

We are all a bit disappointed that there have been the delays caused by what was found when the ground was excavated, but now we are pleased that the laying of the foundations is nearly complete, the steelwork comes this week, and the uncertain bits of the construction should be behind us.

Additional Costs

However, we have two major new concerns that have arisen, and I want to share with you what they are, and how we plan to deal with them.

1. Despite extensive test boring and pre-tender investigations, when the ground was dug out for the new hall, we found that we would need a significantly further length of under-pinning for the existing church than planned and costed. The architect and the surveyors and the builders had set up for underpinning and retaining wall along where the link building was abutting the old building. But they found that under the main church building there were no foundations at all (a layer of loose stone 6 inches deep was the footing, and it was visible now along the cut). This has had three consequences:
 - a. There has been a delay of work. The builders have been very good and are trying to minimize additional cost by removing workers etc. where possible, and trying to expedite their side of things. But there is an inevitable cost implication;
 - b. There has been a need to produce revised foundation drawings, reinforcement schedules, and other associated amendments;
 - c. We have had to have increased foundation work, and a length of under-pinning along the church main wall.
2. We had made a provision for VAT in our budget, because we believed that a portion of the building would be zero-rated, and part of it would be standard rated. We were confirmed in this view by expert reading of the regulations, input from professionals and the builders etc.. We undertook to check this out with the HMRC and have been extremely disappointed to be refused zero-rating on the whole premises. This has added a significant element to the cost of the core construction tender, though we have been paying VAT on all other elements as we go.
3. The cost of equipping the kitchen for our church and community projects was dealt with as an addition, and though we have already received two

minor grants towards this element, we have for completeness now added the kitchen installation into the gross costs.

4. We removed from the builder’s tender the cost of carpeting the new hall, because the provision in the tender was excessive and we felt we could do much better. We had planned to cover that cost from the funds that would be remaining at the point when we went forward, and that we would have raised by our efforts by the time it was needed.

The new total cost of the build, including all fees etc., is £649,377, of which we have already raised £482,422. The additional items are listed below, and show that we now need a further £166,955 to complete the work:

Delays and additional foundations	42,000
VAT requirement	98,344
Kitchen	19,611
Carpets	7,000
Total	166,955

After the shock about the VAT we have received immediate supportive messages from both denominations, and we are working closely with both denominations to put into place a “Mitigation Plan”. We cannot stop the work, because we would still be liable to pay the contractor the sum already agreed, and there is no future in that route. We have to find ways to minimize the additional cost, and raise the extra funds we now need.

Mitigation Plan

1. We are still in discussion with the Revenue about whether there is any further opportunity to explore zero-rating, including removing some elements of the design which would adversely affect our disabled users. We have sent further information and requested a change in their decision, and if that is not successful we can go to Tribunal. But as of now we have to pay the VAT. If we are successful at a future point we will be able to reclaim the VAT, and reduce the need for additional funds.
2. The Methodist Circuit has been asked for urgent help and has agreed a grant of £20,000 from its annual amount of £30,000. So this is very generous. They have also agreed to provide an interest free loan for three years if we need it of up to £50,000. Plus, if we need it, a further

£10,000 loan if we have to go back to them. They have agreed to support our claim to the Connexion.

3. The Methodist District has agreed a further grant of £41,000. The District Grants Officer has visited us to review the position and prepare for the support the District will give us in our application to the Connexion.
4. The Methodist Connexion is being asked for a further grant of £70,000. Work on this is already underway. The Methodist Connexion has recently announced that it has extra funds to release for important developments and we hope to be able to access some of this.
5. The URC Yorkshire Synod is being asked for a further grant of £30,000.
6. We are still preparing the Lottery bid for £10,000.
7. We have another request being prepared for £10,000 locally.
8. We have two recent grants coming in for about £5,000.
9. We expect recent and future church events will raise £6,000.

These grant requests add up to more than the required £166,000, because we do not yet know what each one can afford. We will not be trying to receive more than we need. If we get some abatement on the VAT we would ask funders for less.

At this point we have to have faith that we are right to go forward and if anyone has any helpful suggestions for moving things forward I would love to hear them.

Ian Lucraft: September 2015

Christ Church Stocksbridge
A URC/Methodist Local Ecumenical Partnership



**Some difficulties to overcome,
and how we will succeed!**

**Property Update 7
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