

Report of Director of Communities and Environment

Report to Executive Board

Date: 17 July 2017

Subject: Community Led Local Development

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Armley, Bramley and Stanningley, Burmantofts and Richmond Hill, Beeston & Holbeck, Chapel Allerton, City and Hunslet, Farnley and Wortley, Gipton and Harehills, Kirkstall, Middleton Park, Morley South, Killingbeck & Seacroft	
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary of main issues

1. The European Structural and Investment Funds (ESIF) Programme is a seven year programme that can support a range of economic development, skills, environmental improvement and social inclusion activities. The Leeds City Region has one of the largest allocations totalling circa £340m with expenditure continuing until 2023.
2. Local Action Groups have been formed in the Inner East, Inner South and Inner West areas of the city. In response to a call for proposals from the European Structural and Investment Fund (ESIF) for Community Led Local Development (CLLD) strategies, these Local Action Groups have been successful in agreeing local development strategies and bids have been submitted. If successful, these bids will be delivered from 2017 to 2022.
3. Each Local Action Group has requested that Leeds City Council act as the Accountable Body. This accountability role has been agreed by the Executive Member Communities and the Director of Communities and Environment. Stage 2 bids have been submitted to the Department for Work and Pensions for the European Social Fund (ESF) element

and to the Department of Communities and Local Government for the European Regional Development Fund (ERDF) element.

4. The bids include provision for Leeds City Council to draw ERDF funds to support the administration of these projects. This approach will be matched by existing staff resources.
5. The Leeds proposals are currently being considered by the Managing authorities (DWP/DCLG) and the purpose of this paper is to seek authority from Executive Board - in advance of a decision by the managing authorities - to ultimately enter a contract to deliver CLLD and to delegate to the Director of Communities and Environment the completion of this contract, with the initiative being led by the Chief Officer Communities.

Recommendations

1. Executive Board:-

- To authorise Council expenditure for the three CLLD Programmes of £1,093k;
- To authorise the Director of Communities and Environment to enter into contracts with the DCLG and DWP for the CLLD Programmes in Inner East, Inner South and Inner West.

1. Purpose of this report

- 1.1 To report the work undertaken to date to secure CLLD funding for Leeds.
- 1.2 To seek Executive Board approval to enter into contracts with DCLG and DWP to deliver CLLD in advance of decisions by the managing authorities.

2. Background information

The European Structural and Investment Funds (ESIF) Programme is a seven year programme that can support a range of economic development, skills, environmental improvement and social inclusion activities. The Leeds City Region has one of the largest allocations totalling circa £340m, with expenditure continuing until 2023.

- 2.1 The ESIF programme is made up of three different funds: European Regional Development Fund (ERDF) and European Social Fund (ESF) and a small allocation of European Agricultural Fund for Rural Development (EAFRD).
- 2.2 European Regional Development Fund (ERDF) funds building and infrastructure projects, projects offering support for small and medium sized businesses, innovation and research activities, with the aim of promoting economic growth and creating jobs. The Department for Communities and Local Government (DCLG) is responsible for managing ERDF programmes in England.
- 2.3 European Social Fund (ESF) funds pre-employment and employment support, skills and qualifications for unemployed and employed people, as well as a range of activities to combat poverty and increase social inclusion. The Department for Work and Pensions (DWP) is responsible for managing ESF programmes in England.
- 2.4 Following the vote to leave the EU in the referendum on 23 June 2016, there were concerns about the impact on projects funded by the ESIF Programme. As at December 2016, the Treasury position is that the funding for projects with an ESIF funding agreement in place will be honoured as long as they 'are good value for money' and 'in line with domestic strategic priorities'.

3. Main issues

- 3.1 The Social Inclusion strand of the ESIF programme allows for Community Led Local Development (CLLD) to target areas which fall into the top 10% most disadvantaged Lower Super Output Areas in England. CLLD programmes can access two funds, ERDF and ESF.
- 3.2 The CLLD requirements are as follows:
 - A focus on a specific geography with a population of between 10,000 -

150,000;

- The initiative must be led by a Local Action Group with representatives from public, private and third sectors as well as local residents;
- The membership of the Local Action Group must be no more than 49% public sector and the public sector cannot have the casting vote in any decision;
- Programmes must have a minimum value of €3m (3 million Euros).

- 3.3 Three parts of the city were identified as potential areas for CLLD: broadly representing the areas of Inner East, Inner South and Inner West.
- 3.4 In 2016, three local third sector organisations applied for preparatory stage funding for CLLD, to consult locally and produce a Local Development Strategy; establish a Local Action Group in line with programme requirements; and to identify an Accountable Body to manage and deliver the Strategy. Consultation and development took place during the spring and summer of 2016, shadow Local Action Groups were formed and in October, all three strategies were approved. See Background Documents.
- 3.5 Each of the three Local Action Groups requested that Leeds City Council act as the Accountable Body for the delivery of their strategy; all included elements of activity funded by ERDF and ESF.
- 3.6 In January, ERDF and ESF Full Applications for each of the three areas, setting out the implementation and delivery plans for the Local Development Strategies, were submitted to the Managing Authorities, DCLG and DWP. The applications are for delivery of activity in each strategy from September 2017- September 2022.
- 3.7 As the Accountable Body, Leeds City Council will take on the legal and financial responsibility on behalf of the three Local Action groups, employing and managing a Programme Team who will support the LAGs in developing and implementing a delegated grants programme in each of the three areas. This role will include determining the eligibility of applicants under ESIF regulations and criteria.
- 3.8 The applications are currently at the appraisal stage and the outcome will be known during the summer.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 CLLD has been in development in the city since 2013, with extensive consultation on whether it should form part of the Leeds City Region ESIF Strategy. Since then discussions have been held with stakeholders, including local ward members about

the decision to bid, and the neighbourhoods/LSOAs to be included in the strategies for each area. Reports have been considered at Community Committees and their appropriate sub-groups, such as Employment and Skills Boards.

- 4.1.2 The ESIF funding at the first stage of applications provided third sector partners resources to consult widely with local stakeholders in the areas of benefit. The Local Development Strategies (see background documents) provide evidence of this process taking place across Inner East, Inner West and the Inner South areas.
- 4.1.3 As the implementation phase of the programme begins, and opportunities to apply for CLLD funding are announced, there will be further publicity about the programme in local areas, and support from a dedicated Animateur post within the Programme Management Team to support local organisations in appropriately accessing the funds.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The whole purpose of the CLLD scheme is to tackle disadvantage and poverty in our poorest communities by targeting those residents who are furthest from the labour market; and who existing services and programmes do not reach. The Strategies set out the context of each area, and the Strategies includes disabled people, those who are unemployed or workless and furthest from the labour market; as well as outcomes by age (targeting the 50+), BME groups and by gender, which the programmes have targets to achieve.
- 4.2.2 As part of the stage 2 proposals each LAG has an agreed Equality Policy and Implementation plans.
- 4.2.3 The proposals have been considered in the Equality Screening document (attached).

4.3 Council policies and best council plan

- 4.3.1 CLLD supports the Council's ambitions for Leeds to have a strong economy and a compassionate city.
- 4.3.2 In particular, it supports the council's priority for resilient communities, where it aims to raise aspiration locally, and supporting strong and cohesive communities. The business support elements will support positive growth the creation of good jobs, and the development of local business.
- 4.3.3 It will support the Council outcomes of:-
 - Do well at all levels of learning and have the skills they need for life
 - Earn enough to support themselves and their families

4.4 Resources and value for money

- 4.4.1 The CLLD Programme provides a genuine opportunity for the Council. It is a significant source of external grant funding which will contribute directly to the costs of projects needed to support our most vulnerable communities and will increase the funding currently available to do so.
- 4.4.2 Approval of the CLLD Full Applications and signing the ERDF and ESF funding agreements will commit the Council to managing the three identified programmes.
- 4.4.3 The management of the CLLD programmes does present challenges for the authority in terms of staffing and ensuring that we have the appropriate skills and expertise. If these applications are successful, additional staffing resources (estimated to be £650k over the five year programme and included in the costings below in 4.4.4) will be required to manage these contracts, and in certain cases, will require external recruitment where the Council lacks the capacity or expertise.
- 4.4.4 The overall management and administration costs of the three programmes are expected to cost £2,186k and this will be funded 50% by ERDF (£1,093k) and 50% by Leeds City Council (£1,093k). The LCC contribution is mainly via staff time, and this will be met from existing budgets.
- 4.4.5 Match funding for the grants programmes is expected to come from organisations applying for CLLD grants. This may ultimately include Leeds City Council sources (such as Wellbeing Funds), however, this report does not recommend any financial commitment to individual projects which may come forward once the CLLD grants programmes are open.

4.5 Legal implications, access to information, and call-in

- 4.5.1 There are no significant legal issues relating to this report, which is subject to Call-in.

4.6 Risk management

- 4.6.1 There are a number of risks which have been considered at this stage. The Council holds a corporate risk for ESIF funded work. A recent report noted that “There are risks involved in taking part in this programme and risks for the Council in taking on the role of lead authority in an ESIF project. The risks relate to the requirements for EU funding, which are different to those of national and local government, and include procurement, recruitment of staff and eligibility and the potential for claw back. However, risk mitigation measures are in place through the partnership agreement and agreements with third parties will be drafted in such a way as to further reduce and mitigate these risks.”
- 4.6.2 Payment to the authority against ERDF and ESF contracts will be in arrears, and claims are subject to significant checking for compliance with contract requirements before payments are made.

4.6.3 Further management of the risk will be necessary as part of the project plan includes identifying match funding for the CLLD grants programme.

4.6.4 There may be further risks related to the UK leaving the European Union. Further management of the risk will be necessary as part of the project plan and this will be kept under review and reported to the executive if necessary.

5. Conclusions

5.1 The delivery of CLLD offers an opportunity to invest in local priorities in some of the most deprived areas of the city. The administration of the programmes and the requirements of ERDF and ESF will be bureaucratic and time-consuming for the Council team appointed to manage CLLD. However, a total of up to £9m towards the further positive development of our most deprived communities has the potential to deliver major benefits and will contribute to meeting the aims of the Best Council Plan.

6. Recommendations

6.1 Executive Board:-

- To authorise Council expenditure for the three CLLD Programmes of £1,093k
- To authorise the Director of Communities and Environment to enter into contracts with DCLG and DWP for the CLLD Programmes in Inner East, Inner South and Inner West.

7. Background documents¹

- Inner East Leeds CLLD Strategy
- Inner South Leeds CLLD Strategy
- Inner West Leeds CLLD Strategy

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.