

Briefing Note

Trewidland Village Hall Rebuild Project

4 minute read

1.0 Introduction

The Parish Council have declared their strong support for the rebuilding of Trewidland Village Hall (TVH) and agreed to consider financial support for the TVH Rebuild Project. The Parish Council have a small working group to liaise with the TVH Rebuild Project Team on the detail of our collaboration.

2.0 Proposals

- To earmark £7500 from the Parish Council Reserves to support the rebuild of Trewidland Village Hall
- To manage the financial risk to the Parish Council by using a staged transfer of the funds
- To explore the possible use of the Parish Council's right to reclaim VAT on goods and services to maximise the financial contribution to the rebuild

3.0 Financial Contribution

3.1 The Parish Council has a projected closing balance on 31 March 2026 of about £33,000. National advice for smaller Local Authorities is that a General Reserve should be maintained equivalent to 12 months of expenditure. Net Revenue Expenditure for St Keyne and Trewidland Parish Council (2024-25 figures) is about £16,000. How these figures were arrived at is set out in more detail in Appendix 1 attached to this Briefing Note.

3.2 With a projected closing balance of £33,000 and maintaining a General Reserve of £16,000, there is unallocated Reserve of about £17,000 available for other projects. The Parish Council has very little scope for income generation and therefore is unlikely to build up the Reserve from year to year. Once funding is allocated to a project, the Reserve is therefore reduced permanently.

3.3 In the light of this it seems prudent to earmark £7,500 from the Parish Council Reserve for the Rebuilding Project. This is less than half of the unallocated Parish Council Reserve available (£17,000), leaving funds available for projects in future years. It is also about half of the estimated cost (£15,000) of all the Plans, Fees and Charges to get to the point of starting to build – the other half being met by accumulated savings held by the Village Hall Committee.

4.0 Risk Management

4.1 The potential risks on this project initially identified by the Parish Council Working Group now appear to have been well met: there was lack of clarity about both the status of the TVH Trustees and about the breadth of support for the Project across the Trustees, VH Committee and the Community. However, the legal status of Trustees has been confirmed

and a Rebuild Project Team has been established with representatives from the TVH Committee, Trustees and Community, forming a strong leadership team for this project.

4.2 However, a further risk is that Parish Council funds may be lost if Planning Permission is not granted. The Rebuild Project Team have obtained informal advice from Cornwall Council Planning and from their Architectural Adviser that as Planning Permission was granted a few years ago for a similar rebuild on the same site, it is likely that permission would be granted. Failure to obtain permission therefore appears to be a low risk.

4.3 The Rebuild Project Team have requested early provision of Parish Council funding because the grants that appear to be available for the rebuild do not generally cover the early stages leading to obtaining Planning Permission. Grants for rebuilding appear to require Planning Permission to have already been obtained. Parish Council funds are therefore more useful at this early stage. If the Parish Council withheld funding until the building phase, the contribution would be a small fraction of the building cost and would have much less impact than at this initial stage. Furthermore, the risk that insufficient funds are raised to complete the rebuild once Planning Permission has been obtained is mitigated by the number of grants that appear to be available covering all aspects of the building stages.

4.4 It is proposed that Councillors agree to provide funding by means of staged payments rather than provide the total earmarked funds upfront. The Rebuild Project Team have identified three stages in obtaining Planning Permission, involving costs at each stage. They have requested that the Parish Council provide financial support at each stage. The Reports carrying the greatest risk to obtaining Planning Permission and to increasing the rebuild costs (Contamination Report; Ecological Assessment; and Biodiversity Net Gain Assessment) would be the initial stage. The estimated cost (ex VAT) being £4,152, which the Parish Council could share with the TVH Committee. If the Reports highlight any unforeseen obstacles and increased costs, then the Parish Council could reconsider how to structure the next stages of funding provision.

5.0 VAT

If it is permissible for the Parish Council to reclaim VAT in this instance, then £7,500 of Parish Council funds would effectively purchase £9,000 of goods and services, if these were commissioned by the Parish Council on behalf of the TVH Committee. The Parish Council could also consider offering to commission other aspects of the Rebuild Project thereby reducing overall costs. The Clerk is taking advice from Cornwall Association of Local Councils on this issue, and any decisions about reclaiming VAT will be subject to their guidance.

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General Reserves Policy draft¹

1.0 Background

1.1 All parish councils are advised to have a policy on what cash reserves they should hold. Reserves are divided between:

- General Reserves which are held for its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances and
- Earmarked Reserves which are funds set aside for specific projects, future liabilities, or known upcoming costs (e.g., playground refurbishments, election costs, neighbourhood plans).

1.2 Smaller authorities have no specific right to accumulate funds via the precept. However, by July 2017, this council had a bank balance of £59,903 which had been accumulated due to errors in the calculation of the precept. The balance at 31 January 2026 is £37,537.

2.0 The current situation

2.1 This council does not have a reserves policy. It holds cash in two accounts, and at 31 January 2026 had:

Bank January 2026	
Barclays Community Account	18,009
Cornwall Council deposit	19,528
Total relevant income	37,537

2.2 Councils are advised to have sufficient reserves (general and earmarked) to finance both their day-to-day operations and future plans. At the public meeting held on 8 October 2025, the Finance Officer asked councillors to consider any proposals for capital expenditure (Earmarked Reserves) that might be ringfenced for allocation in the next financial year 2026/27. There were no requests, and so the expenditure budget for the next financial year was set at £14,542.

3.0 Calculating a General Reserve

3.1 In recommending a figures for a General Reserve, the Smaller Authorities Proper Practices Panel² advise an appropriate minimum level (of a smaller authority) for a general reserve should be maintained at between three and twelve months of net revenue expenditure. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

3.2 The value of the reserve is calculated using a system known as Net Revenue Expenditure (NRE). This is the cost of services funded by general grants, reserves, and other income (but not the precept), calculated as **Gross Service Expenditure minus Specific Service Income** (fees, charges, specific grants). It represents the net cost to the authority of providing services.

¹ Practitioners Guide 2025 reference source
Governance and accountability for smaller authorities in England

² A joint advisory group made up of NALC (the National Association of Local Councils), SLCC (Society of Local Council Clerks) and the ADA (Association of Drainage Authorities)

3.3 The last year for which we have audited accounts is 2024/25. These are the relevant figures:

Income	
LMP	222
Informer advertising	410
Total relevant income	632
Net expenditure (no VAT)	16,823
Net Revenue Expenditure	16,191

This council's annual net expenditure (2024/25) was £16,823. Income that can be allocated against those costs are the LMP grant from Cornwall Council (Local Maintenance Partnership – footpath maintenance set against the grasscutting contract) and sales of advertising space in The Informer (set against printing costs).

Income generated from the provision of services amounted to £1,180 and was derived from the sale of burial plots and interments in the lawn cemetery. Because the nature of this income is not predictable, we have never included it in our budget/precept calculations.

3.3 If councillors accept the SAPPP recommendation of 12 months General Reserve (being a smaller council) then the figures should be **£16,191 (say £16,000)**

4.0 Funds available for distribution/donation

4.1 With a projected closing balance at 31 March 2026 of £33,030 and a General Reserve of £16,000, there would be unallocated funding of **£17,030** available for unplanned projects or other donations.

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