surpluses.

6.1.2 Expenditure Headings

On a general point, the developers will consult the Trust about designs and specifications for all types of community assets that are to be endowed to the Trust.

The Trust will use this process of consultation to ensure that designs are relevant to the needs of the Trust and residents, and minimise risks of unduly high operational overheads arising.

Expenditure will fall into three main headings:

- Land and Facilities Management including: management, operational maintenance and sinking funds of the public open spaces, buildings and community facilities
- Project costs for activities and associated service delivery, particularly community development
- Core organisational infrastructure costs for Trust staff and operations (including external specialists)

a) Land and Facilities Management

This heading represents a large proportion of the anticipated Trust expenditure. Data within the Financial Model itemises the different aspects of expenditure for land and facilities management against the following headings:

- Landscape services (including management supervision)
- Soft verge landscaping
- Community facilities (including play spaces, sports pitches, allotments etc)

- Leisure facilities
- Public art
- Replacement (sinking) funds

Each aspect is modelled according to the Section 106 Agreement requirements and triggers, with operating costs validated from the experience and advice of Ashford Borough Council, the developers, other external agencies and suppliers.

More recently, a comprehensive Landscape Management and Maintenance Plan (LMMP) was prepared, submitted and approved as part of the first detailed (Reserved Matters) application consent process. The LMMP adopts a zonal approach to management and maintenance, as an approach for the whole development. Costings for this were prepared, extrapolated across the whole development plan, and compared to those derived from the original basis.

This latest verification provides a good level of confidence that the model contains sufficient overall provision, as a basis for the Trust taking on the landscape management role. Indeed the costings suggested that a reduction of 10% against the numbers included in the first Business Plan were possible. This change has been made, and would still provide scope for contingencies and replacements, and some extent of soft-verge top-up.

b) Project Costs

At this stage of the Trust's planned existence, the only project costs are those related to Community Activities initiated for community development purposes. In practice, this annual expenditure will grow as the Chilmington population grows, and is likely to include the small community grants pot as well as funding new community activities. As community development activity is supported by a developer contribution in the early years, the activity is classified as Restricted Expenditure. It is shown as this classification for the duration of the financial model period, even though the Section 106 Agreement funding extends to approximately five years only. Post the developer contribution, the Financial Model assumes that unrestricted funds will be used to fund this activity.

c) Core Organisational Infrastructure

The Trust will employ staff and/or contractors and incur expenditure to sustain its core organisational infrastructure necessary to manage and operate the Trust. This will include a 'Chief Executive' (or other such title), a Development Manager, finance and administration staff, professional specialist advice, office costs, associated overheads, and governance and marketing. The community development staff are assumed to be fully integrated into the core operating costs, and financial management services, i.e. all those things that cannot be directly attributed to the delivery of its services.

Organisation support services will not be entirely in-sourced, as the Trust will not have the capacity and access to the required skills. Accordingly, this Business Plan assumes a number of commissioned services will be necessary, including but not limited to:

- Specialist legal and financial support (including estate rentcharge administration)
- Personnel advisory support
- Payroll and pensions support
- Technical advice (Health and Safety, buildings, electrical etc)
- Design advice (for input to community asset consultation and handovers from developers)
- Management of property lettings and landlord responsibilities

6.1.3 Financial Principles and Priorities

To ensure sound financial planning from the beginning and to deliver accountability to the Trust's stakeholders, a number of operating principles and priorities have been established:

Financial Principles

- a) The Trust will operate a financially sustainable plan to demonstrate its ability to serve current and future residents through to the long-term
- b) The Trust will use its resources and investments solely for the furtherance of its charitable purposes
- c) The Trust will account for and record its transactions in accordance with best practice and the requirements of its members, and the legal regulatory framework including that of the Charity Commission.

Financial Priorities

The Trust will:

- a) Set out to achieve and deliver a sustainable long-term financial base from the beginning to support and maintain the quality objectives of the development
- b) Develop, maintain and keep under review a reserves policy (including sinking funds) that is suitable in the context of the Trust's complex range of activities, assets and liabilities and complies with good practice and its Treasury Management Policy.
- c) Seek to diversify its income base, in part to manage and spread risk, and in part to secure resources to support core activities outside the scope of the Estate Rentcharge
- d) Develop and maintain arrangements that secure good value for money including resident and stakeholder confidence in the Estate Rentcharge arrangements

- e) It will maintain resident-level annual accounting for the estate rentcharge and sinking fund contributions
- f) Develop and maintain high financial awareness amongst its Trustees and management
- g) Develop, maintain and keep under review a relevant suite of internal control policies and procedures to underpin strong financial governance
- h) Strike an optimum balance between commissioning services and direct service provision to manage quality, risk and tax implications
- i) Develop and maintain sound, timely and transparent financial reporting to promote resident, public and stakeholder confidence.

Long-term needs will be matched to longer-term finance policies aimed at earmarking and investing resources for future needs.

Trustees will agree a forward plan for asset renewal and enhancement in justification of its sinking funds. Current financial modelling has assumed asset renewal over a long-term basis, however real needs may occur at earlier points in time. Accordingly, in the light of uncertainties over precise timings and the quantum of expenditure a prudent approach will be adopted. This will extend to the Trustee's decisions over the application of any annual surpluses that arise on the Unrestricted Funds Account with consideration given each year to a proportion being invested for long-term use.

The Shorter Term

Short-term needs will be met from the Estate Rentcharge (Restricted Funds) provided the need is within scope. For non-estate rentcharge activities, a proportion of the developer grant, other unrestricted funds, commercial property income, when on stream, and reserves will provide the funding.

Agreements in place for the Trust provide that when commercial estate income comes on stream (Unrestricted Funds) that these be applied to support Essential Activities (where estate rentcharge income may be insufficient) as the first call on this income (a top up to Restricted Funds). Nevertheless, the Trust will determine whether a proportion of income from the commercial estate should be earmarked to meet any future renewal or replacement costs that are not covered by full repairing leases, on the assumption this forms the letting basis.

Managing short and longer-term cash requirements and investment of reserves is a significant function for the Trust. The Trust will adopt a borrowing and investment policy, that will describe the distinction between 'restricted' and 'unrestricted' (as slightly different considerations are needed). Further, the policy will discuss risk appetite and the Trust's approach to minimising risks, the types of investment and borrowing deemed appropriate, and the day-to-day management and governance arrangements (internal controls). A draft policy has been considered by the PWG, but will be reconsidered as part of the final preparatory stage.

6.1.4 VAT

Tax implications for the Trust will receive careful attention, as they are significant, despite the tax privileges associated with a prospective charity. Of particular importance are annual and longer-term assessments of VAT implications given the potential for a significant level of non-recoverable Value Added (input) Tax. The specified Estate Rentcharge cap (starting point of £335 average) is inclusive of VAT. Though subject to further consideration, the Trust is likely to apply for a statutory exemption from VAT for the Estate Rentcharge (this is a choice the Trust will have subject to it receiving further specialist advice in due course). Assuming the exemption is applied, it means that a significant proportion of input VAT (VAT charged to the Trust on services provided by contractors or other third parties that do not amount to grants) would not be recoverable from HMRC. If the exemption is not applied the effective Estate Rentcharge cap becomes lower as it must then be subject to a VAT charge.

Prior to the first submission of the Business Plan VAT advice was taken from KPMG by the Borough Council that confirmed the above treatment would be preferred.

Limiting the extent of non-recoverable input tax may depend on a greater balance of insourcing over outsourcing of services (for example, landscape management) than assumed at present (circa 55% of activity). The financial model assumes a capital investment requirement of up to £1.5million to provide the infrastructure to support an in-house operation.

Regular advice and reviews of tax implications will be provided to the Trust Board.

6.1.5 Forecast Income and Expenditure Summarised

A summary of the full financial model and key assumptions is provided at Appendix K.

The Model is available as a full supporting document and the Summary is included also at Appendix K.

6.2 INCOME AND EXPENDITURE BUDGETS – The Developers Base Position in more detail

The financial model sets out an initial income and expenditure budget (see Appendix K) prepared across the anticipated 21 year build programme utilising the assumptions outlined.

Over the four phases, public open spaces, play facilities, community and leisure facilities, and commercial estate will be transferred to the Trust, which will then assume the responsibility to ensure they are adequately managed and maintained, and utilised for community purposes or benefit.

The Trust must be viable at every stage. At the end of the build programme its anticipated annual income should exceed annual expenditure with forecast accumulated reserves and other balances to ensure its viability through the long-term.

Over the first 22 years the financial model shows that the Trust is viable due to a combination of Section 106 'deficit grant' and planned timing of the receipt by the Trust of income generating assets and the receipt of the community liabilities.

The full summary of the model and the relevant details to form summary budgets are extracted and presented below under four headings:

- Foundation and Early Activity: Year 1 (2018/19 prior to first occupations and Year 2 (first occupations year 2019/20)
- Early Growth Years 3-5 (remainder of Phase 1 on the Developers Base Position)
- Consolidation and Further Growth Phases 2-4
- Long-Term Viability

6.2.1 Foundation and Early Activity: Years 1-2

The first two years, starting with Years 1 and 2 (representing the continuation of foundation building by the Trust Board and the first year of occupations) will see the Trust Board build on the work of the Partnership Working Group and move the concept on to the reality of creating an operational Trust Company. In this period it will take on running its first community facility (its temporary offices and community space) and provide services to the first residents.

Its only income to the point of first residents is the developers' £150,000 CMO start-up grant, and the £50,000/annum community development funding (transferred from the Borough Council). For Year 2, these contributions are enhanced by the first contributions from the Estate Rentcharge. Other potential funds from processing the Estate Rentcharge Deed and any funds from KCC for highway verges in this period (now considered unlikely due to a more lengthy adoption period) are effectively discounted, as these would be 'in and out' items.

The full-start-up budget for the first **two years** is shown in Appendix J, and is summarised as:

INCOME & EXPENDITURE HEADINGS	2 YEARS 2018/19 & 2019/20	NOTES
INCOME		
Start-Up Grant	150,000	S106
Community Development Contribution	100,000	S106
Estate Rentcharge	42,956	£373 average /property, after payment to external collection and accounting company
Set-up for Rentcharge (legal costs)	43,575	Fixed contribution per property*
Soft verge landscaping	11,597	KCC sum*
Total Income	348,128	* these are in and out items. Re the KCC work, the Model assumes that the level of maintenance will equate to levels of KCC payments, but with some scope for enhancement included in landscape budgets.
EXPENDITURE		
Staffing	311,827	Development Manager, Business Support, Admin, Finance, and Community Development
Professional fees	64,800	Legal, finance, and technical
General Expenditure	38,480	Marketing, premises, banking and insurances, office expenses, equipment & IT software, recruitment, etc
Community Activities	5,000	To support Community Development
Public Art	565	Maintenance
Soft verge landscape	11,597	
Set-up cost for rentcharge (legal)	43,575	Commissioned service
Unrecoverable VAT	24,082	
Total Expenditure	499,926	
Net Income/(Expenditure)	(151,798)	
Met by advance from Deficit Grant	151,798	To support cash flow

The anticipated start-up expenditure for the first years is £18,615 greater than the funds available, and so the developers have agreed to advance the necessary amount from the first Deficit Grant instalment to support the Trust's cash flow during the first year.

6.2.2 2020/21 – 2022/23 (years to end of Phase 1)

Beyond the early activity, the next three years (Year 3-5) will see high development numbers through to the end of phase 1, i.e. with completion and occupation of 1,501 units.

First landscaping responsibilities may arise from Year 3, assuming transfers to the Trust begin before the full term of the maximum defects period. If held to the maximum defects period, transfers of landscaped areas may start from Year 4.

The first main play space (at 500 occupations) would be complete and transferred no later than Year 4. The first allotment space would be complete (at the Brisley Farm extension) (Year 4), work on planning and completing the Community Hub would be underway ready for full completion in the early part of Phase 2, and work to plan, complete and transfer the first tranche of commercial estate would be underway.

Community development work would increase as resident numbers grow.

In this still relatively early period for the development as a whole, there is nonetheless a high concentration of Trust input to facility design (working in partnership with the Borough Council and other bodies), helping to manage community consultations and planning and implementing service delivery.

The numbers below are those contained in the Model. Given the flexibility built into the planning agreements for the transfer of completed landscape (including hardscaped) areas, compared to the modelled assumptions there is a possibility of a softer impact on the Trust's costs during this Phase.

INCOME & EXPENDITURE HEADINGS	Year 3 – Year 5 inclusive	NOTES
INCOME		
Deficit Grant from Developers	2,117,687	S106 (net of Yrs 1 and advance)
Community Development Contribution	150,000	S106
Estate Rentcharge	965,965	At inflated cap
Set-up for Rentcharge (legal fee)	219,100	Fixed contribution per property*
Soft verge landscaping	163,292	KCC*
Facility Fees	20,374	
Total Income	3,636,418	
EXPENDITURE		
Staffing	949,778	CEO, Manager, Admin, Finance, and Community Development
Professional fees	114,665	Legal, finance, and HR
General Expenditure	134,464	Marketing, office equipment & IT software, insurance, recruitment, etc
Community Activities	45,000	To support Community Development
Landscape services	285,817	Main landscape
Soft verge	163,292	KCC*
Public Art	3,458	Maintenance
Facility Costs	50,196	
Sinking Funds	21,170	
Set-up for Rentcharge (legal costs)	219,100	
Unrecoverable VAT	149,339	
Total Expenditure	2,136,279	
Net Income/(Expenditure)	1,500,139	After Deficit Grant Payments

6.2.3 Phases 2-4 (2023 – 2039)

On the Developers' Base Position, Phases 2 to 4 are planned to start in 2023 and cover a 15 year period.

The full forecast at Appendix K shows how the Model works during this period, but there is little value in summarising the details as this is many years away, and a considerable amount of further work will be done to refine and revise the budgets for that period based on practical experience.

However, it should be pointed that the Base Position (before Developers' Deficit Grant payments) shows operating deficits occurring up to and including Year 11. Deficits in the first half of the development were anticipated, hence the requirement of the Section 106 Agreement for the Deficit Grant. When the required payments are taken into account, the Trust has positive funds, with the exception of Year 1 (a small deficit). The developers will make an advance to cover this.

For Phases 1 and 2 the Model assumes all landscaping services will be outsourced. This contributes to a level of unrecoverable VAT (as the Trust will not be making Vatable 'supplies' against which it may offset this loss).

From Phase 3 onwards the Model assumes, as the preferred option at this stage, that approximately 55% of landscaping management is in-sourced. This provides the Trust with greater flexibility to operate its landscape service, and helps to lessen its exposure to unrecoverable VAT. The balance of landscape work is assumed to be more specialist in nature and better suited to be contracted out. Costs of insourcing allow for financing charges to provide a depot infrastructure. Operational landscape budgets will be sufficient to cover an insourced staffing operation.

As explained in section 6.1.4, the Trust will undertake a full detailed review of the VAT liabilities and in particular the comparative implications and timings for outsourcing the landscaping services or delivery by employing its own staff.

The Trust will adopt a Procurement Policy (PWG has considered a draft) which will act as its guiding principles for commissioning services. Important criteria featuring in the policy are: quality of service, demonstrating good value for money, the particular skills and competence of suppliers, together with suppliers with keen local interests and enthusiasm for the development, the Trust and its objectives.

6.2.4 Long-Term Viability

When the site is fully built out (notionally Year 22 - currently anticipated as 2040/41) the anticipated annual income and expenditure (inflated to future prices) can be summarised as:

Heading	Value at future prices £	Notes
Income	5,127,700	This assumes the maximum estate rentcharge cap
Expenditure (inc VAT)	4,563,600	
Net Income	£564,100cr	Due to the Model showing surpluses on the rentcharge at this point, the net income level would be managed down, as unjustified ring-fenced surpluses would not be permissible.

Using the Developers' Base Position, it may be seen there would be good potential for long-term financial sustainability.

The Trust would have healthy unrestricted funds and the likelihood of significant sinking fund reserves held for specific purposes.

Notional surpluses shown in the Model for Restricted Funds show the potential to manage estate rentcharges at lower levels than modelled.

6.3 FINANCIAL MANAGEMENT AND REPORTING

This section explains the various financial planning, budgeting and accounting processes the Trust will adopt. These follow good practice and underpin the intentions for good financial governance.

6.3.1 Multi-year and long-term planning

The Trust will adopt a process of rolling multi-year financial planning as an essential component of its financial governance. These plans will cover a five-year period, initially approximating to the period of each main development phase. Separate from five-year plans the Trust will adopt a longer-term 20 year model to illustrate the

potential direction of travel based on high-level working assumptions for housing and infrastructure delivery, and of residential occupations. These forecasts will be informed by the planning agreement, and the developers' forecasts at each review stage.

Contained within each rolling plan and the longer-term model will be forecasts relating to the size and potential use of the Trust's sinking funds for asset replacement and renewal.

Within the forecasts, careful attention will be given to the prospective commercial estate, with financial forecasts supported by evidence and advice from independent professional sources.

As a prospective charity, the Trust is likely to benefit from mandatory and potentially other discretionary reliefs in respect of business rates on its built estate. The relevant applications will be submitted to the Borough Council at the appropriate time. Where liability for business rates is present and where Trust property is let to third parties, letting arrangements will, in general, pass on any residual liability to occupiers. The model assumes the current 80% statutory relief.

6.3.2 Annual budgeting

The Trust's annual budget is a financial description of its action plans to summarise the Trust's plans to deploy its forecast income, in support of meeting its obligations, including making reserve provisions for future years.

Annual budgeting will be informed by:

- Key objectives for the year ahead
- Required activities and service levels
- The staffing resources and commissioning arrangements needed to perform Trust activities
- Full assessment of potential costs and income related to Trust activities
- Full assessment of annual replacement and renewal requirements
- Full assessment of cash flow and investment potential
- Full assessment of potential core funding and potential for other external funding

Fundamentally, the budget will determine the level of estate rentcharge payable, disaggregated across house types. However, the Cap fixes the maximum amount for the Estate Rentcharge. The Trust will, where necessary, supplement income to support the Essential Activities (in the Estate Rentcharge Deed) from its unrestricted funds.

Accompanying the budget presentation to the Trust Board will be a risk assessment for the year ahead.

A small number of performance indicators will accompany each budget that the Trust's Finance and Risk Management Sub-Committee (see below) will monitor.

To give sufficient time for residents to be notified of each year's budget plans and of interim Estate Rentcharge invoices to be despatched before the commencement of the financial year, the Trust Board will agree its budget for the forthcoming year no later than 10 weeks ahead of the year. Prior to its formal agreement, the Trust will publish its proposals on its website.

In this respect, the Trust will look to adopt the relevant Retail Prices Index published four months prior to the commencement of each estate rentcharge year (assumed to coincide with the Trust's accounting year) as the Index reference point for determining annual increases in the Cap.

The Trust Board will establish a Trust Finance and Risk Management Sub-Committee for the purposes of preparing and reviewing budgets, monitoring spending (including taxation) and income throughout a year, and monitoring and assessing financial risks. The Sub-Committee would recommend a draft budget to the Trust Board and be responsible for monitoring progress during a year.

The 'Trust CEO Director' will take overall officer responsibility for budget preparation and budget monitoring standards and processes, with the likely appointment of a Finance Manager to undertake detailed responsibilities among other duties. The approach to annual budgeting will follow professional standards, guidance and best practice.

6.3.3 Annual Accounting

As both a prospective charitable company and a registered charity, the Trust has statutory obligations to follow in respect of its annual accounting and returns to Companies House and the Charity Commission. Charity and Company law require the Trust to prepare accounts and financial records, and publish the accounts in accordance with statutory reporting requirements.

Further, it is a legal requirement (reinforced in the Section 106) that residential freeholders subject to the Estate Rentcharge, incur costs only for activities associated with the management of land and the fabric of communal property. Accordingly, estate rentcharge income will be 'ring-fenced'. Furthermore, residents will receive an annual summary of actual costs incurred against the interim Estate Rentcharge paid for the year in question, with an explanation of how any surpluses or deficits are to be treated; this includes explaining how sinking fund provisions are applied. Initially at least, the Trust will look to commission the collection and accounting services for the estate rentcharge from a specialist support company – financial provision is made for this within a cost of collection adjustment to estate rentcharge income.

Due to the size of the Trust's financial operations and its asset base, annual accounts will be subject to independent examination or external audit (the latter as the Trust's turnover increases to more significant levels), for which the Trust Board will make the necessary appointment.

The Trust's annual audited accounts will be presented for adoption to an Annual General Meeting of Trust members. Trust members are residents whose membership applications are accepted by the Trust Board, plus the Trustees). AGM's will also receive a Directors'/Trustees' Annual Report (again a statutory requirement).

Accounting policies will follow and adhere to professional standards, legislative and regulatory requirements with particular reference to:

- a) The Statement of Recommended Practice - Accounting and Reporting by Charities, the Charities SORP (FRS 102) effective from 1 January 2016, that sets out the recommended practice for the purpose of preparing the Trustees' annual report and for preparing the accounts on the accruals basis
- b) The accounting recommendations of SORP supplement accounting standards. The Charities (Accounts and Reports) Regulations 2008 require the methods and principles of SORP to be followed when accounts are prepared under the Charities Act 2011.
- c) The Companies Act 2006 and subsequent relevant regulations

An 'accrual' basis will be used for accounting and reporting purposes, as this too is a statutory requirement for charitable companies and would be appropriate for an organisation of this scale. Accounting processes and disciplines will be subject to review and regular monitoring by a Finance Manager (or other such appointment) with oversight by a Trust Finance and Risk Management Sub-Committee on behalf of the Trust Board. Note all Trustees/Directors have collective responsibility for the Trust's financial management and accounting.

- e) In connection with the Government's leasehold and service charge reforms there is a possibility that a Code of Practice that currently applies to private leasehold management arrangements is extended in some form to freehold residential management arrangements. If this is the case, the Trust may need to comply with a Code of Practice, similar to the relevant RICS Approved Code (supported by Government).

6.3.4 Internal controls

Proper and proportionate internal financial controls are required if strong governance and compliance with the regulatory framework is to be achieved. Directors/Trustees

are responsible for ensuring an adequate financial governance framework is in place. The following components for its framework will be developed (a manual is in draft):

- Annual budgeting and forward financial planning processes to support the principles described in Section 6.1.3
- Expenditure will be budgeted for and contained within resources available or anticipated in the short-term (within a twelve month period)
- Oversight of the monitoring of actual performance (as presented by Trust management accounts) by a Sub-Committee
- Rigorous monitoring of income and expenditure targets
- Procedures to deal with corrective actions for any overspends or unforeseen cost pressures, including managing deficits and surpluses and the Trust's reserves
- Monthly reconciliations of cash and bank balances
- The Trust Board will approve policies and procedures for handling cash flow management including investment of surplus cash and any short-term borrowing needed in line with its Treasury Management policy
- A suite of detailed financial procedures
- Appropriate financial systems with capability to manage payments and receipts, estate rentcharge accounting and debt management, taxation, commitment accounting, management accounting and financial reporting
- Banking and insurance arrangements will be subject to specification and market testing
- Ensuring that financial statements reconcile to the Trust's financial systems and records
- Accurate and timely production and return of all regulatory returns
- Procedures to manage and control declarations and conflict of interests; managing procurement and demonstrating value for money; managing expenditure and payment authorisation levels and bank mandates; and counter-fraud procedures.

It is not a mandatory requirement for the Trust to adopt a process of **internal** audit, though for an organisation of this (eventual) size it is recommended. The Trust Board will therefore consider the appropriateness of receiving assurance and compliance testing. It may undertake periodic social audits, from an independent source, as part of its ongoing development to measure its impact. The timing of internal reviews or social audits would be matters for the Board to decide. PWG has supported adopting a form of internal audit as good practice.

Book-keeping, and payroll/pension services will be required by the Trust from an early date. Initially at least, both are likely to be outsourced services, for which some initial market testing has been made, the model provides for this.. As the Trust takes on its own financial expertise, some aspects of this work are likely to be carried out internally.

7. Commercial Estate

The Section 106 provides for the endowment of up to 50,000 square feet of built commercial estate assets, for the Trust to generate income. Eventually, the income is forecast to be equivalent to about 13% of the Trust's annual costs including being a primary source of funding for its community development work and funded activities. The estate may also act to provide a means of financial security.

Commercial estate income is to be achieved through the Trust's letting of endowed commercial estate. There is no pre-determined mix for this estate as yet. The Trust will work with the developers to develop a strategy that seeks to ensure that the Trust's endowment complements the quality aims for the development generally, and offers a spread of uses that also spreads risk. It is intended to apply income derived directly for the furtherance of the Trust's charitable objectives. However, should the Trust determine that part of its endowment is to be a fully serviced flexible office facility or such-like, it is possible the Trust may need to establish a trading subsidiary to permit it to provide services to third parties. The Trust's Articles permit creating subsidiary companies for this purpose. In such circumstances, a separate governance arrangement would be created. All annual net surpluses would be donated by the subsidiary to the main Trust under Gift Aid tax-rules.

During the preparation of the Section 106, it was agreed the Trust should have an option to allow it to take some of the commercial estate capital sum (equivalent to the cost of providing 30,000 sq ft) as cash for the Trust to invest. This option provides the Trust with an opportunity to manage and mitigate risk.

7.1 FUNDING PRINCIPLES

7.1.1 Section 106 requirements

The Section 106 requires the provision to the Trust of Commercial Estate as follows:

- The design brief and specification for the Base Provision (no less than 15,000 sq ft and up to 20,000 sq ft of Gross Internal Area at a capital cost to be agreed by the Council before occupation of 750th dwelling (expected to be about June 2021);
- The Base Provision to be completed and provided before occupation of 1500th dwelling (expected to be about October 2023), ie the end of Phase 1;
- The developers consortium to provide a Commercial Estate Marketing Report before the occupation of 2,100 dwellings;
- Within two months of submitting the Marketing Report, the Trust is to decide whether to opt for "A" or "B" below:

Option A

- The design brief and specification for the second tranche up to £2,190,750 (index-linked) capital cost to be agreed before occupation of 2,400th dwelling (expected to be about Autumn 2026);
- The second tranche to be completed and provided before occupation of 3,150th dwelling (expected to be about 2029, and part of Phase 3));
- The design brief and specification for the third tranche up to £2,190,750 (index-linked) capital cost to be agreed before occupation of 3,450th dwelling (expected to be about 2030);
- The third tranche to be completed and provided before occupation of 4,200th dwelling (i.e. at beginning of phase 4);

Option B

For two cash endowments to be paid to the Trust of £2,190,750 (index-linked) each by 2,425th occupation and 3925th occupation. These are the cash equivalents to the capital cost of otherwise provided commercial estate.

7.1.2 Size and nature of Commercial Estate

It is planned that the capital cost included in the Section 106 will provide for up to 50,000sq.ft. of gross internal area (GIA), with the first minimum quantum of built commercial space being no less than 15,000 – and up to 20,000sq feet (GIA) endowed to the Trust by the 1,500th occupied dwelling.

This is a first instalment. The financial model assumes 20,000sq.ft GIA provided, and then reduces this to 80% or 16,000 sq ft of Net Lettable Area (NIA) to take account of communal spaces, corridors, plant and machinery etc.

As discussed above, the Trust then has the option (exercisable once) to either receive two further tranches of estate, up to a further 30,000sq.ft in total, or to take two cash payments, should the Trust prefer after considering the pros and cons. Cash, if taken (£2.19m per tranches at April 2014 prices, subject to index linking) would be invested to secure a long-term income stream, either in the form of a cash investment and/or the purchase of property assets (residential or commercial).

The Business Plan makes prudent forecasts of income potential, including a period of up to 12 months build-up to first real income flows post completion of the first endowment. Average gross yields of £15 sq ft are discounted in the model by 35% to achieve a forecast net yield (at current prices) of £9.70/sq ft, including allowances for management costs. The management allowance equates to around 10%, a typical proportion payable to a managing agent.

The forecasts are based on market advice received from local agents and more general commercial valuation experts, but will need to be refreshed.

Further, Ashford's local economy is developing with a good outlook, but with greater potential for some competition between town-based commercial space and out-of-town centre space. Prior to commissioning the first commercial build, the developers, in association with the Trust will undertake another market assessment to inform plans for the Trust's first and potentially later instalments. The Trust will use this and subsequent market analysis in making its decisions as to the preferred target market and type of building(s) to be constructed for the first and potentially subsequent instalments.

7.1.3 Yield

In November 2015, an appraisal by Savills of office and retail rents in Ashford was used as a benchmark value for the Section 106 viability review for Chilmington Green. This report concluded that good quality Grade A standard commercial units were then commanding rents in the order of £18 per sq ft. and a newer office block completed in 2011 achieved a headline rent approaching £19 per sq ft in 2014. It suggests that office rents in Ashford have shown signs of improvement in the preceding two years.

However, the last year or so has seen rental yields fall away significantly for old stock. This is a position mirrored across the wider region of Kent. This volatility demonstrates why it is difficult to make accurate forecasts. Farther afield in Hampshire, a Homes England funded flexible serviced office project, as part of a large new housing development near Petersfield, is occupied at inclusive rentals of £36/sq. ft.

However, Ashford has good long-term prospects for yield growth, particularly for new stock of good quality. Chilmington developers will be planning on this basis. The intention is to deliver commercial estate that complements the strong quality aims for Chilmington Green. The Trust's endowment will be planned on this basis.

7.1.4 Governance and Risk Implications

The letting of property is not deemed a 'trading activity', for a charity may let property as part of securing rental income to support its charitable objectives. Accordingly, the Trust is not required to establish a trading subsidiary for this purpose. The need for a trading subsidiary would flow from any more direct profit motive-led trading activity, for example the Trust trading its services beyond the Area of Benefit. This is not ruled out by the Articles, though would require the agreement of the Framework parties, as well as a creating a subsidiary as previously mentioned.

However, anticipating the future levels of commercial estate income involves more uncertainty given the nature of commercial estate and economic cycles, particularly

when taking a long-term view. The Trust will apply particular attention to assessing the risk, adopt suitable mitigation plans to hedge, and manage future risks to its income base.

7.1.5 Other Benefits

Though the primary purpose of the commercial estate is to underpin the charitable objects through its related income, a commercial property interest also opens up options for the Trust to offer space for local residents to work close to their place of residence. Accordingly, with a new community of significant scale, there are good prospects for the Trust to take an active role in promoting local employment and a strong micro economy.

8. Operational Management

As the Community Trust is initially set up, and then becomes more established, it will have a growing number of operational issues to consider, plan for and subsequently manage. These begin with the organisational infrastructure during the set up period, and then evolve in response to the facilities and landscape responsibilities coming on stream.

Chilmington is the subject of a “Protocol for Joint Working” between the Kent County Council and the Borough Council and their respective management and services under the Kent CC - Ashford BC District Delivery Deal. The Community Trust has benefitted immensely from significant executive input to date from both the Borough and County Councils, with input overseen by the Partnership Working Group. This has been a valued source of advice and support to the developers, and most of this work will enable the rapid set up of the Trust in its first twelve months and will stand it in good stead for the first Phase of housing delivery.

Operational Management for Phase 1 is considered under the following headings:

- Policies and Procedures
- Insurance and Licensing
- Third Party Support – e.g. contracts for Personnel, payroll and banking
- Systems
- Pensions
- Equipment
- Operating Premises And Community Facilities
- Outsourcing landscaping maintenance and rentcharge management

8.1 POLICIES AND PROCEDURES

As an independent legal charitable body, the Trust must operate within the law and will operate to high standards of management and governance. To that end, a full set of policies have or are being prepared, with the intention these are adopted by the Trustees over the first year. Appendix M summarises the full list of policies required, which fall into the following main headings:

- Health and Safety
- Data Protection
- Finance
- Personnel (Employment & Volunteers)
- Welfare and Security (Personal and organisational)
- Media

In addition, more detailed policy and practice guidelines will be developed and documented over time. This includes community development work, and for the effective operation of the community facilities including lettings policies (long-term and sessional), security, caretaking etc., as required.

8.2 INSURANCE AND LICENSING

Adequate insurance for the Trust, its activities and liabilities is a legal requirement. Risks to be covered include:

- Public liability
- Employee liability when staff are appointed (i.e. September 2018 on secondment)
- Buildings and Contents cover once an office is established (including contingencies) (i.e. by April 2019)
- 'All risks' for certain property and equipment
- Fiduciary cover
- Trustee indemnity cover
- Libel and slander

Public liability will allow for any activities that the Trust undertakes, such as small-scale community events, and will cover liabilities associated with any claims that could occur from land managed by the Trust. All events, such as fayres or other general community engagement events, are likely to need insurance cover.

In practice the Trust's insurance cover will start and grow on the following basis:

July 2018 – March 2019	Basic package (Liability, Fiduciary Duty and Trustee indemnity)
April 2019 onwards	Add building and contents cover accordingly

Insurance will be commissioned from providers with policies specialising in the voluntary sector and associated Trusts. PWG has researched thoroughly many options for the provision of insurance and proposes that Zurich should be the supplier. The Board will need to confirm this at an early meeting.

Licences

The CMO will require several licences to enable it to deliver its functions effectively. This particularly relates to the provision of community activities where PRS Licences, Events Licences and others will be needed.

8.3 THIRD PARTY SUPPORT

Banking Services

From an early point following formal incorporation of the Trust Company, the Board will make firm arrangements to establish its banking arrangements. PWG has considered options and following local soft market testing and an invitation to local banks to discuss the Trust Company's intended banking services, it recommends using the services of the local branch of Handelsbanken.

Subject to its confirmation, Handelsbanken is likely to offer free banking services for up to two years.

Although the Company will become a charity, its financial activity will extend beyond the reasonable limits to obtain free banking services, typically offered to small charities. Access to local branch personnel and the keen interest shown in the proposed Trust and Chilmington Green, were distinct advantages over other major banks locally.

Payroll and Personnel Services

As soon as the CMO becomes an employer, it will require professional support to manage its payroll responsibilities and ensure it is able to support its staff well through Personnel services. In the early days, the CMO will not have the capacity or skills to do this inhouse and will therefore contract external support to deliver these functions.

Pensions

To fulfil its legal obligation and provide every paid staff member with a pension, the CMO will secure a provider which reflects its values as an employer and provides a sound financial investment for its employees. From time to time this will need to be reviewed.

8.4 SYSTEMS

The Trust will invest in and set up computerised systems from the beginning, which will ensure simple but efficient financial and office management processes for every aspect of the Trust. As the Trust will grow slowly over the first few years, there is adequate time and resource to purchase, professionally set up and implement bespoke systems, and to train staff and iron out any practical issues along the way. The three main systems are summarised below:

8.4.1 Finance

A standard accounting software package will be purchased (probably SAGE Pro) which allows for regular invoicing of the freeholders for the Estate Rentcharge (if operated inhouse), and for managing payroll, suppliers and associated expenditure, and management accounts. The system will be set up with professional support, allowing then the in-house Finance Manager and Business Management Support Officer to operate it fully.

8.4.2 Procurement

In purchasing goods and commissioning services the Trust aspires to obtain best value for money, good quality services, implement good procurement practice, and operate fairly, including taking into account environmental concerns. Therefore the Trust's key aims of its procurement and commissioning arrangements are:

- a) Achieving value for money
- b) Achieving quality outcomes
- c) Obtaining value through competition
- d) Encouraging local interest in the Trust's procurement and commissioning opportunities through fair and transparent commissioning arrangements
- e) Observing local environmental sensitivities
- f) Adopting flexible contracts to accommodate growth and needs for efficiency and innovation
- g) Being legally compliant

For support services, such as personnel, legal, and specialist financial advice, it is most likely the Trust will determine that outsourcing is in its best interests rather than recruit to these roles. Packaging some or all of these services together might be an option, which again could lay the foundations for a longer partnership with a multi service provider.

Accordingly, decisions on contract lengths will be important to address in the first phase of activity, when the Trust has the opportunity of striking a good balance of shorter term (more straightforward) approaches and longer term (laying foundations for the future) approaches.

The Trust Board will approve its procurement policy to implement procedures for the appointment of suppliers and sub-contractors for its own needs, which may include consultancy support, or financial services, depending on the time and skills of the staff. These can be included within the financial and management control systems.

8.4.3 Office Management

Standard Microsoft Office software will be purchased and installed onto the Trust's computers for use by all staff. It will seek to minimise paperwork through online storage of all work files within a pre-planned electronic filing system, enabling full records to be systematically stored and accessed, and continuity for future staff. Back-up arrangements will be essential with options explored as part of the set up.

8.5 **EQUIPMENT**

The Trust will require basic equipment to run its operation, including desktop computers with latest software (word-processing, email, publisher, and database), desks, and telephones as well as access to a photocopier. Sharing facilities and resources such as a photocopier with other related agencies such as the developers will provide economies of scale.

The new community facilities will require a range of equipment to be determined in the future, and will include chairs and tables, as well as white goods for the kitchen, and any necessary audio-visual equipment for the community hall.

8.6 **OPERATING PREMISES AND COMMUNITY FACILITIES**

The Trust will initially require an office that is accessible by the community, but also provides easy connection to the developers, and particularly the marketing teams, to ensure full participation of Trust staff in relevant aspects of the development programme. The first operating premises of 200sq.m to be provided by 1st occupation will also contain sufficient offices for up to five work spaces. Precise location of the first operating premises is fluid at present, but is likely to be in close proximity to the developers marketing suite. In the event of any unforeseen delays the Trust would seek co-operation from local partners for some temporary use of space.

The start-up budget allows for the purchase of office equipment, IT equipment and software, and chairs and tables for the community centre area. It will also need to accommodate external storage for community equipment via a storage container and some outdoor community space (BBQ/social space and/or small community garden).

8.7 **OUTSOURCING ESTATE RENTCHARGE MANAGEMENT AND LANDSCAPING**

8.7.1 Rentcharge Management

Estate rentcharge administration has considerable associated accounting and management procedures where care is required to ensure the Trust routinely follows proper practices. Added procedures may be imposed on the Trust, if the

Government determines that further legal rights are extended to resident freeholders.

It is vital that the Trust ensures a common understanding of the legal handling of the Estate Rentcharge Deed across the developers (and with solicitors involved in subsequent sales). This includes an agreed approach to the legal process involved and ensuring this process is discharged effectively.

Accordingly, the Trust will explore the options for undertaking this aspect of its work, and is likely to contract management support companies that operate in this sector to carry out this function.

From preliminary discussions with one of the leading housing development support providers, it is established that resilience of service, access to specialist systems including accounting and invoicing, plus specialist expertise could be achieved at feasible cost. The Trust Board will explore this option as part of the next phase of preparatory work, before making a final decision and before concluding its initial staffing mix for the early years.

8.7.2 Landscaping Management

In Phase 1, there will be limited landscaping for the Trust to adopt, manage and maintain. The long-term aspiration is for the Trust to insource the landscaping operation but in the early days, the quantum of land to manage will not make this a viable financial option. The Landscape Management and Maintenance Plan (LMMP), (which includes zoning) will support the basis for the procurement of landscaping and inform the contractual basis upon which companies will tender.

Some in built flexibility will enable the Trust to flex the levels of maintenance to respond to particular circumstances (eg. the weather) as well as reflect in-year budgeting requirements. Major deviation away from the LMMP will mean the Framework Agreement parties' agreement is required.

9. Marketing and Communication

Marketing and promotion of the Trust, its role and purpose, and related activities are fundamental to its success. This is regarded as a high priority from the outset. The development and implementation of a successful Communications Strategy, underpinned by the Early Community Development Strategy, will have a number of early benefits:

- Build awareness of the Trust and its vision and branding by both new and existing local residents and community groups
- Position the Trust as a key community focused player within the delivery of Chilmington Green
- Build a positive image and reputation - 'a Trusted Trust'
- Ensure that respective strategic partners are communicating the same messages
- Support the developers in their marketing efforts for the promotion of Chilmington Green as a distinctive development.
- Foster knowledge of the role and activities of the Trust leading to practical engagement to a common purpose.
- Build the numbers of social media followers and members to facilitate future communication and participation.

9.1 COMMUNICATIONS STRATEGY

The developer consortium and Ashford Borough Council, Kent County Council and the Parish Councils (and eventually Housing Associations) will have their own communication plans for Chilmington Green, and it will be crucial to ensure that the Trust's Communications Strategy sits within and supports the overall Communications Strategy for the development. Sharing consistent information and messages to the various audiences is critical. Close dialogue and agreeing shared objectives with other Chilmington Green partners is important.

The Borough Council and the developer consortium have adopted the Chilmington Green Quality Charter. This covers four themes and provides the bases for communications and marketing messages:

- **Great homes that meet changing needs** – designed to a high standard and range of sizes with a range of affordability
- **Designing a great place** – including creation of excellent green spaces and play opportunities, plus allotments, green routes and areas on the fringes for wildlife and the provision for a realistic range of jobs
- **Delivering a great place** – includes public transport provision, build quality and developing skills of local people

- **Making a successful community** – Includes community development programmes and management; the early provision of facilities; community involvement in design decisions; and attractive community buildings and open spaces.

A key challenge for any community Trust is to remain visible and directly relevant to those it was set up to benefit. This is important, particularly when new residents will have other priorities when they first move in. As the Trust will be an unfamiliar model, residents may confuse the Charity with council services or a traditional developer-led management company. The Trust will work hard in the early years to raise and maintain its profile and distinction, and to take into account very varied audiences.

9.1.1 Primary Audiences

The Trust will have a number of audiences with which it will communicate with regularly. These will include:

- Residents of Chilmington Green and surrounding communities
- Operational staff within core partners (Councils, developers and housing providers – housing associations)
- Businesses (including retailers) of the area
- Proposed tenants and users of the community facilities when available
- Visitors to the facilities and users of new project initiatives
- Potential funding and contractual partners
- Ashford Borough Council and three parish councils' elected members and officers and Kent County elected members and officers
- Other public agencies: Local Primary and Secondary Schools, Police, health commissioners and providers
- Local voluntary and community organisations
- Others with influence on the area.

Given the twelve month (2018/19) development period for the Trust prior to first occupation in April 2019, the initial audience for the Trust will be prospective buyers of new houses and existing local residents within Chilmington Green (but outside the formal development area), and those from the surrounding communities. From 2019 these and further prospective buyers will remain a primary audience (new residents of Chilmington Green who are expected to grow by about 300 people in the first year rising to nearly 750 new residents every year across all ages, backgrounds and cultures).

9.1.2 Key Messages

The Trust will have a series of key messages that it wishes to convey, some of which will reinforce the developers and ABC's messages, and others that are bespoke to the Trust, starting with the proposed strap-line: '*Creating a thriving community for all*';

- Independent Charitable Trust responsible for public assets
- Working for and with local people
- Creating a “sense of community” and neighbourliness
- A community that is empowered to have real ownership of its destiny and where local people are given the opportunity to make decisions to shape their future. Ultimately local people will ‘hold their community in their hands’.

9.1.3 Brand Identity

A brand and associated branding manual have been produced by the developers’ consortium around the main site brand logo:



A series of brand objectives have been set out, which the Trust’s associated brand would also need to reflect and promote:

- To provide an effective identity for all marketing activity
- To help enhance Chilmington Green’s reputation and highlight USP’s to key audiences
- To highlight Chilmington Green’s wide range of attractions and promote it as a great place to live, work or visit

Further discussions are required with the developers’ respective marketing teams to finalise the name of the Trust and to determine the extent to which the Trust brand and logo reflects the main Chilmington Green brand and logo.

9.2 **TOOLS FOR COMMUNICATION AND PROMOTION**

The marketing and promotion is likely to be both formal through banners, newsletters, flyers, web site, meetings, and informal through word of mouth by getting out and talking to individuals and groups.

The Trust’s Communications Strategy will be agreed early in its formation and will encompass:

- Corporate identity and logo
- Key communication messages with various audiences
- Welcome pack

- Publicity literature
- Website and social media
- Database
- Media and public relations
- Design of office stationery

There are a number of marketing tools and resources available, which will be utilised by the Trust, some of which are summarised below.

9.2.1 Database and Membership

Voluntary, community, and public organisations have been involved with the consultation over the development over recent years. Ashford Borough Council and the developer partners have created a database of contacts, stakeholders, members, and suppliers. Subject to Data Protection rules, this will be extended as a very important tool for use by the Trust.

As a charity, the Trust may be exempt from registration under the Data Protection Act, but in order to maintain good governance it would be prudent and in its wider interest to register voluntarily as a data controller. Accordingly, it is envisaged the Trust will adopt a full suite of appropriate data protection policies and procedures.

The Trust will establish and promote membership to the eligible residents within the development area. Membership will enable residents to vote at the AGM (see section 4.2.1) but is also likely to provide other benefits in the form of discounts for the use of community facilities or leisure activities, which will be considered further during 2018.

9.2.2 Website

The developer consortium already host their own website, <http://Chilmington-Green.co.uk> that currently features the background and vision, and latest news updates. It is assumed that this will continue to be used as a primary tool by the developer consortium to be the public face of the development, allowing individual house builders to promote their own properties through their own brands.

The Trust will plan and commission pages within the main website which promotes the Trust and its activities as well as providing news and information from a community perspective, and ideally to provide links and dovetail with the websites of other core partners. An example of the scope of initial contents by April 2018 is summarised below:

LANDING PAGE	Drop Down Menu					
Home page	Summary statement of Trust	News With links to latest news	<i>Feature Item (with image and text)</i>	Social network links, Fbk, Twt,	What's on <i>Image with link to what's on page</i>	<i>Getting involved and joining</i>
What's On						
Activities	Children & Young People	Over 55s	Employment & Skills Training	Social Clubs	Early Years	
Room Hire						
Our Community	Area profile and local history	Local News	Events	Local Businesses	Local Information GPs Schools / education Childcare Police Shops Leisure Venue hire Councillors	
Gallery						
About us Information Our Vision	Meet the Trust		Vacancies	Newsletter	Area Of Benefit	Our Partners
Consultation processes						
Contact us	Contact form Suggestions Join the mailing list					

The site and other linked social media will evolve with time, information availability, and experience.

9.2.3 Social Media

A platform of informative and up to date social media tools will be important for communicating with existing and new local residents. Facebook. Instagram and Twitter will be set up from the beginning as it takes time to build up followers and also investment of time to utilise the tools on a regular, if not daily, basis.

9.2.4 Promotion Material

The Trust will produce and distribute or use a range of promotion materials to be used at events to promote its existence, vision, aims and activities, as well as to promote membership including:

- Welcome Pack
- Introductory cards
- Flyers
- Newsletters
- Portable banners

9.2.5 Welcome Pack

The S106 requires that before any vertical construction can commence, a Welcome Pack and marketing document is prepared and approved which sets out:

- The purpose of the Trust
- The Trust's functions
- The constitutional structure of the Trust
- The concept of the Estate Rentcharge, including monies and their application
- Membership of the Trust, how residents can join, along with an application form
- The appointment of Trust Resident Directors

The Trust Welcome Pack will also include information on local services as described in the Community Development Strategy Delivery Framework e.g. information about local schools, health facilities, etc. and how to get involved and respond to the planning process.

Further detailed consideration will be given to any differentiation in the packs, e.g. for purchasers, RSL tenants and private tenants.

9.2.6 Outreach

Outreach and associated community development work will be a fundamental feature of the Trust's work and profile. In particular, every home will receive a personal visit from Trust staff with a Welcome Pack, which will include information on the Trust, and consultation feedback will be used to inform the initial community development activities, which are likely to include small-scale welcome events and meetings.

9.2.7 Media and Public Relations

The Trust will make effective use of the media to raise its profile and inform its various audiences. This will be planned in partnership with the development consortium and

their PR agency. There are a number of activities and events that afford PR opportunities, including its formation, the opening of facilities, and key successes.

9.3 COMMUNITY ENGAGEMENT, DEVELOPMENT AND CONSULTATION

Community engagement and development will be at the heart of the Trust's operation as described in Section 3.3. The challenge is to foster and develop the involvement of a wide range of new residents by age, gender, tenure, ethnicity, so that:

- The Trust develops innovative and effective services that reflect local priorities and supports the aspirations of residents and the local community.
- New residents strongly identify with the Trust, the open spaces, the community facilities and its activities.
- Foundations are laid for long-term community engagement in the management structures.
- The Trust dovetails and complements the role of wider groups within Chilmington and Ashford.

10. Risk Management

The Trust will establish both formal and informal methods of recording and reporting on its progress as outlined in sections 6.3 and 8.4 to account for progress and to manage any risks. This is to fulfil legal and contractual obligations, as well as report back to the Board, Ashford Borough Council, the developers' consortium, and the stakeholders, to keep people informed and to effectively manage the organisation.

10.1 RISKS AND MITIGATION STRATEGIES

The Trust's operations and responsibilities are large in scope and so given the attendant risks the Trust must manage, a risk management framework will be adopted and regularly reviewed. The Trust will also adopt a range of strategies to identify, monitor and manage any of the identified risks:

- Adopting a Risk Register
- Giving attention to general economic conditions and forecasts, particularly relevant to managing cost inflation, investment risk, and sustainability of income sources, including how demands for services are moving
- Mitigating the consequences of development delays, including potential S106 renegotiations
- Building and maintaining adequate reserves to manage shorter and longer-term risk, with a particular focus on unrestricted funds and the adequacy of sinking fund provisions. A policy of covering operational costs with sufficient reserves (combination of unrestricted and restricted funds) for a minimum period of 12 months will be developed and adopted
- Exercising rigorous control of Trust budgets and forecasts
- Ensuring Trust cash balances are controlled and well managed
- Adopting sound financial practices
- Giving attention to taxation issues including monitoring regulatory changes including the Trust's VAT position
- Adopting proper scrutiny of the accounts and audit of financial processes
- Paying careful attention to commercial estate risks (see section 7)
- Ensuring confidence of residents and other local stakeholder confidence is maintained to high levels
- The potential overlaps between the Trust and the existing and possible new parish councils
- Adopting open and transparent reporting arrangements
- Exercising appropriate profile of, processes for and management of estate management regulations (enforcement).

A risk management framework is set out in section 10.2 detailing the perceived risks at this stage of the Trust's development, along with associated steps taken to reduce

the risk and contingency plans. The three main risks with significant implications are amplified in more detail below.

10.1.1 Significant Delays in Building of Future Phases

The financial model and this Business Plan assumes a consistent occupation of properties at a steady rate over +20 years. There will, of course, be variations and possibly some delays between phases as land is released to new developers and building begins on new plots. However, with unprecedented low interest rates and Brexit, it must be recognised that there are significant economic uncertainties over the next few years, which could affect the housing market. It is imperative that the Trust can fulfil its functions at every stage of its existence. These factors could also affect the rate at which and how community assets come forward which will have an impact on the CMO.

The Financial Strategy is such that if the development slows, or stalls for a short or long period at any stage of the development, the Trust will be sustainable. At this stage, the developers' detailed plans are committed to the completion of Phase 1. By way of example, if the development were to stall at the end of phase 1, the current planned income and expenditure at the point shows:

INCOME & EXPENDITURE HEADINGS	CURRENT BUDGET 2022/23	NOTES
INCOME		
Estate Rentcharge	460,800	£409.97 average /property
Net Income from Commercial Estate	0	
Soft verge landscaping	69,900	
Allotment income	2,460	
Leisure facilities income	15,530	User charges
Community development contribution	50,000	S106 contribution
Total Income	598,690	
EXPENDITURE		
Staffing	342,030	CEO, Manager, Admin, Finance, and Community Development
Professional fees	39,440	Legal, finance, and HR
General Expenditure	47,380	Marketing, insurance,
Community Activities	20,000	To support Community Development
Landscape services	210,030	Soft verge and main landscape
Soft verge landscaping	69,900	
Leisure facilities	50,200	
Public Art	1,760	Maintenance
Replacement Funds	21,170	
Unrecoverable VAT	77,700	
Total Expenditure	879,610	
Net Income/(Expenditure)	(280,920)*	

*This table excludes the Rentcharge Deed income and costs as being cost neutral.

On the current model, the Trust would have cash reserves of over £1,479,000 (£2,269,000 of deficit grant would be received in Phase 1), but would have a cumulative budget deficit of over £790,500. The Trust's staffing is heavily orientated towards a growth strategy with considerable senior resource allocated to taking on new facilities, landscape and new residents. If the development were to stall for any length of time, the Trust must ensure liquidity and would restructure its staff and operations (general expenditure, community activity) and be able to balance its budget. Early notice, of course, would facilitate suitable staff and financial planning.

In the unlikely event that a long-term delay brings about a serious issue of solvency that results in the Trust becoming unviable, it is possible to apply for voluntary winding up at Companies House.

If this route is taken, the Articles provide that either the Members or the Directors can resolve to apply or transfer any remaining net assets of the Trust directly for the Objects (Article 39). If the Directors, rather than the Members pass such a resolution there is an additional obligation on them to use their reasonable endeavours to ensure that the work for which the Trust was created continues.

In the (unlikely) event that no such resolution is passed by the Members or the Directors, the court or the Charity Commission will decide the charitable purposes for which the remaining net assets should be applied. The standard voluntary winding up process would then need to be followed. This normally takes three-four months and would result in the Trust being struck off the Companies House register and removed from the Charity Commission register.

The situation would be different if, instead of voluntarily winding up, the Trust continued to operate until it became unable to pay its debts. In that situation the insolvency rules would apply and the Charity Commission may take a more active role.

This is particularly so where there has been any mismanagement, maladministration or risk to charity property. In an insolvency situation, an insolvency practitioner is appointed and the Trust's creditors would be paid off to the extent funds are available to do so. In an insolvency situation, there is a risk that the Trust Directors could be liable for wrongful trading i.e. continuing to trade even though they knew or ought to have known that there was no reasonable prospect that the Trust would avoid going into insolvent liquidation. This could result in the court ordering that the Directors have to make a contribution to the Trust's assets.

In the event that the development or facilities are not fully built or there is significant delay, this would be an understandable concern to Estate Rentcharge payers. The risk is that the monies will be paid on (bare) Trust on the basis the facilities will be available. The Estate Rentcharge payers will additionally have the right to apply to the First Tier Tribunal (Property Chamber) in respect of challenges of amounts being paid and the services.

10.1.2 Higher than Anticipated Costs of Management of Public Open spaces

The Trust will maintain regular reviews of its financial position including forward forecasts of planned costs and contingent liabilities. Within the financial modelling and the financial parameters agreed, there is room for manoeuvre by the Trust to

accommodate a degree of higher costs before needing to make adjustments that are more serious to its plans.

10.1.3 Lower than Anticipated Income from Commercial Estate

The funding principles within the strategy for the commercial estate (see section 7.1) are designed to help manage any risk of lower than anticipated demand and yields than originally forecast at the Section 106 planning stage. 15,000 to 20,000 square feet of commercial floor space must be endowed to the Trust, and Trustees will then have an option later to decide whether a further 30,000 square feet should be built and endowed (in two tranches) or whether the Trust should take a cash endowment instead, equivalent to the agreed build cost provision plus 15%.

The modelled rental income potential has taken account of the current market for office, start-up and out-of-town centre retail and rent levels. A set of prudent assumptions is included in the model based on net rental levels of £9.45/sq. foot, after 37% allowance to cover potential voids, management costs and with the first full year's income coming into the model some twelve months after receiving the endowment. A further assessment of the market opportunities will be made during the Trust's first year.

However, during Section 106 planning an independent market assessment suggested good demand prospects for mixed commercial development of the scale envisaged at average market rents. Over time, the economy and Ashford has moved on with larger-scale commercial development focused within and around Ashford Town Centre. This external environment will continue to evolve.

Accordingly, it is important for the Trust to engage with the developer consortium in a further and more targeted market assessment well in advance of the trigger points for specifying the first tranche of commercial estate. This will assess the particular potential before specifications of the type, location and mix of volumes of space are finalised.

Should the Trust decide to opt later for a cash endowment, this will be payable in two tranches. The Trust will retain the option of investing these endowments in cash deposits or longer-term investment funds, and/or deciding to reinvest cash in the purchase of income generating assets (possibly residential for private rent). Interest and/or the revenue proceeds generated would be classified as Unrestricted Funds, though attention will be needed to account for and report servicing costs to justify charges made. A proportion of commercial income will be designated for asset renewal and replacement purposes.

Once decisions are made, the Trust will adopt the capacity to manage its commercial estate, and its opportunities and risks, either through insourcing suitably experienced

and qualified personnel or through commissioning a management partner. The model includes allowances for management fees.

The Trust will determine lease arrangements and rent levels based on market advice with the potential to discount rents to encourage specific local uses as desired in furtherance of its objectives, if it has the financial capacity to do so.

10.2 RISK MANAGEMENT FRAMEWORK

There are a number of risks associated with the setting up and operation of the Trust. Given the tight management role played by the Executive Team and the strong involvement of the strategic partners, these can be minimized. The risks are summarised below, along with an estimate of their significance, management and contingency plans.

RISK	LIKELIHOOD (1 - 5)*	IMPACT (1 - 5)*	STEPS TAKEN TO REDUCE IT	CONTINGENCY PLANS
Charitable status not secured	2	4	Using experienced solicitors. Clear and effective application to Charity commission	Amend objects or aspects of Articles
Failure to recruit Board of Directors with appropriate commitment and skills	2	4	Careful planning of appointment and selection procedure Implement Training Plan for Board and staff including Away-day to build team and commitment	Trust can operate with small Board whilst further development work undertaken.
Poor operation of Trust Board and/or Framework Agreement	2	4	Early briefing and training Strong leadership from Trust Chair and executive team. Support and guidance from legal specialists (company secretary)	Replace some or all of Board members.
Failure to appoint suitable Trust staff management team	2	5	Utilise ABC Trust staff team initially Offer good and competitive salary National press advertising	Use of consultancy staff Train up appropriate individual and mentor

RISK	LIKELIHOOD (1 - 5)*	IMPACT (1 - 5)*	STEPS TAKEN TO REDUCE IT	CONTINGENCY PLANS
Inappropriate appointment to position of Chief Executive	2	5	Careful planning for Job Description and Person Specification amongst strategic partners Thorough screening and selection process Close monitoring during probation period	Use of Trust Development Manager and/or consultancy staff Re-run recruitment and selection process
Inability of Trust staff team to handle work requirements	2	3	Supplement team with additional in-house, consultancy or specialist staff from key partners as required	Restructure work programme
Failure to achieve a 'universal' appeal amongst new residents	3	4	Monitor and evaluate feedback from residents, partners, facility and service users Engage community reps, marketing programme through outreach work	Change and improve branding and marketing. Change and improve service offer.
Failure or delay in developing new and viable project initiatives	2	4	Effective and early planning with partners to clarify needs and potential funding sources.	Review focus and strategy
Poor integration of service planning and/or limited partnership working	3	4	Early work to establish culture of integration Role of Trust Development Manager key to ensuring planning and integration of appropriate services. Establish and work at early partnership arrangements to maximise benefits of joint planning. Close monitoring of roll out of services with regular reviews. Utilise the Community Development Strategy as a basis for partnership	Review areas of weakness and involve senior managers to address problems. Amend mix of service provision and emphasis.

RISK	LIKELIHOOD (1 - 5)*	IMPACT (1 - 5)*	STEPS TAKEN TO REDUCE IT	CONTINGENCY PLANS
			working for community development	
Building and opening of First Community Facility delayed (beyond specified trigger)	2	4	The timetable is linked to occupations, so delay will be marginal and due to slow market sales.	Close monitoring of timetable and advance notice if any delays.
Insufficient funding for capital delivery, furniture and equipment in community facilities	1	3	Review scope of facility and amend brief accordingly Business plan and budget to be prepared for each facility. Careful planning and monitoring required.	Implement additional fundraising Reduce requirements and specification.
Failure to collect Estate Rentcharge	1	5	Early promotion and planning All house builders legally and practically committed with sales staff trained/briefed Full information provided to all residents	Renewed strategy for marketing or systems implementation if required.
Management, landscape maintenance, or facility operating costs higher than budget	2	4	Careful planning and research on budgets, with contingencies built in. Landscape plan for each land parcel to comply with zoning approach Close monitoring through strong accurate accounting systems supported by appropriate management action	Review costs and related management strategy/zoning approach
Revenue income from commercial estate lower than budgeted	3	5	Market analysis informs provision of the type of commercial estate before it is built Effective planning and early marketing of commercial spaces required.	Review commercial estate strategy, particularly for tranches 2 and 3

RISK	LIKELIHOOD (1 - 5)*	IMPACT (1 - 5)*	STEPS TAKEN TO REDUCE IT	CONTINGENCY PLANS
			Review planned space mix for proposed uses	
Extended delays in overall building programme	3	5	Scenario testing and regular review of Business Plan in line with trajectory informs operations of Trust Funding model with Deficit Grant and timing of Commercial Estate gives Trust some income but limited contingency Cost base could be reduced, particularly staffing and general expenditure	Close monitoring of timetable and advance notice of any delays to amend forward strategy. External funding sources secured to support some activities (community development)
Worst case of long-term delay causing loss of viability and potential Trust closure	1	4	Forward planning of Trust financial modelling Building up healthy unrestricted reserves Close working relationship with developers	Restructuring financial model, assets and liabilities
Delay to payment of CMO Deficit Grant	3	5	Financial modelling of Trust highlights key risk points Close working with developers	Restructure Trust to minimise impact
Higher levels of inflation provide a disconnect between income and expenditure	2	4	Regular review of inflation carried out in line with budgeting and business planning Contracts to account for inflation changes Build up healthy reserves	Restructure business model, reduce scope of service provision and staffing
Significant changes in demand for services (upwards or downwards) e.g. landscaping or	3	3	Contracts created to be flexible to cope with particular regular annual demands (billing) Framework agreement enacted where landscaping changes go	Staffing/contracts amended as and when necessary

RISK	LIKELIHOOD (1 - 5)*	IMPACT (1 - 5)*	STEPS TAKEN TO REDUCE IT	CONTINGENCY PLANS
customer service peak times (billing)			outside of agreed tolerations Permanent changes reviewed as part of annual business cycle	
VAT circumstances place additional and/or unacceptable financial pressure on the CMO	2	3	Financial modelling takes account of early outsourcing for key elements such as landscape management and estate rentcharge administration	A review of financial plan specifically to find solutions to this issue is required, including of inhouse versus outsourcing approaches
Preparing for a new Parish Council and risks of duplication of services/roles and resident questioning estate rentcharge	3	4	Early identification and agreement of differentials between role of CMO and that of the Parish Council Clear marketing information provided to all residents on a regular basis	Bespoke marketing plan and residents briefings held to inform residents on roles, duties, and services and added value of Trust
Estate Management Regulations (enforcement) ineffective; too onerous and costly; Trust reputational damage	2	4	Approach and policy agreed by Trust Board from the outset 'Enforcement' function (softly at first) carried out by Trust to establish boundaries	'Hard' enforcement measures required Specific resource (inhouse or contract) employed

* Where 1 is low and 5 is high

11. Programme of Housing Delivery – Scenario and Sensitivity Testing

Introduction

This is an important addition to the first Business Plan submitted in March 2017.

The section considers the possible impacts in the event that actual housing completion and occupation rates are lower than the developers' planned housing trajectory (referred to here as the 'Developers' Base Position'). Forecasting housing delivery, particularly over the longer term is highly speculative. Ultimately, actual numbers will vary and be dependent on many interacting circumstances, including:

- The attraction and quality of the development, the demand position, and the position of the local housing market
- The local and sub-regional economy
- The national economy and its impacts for the housing market and incomes
- The developers' capacity, and speed of planning and implementation lead times
- The position of the wider sub-regional housing market.

The longer into the future this plan looks, the more indicative and less reliable the numbers become.

However, a fundamental objective is the creation of a sustainable Community Management Organisation. Financially sustainable as well as operationally sustainable, and one that may sustain variable rates of housing delivery.

It is important at the outset to understand the risks, given that the Estate Rentcharge is the Trust's largest single source of longer-term income, and that the developer's deficit grants and other time-limited contributions will expire.

The first Business Plan (March 2017) adopted the developers' then Base Position, highlighting its assumptions (Appendix K as it then was).

Since March 2017, much has happened to progress detailed plans, though over a year passed before final consent was issued to the first Reserved Matters application.

In this time, the Phase 1 trajectory altered, and the housing market and economic context has continued to develop – the former is reasonably strong, but the latter, having grown in strength is showing signs of weakening as economic growth rates decline. Brexit uncertainty continues to dominate the economy.

Testing the Risks

This Business Plan is based on a housing trajectory approved for Phase 1 and then developers' forecasts for future years. However, the approved trajectory is indicative in itself and there can be no guarantee about annual completions and occupations.

With the Base Position acknowledged to represent high growth for Ashford – at levels not recently experienced across the Borough, and not previously delivered for a larger development – the risk probability is on the downside.

Although much of the Trust's anticipated costs and income are purely driven by housing delivery and trigger points governing the transfers of responsibility, certain costs will be fixed, or semi-fixed once the Trust commences. Consequently, it is important to understand the impacts of:

- a) Slower completion rates
- b) Variable completion rates
- c) A break in completions

The Model allows for scenario testing, as most costs and income within the model are linked to housing occupations and trigger points. Thus as the trajectory alters these variable costs are phased differently according to the revised timings of the trigger points. Within the Model are semi-fixed and fixed costs, which principally relate to the Trust organisation staffing, its overheads, professional fees, and community development activity. These costs and timings are not altered across the scenarios.

In summary the scenarios tested are:

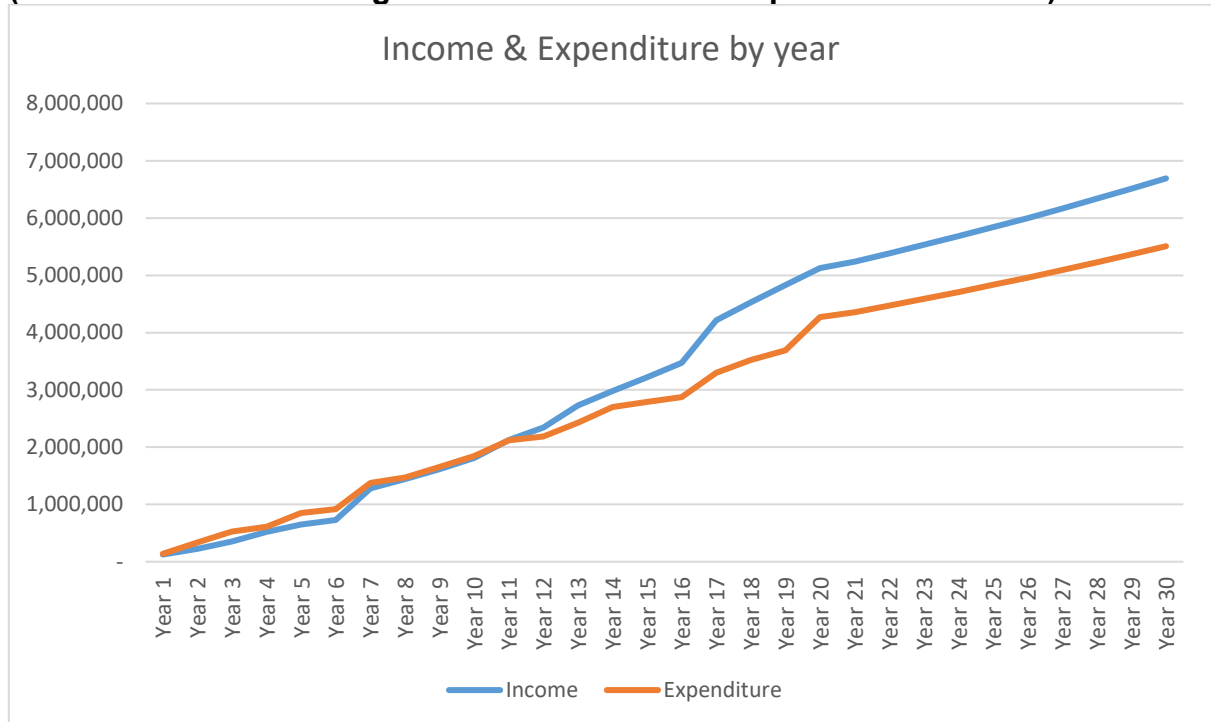
Cumulative Housing Numbers (short-term)

Scenario	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Thereon
0. Developers' Base	249	534	439	279 End PH 1	292	292	Variable pa high growth
1. Planning 'Base' (lowest)	200	200	200	200	250	250	250pa Year 8 = end PH1
2. Planning 'Realistic Prospect'	250	250	250	250	250	250 End PH1	250pa
3. Alternative Developers' Possible	250	250	250	250	250	250	300pa End PH 1 = early Yr. 8
4. Scenario 2 with Break after Phase 1 of three years	250	250	250	250	250	250 End PH 1	Recommence start of Phase 2 Year 11

Summary Analysis

The summaries set out below are taken directly from versions of the Model adapted for the scenario testing. Full access to the Model and the detail of the Scenarios is available.

Scenario 0 – The Developers’ Base Position (high growth development rate) (indicative and excluding the effects of the Developers’ Deficit Grant)



Note: above graph taken from adjusted version 9 where commercial income and in-house costs are slipped back by one and two years respectively, and the starting estate rentcharge cap is £373.

Analysis and Conclusion

This chart, taken from the Model, is plotting the forecast annual operating position of the Trust, ignoring the developers’ deficit grant, as this shows the annual operating position more accurately.

A deficit period was always anticipated, hence the requirement for the ten instalments (inflated and amounting to c£3.97m in this scenario). This grant payment was expected to provide further balances to a point beyond a deficit period, helping to support the Trust until it becomes fully self-supporting.

Cumulative deficits over a period of 11 years, amount to just over £2.04m. However, the deficit grant amounts (c £3.97m), leaves the Trust’s cumulative cash balances in surplus to the order of £1.9m. This would be the planned position.

Beyond Year 11, the Trust’s balances are increasing to significant levels (at future prices), but in reality due to the estate rentcharge requirement that unjustified surpluses must be returned to estate rentcharge payers, the value of cash surpluses could be significantly reduced, compared to the Model. This is because the Model assumes the Estate Rentcharge is always set at the Cap maximum. Essentially, the Model is demonstrating that (for this scenario) there is potential to set future estate rentcharges below the Cap.

In this Scenario, the Model shows that surpluses on Restricted Funds begin to accumulate from Year 4. Potentially, this is the point at which the Trust may need to plan for lower than Cap estate rentcharges.

Furthermore, and assuming that lower than Cap estate rentcharges are set, the volume of overall cash balances reduces accordingly. With the Model showing deficits on community development activity – a consequence of the initial five-year grant expiring – the Trust would need to ensure that this activity is planned and potentially scaled back so as not to place too great a pressure on its Unrestricted Fund balances.

To illustrate; by the end of the build-out period (Year 20), the Model shows a cash balance of c£5.725m. Mostly, this is the cumulative excess of ring-fenced funds – mostly estate rentcharge - at c£5.26m. A growing surplus on estate rentcharge funds would, unless fully justified against planned costs, need managing down. In essence, the Model is suggesting that estate rentcharges may be set lower than the Cap at the latest beyond Year 13. Partly, an alternative is to agree to use more fully the scope of the Estate Rentcharge Deed and transfer some unrestricted costs to the estate rentcharge. This would require the agreement of the Trust, and the agreement of other Framework Agreement parties (as it is the Framework Agreement that places a closer restriction on the use of the Estate Rentcharge).

If surpluses were managed to zero (a theoretical potential requirement), the cash balance would reduce to c£0.46m. This would be made up of positive cumulative Unrestricted Funds of c£2.78m and negative cumulative community activity funds of c£2.32m.

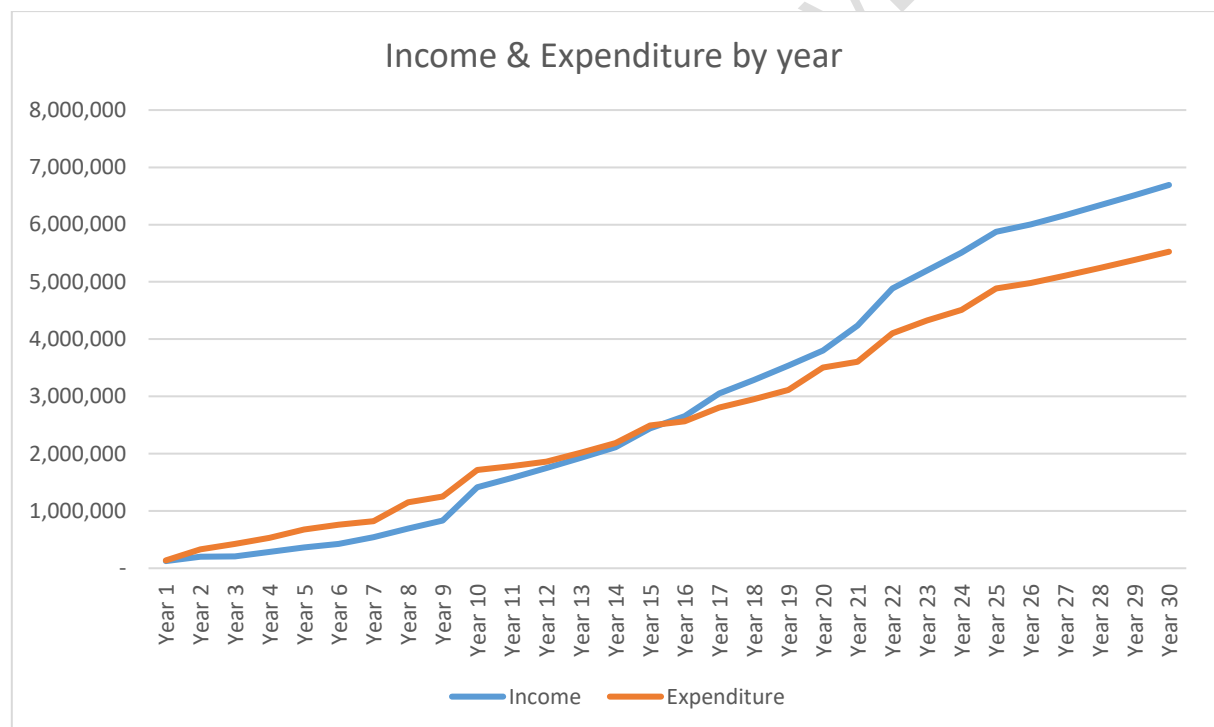
During the development period, the Trust may need to consider carefully the scale of its unrestricted and community development activity assumptions to ensure its Unrestricted Fund balances remain with sufficient in reserve as a working balance and to fund contingencies. **These balances exclude Sinking Funds.**

The model presents 'sinking fund' as annual expenditures, but in practice these amount to contributions from the Estate Rentcharge that would be allocated to a sinking fund(s) and invested and deployed to meet future replacement and enhancement needs. Although there is detailed modelling for these contributions, there is not a planned replacement programme as such. The Trust would create this, at individual asset level, using the Model assumptions as a starting point.

The total value of contributions into sinking funds by Year 20 amounts to c£3.41m, with contributions continuing in perpetuity. Over this period, some of the contributions would be utilised for replacements and enhancements, and any emergency costs, but a large proportion of the contribution would remain invested. Note that investment interest is not brought into the model.

In conclusion, this scenario demonstrates why a deficit grant was needed for the first half of the development period. It very clearly demonstrates a strong ability for the Trust to be solvent on a continuing basis, with strong ability to meet its requirements, and hold reserves and contingencies for the longer term. Finally, it demonstrates the potential flexibility available in the longer term to determine estate rentcharges below the cap maximum. However, the corollary to this is that with reduced cash balances (compared to the Model), the Trust may need to consider carefully the assumptions for community development activity, possibly from mid-way through the build, otherwise it may incur the risk of having insufficient cash reserves as a contingency. An alternative, subject to the agreement of Framework Agreement parties is to use more of the full scope of costs chargeable against the Estate Rentcharge Deed. Sinking Fund balances would be positive and healthy.

Scenario 1 – Planning Base (moderate development rate) (similarly indicative)



Note: above graph taken from adjusted version 9, adjusted on same basis as Scenario 0

Analysis and Conclusion

As with the first scenario, this Chart excludes the impacts of the deficit grant. With moderate build-out rates, it extends the period of time over which the deficit grant is payable, and at future prices increases the value of this grant to c£4.24m.

In this scenario, the deficit period is extended to Year 15, with a cumulative deficit of c£4.77m arising. This is c£0.55m higher than the value of the deficit grant. Hence, the Trust would have some negative balances towards the end of the 15-year period (excluding sinking funds, which would be positive). From that point, it would

see its annual operating position turn positive, but it is not for a further four years before its cash balances (excluding sinking funds) turn positive. After that point, balances grow from thereon.

In this scenario, though the model shows the trust would hold smaller positive and some years of negative balances for the first 13 years, its position for the next 7 years would require an improvement in the cash position through more significant action. The assumptions in the Model are, however, cautious and would be expected to provide some scope for cost realignment and contingencies – particularly the landscape and hardscape maintenance forecasts. Routinely, all assumptions would be reviewed by the Trust.

The Trust would seek to minimise its semi-fixed exposure to growth in fixed costs wherever possible, and if appropriate it may seek to reduce its exposure by renegotiating the timing of the transfers of assets. This may require variations to the Section 106 Agreement. Seeking amendments would be reasonable, as the bases for the CMO Schedule (4) in the Agreement were predicated on higher housing delivery rates.

Beyond Year 16 annual operating positions turns positive and from Year 21 the Trust's funds position move on positively. Throughout, the Trust would hold positive sinking funds balances.

In this Scenario, there would be a relatively long period where the Restricted Funds (essentially estate rentcharge funded activity) are in deficit, even though the Estate Rentcharge is modelled at the capped maximum.

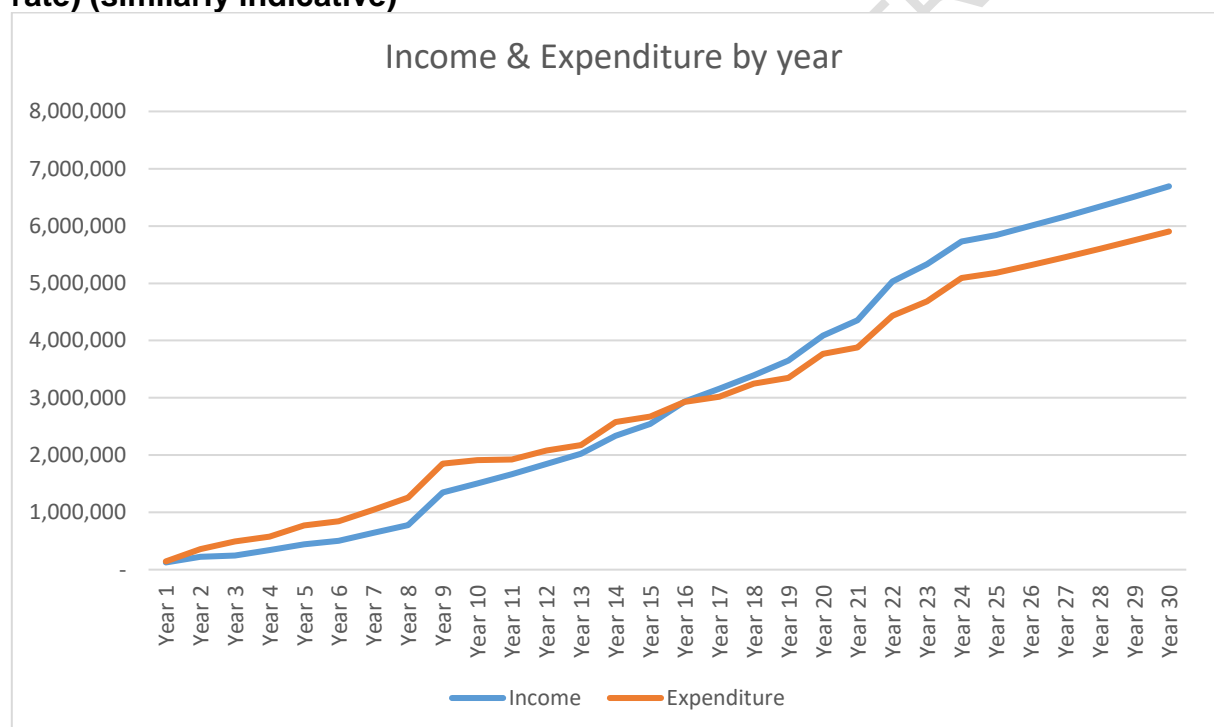
In practice, this means the essential activities supported by the Estate Rentcharge, require 'top-up' from the Trust's net unrestricted funds. This situation was anticipated, and the Framework Agreement addresses this. It is perfectly reasonable for the Trust to top-up Restricted Funds, and it would be transparent about this in its decision-making and within its accounts. The Trust may not generally top-up Unrestricted Funds from its Restricted Funds.

On the assumptions made, 'top ups' would be possible until Year 14, when the Trust's balances would move into deficit unless corrective action has been taken. In this scenario, the build out period is extended to Year 25. At that point, the Model shows significant surplus cash balances.

Sinking Fund contributions of c£4.29m would have been made, with contributions continuing in perpetuity, as discussed in Scenario 0. Again, over this period, some element of the contributions would be utilised for replacements and enhancements, and any emergency costs, but a large proportion of the contributions will remain invested. Note investment interest is not brought into the model.

In conclusion, this scenario again demonstrates the importance of the deficit grant, but for obvious reasons, there is an extended period of deficit before the Trust's operations turn to surplus. This period of deficit, could exceed the Trust's funds (excluding sinking funds). With this scenario, it is more challenging. Some positive cash flow and operational planning and actions would be essential. As would be anticipated, once build out is complete the Trust's position takes on a positive outlook, and shows again some longer-term potential to determine estate rentcharges below the cap maximum. Careful planning of community development activity would be needed to ensure Unrestricted Fund balances are sufficient for other contingencies. Sinking Fund balances are positive and healthy.

Scenario 2 Planning 'Realistic Prospect' (moderately higher development rate) (similarly indicative)



Note: above graph taken from adjusted version 9, adjusted on same basis as Scenario 0.

Analysis and Conclusion

Similar to other charts, this excludes the impacts of the deficit grant. As the scenario presents moderately higher build-out rates, but lower than Scenario 0, the build-out extends the period of time over which the deficit grant is payable, and at future prices increases the value of the grant to c£4.144m.

In this scenario, the deficit period is extended to Year 15, with a cumulative deficit of c£4.114m arising. As can be seen, this is similar to the value of the deficit grant. Beyond Year 15, the Trust's balances start to grow and within a few years are at significant levels.

Within this scenario, the Trust has positive balances throughout.

Build out is at Year 24 and cash balances at that point (excluding sinking funds) are shown at c£3.29m, including a notional surplus on restricted funds (mainly the estate rentcharge) of c£1.9m.

As in above advice, unjustified surpluses on restricted funds would not be permitted. Accordingly, the Model surpluses for the Estate Rentcharge again show the potential to set longer-term rates below the cap. If we assume that the restricted funds balance is brought to zero, through setting lower estate rentcharges, it would leave funds available at Year 25 of c£1.39m, plus sinking funds. This would be made up of positive cumulative Unrestricted Funds of c£4.55m and negative cumulative community activity funds of c£3.16m. Requiring one to fund the other.

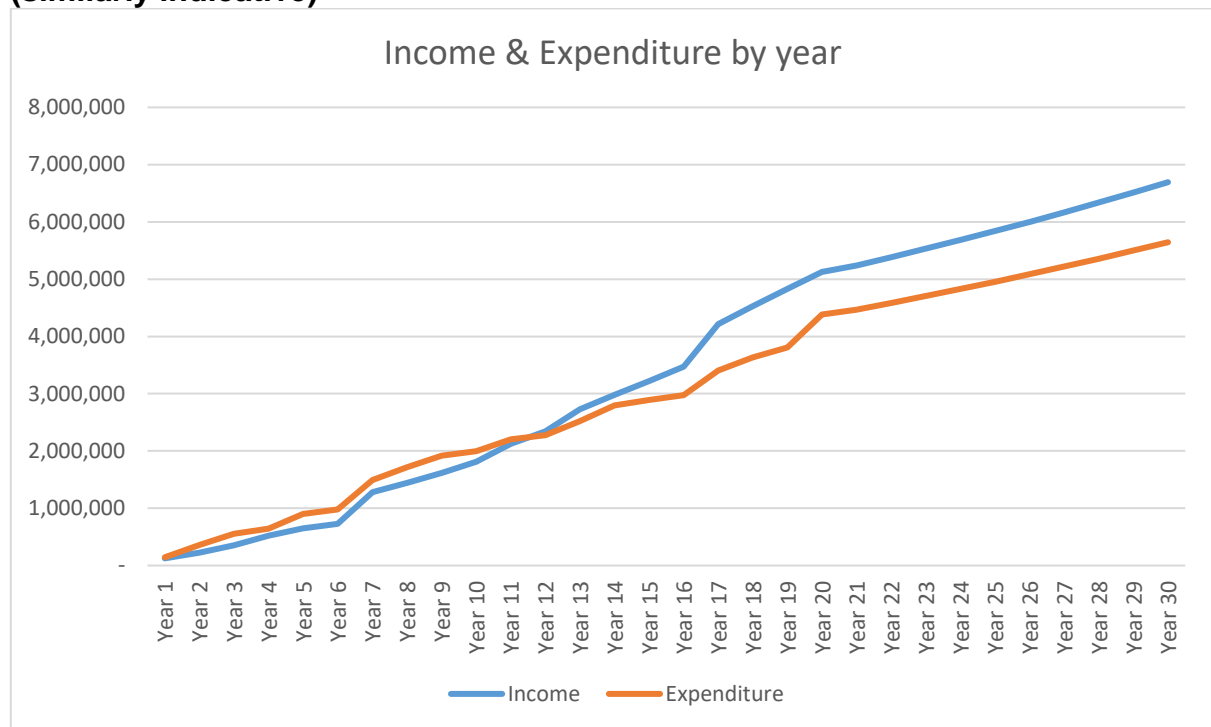
Cumulative Sinking Fund contributions of c£4.03m would have been made up to Year 24, with contributions continuing annually in perpetuity. As in other scenarios, over the period of the development some usage of sinking funds is anticipated, but a significant surplus at Year 24 would also be expected, accruing investment interest.

In conclusion, this scenario once again demonstrates the importance of the deficit grant, with an extended period of deficit of 15 years arising before the Trust's operations turn to surplus and its balances grow healthily.

The Trust would take action to avoid unjustified surpluses arising on Restricted Funds (possibly from Year 17). Once again, the model shows the potential to set lower estate rentcharges than the Cap.

Sinking Fund balances are positive and healthy.

Scenario 3 Alternative Developers' Possible Position (similar to Scenario 2 for early years, then 300 units pa thereon – greater, but less high growth rate) (similarly indicative)



Note: above graph taken from adjusted version 9, adjusted on same basis as Scenario 0.

Analysis and Conclusion

The chart excludes the impacts of the deficit grant.

As the scenario presents even higher build-out rates (than Scenario 2), but lower than Scenario 0, the period of the deficit grant is shortened to Year 9, and at future prices increases the value of the grant could be c£3.97m.

In this scenario, the deficit period extends to Year 11, with a cumulative deficit of c£2.03m arising.

However, the build-out rates suggest that Restricted Funds would go into surplus from Year 4 onwards. This would be a result of estate rentcharge levels being at the Cap in the Model, when, if the Model assumptions hold, they may be set at lower levels.

The Trust would need to avoid unjustified surpluses arising. Under this scenario, the Trust may need to consider below cap estate rentcharges from Year 5 onwards, or with the agreement of Framework parties, use more of the scope of the estate rentcharge deed to charge costs against restricted funds. If the estate rentcharge is reduced, cash balances in the Model will reduce, but remain at healthy levels. Additionally, the Trust would be carrying positive Sinking Fund balances.

Build out is at Year 20. Cash balances at that point (excluding sinking funds) are shown at c£6.70m, including the notional surplus on restricted funds (mainly the estate rentcharge) of c£5.05m.

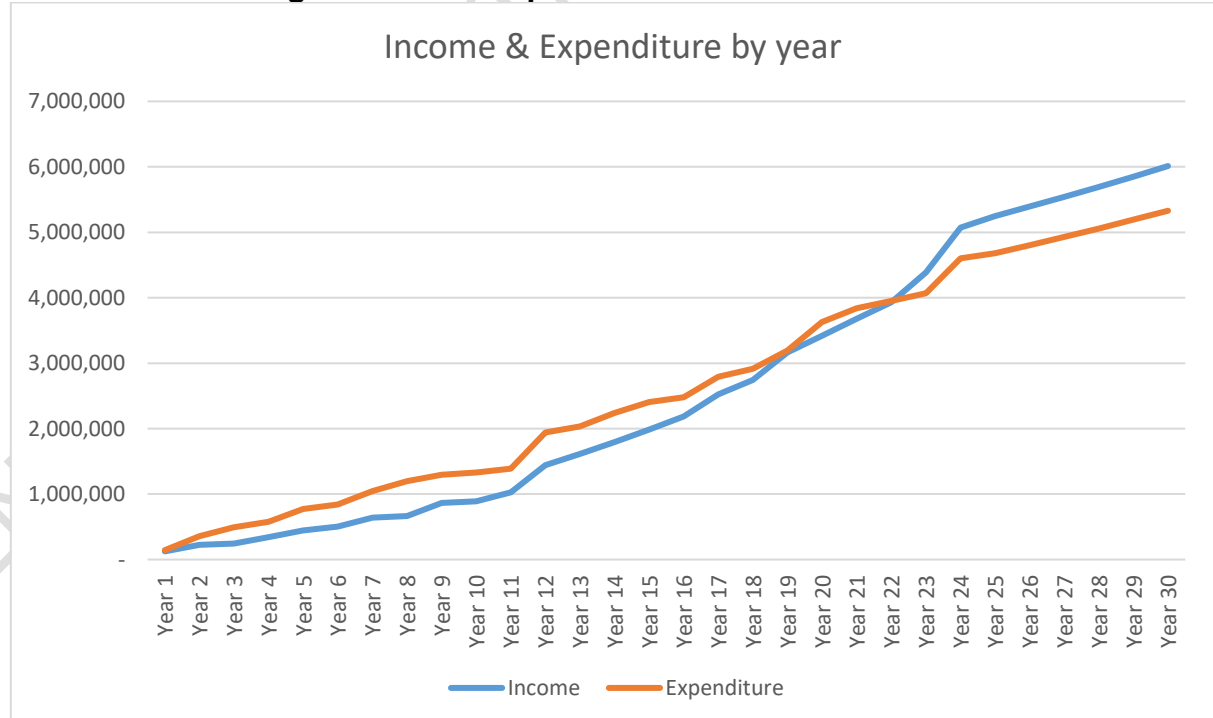
If this notional surplus were entirely managed down to zero, the cash balances would be c£1.65m. This would be made up of positive cumulative Unrestricted Funds of c£3.97m and negative cumulative community activity funds of c£2.32m. Requiring one to fund the other.

Cumulative Sinking Fund contributions of c£3.4m would have been made up to Year 20, with contributions continuing annually in perpetuity. As in other scenarios, over the period of the development some usage of sinking funds is anticipated, but a significant surplus at Year 20 would be expected, accruing investment interest.

In conclusion, this scenario once again demonstrates the importance of the deficit grant, as the operating position requires support for 11 years, before the Trust's operations turn to and grow in surplus.

However, with higher build out rates assumed the model is highlighting the opportunity at an earlier stage (Year 4) to plan for lower than cap estate rentcharges. Sinking Fund contributions and balances are positive and healthy.

Scenario 4 Planning Realistic Prospect But With 3 Year Standstill after Phase 1



Note: above graph taken from adjusted version 9, adjusted on same basis as Scenario 0.

Analysis and Conclusion

The chart excludes the impacts of the deficit grant.

It assumes completion of Phase 1, then three years of zero house-occupations (Year 8-10), picking up with 250 occupations in Year 11. Such a position is considered extreme, although had been experienced during the previous recession.

Due to a need to change the Model further to accommodate the break, the following analysis is for a 22 Year period only.

The period of the deficit grant is extended to Year 14, due to the break, with a notional value of c£4.312m.

In this scenario, the deficit period extends for a long time, to Year 22, with a cumulative deficit of c£6.4m arising, over c£2m greater than the deficit grant.

Significant and extensive remedial action would be needed. Given a significant break in development, the Trust would reasonably seek to renegotiate the timing and terms for ongoing transfers of assets. The Trust would scale back its activities and costs, and during the break period reduce its operations to the minimum necessary to maintain its Phase 1 commitments.

Significantly, the Trust's fund balances turn negative soon after the break in development (at Year 9). It is at this point that mitigation would be implemented. Mitigation would be needed for a longer-term, extending into Phase 4.

The Trust would be setting estate rentcharges at the Cap throughout, it would not have the position where Restricted Funds needed managing down. The overall cash position is the issue.

Build out would be at Year 27, when the Trust's position turns positive and would grow significantly from that point.

The above cash analysis excludes the sinking fund position, which would be positive throughout.

At the point of the break in development, sinking fund contributions are small, however. Any renegotiation of asset timings and transfers, consequent on a break in development, would affect the timing and cash flow of future sinking fund contributions.

In conclusion, this scenario once again demonstrates the importance of the deficit grant. However, this scenario should it arise, would present the Trust with a need to fundamentally review its assumptions and plans. Its ability to maintain obligations in the current form would be severely restricted. It is most likely, therefore, to require

a renegotiation of asset timings and transfers, as well as general cost commitment review to manage the potential for longer-term cash deficits.

CONFIDENTIAL - JUNE 2018 FINAL VERSION (DRAFT)

12. Action Plan

The focus of this Business Plan is to set up an appropriate and viable organisation that effectively manages the open spaces, play spaces and community facilities, and responds to the needs of the new local community. The next six years within Phase 1 will see significant physical changes as the development of the site begins. The Trust will become operational prior to first occupation and respond clearly to the expectations of partners, stakeholders and local residents.

The principles expressed throughout the Plan above highlight local ownership, community benefit and mutual support. Implicit within these principles is an entrepreneurial approach and culture, vital for the Trust's long-term growth and success. Specific objectives will be developed as the Business Plan is implemented over coming months.

12.1 OBJECTIVES AND PRIORITIES FOR 2018/19 AND BEYOND

The objectives for the Trust for the first eighteen months are to:

- a) Appoint and structure a small staff team and associated roles to ensure the required skills and capacity of the staff to meet the priorities for the three years and beyond
- b) Build the Trust infrastructure through registering the charity, appointing Trustees, engaging key partners, growing the Trust membership, and building skills and capacity
- c) Deliver the community development and marketing strategies, building the brand and reputation of the Trust with existing communities and local stakeholders
- d) Develop practical project initiatives that meet the Trust's aims with regard to the arrival of the first new residents and achieve demonstrable success(es)
- e) Prepare, negotiate and agree design briefings and specifications for each of the community facilities, and for maintenance plans for open spaces.

Quantitative targets and to some extent qualitative targets will be developed over the first twelve months to monitor performance which will be included in any Service Level Agreements with key service partners. These will be developed further over time to help shape the priorities and resource allocation of the Trust and will be incorporated into the annual Delivery Plan.

The proposed activity programme (section 3) and the action plan (section 12.2) set out how these will be achieved and the associated priorities and outcomes for the next twelve months. The short-term priorities are to:

- Establish the company and to appoint the Initial Board to guide the Trust's development
- Ensure all necessary policies and procedures are approved and in place
- Respond constructively as a consultee to developer submissions on Reserve Matters
- Approve and implement Communications Strategy, working closely with developers and ABC to ensure clear and consistent communication of key messages through social media and other publicity
- Establish and nurture effective partnerships, particularly with service providers
- Agree any service level agreements to provide cost effective services without building undue or costly overheads
- Establish entrepreneurial culture for growth and development.

12.2 TIMETABLED ACTION PLAN

The following Action Plan sets out the summary of the tasks required to implement this Business Plan over the next two years (2019/20) when the 125th house is completed and the first instalment of the Deficit Grant is paid to the Trust. It identifies relevant milestones to measure progress, and references each of the main operational areas of the Business plan, namely: Activities (incl. programme development and practical activities), Finance, Marketing, Personnel and Governance.

CHILMINGTON GREEN COMMUNITY TRUST WORK PLAN TIMETABLE APRIL 2018 – MARCH 2020		
MONTH	THEME	SUMMARY TASK / MILESTONE
May 2018	Governance	PWG to agree Business Plan
June	Governance Personnel Marketing Finance Activities	PWG Meeting: Review and agree transition process Confirm staffing strategy Obtain insurance quotations Meet with developer marketing teams to agree branding and plan Welcome Pack ABC to receive £75,000 from S106 start-up grant Produce timetable for marketing and communications events Review Communications Strategy Prepare Draft Welcome Pack Agree Trust web content and plan for new text Agree design brief and specification for first premises (and support submission of planning application)
July	Governance	Incorporate the Company limited by guarantee The Trust Board of Directors appointed and to meet Sign the Framework Agreement

CHILMINGTON GREEN COMMUNITY TRUST WORK PLAN TIMETABLE APRIL 2018 – MARCH 2020		
	Personnel Marketing Finance	Apply for charitable status Approve Procurement Policy Board Training Prepare and sign agreement with Ashford BC for Trust staffing Agree Community Development Strategy and its delivery plan Agree Welcome Pack Purchase and install basic finance system
August	Governance Marketing	Trust Board Meeting: Review and approve all policies and procedures Set up Facebook, Instagram and Twitter Accounts
September	Governance Marketing Personnel	Trust Board meeting: Code of Conduct to be updated and approved 'Go live' with social media accounts ABC staff transfer to Trust Agree job description and recruitment process for first staff
October	Governance Marketing:	Trust Board Meeting. Agree standing orders for Trust to include appointment of residents, time-limits on Director appointments. Combined Finance and Personnel sub-committee to meet Community Engagement Sub-Committee to meet Brief and support developer marketing teams on Trust promotion
November	Governance Finance Activities	Trust Board Meeting: Liability Insurance cover in place Review Low Carbon lifestyle agenda and Trust interface
December	Governance Personnel	Trust Board Meeting Review 2019/20 S106 trigger dates Start recruitment process for first staff (not caretaker)
January 2019	Governance Personnel	Additional Board members co-opted Develop and approve a volunteering strategy
February	Governance Personnel	Trust Board Meeting Role out Trust membership Prepare Delivery Plan and 2019/20 activities Start recruitment process for caretaker/cleaner P/t Community Development Leader and Finance Manager to start
March	Personnel Activities	P/t Caretaker/cleaner to start Plan for early landscape management services
April	Governance Marketing Finance	Trust Board Meeting – Board to discuss timing and recruitment process for Trust Chief Executive First occupation of housing and outreach with Welcome Packs Trust timetable of marketing and communications events produced ABC to receive and forward second £75,000 from S106 start-up grant

CHILMINGTON GREEN COMMUNITY TRUST WORK PLAN TIMETABLE APRIL 2018 – MARCH 2020		
May	Governance Activities	Trust Board Meeting First community event/s
June	Governance	Trust Board Meeting
July	Governance Marketing Finance	Trust Board Meeting Update Marketing, Promotions and Communications Strategy Review appointment of Company Secretary Annual report completed
August	Marketing	Summer Community Event
September	Governance	First AGM Trust Board Meeting
October	Governance Activities Marketing	Trust Board Meeting Review future Parish Council options Produce and distribute Autumn newsletter
November	Governance	Trust Board Meeting
December	Governance	Trust Board Meeting
January 2020	Governance Personnel	Trust Board Meeting Back-stop date for beginning recruitment process for Chief Exec (end of two year secondment for Trust Development Manager in mid-2020)
February	Governance	Trust Board Meeting
March	Governance	Trust Board Meeting
March	Governance	Trust Board Meeting

APPENDIX A: Supporting Papers to Business Plan

Considerable pre-planning and associated preparatory work has been undertaken for the Trust over the past six months by or for Ashford Borough Council. Briefing papers have been written, some of which have been approved by the Partnership Working Group. These documents have been utilised in the preparation of this Business Plan and so form important background reference documents. The supporting papers are as follows in alphabetical order):

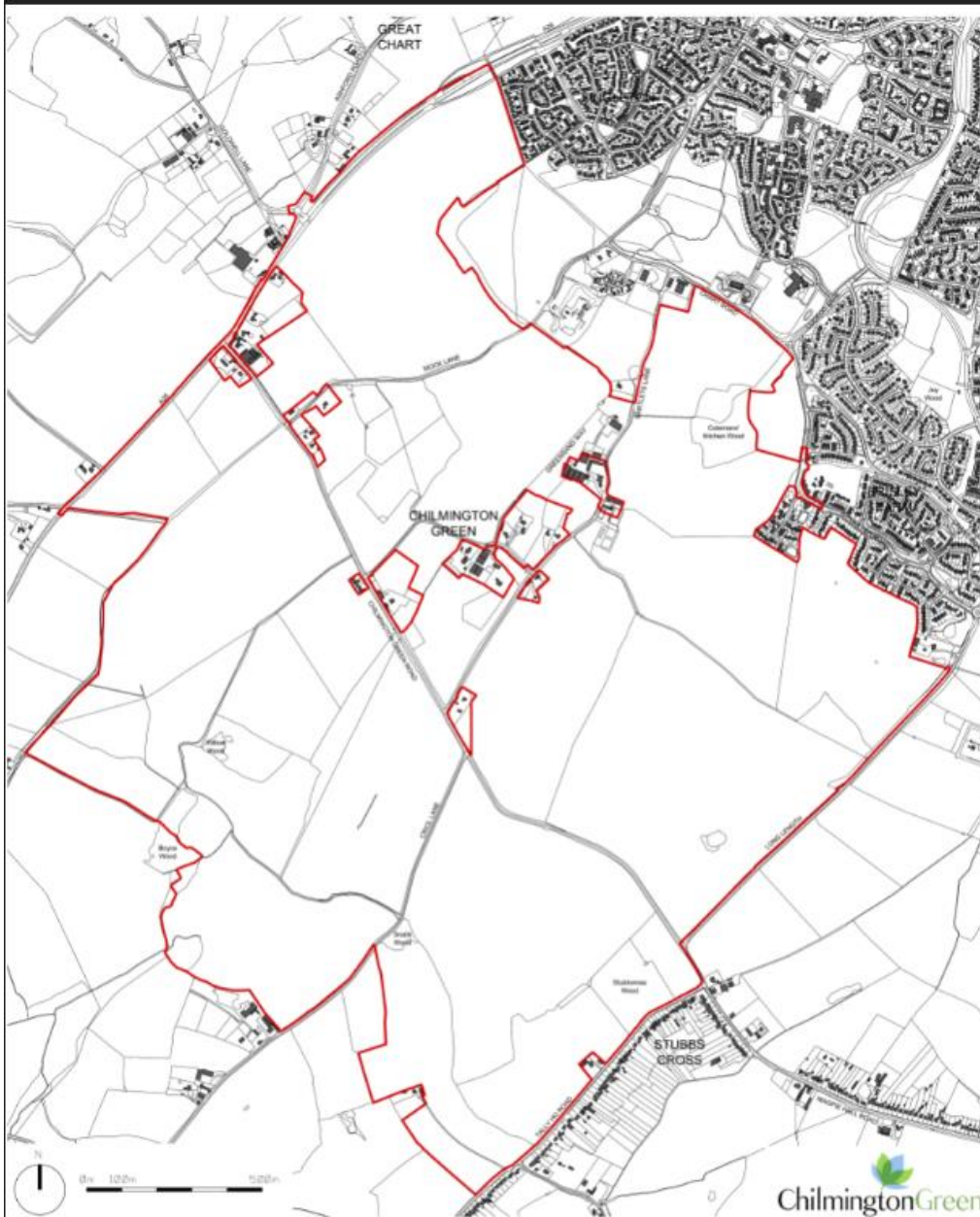
- A Protocol for Joint Working at Chilmington: The District Delivery Deal
- An Early Community Development Strategy – applying the 3Es (Building a Community at Chilmington – The First Three Years (Jan 2018 – Dec 2020)
- Articles of Association (by Anthony Collins and in S106)
- Ashford office and Retail Rental Appraisal, Savills November 2015
- Chilmington Green Quality Charter & Design Code
- Chilmington Green (Red Line) Development Area
- Chilmington Summary Report (Constructive Review) by Locality (June 2016)
- Code of Conduct for Trustees (version 3)
- Code of Conduct for Observers of Board
- Financial Model
- Framework Agreement (by Anthony Collins and in S106) & Materiality Guidance
- Landscape Management and Maintenance Plan
- Marketing Strategy (by Locality)
- Policies (as per listed in 8.3)
 - Finance Policy
 - Procurement Policy
 - Investment Policy
 - Reserves Policy
- Potential Rental Values, Business Space, Chilmington Green District Centre 2014, Taylor Riley – updated May 2018
- Royal Institute of Chartered Surveyors (RICS) Code- Service Charge Residential Management Code And Additional Advice to Landlords, Leaseholders and Agents, 3rd

Edition

- S106 Agreement

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APPENDIX B: Chilmington Green Site Plan



NOTES

DO NOT SCALE FROM THIS DRAWING.
 ALL CONTRACTORS MUST VISIT THE SITE AND BE RESPONSIBLE FOR TAKING AND CHECKING DIMENSIONS.
 ALL CONSTRUCTION INFORMATION SHOULD BE TAKEN FROM FINISHED CONSTRUCTION ONLY.
 ANY DISCREPANCIES BETWEEN DRAWINGS, SPECIFICATIONS AND SITE CONDITIONS MUST BE BRANGLIGHT TO THE ATTENTION OF THE SUPERVISOR.
 THIS DRAWING AND THE WORKS SPECIFIED ARE THE PROPERTY OF JOHN THOMPSON & PARTNERS.
 THIS DRAWING IS FOR PLANNING PURPOSES ONLY. IT IS NOT INTENDED TO BE USED FOR CONSTRUCTION PURPOSES. UNLESS ALL RELEVANT SPECIFICS ARE LISTED TECHNICAL DRAWINGS ARE ACCURATE. JOHN THOMPSON & PARTNERS ACCEPT NO RESPONSIBILITY OR LIABILITY FOR ANY INACCURACY, PLACEMENT OR USE MADE OF THIS PLAN BY ANYONE FOR PURPOSES OTHER THAN THOSE STATED ABOVE.

— Site boundary

Chilmington Green Consortium



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Client: **Chilmington Green, Ashford**

Project: **OPA01R5: Application Boundary Plan**

Drawn by: **JOHN THOMPSON & PARTNERS**

Scale: **1:10,000**

Date: **03/11/2016**

Sheet No: **00122 PLH.CG ECC**

Revision: **CSM**

Project: **P1**

APPENDIX C: Trust Objects from Articles of Association

Chilmington Green Community Trust will be incorporated with the following proposed objects within its Articles:

- 1.1. 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.
- 1.2. 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;
- 1.3. 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;
- 1.4. 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;
- 1.5. To promote, protect, preserve and advance all or any aspects of the health of the inhabitants of the Area of Benefit; and
- 1.6. 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.

It is the intention to propose amendments to the Articles to include further clarification of the Trust's intended role in respect of community development so that its Objects are made more explicit.

APPENDIX D: Landscape Management and Maintenance Plan

Introduction

In conjunction with the Borough Council's CMO Project Team, the developers and their landscape consultants have prepared a comprehensive, but evolutionary plan and set of specifications to guide the management and maintenance of soft and hardscape areas across the entire development area. The Plan is known as the Chilmington Green Landscape Management and Maintenance Plan (or LMMP).

The LMMP is an important reference document for the Trust, as it sets down the minimum standards to apply to the management and maintenance of the site. Effectively. The LMMP is then supported as an obligation under the Framework Agreement – this document sets out the intentions of the key parties to the Trust (including the Trust itself) and certain obligations the Trust must meet.

Below is an extract from the approved LMMP that explains its purpose and approach. Full details are available through the Borough Council's planning portal, or on request.

The Approved LMMP – extract:

'The Proposed Principles and Standards'

Introduction

This Landscape Management and Maintenance Plan (LMMP) specifies how the approach to landscape management and its ongoing maintenance complements the quality objectives for the development as a whole.

This Plan offers guiding principles and standards, but where the principle of flexibility to accommodate the intended character differentiation for the development is important. Further, it recognises that over time, community desires, trends and economics will evolve and change. Accordingly, flexibility to adapt design and maintenance arrangements, but without compromising Chilmington Green's quality aims, is an important principle.

Landscape Management Goals

Before setting out proposals for detailed principles, it is important to specify the particular goals driving the approach in this plan. These are to:

- a) Differentiate landscape (soft and hard) areas and their maintenance through a set of landscape zones to promote a coherent and proportionate approach to landscape management
- b) Establish best practice design and landscape installation guidelines

- c) Preserve and complement the pre-development landscape utilised within the development, ensuring that appropriate and sensitive maintenance arrangements are implemented
- d) Offer design and maintenance proposals to promote environmental sustainability, the reasonable conservation of natural resources and to lessen long-term maintenance demands
- e) Provide coherence and support to the character sets of the development through site furnishings, materials, and planting selections
- f) Advance the development identity as a great place to live
- g) Enhance residents, users and visitors experiences and well-being through comfortable and well maintained public outdoor spaces
- h) Encourage the active involvement of the community in the overall effort to develop and maintain the quality and social experience of landscaped and hardscaped areas

LMMP specific objectives

This Plan is both a statement of approach and a working document to guide a long-term stewardship approach. It has the following specific objectives:

- a) To support the development vision as defined at paragraph 2.1.5 above.
- b) To support the landscape management goals as specified above
- c) To promote and enable flexibility to adapt as the development and time progress
- d) To be appropriate for application in accordance with the Section 106 requirements, with particular reference to the intended Community Management Organisation (CMO) as the planned stewardship body, and for its use as a guiding set of principles
- e) To act as a reference point for monitoring maintenance delivery
- f) To act as a reference document for residents and others
- g) To be longstanding, and to set out an approach for the development as a whole

The transition to long-term stewardship by the CMO

It is intended that the new community management organisation (potentially a charitable company) take ownership of most areas of open space and public hardscaped areas. The exceptions to this are:

- a) Areas of highway verge and associated planting (including trees) that are adopted by KCC as the highway authority (although the CMO is then likely to enter into a maintenance contract agreement with KCC)
- b) Areas of hardscape and soft landscape retained within the developers' ownership with maintenance responsibility vested in a private management company (although subject to agreement the CMO may consider responsibility for these areas in the future)

- c) For all other areas of public space and prior to the formal endowment of land to the CMO, the developers will retain the maintenance responsibility for a period of time, referred to as the defects period.

Defects periods will last for up to three years from the point of landscaping being completed. The timing of transfer to the CMO within this period will be agreed with the CMO. In many instances, the defects period may be expected to cover two summer periods following completion. In some instances where landscaping does not involve greater variety of planting, transfers may occur at a shorter period, again subject to the agreement of the CMO.

Within the defects period the developers will retain maintenance responsibility and will commission contractors to perform the work in accordance with the standards and technical requirements otherwise included in this Plan.

Area Prioritisation

An adaptable and carefully planned approach to landscape design and stewardship will further strengthen the intended quality aims and character differentiation desired for the development as a whole. Careful planning and ongoing maintenance will follow the design code, and support the landscape management principles set out above.

The proposed zonal approach will achieve this, where landscape specifications are specified to support the varying visibility and use impacts associated with the planned geographical and character aims for the development.

Category (or Priority) Zones

For each detailed reserved matters application coming forward it is intended to differentiate planned landscape and hardscaped areas according to categories described below. This approach will apply to all developers, with the intention of compiling a comprehensive Management and Maintenance Plan. However, not all zonal categories are capable of specification at this stage. Added categories will come forward as part of the future planning process.

The Phase 1 Areas subject to site wide management include:

- a) The wider landscape areas to the east and north of the site, running up to Great Chart Ridge and the A28 that comprise woodland/scrub buffer areas, wildflower meadow areas and a series of mown grass footpaths which permit access to the edges of the site. Small areas of informal doorstep open space are also included.
- b) Included within the main site areas streetscape are trees and verges, the informal amenity space at G2, and the retained hedgerows and trees with new woodland/scrub. Wildflower and tree planting form a green corridor running north/south across the development area.

- c) Sustainable urban drainage schemes, which include ponds and swales

In order to concentrate management and maintenance resources in the most efficient and visually effective manner, the landscape areas have been divided into a series of priority zones based on public visibility and usability (see summary plan at Appendix D). These are:

Zone A - Highly visible impact areas (Yellow on Zonal Plan)

Areas within this zone have highest visibility and user impact (to residents, visitors, workers and other users) commanding highest aesthetic qualities and functionality. Designs and standards of maintenance will reflect the impacts of these more formal public areas.

Areas covered by this Zone include:

- a) The A28 main roundabout, and most of the immediate frontage areas surrounding the principal access to the development
- b) The Avenue
- c) The District Centre core including the Market Square and Chilmington Gardens (in due course)
- d) The formal play areas (in due course)
- e) The local District Centres (in due course)
- f) The Chilmington Hamlet (in due course – to be the subject of a Jarvis Homes reserved matters application)
- g) Smaller formal pocket spaces within the urban framework (town gardens)

Zone A areas will display shrub and tree planting with high aesthetic focus and durability.

These areas include specimen formal trees and ornamental planting arrangements, formal play equipment and street furniture, better quality paving materials, including natural stone, hardscape features, and sculptural features / works of art. These will exhibit the finest aesthetic quality and functionality of the site landscapes.

These will be the highest maintenance areas, typically where hedges (formal and informal), shrubs and herbaceous areas will be pruned regularly to provide optimal aesthetic value. Trees (including pleached and pollarded specimens) will be pruned for structural integrity and aesthetic purposes. All tree specimens will have a mulched base. Seasonal flowerbeds may be located in these areas. Lawn grass in these areas will be regularly mown to maintain short turf height, using roller mowers where required to create formal striping.

Zone B...Less visible but still important areas (Purple on Zonal Plan)

Areas here will be more visible to local residents, and less so to everyday users of the development and those passing. Areas here are of local strategic significance. They will display good design principles supported by good maintenance standards, and within the development will cover:

- 'Great Chart Public Open Space' (Informal play space at land parcel G2)
- The informal park areas leading to Singleton Ridge
- The informal areas along the A28 corridor
- Incidental pocket open spaces within the development

These areas include specimen trees, rough and closer mown grasslands (including mown paths), wildflower swathes, new woodland copse and belts, and scrub edge margins. Informal play areas, kick-about and picnicking areas, doorstep play areas with robust seating. Furniture, including litterbins, dog waste bins, seating and signage will be distributed throughout the Zone B areas.

All street furniture and play elements will be designed to minimise ongoing maintenance requirements. Along with landscape maintenance objectives, the requirements of the EMP in promoting biodiversity will further influence maintenance operations in these areas and will be reflected in the tailored Management and Maintenance schedules.

Zone C... Areas of minimal use/impact (Green on Zonal Plan)

The Zone C areas will require regular maintenance at the similar timings as Zone B and with similar Management and Maintenance regimes, but potentially less frequently and with an onus in the early years on developing the objectives of the EMP.

Areas here may be more limited in scope and for example may cover:

- a) Existing hedgerow planting on the Singleton boundary (except access points)
- b) Existing woodland retained
- c) More 'remote' areas of new woodland planting.

Zone D...SuDS above ground and ditches (Grey on Zonal Plan)

Areas here are self-defined and will have specific maintenance and management plans approved as part of the relevant planning application process.

Landscape Management and Maintenance will be undertaken following the schedules defined for Zone B and C as applicable with any detailed requirements defined in the Technical SuDS Operational Manuals. Typically, grass cutting, and management of marginal and aquatic vegetation will be required to promote best aesthetic effect and operational efficiency. Structures associated with the SuDS features will require particular attention to maintain clear flows and public safety (pipe grilles, headwall railings, lifebuoys etc).

Maintenance of SuDS (Condition 66h)

To ensure the SuDS features remain optimised and fully functional during the life time of the development, thus preventing an increase in the flood risk both within the site and elsewhere, maintenance of the system is crucial across the short, medium and long-term timescales. It

is proposed that the below ground SuDS features are to be maintained by the Independent Water Network who will be the adopting authority. The IWN has confirmed that subject to appropriate design, they would be prepared to adopt these together with the upstream pipe network. The maintenance requirements for these will generally be in accordance with Table 23.1 of the CIRIA 753 manual as included in Appendix C, Zone D maintenance schedule, with minimum requirements for the swales set out in Table 17.1, also in Appendix C.

Zone E...Residential Streets

Areas here will be self-defined and consist primarily of grassed roadside verges with avenue tree planting set in prepared tree trenches. As with Zone B, these areas will be more visible to local residents, and less so to everyday users of the development and those passing. However they are of local strategic significance and must display good design principles supported by good maintenance standards.

Whilst the range of operations required are limited in contrast to Zones A and B the standard and frequency of operations should be maintained at a level similar to Zone A.

Zone F...managed farmland (where retained as part of the development – in due course)

Areas here will be self-defined and follow a strategic approach.

Landscape Management and Maintenance will reflect usage, and will be dependent on tenancy arrangements put in place at the time.

Zone maintenance specifications

Each zone is to have a specific maintenance specification that recognises the planned differentiation for visibility and impact, taking into account the location, the planting types, intended usage and so on. A coherent approach to zoning is intended across the whole development. Specifications of this type will provide greater clarity to the CMO for aiding its interpretation of long-term maintenance requirements and standards.

Approved specifications are contained in Appendix C of the full LMMP.

‘Extract from General Description of Works and Responsibilities’

Section 4 of the LMMP describes more general obligations that a maintenance contractor and/or the Trust should meet. These obligations are typical for a specification of this type. Included are short sections dealing with monitoring and amending the specifications, which are reproduced below:

Maintenance of landscape areas

The purpose of maintaining and managing the site is to encourage the satisfactory establishment and long-term viability of the landscape proposals.

It is recognized that soft landscape is a living dynamic system and it may be appropriate to vary the proposals contained herein as the scheme develops. It is intended that this specification will outline the intentions of the scheme whilst highlighting good practice. The

CMO, being responsible for the site should keep to the spirit of the original design concept whilst responding in a sensitive and practical way to issues which may arise in future years.

Commissioning and monitoring arrangements

When the CMO takes on ownership and management responsibility for the LMMP, it will be obliged by the CMO Framework Agreement to adhere to the Maintenance Standards herein (subject to variation by joint agreement). In the event of the CMO contracting-out elements of the work to external contractors or in-sourcing the work through its own workforce the CMO must follow the conditions of this Plan and ensure all external contractors are similarly bound to the requirements of the LMMP, the EMP and all site specific SuDS maintenance requirements. In all cases, the CMO must ensure continued monitoring of works on site and adherence to the specification of the LMMP.

Changes to standards

Following CMO takeover of completed landscape zones it may determine other and more appropriate standards to be adopted, but only with the express agreement of the developers and other Framework Agreement parties [and subject to the terms of the Agreement including its 'materiality guidance').

APPENDIX E: CREATIVE CHILMINGTON (Public Art) Consultancy Brief

This brief describes the work expected from the consultant to produce a Public Art Strategy. The work was commissioned in September 2017 and expected to be completed in September 2019. Due to the delays in house building, progress has been limited. The work will therefore be back loaded to accomplish the same within the stated timeframe.

Ashford Borough Council has a borough-wide Public Art Strategy designed to ensure that public art plays a full part in enabling artists and crafts people working to apply their skills, vision and creative abilities into the process of creating new places and rejuvenating old ones. Chilmington Green is highlighted in the Strategy as one of the biggest opportunities coming forward.

£750,000 is the total budget (index linked) to be paid to the Council for the provision and maintenance of public art spread as follows:

- £50,000 on commencement of development and for the production of a public art strategy by the Borough Council
- £100,000 on occupation of 100th dwelling
- £150,000 on occupation of 1,000th dwelling
- £150,000 on occupation of 1,400th dwelling
- £150,000 on occupation of 2,600th dwelling
- £150,000 on occupation of 4,100th dwelling

The aim of the Creative Chilmington Strategy is to ensure opportunities for public art are provided throughout the development, which will:

- play an important role in establishing the special character of the place.
- set the benchmark for high quality design.
- create a visually stimulating environment.
- encourage the formation of a socially integrated community with a strong cultural identity.

The Cultural Services team of the Council have set aside £50,000 as the first tranche of the £750,000 total Section 106 budget for public art to appoint a consultant. The company, Dallas Pierce Quintero, was appointed in the second half of 2017 and has commenced its first stage work. This included two information-gathering sessions with the PWG, including a presentation to PWG of their emerging thoughts for a 'Chilmington Creative' strategy.

Cultural Services are very clear that the Trust will play a key role in the work and management of the consultants, to create the strategy and then coordinate its delivery. The consultants are working to a two-year brief.

October 2017 – September 2018:

- Foster the role of Public Art Champion for Chilmington.
- Form a small focussed Creative Chilmington Working Group with support from ABC & KCC.
- Advocate and promote knowledge of good practice in Public Art development and commissioning.
- Play an active role in the development and implementation of Chilmington public realm works and planning process.
- Develop the required briefs, budget, delivery methods and timetables for any Phase 1 work, and lead on any agreed commissioning (likely to be Access A).
- Identify artistic opportunities and secure key priority projects for artistic investment to Phase 1 design.
- Select and recruit artists, as the need arises, to work with for specific tasks. This might include development of the programme strands or other creative support.
- Develop a mechanism for knowledge sharing to ensure all relevant work, strategies and other frameworks in development for Chilmington harmonise and provide mutual benefit, for example: community development, open space, heritage, public realm design, etc.
- Attend and present at relevant community stakeholder events to build awareness and confidence in Chilmington's public art development.
- Produce a Draft Creative Chilmington Strategy, for review, that: supports the role of the artist across all phases; Principles for Governance, Management, Maintenance and Longevity (especially for the first piece of work); Defines a Public Art Programme that highlights all known key priority projects and locations across all phases (public spaces, gateways, buildings etc); Allocates estimated budgets to each project in line with the Chilmington Public Art Heads of Terms.
- Agree and sign off Draft Creative Chilmington (Public Art) Strategy.

October 2018 – September 2019:

- Continue to foster the role of Public Art Champion and formalise the small Creative Chilmington Working Group into a long-term Chilmington Public Art Championing Group.
- Continue to play an active role in the on-going design and development of Chilmington with developers, planners, artists and other relevant parties, providing curatorial support.
- Prepare and submit an agreed funding bid (or bids) that provide valuable match funding and added value to this programme of works and potential ongoing consultancy.
- Provide support to the ABC in developing further artist briefs; monitoring and evaluation for public art; art asset management documents; delivery of community & stakeholder arts engagement events; and marketing & publicity for community, developers and landowners.

- Explore opportunities for award winning recognition for creative and artistic development at Chilmington.
- Finalise and complete the Creative Chilmington Strategy that further embeds the work of artists in the future; documents creative developments over this consultancy time frame; evaluates work undertaken to date; suggests legacy outputs; qualifies measures of success; and provides recommendations for future development.

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APPENDIX F: Board of Trustees Terms of Reference

The Board of Trustees has ultimate responsibility for what the Trust does, consistent with its Objects (Section 3 of the Articles of Association) and the Charities Act 12011 which states that charity Trustees are 'the persons [that] have the general control and management of the administration of a charity'.

Charity law lays a number of duties on all charity Trustees, which are reflected in these terms of reference. In essence these are:

- a. A duty to ensure the Trust is carrying out the purpose for which it was set up, and no other purposes
- b. A duty to ensure as individual Trustees and Trustees collectively that actions comply with the Trust's governing document and the law
- c. A duty to act always in the charity's best interests
- d. A duty to manage the Trust's resources responsibly
- e. A duty to ensure the Trust charity is accountable

These terms of reference complement the provisions of the Articles of Association which are the over-riding governance document for the Trust and where further details may be found.

The Trust will formally adopt the Code of Conduct (which was approved at January meeting of PWG) which requires Trustees and staff at all times to uphold and enhance the ethos, culture and reputation of the Trust. This includes in the provision of services and to safeguard the interests of residents and stakeholders in accordance with relevant legislation and professional codes of conduct. Through the detail of this Code, the Trust is promoting the organisation as effective, open and accountable, with the highest standards of integrity and stewardship and promoting working relationships with any staff and advisers to be productive and supportive.

ROLE

The role of the Board of Trustees is to:

- i. Ensure that the Trust has a clear vision and a strategy focused on its purposes for the area of benefit and public benefit for the long-term
- ii. Ensure that the Trust complies with and meets its Objects as set out in the Articles of Association, and maintains a strong ethos and values in all that the Trust does
- iii. Ensure that the Trust complies with legal and regulatory requirements

- iv. Ensure that the Trust acts with reasonable care and skill taking sound and expert advice as appropriate from the Trust's officers, Trustees and advisors before decisions are made
- v. Ensure that the Trust maintains the confidence of its founders and members through being accountable and transparent
- vi. Ensure the Trust is solvent and remains so, and that the Trust adopts and maintains high standards of financial stewardship including appropriate levels of reserves
- vii. Act as long-term stewards of the Trust's assets, and ensure the Trust's long-term financial stability and sustainability
- viii. Agree performance targets for the Trust and the Trust Chief Executive.

FUNCTIONS OF THE BOARD

Section 23 of the Articles of Association contains the Functions of the board, which with added emphasis as appropriate are:

1 Shape conduct and sound governance by:

- 1.1. Defining and ensuring compliance with the values and objectives of the Trust and the generally accepted standards for Trustees (including the seven Nolan 'public life' principles (Articles 23.1)
- 1.2. Ensuring that appropriate advice is taken and in particular on matters of legal compliance and finance (Articles 23.8)
- 1.3. Agreeing appropriate policies and procedures to underpin solid governance and strong internal control

2. Shape strategy by:

- 2.1. Establishing strategies, policies and plans designed to achieve the Trust's objects in relation to all areas of work (Articles 23.2)
- 2.2. Approve each year's budget (and longer term financial plans) and each year's accounts (Articles 23.3)

3. Shape effective leadership by:

- 3.1. Establishing and overseeing a framework of delegation of its powers to Committees and Working Parties and management as appropriate with proper systems of control (Articles 23.4)
- 3.2. Appointing (and if necessary removing) the Trust Director and other senior officers of the Trust. Ensuring a performance development process for management and staff is in place, including the Trust Board's responsibility for reviewing the performance of the Trust Director (Articles 23.6).

4. Shape strong community engagement and development by:

- 4.1. Creating framework processes and protocols which encourage strong community participation and interest in both the objects and work of the Trust
- 4.2. Establish forums and working groups through which residents and others within the community may connect with and inform the work of the Trust, and connect with each other

5. Shape performance by:

- 5.1. Monitoring the Trust's performance in relation to its plans, budgets, systems of control, management and decisions, including evaluating the Board's performance (Articles 23.5)
- 5.2. Ensuring that the Trust's affairs are conducted in accordance with its Objects and generally accepted standards of performance and propriety (Articles 23.7)

6. Shape accountability by:

- 6.1. Accounting for the Trust's and Board's actions in appropriate and transparent ways as required by law and general accepted good practice (Articles 23.7)

POWERS OF THE BOARD OF TRUSTEES

The Board shall direct and manage the property and affairs of the Trust in accordance with the Trust's Objects (Articles Section 3) and within the Trust's Powers (Articles Section 4) and in compliance with the obligations of the Framework Agreement.

The Board may delegate any part of the Trust's powers to committees and working groups. The Board may also delegate or assign to an Officer(s) such powers or tasks and duties as the Board may from time to time determine.

The Board may at any time and for any reason dissolve or amend the terms of reference of any committee or working group it appoints, or withdraw or amend any delegation to an Officer.

The Board will ensure that orderly arrangements for succession are in place such that where the Articles require that members of the Board, or any committee or working group, shall retire at the appropriate time, the Board shall ensure that new appointments are made.

The Board may propose amendments to the Trust's Articles only in accordance with Clause 4.3 and 4.4 of the Framework Agreement and all such proposals must be put to and approved by the Trust's members at a General Meeting.

DELEGATIONS

In exercise of its powers the board [will establish] a Finance and Risk Committee with approved terms of reference.

Further, the Board has approved a scheme of delegation to the Trust Director and Finance Manager in respect of operational management matters.

MEMBERSHIP

The Board of Trustees is to comprise the following organisations and representatives:

- Developers - up to five Trustee Directors
- Residents - initially one Trustee Director, rising to five Trustees
- Ashford Borough Council - one Trustee Director
- Kent County Council - one Trustee Director
- Voluntary and Community Sector - one Trustee Director
- Registered housing provider (housing association) - one Trustee Director

The Board will appoint its chairman and also a vice-chairman

The Board is permitted to appoint non-voting observers (including advisors) to attend board meetings and must use reasonable endeavours to at least appoint a single parish councils' observer (from the parish councils covering the Area of Benefit), and an observer to represent private rented housing tenants (from within the Area of Benefit).

VOTING RIGHTS

At all Board meetings the Directors appointed by the Developers have 50% of the available votes until the last dwelling is occupied, regardless of number of Trustees attending, subject to the requirements of the Articles including the quorate provision. Observers do not have voting rights, but may contribute to the meetings.

The Chairman of the Board shall not have a casting vote. Any 'deadlock' situation must be resolved in accordance with the conditions of the Framework Agreement.

QUORUM

Board meetings are quorate if a minimum of four of the Trustee Directors are present with at least two present being Directors appointed by the developers. The intention is that two non-developer Trustees must be present to qualify as a quorum (Article 26 for further details).

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APPENDIX G: Chair of Trust Board – Role Description

The role of the Chair extends well beyond drawing up the agenda and chairing the meetings of the board of Trustees. The Chair has to take a leadership role in ensuring that the board of Trustees fulfils its responsibilities for the governance of the Trust and that it remains legally compliant. S/he must also work closely with the employees to support them in achieving the aims of the Trust, and act as the channel of communication between Trustees and staff.

The Chair may act as a figurehead of the Trust and represent it at functions, meetings and in the press and broadcasting media. Other tasks include authorising action to be taken between meetings of the full board, signing cheques and legal documents.

Article 27.7 of the company Articles sets out the functions of the Chair as follows:

1. To act as an ambassador for the Company and to represent the views of the Board to the general public and other organisations;
2. To ensure that Board Meetings and General Meetings are conducted efficiently;
3. To give all Directors an opportunity to express their views;
4. To establish a constructive working relationship with and to provide support for the employees (or their equivalent);
5. Where necessary (and in conjunction with the other Directors) to ensure that, where the post of any employee is or is due to become vacant, a replacement is found in a timely and orderly fashion;
6. To encourage the Board to delegate sufficient authority to its Committees to enable the business of the Company to be carried on effectively between Board Meetings;
7. To ensure that the Board monitors the use of delegated powers; and
8. To encourage the Board to take professional advice when it is needed and particularly before considering the dismissal of an employee.

In addition, the following functions are deemed as necessary:

9. To be familiar with the Framework Agreement and its application in the conduct of business at Board meetings
10. Providing leadership for the board of Trustees in their role of setting the strategy and policy of the Trust
11. Planning the annual cycle of board meetings

APPENDIX H: Terms of Reference of Sub-Committees

The following Terms of Reference (ToFR) for the three proposed sub committees of the Trust Board are prepared as draft recommendations and will need to be discussed and approved by the new Board at an early meeting. These ToFR use a template format, and so for the Personnel and Events/Activities Committee, it is only the aims and functions that are shown.

Finance and Risk Sub-Committee

1. AIMS AND FUNCTIONS

a) The Finance and Risk Sub-Committee shall have the following aims:

- (i) To provide oversight and advice on all financial matters associated with the Trust;
- (ii) To have access to and review detailed financial records and reports;
- (iii) To discuss and agree setting of annual budgets and cash flow forecasts for the Trust including a recommendation with regard to the budget for the community grants fund;
- (iv) To provide recommendations to the Trust board with regard to financial policies and procedures, and all associated financial matters;
- (v) To receive and review draft year-end accounts prior to submission to Board;
- (vi) To regularly review and monitor all identified risks, reporting to the Board any that are of significance to the Trust.

b) The Finance and Risk sub-Committee will achieve this by:

- i) Holding meetings at least quarterly to discuss the detailed financial aspects of the Trust's planned activities and any proposals for future developments, and to monitor and review the risk register;
- ii) Sub-Committee members taking a special interest in the financial affairs of the Trust, and speaking on such matters at main Trust board meetings;

2. MEMBERSHIP

The sub-Committee will be made up of three nominated members from The Board of Trustees.

2.1 Term of Office

The initial Sub-Committee will be appointed for eighteen months for the period up to the Trust's next AGM, at which time its membership and this Terms of Reference will be reviewed by the Trust Board.

2.2 Convening meetings

Meetings be planned, convened and appropriately serviced, at least two weeks before each quarterly main Trust Board meeting.

2.3 Decision-making

Decision at meetings shall be reached by consensus. Where there is no consensus a majority vote shall decide. The quorum is two members.

2.4 Accountability

The Sub-Committee shall report back regularly to the main Trust board.

2.5 Meetings

The Finance and Risk Sub-Committee meetings will be held at least quarterly, and are to be planned with at least four weeks' notice, and at times to suit the majority of participants. The venues for meetings shall be fully accessible, where possible.

The agenda will include any item of business submitted in writing to the secretariat prior to the next meeting and which is received at least six days before the date of the intended meeting. The final agenda will be agreed by the Chair.

The order of business at a meeting of the Sub-Group shall be as follows:

- i) Minutes of the previous meeting
- ii) Matters arising from the minutes;
- iii) Items of business as set out in the Agenda.

3. CHAIR AND VICE-CHAIR

Candidates for the Chair and Vice-chair of the Sub-Committee will be limited to members of the Sub-Committee. They will be elected at the first full meeting of The Finance Sub-Committee.

The Chair shall, if present, preside at every meeting of the Sub-Committee. In the absence of the chair, the Vice-chair shall if present, preside. In the absence of both the Chair and the Vice-chair, the Sub-Committee shall reconvene. The person presiding at the meeting shall decide all matters of order, competence, relevancy, and interpretation of rules or procedure.

4. OFFICER SUPPORT

The Sub-Committee will be serviced as required. The nominated individual(s) to have the following duties:

- i) to call meetings;
- ii) to send out agendas and supporting information and papers
- iii) to take minutes of the meetings
- iv) to provide professional support, advice and guidance
- v) to support in the feedback to the Board of the conclusions and implications of advice and recommendations of the Sub-Committee.

5. CODE OF CONDUCT

Discussions at and communications arising from Sub-Committee meetings will treat members of all partners with respect and without discrimination.

Sub-Committee members are not to exclusively champion their individual or particular cause or organisation, but are to declare any interests where appropriate and to look to the wider interests of the local community.

6. CONFIDENTIALITY

The Sub-Committee will receive information which is not in the public domain often relating to individuals, organisations or financial matters. It is the responsibility of each individual to ensure that this information remains confidential to the meeting unless prior authorisation has been given by the Chair for this to be discussed elsewhere or are required to do so by law. Individuals must never use confidential information for their personal advantage or the advantage or disadvantage of anyone known to them or to disadvantage or discredit the Community Trust.

Personnel / Sub-Contract

1. AIMS AND FUNCTIONS

The Personnel Sub-committee shall:

- i) Review and plan the personnel resourcing of the Trust for both short and medium term, setting out a strategy for approval by the board
- ii) Consider and inform all proposals for the recruitment of staff or sub-contractors
- iii) Oversee and support the recruitment and selection process for staff or sub-contractors.

Community Development and Engagement

1. AIMS AND FUNCTIONS

The Community Development and Engagement Sub-committee shall:

Guide and inform the implementation and regular update of the Community Development Strategy

- i) Develop, deliver and monitor a volunteer strategy
- ii) Oversee the use and updating of the Welcome Pack
- iii) Review and evaluate the Trust's community activity programme, and identify gaps in community provision
- iv) Help identify and secure new community led projects and support the priorities of the community in Chilmington Green
- v) Plan and initiate Community Events in partnership with other stakeholders as appropriate
- vi) Support and inform the planning of the Trust's activities and events
- vii) Set priorities and guidelines for the use and application of the Community Grant Fund
- viii) Manage the expenditure of the allocated Community Grant Fund budget and receive and review any funding applications for one-off events and regular activities, reporting back to the main board
- ix) Take feedback and receive guidance from a multi-agency group who will oversee day to day implementation, monitoring and review.

APPENDIX I: Job Description

Title:	Trust Development Manager
Accountable to:	Trust Board
Salary:	To be agreed (Pro-rata)
Contract Terms:	24 to 36 months subject to review at 12 months
Hours:	Part-time (22.2hrs) to include occasional evening meetings and exceptional weekend work
Support Staff:	Part-time staff with responsibilities for Finance, Administration and Community Development

1. Purpose of the Post

The Trust Development Manager will be the Trust's Chief Officer during its early phase. The Development Manager's main responsibilities will be to set up the Trust and its associated infrastructure in line with the Trust Business Plan and its objectives. The Development Manager will lead on planning for future community facilities, and foundations laid for early community activities from January 2018 with the framework set by the Early Community Development Strategy in December 2017.

2. Key Objectives and Responsibilities

2.1 Leadership and Management

- 2.1.1. Work with and through the strategic partners and the professional advisors to incorporate and set up the Trust and its associated organisational infrastructure
- 2.1.2. Lead the implementation of the Business Plan, including reviewing progress against the Plan
- 2.1.3. Take responsibility for the day-to-day management and administration of the Trust and work with the Board to ensure that the Trust's forward plan develops in a sustainable way.

2.2. Board of Trustees

- 2.2.1. Organise Board meetings and provide regular reports on performance against operational and financial targets.
- 2.2.2. Advise the Board on resource requirements, implications of budgets and resource allocations, and financial performance.
- 2.2.3. Facilitate effective and informed decision making by offering advice and presenting information on a range of options for the Board to consider.
- 2.2.4. Develop effective working relationships with the Board and provide inspirational leadership in the strategic and operational management of the Trust.

2.2.5. Implement a training programme to ensure that the Trust grows in line with the business plan.

2.3 Partnership Working

2.3.1 Ensure effective involvement of, and communication with, users, residents, businesses and stakeholders within the Trust's boundaries and immediate surrounds.

2.3.2 Represent the needs of the local community to the relevant agencies.

2.3.3 Sustain good working relationships with Ashford Borough Council, Kent County Council, Homes England and the Developers (and their agents) for Chilmington Green.

2.4 Programme Management

2.4.1 Use effective programme management tools to monitor outputs against performance and assess risks on a quarterly basis.

2.4.2 Initiate, develop and ensure delivery of practical projects to respond to the Trust's aims and objectives, particularly community development work and landscape management.

2.4.3 Provide effective line management and support to staff, contractors and volunteers.

2.4.4 Develop and implement a personalised training and development plan for staff, the Board and volunteers.

2.4.5 Encourage and support development of volunteer programmes.

2.4.6 Deliver, manage and monitor the Trust's annual business plan.

2.5 Marketing, Communication and Community Development

2.5.1 Oversee the development and implementation of an effective marketing and communication strategy for the Trust which complements the strategies of the developers and Ashford Borough Council.

2.5.2 Ensure appropriate targeted communication with local residents using web, newsletters, posters & social media, liaising with the Community Development Leader (once appointed).

2.5.3 Plan, implement and monitor the delivery of the Early Community Development strategy (Jan 2018 to Dec 2020)

2.6 Finance

2.6.1 Guide and inform the setting up of the Trust's financial systems and procedures

2.6.2 Ensure that the Trust meets its financial and operational targets in accordance with the Finance Strategy and annual business plan.

2.7 Public Realm and Community Facilities

2.7.1 Liaise with Ashford Borough Council and the Developers responsible for building the first community facility to ensure it is fully fit for purpose.

- 2.7.2 Plan and implement the occupation, running and early use of the first facility for both office and community purposes.
- 2.7.3 Provide advice and support to both the Developers and Ashford Borough Council with regard to the location, design and fit out of future community facilities and play spaces.
- 2.7.4 Liaise with the Developers and Ashford Borough Council with regard to the design and laying out of public realm and associated landscaping, including the embedding of public art in such spaces.
- 2.7.5 Undertake early planning for the delivery of appropriate ground maintenance services.

This job description is not to be taken as a completely exhaustive list of duties and it may be reviewed in the light of changing needs and developments. Any changes will be fully discussed with the post holder. The post holder may be required to carry out other duties appropriate to the seniority and scope of the post.

A person specification will be prepared if this role is recruited externally through advertisement.

APPENDIX J: Start-up Budget

APPENDIX J - Years 1 and 2 Financial Forecast

Years 1 and 2 - Preparatory Period and First Year of Operating	Year 1	Year 2
Income		
Start up Contribution from Developer	75000	75000
Community Development Contribution	50000	50000
Resident Charge	0	42956
Rent charge deed income	0	43575
Business Levy	0	0
Net income from commercial/residential/other investments	0	0
Soft Verge Landscaping (KCC)	0	11597
Existing Woodland	0	0
Advanced Planting	0	0
Allotment income	0	0
Leisure Facilities Fees	0	0
Community Facilities Fees	0	0
Total Income	125000	223128
Expenditure		
Landscape services	0	0
Soft Verge Landscaping	0	11597
Leisure Facilities	0	0
Community Facilities	0	0
Public Art	0	535
Staff	105455	206372
Rent charge deed Expenditure	0	43575
Professional fees	31800	33000
General Expenditure	17650	38480
In house landscaping finance costs	0	0
Community Activities	0	5000
Sinking fund	0	0
Total Expenditure	154905	338559
Net (expenditure)/income	-29905	-115431
Unrecoverable vat	-9890	-17722
Net (expenditure)/income after vat	-39795	-133154
Deficit Grant from Developers	0	358514
Net (expenditure)/income after vat and developer grant	-39795	225360

Cumulative balance	-39795	185564
Cumulative represented by:		
Restricted funds	-52457	-104827
Community Development Restricted Fund	36539	56044
Unrestricted funds	-23877	234348
Total Funds	-39795	185564

Year 1 assumes 6 months of costs (excluding premises related) prior to April 19 for the final preparatory period.

Year 1 assumes Temporary Office and Community Space is available January 2019

Year 2 assumes first operational year and first residents from April 2019

Full details of the assumptions can be made available - cost assumptions generally supported by current available prices

The Year 1 deficit would be supported by an advance of funds from the Developers Deficit Grant

APPENDIX K: Income and Expenditure Budget with Key Assumptions And Summary Financial Model

Financial Model – Version 9 (at May 2018)

Key Assumptions - Explanatory Note

This note explains the key assumptions used to construct the income and expenditure model.

1. Assumes viability reviews and subsequent planning of phases causes no disruption to planned housing trajectory.
2. Development period in years represent full years from first occupations. Year 1 represents the period from incorporation to first occupations, as the post-incorporation set-up. The Trust will determine its accounting period as part of its early activity.
3. The longer-term housing completion trajectory (and mix) reflects approved numbers for Phase 1 and the developers' indicative assessment for the remaining phases. This is known as the Developers' Base Assumption. Over the course of any year, the assumptions take an even rate of build and occupation per month. The base assumption assumes a 'perfect world' and a high rate of growth, where there is no disruption to house-building either arising from economic conditions or factors more directly influenced by the developers and subsequent planning processes. In Section 11, the Plan considers other scenarios to test the potential implications for the Trust.
4. The first estate rentcharge (Year 2 – provisionally from April 2019) is proposed at £373 (SUM A Section 106) and its proposed apportionment across flat/house type is as follows (See Annexe to Section 6 for the calculation of assumed indexation):

Property type	Estate Rentcharge £	Percentage variation to assumed 'standard' type of a 3 bedroom house
1 bed flat	130.55	35%
2 bed flat	186.50	50%
2 bed house	242.45	65%
3 bed house	373.00	100%
4 bed house	447.61	120%
5 bed or more house	596.81	160%

5. Estate rentcharge income allows for 50% yield in the first year of each new property occupation – in other words assumes an even rate of occupation over the year. No other allowance made for lag between completion and occupation. An 8% deduction from gross income is made for cost of collection, including recovery action, and residents'

account maintenance. This specialist administration function is likely to be conducted externally through a procured contract. Should developers make arrangements with any purchaser for sales discounts that include a short-term discount against the estate rentcharge, the Trust will nevertheless require full compensation of any discount from the developer of the estate rentcharge properly due.

6. Estate rentcharge one-off legal costs fee of £175 applied. This is matched by an assumed similar outgoing by the Trust. These fees and payments are similarly due on subsequent re-sales of houses.
7. Costs, the estate rentcharge cap and all income are inflated using the most recent indices and then projected forward on a basis consistent with advice from ABC. An explanation of the assumed indexation of the estate rentcharge cap is provided as an Annexe to Section 6.
8. Staffing levels are comparatively low in the early periods and in part assume a secondment basis is agreed. Staff levels grow over the development period as housing and resident volumes increase, but are not linked directly to housing numbers.
9. Facilities and open spaces taken on by the Trust are in accordance with each Section 106 requirement, assuming then a prior period of responsibility by the developers consistent with the Section 106 (or a condition to make good any notified defects) before the Trust takes ownership and management responsibility.
10. Landscaping costs for Phase 1 reflect the handover to the Trust and cost assumptions verified through recent advice provided by ABC's landscape manager.

As part of the first Reserved Matters application (Hodson Developments) approved in February 2018, with final matters cleared later in April, a Landscape Management and Maintenance Plan (LMMP) was approved. This Plan adopts a zonal approach to maintenance and management, with differentiated maintenance specifications reflecting differences in the impact and scales of visibility of the various greenspace zones.

The Plan will apply across the development as a whole, adding in new zonal types and specifications (for example 'ecologically managed farmland').

An extrapolation of the approach was undertaken coupled with a fresh assessment of zonal costs receiving assistance from Ashford Borough Council. This scrutiny adjusted the original model (typically downgraded by 10%). Revised costs now appear in the Model, including provisions for hardscape maintenance and contingencies.

The approved LMMP also adopts a longer period of initial retention by developers, of up to three years, prior to formal transfer to the Trust. This is to allow sufficient time for

greenspaces to establish and so minimise the Trust's risk of making good any early defects in planting. Note that earlier transfers of greenspace may occur if developers and the Trust agree. The Model typically assumes a shorter than three year defects period.

11. The balance of required Phase 1 landscaping not handed over to the Trust during the Phase is assumed to be handed over in Phase 2.
12. Play Spaces maintenance costs reflect good standards of maintenance and a contribution towards replacement costs.
13. All other facility costs and income levels are based on assessed costs following further consultation with ABC (these being based on comparative examples and experience of similar facilities, as well as other market information and scaled accordingly). For a number of sports related facilities, comparative data and advice was taken from Sport England and relevant suppliers' websites.
14. General expenditure costs, including professional fees and Trust overheads are based on comparative examples for similar types of work and services, and have been fully reviewed and expanded since the first business plan submission of last year. Certain general costs are linked to annual growth in housing numbers/total income in the Model. These are insurance premiums, banking costs, and postages. Other costs are linked to inflation. Estimated business rates for each facility type are included from the year of handover, based on comparable examples, and assume 80% statutory charitable relief.
15. Community buildings and certain leisure and sports facilities are assessed as needing subsidy in their early years, leading then to an overall position where cross subsidisation at least breaks even. The Trust will determine service fees or guidance for any management operators, including in relation to any concessions for Chilmington Green development residents.
16. Sinking fund provisions have been reviewed in detail. Each asset was assessed and a replacement cost percentage and life-cycle period determined.
17. Commercial estate costs and income reflect an assumed total of (gross area) 50,000sq feet (the maximum area for the endowment). The model then allows for an 80% net lettable area (taking communal and service area voids into account). . A mix of commercial types is not firm at this early stage. For the purposes of this Plan gross income levels equate to £15sq ft (having received market advice relating to Ashford), based on a mix of usage types. 10% is top-sliced for management costs, and then 30% assumed for losses on voids and incentives. Net rental yield is therefore about £9.60 per sq. ft. Furthermore, the model assumes nil income for at least the first twelve months following handover by the developer of each tranche of the endowment.

18. VAT is shown as WHOLLY unrecovered until the commencement of Phase 3. From this point, the model assumes the Trust has decided to insource 56% of the landscaping management function (this is the preferred arrangement); the balance related to assumed specialisms would be commissioned from contractors. This assumption reduces the rate of increase of unrecoverable VAT.
19. Deficit Grant payments (ten instalments of £335,000, subject indexation) appear in the period they become due according to the assumed revised housing trajectory. An exception reflects a voluntary proposal from the developers to bring forward a small proportion of the first instalment (due at the 125th occupation) if finally needed, in order that the Trust's cash flow is sufficiently underpinned in its first two years. Note, that Year 1 of the Model assumes a full year of costs.
20. Investment interest potential is not included in the model.

Full details of all assumptions and data used are available on request.

APPENDIX L: ESTATE RENTCHARGE CAP – INDEXATION CALCULATION TO 2018 Q4 (DECEMBER 2018) SECTION 106 CAP

The S106 stipulates that the starting estate rentcharge Cap should not exceed an average across all property types of £335, at April 2014 prices (SUM A)

The Cap may annually increase by no more than RPI.

Indexation Calculation

a) Data period

For the purposes of the Business Plan, the first Estate Rentcharge Year (The Initial Cap - Sum A) is assumed to operate with first occupations from 1 April 2019.

For the purposes of annual budgeting and billing arrangements, the Business Plan assumes that the estate rentcharge must be determined, at least provisionally, 3 months ahead of the start of the estate rentcharge year.

Consequently, for an April start, the Cap and actual estate rentcharge for the forthcoming year will be determined by the end of December. Typically, RPI data is released 6 weeks, or thereabouts, after the period date.

RPI data available at the end of December, will therefore relate to year-on-year inflation measured at October.

b) Uplifting the April 2014 £335 Cap

Using the Office for National Statistics Data sets, the RPI index for April stood at 255.7

For April 2018, the latest published figures, the Index stood at 279.7

Therefore the value of this indexation and its effect on the Cap are:

April 14 – April 18 indexation = $279.7/255.7 = 1.09338$, or +9.38%.

The updated April 2018 Cap = $£335 \times 1.0938 = £366.42$

The plan will then use published forecasts to uplift the Cap to an October 2018 price base (or Q3).

We have referred to two published sources:

- i. UK Office for Budget Responsibility and its RPI 2018 Q3 forecast of Year on Year inflation of 3.5% at that point. The OBR forecast was last updated in December 2017. Taking the RPI Index for Q3 2017 gives a value of 275.3. Thus a 3.5% forecast to Q3 2018 gives a value of 284.9
- ii. 'Statista' similarly uses OBR data and its latest publication uses OBR data published in November 2017, this suggests a lag. However, its Q3 Year on Year forecast was 3.1%. This would give a Q3 2018 value of 283.8

This calculation will adopt the OBR December forecast.

Consequently, the estate rentcharge cap for the Year 2 of the Model (the first rentcharge year) is:

$£335 \times 284.9/255.7 = \mathbf{£373}$ (rounded to nearest whole pound)

PN

Note prepared: 1 June 2018

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APPENDIX M: Policies

A full set of policies will need to be formally adopted by the Trustees over the first year according to priorities, many of which have already been drafted, subject to formal approval. The legal and operational policies and standing orders that will be required are:

POLICY	COMPLETED BY	TRUST LIVE
	By	Approval
General		
Health & Safety Policy to include:	ABC	Board
- Basic Guide to Manual Handling	ABC	CEO
- Personal safety/lone working	ABC	CEO
- VDU Policy	ABC	CEO
- Risk Assessment annual check on documents	ABC	CEO
Safeguarding Children & Young People	ABC	Board
Adult Protection	ABC	Board
Equality & Diversity Policy	ABC	Board
Business Continuity/Disaster Plan/Resilience	ABC	Board
Whistleblowing	ABC	Board
Data Protection including:	ABC	CEO
- Confidentiality	ABC	CEO
- Information Governance Policy	ABC	CEO
- IG Incident Reporting & Management Procedures	ABC	CEO
Social Media Policy & use of organisational IT	ABC	CEO
Photo Permissions forms and procedure	TRUST	CEO
Website Privacy Policy	ABC	CEO
Media & Public Relations Policy	ABC	CEO
Environmental Policy	TRUST	CEO
Estate Management Regulations	ABC	Board
Contract Management Policy/Procurement	TRUST	Board
Transport Policy (later)	TRUST	CEO
Code of Conduct including:	ABC/TRUST	CEO
- Conflict of Interest	ABC/TRUST	CEO
- Probity Policy	ABC/TRUST	CEO
- Alcohol Policy	ABC/TRUST	CEO
Finance		
Finance Policy (Refer to form 25) & Expenses	TRUST	Board
Reserves Policy	TRUST	Board
Investment Policy	TRUST	Board
Risk Register	TRUST	Board

POLICY	COMPLETED BY	TRUST LIVE
	By	Approval
Fraud Policy	TRUST	Board
Pay Policy	TRUST	Board

Employment		
Contract & Pensions	TRUST/ABC/Developers	Board
Grievance/Complaints/Resolutions	ABC	Board
Disciplinary Procedure	ABC	Board
Staff Recruitment Procedures to include:	ABC/TRUST	Board
- Redundancy Procedures	ABC/TRUST	Board
- Training & Development	ABC/TRUST	Board
- Induction plan	ABC/TRUST	Board
- Retention of disabled staff	ABC/TRUST	Board
- Exit Interviews	ABC/TRUST	Board
- Leavers Checklist	ABC/TRUST	Board
- Absence and rights to time off to include:	TRUST to start/ABC	Board
- Maternity & Paternity Policy	TRUST to start/ABC	Board
- Working from Home	TRUST to start/ABC	Board
- TOIL	TRUST to start/ABC	Board
- DBS Checks for staff and volunteers (where appropriate)		
Capability Policy	ABC	Board
Dress Code & Uniform policy	Later	Board
Bullying and Harassment	ABC	Board

Volunteers		
Trustee Handbook	TRUST to start/Locality	Board
Volunteers handbook to include:	TRUST to start/Locality	CEO
- Volunteers with criminal convictions	TRUST to start/Locality	CEO

Additional detailed policy and practice guidelines will be developed and documented over time, particularly as the community development work rolls out and for the effective operation of the community facilities including lettings policies (long-term and sessional), security, caretaking and cleaning etc., as required.

APPENDIX N: Housing Trajectory

CHILMINGTON GREEN
INDICATIVE MIX PER MAIN AAP PHASE & HOUSING OCCUPATION TRAJECTORY


MAIN AAP PHASE BUILD YEAR	1: 2018	2: 2019	3: 2020	4: 2021	5: 2022	6: 2023	7: 2024	8: 2025	9: 2026
Unit Mix	PHASE 1					PHASE 2			
1 Bed Apartment		4	43	29	8	11	11		
2 Bed Apartment		34	117	65	50	20	20	14	
2 Bed House		23	63	105	97	38	38	38	38
3 Bed House		91	177	105	73	99	99	100	101
4 Bed House		73	99	101	46	106	106	106	109
5 Bed House		24	35	34	5	18	18	18	15
TOTAL UNIT MIX	0	249	534	439	279	292	292	276	263
CUMULATIVE FOR EACH PHASE					1501				1123
HOUSING TOTAL					1501				2624

MAIN AAP PHASE BUILD YEAR	10: 2027	11: 2028	12: 2029	13: 2030	14: 2031	15: 2032	16: 2033	17: 2034	18: 2035	19: 2036	20: 2037
Unit Mix	PHASE 3					PHASE 4					
1 Bed Apartment	8	8	8	9	9		10	10	10		
2 Bed Apartment	17	17	18	18	18	14	20	20	18	0	
2 Bed House	45	45	45	45	41	25	35	35	35	35	39
3 Bed House	108	109	109	109	109	100	100	100	100	100	41
4 Bed House	114	114	114	114	114	125	100	100	125	125	52
5 Bed House	18	18	16	16	26	15	15	15	15	15	18
TOTAL UNIT MIX	310	311	310	311	317	279	280	280	303	275	150
CUMULATIVE FOR EACH PHASE					1559						1567
HOUSING TOTAL					4183						5750

Appendix O: S106 CMO Triggers

Obligation	Trigger	Detail
Informal/Natural Green Space	1450	Transfer up to 6.96 ha
Informal/Natural Green Space	2600	Transfer up to 5.76 ha
Informal/Natural Green Space	4174	Transfer up to 7.20 ha
Informal/Natural Green Space	5733	Transfer up to 7.68 ha
Allotments	1000	All Necessary Actions to ensure, no contamination, pollution, protected species on site. Remedy defects, provide and construct facilities according to plans.
Allotments	2500	All Necessary Actions to ensure, no contamination, pollution, protected species on site. Remedy defects, provide and construct facilities according to plans.
Allotments	4024	All Necessary Actions to ensure, no contamination, pollution, protected species on site. Remedy defects, provide and construct facilities according to plans.
Allotments	5583	All Necessary Actions to ensure, no contamination, pollution, protected species on site. Remedy defects, provide and construct facilities according to plans.
Children and Young People play space	500	Transfer up to 0.5 ha
Children and Young People play space	2000	Transfer up to 1.5 ha
Children and Young People play space	3724	Transfer up to 1.5 ha
Children and Young People play space	5283	Transfer up to 1.5 ha
Children and Young People play space	5683	Transfer up to 0.5 ha
Discovery Park Sports Pitches & Hub	3200	The first phase of the sports facilities transferred to the CMO (to include 1 x 3G, Hockey Pitch, 4 x Youth/Mini Football, 4 x Adult Football, 8 team changing for outside sports and Car park)
Discovery Park Sports Pitches & Hub	5000	The second phase of the sports facilities been transferred to the CMO (to include indoor sports facility, 4 court badminton Hall, changing and Cafe & Bar)
DP3 - 7.44 Ha marked DP3 to be provided as Strategic Park	1500	1 ha of DP3 provision transferred to the CMO (to include informal natural green space DP3 and Conservation & Ecology Area)
DP3	2500	0.86 ha of DP3 provision transferred to the CMO
DP3	4000	1.08 ha of DP3 provision transferred to the CMO
DP3	5500	4.42 ha of DP3 provision transferred to the CMO
Early Community Development	1	a) community development programmes for the residents, which may include of cost of dedicated staff, a community website
Early Community Development	2	a) community development programmes for the residents, which may include of cost of dedicated staff, a community website
Early Community Development	3	a) community development programmes for the residents, which may include of cost of dedicated staff, a community website
Early Community Development	4	a) community development programmes for the residents, which may include of cost of dedicated staff, a community website
Early Community Development	5	a) community development programmes for the residents, which may include of cost of dedicated staff, a community website
Chilmington Hamlet	1400	Following facilities: 1) Multi-purpose community leisure building, with hub space (ie lobby, extra toilets, changing place wheel chair accessible kitchen, reception, cafe and CMO trust office) transferred
Community Hub	1800	Orchard Village facilities provided in accordance with the RM approval and approved design brief and spec, transfer over the Orchard Villages Facilities
Local Centre Hubs - Orchard Village	3624	Chilmington Brook, provided in accordance with the RM design brief, spec - no contamination etc and transferred or about to be
Local Centre Hubs - Chilmington Brook	5183	
Public Art	99	1st Piece
Public Art	999	2nd Piece
Public Art	1399	3rd Piece
Public Art	2599	4th Piece
Public Art	4099	5th Piece
Deficit Grant	125	First instalment of the Deficit Grant to the CMO
Deficit Grant	500	Second instalment of Deficit Grant to CMO
Deficit Grant	750	Third instalment of Deficit Grant to CMO
Deficit Grant	1000	Fourth instalment of Deficit Grant to CMO
Deficit Grant	1250	Fifth instalment of Deficit Grant to CMO
Deficit Grant	1500	Sixth instalment of Deficit Grant to CMO
Deficit Grant	1750	Seventh instalment of Deficit Grant to CMO
Deficit Grant	2000	Eighth instalment of Deficit Grant to CMO
Deficit Grant	2250	Ninth instalment of Deficit Grant to CMO
Deficit Grant	2500	Tenth instalment of Deficit Grant to CMO
Commercial Estate	1500	The Commercial Estate: First Tranche has been completed and transferred to the CMO
Commercial Estate	3150	The Commercial Estate: Second Tranche has been completed and transferred to the CMO
Commercial Estate	4200	The Commercial Estate: Third Tranche has been completed and transferred to the CMO

APPENDIX P: Risk Assessment



ChilmingtonGreen

TRUST RISK ASSESSMENT FOR BUSINESS PROPOSALS WHICH ARE OUTSIDE OF THE APPROVED BUSINESS PLAN (2018-2038)

KEY DATA	
Risk assessment for:	[insert name of project/proposal]
Date:	[insert date]
Prepared and completed by:	[insert name and job title]
Agreed and signed by:	[Trust Development Manager/Chief Executive]
Date:	[insert date]

1. APPROACH:

Before completing the risk matrix, the following notes should be read to ensure a consistent approach is applied to each proposal.

1. This risk assessment seeks to assess business or project proposals which fall outside of the core remit of the Trust as identified in the business plan (2018-2038).
2. A risk assessment must be attached to each proposal as part of the business plan submissions to the Trust Board for the identified project.
3. The purpose of the risk assessment is to ensure any new proposals which do not fall within the core functions of the Trust, do not put the Trust's resources or assets at undue financial, reputational or operational risk. Where a risk is found to be beyond the scope of the agreed Trust business plan, it must identify mitigation measures which alleviate any pressure on the core functions of the Trust. The proposal will then be discussed by the Board and a decision made.

2. DEFINITIONS:

Operation (O): The day to day activity and functions of the Trust to include rent charge management, landscape management, operation of buildings and community development

Assets (A): Community buildings, land or other facilities owned, operated or managed by the Trust

Prospects (Pr): Managing and enhancing the reputation of the Trust with its residents and key stakeholders. Secure the longer term viability of the Trust, ensuring no compromise to quality; *ie.* No activity must put at risk core activity.

Performance (Pe): Ensuring the consistent, high quality delivery of all services, activities and functions directly run by the Trust or in partnership with another organisation which are allied to the ambitions of the Trust and the development.

1



TRUST RISK ASSESSMENT FOR BUSINESS PROPOSALS WHICH ARE
OUTSIDE OF THE APPROVED BUSINESS PLAN (2018-2038)

3. SCORING:

This assessment is looking at consequences over the short and medium term, leading up to three years

Impact Assessment Score:

- 1= Minimal consequence 2= Minor consequence 3= Moderate consequence
4= Major consequence 5= Severe Threat

Likelihood Assessment Score:

- 1: Rare – very unlikely to occur
2: Unlikely – could occur but not expected
3: Possible – might occur at some point
4: Likely – will probably occur; strong likelihood
5: Almost certain – expected to occur in most circumstances

TOTAL SCORE: Impact X Likelihood

- 0-14 = green (low risk)
15-22 = amber (medium risk)
23-25 = red (major risk)



TRUST RISK ASSESSMENT FOR BUSINESS PROPOSALS WHICH ARE OUTSIDE OF THE APPROVED BUSINESS PLAN (2018-2038)

KEY DATA

Risk assessment for: [insert name of project/proposal]

Date: [insert date]

Prepared and completed by: [insert name and job title]

Agreed and signed by: [Trust Development Manager/Chief Executive]

Date: [insert date]

IDENTIFIED RISK	IMPACT (SCORE 1-5)		LIKELIHOOD (SCORE 1-5)			TOTAL SCORE	EXISTING MITIGATION	RISK OWNER	FURTHER MITIGATION REQUIRED	COMMENTS
	O	A	O	A	Pe					
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										