

Report to: Cabinet

Date of Meeting: 5 March 2018

Report Title: An Update - CHART (Connecting Hastings and Rother Together) Community Led Local Development (CLLD) – Stage 2 application

Report By: Victoria Conheady, Assistant Director for Regeneration and Culture

This report is submitted as special urgency item under rule 26.16 of the Access to Information Rules contained in the Council's Constitution. The need for urgency is described below:

- We have received grant funding agreements on 28th February which require signature within 30 days.
- This decision cannot be made during purdah; this is the last cabinet prior to purdah.

Purpose of Report

1. To brief members on the CHART CLLD programme and to note the successful outcomes of our submitted applications.
 2. To seek the necessary approvals needed to implement the programme.
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Recommendation(s)

1. That the council shall sign the legal agreements accepting CHART CLLD funding including commitment to the match for administration and management identified in paragraph 44.
 2. Delegated approval is given to the Director of Operational Services, or his nominee, in consultation with the lead member for regeneration to:
 - Negotiate and conclude legal agreements with the managing authorities to implement and deliver the programme
 - Negotiate and conclude legal agreements with successful grant applicants once the programme is commenced
 - Submit bids for projects, on behalf of the council, funded by CHART should this be appropriate; enter into relevant contracts and deliver them if the bid is successful.
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Reasons for Recommendations

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1. Delegated authority was given to proceed with the multi-stage CLLD application of the CHART bid at the 2nd November 2015 Cabinet and for HBC to be the accountable body for this programme and these have been successful.
2. HBC has been successful at all stages, and received approval in principle letters in December 2017, after considerable delays in the programme assessment.
3. The grant funding agreement relevant to the European Regional Development programme was received on the 28th February. This grant agreement includes funding for the management and administration of the programme. It requires our signature and return within 30 days.
4. This report supersedes reports received by cabinet in November 2015 and August 2016, which can be found in the appendices.

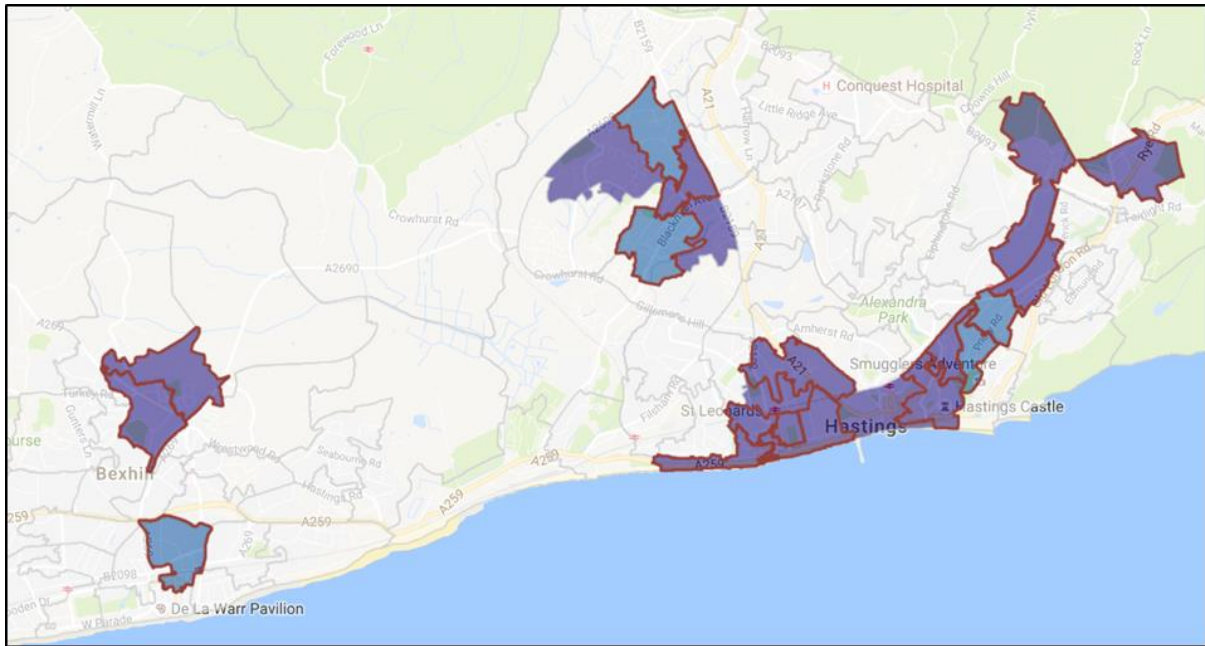
Background:

1. The CLLD programme provides an opportunity to secure funding for measures to link people in deprived communities to jobs, skills development and entrepreneurial activity. Based on the 2010 Index of Multiple Deprivation (IMD) results (on which CLLD is based) Hastings is the 20th most deprived town in the UK. Across Bexhill and Hastings, 24 wards are within the 20% most deprived in the UK. However there are areas of opportunity and business growth, and CLLD funding could help ensure that people in the most deprived communities are linked to these opportunities.
2. For further detail on the programme and background please refer to the 2nd November 2015 Cabinet report and appendices.
3. HBC was successful in the Expression of Interest (EIO) submitted on the 24th November 2015, and committed £20,000 of match funding (staff time) to enable draw down of £20,000 of European Regional Development (ERDF) and European Social Fund (ESF) investment.
4. HBC was invited to develop a Local Development Strategy (LDS) at the end of March, with a deadline of submission of the 31st August. This LDS was given in-principle approval on the 27th October 2016.
5. At this stage we were asked to submit additional information. This information was accepted on the 19th December and we are required to submit stage 2 applications to the Managing Authorities by the 28th February 2017.
6. In December 2017 we received approval in principle letters, and, in January 2018 were asked to provide further updated applications, reconciling the programme slippage due to delays in approvals.
7. These were submitted at the end of last month. We have received the offer letter for ERDF funding, and at the time of writing are awaiting the grant funding agreement for the European Social Fund (ESF) element.

A summary of the Local Development Strategy

Locations:

8. The Strategy and the request for additional information identified the following areas within Hastings and Rother as forming the CHART locality. Broadly, it will work in the following wards: Ore, Tressell, Baird, Hollington, Wishing Tree, Castle, Gensing, Central St Leonards, Sidley and Central Bexhill.
9. However, the CHART activity must be focused on specific Lower Super Output Areas (LSOAs) identified in the map and tables below. Although 90% of funding will be within the LSOAs identified there may be some beneficiaries who are located in adjoining LSOAs.



Specifically these Lower Super Output Areas (LSOA):

CHART target locations: the LSOAs where CHART will prioritise its spending			
Rother			
Sidley			
E01021135	Sidley	Rother 007D	9.60%
E01021136	Sidley	Rother 007E	3.90%
Central Bexhill			
E01021092	Central	Rother 011C	14.20%

Hastings and St Leonards LSOAs:

LSOA code (2011)	LSOA Name created by HBC	Ward	LSOA name (2011)	Population (2011 Census)	Overall
E01020972	Broomgrove	Baird	Hastings 005A	1,549	0.4%
E01021005	Hillcrest	Ore	Hastings 004B	1,616	4.9%
E01021014	Castledown	Tressell	Hastings 007E	1,877	13.9%
E01021015	Halton & Farley	Tressell	Hastings 005D	1,603	0.8%
E01020978	Castle Hill	Castle	Hastings 009A	1,951	8.1%
E01020979	Town Centre	Castle	Hastings 009B	1,836	2.4%
E01020980	Milward	Castle	Hastings 009C	1,588	7.1%
E01020981	West Hill	Castle	Hastings 009D	1,629	19.0%
E01020982	Seven Streets	Central St Leonards	Hastings 011A	1,744	1.0%
E01020983	Warrior Square	Central St Leonards	Hastings 011B	1,656	3.0%

E01020984	St Margaret	Central St Leonards	Hastings 011C	1,952	3.5%
E01020985	St Leonards Centre	Central St Leonards	Hastings 011D	1,787	7.5%
E01020989	Chapel Park	Gensing	Hastings 011E	1,756	2.0%
E01020990	Bohemia	Gensing	Hastings 008C	1,658	10.6%
E01020992	Horntyte	Gensing	Hastings 008E	1,845	3.2%
E01020993	Hollington Primary	Hollington	Hastings 003A	1,344	6.2%
E01020994	Castleham	Hollington	Hastings 003B	1,533	10.7%
E01020995	Tesco	Hollington	Hastings 003C	1,435	5.4%
E01021019	Stonehouse	Wishing Tree	Hastings 003E	1,597	3.3%
E01021020	Ironlatch	Wishing Tree	Hastings 006D	1,849	14.2%

The location will cover a population of approximately 39,000.

Interventions:

- Each intervention within these localities will be focused on specific deprivation indices based on the 2010 IMD results.

Hollington in North West St Leonards

- LSOA reference: Hastings 003A; Hastings 003B; Hastings 003C; Hastings 003E; Hastings 006D.
- As shown in the map, this CHART target area has three LSOAs in the bottom 10%, and a further two in the bottom 20% (one 10.7%, the other 14.2%).
- These five LSOAs make up a coherent, locally understood neighbourhood in Hollington and Wishing tree wards, with the other two LSOAs within these wards having significantly better deprivation indicators, and hence will not be targeted by CHART.
- The 2010 IMD data from these LSOAs show high levels of deprivation within indicators of education and employment. To respond to this, CHART activities within these areas will focus on addressing barriers to employment and training:
 - Employment (4 of the LSOAs were within the bottom 10%)
 - Education Skills & Training (2 of the LSOAs were 3.3% and 2.2%)

Central St Leonards and Hastings Town Centre

- LSOA reference: Hastings 009A, Hastings 009B, Hastings 009C, Hastings 009D, Hastings 011A, Hastings 011B, Hastings 011C, Hastings 011D, Hastings 011E, Hastings 008C, Hastings 008E.

16. With a population of 19,402, this is the largest targeted area. All but two of the LSOAs in this area fall within the bottom 10% from 2010, with just two higher, one at 10.6%, the other 19%. Across the three wards which make up this neighbourhood, only one LSOA in 2010 was above 20%, and is not included in the CHART target area (its conditions had also improved by 2015).
17. The 2010 IMD data from these LSOAs show significant deprivation within the indicators of employment, health and disability. CHART activities will specifically focus on addressing these issues and will tackle health and employment inequalities together, taking into account important invisible disabilities such as mental health:
 - Employment (over 50% of the LSOAs in this area are within the bottom 5%)
 - Health & Disability (over 50% of the LSOAs in this area are within the bottom 5%)

North East Hastings

18. LSOA reference: Hastings 005A, Hastings 004B, Hastings 007E, Hastings 005D.
19. There are 4 LSOAs within this area, 2 of which are in the bottom 1% nationally, the other 2 at 4.9% and 13.9%, which are sharply distinct from the other LSOAs in the same wards.
20. This area appears contiguous with Hastings Town Centre but is significantly more disadvantaged (based on IMD), has a different community identity (as Ore Village), and a reduced number of employment opportunities. It is therefore seen as a distinct locality from Hastings Town Centre.
21. The 2010 IMD data from these 4 LSOAs showed significant deprivation within the indicators of employment, education and health and disability. CHART activities will specifically focus on addressing these inequalities:
 - Employment (3 of the LSOAs were within the bottom 10%)
 - Education Skills & Training (3 of the LSOAs were within the bottom 5%)
 - Health & Disability (3 of the LSOAs were within the bottom 5%)

Sidley

22. LSOA reference: Rother 007D, Rother 007E.
23. Both target LSOAs in Sidley fall below the 10% threshold. The other two LSOAs in Sidley ward will not be targeted, being both much less deprived (24.1% and 31.3% respectively), and clearly different in terms of housing, facilities and key social and economic indicators.
24. The 2010 IMD data from the 2 target LSOAs show high deprivation within the indicators of employment, education and health and disability:

- Employment (Both LSOAs were within the bottom 10%)
- Education Skills & Training (Both LSOAs were within the bottom 10%)
- Health & Disability (1 of the LSOAs were within the bottom 5%)

25. CHART activity within this location likely include a combined ERDF Capital Project with ESF employability project delivering onsite construction training and employability/enterprise training within blocks of social housing.

Central Bexhill

26. LSOA reference Rother 011C.

27. One LSOA is targeted by CHART, with an IMD figure of 14.2%, notably different from the other parts of the town centre, and with the very specific housing and tenure issues described in our main strategy.

28. The location is included in CHART both for its need, but also because the setting, issues and likely responses closely match those in Hastings Town Centre and Central St Leonards. We anticipate significant sharing of models and methods amongst those delivering CHART interventions.

29. Whilst levels of deprivation are not the same as the other CHART areas it is still under 20% and it is of note that indicators for employment, health and disability still fall within 10% nationally, and the levels of deprivation are in stark contrast to adjacent LSOAs.

30. CLLD is likely to focus on infrastructure for the emerging micro business demographic within this area, in reference to the indicators of employment and health and disability. It is recognised that worklessness is a key determinant of health inequality.

- Employment 7.3%
- Health and Disability 8.7%

Funding:

31. We have advised that through a mixture of European Structural funds, matched by private and other public funding, we will invest approximately £7.4M in these specific localities across 5 years commencing in April 2017.

Funding Source	Budget contribution
ERDF	£2,073,537
ESF	£1,625,000
Public sector match	£3,698,573
Total budget	7,397,074

Outputs:

32. We have committed to the following outputs:

ERDF Outputs (In relation to businesses and enterprise support in CHART locations)	ESF Outputs/Results (In relation to individuals residing in CHART locations)
227 enterprises	1686 participants (output)
159 new enterprises	ESF RESULTS
170 Employment increase in supported enterprises	320 participants in education or training on leaving
636 Number of potential entrepreneurs assisted to be enterprise ready	189 Unemployed participants in employment including self-employment on leaving
543 Square metres public or commercial building built or renovated in target areas	123 inactive participants into employment or job search on leaving the programme

Work Packages

33. There will be 5 work packages within the CHART programme:

Work Package	Budget and funding source	
	Grant (£)	Match (potential source identified in brackets)
Developing physical assets of value to local communities	822,500	Public 822,500 (HBC build/fit out of factory/Rother District Council (RCS) s106 monies and Clinical Commissioning Group (CCG) Health and Wellness hubs).
Enterprise and business support	352,500	352,500 (CCG/HBC and grant recipient match)
Community development and capacity building	325,000	325,000 (Grant recipients match/CCG health and wellness hub investment)
Employability support	1,300,000	1,300,000 (CCG, Sussex Coast College Hastings, Amicus Horizon and grant)

		recipients' match)
Management and administration	898,537	898,537 (HBC)

Shadow Local Action Group

34. The Shadow Local Action Group (LAG) is currently made up of 31 members which includes residents, business representation, local authorities and the charitable and third sector. The lead member for regeneration is the chair of this group.
35. Once we have signed the grant funding agreement we will be advertising for individuals to join the CHART LAG, with the ambition to have a group of approximately 12-15 individuals to implement the programme. Chair and Vice Chairs will then be nominated, and voted in.

Project Selection process

36. CHART will be run as a grant programme, with two stages: EOI or Ideas stage and a full application stage.
37. At the EOI stage we will be encouraging applicants to work together to build the size of the project. Fewer, larger projects will make for more effective delivery and ease the administrative burden.
38. At Application stage the applicants will need to identify sufficient public sector match to ensure the programme reaches critical mass. They will also be asked to identify spend profile and outputs/results at LSOA level.
39. We expect to hold 1 -2 rounds for Expression of Interest and Application process within work packages 1-4. From EOI to grant award we expect 6 month turn-around.

State Aid

40. ESF funding, in most cases, will not have State Aid concerns; however ERDF grants will need to consider State Aid rules. Any grants above the de minimis threshold will need to be considered under State Aid General Block Exemption Regulations (GBER).

Timescales

41. Once the Grant funding agreements are signed we will recruit the programme staff, prior to launching a call for projects. Work has already commenced with key partners, who bring match, to identify large, impactful, projects, to try and

mitigate the slippage of the programme. The ambition is to contract with successful applicants before the end of 2018. .

Match Funding

42. The programme stipulates that the CLLD programme must attract 50% match. €2.1M of match within each CLLD area must come from the public sector.
43. HBC officers have identified in excess of £3.7M public sector investment in the CHART localities across the next 5 years which could be utilised as match by grant applicants. This will enable CHART to draw down approximately £3.7M EU funding.

Management and Administration Match:

44. The council will receive funding of c£899k to supports its administration of the programme including the employment of additional staff. This needs to be matched by the council from its existing or future expenditure.
45. In-kind match has been identified across a large range of service areas, such as:
 - legal
 - finance
 - audit
 - IT
 - Human resources
 - housing
 - regeneration
 - leisure
 - culture
 - economic development
 - marketing
46. It is also aligned with other funding streams such as the Clinical Commissioning Group programme and the Hastings Opportunity Area, in addition to Coastal Communities Funded projects.
47. The CHART work is complementing existing staff activity across these work streams, and will assist the CHART programme team in managing and administrating a robust grants programme. Any additional staff time on CHART activity is being included in the grant we draw down. Staff time working on the programme from the 26th October 2016 is also classed as match and will be included in our first claim to the managing authority.
48. The above demonstrates the integrated nature of this programme across the council, and it's alignment with key programmes of work.

Financial and Organisational Implications

49. As the accountable body HBC will be liable for the full financial costs of the grant aspect of the programme.
50. The guidance states that the accountable body:
- a) is responsible for ensuring the effective operation of the Local Action Group and investing European Regional Development Fund and or European Social Fund monies in a programme of activity to deliver the Local Development Strategy.
 - b) must ensure that European Regional Development Fund and or European Social Fund monies are spent in accordance with the relevant funding agreement and national eligibility rules.
 - c) is responsible for ensuring that the European Regional Development Fund outputs and or European Social Fund outputs and results agreed in the funding agreement are achieved.
50. The guidance states that as Accountable body we will be:
- Accountable for ensuring the compliant operation of the Local Action Group
 - Accountable for investing ESIF resources
 - Liable for any ineligible expenditure
 - Accountable for meeting performance targets
 - Liable for any underperformance penalties
51. We will be running this programme as a grants programme. In order to claim ERDF and ESF funding we have to evidence 100% of the project cost.
52. To mitigate the financial risk it is profiled that within the programme staffing we create two animator roles. One will focus on project development to assist organisations in bring projects forward. The other will focus on assisting organisations post project. They will focus on assisting the organisations in ensuring their claim paperwork includes all eligible expenditure, and that the project outcomes are being delivered.
53. The programme team will also have a dedicated compliance role to double check the paperwork prior to passing to finance for approval.
54. The second financial risk is the ability of the programme to identify sufficient public sector match to achieve its outcomes and to support the M&A budget (which is approx. 25% of the total public sector contribution). As described in the table in paragraph 33 match for the grants programme was identified at time of

submission – February 2017. Since then other funding has been identified as potential match, such as the Hastings Opportunity Area funds. It is likely that further eligible match will be identified by the grant applicants themselves, and officers are confident that this fiscal risk will be mitigated.

Timetable of Next Steps

55. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Conclude negotiation with government	Sign grant funding agreements	Before 29 th March 2018 * (ERDF Funding agreement) (*still awaiting ESF papers)	Chief legal officer
Initiate project implementation	Recruit programme staff	Before end May 2018	AD Regeneration and culture/ HR
Recruit individuals for local action group	Form local action group	Before end May 2018	AD Regeneration and Culture/ Economic Development Manager
Programme launch	Programme launch	Before purdah if funding agreements signed, if not May 2018	Programme team
Invite expressions of interest	Expression of interest launched	During purdah if programme launched prior to purdah, otherwise May	Programme team
Run programme	Deliver eligible programme and achieve ERDF/ESF outputs	Oct 2016* (*start date as identified by Managing Authorities) to	AD Regeneration and Culture

	and results	December 2022	
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Wards Affected

- Hastings Castle,
- Central St Leonards
- Gensing
- Baird
- Ore
- Tressell
- Hollington
- Wishing Tree

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Y
Crime and Fear of Crime (Section 17)	N
Risk Management	Y
Environmental Issues	N
Economic/Financial Implications	Y
Human Rights Act	N
Organisational Consequences	Y
Local People's Views	Y
Anti-Poverty	N

Additional Information

Appendix 1 - 2nd November 2015 Cabinet report

Appendix 2 – August 5th 2016 Cabinet report

Officer to Contact

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