

ANGUS COUNCIL

INFRASTRUCTURE SERVICES COMMITTEE
RESOURCES AND CENTRAL SERVICES COMMITTEE

2 SEPTEMBER 2004
9 SEPTEMBER 2004

SUBJECT: ANGUS VILLAGE HALL SCHEME PHASE II

REPORT BY THE CHIEF EXECUTIVE

Abstract: This Report outlines the £40,000 financial implications for Angus Council given the decommitment of the Angus Village Hall Scheme Phase II – part funded by the Rural Stirling/Upland Tayside Objective 5b Programme 1994-99.

1 RECOMMENDATION

- 1.1 It is recommended that the Committee note for information that all expenditure incurred under the Angus Village Hall Scheme Phase II between 1999 and 2001 has been deemed ineligible by the Scottish Executive. It is proposed to meet the £40,000 plus any other marginal tidy up matters associated with this scheme from the uncommitted balance within the local Capital Fund.

2 INTRODUCTION

- 2.1 Report No. 341/98 on Village Hall Developments in Angus approved by the Policy and Resources Committee on 24 March 1998 set out the Strategy of Angus Council and its partners for developing rural village halls across Angus with a view to bringing them up to a modern day standard in terms of their physical condition to allow them to be used for community regeneration and possible future service delivery.
- 2.2 A funding package of approximately £190,000 was established with contributions from Angus Council Local Capital Fund, Angus Council's Corporate Grant Aid Scheme, the Scottish National Rural Partnership and the Rural Stirling/Upland Tayside (RS/UT) Objective 5b Programme 1994-1999.
- 2.3 Specifically in terms of halls assisted within the RS/UT Objective 5b eligible area, seven village halls were awarded grants between 1998-99 to assist with upgrading and improvements with grants totalling £59,846 of which 50% (£29,923) was eligible to be reclaimed.
- 2.4 Building on this success a second phase application covering the period 1 October 1999 - 30 June 2000 was submitted in August 1999 and approved on 24 December 1999. The ERDF grant awarded was £40,000.

3 BACKGROUND

- 3.1 The Angus Village Hall Support Scheme Phase II ended on 31 December 2001. Twenty grants were awarded to 17 village hall committees resulting in a greater use of local facilities by communities. Grants awarded totalled £82,580 of which £40,000 was eligible to be reclaimed. These awards enabled the hall committees to attract further significant funding from private trusts and local fund raising.

- 3.2 In April 2002 the Scottish Executive (Structural Funds Division) contacted European Services (now External Funding Section) querying the eligibility of grants awarded to Village Halls after 31 December 1999.
- 3.3 According to the Scottish Executive an offer of grant should have been made to each individual Hall Committee, and accepted by 31 December 1999. At that time however European Services (now External Funding) were only asked by Scottish Executive staff to provide a list of potential grant recipients and on this basis an ERDF grant offer to Angus Council was issued on 24 December 1999 and duly accepted. Given the short timescale between receipt of the grant offer and the deadline for acceptance, 31 December 1999, this project would not have proceeded had we been aware that grant offers to each individual hall committee and a letter of acceptance from them were required.
- 3.4 Lengthy and numerous discussions and communications between the Scottish Executive and Angus Council Officers have been on-going since April 2002 and representations also made at EU level in an attempt to resolve this matter without the Council having to repay grant. Despite informal indications to the contrary however, the Scottish Executive have declared all expenditure incurred as ineligible.

4 FINANCIAL IMPLICATIONS

- 4.1 The following grant claims have been submitted for this project:-

Period of Claim	Amount	Paid
12 April 2000 – 11 July 2000	£2,586	9 November 2000
12 October 2000 – 11 January 2001	£1,500	29 March 2001
12 January 2001 – 11 April 2001	£258	10 July 2001
12 April 2001 – 11 July 2001	£8,084	21 August 2001
12 July 2001 – 11 October 2001	£7,432	Pending
12 October 2001 – 31 December 2001	£20,140	Pending

Total paid to Angus Council		£12,428
Total outstanding		£27,572

- 4.2 In October 2002 the Scottish Executive withheld all payments of ERDF and ESF claim monies to Angus Council in light of the non-repayment of £12,428 requested in July 2002. As a result it was agreed that this sum be repaid without prejudice to allow other monies to be released. £27,572 is still pending. The overall lost income is therefore £40,000.
- 4.3 The Council has adopted a stance to date that a full debtor allowance for the original level of grant award should be provided for in the A/C's on the basis that the Scottish Executive would honour their original advice.
- 4.4 However, it is now evident that the full £40,00 debtor (plus any other marginal financial matters surrounding the Angus Village Hall Scheme Phase II development) will require to be accommodated in the overall capital budget provision. It is intended that the £40,000 plus any other marginal tidy up financial matters surrounding the project will be paid from the uncommitted balance of funds held in the Local Capital Fund.

- 4.5 The withdrawal of the grant award represents a £40,000 opportunity cost to the Council in the form of other capital priority projects which will not be delivered.

5 HUMAN RIGHTS IMPLICATIONS

- 5.1 There are no Human Rights implications arising from this report.

6 CONSULTATION

- 6.1 The Directors of Law and Administration, Finance and Education have been consulted in the preparation of this Report.

7 CONCLUSION

- 7.1 The Angus Village Hall Scheme Phase II was implemented in good faith that the project adhered to eligibility criteria and EU guidelines. The Scheme has been highly successful for Village Hall Committees across Angus. However in light of issues which were only noted 16 months after the project was approved, Angus Council will have to bear the financial burden totalling £40,000 as no ERDF will be paid against this project.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

DV/AS/MM

31 August 2004

A B Watson OBE
Chief Executive