

## Marchwood Youth Project

### Payment schedule

Attached is the payment schedule for the youth building. As you are aware the first payment has already been made and the second invoice has been received.

New Forest District Council now have a copy of this payment schedule and this should help to speed up the release of funds when we receive an invoice.

The funds for the first invoice have been received from NFDC.

In previous resolutions it was decided to retain a % of the build cost as a retainer.

Within the JCT Contract there is the provision to retain 2½% of the total amount to be paid to the contractor. The retention period is 3 months.

### VAT

We are still awaiting advice from the VAT experts.

However, on looking through VAT Notice 708 Buildings and construction regarding the zero rated VAT. Janice and I would recommend that the build can't be zero rated as it is an extension to a current building and not a new build. If the Youth Building was an annex to the pavilion and had its own entrance and facilities and was fully self-contained then it could be zero rated.

Therefore it will leave the council with two options:

1. Reclaim the VAT
2. To pay the VAT and not reclaim

#### *Reclaim the VAT*

As you are aware if we reclaim the VAT we are unable to charge more than £1 per annum in rent/lease. This is because it would become a business activity and thus make VAT un-reclaimable. We would also not be able to charge/recover any other costs to the Youth Group such as electric or water bill costs. This would therefore mean that the Council will become liable for all costs on the whole building.

#### *To pay the VAT and not reclaim*

If we do not reclaim the VAT on the cost of the build we are then able to charge what we like for rent and will also be able to recover a percentage of the utility bills from the Youth Group.

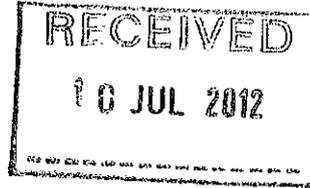
Whilst we do not want to pay VAT unnecessarily the cost will be covered by the grant available from NFDC and not the Parish Council.

**Please decide whether you want to reclaim the VAT or not.**



# Forestsideside Construction

QUALITY BUILDING CONTRACTORS



Marchwood Parish Council,  
Marchwood Village Hall,  
Marchwood Village Centre,  
Marchwood,  
Southampton,  
Hampshire,  
SO40 4SX.

11th June 2012

Re: Youth Club Extension

### Payment Schedule

- Completion of Oversight      £15,000.00
- Completion of Wall Plate      £15,000.00
- Completion of Roof              £20,000.00
- Completion of Plastering      £15,000.00
- Completion of Contract        £4,505.15

Total £69,505.15 + Vat

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