

Western Area Committee

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REPORT

RELEASE OF “R2” FINANCIAL CONTRIBUTIONS IN DONHEAD ST MARY FOR NEW RECREATIONAL FACILITIES

Report Summary:

The purpose of the report is to seek Members' approval to release developers' contributions associated with new residential development in Donhead St Mary and collected under the terms of policy R2 of the adopted Salisbury District Plan.

Committee approval for the release of funds is required for the proposed project because the amount sought exceeds the £5000 limit for monies to be released by officers under delegated powers.

The proposal

Donhead St Mary Parish Council has requested that the available contributions be used to provide a new play area at the New Remembrance Field. . The current children's equipment has not passed the safety inspection, and the equipment was subsequently removed for safety reasons.

Three quotes were obtained for the equipment. The preferred supplier of the parish council is “Castles in the Air” with a cost of £13225. This was not the cheapest quotation, but the quality of the equipment and the 15-year guarantee provided makes this quote more preferable.

It is considered that the proposed scheme is an appropriate use of 'R2' contributions. In accordance with policy R2 it will provide an outdoor recreation facility that is publicly available for use by small children.

R2 funds available

Financial contributions have been received from a number of separate residential developments in the village. There is approximately £12495.71 plus interest available for expenditure on appropriate off-site recreation facilities because the relevant developments have started. This includes some money donated by Donhead St Andrew parish, as they have no recreation ground on which to spend the money.

This leaves a shortfall of £729.29 which the parish council are happy to make up, however there is interest to be added to the £12495.71, so the amount the parish council have to make up may be small or nil.

The total cost to purchase and install the equipment is £13225. The Parish Council has requested that the available R2 monies be released for this scheme.

One of the conditions of the sales contract is that a deposit of 50% is payable on accepting the contract which will be £6612.50 plus VAT. This is unusual, and there is an element of risk in releasing the funds in advance of the work being completed.

The Parish Council does not have the funds to pay for the deposit themselves and are requesting that the R2 money be released to cover the deposit. There are 3 options that Members may wish to consider.

OPTION 1

Not to pay the 50% deposit up front, and suggest that the Parish either try and negotiate with the supplier to waive this requirement, or that they choose another supplier that does not have this requirement for an upfront deposit. The R2 money does not expire until August 2007 at the earliest, so there is time for this option to be pursued.

OPTION 2

To pay the 50% deposit up front as requested. However, if the contractor were declared bankrupt before work was commenced, this Council would lose the deposit paid. Members therefore need to carefully consider whether it is acceptable to take this risk and release the money in advance of the work being carried out. If Members were minded to recommend this option, then it would be advisable to carry out a company credit search, which is to our satisfaction, prior to releasing the money.

OPTION 3

To pay for all the equipment up on a supply and fit basis, paying for the equipment up front, leaving the fitment to be paid for once the work has been completed to a satisfactory standard. In this case the Parish would legally own the equipment, and would only have to then find another company to fit the equipment if the contractor did go out of business. As with option 2, if Members were minded to recommend this option, then it would be advisable to carry out a company credit search, which is to our satisfaction, prior to releasing the money.

Conclusion

If the price quoted by Castles in the Air is so competitive that the parish council is unwilling to choose another supplier and the company is unwilling to depart from its usual business practice Option 1 will be unavailable. In these circumstances the officers' preferred option is Option 3 as it gives more security to the Council

Recommendation

It is recommended that up to £13325 of 'R2' contributions be released by this Council to assist the funding of the recreation scheme outlined above. Members need to decide which of the above options they think is appropriate taking into account the financial risk involved. The release of the monies will be made following receipt of invoices for the works undertaken.

Background Papers:

Salisbury District Local Plan Adopted 2003 Policy R2

Implications:

Legal: None

Financial: The request for the level of release of R2 contributions is in line with the total amount available and the financial risks in relation to the parish council's request are set out in the report.

Personnel: None

Environmental: None

Human Rights: None at this stage

Council's Core values: Excellent Service; Fairness and Equality; open, learning Council and a willing partner; communicating with the public; supporting the disadvantaged.

Consultation Undertaken: This proposal is being put forward by the Parish Council.

Parish Affected: Donhead St Mary and Donhead St Andrew