



FINANCE REPORT

Board Meeting - 6 March 2003

1. PURPOSE OF REPORT

- 1.1 To report to the Board on a range of financial matters pertinent to the East Ayrshire Coalfield Area Social Inclusion Partnership (SIP).

2. COMMUNITIES SCOTLAND – FINANCIAL ALLOCATION 2002/03

- 2.1 The Board will be aware that the financial allocation from Communities Scotland, to the SIP, for 2002/03 is detailed as follows:

	£
Core Budget	1,813,379
Community Empowerment	60,000
Tackling Drugs Misuse	68,017
KICKSTART	10,000
Total	£1,951,396

- 2.2 Communities Scotland require the SIP to fully spend the allocated resources within the designated financial year, and as the Board is aware, a range of mechanisms have been put in place to ensure a full and appropriate spend on programme budgets.

- 2.3 Since the last meeting the Manager Social Inclusion has declared an under spend of £10,500 in the SIP Support Team Budget. In order to ensure a full spend, an Implementation Group meeting was convened on 21 February 2003, at which point the following projects were allocated additional resources and are presented to the Board for noting:

Children’s Holiday Project: £550

To replace existing bedding at the holiday project’s caravans and purchase essential cleaning equipment.

Ethnic Minorities Support Project: £3,000

To purchase a range of equipment to enhance the project’s ability to support people from a minority ethnic background and assist with project translation costs.

Muirkirk Enterprise Group: £7,000

Muirkirk Enterprise Group has recently purchased a local building and together with funds from East Ayrshire Council, Scottish Enterprise Ayrshire and the Minerals Trust, have carried out an extensive refurbishment programme. This additional finance will allow the premises to be fully fitted out

with appropriate office furniture and equipment. The facility will be used as a base for a range of new local ventures and it is anticipated that the overall investment will secure 6 new posts.

- 2.4 With these alterations to the budget it is anticipated, at this point, that there will be a full spend across all budgets. The Manager will continue to monitor spend across all budgets.

3. COMMUNITIES SCOTLAND CORE BUDGET ALLOCATION – 2003/04, 2004/05.

- 3.1 Communities Scotland advised the SIP by letter on 13 February 2003 of their confirmed core budget allocation of £2,181,098 for 2003/04.
- 3.2 The letter also advised of an indicative core budget allocation to the SIP in 2004/05, again of £2,181,098. Communities Scotland has provided funding in 2004/05 to assist the SIP and its respective Community Planning Partnership to “develop the necessary transitional arrangements by which the SIP programme is integrated into the community planning process”.
- 3.3 Firm funding for 2004/05 will be assigned by Communities Scotland on the understanding that it will be used as a transitional period for migration to Community Planning and that the SIP and Community Planning Partnership will be obliged to take on board the findings of any evaluations due to be undertaken in 2003. As yet, the SIP has not been advised of the process or timescales for any evaluations.
- 3.4 The allocation from Communities Scotland for Tackling Drugs Misuse in 2003/04 is £102,025 and £60,000 has been allocated for Community Empowerment.

4. CORE BUDGET ALLOCATIONS 2003/04

- 4.1 **ICT Review:** At the Board meeting of 5 December 2002 the Board recommended that a review of the ICT projects supported by the SIP be immediately commissioned. This review is now completed, the content of which is the subject of a separate report to the Board.
- 4.2 **State Aid and Credit Unions:** As a result of a letter received from the Scottish Executive in relation to State Aid and Credit Unions, the Board also agreed to defer a decision on the funding allocation for 2003/04 to Cumnock and Doon Valley Credit Union to allow the implications of state aid to be fully considered.
- 4.3 The Scottish Executive has indicated that uncertainty exists over whether or not support given by public bodies to Credit Unions constitutes ‘state aid’ under European Regulations, thereby limiting the amount of support that can be given and the purposes for which it can be given.

4.4 The Executive has advised that so long as the uncertainty exists, it needs to operate on the basis that support to Credit Unions does indeed constitute state aid and is therefore keen to ensure that support does not therefore break state aid rules. It is appropriate however to give 'support' using the exemptions available and the most relevant in respect of Credit Union activity is:

- 'de minimis' aid – no more than approximately £62,000 (100,000 Euro) in support from public bodies for a Credit Union over a three year rolling period.

4.5 Over the past two years the Credit Union has received £29,000 from the SIP. The Credit Union also secured £25,000 from the Ayrshire Key Fund, which rolls over two financial years, 2002/03 and up until 31 December 2003. As a consequence of this and other funding the Credit Union has received e.g. the Coalfield Regeneration Trust, the SIP requires to revisit the Credit Union's indicative allocation of £24,000 for 2003/04.

4.6 In order to identify the legal limit of funding the SIP can allocate to the Credit Union work has been underway since the last Board meeting. The issue has proved to be complex and further more detailed work is being progressed. It is anticipated that the level of funding which the SIP can legally allocate to the Credit Union in 2003/04 will be significantly less than their indicative allocation of £24,000 which potentially places the organisation in some financial difficulty. The organisation has been advised of this issue and is currently being supported to explore a range of options, which will hopefully secure its future.

4.7 To ensure that there is no delay in allocating funds to the Credit Union when these issues have been resolved the Board is asked to remit the Manager Social Inclusion to determine, in consultation with Legal colleagues, the appropriate level of funding to the organisation in 2003/04. The funding allocation should not however exceed the indicative allocation of £24,000 already approved by the Board.

4.8 **Active Citizenship:** At the Board meeting of 19 September 2002, members agreed to fund a range of initiatives to encourage young people to be active citizens. The report advised of a requirement for continuation funding of £12,850 for this project in 2003/04 and the Board is now asked to agree to this funding award.

5. **ADDITIONAL FUNDING – SCOTTISH ARTS COUNCIL (PUBLIC ART)**

5.1 The SIP Board was previously advised of support being provided to Dalmellington Partnership, as part of the Environmental Improvement Programme, and of the Partnership's intentions to apply for funds to develop a piece of public art within the Town Centre.

5.2 After detailed consideration of available funding opportunities, it was considered appropriate that the SIP apply for funding on behalf of the

Dalmellington Partnership. As a result, £10,000 has been secured from the Scottish Arts Council to appoint an artist to work with local people to develop and design a 'public art work' for Dalmellington Town.

- 5.3 The funds will be transferred to the Dalmellington Partnership who will assume overall responsibility for reporting progress to the SIP and the Scottish Arts Council.

6. RECOMMENDATIONS

- 6.1 It is recommended that Board members:

- i) note the decisions made by the Implementation Group on the 21 February 2003 in order to ensure a full spend on project budgets;
- ii) note the confirmed allocation of core funding from Communities Scotland for 2003/04 and the indicative allocation for 2004/05;
- iii) on conclusion of the deliberations in respect of State Aid remit the Manager Social Inclusion to confirm an award to the Credit Union, which does not exceed the approved indicative allocation of £24,000 for 2003/04;
- iv) agree to continuation funding for the active citizenship work;
- v) note the award of £10,000 from the Scottish Arts Council; and
- vi) otherwise note the content of the report.

Gwen Barker
Manager Social Inclusion
25 February 2003.