

**TITLE OF REPORT:** Gateshead Goes Local – Community Led Local Development

**REPORT OF:** Paul Dowling, Strategic Director, Communities & Environment

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### **Purpose of the Report**

1. Cabinet is asked to grant delegated authority to the Service Director, Economic Development to confirm Community Led Local Development (CLLD) grants awards following approval by the Local Action Group (LAG);

### **Background**

2. The North East LEP allocated £7.0m European Social Fund (ESF) and £3.6m European Regional Development Fund (ERDF) for CLLD in Northumberland and Tyne and Wear as part of its European Structural and Investment Funding programme (ESIF).
3. CLLD targets deprived communities and seeks to help those furthest from the labour market move towards employment or enterprise. The approach will help address barriers such as health issues, childcare / adult care dependency.
4. One of the key differences between CLLD and other EU programmes is the role of local people and organisations in deciding the priorities to be supported. In addition to determining the strategic approach via a Local Development Strategy (LDS) a management group called a Local Action Group (LAG) of residents and public, private and third sector partners has been established and will make funding decisions on projects to help address the issues identified in the LDS.
5. In 2017 the Council secured £2.2m of ERDF and ESF funds to support projects over a five year period to March 2022. This will allow the LAG to award grants of between £10,000 and £100,000 to projects with a value of up to £200,000. Project applicants will be required to provide at least 50% match funding for ESF projects and 40% for ERDF initiatives. Gateshead Council has agreed to be the Accountable Body for the project.

### **Proposal**

6. As Accountable Body the Council is acting as a vehicle to transfer funds directly to projects rather than benefiting directly from the grant.
7. The Service Director, Economic Development currently has delegated authority to award grants for a number of specific schemes. A further delegation is considered appropriate for CLLD grant awards as it will allow the project to be more responsive to emerging opportunities and not undermine the role of the LAG.

8. It is proposed that delegated authority be given to the Service Director, Economic Development to approve CLLD grant awards, following consultation with the Cabinet Member for Economy, following approval by the LAG. This proposal will not result in any fundamental change to the way in which the project will be delivered or managed, as previously agreed by Cabinet.

### **Recommendations**

9. Cabinet is requested to recommend the Council to amend the Constitution to include the proposed delegation to the Service Director, Economic Development to approve CLLD grant awards, following consultation with the Cabinet Member for Economy.

For the following reasons:

- (i) To support the successful implementation of the Gateshead Goes Local CLLD project.
- (ii) To allow CLLD to be responsive to emerging opportunities and to not undermine the role of the LAG.
- (iii) To support the Gateshead Thrive agenda and Vision 2030.

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**CONTACT:** Yvonne Gill

extension: 3159

### Policy Context

1. CLLD supports the objectives of Gateshead Thrive and Vision 2030 as it seeks to provide help to people living in disadvantaged areas to overcome barriers, moving them closer to work, training and self-employment and promote enterprise. In doing so it will help overcome health inequalities, promote wellbeing, social justice and enhance social mobility.
2. As part of North East Local Enterprise Partnership's (NELEP) European Structural Investment Fund programme it will help deliver key objectives of the North East Strategic Economic Plan, increasing participation in the labour market and the number of people in work.
3. CLLD seeks to work with local people and organisations to promote local solutions to address economic disadvantage and involve local people in making decisions regarding the needs of the local community. Being in work is recognised as contributing to better health. By moving people towards and into work, this programme will help address issues such as high levels of ill health, including mental health, addressing key priorities around improving life chances and wellbeing through being in work.

### Background

4. In November 2016, Cabinet agreed to provide match funding of £277,345 over five years from the Economic Growth Reserve Fund to support the operation of the CLLD project and to help with the administration of a Local Action Group (LAG) established to oversee the initiative. Approval was also granted for the Council to act as the Accountable Body for the LAG.
5. CLLD is unique in that it is the only programme within NELEP's European Strategic Investment Programme to align funds to support delivery of both enterprise and employment objectives.
6. In 2017 the Council secured £2.2m of ERDF and ESF funds to support projects over a five year period to March 2022. This will allow the LAG to award grants of between £10,000 and £100,000 to projects with a value of up to £200,000. Project applicants will be required to provide at least 50% match funding for ESF projects and 40% for ERDF initiatives.
7. ESF Funding will support two local objectives and will help to 1700 of the borough's most disadvantaged residents to access
  - a) Pathways to Employment and Enterprise – assisting them to move towards employment, self-employment, education and training. It is expected projects will offer training and support including wellbeing and family interventions
  - b) Aspirations and Culture – raising personal expectations and ambitions through projects to promote entrepreneurialism and self-employment
8. ERDF funding will support three local objectives:

- a) Workplace Infrastructure – developing underutilised assets to provide employment space including development of small scale business accommodation and local enterprise hub. This could support the sustainability of community asset transfers.
- b) Business Creation – projects aimed at supporting local people to develop enterprise skills and access pre-start up programmes leading to the creation of new businesses and social enterprises.
- c) Business Growth – Business support projects which focus on the growth and sustainability of existing businesses helping them to grow and innovate and enable job creation.

9. Applications for funding will be considered and approved by the LAG.
10. It is proposed that delegated authority be given to the Service Director, Economic Development to approve CLLD grant awards, following consultation with the Cabinet member for Economy, following approval by the LAG.
11. This proposal will not result in any fundamental changes to the way in which the project will be delivered or managed, as previously agreed by Cabinet and the Department for Communities and Local Government and Department of Work & Pensions.
12. Measures will be taken to ensure that any aid awarded is compliant with EU and State Aid regulations to protect the Council from legal challenge. The award of financial assistance will be conditioned to ensure economic and social benefits are maximised and subject to claw-back provisions, to protect the Council from financial loss. The Council has extensive experience of administering aid in this way.

### **Consultation**

13. The Cabinet Members for Economy have been consulted and support the proposal.

### **Alternative Options**

14. An alternative option would be for all applications to be presented to Cabinet, following consideration by the LAG, on an individual basis. This making the project less responsive to emerging opportunities and undermining the role of the LAG.

### **Implications of Recommended Option**

15. **Resources:**
  - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that any grant funding provided to projects through the CLLD project will be met from EU funding secured and will not result in any additional cost to the Council.
  - b) **Human Resources Implications** – None
  - c) **Property Implications** – None

16. **Risk Management Implication** – Measures will be taken to ensure that any aid awarded is compliant with EU and State Aid Regulations to protect the Council from legal challenge. The award of financial assistance will be conditioned to ensure economic and social benefits are maximised; and subject to claw-back provisions to protect the Council from financial loss.
14. **Equality and Diversity Implications** – None
15. **Crime and Disorder Implications** – None
16. **Health Implications** – None
17. **Sustainability Implications** – None
18. **Human Rights Implications** – None
19. **Area and Ward Implications** – This project will have a direct impact on the 12 wards highlighted in Appendix 2.

#### **Background Information**

20. Cabinet Report: Community Led Local Development – Accountable Body Status and Matched Funding, 29 November 2016. Minute number C123.

**Area and Wards**

Community Led Local Development (CLLD) covers the following wards of Gateshead: Dunston and Teams, Bridges, Felling, Pelaw and Heworth, Wardley and Leam Lane, Windy Nook and Whitehills, High Fell, Chowdene, Low Fell, Deckham, Saltwell and Lobley Hill and Bensham.

