UNEF FUNDING PROPOSAL

Finance Committee Briefing – Item 25

Purpose of Report

The purpose of this report is to provide the Finance Committee with relevant historical financial context when considering the financial implications and affordability of UNEF's current three-year funding proposal.

The Committee is being asked to consider the effect of the proposal on the Council's budget, precept, reserves and future financial commitments, and to formulate a recommendation to Full Council.

This report does not seek to determine the outcome of the funding request. Its purpose is to ensure that members have the relevant historic financial background available when assessing affordability and value for money.

Historic Parish Council Funding to UNEF

Historic Parish Council records, UNEF accounts and the Council's former Joint Working Agreement have been reviewed alongside historic Rialtas accounting records.

These records confirm that the Parish Council provided a total of £225,882 to UNEF between March 2013 and March 2018.

Period	Parish Council Funding
March 2013	£12,882
2013/14	£50,000
2014/15	£43,000
2015/16	£40,000
2016/17	£40,000
2017/18	£40,000
Total	£225,882

Historic Parish Council documentation also expressly records that the Council had supported the project for five years at a cost of £225,882.

Original Funding Arrangement

The Joint Working Agreement between the Parish Council and UNEF stated that the purpose of UNEF's management structure was to become self-sustaining, with the long-term aim of making the venture self-financing as soon as practical.

The agreement also provided for Parish Council funding of up to £40,000 per annum, together with financial reporting requirements.

Historic correspondence demonstrates that the Parish Council continued to raise the issue of future financial sustainability.

In December 2016, following UNEF receiving a £32,000 Health Lottery award, the then Clerk referred to the original aim of the arrangement becoming self-financing and questioned whether the external funding should assist UNEF in progressing towards that objective.

Earlier correspondence from May 2016 described the Parish Council as having been the main funder of the project from its infancy and sought information from UNEF regarding how it intended to meet future running costs following receipt of external funding.

Cessation of Previous Funding

On 20 March 2017, the Parish Council gave UNEF twelve months' notice under the Joint Working Agreement that the existing funding arrangement would end.

Historic Council records state that the purpose of the notice period was to allow UNEF time to identify alternative sources of funding.

By 2018, the Parish Council was also in a position to provide a book-lending service directly from the Village Hall. Contemporary records estimated that this would produce savings of approximately £30,000 to £34,000 in the first year compared with the previous UNEF arrangement.

The previous funding arrangement therefore ended following:

- five years of substantial Parish Council financial support;
- an established expectation that UNEF would work towards greater financial self-sufficiency;
- a twelve-month notice period; and
- consideration of alternative methods of providing library services.

Current Three-Year Proposal

UNEF is now requesting a total of £105,939 from the Parish Council across the next three financial years.

If the current proposal were approved in full, the combined value of historic and proposed Parish Council support would be:

	Amount
Historic funding, March 2013–March 2018	£225,882
Current three-year proposal	£105,939
Combined total	£331,821

The current proposal may therefore be considered not only as a new three-year financial commitment, but also in the context of the significant historic financial support previously provided by the Parish Council.

Financial Considerations for the Committee

When assessing affordability and formulating its recommendation to Full Council, the Finance Committee may wish to consider:

- the scale of the proposed £105,939 three-year commitment;
- the Council's own projected 2027/28 expenditure and precept requirement;
- the effect of the proposal on the indicative precept;
- whether any element of the proposal would require use of General Reserves;
- the sustainability of committing the Council to expenditure across three financial years;
- the £225,882 of historic Parish Council funding already provided to UNEF;
- the original expectation that the UNEF operation would become increasingly self-financing;
- the financial position and funding model now presented by UNEF;
- the extent of other funding sought, secured or available to UNEF;
- the potential impact of approving a substantial multi-year commitment on the Council's ability to fund its own services, projects and unforeseen expenditure;
- the potential implications for future applications from other local organisations; and
- whether the proposed commitment represents an affordable and proportionate use of Parish Council funds.

Committee Role

The Finance Committee is not being asked to make the final decision on the UNEF proposal. Its role under Item 25 is to assess the financial implications and affordability of the proposal and to formulate a recommendation for consideration by Full Council at the Extraordinary Meeting.

Members are therefore asked to consider the Council's overall financial position, the projected effect of the proposal on the budget and precept, and the relevant historic financial context set out above.