

Paper to Broadwas & Cotheridge Parish Council in relation to the proposed extension to the Village Hall

Dear Fellow Councillors,

Context

As some of you may recall, I abstained in the vote at the end of the private August meeting. The underlying reason for that was that I realised during that discussion that I was not equipped with all the relevant facts. Having subsequently spoken to Eric Dale (ED), I agreed to put together a paper in an attempt to address that omission in advance of the Parish Council (PC) meeting on 14.09.2020 – so here goes.

I have tried to exclude most matters of opinion but I have asked ED for the opportunity to address the PC with my views fairly early on when this matter comes up for discussion on the Agenda.

Background

The village hall is managed by the Village Hall Management Committee (VHMC) in their role as Managing Trustee. One member of the PC is appointed to represent it on the VHMC. The PC is also the Custodian Trustee. It does not have any day to day involvement with the running of the hall in that role but it has provided financial support in recent years – e.g. by paying the insurance premiums and the cost of upgrading the surface of the car park.

Planning permission has been obtained to construct an L shaped extension to the village hall to create sufficient space for a raised stage area (albeit the ceiling height will limit the height of the stage) plus an additional store room and a separate committee room for small meetings. Although the application was made by the VHMC, slightly confusingly, it was done in the name of the Parish Council.

In 2019, the VHMC approached the PC with regard to funding the proposed extension and the matter was discussed at the PC meeting on 14.10.2019. According to the Minutes of that meeting, there was agreement to ring fence £30,000 from PC funds for the proposed extension. This decision appears to be subject to two conditions: -

1. The VHMC obtaining the necessary additional funding.
2. The building contract being entered into in the name of the PC. I was unable to attend that meeting but understand from ED that one of the reasons why this condition was inserted was that it would allow the PC to recover VAT on the cost of materials whereas the VHMC is not in a position to do so.

In July 2020, the VHMC provided confirmation that the additional funding was in place (albeit assuming that the quotation provided by the builder in 2019 was still valid).

There is no evidence to confirm that the VHMC has accepted that the contract should be in the name of the PC – indeed it would appear from subsequent informal discussions between the Chairs of the two bodies that the VHMC does not accept this condition.

One underlying issue is therefore whether, in stipulating this condition, the PC erroneously stepped into the role of Managing Trustee. It seems to me that there are at least two ways in which this particular point can be addressed: -

1. If it is so inclined, the PC can pass a motion removing this condition as the original decision was taken more than 6 months ago and therefore our Standing Orders allow this to happen without a Special Motion.
2. The PC can affirm its original decision to include this condition. This would in effect make the PC directly liable for any overspend – which may or may not be seen as a positive bearing in mind that the VHMC does not have significant cash reserves. If the works do proceed in the name of the PC, almost certainly the grant of £15,000 from ACRE would not be forthcoming as their Guidance Note specifically states that Parish Councils are ineligible to receive grants. This shortfall would need to be met from other sources although it would be offset in part by the PC's ability to recover VAT. It would also be necessary to establish that the other grant giving bodies are content for the PC to be the client for the purposes of the building contract.

There are doubtless other solutions between these two extremes, but they can only be achieved by negotiation between the PC and the VHMC.

Following on from the decisions taken in October 2019, a number of concerns have been raised within the PC regarding the project. I have summarised below my understanding of the current position regarding what I think are the six most significant aspects but would emphasise that a number of them are dependent upon how the issue highlighted above is resolved.

1. Impact of Covid 19

The hall is currently closed for regular bookings and there is no certainty as to when “normal service” will return or what the “new norm” will be. That said, I understand that the VHMC believe that some regular users are keen to resume activities. On the other hand, I understand that the person running the Pilates Group has said that, in its current configuration, the hall is too small to allow social distancing which might indicate that a larger hall could be more viable.

Any decision regarding re-opening of the hall for regular bookings will presumably depend upon the VHMC's risk assessment confirming that an appropriate cleaning regime can be put in place but that is a matter for the VHMC and not the PC.

Against this background, it has been suggested that it would be unwise to commit funds to a major extension until there is a clearer picture of the future for all community buildings. On the other hand, undertaking the work whilst the hall is not in use might have practical benefits for the building contract.

2. Financial standing of the VHMC (and level of usage)

The VHMC has increased usage of the hall in recent years. Nevertheless, it still struggles to meet the regular running costs and is not in a position to build up any substantial reserves. There are reasonable grounds to anticipate that the proposed extension would increase usage and therefore revenue. A figure of 10% has been mentioned but this can only be a “best estimate”. It also assumes no long-term impact from Covid 19.

3. Conditions imposed by other funding bodies.

These have been provided by the VHMC – ED’s email of 17.08.2020 provides details. None of the bodies appear to have imposed any onerous conditions although the Section 106 funding is subject to MHDC’s standard documentation.

4. Detail of building contract, design liability etc.

My understanding is that this information has not been provided to date by the VHMC – although I may be wrong in respect of the builder’s 2019 quotation.

5. Who would be responsible for any overspend?

Whichever body enters into the building contract would be responsible although, in the event of the VHMC subsequently folding and not being replaced, the PC could, in theory, have some liability as Custodian Trustee. I am not in a position to comment upon whether, in those circumstances, the members of the VHMC would have any personal liability as that is well beyond my knowledge.

6. Does the PC have sufficient reserves once the grant has been made?

Our clerk has prepared an updated Budget Review which will show unallocated reserves of at least £20,000 on the basis that there will not be any major capital expenditure at Berryfields in the foreseeable future.

A possible way forward

One way in which the current impasse could be addressed would be for the PC to revisit the decisions it made in October 2019 and in particular the requirement that the building contract should be in the name of the PC.

If the PC affirms that decision, the matter would then have to go back to the VHMC for it to decide whether it accepts that condition.

Alternatively, if the PC agrees to withdraw that condition, the PC will then need to decide whether, having regard to the other concerns referred to above, to make any alternative stipulations or recommendations to the VHMC.

I hope that the above will assist the discussion on 14 September when I shall be pleased to express my personal views.

Robert Pearce
05.09.2020