

CLERK'S BRIEFING NOTE

JUNE 2008

SEDLSCOMBE PAVILION REBUILD

1. **Favoured Option.** On 21/02/08, the Parish Council's Finance Committee chose Steed Construction Limited's quote of £131,618 as the favoured option for construction of a replacement pavilion in accordance with the construction notes 2766/N/1/A. This excluded the piles and slab and was to be used to work towards a proper lump sum price for the total job including the piles and the slab. (Minute F07/08.51)

2. **Foundations.** On 13/05/08, the Parish Council agreed to divide the work into two stages and to accept the quote for foundation work by Abbey Pynford of £32,314. The Parish Council has the necessary finance to pay for this work. (Minute C08/09.20.1)

Cllr Rand, Project Manager, had a joint meeting with Steed Construction Limited and Abbey Pynford following 13/05 to make detailed arrangements.

On 24/05/08, Steed Construction Ltd. sent instructions to Abbey Pynford to carry out the work detailed in Abbey Pynford's quote reference MD/HG08439/Q3/clp. The letter also stated that Steed Construction Ltd. would prepare level the area to site building and place profiles to locate the building and, after piling, Steed Construction Ltd. would install drains and service ducts prior to Abbey casting the slab.

3. **Architectural Services.** Cllr Rand suggests that architectural work is carried out by Pumphouse Designs of Sedlescombe. This will need to be officially agreed at the meeting on 11/06/08.

4. **Electrical connections.** In conjunction with EDF and Steed Construction Limited, electricity has been disconnected from the old pavilion and transferred to the portacabin.

5. **Demolition of old pavilion.** The old pavilion has been demolished and the site cleared including clearance of the Sedlescombe Societies Association old shed and its contents.

6. **Timescale.** At the Clerk's request, the following timescale has been provided:

Week 1-4	Abbey Pynford piling/ground slab
Week 5	Steed Construction to start on site, erect scaffold and commence construction
Week 6-8	Construction work to continue in preparation for roof construction
Week 9-10	Drainage and connection to main sewer
Week 11	Crane trusses into position etc.
Week 12-14	Tile roof, fix gutters, downpipe etc. Strike scaffold
Week 15-17	1 st electrics, plumbing, heating, internal carpentry. Weatherboard building
Week 18-22	Continue external works. Start internal decorations. Plaster walls and ceilings
Week 23-26	Install sanitary ware, showers, kitchen radiators and boiler. Complete 2 nd fix carpentry, doors, architraves and skirtings
Week 27-30	Complete outside works. Complete internal & external decorations. Hand over

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7. Demolition of old pavilion, surveys, temporary facilities etc. An estimate of £10,000 has been included for this work. At the end of May 2008, £4,867 had been spent.

8. Funding and Costing Budget. Current funding/costings are as follows:

SEDLESCOMBE PAVILION (round figures)			
FUNDING BUDGET	£	COST PLAN	£
Approved			
Parish Council donation	20,000	Demolition, surveys, temporary facilities	10,000
Sports Association donation	11,000	Construction stage 1	33,000
2nd Sports Association donation	3,000	Construction stage 2	132,000
Rother District Council donation	5,000	Contingencies	5,000
Isabel Blackman Foundation donation	5,000		
Sedlescombe Societies 2007	1,000		
Local fund-raising from Sept07-date	9,600		
Rangers Junior Football Club	400		
Interest	200		
	55,200		
For approval			
New Rother DC grant	25,000		
Football Association "changing rooms" grant	10,000		
Battle Partnership donation	2,000		
Sale of portacabin	5,000		
Additional local fund-raising 2008	7,800		
Parish Council additional funding and Loan (amount dependent on other funds)	75,000		
	124,800		
	180,000		180,000

From the above, it can be seen that there is no certainty that the amounts listed "for approval" will be obtained. The following should be noted:

8.1 The new-style Rother grant has not yet been approved – the principle of changed grant is expected to go to Cabinet for approval on 7 July and we may have to wait for our application to be considered until 4 August (although there is a possibility that it may be slipped into the 7 July meeting as a guinea-pig).

8.2 The Football Association "Changing Rooms" grant has to be applied for by a Football Club and, therefore, this application has been passed to Paul White of the Sedlescombe Football Club to progress. Unfortunately, although the forms and information were provided to him in February,

he still had not submitted the application form on 3 May 2008! A chasing letter was sent to him on 31 May 2008.

8.3 The Battle Partnership donation has now been removed from “approved” and put into “to be approved” as it was not taken up in the 2007/8 financial year. This will need reconsideration by the Board at its July meeting.

8.4 The sale of the portacabin cannot be considered until the new pavilion is complete and ready for use. However, if the timing was right, it might be suitable to transfer to use as a youth club/community centre, probably after being moved to East View. This would need to be done within the 2008/9 financial year for the youth funding to be available to pay for the portacabin. Otherwise, the portacabin would need to be advertised and hopefully sold elsewhere.

8.5 Additional local fund-raising of £7,800 has been included. Apart from about £300, no more funding is likely to come directly from the Sports Association which has given nearly £14,000 towards the project. The Junior Football Club has given another £400. Although several fund-raising events are planned in the Village, raising £7,800 within the time will be a challenge, particularly as £9,600 has been raised since last September. The continual fund-raising for the pavilion in the Village puts a strain on all other organisations in the community who find it is difficult to fund-raise themselves because so many other events are being arranged. Hastings Borough Council has been asked if it would be willing to contribute because so many members of the sports clubs come from the town. No reply has been received to date.

If all the above-mentioned amounts were forthcoming, it would leave a further £75,000 to be raised through additional Parish Council funding and a loan. If neither the Rother nor Football Association funds were to be forthcoming, the Parish Council would need to find £110,000.

9. Possible additional Parish Council funding. The Parish Council should consider its 2008/9 Sedlescombe Parish Council Budget before deciding to raise a loan. The Council is invited to consider transferring the following amounts, totalling up to £19,200, to the Sportsfield Fund:

- Lead pump refurbishment £3,000 (no decision and no community input, could wait for another year)
- Quarterly playground inspections £150 (not taking place)
- Amount expected in General Funds at year end. £10,000 could be transferred leaving £3,327. (NB, it should be remembered that £7,000 of the money held in General Funds used to be held in the Village Security Fund until the Council agreed it should be transferred into General Funds.)
- Amount in Riverside Playground refurbishment/maintenance. £1,000 could be reduced to £500.
- Amount for purchase of litter bins. £400 could be deleted and any purchase moved to next year.
- Amount held in Tennis Courts Fund £5,150 (not needed imminently although funds will be required in due course if the courts are to be resurfaced again. No decision on this has been made).

It could be possible to free up £19,200 through the above-mentioned transfers and, in order to reduce the amount of the probable loan. One of the conditions attached to applying for borrowing approval is that “unallocated balances, beyond those required for the prudent financial management of the council, should be used in the project for which borrowing is required”. By taking this action, the Council will be adjusting its budget by:

- cancelling proposed expenditure for the 2008/9 year of £4,050;
- reducing by £10,000 the amount expected to be held in balances at the end of 2008/9 to an amount equal to 11.5% of its precept for the current year;
- using £5,150 from a fund being maintained by the Council for long-term capital expenditure at the tennis courts – the proposed pavilion is expected to provide facilities for users of the tennis courts and the future use of the courts is very uncertain.

10. Urgency. In May 2008, Sedlescombe Football Club's first team came out top of Division One of the East Sussex League but has been told that it will not be allowed to move into the Premier Division and play matches at Sedlescombe Sportsfield until washing/showering facilities are provided at the field. It was the Football Club's need for separate accommodation for the referee when moving into Division One that had previously led to obtaining and fitting out the portacabin.

The order for Stage 2 of the Project cannot be given until all the money or borrowing approval is in place.

11. Borrowing. If the Parish Council agrees to adjust its budget as in 9 above, and with all other avenues of financing the project within a reasonable timescale exhausted, borrowing appears to be the only way that a replacement pavilion meeting the requirements of local clubs can be provided. Parish councils are allowed to borrow money for capital purposes by paragraph 2 of Schedule 1 to the Local Government Act 2003.

11.1 Source of borrowing. Parish councils are permitted to obtain funds from whatever source they can find (subject to special permission to borrow in foreign currencies) but most councils use the Public Works Loan Board (PWLB) or the clearing banks. Loans may also be taken out from individuals or private or voluntary sector organisations although councils are advised to seek appropriate advice before considering borrowing from a source other than the PWLB or clearing banks. Property cannot be mortgaged to provide funds.

When the Parish Council purchased the sportsfield in 1984, it was a time of very high interest rates (about 15%). A loan was obtained from Barclays Bank at 1% over base to help pay the £15,000 purchase price.

11.2 Borrowing approval. Before obtaining a loan, parish councils must obtain borrowing approval through their county associations. No government consent is now needed although the government has reserve powers to set limits on borrowing and credit which it would probably only use in exceptional circumstances eg where local authorities' total borrowing might threaten the country's overall economic interests.

SALC sends off the borrowing approval application to DCLG as soon as received. Borrowing approval should take about 14 days from receipt by DCLG. The borrowing approval authorises the Council to take out a loan within a period of six months starting with the date of issue of the borrowing approval or, if the borrowing is issued in the second half of the financial year, within the period which begins on the date of issue and ends on the last day of the financial year. The receipt of borrowing approval will allow the order for the work to be given.

12. Amended Funding situation and the effect on the Sedlescombe Parish Council Precept of servicing and repayment of the debt. If the Parish Council agrees to move an additional £19,200

into the Pavilion Fund, the amount in the budget which has been approved will increase to £74,400. Still to be approved or raised locally equals £49,800 (Rother DC new grant £25,000, FA Changing Rooms £10,000, Battle Partnership £2,000, Sale of portacabin £5,000, Additional local fund-raising £7,800).

SEDLESCOMBE PAVILION (round figures) FUNDING BUDGET	£
Approved	
Parish Council donation	39,200
Sports Association donation	14,000
Rother District Council donation	5,000
Isabel Blackman Foundation donation	5,000
Sedlescombe Societies 2007	1,000
Local fund-raising from Sept07-date	9,600
Rangers Junior Football Club	400
Interest	200
	74,400
Expected further income	49,800
	122,200
Shortfall – loan probably needed to cover.	55,800
	180,000

12.1 Best-Case Scenario

The above table shows the best-case scenario resulting in a shortfall of £55,800. Loan repayment periods of between 2 and 50 years are available from PWLB although the loan should not last longer than the item it is financing. Premature repayment of loans is allowed but a premium may be payable. The following prices were as at 2 June 2008.

Fixed Rate PWLB (Annuity) loan of £55,800 would cost SPC and affect a Sed Band D Council Taxpayer as follows:

25 years @ 5.16% £3,998 p.a. (£99,949) – additional £6.06 = £49.99. 12th in parish list. Plus 13.8%
 15 years @ 5.14% £5,382 p.a. (80,728) – additional £8.15 = £52.08. 10th in parish list. Plus 18.6%
 10 years @ 5.13% £7,196 p.a. (£71,961) – additional £10.90 = £54.83 9th in parish list. Plus 24.8%

12.2 Worst-Case Scenario. If neither the Rother DC £25,000 nor the Football Association £10,000 was received and no other large grant could be found, a loan of £90,800 would be needed.

Fixed Rate PWLB loan of £90,800 would cost SPC and affect a Sed Band D Council Taxpayer:
 25 years @ 5.16% £6,506 p.a. (£162,641) –additional £9.86 = £53.79. 10th in parish list. Plus 22.4%

The relevant position in the table to other parishes is given as an illustration but their Council Tax will depend on their own projects and other expenditure and, in the event, Sedlescombe's position could be entirely different.

Alternatively, it is possible to repay equal instalments of principal where the overall total cost is lower by the initial half-yearly cost is greater and reduces each year.

When applying for borrowing approval, the worst-case scenario needs to be used. The following information has to be provided:

Name of Council and Clerk	SPC & PR
Contact Details	PR
District	Rother DC
Purpose of borrowing	To help finance construction of a sports pavilion at Sedlescombe Sportsfield
Total cost of the project	£180,000
Funding from Council's own resources	£39,200 (to be approved)
Funding from other sources	£50,000
Whether funding from other sources is confirmed	£35,200 confirmed
Amount to be borrowed	£90,800
Intended borrowing source	PWLB or Barclays Bank
Intended borrowing term	25 years
Details of current loans outstanding	None
Current level of precept	£29,000
Number of electorate	1,120 (660 Council Tax base)
Description of council's asset base and value	Owner of Village Green, Recreation Ground, Car Parks, Nature Park, Sportsfield, Bus shelter Sole trustee of Charity for recreation use of land Owner of street furniture – seats and litter/dog bins Office equipment Total £86,000
Value and purpose of all funds currently held – changes to be made if Council agrees figures	£28,893 – General Funds (change to £14,693) £35,569 - Sportsfield Fund (change to £54,769) £26,520 – Clerk's Gratuity Fund £5,000 – Tennis Courts Fund (delete) £95,982 - Total
Confirmation of the agreement of full council	?11 June 2008

13. Can Sedlescombe Parish Council afford to service a debt of £90,800? Although the increase mentioned above results in a large percentage increase, it appears that Sedlescombe's Band D Council Tax will not be excessive compared to other Rother parishes. At this level, the loan would be affordable and as it is a fixed-rate loan, the level will remain the same despite changes in interest rate levels. No significant financial future developments can reasonably be foreseen which would affect the ability of Sedlescombe Parish Council to finance the costs in future years. The Parish Council has no outstanding loans.

On the down-side, the Parish Council will not find it easy to make major contributions towards future projects in the Village that arise. However, the Village Hall/car park is only seven years old, the sportsfield car park was extended and resurfaced three years ago to accommodate fifty cars, the Riverside Children's Play area had work carried out to it amounting to more than £40,000 just two years ago and the East View Children's Play area has had a new piece of multi-play equipment together with safety surfacing and a seat and bin provided in the last couple of

months. The tennis courts are the only area where funding may be required in the not-too-distant future although no decision has been made on what should be done.

14. Who will foot the running costs of the new pavilion? Future running of the pavilion will not be in the hands of the Parish Council but will be, as previously, part of the land and buildings leased to Sedlescombe Sports Association (27 years left to run). In order that VAT can be reclaimed on the building work, HM Customs & Revenue has specified that no rent should be charged by the Council for the use of the building. As well as continuing use by the two teams of Sedlescombe Football Club, the fourteen teams of Sedlescombe Junior Football Club, the Hastings & St Leonards Bowmen and Sedlescombe Cricket Club, plans are in hand for increased use when reasonable pavilion facilities are available. The new Rother Community Grant, currently out for consultation, also proposes, as well as capital grants, match-funding of up to £5,000 p.a. for two years for running costs. This, if obtained, would help get the pavilion off the ground if the match-funding could be raised in the Village.

15. Risks of not building the pavilion now. Members will remember the debate at the last well-attended Annual Parish Assembly in April 2008 (125 present) regarding the rights and wrongs of increasing the precept to pay for servicing a pavilion debt. The risks of not undertaking the work now are as follows:

- Building costs will rise faster than money can be raised.
- The Sedlescombe community will turn its attention to other projects that need support.
- The current expertise regarding building work and fund-raising may not continue to be available leading to a further increase in costs and loss of income.
- The background work already undertaken with the preferred contractor will be wasted.
- Planning permission will expire in 2009 which will mean additional planning costs.
- Sedlescombe Football Club will not be able to play at the sportsfield for longer than one season because of lack of showers.

16. Approvals required at the Extraordinary Meeting of Sedlescombe Parish Council to be held on Wednesday 11 June 2008.

16.1 That an additional £19,200 is transferred from the Council's 2008/9 budget to the Pavilion Fund.

16.2 That an application is made for Borrowing approval for a PWLB fixed-rate loan of £90,800 to be repaid over 25 years