

Committee:	Governance, Audit and Performance Committee	Date:	Monday 30 November 2020
Title:	Armed Forces Covenant Trust Grant in respect of Debden Village Hall		
Report Author:	Dawn French, Chief Executive dfrench@uttlesford.gov.uk Tel: 01799 510400		

Summary

1. Members requested at their previous meeting a report regarding a grant received by the Council from the Armed Forces Covenant Trust for Debden Village Hall Trust to build a new hall.

Recommendations

2. To note the report

Financial Implications

3. The council received and passed on a grant for £236,400. An equivalent contingent liability has been provided for in the statement of accounts.

Background Papers

4. The Council's email archive was searched by the author in the preparation of this report.

Situation

5. At the meeting of the Governance Audit and Performance Committee on 10 September, a request was made for a report to this meeting regarding a grant received by the Council from the Armed Forces Covenant Trust (the successor body to Armed Forces Community Covenant Grant Scheme (AFCCGS)) for the benefit of the Debden Village Hall Trust (DHVT), to build a new village hall.
6. It was requested that the report cover the history of the grant and the risks to the Council relating to the grant as well as lessons learned.

History

7. The matter was dealt with by the then Chief Executive Mr John Mitchell. Therefore the decision making in respect of actions outlined in the following paragraphs is not known.

8. The application was made by the DVHT and New Village Hall Group in January 2015. A requirement of the grant was that it was supported by the Council and to this end, the Council was a signatory.
9. Once the grant was confirmed, there was a communication exchange between the Debden New Village Hall Group and the Chief Executive about the mechanics of managing the grant, which was to be paid to the Council. This appears to have been concluded by paying over the entire grant to the Debden Village Hall Trust.
10. The Council formally resumed its interest in this matter in early 2017 when it became apparent that progress on the project had stalled and the Armed Forces Covenant Trust were seeking to establish the position and the likelihood of the project concluding. This has involved extensive liaison between a range of community stakeholders in Debden and the Armed Forces Covenant Trust.
11. When concerns emerged about the progress of the project, referred to in paragraph 10 above, the council could have sought repayment of the grant, pending the outcome of the further discussions; it was decided that maintaining the 'status quo' in respect of the grant was more appropriate, so there could be no misunderstanding or misinterpretation on the future of the project by the range of interested parties in the project at the time.
12. There was also a successful outcome to formal mediation at that time, which appeared to ensure the continuation of the project and the DVHT confirmed they were still in possession of the fund, in addition to a small amount of other funds raised for the same project.
13. However, in February 2020, in recognition of the fact that the grant has been paid over to the DVHT and that the risk of the Armed Forces Covenant Trust requesting repayment due to lack of progress on the project had increased, and that this may not be recoverable from the DVHT, the Council made provision by way of a contingent liability, as will be reported in the statement of accounts.

Lessons

14. It is clear that it was inappropriate for the Council to pay the grant over in full to the DVHT in 2015. It was the subject of conditions that the council should have monitored and only released the money, in stages as appropriate, on being satisfied those conditions were met.
15. The Armed Forces Covenant Trust no longer make such grants for the sums involved with this project. Nonetheless the council is clearer on its governance of similar matters, requesting regular progress reports to ensure the outputs, progress, etc. that form part of the terms and conditions of any award of money.

Risks

16. There is a financial risk that the DVHT will not return the grant money, minus relevant expenses, in the event the Armed Forces Covenant Trust require the money to be repaid. There is effective monitoring of the progress of the project and good communication with the Armed Forces Covenant Trust. The project has continued to progress, in the face of some very challenging circumstances, and the Trustees of the DVHT have remained committed throughout to deliver a new village hall. The risk is considered therefore to be low.
17. There is a reputational risk to the council that the governance processes in respect of this grant have been in adequate. The intention of the council has always been to support a community to deliver a new village hall for the benefit of that community, to continue to honour the memory of the soldiers who lost their lives in the first World War, in whose memory the original hall was built, and to further strengthen the ties the community and the council have with the Army based at Carver Barracks. Nonetheless, the reputation of the council has been impacted by the lack of appropriate governance in respect of this grant.
18. There is an upside risk (Opportunity) for the council to demonstrate its community leadership in supporting the delivery of a much needed new community facility. The council can only influence and mediate in this project as the responsibility for delivery is clearly with other community organisations in Debden. The appropriate monitoring and effective communication with the Armed Forces Covenant Trust may also provide confidence to them in the event that further grants are sought from them for other projects in the District.