

VAS (Vehicle Activated Sign) Project – Updated Cost and Funding Options

Purpose

To update Members on the financial position of the Vehicle Activated Sign (VAS) project following receipt of an updated supplier quotation and to determine how the additional cost should be funded.

Background

The Council approved a grant application for the installation of two Vehicle Activated Signs (VAS) with camera capability based on the supplier's original quotation.

- **Original quotation:** £8,518.00
- **Grant awarded:** £8,518.00

Following discussions with the supplier, Members requested an updated quotation incorporating improvements to the equipment specification. The revised quotation has now been received.

- **Revised quotation:** £10,538.22
- **Additional cost:** £2,020.22

The grant award was based on the original quotation and cannot be increased, leaving the Council to determine how the additional cost should be met.

Current Budget Position

The following budget headings currently have uncommitted balances that could potentially contribute towards the additional cost:

Budget Heading	Available Balance
Contingencies	£500.00
Grants & Donations	£1,000.00
Greening	£500.00

Although the **Village Developments** budget currently shows an available balance of **£4,925.03**, this funding has already been identified for other planned projects and is therefore not considered available for this purpose.

Reserve Position

The Council's current balances are:

- **Capital and Earmarked Reserves:** £15,665.21
- **General Fund:** £32,445.25
- **Total Funds Held:** £48,110.46

The earmarked reserves have been established for specific purposes and should generally only be used for those approved objectives.

Options

Option 1 – Reallocate Existing Revenue Budgets

Fund the additional £2,020.22 from the available balances within Contingencies, Grants & Donations and Greening. This would fully utilise these budgets and may restrict the Council's ability to respond to unforeseen expenditure or deliver planned activities within those budget headings.

Option 2 – Fund from the General Fund

Meet the additional cost from the General Fund balance of £32,445.25. This would preserve existing revenue budgets and earmarked reserves while enabling the project to proceed.

Option 3 – Combination Approach

Use the available balances from one or more of the existing budget headings, with any remaining balance funded from the General Fund.

Financial Implications

The revised quotation represents an increase of **£2,020.22** (approximately **23.7%**) over the original project cost. The Council has sufficient resources within its General Fund to meet this additional expenditure should Members wish to proceed.

Recommendation

Members are requested to:

1. Consider whether to accept the revised quotation of **£10,538.22** for the supply of two Vehicle Activated Signs with camera capability.
2. Determine how the additional funding requirement of **£2,020.22** should be financed.
3. Note that modest ongoing operational costs will need to be included within future annual budgets.

I think **Option 2** is the strongest governance recommendation. The VAS project is a capital investment funded mostly by an external grant. Using the General Fund to meet a relatively modest 24% increase avoids disrupting approved revenue budgets or

diverting money that has already been allocated for other projects. It also preserves the integrity of the Council's earmarked reserves.

Ongoing Financial Implications

The revised specification includes enhanced equipment which will incur modest ongoing operational costs, including software licensing, data connectivity and/or maintenance (subject to the supplier's final arrangements).

These recurring costs are expected to be relatively low but are not covered by the capital grant. Provision will therefore need to be made within future revenue budgets to ensure the continued operation of the VAS equipment.

Members are asked to note this future budget commitment when considering the revised quotation.