

SUBJECT:	GILWERN SECTION 106 FUNDING
DIRECTORATE:	ENTERPRISE
MEETING:	CABINET
DATE:	5th OCTOBER 2016
DIVISION/WARDS AFFECTED:	LLANELLY HILL

1. PURPOSE:

To consider increasing the level of grant offered to three applicants from the Section 106 balances held by the Council for the developments at Ty Mawr and Cae Meldon, Gilwern.

2. RECOMMENDATIONS: that

2.1 revised grant offers be made to the following organisations from the Section 106 balances held by the Council in respect of the Ty Mawr and Cae Meldon Section 106 Agreements:

Organisation	£
Clydach Football Club	7,128
Gilwern Bowling Club	32,941
Gilwern Football Club	37,391

2.2 the increased level of grant amounting to £10,559 for the three projects be met from the unallocated balance of £33,394, leaving a remaining unallocated balance of £22,839.

3. KEY ISSUES:

3.1 At its meeting on 4th May this year, Cabinet agreed to offer grants to 13 projects from the Section 106 balances held/due from the Ty Mawr and Cae Meldon developments in Gilwern.

3.2 In the case of three of those projects, grants were offered to the sports clubs concerned based on net rather than gross expenditure. The reason for this is that all three projects are located on land in the ownership of the Llanelly Community Council and the Community Council had agreed, prior to the Cabinet meeting, that it would procure and pay for the projects using the grant money allocated, thereby saving the cost of VAT on the three projects concerned. The effect of this is to maximise the use of the grant money available.

3.3 Procurement by the County Council or the Community Council is permitted within HMRC guidelines, provided that the “procuring authority” owns the land (and therefore the asset) to be improved. In this case it is not possible for the County Council to procure the works, as it does not own the land in question and cannot, therefore, claim to be improving an asset or assets in its ownership.

3.4 This process is not unusual and there are a number of recent examples or precedents where Community Councils have procured works on behalf of third parties that manage assets on land in the Community Council’s ownership. The most recent example of this is that the

Caerwent Community Council has procured works to improve the Caerwent Recreation Hall, which sits on land in Community Council ownership and which was offered a grant from the Merton Green Section 106 Off-Site Recreation Fund.

3.5 In the case of Gilwern, since the award of grants by Cabinet and the despatch of grant offer letters to the three clubs concerned, the Community Council has received conflicting advice about its ability to procure works on behalf of the clubs and it has now been clarified that the Community Council is unable to procure these works because this would exceed the annual limit which the Community Council is registered for with HMRC.

3.6 The three clubs have pressing timescales in which to carry out the works, particularly Clydach Football Club and Gilwern Bowling Club. In order to progress matters, it is therefore proposed that the grants offered to the three clubs concerned should be increased so that the grants represent a proportion of the gross costs of their respective projects. The effect of this is illustrated in the table below:

Club	Net Project Cost £	Grant %	Grant Offered £	Gross Project Cost	Grant %	Revised Grant Offer £
Clydach Football Club	6,600	90%	5,940	7,920	90%	7,128
Gilwern Bowling Club	30,951	86.4%	26,571	37,141	88.7%	32,941
Gilwern Football Club	38,212	90%	34,391	41,970	90%	37,391
Totals	75,763		66,901	87,031		77,460

The percentage grant to Gilwern Bowling Club was less than the other two clubs, as the Bowling Club declared in its application that it had a contribution of £4,200 towards the cost of its project. Taking its £4,200 contribution from the gross project cost, this increases the percentage amount of grant needed to fund the gross cost of this project.

In the case of Gilwern Football Club, two of the items for which it has been awarded a grant are zero rated for VAT and these works have already been carried out. However, none of the works on which VAT is payable have been commenced.

The works at Clydach Football Club have already been undertaken, as the old spectator barrier was in a dangerous condition and had to be replaced at the start of the football season.

4. REASONS:

4.1 The Llanelly Community Council has indicated that it cannot commit itself to procuring the works on behalf of Clydach and Gilwern Football Clubs and Gilwern Bowling Club. The level of grants therefore needs to be increased to enable the clubs to proceed with the works proposed.

4.2 There is an unallocated balance held by the Council in respect of the funding received from the two developments in question – this means that the Council can increase the level of grants awarded without

recourse to additional funding and without affecting the level of grants offered to the remaining ten successful grant applicants that were awarded funding by Cabinet at its meeting held on 4th May 2016.

5. RESOURCE IMPLICATIONS:

The increase (£77,460 - £66,901) in the total grants offered to these three clubs is £10,559. There is an unallocated balance of £33,398 from the Ty Mawr and Cae Meldon Section 106 off-site recreation funding allocation and it is proposed that the increased level of grants should be met from this balance, leaving a remaining unallocated balance of £22,839. This amount will still be available for future allocation.

6. FUTURE GENERATIONS AND EQUALITY IMPLICATIONS:

6.1 Future Generations Evaluation attached at **APPENDIX A**

7. CONSULTEES:

Local County Council Members for Llanelly Hill	
Llanelly Community Council	Cabinet Members
Strategic Leadership Team	Monitoring Officer
Head of Legal Services	
Assistant Head of Finance/Deputy S151 Monitoring Officer	

8. BACKGROUND PAPERS:

Letter dated 6th August 2016 from Clerk of Llanelly Community Council.

9. AUTHOR:

Mike Moran, Community Infrastructure Coordinator

10. CONTACT DETAILS:

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