

Agenda Item	8
Report No	FHR/ 05/14

Highland European Fisheries Fund (EFF) Axis 4 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 EFF Axis 4 Programme.

1. Introduction

- 1.1 The Council, via the Planning and Development Service, is the lead partner for the Highland EFF Axis 4 Programme. The EFF Programme is part of the European Fisheries Fund and provides funding to enable fisheries communities to plan for and develop their own area. It is a bottom-up form of community focused European fisheries funding which is distinct from other Axis of the Scottish EFF Programme, which focus on business development. Highland Council delivers the Axis 4 fund for the Scottish Government.
- 1.2 The Highland EFF Axis 4 Programme over the period from 2007-2013 is worth £715,029 (EFF funds £536,272 and Co-finance funds £178,757.00) and was formally launched in January 2012. In common with other EFF Programmes in Scotland, the EFF Programme in Highland has been extended until 30th June 2014 by which time all funds from the Programme should be allocated. All Axis 4 projects must be completed by the end of April 2015 at the latest, with the final date for claims from applicants by 31 May 2015. Highland Council must draw down all EFF funding from Marine Scotland by 31 October 2015.
- 1.3 There are 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 20% retention clause.

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

20% retention on all final claim payments - 20% of the grant award will be withheld until all conditions of grant have been satisfied and the project completed. The 20% retention will result in cash flow problems for some EFF applicants with outstanding invoices.

- 1.4 The above issues have been raised with the Scottish Government but the Government is adamant that EFF funds cannot be released to meet these requests and that it is up to the local EFF Programmes to resolve these issues by using additional non EU funds. The Highland EFF 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 EFF Programme requests the temporary release of £300,000 from Highland Council balances to pay advances and overcome the issues associated with a 20% 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 completion and wind up of the EFF Programme, by 31 October 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.
- 1.6 The request outlined above is entirely in line with the similar request (Res 40/09) approved by the Committee on 15th April 2009. The only change being the 20% retention required by the EFF Programme (compared with 25% retentions on the LEADER projects) and a reduced level of temporary release from balances at a maximum level of £300,000.

2. Programme for the Highland Council

- 2.1 Supporting community project applicants in the manner proposed here assists the Council deliver Stronger Communities.

3. Single Outcome Agreement 2014/2019

- 3.1 If Approved the proposals within this paper will help the Council deliver local outcomes supporting economic growth and recovery, stronger communities

4. Legal and equalities implications

- 4.1 There are no legal or equalities implications arising from this paper.

5. Resource implications

- 5.1 There are no long term resource implications arising from this paper. Funding allocated from balances on a temporary basis for this purpose will be returned at the end of the EFF Programme and no later than 31 October 2015.

6. Carbon Clever implications

- 6.1 There are no Carbon Clever or climate change implications arising from this report.

2. RECOMMENDATION

2.1 The Committee is recommended to:

- (a) Support the proposed request for use of Council balances to provide advance payment and retentions of grants for EFF Axis 4 at a maximum level of £300,000, and;
- (b) Note that the transfer out of balances on a temporary basis will be returned at the winding up of the Highland EFF programme by 31 October 2015.

Signature:

Designation: Director of Planning and Development

Date: 17th December 2013

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Background papers

1. 'Highland LEADER Programme 2007 – 13' (Res 40/09); 15th April 2009