

THE HIGHLAND COUNCIL
RESOURCES COMMITTEE
15 April 2009

Agenda Item	
Report No	

Highland LEADER PROGRAMME 2007-13

Report by Director of Planning and Development

SUMMARY

This report seeks Council support for the proposed use of Council Balances to overcome the issues associated with Advances and Retention applied to the Highland LEADER Programme.

1. Introduction

- 1.1 The Council, on behalf of the Highland Community Planning Partnership, is the lead partner for the Highland LEADER Programme. The LEADER Programme is part of the Scottish Rural Development Programme and provides funding to enable communities to plan for and develop their own area. It is a bottom-up form of community development and empowers communities to help themselves.
- 1.2 The Highland LEADER Programme over the period from 2007-2013 is worth £14.25 million and was formally launched in December 2008.
- 1.3 The Programme has been made aware of two fundamental issues which will have a direct impact on the ability of local groups to implement projects i.e. Scottish Government rules concerning advance payments and a 25% retention clause.

Advances - Local groups require access to advances to secure project materials/consultants etc. to initiate their projects. European (LEADER) funding cannot be released to support advances. The decision to advance funding to a project is entirely at the discretion and risk of the Highland LEADER Programme but only if additional non EU funds are available.

25% retention on all final claim payments - 25% of the grant award will be withheld until all conditions of grant have been satisfied and the project completed. The 25% retention will result in cash flow problems for LEADER applicants with outstanding invoices.

- 1.4 The above issues have been raised with the Scottish Government but the Government is adamant that LEADER funds cannot be released to meet these requests and that it is up to the local LEADER Programmes to resolve these issues by using additional non EU funds. The Highland LEADER Programme does not have access to a separate budget to meet or overcome the above issues. Therefore there is a need to establish a fund that can be used on a

revolving basis as required. As such the Highland LEADER Programme requests the temporary release of £500,000 from Highland Council balances to pay advances and overcome the issues associated with a 25% retention clause.

- 1.5 This fund will enable the programme to offer a planned approach to applicants and overcome the issues outlined above. A separate cost centre code will be set up to manage the fund where transactions can be easily monitored and tracked. A monitoring system will be put in place with the Council Finance Service and all funds will be returned to the Council at the end of the LEADER Programme, March 2015. In addition, to the above it will be a condition of grant that those recipients of the advance/retention money will be required to reimburse the Council should the project not start/conclude in accordance with their plan.

2. RECOMMENDATION

2.1 The Committee is recommended to:

- (i) Support the proposed request for use of Council balances to provide advance payment and retentions of grants for LEADER, and that the transfer out of balances will be returned at the end of the LEADER programme.

Signature:

Designation: Director of Planning and Development

Date: 2 April 2009

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in consultation with Margaret Grigor, Finance Service, 01463 702421