

Explanation of Negative General Reserves on 31st March 2022

In 2022 East Ilsley Parish Council completed a full excavation of the Village Pond. The Pond was six inches deep due to silt build up over a period of twelve years. During heavy rainfall, the pond regularly flooded and this caused repeated flood damage to neighbouring properties and made navigation around the one way system problematic.

As of the 1st of April 2021, we had £10,887.54 in our Ear Marked Reserve for the Pond (EMR 327). We increased the Precept from £14,430.00 to £19,935.00 to allow us access to a further £5,505.00 towards our Pond project, totalling 16,392.54.

The invoices were presented in two parts, the first was for the excavation of the pond which took place in September 2021, and the second was invoiced in March, once the silt had dried sufficiently to allow transportation to the waste recycling plant.

Invoice 1 = £13,500.00 (VAT of £2,700.00) totalling £16,200.00 paid on 12th October 2021.

Invoice 2 = £16,001.00 (VAT of £3,200.20) totalling £19,201.20 paid on 17th March 2022.

Grand Total for complete Pond Excavation = £29,501.00, £35,401.20 including VAT.

We received a CIL Grant from West Berkshire Council for £14,122.46 and a further £1,000.00 from our District Councillor as their 'Member's Bid' for the year.

Total grants received = £15,122.46.

Summary of Figures:

Total Cost of Project (including VAT) = £35,401.20

-£14,122.46 Grant from WBC

-£1,000.00 from District Councillor Member's Bid

-£10,887.54 from EMR 327 (Pond)

-£5,505.00 from Precept increase

= £3,886.20 balance remaining to come from General Reserves.

This contributed to the negative value of **-£1,012.25** in our General Reserves for the year ending 31st March 2022. It also explains the difference in value of our total EMR's (£16,272.18) and our combined bank account balance (£15,259.93) = £1,012.25

Our VAT 126 Claim for 2021 / 2022 totals £8,410.99 and this has been submitted for claim on 31st March 2022.

We have also kept our Precept request at a similar level to 2020 / 2021 (£19,024.00) to help up build back a decent amount of General Reserves and provide a small pot of 'Pond Contingency' funds for any remedial works that need to be applied this coming year. The VAT 126 claim of £8,410.99 will also go towards topping our General Reserves back up for 2022 / 2023.

We were unable to move any other EMR funds into the Pond project to help us keep the General Reserve fund positive, the majority of our EMR's are S106 / CIL or Environmental Stewardship of a field and we could not repurpose that money.

Once our VAT 126 Claim is received in April 2022, and the first Precept Payment of £9,512.00, also due in April 2022 our General Reserves pot will be back in credit, with a healthy sum. This will allow us to ring-fence more money into our EMR's for future projects and keep the General Reserves healthy again.

There are no large financial projects scheduled for 2022 / 2023 currently.

It is also worth pointing out that this project was not put out via the 'tender process' originally. Although we have paid in excess of £25,000 to the same company, the original quotation for the work was presented to the Council at £20,549.00 (see quote below):

25/08/2020

<u>East Ilsley Parish Council</u>		TL Contracting (Martin)			
<u>Pond Cleaning</u>					
1	Soil Test (WAC)	1	Item	£ 650.00	£ 650.00
2	Mobilization of plant and equipment 2 visits	1	Item	£ 1,200.00	£ 1,200.00
3	Heras panels to perimeter of pond inc of removal	1	Item	£ 1,150.00	£ 1,150.00
4	Over Pumping 6" Super Silenced Pump	2	Weeks	£ 1,350.00	£ 2,700.00
5	Excavate to Reduce Levels	1	Item	£ 6,900.00	£ 6,900.00
6	Depoistioning of materials to Field within 250 M	1	Item	£ 3,500.00	£ 3,500.00
7	Re Mobilization of plant and equipment	1	Item	£ 500.00	£ 500.00
8	After material has dried re visit and depose of excavated materials off site to licenced tip based on 11 loads away	11	Loads	£ 359.00	£ 3,949.00
				<u>Total</u>	<u>£ 20,549.00</u>

The excavation removed 50 tonnes of silt from the pond, which equated to 49 lorries rather than the originally quoted 11. Our CIL Grant from West Berkshire Council did not factor in the additional lorry loads, hence the reason for needing to utilise the funds in General Reserves.

We are confident that despite the variances that this project has given us, the budget has been well managed and documented throughout the year. With the VAT 126 refund due soon, this will bring the General Reserves back into a positive figure at the start of the fiscal year and we will be able to maintain decent reserves through 2022 / 2023.

The Clerk is happy to discuss this in more detail and provide other types of evidence to support this explanation if necessary.