

BOTTISHAM PARISH COUNCIL

5 SEPTEMBER 2022

ISSUES REFERRED FROM THE FINANCE WORKING GROUP

Outturn to date (10 August 2022) and forecast to year end

The Council's budget falls into two main parts: the revenue expenditure for the year and the expenditure on capital projects extending beyond the financial year.

Taking the revenue element first, with the August bills paid we have spent £10,919 and, forecasting generously for the remainder of the financial year, we estimate we may spend around a further £18,379 on revenue items making a total of £29,298 against a budget of £37,343. This suggests an underspend of around £8,000 under these headings which allows considerable room for unexpected expenditure. More detail underlying this forecast can be seen on tab 1 of the accompanying Spreadsheet.

The situation with the one of the two capital projects for the Parish Council is more complex. Out of a total of £55,100 for capital projects, £20,000 provision was made for the purchase and installation of play equipment which is unlikely to be required in this financial year. The remaining £35,100 is for costs relating to the New cemetery. The amounts identified in the PC budget prior to the start of the current financial year were notional and bear little relation to the way in which costs have actually arisen. Consequently Cllr Wilson prepared a spreadsheet setting out what expenditure has already been made and what costs were likely to arise in the phases of securing planning permission and purchase of the site. The costs of construction phase will need to be determined as a separate exercise.

Taking account of all costs in the year to date but only taking into account revenue income and costs for the remainder of the year, the forecast year end figure for reserves is £165,382 (which is very close to the level at the start of the year).

Recommendation: The Parish Council is recommended to advise of any queries regarding the these figures and agree that they offer a reasonable forecast for the remainder of the financial year.

New Cemetery budget

Two spreadsheets are attached that bring us up to speed on where we are on this:

1. Projected purchase costs (see tab 2):

Costs have escalated a little due to issues that have arisen during the planning application phase. We also only have indicative costs from ECDC and National Trust.

Note - we still await an estimate for the costs of the ECDC legal team, but expect these to be relatively small in the scheme of things. On the other hand, the estimated cost of the CPO itself at £40K should be £15-20K lower, as we are not expecting a public enquiry.

The positive news is that we expect that the currently estimated costs of purchase (>£139K) are much lower than the projected year end reserves of £165K. Thus, if we complete the purchase in this financial year we will still be carrying forwards a reserve of £30K into 2022/3.

2. Projected costs for construction (see tab 3)

It is too early to go to tender for construction costs as yet. However, our consultant managing the project has made a very “rough” projection of potential costs of £425K (including 10% contingency). This was a bit of a shock as we had been expecting costs of circa 200K. However this projection is almost certainly an over-estimate, as we will not be developing the whole site initially. Further, there is >£50K included for grading/construction of the platform once the soil has arrived. Based on initial responses from local developers we expect the suppliers of the soil to cover all/much of this cost using their own equipment.

However, if we end up requiring a loan from the PWLB of £400K (at current interest rate of 3.87%) we would expect an annual cost of £9K over 50 years. We are currently running with an excess of £10K over normal Parish Council running costs - thus we should be able to accommodate this without any change in precept.

Recommendation: The Parish Council is recommended to endorse the following actions proposed by the Finance Working Group:

- a) Advice from ECDC is that we would be eligible to apply to the Growth and Infrastructure Fund (closing date of 7 October 2022). The Working Party consider we should apply for a grant to cover the 65K sale costs and £40K legal costs.
- b) That, on obtaining planning permission (hopefully end September), that we should instruct ECDC to proceed with purchase of the land in Lode Rd using our current cash reserves.

Church Floodlighting

Based on previous invoices of around £400 from the PCC to cover the cost of floodlighting, the current year budget had a provision of £520. One issue has been that the bills were issued considerably in arrears so the last invoice from the PCC covered the calendar year 2019.

When reviewing the Church’s finances, the PCC Treasurer discovered that the Church had wrongly believed that the hours of floodlighting were charged at the economy 7 rate whereas, in fact, the normal day rate applies. He therefore calculated that the amounts that should be recharged for the years 2020 and 2021 are £1285 and £1580 respectively. He has asked for the PC’s agreement for him to issue invoices for those amounts to bring the accounts up to date to 31 December 2021. It is recommended that this is approved by the PC at its meeting in September.

On the above basis, the costs incurred for the period up to end of May 2022, when the problem was identified, are £1,033. At that point the lights were switched off so that options could be considered before any further costs were incurred.

Since then, the PCC has replaced the timeswitch with one that can be controlled more precisely than the old mechanical one when the lights stayed well beyond the indicated time.

While huge savings can be made by replacing domestic lights with LEDs, the electrician engaged by the PCC advised that the benefits of installing LED floodlights would only reduce consumption by 25% from 400 watts to 300 per light per hour. The quoted cost of replacing the lights is £337+VAT per unit. In that context, the best course is probably to replace the current units as they fail.

Now that we have more precise information about the cost of running the lights, the PCC is seeking a decision from the PC about resuming the floodlighting. As an illustration of the cost, running the 6 floodlights for two hours per night would be £2.56 (ie 2x2.4kWx53.31p). This would equate to about £934 per year at current prices, which are expected to increase substantially in both October and January. The PCC Treasurer has subsequently advised that the current cost per kWh is 70.58625p inc

VAT (which we would not be able to reclaim). This increases the annual cost for 2 hrs per night to £3.39 per night or £1236.67 annually.

If this option (or an equivalent one of longer hours with fewer lights) were to be agreed, the cost of running the lights from September to the end of December would be £413 at current prices. The latest estimate for the scale of the October rise is 82% which would increase the cost to £669 for the period. Adding this to the costs already incurred in the period up until May would indicate that provision should be made in the 2023-24 budget for at least £1,702 when the invoice is received for the calendar year 2022.

Recommendations: The Parish Council is recommended to:

- a) Approve the payments to the PCC of £1285 and £1580 for the calendar years 2020 and 2021 respectively
- b) Make provision of at least £1702 in the 2023-24 budget to cover costs already incurred and the running all 6 lights for two hours per night up until the end of December 2022
- c) Note the plan for Cllr Wilson to meet with Mr Jenyns and Mr Jolley to determine the actual timing and numbers of lights within the resource allocated

Resurfacing the Churchyard Path

The need to repair the Churchyard path is a capital expenditure requirement that has emerged since the 2022-23 budget was prepared.

Three quotations have now been received to resurface the path from the rear entrance from Downing Close as far as the North Porch of the Church:

Quotation 1: £5,180+VAT

Quotation 2: £4,500+VAT

Quotation 3: £4,000+VAT

Recommendation: Having reviewed the three quotations, the Finance Working Group recommends that Quotation 3 be accepted.

Finance Working Group – 1 September 2022