

CABINET AGENDA



Monday 30 April 2007

at 9.00am

**in the Red Room, Avondale Centre,
Dyke House, Hartlepool
(Raby Road entrance)**

MEMBERS: CABINET:

The Mayor, Stuart Drummond

Councillors Hargreaves, Hill, Jackson, Payne, Tumilty and R Waller

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

To receive the Record of Decision in respect of the meeting held on 16th April 2007
(already circulated)

4. BUDGET AND POLICY FRAMEWORK

No items

5. KEY DECISIONS

5.1 Adoption of the Coast Protection Shoreline Management Plan (SMP2) River
Tyne to Flamborough Head – *Director of Neighbourhood Services*

6. OTHER ITEMS REQUIRING DECISION

6.1 Criminal Record Bureau Checks for Elected Members – *Chief Personnel Officer*

7. ITEMS FOR DISCUSSION / INFORMATION

No items

8. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

- 8.1 Withdrawal of European Structural Funding to the Voluntary Sector within
Hartlepool – Scrutiny Referral – *Scrutiny Co-ordinating Committee*

CABINET REPORT

30TH APRIL 2007



Report of: Director of Neighbourhood Services

Subject: ADOPTION OF THE COAST PROTECTION
SHORELINE MANAGEMENT PLAN (SMP2)
RIVER TYNE TO FLAMBOROUGH HEAD

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To seek adoption of the Coast Protection Shoreline Management Plan SMP2.
- 1.2 To inform the Cabinet of the options and recommendations contained in the Plan and associated potential risks and financial implications.

2. SUMMARY OF CONTENTS

- 2.1 Report for information and requiring action.
- 2.2 Appendix 1 containing extracts from the “Non Technical Summary for Hartlepool”, including plans of the Hartlepool Coastline.

3. RELEVANCE TO CABINET

- 3.1 The outcome of this study will have impacts upon infrastructure projects in the future and have effects upon budgets if the recommendations are implemented.

4. TYPE OF DECISION

- 4.1 Key decision (test ii)

5. DECISION MAKING ROUTE

- 5.1 Cabinet on 30th April 2007

6. DECISION(S) REQUIRED

- 6.1 To adopt the Plan as Council Policy and progress the suggested policies, strategies and schemes subject to appropriate financial provision being available.
- 6.2 To approve the siting of a copy of the plan in the Central Library and in Bryan Hanson House.

Report of: Director of Neighbourhood Services

Subject: ADOPTION OF THE COAST PROTECTION
SHORELINE MANAGEMENT PLAN (SMP2)
RIVER TYNE TO FLAMBOROUGH HEAD

1. PURPOSE OF REPORT

- 1.1 To seek adoption of the Coast Protection Shoreline Management Plan SMP2
- 1.2 To inform the Cabinet of the options and recommendations contained in the Plan and associated potential risks and financial implications.

2. BACKGROUND

- 2.1 Following the publication of government guidelines a Shoreline Management Plan (SMP), (a high level document which sets out a strategy for coast protection for a specified length of coast), was originally produced for the length of coastline from Seaham to Saltburn. This original Plan was adopted by the Council in 1999.
- 2.2 The major recommendation for Hartlepool Borough Council which emanated from the original SMP was the production of a Strategy Study for the area from North Sands to Newburn Bridge. This Strategy Study was completed in January 2006 and reported to Cabinet in February 2006.
- 2.3 A Strategy Study focuses in great detail on discrete areas of a particular frontage, whereas the Shoreline Management Plan is a high level strategy document for a long section of coast which gives an overview of the required objectives, policy and management changes. The SMP provides a 'route map' for decision makers to move from the present situation toward the future in an integrated manner.
- 2.4 The SMP is a working document and revision at regular intervals is essential to keep the objectives and policies current. The first revision has now been completed by Consultants Royal Haskoning for the extended length of coast from the River Tyne to Flamborough Head (south of Scarborough). This SMP2 collates information from the three original SMP's, covering this section of coast.
- 2.5 The development of the River Tyne to Flamborough Head SMP2 has been underway since October 2004. A number of stages of consultation have been undertaken throughout the development process to ensure that Stakeholders views and local knowledge were considered and incorporated in the final plan where necessary.

3.0 STUDY FORMAT

3.1 The Plan consists of 3 volumes:

i) **The Final Report** – details the:-
Environmental Assessment
Appraisal of Options
Summary of Preferred options
Action Plan

ii) **Non Technical Summary for NECAG area:**

A non-technical summary of the Final SMP2 for NECAG (North East Coast Authorities Group) produced to enable the conclusions to be readily disseminated.

iii) **Non Technical Summary for Hartlepool Area** – extracts from this document including plans are attached as **Appendix 1**.

3.2 It is proposed to make full copies of the final Plan available in the Central Library and Bryan Hanson House.

3.3 For the purpose of this report, copies have been lodged in the Members Room, Civic Centre.

3.4 An electronic copy of all documents is already available on the SMP2 website: www.northeastsm2.org.uk

4.0 KEY ISSUES

4.1 The key issues considered when determining long-term coastal management are:

- 1) The Implications for Property and Land use.
- 2) The Implications for Nature Conservation
- 3) The Implications for Landscape
- 4) The Implications for Historic Environment
- 5) Managing the Change

5.0. DISCUSSION

5.1 The Key Principles detailed in SMP2 are:

- To contribute to sustainable development and support an integrated approach to land use planning.
- To avoid damage to and enhance the natural heritage.
- To support the cultural heritage.
- To minimise reliance on man-made defences.

- 5.2 The recommended policy for the majority of the Hartlepool coastline is to 'Hold the Line' (to maintain the current defence system) with three exceptions:

- a) Hart Warren – The policy is No Active Intervention (ie to let nature take it's course).
- b) North Sands – The philosophy is to introduce a provisional policy of 'Hold the Line' as the long term future (next 50 years) of coast protection in this area is dependent upon development being carried out in this location.
- c) Seaton Sands – The policy is 'No Active Intervention' but to consider future feeding of the beach with dredged material.

- 5.3 Taking each of the Key Issues for the whole of the Hartlepool frontage in more detail, the SMP2 recommends

1) Property and Land use.

- a) Hart Warren - Local management of Crimdon Beck may be considered to reduce the erosion of the golf course, subject to approval by Natural England (formerly English Nature). This would be a joint venture between Hartlepool Borough Council, Easington District Council and Durham Heritage Coast.
- b) North Sands - A discrete Action Plan linking to the possible long-term development proposals should be produced which aims to provide key point protection including developing an integrated approach to defence of the whole frontage.
- c) Town Wall - Developing a detailed Project Appraisal Report - PAR (a report required by DEFRA to enable the Council to gain scheme approval and grant funding) for improving the existing defence.
- d) Seaton - Reviewing the condition of defences and commission a strategy study to look in depth at the frontage from Seaton Carew to North Gare.

2) Nature Conservation

- a) North Sands – Limit and manage erosion through strategic control structures. Buffer zones should be applied to any new residential development in the vicinity, giving opportunity for enhancement of designated area and local biodiversity.
- b) Seaton Sands – The dune frontage can be allowed to develop habitat in an area unique to this section of coastline.

3) Landscape

a) The plan highlights that there are stark differences in coastal landscape over the length of the SMP2 shoreline which are evident throughout the Hartlepool frontage alone. The Plan aims to restrict further encroachment of defence over undefended areas and highlights the danger of constructing linear defences in in-appropriate areas. The Plan advocates the use of rock armour for offshore structures, shore connected structures or reefs which can be beneficial in providing strategic control to maintain or enhance the value of amenity beaches. Areas where these structures could be beneficial include North Sands, Town Wall and Seaton.

4) Historic Environment

a) As the Plan recommends a “Hold the Line” policy for the Headland, it is envisaged there will be no loss of heritage structures as the Battery and Headland area will be preserved.

5) Managing the Change

a) The Plan sets out a development policy over the next 100 years recommending the need for better involvement and coordination between different departments within authorities and between different authorities and organisations.

6.0 Financial Implications

6.1 The dominant policy for the Hartlepool coastline is to “Hold the Line”. It is likely therefore that the Council will be faced with the need to invest more revenue in ongoing maintenance with the potential for a significant increase should a failure in defences occur.

6.2 The recommended SMP2 Action Plan for Hartlepool is included in **Appendix 1** of this report although it should be noted that the majority of the recommended actions will not attract DEFRA funding. Adoption of the Plan does not commit the Council to the recommended SMP2 Action Plan and its financial implications. The outcomes which are eligible for DEFRA grant funding are broken down, summarised and costed as follows:

a) Town Wall:	
Detailed scheme Project Appraisal Report	£130,000
Physical construction of scheme	£500,000
b) Seaton Carew:	
Strategy study	£80,000

- 6.3 It should however be noted that due to the reduction in DEFRA's overall budget, there is no guarantee funds will be made available. Funding for any other scheme or study listed in Appendix 1 would have to be obtained from alternative sources, i.e. Council capital funding or private investment.
- 6.4 Associated with the above activities the SMP2 (and also the recent strategy study) recommends that a comprehensive beach and structure monitoring programme is set up. This will be prepared and administered by NECAG (North East Coastal Authorities Group comprising Local Authorities from South Tyneside to East Riding) and should be grant funded by DEFRA subject to their budgetary position.

7 Recommendations

- 7.1 To adopt the Plan as Council Policy and progress the suggested policies, strategies and schemes subject to appropriate financial provision being available.
- 7.2 To approve the siting of a copy of the plan in the Central Library and in Bryan Hanson House.



River Tyne to Flamborough Head SMP2

Non Technical Summary for Hartlepool Area
(Extracts)

North East Coastal Authorities Group

February 2007
Final Report
9P0184

Extract From SMP2 Policy Summary

Management Area		Policy unit		Policy plan			
				2025	2055	2105	Comment
MA11	Blackhall Rocks to Heugh Breakwater	11.1	Crimdon Valley	NAI	NAI	NAI	Local management to beck may be considered. Possible beneficial use of dredgings for environmental reasons.
		11.2	North Sands	HTL	HTL	MR	Provisional policy of controlled management of the frontage subject long term development master plan. Otherwise the policy reverts to retreat.
		11.3	Headland	HTL	HTL	HTL	Current discussions with EN with respect to impact on the designated area.
MA12	Hartlepool Bay	12.1	Hartlepool	HTL	HTL	HTL	Detailed consideration of Heugh Breakwater.
		12.2	Seaton Carew North	HTL	HTL	HTL	Monitor impact on designated foreshore area.
MA13	Tees Bay	13.1	Seaton Carew	HTL	HTL	HTL	But consider planned retreat
		13.2	Seaton Sands	NAI	NAI	NAI	Possible future feed with dredged material
		13.3	North Gare	HTL	HTL	HTL	
		13.4	North Gare Sands	NAI	R	R	Controlled by structure to south
Key:	HTL- Hold the line	A- Advance the line		MR- Managed Realignment			
	*HR- Hold the line on a retreated alignment	R- Retreat or realignment		NAI- No active intervention			

The recent strategy study has set out detailed management to the north of Hartlepool and the Headland through to the marina. From this specific schemes are identified at the Headland, in front of the Town walls and the marina defences. In addition to this detailed proposals are being developed for North Sands. To the south of Hartlepool there is concern over condition of defences in front of Seaton Carew, management and maintenance needing to be taken forward with regard to development of the Seaton Carew sea front. There needs to be a management plan for Seaton Dunes to ensure the SMP2 policy for managed realignment is taken forward in an appropriate manner. The action plan and monitoring requirements are as set out covering the three general areas: North Hartlepool, Hartlepool Bay and Seaton Carew.

The following action plan is recommended.

By when	Action	Management Area	Responsibility	Cost £k
On going	Scheme development for Headland. Detailed appraisal for improving defences.	MA11	HBC	40
2007	Development strategy for area of North Sands. Develop an integrated approach to defence of the cemetery frontage. Identify potential erosion risk contribution.	MA11	Co-ordinated by HBC	25
2008	Town walls. Detailed scheme appraisal report	MA12	Private/Co-ordinated by HBC	130
2009	Management strategy for Crimdon Valley	MA11	Co-ordinated by Hartlepool BC / Easington DC / Durham Heritage Coast	5
2009	Middleton Beach. Advise on defence	MA12	Co-ordinated by HBC	5
2009	Strategy for Seaton Carew, review of condition and develop management strategy	MA13	HBC	80
2010	Marina. Detailed project appraisal report	MA12	Private / Co-ordinated by HBC	80
2010	Management plan for Seaton Dunes. Co-ordinate land use and dune management	MA13	Co-ordinated by HBC / (EA)	5
2012	Heugh Breakwater. Review strategy	MA12	Private / Co-ordinated by HBC	30
2012	Review flood defence strategy to Teesmouth	MA13	Environment Agency. (HBC / RCBC)	50
Schemes				
	Schemes for North Hartlepool to be identified by strategies	MA11	HBC	
2009	Town walls	MA12	HBC	500
2010	Management for Seaton Carew defences determined from strategy	MA13	HBC	

Associated with these activities are the following monitoring recommendations.

Monitoring recommendations for North Hartlepool

Issues Developing pressures on golf course, access and car park and caravan park at Crimdon Valley as coast erodes. Position of beck. Determining behaviour of foreshore in relation to development and management and risk to LNR and cemetery. Transition from managed realignment to holding the line at the Headland Potential deterioration of exposed rock at Headland. Condition of defences. Possible change in nearshore area as identified elsewhere in SMP area.			
Objectives Overall evolution of foreshore and interaction with beck and dunes. Mapping pressure on dunes and extent of dunes and sand banks. Long terms trends of foreshore levels and interaction between sections of coast. Determine erosion rates of rock Headland. Establish and monitor condition of defences.			
Monitoring	Scope	Frequency	Scale
Air photography	Long term background monitoring of shape of beaches and pressures on natural frontages	Two yearly	Co-ordinated by group
Topographic survey	Survey covering open beaches and back dunes.	Yearly	Strategy
	Survey covering rock Headland	Five yearly	Local
Defence inspection	Visual inspection and record photographs of defences	After storms / two yearly	Local, feeding to NFCDD

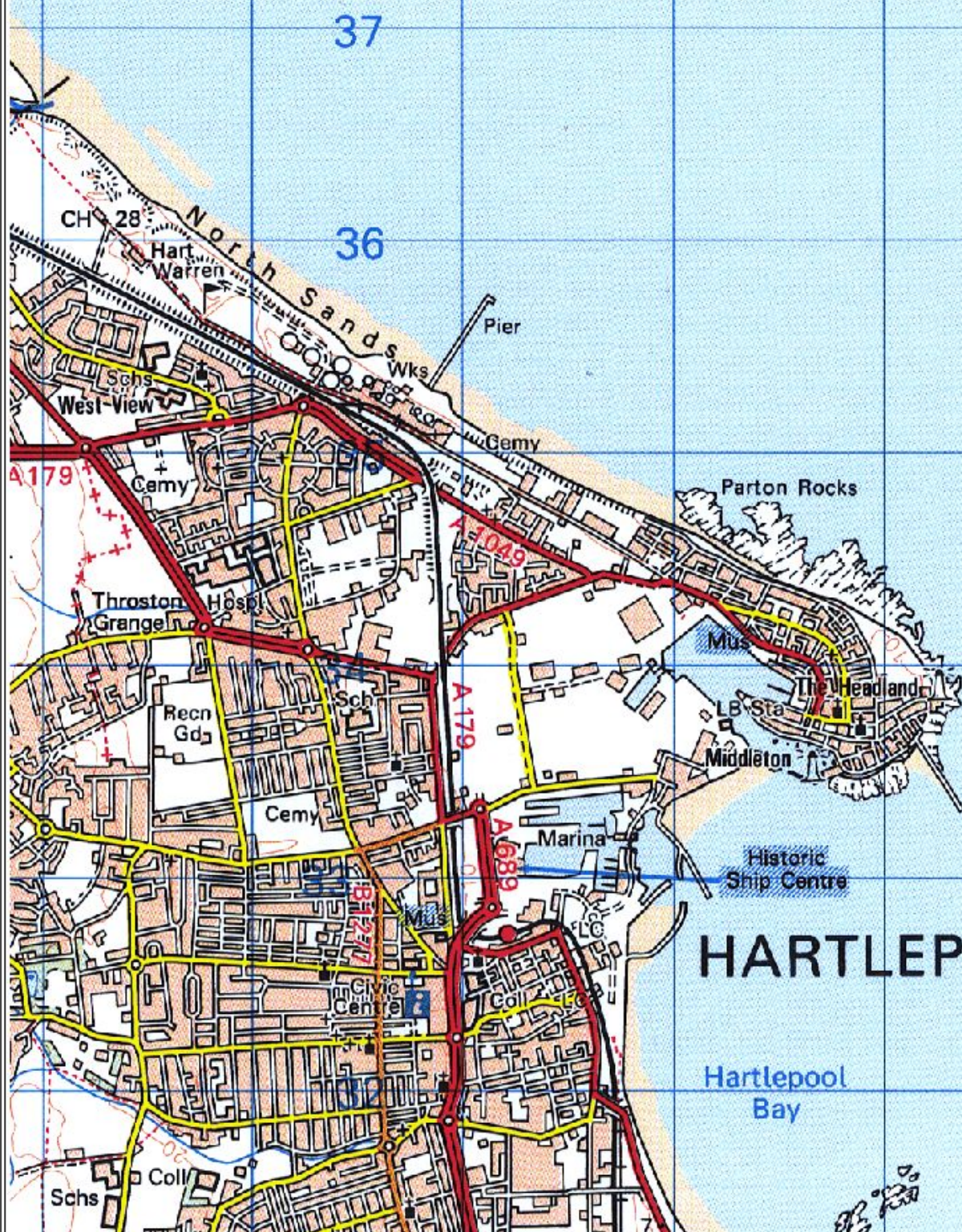
Monitoring recommendations for Hartlepool Bay

Issues Uncertainty associated with extreme water levels within Hartlepool Bay Overall change and sediment transport within Hartlepool Bay Impacts associated with Heugh Breakwater Condition of defences			
Objectives Establish bathymetric change over the Bay Establish local variation in extreme water levels Determine trends in local foreshore levels Establish ornithological value of area in the lee of the Heugh Breakwater Monitor shoreline use of area in lee of Heugh Breakwater Monitor condition of defences			
Monitoring	Scope	Frequency	Scale
Topographic survey	Survey covering foreshore levels	Yearly	Strategy
Defence inspection	Visual inspection and record photographs of defences	After storms / two yearly	Local, feeding to NFCDD
Bird counts	Establish bird use of area in the lee of the Heugh Breakwater. (Co-ordinate with TBC)	As required	Local
Bathymetric survey	Co-ordinate monitoring with Tees Port	Determined by port operations	Strategy
Water Levels	Collate local water level data	Event driven	Strategy

Monitoring recommendations for Seaton Carew and Teesmouth

Issues Uncertainty associated with extreme water levels within Hartlepool Bay Overall change and sediment transport within Hartlepool Bay Condition of defences at Seaton Carew associated with long term management pressure Management of integrity and retreat of dunes Management of flood defence within the mouth of the Tees			
Objectives Establish bathymetric change over the Bay Establish local variation in extreme water levels Determine trends in foreshore levels Establish variation in beach levels in front of defences at Seaton Carew Establish ornithological value of area of Seaton Dunes Monitor condition of defences			
Monitoring	Scope	Frequency	Scale
Air photography	Long term background monitoring of the evolution of Tees Bay	Two yearly	Co-ordinated by group
Topographic survey	Survey covering foreshore and dunes levels	Yearly	Strategy
	Local survey in front of Seaton Carew	After storms / six monthly	Local
Defence inspection	Visual inspection and record photographs of defences	After storms / two yearly	Local, feeding to NFCDD
Bird counts	Establish bird use of (co-ordinate with TBC)	As required	Local
Bathymetric survey	Co-ordinate monitoring with Tees Port	Determined by port operations	Strategy
Water levels	Co-ordinate local water level data	Event driven	Strategy

(summer only)



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**HARTLEPOOL BOROUGH COUNCIL
DEPARTMENT OF NEIGHBOURHOOD SERVICES**

DIRECTOR: D. STUBBS

HEAD OF TECHNICAL SERVICES: A. SMITH

TEL: 01429 266522





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CABINET REPORT

30 April 2007



Report of: Chief Personnel Officer

Subject: CRIMINAL RECORD BUREAU CHECKS FOR ELECTED MEMBERS

SUMMARY

1. PURPOSE OF REPORT

This report describes the current arrangements for undertaking Criminal Record Bureau (CRB) checks on all Elected Members for clarification and sets out proposals for formalising the procedures in the future.

2. SUMMARY OF CONTENTS

The current arrangements for undertaking CRB checks is described and sets out proposals for formal arrangements which may be adopted in the future.

3. RELEVANCE TO CABINET

Policy development which affects all Elected Members.

4. TYPE OF DECISION

Not a key decision.

5. DECISION MAKING ROUTE

Cabinet and then Council, if Cabinet should decide.

6. DECISION(S) REQUIRED

Cabinet are asked to consider

- (a) whether to require all current Elected Members to undertake CRB checks and in the future, upon election
- (b) whether the Chief Executive, and the Monitoring Officer in his absence, is the appropriate person to discuss identified traces and decide appropriate action

- (c) what reassurances they would make publicly regarding Elected Members who are, or who are not, CRB checked.

Report of: Chief Personnel Officer

Subject: CRIMINAL RECORD BUREAU CHECKS FOR
ELECTED MEMBERS

1. PURPOSE OF REPORT

- 1.1 This report describes the current arrangements for undertaking Criminal Record Bureau (CRB) checks on all Elected Members for clarification and sets out proposals for formalising the procedures in the future.

2. BACKGROUND

- 2.1 Elected members have been asked to undertake Criminal Record Bureau checks to provide reassurance and security to the vulnerable members of Hartlepool's communities. To date there has been a positive response to the request with over 77% of Members having gone through or are going through the process. The exercise is still on-going as some Members have not yet made arrangements for a check to be completed for various reasons.
- 2.2 No formal arrangements are in place however, which clarify what will happen if:
- an elected member chooses not to complete a CRB check application
 - a trace is identified.

3. PROTECTING VULNERABLE MEMBERS OF HARTLEPOOL'S COMMUNITIES

- 3.1 The safety of children and vulnerable adults is paramount for Hartlepool Borough Council. The Council should do everything it can to ensure the vulnerable groups in Hartlepool's communities are protected. Our communities must have confidence that our staff and the people that employ them have been properly vetted.
- 3.2 The CRB is an executive agency of the Home Office and its specific purpose is help organisations make more informed decisions when appointing people into positions of trust. The CRB's aim is to help organisations in the public, private and voluntary sectors, by identifying people who may be unsuitable to work with children or other vulnerable members of our communities.
- 3.3 There are two levels of disclosure – Standard and Enhanced, which can only be obtained by organisations listed in the Exceptions Order to the Rehabilitation of Offenders Act 1974. Standard disclosures are appropriate where an individual would have regular contact with children or vulnerable

adults and an enhanced check where there is regular caring, training, supervisory role or sole charge of children and/or vulnerable adults.

- 3.4 Through the Disclosure service, a range of different types of information is available from:
- the Police National Computer (PNC) such as cautions, convictions, reprimands and warnings (Standard and Enhanced checks)
 - the Government's Protection of Children Act list (POCA) (Standard and Enhanced checks)
 - the Government's Protection of Vulnerable Adults List (POVA) (Standard and Enhanced checks)
 - the Department for Education and Skills (DfES) (formerly known as List 99) (Standard and Enhanced checks)
 - local police forces relating to relevant non-conviction information (Enhanced check only)

It must be stressed that the Disclosure does not guarantee an individual as being totally safe but demonstrates that the Council has acted responsibly as an organisation.

4. CURRENT ARRANGEMENTS FOR CRB CHECKS

- 4.1 Over the years some Members may have had CRB checks undertaken at different times for different reasons. Unfortunately the systems that were in place at the time did not allow for the information from previous checks to be used or relied upon.
- 4.2 Last year the Council was required to revise the range of staff posts subject to a criminal record bureau checks as part of new regulations which were introduced. A rolling three year programme of continuous CRB checks was also introduced to ensure information about current employees is updated regularly.
- 4.3 The opportunity for Councillors to be checked was assessed and, after previous discussions informally with Cabinet members, arrangements put in place for all members to be asked to undertake a CRB check. Administration systems have been co-ordinated to ensure that only one check per term of office for an elected member is required.
- 4.4 To date 37 Members have gone through or are going through the process at a cost of £36.00 per check. Total cost if all 48 Members were checked this would be £1728 over 4 years.

5. PROPOSED CRB CHECK ARRANGEMENTS

- 5.1 Although the law does not require Elected Members to be CRB checked there are some specific roles where a check would be regarded as good practice e.g.

- (a) 'mentoring' role of members currently under consideration by Children's Services Scrutiny Forum
- (b) Corporate Parent
- (c) Portfolio Holder for Children's Services
- (d) School Governor
- (e) Social Services Complaints Review Panel
- (f) Representative on outside bodies which have clear links to vulnerable groups

5.2 As the roles undertaken by individual Elected Members may vary over time it would be considered prudent to CRB check all Elected Members upon election to avoid subsequent delay and potential confusion about which Members had been checked. The Council would also wish to reassure appropriate partner organisations, community groups and the public generally that Elected Members at Hartlepool Borough Council are routinely CRB checked. Only where an Elected Member had refused to be checked or a trace identified that gave serious cause for concern would the reassurance be qualified.

5.3 Such a protocol would require:

- all current Elected Members completing a CRB check
- all new Elected Members completing a CRB check upon election
- any traces being referred to the Chief Executive, or the Monitoring Officer in his absence, for assessment regarding appropriate action.
- Disclosure information will be considered on the following basis:
 1. the seriousness of the offence(s) and its relevance to the safety of others
 2. the length of time since the offence(s) occurred
 3. any relevant information offered by the councillor for example about the circumstances leading up the offence(s) being committed such as the influence of domestic or financial circumstances
 4. whether the offence was a one-off or part of a history of offending
 5. whether the individual's circumstances have changed since the offence was committed making re-offending less likely
 6. the country in which the offence was committed: some activities are offences in Scotland and not in England and Wales, and vice versa
 7. whether the offence has been decriminalised by Parliament
 8. the degree of remorse, or otherwise, expressed by the individual and their motivation to change.

5.4 Appropriate action may include for example taking no action, advising the Mayor that allocating Portfolio Holder responsibilities are not appropriate or

restricting the range of outside bodies which the Elected Members may represent the Council at.

- 5.5 These arrangements are not intended to prevent any Elected Member from undertaking their elected role as community representative. All information received will be treated in the strictest confidence. The CRB recognises that the Standard and Enhanced Disclosure information can be extremely sensitive and personal, therefore it has published a Code of Practice and employers' guidance for recipients of Disclosures to ensure they are handled fairly and used properly.

6. RECOMMENDATION

- 6.1 Cabinet are asked to consider:

- (a) whether to require all current Elected Members to undertake CRB checks and in the future, upon election or limit to only Elected Member roles that have specific, direct and regular contact with children and vulnerable adults
- (b) whether the Chief Executive, and the Monitoring Officer in his absence, is the appropriate person to discuss identified traces and decide appropriate action
- (c) what reassurances they would make publicly regarding Elected Members who are, or who are not, CRB checked.

CABINET REPORT

30 April 2007



Report of: Scrutiny Co-ordinating Committee

Subject: WITHDRAWAL OF EUROPEAN STRUCTURAL FUNDING TO THE VOLUNTARY SECTOR WITHIN HARTLEPOOL – SCRUTINY REFERRAL

SUMMARY

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to outline the findings and conclusions of Scrutiny Co-ordinating Committee's investigation into the Withdrawal of European Structural Funding to the Voluntary Sector within Hartlepool.

2. SUMMARY OF CONTENTS

- 2.1 The findings of the Scrutiny investigation are divided into the following sections:
- (a) Impact on the voluntary sector of a major loss in European funding;
 - (b) National, regional and local action in anticipation of the reduction in European funding;
 - (c) Likely impact of the reduction in European funding on services provided within the town; and
 - (d) How the Local Authority, and its partners on the LSP, can maximize the investment to the voluntary sector in light of the changes to European funding.

3. RELEVANCE TO CABINET

- 3.1 It is Cabinet's decision to approve the recommendation in this report.

4. TYPE OF DECISION

- 4.1 This is a Non-key decision.

5. DECISION MAKING ROUTE

- 5.1 The final report was approved by Scrutiny Co-ordinating Committee on 23 March 2007. Cabinet is requested to consider, and approve, the report at today's meeting. In addition, the report will go to the Grants Committee for information at the next available meeting in the 2007/08 Municipal Year.

6. DECISION(S) REQUIRED

- 6.1 Cabinet is requested to approve the recommendation outlined in section 12.1 of the bound report, which is attached to the back of the papers for this meeting.

CABINET
30 April 2007



Report of: Scrutiny Co-ordinating Committee

Subject: WITHDRAWAL OF EUROPEAN STRUCTURAL
FUNDING TO THE VOLUNTARY SECTORY WITHIN
HARTLEPOOL – SCRUTINY REFERRAL

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to outline the findings and conclusions of Scrutiny Co-ordinating Committee's investigation in relation to the Withdrawal of European Structural Funding to the Voluntary Sector within Hartlepool.

2. SETTING THE SCENE

- 2.1 On 10 January 2006 (minute no. 26 refers) the Authority's Grants Committee referred the Withdrawal of European Regional Development Funding (ERDF) to the Voluntary Sector within Hartlepool, to the Authority's Overview and Scrutiny Function. In particular, the Grants Committee asked the Scrutiny Co-ordinating Committee to consider the issue of the withdrawal of the funding and the impact it would have across the voluntary sector.
- 2.2 On 10 February 2006 (minute no. 146 refers) the Scrutiny Co-ordinating Committee considered the receipt of the referral of this item. Members of the Committee expressed their support for accepting the referral, but suggested that an audit of the community and voluntary sector organisations within Hartlepool be undertaken prior to the undertaking of the Scrutiny Referral.
- 2.3 Members suggested that the audit should consist of an assessment of:
- (a) How many community and voluntary sector organisations are there within Hartlepool?;
 - (b) What services do they provide?; and
 - (c) How would they be affected by the changes in funding regime?

- 2.4 Consequently, on 20 October 2006 Scrutiny Co-ordinating Committee considered the *Audit of Community and Voluntary Groups in Hartlepool*. The audit provided information about: the Community and Voluntary Sector (CVS) as employers of paid staff and volunteers; accommodation arrangements in the CVS; the organisational status/governance of groups; activities carried out by the CVS; service beneficiaries; income and expenditure 2005/6; income 2006/7; main sources of funding 2006/7; reductions in funding sources 2006 onwards; a summary of research into the funding crisis; the impact of loss of funding on local services 2006/07; financial support from the local authority; and a section on 'planning for future'.
- 2.5 Having considered the *Audit of Community and Voluntary Groups in Hartlepool* the Committee was presented with, and discussed a Scoping Paper on how to proceed with its investigation. The Scoping Paper was approved (with a number of amendments including a change of focus from the withdrawal of ERDF to European Structural Funding, more generally) on 24 November 2006 and subsequently the Committee has carried out its investigation into this issue.
- 2.6 There are three different objectives for European Structural Funding, which are listed below:
- **Objective 1:** to promote the development and structural adjustment of regions whose development is lagging behind;
 - **Objective 2:** to support the economic and social conversion of areas experiencing structural difficulties;
 - **Objective 3:** to support the adaptation and modernisation of education, training and employment policies and systems in regions not eligible under Objective 1.

Changes to European Funding

- 2.7 The issue of the Withdrawal of European Structural Funding to the Voluntary Sector within Hartlepool implies that there has been a change in European Funding. Consequently, it is necessary to briefly outline the nature of European Funding, with regard to the voluntary sector, in the 2000-06 round of funding and in the new 2007-13 round of funding.

EU Funding 2000-2006

- 2.8 The UK was allocated over £10 billion through the current European Structural Funds between 2000 and 2006.
- 2.9 During this period the CVS main route to European Funding has been through Priority 4 'Targeted Communities' funding. The total Priority 4 funding (for the North East region) was approximately £104 million, of which

approximately £56 million came from the ERDF and approximately £46 million from the European Social Funds (ESF). In Hartlepool the CVS organisations received grants of £4,795,643 in the period 2000-2006. This equates to 45.81% of the total Hartlepool Package of £10,467,928 (Hartlepool's total amounts to 10.2% of the funding available for the North East, whilst its population is only 3.54%).

- 2.10 Over the current 2000-2006 Programme Funding period the CVS in Hartlepool received average grants of £685,902 per year through Priority 4 funding. In 2005, 12 groups operating in Hartlepool benefited from ERDF/ESF the total value of the funding being £1,005,868. In 2006 the number of groups operating in Hartlepool and benefiting from ERDF/ESF dropped to 6 with the value of the grants also reducing to £236,674. The reason for this reduction was that the period of funding was coming to an end and the available monies in the pot were, therefore, increasingly limited.

EU Funding 2007-13

- 2.11 In December 2005, the European Council reached an agreement on the EU budget, including future Structural and Cohesion Funds spending for 2007 – 2013. The UK will receive 9.4 billion Euros, or about £6.3 billion during this period. This amounts to approximately half the total received in the previous round of EU Structural Funding. The Government published the UK's National Strategic Reference Framework on 23 October 2006, which outlines the Government's strategy for utilising the UK's Structural Funds allocations during 2007-2013. Early indications are that this may result in changes to the regional administration of European Programme funding from GONE administering both ERDF and ESF funding to the ERDF being administered through One NorthEast and ESF by GONE. In addition, all ESF funding will be through Co-financing organisations (LSC and Job Centre+) and there will be no direct bidding like there is in the current programme.
- 2.12 The Audit presented to the meeting of this Committee on 20 November argued that when considering the position for the 2007 – 2013 programme the situation seems bleak. If the new Programme has an equivalent of the Targeted Communities Priority 4 and if it gets the same percentage of funding the situation could be as follows; North East Programme could amount to £250,000,000, if 20% was ring-fenced for a Communities Priority it would amount to £62,500,000 and so Hartlepool with a population of 3.54% could expect £2,212,500. If the voluntary/community sector were awarded 45.81% of this funding in line with the current programme this would amount to £1,013,546. On average £144,792 per year which is only 21% of what they are currently receiving.

Summary

- 2.13 The changes to European Funding are likely to have a significant impact on the CVS. Consequently, it is important to provide a brief summary of these changes when 'setting the scene' for this investigation, which is provided below for Members consideration:

- a) The UK will receive about half the total sum in funding through European Structural Funding under the 2007-13 round of funding, compared with 2000-06.
- b) Hartlepool is unlikely to receive as high a proportion of the North East's allocation in the 2007-13 round of funding as it did in the 2000-06.
- c) Simultaneously, the way that the CVS can access European monies has followed the trend for using co-financing (which was introduced towards the end of the 2000-06 programme) and there will be no direct bidding for these funds.

3. OVERALL AIM OF THE SCRUTINY INVESTIGATION

- 3.1 To examine the issue of the Withdrawal of European Funding to the Voluntary Sector within Hartlepool and the potential impact this would have.

4. TERMS OF REFERENCE

- 4.1 The following Terms of Reference for this investigation were agreed by Scrutiny Co-ordinating Committee on 24 November 2006:
 - a) To gain an understanding of how the voluntary sector are being / will be affected by the a major loss in European Funding;
 - b) To establish what has been done at national, regional and local levels in anticipation of this reduction in European Funding;
 - c) To establish the likely impact of a loss of funding on services provided within the town.
 - d) To establish how the local authority, and its partners in the LSP, can maximise the investment to the voluntary sector in light of changes to European Funding; and

5. MEMBERSHIP OF SCRUTINY CO-ORDINATING COMMITTEE

- 5.1 Membership of Scrutiny Co-ordinating Committee for the 2006/7 Municipal Year:-

Councillors S Allison, Barker, Clouth, R W Cook, Fleet, Gibbon, Hall, James, Laffey, A Marshall, J Marshall, Preece, Shaw, Wallace, Wistow and Wright.

Resident Representatives:

Ian Campbell, Iris Ryder and Linda Shields

6. METHODS OF INVESTIGATION

6.1 Over the course of the investigation Members have considered evidence from a wide variety of sources, including:

- (a) Hartlepool Borough Council Officers;
- (b) Verbal Evidence from European Structural Funds Voluntary Organisation Northern (ESFVON);
- (c) Verbal Evidence from Tees Valley Joint Strategy Unit (TVJSU)
- (d) Evidence from Community and Voluntary Sector Organisations in Hartlepool:-
 - i. Representative from Hartlepool Voluntary Development Agency (HVDA);
 - ii. Representative from Owton Fens Community Association (OFCA);
 - iii. Representative from Headland Development Trust (written submission); and
 - iv. Representative from Belle Vue Community Sports and Youth Centre.
- (e) Focus Group with the 12 CVS organisations that have received European Structural Funds in either 2005/06 or 2006/07. The Focus Group discussions were organised in accordance with the Terms of Reference for this investigation, and responses were sought to each of the questions that these effectively pose. The following bodies were represented at the Focus Group:
 - 1. Hartlepool Targeted Communities Package Co-ordinator;
 - 2. Hartlepool Art Studio Limited;
 - 3. West View Employment Action Group;
 - 4. West View Advice and Resource Centre;
 - 5. West View Project; and
 - 6. HVDA.

6.2 In addition, to evidence from the sources above the Committee also received comprehensive information about the community and voluntary sector in Hartlepool through the, *Audit of Community and Voluntary Groups in Hartlepool* on 20 October 2006. The Committee had a further opportunity to consider the Audit on 9 February 2007 and to question officers about it.

FINDINGS

7. Impact on Voluntary Sector of a Major Loss in European Funding

- 7.1 Over the course of the investigation Members received evidence from a number of sources about the likely impact that a major reduction in European funding would have on the Voluntary Sector. This included evidence from all the representatives outlined in paragraph 6.1 above and from a focus group comprised of representatives that had received European Funding in either 2005/6 or 2006/7.
- 7.2 It has been argued by a number of witnesses including ESFVON, TVSJU, Council officers and representatives of the CVS that the 2000-06 Objective 2 Programme Priority 4 programme of European Funding (concerned with community regeneration) was very successful and that across Hartlepool the CVS has been particularly successful in accessing funding through this.
- 7.3 However, between 2002 and 2005 co-financing was introduced to Objective 3 funding. According to evidence received in the Committee the notion of match funding through Job Centre Plus and the LSC was sold as part of introducing this, and it was stated that it would not adversely impact on small organisations.
- 7.4 It has already been highlighted in section 2 that under the 2007-13 ESF programme there will be a reduction in the money available for the CVS to access. However, there is also a desire for fewer bigger projects, which has at least in part been influenced by the drive to make efficiencies in the Civil Service. This is largely due to the applications for ESF monies being fairly complex and, therefore, requiring a lot of processing and monitoring. Consequently, the current co-financing arrangements are set to continue, which means that Job Centre Plus and the LSC have to invite CVS organisations to tender for funding, within the framework that they set. A number of witnesses have argued that this is likely to have a highly negative impact on the voluntary sector's ability to access funding. The impact of this on the voluntary sector is that consortia applications for funding will be required from the CVS because it is unlikely that these organisations will be big enough to access funding streams on their own.
- 7.5 A further development in the 2007-13 ESF Programme is that there is no proposed priority for 'targeted communities'. This is despite the CVS suggesting that there should be a sub priority within the North East for disadvantaged groups.
- 7.6 According to the evidence presented by the Director of EFSVON there will be a reduced allocation of ERDF under the 2007-13 programme but it is not clear how this will be accessed as yet. It could come from applications or tenders or commissioning. Again there is no proposed priority for 'targeted communities'. This regime will also 'require' consortia applications for funding.

- 7.7 In addition, the Director of ESFVON identified the following key challenges for the CVS whilst presenting his evidence to the Committee:
- a) There is less money available;
 - b) The focus is on less projects, which are bigger; and
 - c) There is a squeeze on the opportunities available through European Structural Funds through both the ESF and ERDF.
- 7.8 In a written submission to the Committee HVDA indicated that at present there are 556 VCS groups registered with them. Although the number of groups receiving some level of support is expected to remain approximately the same the range and concentration of that support is likely to be severely curtailed. They provided the following examples of the types of work which are likely to be reduced:
- (a) The provision of technical and concentrated work undertaken with community groups in order to ensure that are more effective in achieving their goals.
 - (b) Specific work with hard to reach groups such as ethnic minorities, gay and lesbian, carers.
 - (c) Development work with individual residents groups
 - (d) Targeted work to encourage a culture of volunteering with people from hard to reach and particularly disadvantaged communities, such as those who are long term unemployed, have disabilities, are from ethnic minorities.
 - (e) Specific work to enable VCS groups to promote their activities and 'message' more effectively.
- 7.9 Without the additional 'match' of European funding HVDA argue they do not have the financial resources for the level of staff requirement to achieve the above specific pieces of work. Since the end of the last European project (December 2005) HVDA has had to rationalise the services provided which has resulted in two members of staff being made redundant and a reduction in the hours of work of five others. European funding also contributed to the core staffing costs of HVDA. For the 2007-08 year HVDA has projected that it will be able to maintain its present level of core staff by using part of its reserves however by December 2007 the Board of Directors will again be required to prioritise the services provided and how best to achieve them into the 2008-09 year. At the present projection it is likely that HVDA will again be required to issue notices of redundancy/and or offer reduced hours of working to core staff.
- 7.10 The Co-ordinating Manager of OFCA who attended the meeting of the Committee on 9 February 2007 indicated that approximately 30 staff are directly or indirectly funded by European monies. European Funding has brought real money into the town, which has been match-funded. He was concerned that there will be a big impact on the town and the voluntary sector as a whole following the reduction European Funding.

- 7.11 The representative from Belle Vue Community, Sports and Youth Centre who attended the meeting on 9 February 2007 indicated that the Centre itself benefited directly from European funding for building purposes in 2002. Since then many learning providers, who access European funding, use the Centre and as a result there is the potential that Belle Vue will have a reduced income. This in turn may lead to a direct, and negative, impact on the services the Centre provides to the 600 young people it works with every week, which it funds through its core income.

Focus Group Findings

- 7.12 During discussions of this issue members of the focus group raised the following points:

- a) One representative indicated that when a project, which was funded by the ESF, came to an end their outreach capacity was cut by approximately 50%.
- b) ERDF has, in the past, generated grants for capital resources and has allowed CVS bodies to bring funding in through other resources. Consequently, a likely impact of the changes to EU Structural Funds is for a reduction in funding directly and for a loss in opportunities to generate resources.
- c) The reduction in funding will mean a likely reduction in capacity building for organisations like HVDA. This funding has helped organisations to support volunteers in the past and it is likely that the scope of what they can do, and flexibility over how this can be done, will be reduced in the future. It was argued that down sizing projects is seemingly inevitable with job losses for project staff highly likely.
- d) CVS bodies may not be able to look to European Funding in the future to meet new needs.

- 7.13 In summary, the focus group agreed that there are likely to be two main types of impact on the CVS. Firstly, it may have a drastic impact where, for example, the ESF has been the main funder of a project there is a strong possibility the project will close in the future. Secondly, European funding acts as a catalyst for other funding and for generating social capital. Consequently, it was argued that there are likely to be far reaching knock-on effects on the beneficiaries of CVS actions locally.

8. National, Regional and Local Action in Anticipation of the Reduction in European Funding

- 8.1 As the header above implies there are three levels of government / governance responses in anticipation of the reduction in European Funding that have relevance for the findings of this Committee. These are; nationally,

regionally and locally. Consequently, the findings in this section have been outlined accordingly.

National response

8.2 According to the evidence submitted by the TVJSU it is clear that the Treasury's policy is to concentrate resources on skills and employability. Indeed the Government's *National Strategic Reference Framework (NSRF): EU Structural Funds Programme 2007-13*, identifies three overarching themes for the UK's nations and regions to give particular attention to in developing priorities for EU funding. These are:

- a) Enterprise and Innovation;
- b) Skills and Employment; and
- c) Environmental and Community Stability.

8.3 The NSRF moves onto to identify Sustainable Economic Development as the central component of the UK's vision for structural fund spending.

8.4 When the Director of ESFVON was asked whether the pressures for the limited choice available to the CVS were coming from Brussels or Westminster; he indicated that this was being driven by Westminster. Brussels sets out a number of opportunities (which are concerned more with competitiveness and jobs rather than social programmes, compared with the previous programme), which the Director of ESFVON argued had been limited by the NSRF (as outlined above). The opportunities available to the CVS have been further limited by the Government's proposal to continue with co-financing.

Regional Response

8.5 Representatives of GONE and ONE were invited to participate in the investigation but were unable to attend to provide evidence. Nevertheless, ESFVON and the TVJSU were both able to attend to provide evidence to the Committee from a regional and sub-regional perspective.

8.6 ESFVON is the specialist regional development agency for voluntary and community organisations accessing, or seeking to access, the European Structural Funds for the economic and social regeneration of the North East of England. During the past twelve years ESFVON has advised and supported organisations which have been successful in being recommended for funding of over £100 million, with a total value of projects in excess of £200 million. ESFVON has links with over 1000 organisations providing a network covering the North East of England.

8.7 The Tees Valley Joint Strategy Unit provides support for the boroughs of Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees and the Tees Valley Development Company by:

- a) Formulating sub-regional strategies in partnership with the member boroughs, the European Union, government, government agencies, the private and voluntary sector
 - b) Influencing the decisions and actions of European institutions, national government and the local private sector through lobbying to maximize the attraction of external resources to the sub-region and to ensure that the policies adopted by these organisations cater for the needs of the sub-region.
 - c) Providing relevant information and forecasts to support the authorities of the member boroughs and other organisations.
- 8.8 It was argued by the Director of TVJSU that in 2004 his organisation and the voluntary sector had tried to persuade Government Office for the North East (GONE) and One NorthEast (ONE) to transfer underspend resources from Priorities 1 and 2 (sector development and business support) to Priority 4 (community regeneration). However, this was met with resistance by GONE and ONE. The argument they made was that the region should not put European Funding into measures like Priority 4, which they argued are effectively ameliorating the symptoms of the problem rather than tackling the fundamental structural problems of the regional economy. Consequently, it was argued (by GONE and ONE) that resources are better spent by developing venture capital funds for new and growing businesses, and developing centres of excellence for encouraging innovation in key sectors with potential growth.
- 8.9 The evidence provided by the TVJSU also indicated that GONE and ONE believed that there was no need for further resources to be invested in community regeneration because substantial amounts were already being invested. In addition, they argued that Priority 4 schemes tend to be run by small voluntary sector organisations and vary in their effectiveness. These are often intensive for GONE to manage and (it was argued by GONE and ONE) the standard of reporting back is often below the standard required by the European Commission.
- 8.10 However, in this debate the TVJSU pointed out that there was a real danger that a lot of the excellent community regeneration work being carried out in the North East was likely to be lost. This was because community regeneration was being reduced substantially through other sources such as the Single Regeneration Budget, Neighbourhood Renewal Fund, and the unwillingness of ONE to fund these types of project.
- 8.11 When it became apparent that there would be a reduction in European Funding the regional Programme Monitoring Committee (PMC) agreed that a high level group made up of GONE, One NorthEast and the European Structural Fund Voluntary Organisations Northern (ESFVON) would look into the problem and make representations to Government about it. However, it has been argued by the TVJSU that ONE and GONE took considerable time to convene the group and only held one meeting. They did not produce a

report to the PMC because, according to the TVJSU, they found the issue too difficult to deal with.

- 8.12 GONE and ONE have now produced the draft programme for consultation for the Competitiveness and Employment European Development Fund for 2007-13. There are only two priorities:

- (a) Enhancing and exploiting innovation; and
- (b) Encourage business growth and enterprise.

- 8.13 However, within the NSRF a priority on 'Sustainable Communities' has been identified but the North East's regional response to this has been to not carry forward this priority. Consequently, the (constrained) options, identified in paragraphs 8.2-8.4, have been further limited by an unwillingness on the part of GONE and ONE to reflect the (potential) priority of sustainable communities, within the regions response to the NSRF. This is a significant development, which, it has been argued, limits the potential for community capacity building within the region.

- 8.14 A further development highlighted by the Manager of HVDA was that some Regional Development Agencies were choosing to prioritise community funding and gave the example of the East of England Development Agency (EEDA). Further research in relation to the EEDA indicates that they have approved over £21m of funding to support activity geared towards 'Investing in Communities' in Hertfordshire and Cambridgeshire for the period 2007-2011. It will be used to raise individual's aspirations and motivation to gain employment, promote and encourage enterprise, promote partnership development and support the ownership of community assets. It has been developed mainly in response to the end of Single Regeneration Budget (SRB) funding and has come from the EEDA's single pot budget. It is distributed across the sub-regional partnerships and is geared towards a variety of organisations including those in the CVS.

- 8.15 A general view that emerged in the Committee was that Members were concerned that the additional pressures resulting from a reduction in European Funding had led the Government and regional government (through GONE and ONE) to focus the remaining funding on economic development at the expense of social funding objectives.

Local Response / Focus Group Findings

- 8.16 During discussions in the Focus Group a general view emerged that a relatively limited amount had been done within the voluntary sector locally in anticipation of reduction in European Funding. It was felt that a reasonable number of groups would rather focus on delivering services than on fundraising.

- 8.17 A number of additional points were raised about the awareness in the Voluntary Sector of changes to funding regimes more generally and the impact this has on the ability to plan for the future. Shifting pots of funding

under different arms of Government can be confusing and destabilising for community and voluntary sector organisations.

- 8.18 A further factor, which featured fairly prominently in the Focus Group's discussions, was that the likely reduction in European Funding is occurring at the same time as other funding streams / opportunities are coming to an end or being reduced. Representatives gave the examples of NRF and Lottery funding. These combinations of factors have made it increasingly difficult to devise a response in anticipation of a reduction in European Funding that will offset the consequences of these changes.
- 8.19 Manor Residents Association argued (in a written submission) that they are continuing to work in partnerships to explore other avenues of funding, which they hope will minimise the impact of the loss of funding, as well as being able to maintain a level of service consistent with community needs.

9. Likely Impact of the Reduction in European Funding on Services Provided within the Town

- 9.1 Since co-financing was introduced it has been argued that a CVS organisation has not been successful in accessing funding on its own. Therefore, the CVS has come together more frequently on a Tees Valley basis to access funding and there has been some success in accessing funding through these means. Nevertheless, a general view emerged in the Committee that co-financing has had a negative impact on Hartlepool and that central Government has dictated this. There is a high level of despondency, within the voluntary sector and beyond, about how the consultation leading to the production of the NSRF has turned out. The only response to accessing European monies is to create partnerships of bigger groups, and it has been argued that it is very difficult for the CVS to enter into these.
- 9.2 The Headland Development Trust (HDT) argued, in their written submission to the Committee, that whilst they have received a number of direct European grants the majority of the European funding that they receive is indirectly through partnership working with other CVS agencies in the town. They move on to argue that the withdrawal of this funding will have a significant impact upon sustaining the delivery of programmes in Hartlepool, with the overall effect being most felt by the beneficiaries served – generally the most vulnerable members of society. This view was echoed by Members and other witnesses during the investigation. HDT gave the example of their Community Legal Learning Programme, which has helped 66 people to achieve a level 2 qualification in the last year, but would have to cease under the new EU funding regime.
- 9.3 The Committee has expressed concern that there will be a big knock-on effect resulting from the changes to / reduction in European Funding, which will impact most on disadvantaged communities. There are concerns that if the CVS fragments as a result of these changes the divisions in society will become greater and this will impact on statutory service providers within the town.

- 9.4 During discussions in the Committee Members have raised the issue of Hartlepool's rating on the Index of Multiple Deprivation (IMD) and the contribution that the CVS makes to deprived communities, in particular. Hartlepool is ranked the 14th worst local authority in terms of IMD on the 2004 ratings. Consequently, it has been argued that the CVS significantly contributes to enhancing social cohesion within the town, given the relative economic and social deprivation experienced in the town.
- 9.5 A number of Members discussed the impact of the changes to European Funding on the notion of 'Double Devolution'. David Miliband (when he was Minister for Communities and Local Government) defined double devolution as, "not just devolution that takes power from central government and gives it to local government, but power that goes from local government down to local people, providing a critical role for individuals and neighbourhoods, often through the voluntary sector."
- 9.6 However, it has been suggested by Members that the knock-on effects of these changes to European Funding would mean that a number of projects funded through European monies, either directly or indirectly, would cease to continue and that the community capacity building, which is central to encouraging double devolution, would be adversely affected by these changes. Members of the Committee have regarded the national and regional implementation of changes to European Funding as being centralisation and regionalisation 'by the back door'.
- 9.7 Consequently, some Members have argued over the course of this investigation that Central Government should be lobbied about the changes to European Funding. It has been argued that if Government is serious about local people managing their development then there needs to be more local control over how this kind of funding is allocated. The notion of 'Double Devolution' is one that the Committee has indicated its support for over the course of the investigation. However, the findings of the Committee have suggested that this is likely to remain a 'notion', rather than a 'reality', under the proposed allocation of European Structural Funding, which has (in the past) been a key mechanism for community capacity building.

Focus Group Findings

- 9.8 The Focus Group shared a number of views expressed by in the Committee, these include:
- (a) There will be a knock on effect for other funding regimes, for example the loss of ESF support will significantly reduce the impact of projects like the NRF because funding is less likely to be available for match funded projects.
 - (b) There is likely to be an impact on the beneficiaries of the services the CVS provides. Those present felt that this could impact on the

beneficiaries of these services economically and socially, and also in terms of an overall impact on jobs and educational opportunities.

- (c) The loss / reduction of European Funding will have a significant impact on the voluntary sector across the region as a whole. As projects end jobs will be lost together with training, employment and educational opportunities.

10. How the Local Authority, and its Partners on the LSP, can Maximise the Investment to the Voluntary Sector in Light of the Changes to European Funding

- 10.1 A central purpose of this report is to clarify the evidence the Committee has received so far, and for this to act as a basis for Members to formulate additional responses to this issue, should they wish to do so. Over the course of the investigation there has been a general consensus amongst the witnesses the Committee has received evidence from over the negative impact that the reduction in European Funding is likely to have on the CVS and the town.
- 10.2 During the evidence gathering session with the Director of the TVJSU it was argued that the prospects for community organisations obtaining EU funding are bleak. Nevertheless, a number of possibilities for the CVS to access European monies were identified:
 - a) Through enhanced national programmes of Job Centre Plus and the Learning and Skills Council (LSC);
 - b) By being commissioned by Business Link North East to run projects which help disadvantaged groups back into enterprise; and
 - c) Through employability and skills projects, which will be funded by Job Centre Plus and the LSC.
- 10.3 The Director of ESFVON argued that the ethos of his organisation is that communities make for strong regions, rather than strong regions leading to strong communities. This 'bottom-up' approach was broadly supported by the Committee as a desirable approach to strengthening communities and building social capital. However, there are real concerns that developments in the 2007-13 round of European Structural Funding will not be conducive to fostering this type of approach. Indeed, this concern has been reflected in much of the Committee's discussions about this issue to date, and has been highlighted by some Members as a problem, which it is difficult for the Local Authority to respond to given its position within the regional, national and European systems of government / governance.
- 10.4 Nevertheless Members have suggested a number of approaches to how the Local Authority and its partners on the LSP can respond to this issue. These include:

- (a) That the Authority should explore working with the Local Authority movement within Europe to lobby against the impact of the reduction European Funding on the CVS;
- (b) That the Authority should also lobby the local MP, national Government, GONE and ONE about these changes to funding. It has been argued that the national and regional response to these changes are effectively a form of nationalisation and regionalisation by the back-door and that they discourage the notion of 'double devolution';
- (c) Over the course of the investigation a number of Members have expressed a desire to see some form of partnership based approach to responding to the pressures resulting from changes to European funding. This has included the suggestion that a 'core' CVS organisation is established, which will have the capacity to help smaller CVS organisations. Similar suggestions from Members have included the need to establish a partnership / working party to respond to this issue strategically, which would include Council and CVS representatives; and
- (d) That the amalgamation of CVS groups in the town may be a necessary response to reduction in European Funding and the changing nature of allocation of this funding.

- 10.5 In addition, the Director of TVJSU argued, when providing evidence to the Committee, that it might be possible to facilitate future involvement for the CVS through the Local Area Agreement process and through the LSP. It was argued that the Council could play an important role in these processes, in its co-ordinating capacity, by linking the CVS into this.

Focus Group Findings

- 10.6 In addition, the Focus Group discussed this issue and in doing so a number of potential options for future Local Authority assistance to Community and Voluntary bodies, which had previously been presented to the Committee, were outlined in order to prompt discussions. These were:
- i. Further review Community Pool criteria;
 - ii. Potentially fund fewer groups better;
 - iii. Restrict funding to 'core costs contributions' only, not project work;
 - iv. Increase nominal funding to a larger number of groups to enable LA support / 100% rates relief;
 - v. Encourage amalgamations of groups to reduce costs;
 - vi. Joint sharing of premises to improve sustainability (regardless of ownership / lease / rent position); and

vii. Significantly increase the Community Pool Budget

- 10.7 Generally the Focus Group felt like these options were satisfactory. A significant increase in the Community Pool Budget was deemed to be especially desirable by those present.
- 10.8 One representative felt that contributions to core cost funding have worked well in the past (e.g. in partnership with the PCT) and it can make a big difference to the ability to deliver a wider range of work. However, it was also argued that it tends to be difficult to get contributions to core costs as funders tend to prefer to support project activity rather than this.
- 10.9 It was highlighted during discussions that the Local Authority had to make savings of 3% across the Departments in the forthcoming budget. A potential area for savings had been a freeze on the Community Pool. However, this did not occur and it would continue to increase in accordance with inflation. The Community Pool will be £437,109 for 2007/8 and there are already bids for £577,000.
- 10.10 It was agreed that 3 year funding (through the Community Pool) for strategic CVS organisations would be a useful recommendation as it would provide more stability and be an easier and more effective way of working. There is a common perception amongst the CVS and the Local Authority that the annual bids come around far too quickly.

11. CONCLUSIONS

11. Over the course of the investigation the Committee has reached the following conclusions:
- a) That The UK will receive about half the total sum in funding through European Structural Funding under the 2007-13 round of funding, compared with 2000-06.
 - b) That a number of witnesses including ESFVON, TVSJU, Council officers and representatives of the CVS have argued that the 2000-06 Objective 2 Programme Priority 4 programme of European Funding (concerned with community regeneration) was very successful and that across Hartlepool the CVS has been particularly successful in accessing funding from this. Hartlepool's total amounted to 10.2% of the funding available for the North East, whilst its population is only 3.54%.
 - c) The fact that there is less European Structural Funding available now means that there is likely to be more competition within the region and sub-region to access the available European monies. Therefore, it is

less likely that Hartlepool will be able 'overachieve' to the same proportion, within a smaller budget.

- d) That Members were concerned that the additional pressures resulting from a reduction in European Funding had led the Government and regional government (through GONE and ONE) to focus the remaining funding on economic development at the expense of social funding objectives.
- e) That Co-financing under the 2007-13 programme of European Funding will further limit the potential of CVS bodies to access European Funding and that this will require partnerships of CVS groups to access this funding.
- f) Given the hierarchical nature of this issue there is limited amount that can be done locally to change the nature of funding allocation. Indeed, ESFVON and the TVJSU (in consultation with CVS bodies and Local Authorities) have both lobbied nationally and regionally to request that more of the available funding is allocated to communities and social regeneration, rather than to skills and economic regeneration. However, it has remained the Government's, and regions, priority to improve economic sustainability as a means to improving social cohesion.
- g) Over the course of the investigation a number of Members have expressed a desire to see some form of partnership based approach to responding to the pressures resulting from changes to European funding. This has included the suggestion that a 'core' CVS organisation is established, which will have the capacity to help smaller CVS organisations. Similar suggestions from Members have included the need to establish a partnership / working party to respond to this issue strategically, which would include Council and CVS representatives.
- h) Consequently, it was agreed when discussing the draft final report for this investigation it that this report both usefully highlights the factors that have led to a reduction in European Funding to the Community and Voluntary Sector, and outlines a number of consequences of this. It was agreed, however, that further work needed to be conducted before any specific recommendations could be made in relation to this issue. Consequently, this report has raised Members awareness about this issue and can be used as a basis for establishing a Working Group to focus on the more specific issues of responding to the consequences of a reduction European Funding to the Voluntary Sector.

12. RECOMMENDATIONS

12.1 Following its investigation into the Withdrawal of European Structural Funding to the Voluntary Sector within Hartlepool, Members of the Scrutiny Co-ordinating Committee agreed the following recommendation:

- (a) That a Working Group comprised of representatives from the Council (both elected Members and Officers), the Community and Voluntary Sector, partners from the LSP, and other external representatives (depending on the issues under discussion) is established and that in particular it focuses on:
 - 1) Developing an ongoing approach to respond to the loss of European Funding locally and the consequences this will have on the CVS, and it does so by focusing on such issues as, for example: 'sustainability'; the Community Pool criteria; and developing a partnership based approach to responding to the consequences of a reduction in European Funding; and
 - 2) Producing a response to this issue that will enable the Authority to lobby the local MP, National Government, GONE and ONE about these changes.

**COUNCILLOR MARJORIE JAMES
CHAIR OF THE SCRUTINY CO-ORDINATING COMMITTEE**

March 2007

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BACKGROUND PAPERS

The following background papers were used in the preparation of this report:-

- (i) *National Strategic Reference Framework: EU Structural Funds Programme 2007-13*, issued by the Department of Trade and Industry 23 October 2006.

- (ii) Report of the Director of Adult and Community Services entitled 'Community Pool 2005/06' presented to the Grants Committee Meeting held on 10 January 2006;
- (iii) Decision Record of the Grants Committee Meeting held on 10 January 2006;
- (iv) Report of the Scrutiny Manager entitled 'Scrutiny Topic Referral from Grants Committee – Withdrawal of European Regional Development Funding to the Voluntary Sector Within Hartlepool' presented to the Scrutiny Co-ordinating Committee held on 10 February 2006;
- (v) Report of the Scrutiny Manager entitled 'Progress on the Audit of the Voluntary Community Sector for the Community Pool Scrutiny Referral' presented to the Scrutiny Co-ordinating Committee held on 2 June 2006;
- (vi) *Audit of Community and Voluntary Groups in Hartlepool* Presented to the Committee on 20 October 2006;
- (vii) Report of Scrutiny Manager / Scrutiny Support Officer entitled Withdrawal of European Regional Development Funding to the Voluntary Sector Within Hartlepool – Scoping Report' presented to the Scrutiny Co-ordinating Committee held on 24 November 2006;
- (viii) University of Teesside: Social Futures Institute – *Facing the Future: a Study of the Impact on the Voluntary Sector and Community Sector in the North East of England*, March 2006;
- (ix) Report of the Director of TVJSU entitled 'European Funding' presented to the Committee on 19 January 2007;
- (x) Report of the Director of ESFVON entitled 'Withdrawal of European Structural Funding to the Voluntary Sector with Hartlepool' presented to the Committee on 19 January 2007; and
- (xi) Minutes of the Scrutiny Co-ordinating Committee held on 10 February 2006, 2 June 2006, 20 October 2006, 24 November 2006, 19 January 2007 and 9 February 2007.