

# SHROPSHIRE COUNCIL

## AUDIT SERVICES

### INTERNAL AUDIT REPORT

#### The New Saints (TNS) Market Towns Revitalisation Programme (MTRP) Funding

<b>Assurance Level</b>	<b>N/A Special Review</b>
<b>Customer</b>	<b>Clive Wright – Chief Executive Claire Porter – Monitoring Officer</b>
<b>Distribution</b>	<b>James Walton – Head of Finance Governance and Assurance George Candler – Director of Place and Enterprise</b>
<b>Auditor</b>	
<b>Fieldwork dates</b>	<b>February to March 2018</b>
<b>Final report issued</b>	<b>9<sup>th</sup> April 2018</b>

## Briefing note

### The New Saints (TNS) Market Towns Revitalisation Programme (MTRP) Funding

#### **Scope of work**

A review of the grant awarded by Shropshire Council in 2012 of £80k to The New Saints (TNS) Football Club under the Market Towns Revitalisation Programme (MTRP). The claim is that the money has not been repaid. The review will look at:

1. Is the allegation true?
2. Was the grant awarded?
3. Has it been paid back?
4. Was it supposed to be? What were the terms?
5. What happened in the gap between awarding the grant and now?
6. Given the grant was made on the basis that it would be repaid and it hasn't been, what action has been taken?
7. Were the correct financial procedures followed?
8. What are the lessons learnt?

#### **Summary findings and conclusion** (detailed findings appear in Appendix A)

1. In April 2011 Shropshire Council awarded £80,000 to The New Saints (TNS) Football Club, Oswestry under the Market Town Revitalisation Programme (MTRP). Detailed findings appear in **Appendix A**.

#### **Background**

2. The Market Towns Revitalisation Programme was a fund of £3.5million set aside as part of a long-term approach to regeneration, linked to the Council's Transformation Programme.
3. Oswestry was awarded £650,000 of the MTRP funds. On the 28<sup>th</sup> May 2012, grant funding to the sum of £80,000 or 45% of the total eligible costs, whichever is the lesser, was awarded to The New Saints FC Ltd for additional seating structures. This is confirmed in an agreement signed between \_\_\_\_\_ and \_\_\_\_\_ TNS. The Large Market Towns Programme Member Guidance set out the process to follow for the approval of individual schemes up to £140,000 and therefore the decision to award £80,000 to TNS did not require Cabinet approval.
4. The project was for, 'the installation of a stand to seat an additional 500 seats to allow the applicant to comply with FAW<sup>1</sup> and UEFA<sup>2</sup> infrastructure criteria.....enable the club to attract and host additional high-profile competitions and enable the club to play UEFA matches in Oswestry'. It was also to deliver the following outcomes:

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<sup>1</sup> FAW Football Association of Wales

<sup>2</sup> UEFA Union of European Football Associations

- a. Provide additional employment for six full time staff within the first 12 months.
  - b. Deliver a minimum of twenty additional events within the first 12 months (TNS was required to provide the baseline figure).
  - c. Deliver 20,000 additional visitors to the town within the first 12 months (TNS was required to provide the baseline figure)
  - d. Deliver grants of £16,000 per annum for a period of 5 years for purposes to be agreed by the Oswestry Economic Board (OEB). The criteria of these grants to be agreed by the Oswestry Economic Board by December 2012, with delivery of annual grants from 1<sup>st</sup> January 2013.
5. The stand was delivered and installed however, Officers have confirmed that there is no project closure report on file to demonstrate delivery of outcomes (a) to (c) above, their interpretation is that with delivery of the stand these outcomes were a natural result. It would be expected that a project closure report would have been completed and the absence of one represents a risk. This review however, focuses on delivery of the fourth outcome (d) in relation to grant payments payable under the terms. Whilst there was no requirement to pay the money to the Council directly, if the payment of the grants under (d) were defaulted, payments to the Council would then occur under clawback.
  6. The net costs of the TNS project were to be £185,000; with new build costs being £80,000, plant and equipment £100,000 and professional fees £5,000. TNS would provide match funding of £105,000 against the £80,000 awarded.

### Financial transactions

Date	Transaction	Repaid £	Grant £
13 June 2012	Shropshire Council BACS <sup>3</sup> payment to TNS		63,400
4 July 2012	Shropshire Council BACS payment to TNS		16,600
January 2013	No grant repayment		
January 2014	No grant repayment		
23 October 2014	Invoice raised by Shropshire Council to recover £10,000 for OTC		
January 2015	No grant repayment		
17 July 2015	Funds received from TNS by Shropshire Council	4,000	
29 November 2015	Funds received from TNS by Shropshire Council	6,000	
		10,000	80,000
January 2016	No grant repayment		
January 2017	No grant repayment		
<b>March 2018</b>	<b>Funds not recovered</b>		<b>70,000</b>

7. Under the agreement Shropshire Council reserves the right to clawback some or all the grant where the outputs and deliverables set out in the application are not delivered. As at the date of this report, these funds have not been recovered from TNS. It is unclear why the funds have not been recovered earlier.

<sup>3</sup> Bankers automated clearing system

## Findings of the review

Is the allegation true?

Was the grant awarded?

Has it been paid back?

Was it supposed to be? What were the terms?

8. A grant was awarded by Shropshire Council in 2012 of £80k to The New Saints (TNS) Football Club under the Market Towns Revitalisation Programme (MTRP). One of the outcomes was to deliver grants of £16,000 per annum for a period of five years for purposes to be agreed by the Oswestry Economic Board (OEB). The criteria of these grants to be agreed by the Oswestry Economic Board by December 2012, with delivery of annual grants from 1st January 2013. £10,000 of grant has currently been paid to Shropshire Council and reimbursed to Oswestry Town Council for an agreed project. Under the agreement, Shropshire Council reserves the right to clawback some or all of the grant where the outputs and deliverables set out in the application are not delivered of which the annual grants were one.

What happened in the gap between awarding the grant and now?

9. A review of the OEB agendas and minutes demonstrated that the Board, administered by Oswestry Town Council and supported by Shropshire Council Officers, did not agree criteria against which to award grants funded from the repayment of the £80,000 MTRP monies, to be repaid by TNS over a five-year period. Whilst ongoing criteria was not agreed, the OEB did agree in September 2012 to use £10,000 of the expected grant receipt to fund Start Up Oswestry.
10. The date for the first repayment passed without any payment being received, and mention of any fund repayments or grant criteria did not appear again in the minutes of the OEB which met on a regular basis up until the 9th July 2013. It is unclear why the Board went dormant at this stage.
11. The sum of £10,000 was invoiced by Shropshire Council to TNS in October 2014 and repaid by TNS between July and November 2015. There is no reference to the other outstanding payments at this time and it is unclear why the full £32,000 due at this time, was not invoiced for.
12. It appears that neither the process for agreeing the reallocation of grant monies in the Oswestry area or the need to invoke recovery action to ensure receipt of grant monies from TNS was rigorous enough to withstand the managerial and officer changes that have taken place since its award in 2012. It is not possible to say whether this was by design or accident given the time lapsed and the number of senior officers now not available to explore this with. Officers should have recovered the funds from TNS, either because of the conditions of the grant on behalf of the OEB, or, because of the clawback arrangement by Shropshire Council.
13. The review has identified several occasions over the same period, where Shropshire Council officers had the opportunity to seek clawback of the funds and did not. The process has lacked a constant named officer accountable for this matter. Over the

periods examined however, it is evident that there has been officer involvement from several individuals aware of the situation and the issues involved, some of whom held senior posts. Yet, for reasons undefined, a process to facilitate receipt of the funds has not been raised, implemented or followed. It is unclear why this occurred, given the number of times non-repayment of the grant was highlighted since its allocation in 2012.

14. Prior to January 2016 emails demonstrate that [redacted] was aware of the need to manage this issue and did not and from June 2016, responsibility for reviewing the matter and reclaiming the grant was placed [redacted]. An email [redacted] on the 28<sup>th</sup> June to TNS stated: "Our records show that the New Saints FC Limited has not paid any annual grant instalments to date. Please can you confirm whether this is correct before we seek to reclaim the grant due under the terms and conditions set out in the attached, signed contract." The money was not reclaimed. Opportunities to clawback the money were also not followed through in January, July or December 2017 following interaction with the company.
15. There appears to have been some confusion around the two processes; the repayment of the funds, and the allocation of these funds to projects in the Oswestry area. These matters, whilst not mutually exclusive, could still have been dealt with separately. The lack of criteria for committing future spend was not a valid reason for preventing recovery of the grant repayment amounts in a timely fashion.

Given the grant was made on the basis that it would be repaid and it hasn't been, what action has been taken?

16. The Chief Executive (15 February 2018) requested, [redacted], to seek advice from Legal Services and instigated recovery of the funds due to Shropshire Council.

Were the correct financial procedures followed?

17. In awarding the original grant to TNS; the monies were awarded under the appropriate available guidance and delegation limits. The original agreement clearly set out the requirements and expectations of the grant.
18. In receiving grant repayments; the review showed that a number of opportunities had been missed to take effective action, set up the necessary processes and seek repayment within defined time scales; and as a result, only £10,000 has been recovered. The balance of £70,000 has not been collected in a timely manner.

What are the lessons learnt?

19. The main one is that when an agreement is made between two parties, in this case Shropshire Council and TNS, officers should ensure processes are in place to monitor delivery of the agreement appropriately and to act where this is not the case. This was a straight forward process and there have been several opportunities missed by

well-placed officers, to seek the appropriate advice from colleagues, such as Legal, and secure repayment of the grant.

20. Whilst this review focused on just the one legacy grant, initial recommendations made to improve the control environment going forward are that:
  - a. All decisions when awarding grants against set criteria should be documented and evidence retained which is easily accessible in the event of an enquiry, in line with the corporate retention policy.
  - b. All projects should require a project closure report which should be assessed by senior managers against the original brief and any gaps formally followed up before the projects official closure.
  - c. Where match funding is involved, full evidence should be provided of spend or securing of such funds, before the Council's contribution is released.
  - d. Where funds are due as part of a grant arrangement, invoices should be raised for their receipt. These should be monitored and recovery action instigated in the event of non-payment.
21. An audit of the MTRP funding in Oswestry is underway and any learning following this will also be shared with managers.

## Appendix A: Context for covering report

1. In April 2011, Shropshire Council awarded £80,000 to The New Saints (TNS) Football Club, Oswestry, under money allocated to Oswestry as part to the Market Town Revitalisation Programme (MTRP). The funds were in the form of a legacy<sup>4</sup> grant and one of the outcomes was that they were repaid in the form of grants of £16,000 per annum for a period of five years for purposes to be agreed by the Oswestry Economic Board (OEB)<sup>5</sup>. The criteria of these grants were to be agreed by the Oswestry Economic Board by December 2012, with delivery of annual repayment grants from 1st January 2013. Concerns have been raised that the funds were not fully repaid and therefore Internal Audit have been asked to review the process.

### Background

2. The Market Towns Revitalisation Programme (MTRP) was a fund of £3.5million set aside by Shropshire Council as part of a long-term approach to regeneration, linked to the Council's Transformation Programme. Oswestry as a large market town, was awarded £650,000 of the MTRP funds. From this, £80,000 was approved for the legacy grant to TNS.
3. The Market Towns Revitalisation Programme objectives were developed to ensure the long-term sustainability of Shropshire's towns for the benefit of Shropshire people and to:
  - a. Offer an adequate range of services and community facilities, with good transport connections.
  - b. Encourage good quality jobs to promote less out-commuting and to discourage the out-migration of young people.
  - c. Ensure towns have a good range of retail opportunities to discourage loss of retail spending to competing centres.
  - d. Encourage more jobs in expanding sectors and reduce reliance on one or two main employers.
  - e. Protect towns' natural, built and cultural heritage and improve the quality of the environment.
  - f. Encourage towns to become more sustainable, contributing to reduced carbon emissions.
  - g. Promote the provision of a range of high quality housing types and tenures.
  - h. Promote healthy, learning communities with an active cultural life.
  - i. Address pockets of deprivation and worklessness.
  - j. Help build the Big Society in Shropshire by encouraging and supporting local people to work together to shape their communities, for example by creating new community managed facilities and service.
4. In the autumn of 2011, TNS representatives contacted officers at Shropshire Council to explore available funding streams in the Oswestry area for their business projects.
5. In May 2012, TNS applied to the Council for a grant of £80,000 to support the development of Park Hall stadium. The matter was considered and agreed by the Market Towns Revitalisation Informal Programme Board made up of Councillors,  
The Authorisation is confirmed in email correspondence but evidence in meeting notes is scarce.

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<sup>4</sup> Legacy grant: the funds were earmarked to be spent for purposes to be agreed by the Oswestry Economic Board (OEB) in the form of grants, the criteria was yet to be decided by the same Board.

<sup>5</sup> Oswestry Economic Board (OEB) at times is referred to as the Oswestry Joint Economic Board (OJEB), either use of these terms is reference to the same Board and reflects only a name change.

**Risk:** Without retention of evidence witnessing decisions made, there is a lack of a clear audit trail evidencing the information on which they were made, the context in reaching the decision and clarity of the decision that could lead to confusion in the event of a later dispute.

**Recommendation 1:** All decisions when awarding grants against set criteria should be documented and, evidence retained which is easily accessible in the event of an enquiry, in line with the corporate retention policy.

**Rating:** Significant.

6. On the 28<sup>th</sup> May 2012, grant funding to the sum of £80,000 or 45% of the total eligible costs, whichever is the lesser, was awarded to TNS for additional seating structures. This is confirmed in an agreement signed between \_\_\_\_\_ and \_\_\_\_\_ TNS. The Large Market Towns Programme Member Guidance set out the process to follow for the approval of individual schemes up to £140,000 and therefore the decision to award £80,000 to TNS did not require Cabinet approval.
7. The project was for, 'the installation of a stand to seat an additional 500 seats to allow the applicant to comply with FAW<sup>6</sup> and UEFA<sup>7</sup> infrastructure criteria.....enable the club to attract and host additional high-profile competitions and enable the club to play UEFA matches in Oswestry'.
8. The project was to deliver new stands to the football grounds with the following outcomes:
  - a. Provide additional employment for six full time staff within the first 12 months.
  - b. Deliver a minimum of twenty additional events within the first 12 months (TNS was required to provide the baseline figure).
  - c. Deliver 20,000 additional visitors to the town within the first 12 months (TNS was required to provide the baseline figure)
  - d. Deliver grants of £16,000 per annum for a period of 5 years for purposes to be agreed by the Oswestry Economic Board (OEB). The criteria of these grants to be agreed by the Oswestry Economic Board by December 2012, with delivery of annual grants from 1<sup>st</sup> January 2013.
9. The stands were delivered. Officers have confirmed that there is no project closure report on file to demonstrate delivery of outcomes (a) to (c) above, their interpretation is that with delivery of the stands, these outcomes were a natural result. It would be expected that a project closure report would have been completed and this represents a risk, this review however, focuses on delivery of the fourth outcome (d) in relation to payments direct to the recipient using criteria set by the OEB. Whilst there was no requirement to pay the money to the Council directly, if the payment of the grants under (d) were defaulted, payments to the Council would then occur as a result of clawback.

**Risk:** Without a project closure report it is uncertain if the project has been delivered as planned; managers are unable to evaluate the success of the project, identify best practices for future projects, resolve any open issues and formally close the project. Leading to any benefits not being delivered and going unnoticed.

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<sup>6</sup> FAW Football Association of Wales

<sup>7</sup> UEFA Union of European Football Associations



**Recommendation 2:** All projects should require a project closure report which should be assessed by senior managers against the original brief and any gaps formally followed up before the projects official closure.

**Rating:** Significant.

10. The net costs of the TNS project were to be £185,000; with new build costs being £80,000, plant and equipment £100,000 and professional fees £5,000. TNS would provide match funding of £105,000 against the £80,000 awarded. There was a delay by Shropshire Council officers requesting all invoices to demonstrate the match funding position of TNS and therefore total expenditure on the project. This was only collected from TNS following a number of Freedom of Information (FOI) requests in the autumn of 2016. Payment of the MTRP grant to TNS in 2012 had been made on receipt of initial evidence of net expenditure in the form of invoices and bank statements covering the sums required for the grant and not showing the total cost of the project.

**Risk:** Match funding is not evidenced and evaluated prior to awarding the funds, leading to a lack of evidence to demonstrate that all parties have contributed to the project as agreed at the onset and a potential loss of income to the project.

**Recommendation 3:** Where match funding is involved, full evidence should be provided of the spend or securing of such funds, before the Council's contribution is released.

**Rating:** Significant.

## Financial transactions

Date	Transaction	Repaid £	Grant £
13 June 2012	Shropshire Council BACS <sup>8</sup> payment to TNS		63,400
4 July 2012	Shropshire Council BACS payment to TNS		16,600
1 <sup>st</sup> January 2013	No grant repayment		
1 <sup>st</sup> January 2014	No grant repayment		
23 October 2014	Invoice raised by Shropshire Council to recover £10,000 for OTC		
1 <sup>st</sup> January 2015	No grant repayment		
17 July 2015	Funds received from TNS by Shropshire Council	4,000	
29 November 2015	Funds received from TNS by Shropshire Council	6,000	
		10,000	80,000
1 <sup>st</sup> January 2016	No grant repayment		
1 <sup>st</sup> January 2017	No grant repayment		
<b>March 2018</b>	<b>Funds not recovered</b>		<b>70,000</b>

11. Under the agreement, Shropshire Council reserves the right to clawback some or all of the grant where the outputs and deliverables set out in the application are not delivered. From the table above, it has been clear since 2013/14 that the deliverables set out under section (d) have not been delivered. Therefore, regardless of the status of the OEB or the identification of third parties to deliver schemes from repaid grants, there has been an option for Shropshire Council to recover the funds in full from TNS under the clawback clause.

has been requested (15 February 2018) by the

<sup>8</sup> Bankers automated clearing system

Chief Executive to recover these funds from TNS; this report reviews why these funds were not recovered earlier.

### Oswestry Economic Board

12. Under the grant agreement between Shropshire Council and TNS, the final outcome was to deliver grants of £16,000 per annum for a period of five years for purposes to be agreed by the Oswestry Economic Board (OEB). The criteria for providing these grants was to be agreed by the Oswestry Economic Board by December 2012, with delivery of annual grants from 1st January 2013. The OEB terms of reference (14th August meeting minutes) state that it is a, *“joint venture partnership between Shropshire Council and Oswestry Town Council looking to develop and promote the economic prosperity of Oswestry through a shared vision between the respective Councils”*.
13. A review of the OEB agendas and minutes demonstrated that the Board, administered by Oswestry Town Council (OTC), met on a regular basis up until the 9th July 2013. It is unclear why the Board went dormant at this stage. A discussion with [redacted] at OTC in March 2018, confirmed that meetings were administered by OTC staff, the agenda was set and meetings called jointly by both OTC and Shropshire Council. [redacted] believed the meetings were established to facilitate the MTRP and as funds ran down, the need for the Board was removed. A review of the Terms of Reference, as per the above paragraph, showed this not to be the sole function of the Board.
14. Officers with directorate responsibility for the MTRP have varied, although operational responsibility has remained within the Economic Growth functional area: up to December 2012 [redacted] was responsible, this passed in January 2013 to [redacted] and later, March 2017, to [redacted] ; [redacted] was the initial officer involved and [redacted] have provided some continuity however various officers: [redacted] had various involvement, and in some instances direct responsibility [redacted] It is reported that the teams operated a matrix style of management and as such, in relation to the TNS funds there is no evidence of any one officer having had overall responsibility for the operational management of the MTRP funds on a consistent basis over the period 2012 to present day.
15. At the OEB, on the 14<sup>th</sup> August 2012, a brief update was given that £16,000 revenue funding would be coming back to the Oswestry Economic Board next year and between now and December 2016, members would have the opportunity to decide how it should be spent.
16. Following this Board meeting, [redacted] informed [redacted] that in relation to TNS there had been a brief discussion, and £16k would be coming to the Board on an annual basis from 1 January 2013. [redacted] instructed the team that they needed to develop specific criteria for spend of the grant and this should be done no later than week commencing 17 September 2012, [redacted] was named to lead on this. [redacted] there is no evidence this instruction was actioned. This represented an opportunity to ensure a recovery process was in place for the grant.

17. OJEB<sup>9</sup> on the 28<sup>th</sup> September 2012 agreed to; 'allocate £10,000 funding out of the loan to TNS which was due for repayment in early 2013', to Start up Oswestry. The expenditure was undertaken by OTC as the OJEB was not a formal body and had no bank account.
18. The date for the first repayment passed without any payment being received, and mention of any funds did not appear again in the minutes of the OJEB in the period from January 2013 to the Board going dormant in July 2013.
19. As part of their routine business, the Enterprise and Growth Scrutiny Committee was involved with the MTRP; on the 21<sup>st</sup> March 2013, they received a report from  
confirming that the overall grant allocation for Oswestry of £650,000 was 99.97% allocated. The appendix to this report included the TNS grant of £80,000, but unfortunately the outcomes listed did not include the delivery of £16,000 in annual grants so there was no opportunity for members to question if the first grant payment had been received. **This represented an opportunity to recover the grant or start recovery action.**

**Risk:** Without monitoring of funds due, or invoicing of known amounts against which to manage the receipt or otherwise of funds. Sums due are not collected in a timely manner and in the event of non-payment, recovery action is not instigated appropriately.

**Recommendation 4:** Where funds are due as part of a grant arrangement, invoices should be raised for their receipt. These should be monitored and recovery action instigated in the event of non-payment.

**Rating:** Significant.

20. This review could not find any evidence that the Oswestry Economic Board (OEB) agreed a criteria or process for the reallocation of grant monies received from TNS. However, the lack of such criteria, does not mean that the annual grants should not have been repaid and a system for this should have been in place.
21. Neither the process for agreeing the reallocation of grant monies in the Oswestry area or the need to invoke recovery action to ensure receipt of the grant monies from TNS was rigorous enough to withstand the managerial and officer changes that have taken place. It is not possible to say whether this was by design or accident given the time lapsed and the number of senior officers now not available to explore this with.
22. The OEB was not a body that could have received and paid out funds on its own account, since it didn't have one. Approved criteria should have been established to ensure that payments from TNS went either directly to an agreed third party or alternatively through the accounts of the Accountable Body i.e. Shropshire Council. In the case of the former, it would have been necessary to establish a robust mechanism, outside of Shropshire Council accounts, to monitor payment and receipt. No evidence has been identified to suggest that either approach was taken forward.

### Shropshire Council Officer involvement

23. The review has identified a number of occasions where Shropshire Council officers had the opportunity to seek repayment of the funds and did not.
24. Overall responsibility rested initially with \_\_\_\_\_  
when it transferred to \_\_\_\_\_ and then \_\_\_\_\_

<sup>9</sup> See footnote on page one

. Whilst it is recognised that this person has been a constant in this programme for several years, it was deemed an operational matter expected to be resolved by colleagues closer to the detail. It was on radar, evidenced by bursts of activity detailed in this report and various emails; has confirmed he did raise this verbally and more formally in one to one discussions with , to get this matter resolved in 2016 and 2017. (It is reported that there are no notes/ records before this date, as Information Technology Officers inadvertently 'wiped' archive and one to one minute's when there was a fault on the Surface tablet). There is evidence of reminding of the need to seek clawback of the funds in 2016 and 2017 through emails. It is unclear why the issue did not reach an appropriate conclusion.

25. On the 19<sup>th</sup> March 2014, the matter of non-payment of the legacy grant was raised with of Shropshire Council by of OTC in respect of the instalments outstanding for January 2013 and 2014. The matter was passed to the Community Enablement Team for the area who raised the issue with and
26. An email of the 4<sup>th</sup> April 2014 from to started a discussion over the TNS MTRP grant. and inclination at this stage was to negotiate and agree a grant funding repayment scheme with TNS which is a variance to the MTRP given what he identified as, 'the terms of the MTRP grant funding agreement does not provide scope for repayment'. On the 10<sup>th</sup> April 2014, an email from OTC, to states that: 'Our only ongoing problem is the fact that the TNS instalment has still to be paid to OTC. There is correspondence over the £16k and was supposed to be dealing with it. The deal as I last understood it was that had negotiated with TNS for to pay SC (Shropshire Council) annually as per the agreement and SC itself would reimburse OTC for the £16k outstanding in our favour. Can you look at this one please?' This led to asking Finance for guidance with emails including and the . After various emails, in April 2014, it was confirmed that a legally binding agreement between TNS and Shropshire Council did exist and instructed to, 'identify the definitive position with legal, speak to TNS to recover the £80k and speak to about why he can recover the £16k from us.' escalated this instruction to , who in turn escalated it to .
27. On the 16<sup>th</sup> May 2014, emailed to confirm that; 'the contract does cover this payment so we do not know why TNS have not been paying the £16k per year for five years back to us for the use of the OJEB for the greater benefit of Oswestry. I know has met them'. After receiving a copy of the signed grant agreement, emailed copying in and said "we need to decide who speaks to . I will look at the contract and grant conditions and speak to you again next week".
28. and planned to meet with TNS to discuss the repayment terms for the grant on the 3<sup>rd</sup> June, but unfortunately this was cancelled. Emails suggest the 3<sup>rd</sup> July 2014 was set as the revised meeting date, there are no minutes of the meeting but an email to from the on the 18<sup>th</sup> August 2014, provided some background and is covered later in this report.

29. In discussions and emails with both as part of this review; stated that his, "involvement was as a direct request made by , asked me to arrange a meeting of Shropshire Council officers needed to pursue the return of the monies..... I did attend one meeting in a supportive role to saw their role as, "assisting in discussions with TNS in respect of the grant".
30. An email on the 7<sup>th</sup> July 2014, from records that came to see him in relation to the TNS grant, following which asked and advise him if there were any problems to be resolved. reported that the issue had been passed to a colleague, , within the team. Therefore, was asked by to update emailed saying that, 'I am not dealing with this as has picked it up to deal with. and I are working on this with so he will likely want to run it past him before he responds'. Opportunity for repayment.
31. An email from on the 18<sup>th</sup> August 2014, confirmed discussions had taken place between TNS and also got involved in these as evidenced by emails. It was recognised that an invoice for two grant instalments needed to be raised (£32,000) and on the 27<sup>th</sup> August, an email from to , cc and the said: "Hold until next week before doing anything please". Opportunity for repayment.
32. On the 5<sup>th</sup> September 2014, emailed asking if they could meet and discuss TNS. There is an email from on the 7<sup>th</sup> September demonstrating that he is still aware of delays in getting agreement to the repayments from TNS and the need to treat the company as a debtor in the accounts. asks to keep him posted but does not propose any action; suggesting is in the driving seat. replied to stating he would be meeting with and involving to agree a way forward. Emails between and demonstrate that , at this stage, is the one expected to lead on this.
33. On the 22<sup>nd</sup> September 2014 , contacted TNS to arrange a meeting with to discuss the outstanding repayments. There is an email note stating a meeting was arranged for the 1st October 2014 and requesting that and also be present but there are no details of the outcome of this meeting or the officers in attendance.
34. During October 2014, Shropshire Council raised an invoice for £10,000 to TNS in order for the money to be used to repay OTC for expenditure outlaid under the MTRP. It is unclear why £16,000 was not raised or £32,000 given that two repayments had been missed by TNS to date and officers had earlier recognised this as an issue (August 2014). Through discussions and emails, was identified as leading on this issue at the time and since his departure it is not possible to explore this further. Opportunity for repayment.

35.

36. There is no further correspondence with TNS or any details of interaction with TNS between October 2014 and May 2016 when [redacted] provided a copy of the Agreement to [redacted] and outlined the terms of the agreement. It is not possible to confirm the context of this email as [redacted] but it appears the matter was passed to [redacted] at this time.

37. The sum of £10,000 was received from TNS during this period in response to the invoice raised in October 2014.

38. In an email, dated the 6<sup>th</sup> June 2016, to [redacted] [redacted] was seeking confirmation as to the date of the 2014 meeting and to ascertain if the Economic Development Team had written to TNS, he also mentioned that [redacted], had sent him a load of information dating back to 2012. This was provided in an email dated the 7<sup>th</sup> June 2016 and it contained the history in the form of various emails as to the grant agreement and none payment issues as set out earlier in this report. [redacted] did not have anything further on the issue but confirmed that [redacted] had been involved in several visits. [redacted] stated that he simply, "kept briefed as my role was not to manage the economic development team/ service. I was asked, on occasion, to broker discussions with the football club [redacted] provided no evidence of any further interaction until July 2017.

39. Emails provided to the Auditor demonstrated that [redacted] did have responsibility for following up on the funding agreement in 2016 and this was confirmed [redacted]. An email from [redacted] to a representative of TNS on the 28<sup>th</sup> June 2016, stated: *"You may remember that ...I met with you on 3rd July 2014 to discuss a grant of £80,000 that was paid to New Saints FC Limited to help fund additional seating at your venue.... We provided you with a copy of the MTRP agreement ..... I am reviewing this matter once again.... Appendix 1 of the agreement sets out the agreed outputs and conditions for the project and the grant. The final one being to deliver grants of £16,000 per annum for a period of five years to be agreed by the Oswestry Joint Economic Board to promote economic and social wellbeing projects in Oswestry. The agreement also, in appendix 3, contains claw back conditions one of which states that claw back applies where you do not comply with or observe any condition of the agreement or the appendices.... When we met in July 2014 you confirmed that the seating work had been completed and that no payments, to the best of your knowledge, had been made by the club to support economic and/ or community projects. .... Our records show that the New Saints FC Limited has not paid any annual grant instalments to date. Please can you confirm whether this is correct before we seek to reclaim the grant due under the terms and conditions set out in the attached, signed contract".* On the 5<sup>th</sup> September, an email from [redacted] to [redacted] demonstrates that [redacted] is to meet TNS representatives in relation to a covenant and; *"to discuss the MTRP legacy issue"*. **Opportunity for repayment.**

40. TNS responded on the 19<sup>th</sup> July 2016 to state the matter would be discussed with [redacted]. There is no evidence of any further response from the [redacted] Company to this email. [redacted] was advised in August 2016 that a response was still outstanding.

41. On the 20<sup>th</sup> September 2016, [redacted] met with TNS to discuss the grant and covenant issues that had been raised in respect of a freedom of information request received. There is no indication of the outcome of this meeting in respect to the grant repayments due or the potential clawback of the grant despite the letter issued to the company in June 2016. **Opportunity for repayment.**
42. The above meeting was formally confirmed in writing by [redacted] to TNS on the 19<sup>th</sup> January 2017, however the content of that letter whilst acknowledging discussions on the grant only contains details in respect of another issue, unrelated to the legacy grant issue, that being compliance with a covenant. [redacted] met with [redacted] of TNS on the 24<sup>th</sup> July 2017. As a result of this meeting [redacted] emailed [redacted] and included in the following comment which is related to the legacy grant; ‘ [redacted] Thank you for coming in the other day.... In relation to the grant please refer to [redacted] meeting notes and the agreement which clearly shows the process that he and the council was supposed to put in place but as of this day it’s not been put in place and in fact is now out of time....’. It is not clear who [redacted] is as the original agreement was signed by [redacted] but the inference is that TNS are taking the stance that they could not meet the Grant condition as the OJEB failed to agree criteria for these grants. At the time of this report, officers have sought and received Legal Services advice to explore the ‘out of time,’ issue and recovery processes have been instigated. It is unclear why, or if, such legal advice was not sought earlier.
43. [redacted] responded on the 31<sup>st</sup> July 2017 stating; ‘The fourth bullet point in the grant agreement (page 8) states that “deliver grants of £16,000 per annum for a period of 5 years for purposes to be agreed by the Oswestry Joint Economic Board. The criteria of these grants to be agreed by the Oswestry Economic Board by December 2012, with delivery of annual grants from 1st January 2013.” It is possible that the final instalment of the annual grant may be payable given that the renamed board is due to meet again in the coming months. I have been advised that you, or another representative of the club, can be involved in determining how this grant may be allocated for the economic benefit of the town centre. The above condition states that “annual grants of £16,000 are delivered for a period of five years....with the delivery of annual grants from 1st January 2013”. This suggests to me that a decision to deliver the final allocation of grant prior to January 2018 is possible. I will ask for a view on this from colleagues working with the Oswestry Town Centre Partnership<sup>10</sup> and those who are involved in administering the MTRP grant scheme’.
44. This shows [redacted] attention being brought to the TNS grant that had not been repaid at this time and that the position required clarifying in a timely manner and following through. Regardless of whether the OEB was meeting, the grant repayments were due under the terms of agreement and if not paid could be clawed back by Shropshire Council as set out in the officer’s letter of the 28<sup>th</sup> June 2016. The evidence shows that action had not been undertaken following [redacted] earlier interactions with the process in August 2014 when he had an indirect role and in June 2016 when he was more directly involved. **Opportunity for repayment.**
45. On the 19<sup>th</sup> December 2017, the legacy grant issue was raised by West Mercia Police with [redacted], following a tip off from a member of the public. The Police sought confirmation that there had been no fraud around the grant. This again raised the issue. **Opportunity for repayment.**

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<sup>10</sup> The Oswestry Town Partnership (OTP) is being established to replace the OEB/OJEB To create opportunities for Shropshire and Oswestry Town Council to work together to deliver priorities around investment and town centre regeneration

46.

47. On the 15<sup>th</sup> February 2018, Internal Audit were requested to review the matter.

48.

49. The renamed OEB/ OJEB is now known as the Oswestry Town Centre Partnership and will be the body to agree any MTRP related projects going forward.

### **Summary**

50. The timeline and process behind the Market Towns Revitalisation Programme funding to The New Saints Football Club and its repayments has taken time to unravel, but now unravelled, it is clear that officers should have recovered the funds from TNS, either as a result of the conditions of the grant on behalf of the OEB, or, as a result of the clawback arrangement, by Shropshire Council.

51. A sum was invoiced for and recovered of £10,000 by November 2015, however it was known at this time that £32,000 was due. It is not known why the full sum due was not requested at this time.

52. Whilst the process has lacked a constant named officer, accountable for this matter over the periods examined, there has been officer involvement from several individuals aware of the situation and the issues involved, some of which held senior posts. For reasons undefined, a process to facilitate receipt of the funds has not been implemented or followed. It is unclear why this occurred, especially given the number of times non-repayment of the grant was highlighted since its allocation in 2012. Whilst it is accepted that not all officers involved would have had direct operational responsibilities for the grant repayment, others were able to either seek repayment or confirmation from others that methodologies were put in place to achieve this. Confusion around two issues, the repayment of the funds, and the allocation of these funds to projects in the Oswestry area, is noted. But these matters, whilst not mutually exclusive, could have been dealt with separately. The lack of criteria for committing future spend, was not a valid reason for preventing recovery of the grant repayment amounts in a timely fashion.

53. The table below demonstrates the occasion's recovery processes could and should have been instigated.



Date	Transaction	Repaid £	Grant £
13 <sup>th</sup> June 2012	Shropshire Council BACS payment to TNS		63,400
4 <sup>h</sup> July 2012	Shropshire Council BACS payment to TNS		16,600
14 <sup>th</sup> August 2012	Instruction to [redacted] to develop criteria for grant spend no later than week commencing 17 <sup>h</sup> September [redacted]. It is unclear why this was not done.		
1 <sup>st</sup> January 2013	No grant repayment. It is unclear why this was not followed up at the time, or why clawback was not instigated. Amount due £16,000.		
1 <sup>st</sup> January 2014	No grant repayment. It is unclear why this was not followed up at the time, or why clawback was not instigated. Amount due 32,000.		
April to July 2014	[redacted] and [redacted] met with TNS with an aim to agree repayment terms for the grant. It is unclear why this was not followed up with the Directors of TNS. Responsibility was with [redacted].		
27 <sup>th</sup> August 2014	[redacted], asked for a hold to be put on the repayments until the following week. It is unclear why this was done.		
October 2014	[redacted] manages the team that raises an invoice for £10,000 and not the £32,000 due. [redacted]. It is unclear why the full amount due was not invoiced for.		
23 October 2014	Invoice raised by Shropshire Council to recover £10,000 for OTC. It is unclear why only £10,000 and not the full £32,000 was invoiced for. Responsibility was with [redacted].		
1 <sup>st</sup> January 2015	No grant repayment. It is unclear why this was not followed up at the time, or why clawback was not instigated. Amount due £48,000.		
17 July 2015	Funds received from TNS by Shropshire Council	4,000	
29 November 2015	Funds received from TNS by Shropshire Council	6,000	
1 <sup>st</sup> January 2016	No grant repayment. It is unclear why this was not followed up at the time, or why clawback was not instigated. Amount due £54,000.		
3 <sup>rd</sup> January 2016	[redacted] Repayments outstanding £38,000.		
June 2016	[redacted] picked up the issue. He stated that his role was to broker discussions with TNS and keep the [redacted] informed, not to seek repayment. Emails show that he had a responsibility to seek clawback of funds at the time. It is unclear why repayment of the grant was not achieved.		
1 <sup>st</sup> January 2017	No grant repayment. It is unclear why this was not followed up at the time, or why clawback was not instigated. Amount due £70,000.		

Date	Transaction	Repaid £	Grant £
July 2017	<p>██████████ picked up another issue in relation to covenants with TNS and the grant also continued to be discussed. This was not followed through.</p> <p>It is unclear why clawback of grant was not taken forward.</p>		
December 2017	<p>██████████ picked up the issue and was a contact for the Police to confirm there had been no fraud around the grant process. It is unclear why the clawback of funds was not sought at this stage.</p>		
February 2018	<p>██████████ was instructed to facilitate recovery of the funds by the CEO. This is ongoing.</p>		
April 2018	Funds not recovered		70,000

54. The recommendations highlighted in this report following a desktop review, should be considered and implemented by management.

9<sup>th</sup> April 2018

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