

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Executive

Corporate Services Committee: 28 March 2007

Subject: Release of Retrospective European Regional Development Funding to Comm-it

1. Purpose

- 1.1** The purpose of this report is to seek Committee approval for providing retrospective European Regional Development Funding (ERDF) to Comm-it, a not for profit Social Economy organisation that provides IT support and services to other social economy organisations in the West Dunbartonshire area.

2. Background

- 2.1** The Comm-it project arose from the previous Connecting Communities project which was set up by West Dunbartonshire Social Inclusion Partnership in 1999 and were constituted as a Limited Company in March 2005. The Company do not undertake contracts for work for the business sector or private or home clients. At present most of the Company's clients are projects that are funded by West Dunbartonshire Community Planning Partnership (CPP) who are provided with free IT support, training, advice and development expertise. The Company effectively operate as a pooled IT department for all of the CPP projects.
- 2.2** West Dunbartonshire Partnership successfully applied for retrospective ERDF funding for Community Economic Development in Social Inclusion Partnership (SIP) areas from Strathclyde European Partnership (SEP) and were awarded a total sum of £221,164 to be fully spent by 31 March 2008.
- 2.3** The Partnership agreed to allocate £117,479 of this funding to Comm-it.

3. Main Issues

- 3.1** As the accountable body for all Partnership funding, the Council had concerns regarding State Aid implications associated with the release of public funding to this organisation and sought advice from SEP and the Scottish Executive State Aid unit.
- 3.2** State aid is a European Commission term which refers to a form of assistance from a public body, or publicly-funded body, given to undertakings on a discretionary basis, with the potential to distort competition and affect trade between member states of the European Union (www.stateaidscotland.gov.uk)

- 3.3 A number of meetings involving the Head of Finance, Legal Services, the Partnership Manager, Communities Scotland, the Comm-it Project Board were held to confirm the position and advice was sought from Strathclyde European Partnership, Communities Scotland and the State Aid Unit.
- 3.4 The advice received is that, due to the nature and activity of the project, this funding is unlikely to constitute state aid and consequently the release of the grant would be appropriate. However, the only body who would be able to provide a definitive answer is the European Commission to whom application would be a lengthy process with a response unlikely to be received in time to allow the benefit to the project by the cut off date of March 2008.
- 3.5 As a result, while there is a possibility that this grant could be regarded as State Aid, this is assessed to be a minimal risk for the Council as accountable body for the Community Planning Partnership and consequently it is proposed to release the funding to Comm-it.

4. Personnel Implications

- 4.1 There are no personnel implications.

5. Financial Implications

- 5.1 There is a risk that this funding may have to be repaid to SEP if not allocated and spent by 31 March 2008.

6. Risk Analysis

- 6.1 It will be the Council who will be subject to any future audit by the Executive, the European Commission and/or the European Court of Auditors and there is a risk that any of these audits may take a view that the funding contravenes state aid laws. Following discussion and advice however, this risk is considered minimal.

7. Conclusion

- 7.1 The Council must therefore take a view on the advice provided to date and make a judgement on the potential risk that they are willing to incur in releasing funding to Comm-it.

8. Recommendations

- 8.1 **The Committee is asked to approve the release of the retrospective ERDF funding to Comm-it.**

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David McMillan
Chief Executive
Date: 20 March 2007

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Appendix: None

Background Papers: None

Wards Affected: All