

# **Financial Report**

**Potential Playground Project  
St Andrews Close Recreation Ground**

# **WEST DEREHAM PARISH COUNCIL**

## **PURPOSE OF REPORT**

Residents are asking the Parish Council to install and maintain a playground at St Andrews Close recreation ground.

A Parish Council has the power to provide recreational facilities under the Local Government (Miscellaneous Provisions) Act 1976 Section 19.

The purpose of this report is to inform Council of the financial commitment to the Parish Council of a new playground at St Andrews Close recreation ground.

# WEST DEREHAM PARISH COUNCIL

## INITIAL INSTALLATION

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- Grants will fund most of the installation but not all
- Most grant schemes will ask to see commitment from a village for a playground. This will include financial support from both the Parish Council through the Precept and the community through fundraising.
- Current quotation **£55000**. Assuming an increase 5% over the next 3 years, the quotation in 3 years could be **£64000**. Revised quotes should be obtained yearly.
- NB - benches and bins are not included in these quotations
- Income/expenditure will exceed £25000pa. External audit costs would be highly probable from the outset of the project
- I recommend a minimum of **15%** is accrued in an earmarked fund by the Council for the playground over the next 3 years. **£9600** (*see additional notes at the back of this report*)
- Grants are awarded NET of VAT, the Council will need to have funds available to pay the VAT on the equipment and then claim the VAT back from HMRC as soon as possible

## **INITIAL INSTALLATION**

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### **PARISH COUNCIL EARMARKED FUND - VIA BUDGET AND PRECEPT**

Year 1	£3200
Year 2	£3200
Year 3	£3200
<b>Total</b>	<b>£9600</b>

### **COMMUNITY FUNDRAISING - (FUNDS TO BE HELD BY THE COUNCIL)**

Year 1-3	£2000
<b>Total</b>	<b>£2000</b>

**TOTAL ANTICIPATED EARMARKED RESERVE AFTER 3 YEARS                    £11600**

NB - Additional staffing budget for Clerk hours required for the project, are not included in the £3200pa

# **WEST DEREHAM PARISH COUNCIL**

## **ONGOING MAINTENANCE AND MANAGEMENT ONCE INSTALLED**

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Points to be aware of:

- There will be an increase in the Parish Council assets from £31000 to £84000.
- A playground must be included in the Financial Risk Assessment of the Council
- There will be an increase to the insurance premium
- Extra staff and Councillor time (for documentation and weekly checks) will be required
- There will be annual safety inspection costs
- There will be training costs for staff & Councillors, to enable completion of the weekly safety checks
- The Council will need to budget each year for building an earmarked reserve for repairs and replacement
- Accidents must be recorded and held by the Clerk
- NB - if a child has an accident at a playground, once they turn 18 they have 3 years to make a claim for an incident that happened to them during childhood. Accident records must be stored long term

## **ONGOING MAINTENANCE AND MANAGEMENT ONCE INSTALLED**

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### **ESTIMATE OF ONGOING ANNUAL COSTS ONCE INSTALLED**

Insurance additional increase	£ 450
Training and Annual Inspection	£ 200
Maintenance Fund (earmarked reserve)	£2500
<b>TOTAL COST PER ANNUM</b>	<b>£3150</b>

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# WEST DEREHAM PARISH COUNCIL

## SUMMARY

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- From 2023 the Parish Council should consider budgeting **£3200pa** towards a playground project. Firstly to build funds towards installation. Then for ongoing costs.
- For each Council Tax paying household this would equate to an additional **£20.05pa or £1.67pm** (based on the current tax base)

## NEXT STEPS

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- Consult residents through a community questionnaire
- Collate results of the consultation
- Full Council consider the playground plans, community feedback and this financial report
- Full Council to vote at a meeting on whether to approve the playground project as a Parish Council project and new asset
- Decision must be made by the October 2022 meeting for the project to be included in the 2023-24 budget

# **WEST DEREHAM PARISH COUNCIL**

## **ADDITIONAL NOTES**

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### **Why 15% has been recommended for building the initial Parish Council earmarked reserve:**

- The Parish Council general reserves are currently at the low end of what is recommended as acceptable in the Joint Panel on Accountability and Governance Practitioners Guide.
- At year end 2021-22 general reserves were equivalent to approx. just over 4 months net revenue expenditure.
- The recommended amount for a small council would be closer to 12 months.
- The PC need to be cautious not to skimp on building a playground earmarked fund, otherwise the PC may need to draw down from general reserves.
- Another indicator used to determine the 15% recommended in this report, was the scoring criteria for BCKL&WN CIL funding. A Council committing 15% to the project would be mid-range on the scoring system.
- NB - Early 2022 CIL funding applications totalled £1,494,299, BCKL&WN only had £431,858 available to allocate. The Council would need to present a strong case, scoring highly on the criteria matrix if applying for CIL funding.
- NB - If a FCC grant is applied for the Council must be aware the FCC charge the applicant a 10.75% levy on any grant awarded. It is unlikely other grants would be able to be used to pay for fees from the FCC grant. The Council would need to have this money readily available.
- Other grants maybe available and would need to be fully investigated by the RFO.



Councillors must have regard to the following documents:

### **Financial Regulations**

In particular:

1.2. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.

4.6. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.

### **Standing Orders**

In particular:

18 Financial controls and procurement

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