



Agenda

Meeting: **Cabinet**
Date: **14 June 2023**
Time: **5.00 pm**
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Cabinet**

All Councillors for information

The cabinet will consider the matters listed below on the date and at the time and place shown above.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/home>.

Please note there will be 37 seats available for members of the public, which will be reserved for those speaking or participating at the meeting. The remaining available seats will be given on a first come, first served basis.

1. **Apologies for Absence**
2. **Declarations of Interest (Pages 3 - 4)**

Members of the Council should declare any interests which fall under the following categories:

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);
- c) voluntary announcements of other interests.

3. **Minutes (Pages 5 - 8)**

To consider and approve, as a correct record, the minutes of the meeting

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Email: committee@folkestone-hythe.gov.uk or download from our
website
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held on 20 April 2023.

4. **Folkestone Community Works programme (Pages 9 - 26)**

This report sets out the performance, achievements and closure arrangements for the Folkestone Community Works CLLD programme which is due to end 30 June 2023. The council has been the accountable body for this European-funded programme since 2017.

Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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Minutes

Cabinet

Held at:	Council Chamber - Civic Centre Folkestone
Date	Thursday, 20 April 2023
Present	Councillors John Collier, Ray Field, David Godfrey, David Monk (Chairman), Stuart Peall, Tim Prater, Lesley Whybrow and David Wimble
Apologies for Absence	Councillors Mrs Jennifer Hollingsbee
Officers Present:	Andy Blaszkowicz (Director of Housing and Operations), Ewan Green (Director of Place), Adrian Hammond (Housing Lead Specialist), Andy Jarrett (Managing Director), Amandeep Khroud (Assistant Director), Susan Priest (Chief Executive), Gary Ridgewell (Construction Director - Otterpool Park LLP) and Jemma West (Democratic Services Senior Specialist)
Others Present:	Ron Henry (Stantec)

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is Tuesday 2 May at 5pm. Decisions not called in may be implemented on Wednesday 3 May 2023.

93. **Declarations of Interest**

Councillor Godfrey made a voluntary declaration of interest in respect of Minute No 96 (Exploring Potential for New Nuclear Technologies at Dungeness) in that he was the Vice-Chair of the Dungeness Site Stakeholder Group.

Councillor Wimble also made a voluntary declaration of interest in respect of the same item as he was a council representative for the Nuclear Legacy Advisory Forum (Nuleaf).

94. **Minutes**

The minutes of the meeting held on 22 March 2023 were submitted, approved and signed by the Leader.

95. **Otterpool Park LLP Update and Contract Awards**

The report presented an update on the assessment being undertaken on the second annual update of the strategic business plan for Otterpool Park Limited Liability Partnership (LLP). The report also provided an update on engagement with Homes England in relation to a potential Collaboration Agreement and sought agreement for Otterpool Park LLP to enter into 3 contracts which are required to continue to progress delivery of the project.

Proposed by Councillor Monk,
Seconded by Councillor Collier; and

RESOLVED:

1. **That report C/22/109 be received and noted.**
2. **That the update in respect of the proposed collaboration with Homes England be noted.**
3. **That the due diligence and financial assessment being carried out in relation to the updated Business Plan submitted by the Board of Otterpool Park Limited Liability Partnership be noted.**
4. **That the updated Business Plan will be subject of a report to the Overview and Scrutiny Committee prior to being presented to Cabinet for decision.**
5. **That it be agreed that Otterpool Park Limited Liability Partnership enter into contracts as set out in section 4. of this report.**

(Voting figures: 8 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

Cabinet will receive the updated business plan for consideration at a future meeting. Cabinet agreement is required in relation to requests to the Council for Otterpool Park LLP to enter into contracts with a value of £250,000 and higher.

96. **Exploring Potential for New Nuclear Technologies at Dungeness**

The report set out the current position and next phase of work to explore suitability of and commercial interest in specific proposals for new nuclear technologies at Dungeness. The report has been developed in partnership with Kent County Council.

Proposed by Councillor Godfrey,
Seconded by Councillor Wimble; and

RESOLVED:

1. **That report C/22/111 be received and noted.**
2. **That the updated position in respect of Dungeness and the potential deployment of new nuclear technologies be noted.**
3. **That the governance approach detailed in section 2 of the report be agreed and that the Council establish a joint Steering Committee with Kent County Council.**

4. **Agree the next steps and actions outlined in section 2 of the report.**
5. **Note that the outcome of the next stages of work will be reported to Cabinet in due course.**

(Voting figure: 6 for, 1 against, 1 abstention).

REASONS FOR DECISION:

The Department for Energy Security & Net Zero (DESNZ, formerly BEIS) is moving from a centralised list of potential nuclear sites to a more responsive site approval process. This changes the route for approving new nuclear activities at Dungeness and has implications for the Councils' role in progressing future site options. Cabinet agreement is sought to establish a governance approach with Kent County Council that will support progress in relation to determining the new nuclear opportunities at Dungeness.

97. **Huume Housing Allocations and Housing Options System Update**

The report gave an update on work being carried out to transfer the Council's Housing Options and Housing Waiting List IT System between Locata, our existing Supplier, and our new supplier Huume.

Proposed by Councillor Monk,
Seconded by Councillor Field; and

RESOLVED:

1. **That alternative methods of storing the housing data currently held in the Civica system be explored and reported back to a future meeting of Cabinet.**

(Voting figures: 7 for, 0 against, 1 abstention).

REASONS FOR DECISION:

Cabinet is asked to agree the recommendations because: -

- a) The Kent Homechoice Partnership has re-tendered the contract for the Kent wide housing options and housing waiting list system.
- b) The new system will be operational from July of this year and will be provided by Huume Housing Services.
- c) All new housing options and waiting list documentation will be stored in the new Huume system.

98. **Housing Carbon Reduction Approach 2023-2030 - (supplement to Housing Asset Management Strategy 2022-27)**

The report gave an overview of F&HDC Housing Services' approach to how we propose to deliver on targets to reduce carbon emissions across the council owned and managed homes by 2030 (and 2050), in line with the commitments set out within the published Housing Asset Management Strategy. This

approach is consistent with the wider council F&HDC Net Zero Toolkit and Carbon Reduction Action Plan.

Proposed by Councillor Godfrey,
Seconded by Councillor Peall; and

RESOLVED:

- 6. That report C/22/107 be received and noted.**
- 7. That publication of the council's Housing Carbon Reduction Approach 2023-2030 (attached at Appendix 1) be agreed.**
- 8. That officers' efforts to pursue all opportunities to reduce carbon emissions across the council housing portfolio, including retrofitting homes to bring energy efficiency ratings up to EPC 'C' by 2030 be endorsed.**

(Voting figures: 7 for, 0 against, 1 abstention).

REASONS FOR DECISION:

1. Following publication of the Housing Asset Management Strategy, a Delivery Plan was agreed which included an action to develop a planned approach to carbon reduction across the council housing portfolio.
2. Two key commitments were made in the Housing Asset Management Strategy to support the council's wider climate change pledge:
Objective 3 – Improve the energy efficiency of the housing stock and the ways of working that reduce carbon emissions and levels of fuel poverty by:
 - a. achieving a minimum EPC rating of 'C' by 2030
 - b. aiming to achieve 'net zero carbon in use (NZC)' for all of its housing stock by 2050.

This Report will be made
public 6 June 2023

Report Number **C/23/01**

To: Cabinet
Date: 14 June 2023
Status: Non-key Decision
Responsible Officer: Katharine Harvey, Economic Development Advisor
Cabinet Member: Councillor Holgate, Cabinet Member for Place Plan,
Heritage, Tourism and District Economy

SUBJECT: Folkestone Community Works Programme

SUMMARY: This report sets out the performance, achievements and closure arrangements for the Folkestone Community Works Community-Led Local Development (CLLD) programme which will end 30 June 2023. The council has been the accountable body for this European-funded programme since 2017.

REASONS FOR RECOMMENDATIONS:

Folkestone & Hythe District Council is the accountable body for the Folkestone Community Works CLLD programme and this report provides Members with an oversight of the project outcomes.

RECOMMENDATIONS:

1. To receive and note report C/23/01.
2. To note the expected final financial and performance position of the Folkestone Community Works Community-Led Local Development (CLLD) Programme and the arrangements for the closure of the programme.

1.0 BACKGROUND

- 1.1 The Folkestone Community Works (FCW) Community-Led Local Development (CLLD) Programme was approved by its two Managing Authorities, DCLG (since renamed MHCLG, then DLUHC) and DWP in December 2017. Folkestone & Hythe agreed to be the accountable body for the programme (C/16/118) and to provide 50% of the match funding required to cover the programme management costs over the duration of the programme.
- 1.2 The opportunity to be awarded funding for a CLLD programme, which was a new type of programme for England, arose in the SELEP (South East Local Enterprise Partnership) area as part of the ESIF Growth Programme for England 2014 to 2020. CLLD programmes combined both ERDF and ESF funding and aimed to address the needs of areas which exhibited high levels of deprivation in the 2010 Index of Deprivation. The Council was successful, after a two-year application process, in being awarded CLLD funding to address the needs of a geographically defined area within the central, eastern and harbour areas of Folkestone. The geographic area of focus and the issues that the programme sought to address were outlined in a Local Development Strategy (LDS) developed in stage 2 of the application process. A summary of the key issues identified in the LDS and the geographic area of the FCW programme are outlined in Appendix 1.
- 1.3 The FCW programme was originally set to run until 31 December 2022. However, in recognition of the impact of COVID on the programme's delivery (CLT 21/137), agreement was sought from the managing authorities to extend the programme. It was subsequently agreed by DLUHC to extend the ERDF component of the programme, with the new Activity End Date agreed initially 31 March 2023, but has since been extended to 30 June 2023 with the Financial End date now being 30 September 2023.
- 1.4 Unfortunately, the DWP did not agree to an extension and so all ESF activity was required to cease by 30 June 2022. The Financial End Date for this component was 31 December 2022, as set out in the original GFA.
- 1.5 Projects delivered through the programme have come forward in response to Calls for Projects and have been delivered by delivery organisations who have been required to provide 50% match funding. The programme has also included an SME Business Grant scheme which has been managed directly by the PMT.
- 1.6 The overall programme, including the development of the Local Development Strategy at stage 2 of the application process, has been overseen by a Local Action Group whose membership comprises public and private sector representatives, with more than 50% required to be from the private sector. The current Chair of the LAG is Penny Shepherd (Sustainability Connections) who succeeded Terry Cooke-Davies (Folkestone Rotary) in January 2020 and the current membership is set out in Appendix 2.
- 1.7 The role of the LAG has been to oversee the progress of the FCW programme, including monitoring its performance through regular reports produced by the PMT and reviews policies relevant to the programme. The LAG also has been responsible for reviewing project applications, which have been initially assessed by the PMT, and making funding recommendations to the accountable body. Decisions on project funding are formally taken by an FHDC Decision Panel which comprises the Leader of the Council and Lead Cabinet Member for the District Economy, and the Director of Place. As the accountable body for the programme, the Council makes funding decisions based on recommendations from the LAG and after further due diligence has

been undertaken by the PMT. For projects approved for funding, the Council enters into a Grant Funding Agreement with the grant recipient.

- 1.8 In April 2017, prior to the submission of the final application, Cabinet agreed to provide the required 50% match funding for the total programme management costs which at that time were estimated to be £547,774 by the end of the programme (report C/16/118). This 50% contribution amounted to £273,887 to the end of 2022, and comprised an in-kind existing staff contribution of £196,418 and a cash contribution of £77,469. There is a requirement with all CLLD programme for programme management costs to be no more than 25% of the public sector programme funding.
- 1.9 Post submission of the final application and in response to requirements from DCLG, the programme management budget increased slightly to a £290,782 contribution from the Council. This was agreed by CMT as this increased requirement was limited to providing additional staff in-kind resource and determined that as this was not a 'material' change, further Cabinet approval was not required before signing any Grant Funding Agreement (CMT 17/285).
- 1.10 Following receipt of the Grant Funding Agreement with the managing authorities in December 2017, the programme management team (PMT) was appointed in early 2018. This comprises Kate Wilson as Programme Manager, and Sarah Mynard as Project Support officer, with the team managed by Katharine Harvey, as head of the Economic Development Team at that time, and who still remains with this responsibility.
- 1.11 The programme itself was formally launched in February 2018 with an event at Sunflower House when the first Call for Projects was initiated.

2.0 PROGRAMME PERFORMANCE

- 2.1 From the outset of the programme there were two separate Grant Funding Agreements with the managing authorities for the ERDF and ESF funding components of the programme. The agreement with DLUCH was for the ERDF funding for Objectives 2 and 3 of the LDS and for 50% of the programme management costs and the achievement of the programme's ERDF outputs. The DWP was responsible for the ESF funding for Objective 1 of the LDS and the ESF outputs and results.

Financial Performance

- 2.2 Table 1 below shows the original funding allocation for the programme as set out in the GFAs with the managing authorities, together with the latest agreed revised allocation. The latest forecast position is also shown which reflects the final position of the ESF element of programme which ended 30 June 2022, and the most recent forecast position end position of the ERDF funding where activity is due to end 30 June 2023.

Table 1: FCW Project Funding Allocation and Forecast spend

	ESF/ERDF (£)		
	Original	Revised allocation	Latest forecast spend
ESF (Objective 1) – Supporting residents into work	£975,000	£138,128	£138,128
ERDF (Objective 2) – Support for Business			
SME Business Grants	£225,000	£367,580	£514,255*
ERDF Main Projects	£750,000	£592,974	£590,110

<i>Business Support Services</i>	£225,000	£109,781	£99,175
<i>Business Space/Incubation Facilities</i>	£525,000	£483,193	£490,934
ERDF (Objective 3) – Employability Hub			
ERDF Main Projects Allocation	£250,000	£264,446	£58,818
PROJECT SPEND			
ESF	£975,000	£138,128	£138,128
ERDF	£1,225,000	1,215,716**	£1,172,467**
TOTAL	£2,200,000	£1,353,844	£1,310,595

Note: * Agreement was given by DLUHC to increase the ERDF allocation from other areas of underspend.

** The revised allocation total reflects the original ERDF project allocation minus an additional £9,284 of ERDF project spend that is required to meet the additional ERDF contribution towards PMT costs: and the latest forecast total ERDF project spend also includes the additional £9,284 ERDF PMT costs

2.3 Table 1 shows that the overall total programme spend forecast is £1,310,595 which is 60% of the total original allocation of £2,200,000. This largely reflects the low spend of the ESF funding (14%). In terms of the most recent ERDF commitments and forecast spend, some 96% of the ERDF funding is expected to be spent, with £43,249 ERDF left unallocated.

2.4 There have been a number of reasons why the ESF element of the programme has not been such a success and these include:

- A number of voluntary & community sector organisations that had expressed an intention in the project application stage to apply for the funding, either failed to come forward or withdrew their projects when the administrative requirements of running an EU-funded project became more clear.
- The voluntary & community sector, which it was envisaged would be the main delivery organisations for the FCW ESF component, was particularly impacted by the COVID pandemic, facing both reduced incomes and increasing demands for services. This made it difficult for them to find the resource to deliver projects as well as to find the required 50% match funding.
- The COVID pandemic created recruitment difficulties for project participants and so increased the risk to delivery organisations of not achieving the project targets.
- The introduction of Universal Credit over the programme period and its 'requirement to search for work' for the majority of claimants, meant that very few participants subsequently met the definition of economically inactive and this exacerbated participant recruitment issues for projects.
- The introduction of the Universal Credit also made it harder for projects to gather the eligibility evidence. Potential participants no longer had paper records and a lack the knowledge and capacity to access digital records meant that many were unable to participate.
- DWP introduced a number of new fully-funded projects in the period, including many in response to the COVID pandemic, which focused on similar participants. These were applicable for wider catchment areas than the FCW programme, provided more funding per participants and did not require 50% match funding. These were therefore more attractive for delivery organisations and so many with experience of delivering EU project opted for these funding streams rather than apply to the FCW programme.

2.5 Some 96% of the ERDF funding for the programme is expected to be spent and this has been achieved through close working between the PMT and DLUHC who have adopted a more flexible approach in response to the COVID pandemic. As a result it has been possible to move funding across programme objectives when take-up has not been as strong as was expected in some areas to others of greater demand.

- 2.6 Table 1 shows that the demand for business support projects has not been as strong as originally expected. Just under £100,000 of the funding has been committed to this element of the programme, from an original allocation of £225,000. Reasons why this take-up has been lower than expected includes the impact of the pandemic which made delivery difficult, a lack of organisations coming forward with projects for funding, either because of a lack of capacity or confidence in their ability to deliver targets and because the 50% funding was not attractive enough. The pandemic meant that many organisations did not have the reserves to provide the match funding required and/or other options were more attractive.
- 2.7 Similarly, not all the funding originally earmarked for the development of business space/ incubation facilities (Objective 2 Action 2.7) and an enterprise/employability hub (Objective 3) has been spent. While 93% of the original funding allocated to business space/incubation facilities has been spent, only 23% of the enterprise/employability hub funding has been taken. A key reason for this has been the absence of an organisation willing to lead on such a major project, as well as limited match funding availability during the programme's timeframe and limited physical properties for this in the catchment area.
- 2.8 The one aspect of the programme which has been a great success is the allocation of funding towards SME business grants. Some £514,255 of ERDF has been awarded to local businesses within the FCW area for investment. As this has levered the same amount of investment from these businesses, this means that over £1 million of business investment has happened in the FCW area that might not have otherwise happened.
- 2.9 Originally £225,000 of ERDF was allocated for the SME business grant scheme, but with the increased demand and available unallocated funds elsewhere in the programme resulted in funds being reallocated to this grant scheme. Overall, the scheme has awarded 56 ERDF grants to 53 local SME businesses, with 3 businesses awarded two grants. Appendix 1 lists the SME businesses that have benefited from the SME business grant scheme and the ERDF grant awarded.
- 2.10 Grant applications from SMEs increased considerably in the last six months of the programme, which reflects a combination of factors, including:
- it being the last opportunity for grant funding with the imminent closure of the scheme,
 - businesses were starting to recover from the pandemic and thinking about the future, and
 - the maximum size of a potential ERDF grant award was increased from £10,000 to £25,000 which made it more attractive.

Programme Management Team

- 2.11 Table 2 below shows how over the course of the programme the forecast programme management team costs have varied and the table also shows the approvals granted at various times. The latest expected final position by 31 July 2023 is also shown.

Table 2 FCW Programme Management Costs

	TOTAL	ERDF contribution	FHDC contribution		
			Cash	Staff-in-kind	Total
Cabinet approved 19/04/2017	£547,774	£273,887	£77,469	£196,418	£273,887

CMT approved 31/10/2017 – in FCW contract	£581,566	£290,783	£77,582	£213,201	£290,783
CLT approved 06/08/2019	£581,566	£290,783	£120,858	£169,927	£290,783
Informal Cabinet 19/10/2019	£657,772	£328,886	£133,813	£195,073	£328,886
Latest forecast	£600,134	£300,067*	£89,817	£210,250	£300,067
Latest % PMT costs vs Forecast Total Public Sector Spend	24.3%				

Note: * an additional £9,284 ERDF contribution is required from the ERDF Project allocation in Table 1 to meet this additional PMT cost.

2.12 Table 2 shows that the overall PMT costs are forecast to be £600,134 which equates to 24.7% of the programme's public sector spend of £2,424,792. This therefore falls under the maximum 25% threshold of public sector spend as required and so no additional costs will be incurred by FHDC.

2.13 The overall final FHDC contribution towards the PMT costs is forecast to be £300,067, with £89,17 being a cash contribution and £210,250 being staff-in-kind costs. The cash contribution has constituted paying 50% of the salary costs for the Programme Assistant/Project Support Officer and 50% of the marketing and consultancy costs for the mid-term evaluation.

Output and Results Achievements

2.14 Table 3 shows the GFA ESF outputs and results targets and the final ones achieved for the ESF component of the programme that ended 30 June 2022.

Table 3 FCW ESF Programme Outputs and Results

	GFA Target	Achieved	
		No.	% of GFA target
Outputs			
O1 Total Participants	1,000	126	13%
CO01 Unemployed, including long term unemployed	350	110	31%
CO03 Economically Inactive	650	16	2.5%
CO15/05 Participants that are in ethnic minority groups	75	37	49%
CO04 Participants that are aged over 50	100	13	13%
CO16 Participants that have disabilities	235	52	22%
Results			
R1 Unemployed participants into employment (including self-employment) on leaving	160	23	14%
R2 Inactive participants into employment or job search upon leaving	189	10	6%
CR02 - Participants in education / training upon leaving	200	8	4%

2.15 While the ESF outputs and results achieved are well below the targets set out in the GFA, only 13.6 % of the ESF funds were spent. The DWP has indicated that no under-performance penalties will be applied to the programme.

2.16 Table 4 shows the programme's GFA targets for ERDF outputs and the most recent targets agreed by DLUHC as a result of agreement to the Project Change Request submitted in September 2022. The table also shows the targets achieved to date (associated with the claims made to date to DLUHC) and the forecast levels for the end of the programme if the projects deliver as contracted.

Table 4 FCW ERDF Programme Outputs

ERDF	GFA Target	Revised Target July 2021	Revised Current Target	Forecast	
				No.	% of Revised Target
C1 Number of enterprises receiving support	195	84	77	83	108%
C5 Number of new enterprises supported	148	25	18	20	111%
C8 Employment increase in supported enterprises	98	16	16	7.2	45%
P11 Number of potential entrepreneurs assisted to be enterprise ready	175	62	113	78	69%
P12 Public or commercial buildings built or renovated in target area (sqm)	400	1156	1448	996*	69%

Note: *There are several SME Business Grants that could make up the difference, if scaled built drawing are provided for the renovated space.

2.17 Table 4 shows the changes that have been accepted to Output targets over the course of the programme and the most up-to-date forecasts for the end of the programme.

2.18 This suggests that only two of the Output targets will meet the most recently agreed targets – C1 number of enterprises receiving support and C5 number of new enterprises supported. Only half of the C8 output – increase in the number of jobs, are now expected to be created due to delays in appointment of new staff which will not be eligible for counting as they will now happen outside the programme timeframe. Regarding P11 – potential entrepreneurs assisted to be enterprise ready, the current forecast is well below what had been anticipated when the target was most recently revised, but is still higher than the revised target agreed in July 2021. Similarly with P12 – public and commercial buildings built or renovated; the original target was revised to reflect more projects coming forward than was originally anticipated. Since then some of those expected have not materialized, but some of the SME business grants may result in some additional contribution to this target

2.19 Discussions with DLUCH indicate that underperformance measures will not be implemented and an email giving this assurance has been received.

3.0 PROGRAMME CLOSURE

3.1 The ESF component of the FCW programme ended 30 June 2022 and all project claims to the Council have been paid to the delivery organisations. In turn the Council's ESF claims for reimbursement have been submitted but payment has not yet been received. The DWP recently announced an On-The-Spot Visit (OTSV) audit inspection on 30 May 2023. The auditor has confirmed that this was satisfactory and payment of all ESF funding due is expected soon.

3.2 Project activity relating to the ERDF component of the programme is due to end the 30 June 2023, after a last minute opportunity to extend and following approval by CLT (23/057). Two members of the Programme Management Team – Katharine Harvey and Sarah Mynard will cease working on the programme on 30th June, but Kate Wilson will remain until 31 July 2023 to process final claims. Staff costs, including for July have been included in the PMT forecast and the final claim to the end of July will be submitted by the end of that month and the programme effectively closed at that point.

3.3 In addition to processing claims, there are a number of other tasks that the PMT team need to complete as part of the programme closure. One key task is the requirement is the completion of a Summative Assessment Final Report (SAFR) and Summary report. This work will feed into the managing authority's (MA) Programme Evaluation of the 2014-20 ERDF Operational Programme and so should therefore provide insight into

the FCW programme performance, an understanding into what and why interventions worked or did not work and lessons learnt for the future. The SAFR will be made available to Members in due course.

- 3.4 The work on the SAFR is being led by Katharine Harvey, with input from East Kent Audit Partnership, and a draft of this report will be submitted for comment to DLUHC in June. As part of this work, a survey has been undertaken of SME business grant recipients to gain insight into the impact of the ERDF funding, as well as views on the effectiveness of the PMT in providing support. Responses to date have been very positive and are summarized in Appendix 4.
- 3.5 Other PMT activities that are required to be undertaken during the coming months include:
- Obtaining all hard copy paperwork and evidence from projects
 - Creating hard copy key documents relating to the programme management of the FCW CLLD programme
 - Arranging secure storage of the FCW paperwork within FHDC
 - Ensuring filing system is clear and robust
 - All information relating to the projects is required to be kept for years after the programme ends and this needs to be kept in an accessible form for audit purposes
- 3.6 In the closing phase of the programme there will be a 'Reality of Operations Visit' by DLUHC because the programme has funded capital works. The indications are that this will be 'very light touch and at a time and date that is convenient'. There is awareness that all member of the FCW PMT will have left the programme by the end of July and so needs to be organised before then.
- 3.7 It is proposed that there will be a final LAG meeting in June 2023. The purpose of this meeting will be to report on the final financial and Output/Result target position of the programme. There is also an intention to have a 'thank you' event for the programme, where recipients of funds and beneficiaries could be invited. This will serve to highlight the successes of the programme.

4. RISK MANAGEMENT ISSUES

- 4.1 There is risk management involved in this project.

Perceived risk	Seriousness	Likelihood	Preventative action
FHDC at financial risk due to lack of required evidence provided by project leads to support financial claims and Output reporting	High	low	The extension of the Programme Manager's contract to end July will reduce the likelihood of this
FHDC at financial risk due to financial and output	Med	Low	The programme Activity End date has been extended to end June 2023 so that all opportunities to

underperformance			<p>allocate ERDF funding are explored.</p> <p>Projects have been given the opportunity to extend projects to the latest date to increase the likelihood of full spend and output achievement</p> <p>SME business grant recipients have been given opportunity to extend project end date and to request additional funding</p> <p>Email confirmation from DLUCH has been received indicating that underperformance measures will not be implemented</p>
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6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report

6.2 Finance Officer's Comments (RH/LK)

All relevant financial information is detailed within the report, and income is expected once the audit has taken place. It is noted that the latest % PMT costs vs Forecast Total Public Sector Spend is just under the 25% threshold, if the actuals at the end of the project are less than projected there could be additional costs for the Council

6.3 Diversities and Equalities Implications (GE)

There are no diversities and equalities implications in this report.

6.4 Human Resources Comments (AS)

As the programme comes to a conclusion, the Council's Managing Organisational Change Policy and Procedures will be followed in relation to the staff involved in the programme who have been on fixed term contracts with relevant employment law being adhered to at all times.

6.5 Climate Implications (OF)

There are no climate implications in this report.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Dr Katharine Harvey, Economic Development Advisor

Telephone: 01303 853287

Email: Katharine.harvey@folkestone-hythe.gov.uk

Appendices:

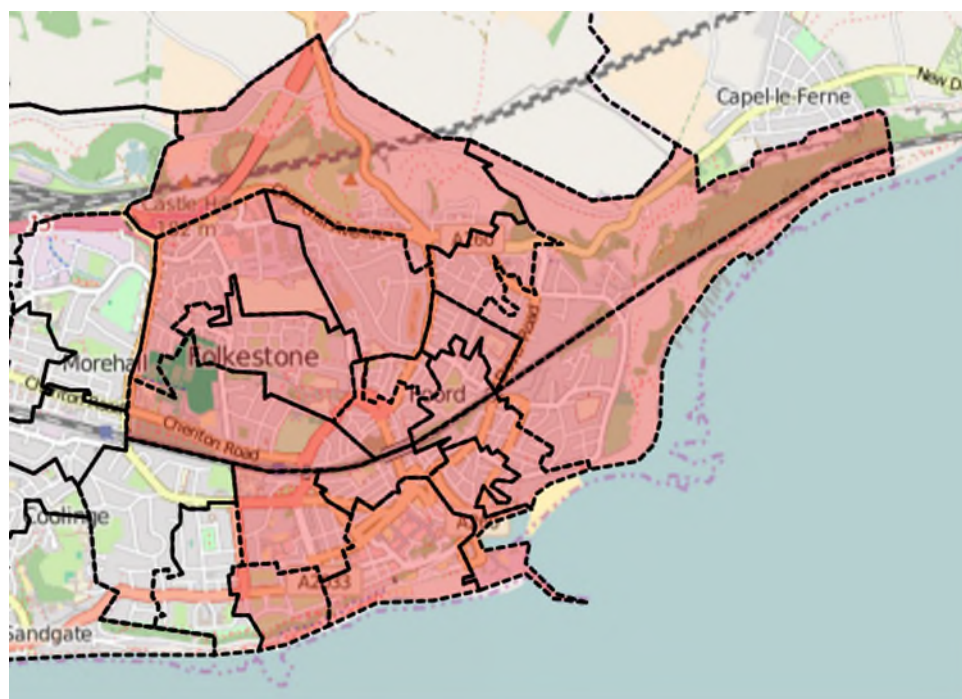
Appendix 1: Folkestone Community Works Geographic area and Local Development Strategy key objectives

Appendix 2: Folkestone Community Works Local Action Group Membership

Appendix 3: Folkestone Community Works SME Business Grant Recipients

Appendix 1: Folkestone Community Works Geographic area and Local Development Strategy key objectives

The area covered by the Folkestone Community Works CLLD programme comprises 19 Lower Super Output Areas (LSOAs) that includes nine that are among the 20% most deprived LSOAs in the country based on the 2010 Index of Multiple Deprivation. The resident population of this cohesive geographic area is 31,406 (2014).



The assessment of the development needs and potential of the area showed that Folkestone has suffered over the years from the decline of traditional seaside tourism. Recent improvements include faster rail links to London, the growth of the Creative Quarter and the redevelopment of the harbour area.

Nevertheless, parts of Folkestone continue to suffer from levels of deprivation that are amongst the highest in the country. Around 65% of the population in the CLLD area are in the top 20% most deprived parts of the country and 85% is in the UK's 30% most deprived areas.

The risk is that disparities will become more pronounced as regeneration of the town progresses, with a potential deepening sense of alienation and hopelessness in the deprived communities.

Therefore, the rationale for the Folkestone Community Works CLLD Programme is to ensure that the deprived communities in the town are given an opportunity to benefit from the economic growth through this programme which aims to promote social and economic cohesion.

Strategic Objectives

A community-led analysis of strengths, weaknesses, opportunities and threats (SWOT) suggested that the aim of the programme should be to promote social and economic cohesion through interventions to help the most deprived communities by helping residents to access jobs and by supporting local businesses to help them grow and provide new job opportunities.

The programme has three objectives:

- Objective 1 - Enhancing work-readiness and well-being.
- Objective 2 - Promoting local business and social enterprise.

- Objective 3 - Setting up an integrated delivery mechanism for the strategy.

A total of eight actions have been defined to support the promotion of the objectives. These have been arrived at through a 'bottom-up' process involving extensive consultations with representatives from the local community.

The total cost of the CLLD Programme is £4.9m. The total European funding for the programme is 50% of the total and the rest will come from public sector and charitable sources. Some 43% of the European funding will be from the European Social Fund (ESF) and the remainder (57%) from the European Regional Development Fund (ERDF).

At this stage, 24% of the total costs of the programme have been allocated to the programme Management and Administration, because the nature of the programme requires a bottom-up approach of working with the community to develop initiatives. This amounts to £1.2mill in total, of which £600,000 will be drawn from the European Social Fund.

Folkestone CLLD Programme: Summary of Objectives, Actions and Funding

Objective 1 - Facilitate and improve chances of people being able to access employment	
Target Groups	<ul style="list-style-type: none"> • Youth particularly NEETS • Long term unemployed, • Working People without the appropriate skills for the market • Carers • People with mental, physical or emotional barriers to work
Actions	Action 1: Work experience and job preparation for young people Action 2: Getting people back into work and job retention Action 3: Emotional and physical well-being services Action 4: Promoting financial wellbeing
Total funding	£1,950,000
Objective 2 - Promoting local business and social enterprise	
Target	<ul style="list-style-type: none"> • Small business • Potential Start-ups/Entrepreneurs
Actions	Action 5: Promotion of social enterprise Action 6: Support for business start-ups Action 7: 'DIY space' and/or incubation facilities
Total funding	£1,348,000
Objective 3 - Setting up an integrated delivery mechanism for the strategy	
Target	Provision of infrastructure to service users
Actions	Action 8: A central networked hub to facilitate the delivery of integrated programming and services - a Community Hub
Total funding	£500,000

Appendix 2: Folkestone Community Works Local Action Group Membership

NAME	ORGANISATION
Penny Shepherd (Chair)	Sustainability Connections/local resident
Cllr Ann Berry	Folkestone Town Council
Cllr Jenny Hollingsbee	Folkestone & Hythe District Council
Dan Hulme	RDHCT/The Sports Trust
Daniel Sangiuseppe	The Burlington Hotel/Folkestone, Hythe & District Hotel & Catering Association
Donna Smith	Folkestone College
Helen Wathen	SAGA
Jennifer Childs	Folkestone Town Council
Jo Olliver	Samaritans
Madeleine Duggan	Fides Films/local resident
Richard Wallace	Go Folkestone
Rob Hancock	Kent County Council
Stephen Shaw	East Folkestone Together/local resident

Appendix 3: Folkestone Community Works SME Business Grant Recipients

FCW SME Business	ERDF Grant
SME001 Docker Fermentation	£7,107
SME010 Saturn Solutions	£5,523
SME016 HOP Projects	£3,468
SME018 Paper Boat Documentaries	£1,399
SME020 The Little Greek Bus	£8,224
SME021 Plan with Care	£10,530
SME022 Lantern Laundrette	£10,965
SME012 The Peoples Café	£6,835
SME024 Creative Folkestone	£7,500
SME033 Autospot MG Ltd	£2,306
SME034 Alliance Building Company	£3,500
SME037 Sam Millen	£1,049
SME039 Sleeping Giant Media	£5,696
SME041 Harbour Coffee Company	£7,253
SME042 Oetzmann & Co	£3,142
SME043 Custom Food Lab	£5,050
SME044 Cheriton Road Sports Ground Trust	£5,978
SME048 Folkestone Leas Lift	£9,069
SME049 Spice Queen	£8,791
SME050 Kai's Food Ltd*	£7,087
SME051 Buckle Up Films	£2,077
SME052 NIC Instruments	£10,378
SME053 Star Barber Shop 4 Men	£8,250
SME054 Thoughtform Ltd	£7,250
SME056 Amor Europe	£3,069
SME057 DB Fabrication	£10,899
SME058 Duo Technology	£7,644
SME061 Rainbow Centre	£9,726
SME062 Matt Rowe	£4,077
SME065 Fosberry Studio	£4,315
SME066 AP Ross Services	£2,125
SME067 Maddison Broom	£2,712
SME068 Reborn Furniture	£9,718
SME069 Emma Khan Photography	£2,192
SME070 Disruptive Urbanism	£1,650
SME071 Three Hills Sports Park	£25,000
SME073 Leas Lift Lockout	£18,017
SME074 GlobeTrotter TV	£1,082
SME076 Cheriton Motor House	£11,697
SME078 Frizbee Ltd	£8,266
SME081 Screen South	£3,794
SME082 Rainbow Centre 2	£19,275
SME083 NIC Instruments 2	£24,921
SME085 Blue Jays Transport Group	£9,988
SME086 Masonic Hall	£9,082
SME087 Elm Media	£14,346

SME088	TNB Skills Training	£10,400
SME089	DIY Soup Ltd	£24,217
SME090	Folkestone Holidays	£3,105
SME091	The Workshop Folkestone Ltd	£13,271
SME092	R&R Jewellery	£6,498
SME093	The Burlington Hotel	£24,736
SME094	Adplan Creative	£14,007
SME095	Cheriton Road Sports Ground Trust	£25,000
SME096	HEH Global Ltd	£24,075
SME097	Cuthbert Properties	£24,014
TOTAL		£514,255

* Grant awarded but not taken up so excluded from total

Appendix 4: Folkestone Community Works SME Business Grants Survey – May 2023

16 Respondents

Has the FCW SME business grant been beneficial to your business?

Yes	16	100%
No	0	

What purposes was the FCW SME business grant used for?

Enabled the business to adopt new technologies	3	19%
Supported the development of new products	3	19%
Improved the marketing of the business	4	27%
Enabled purchase of new equipment	5	33%
Other – Supported response to changes in the Cultural sector	1	7%

What was the impact of the FCW SME business grant on business?

Average rating 4.1 out of 5.0

Very Significant Impact	4	64%
Significant Impact	9	29%
Moderate Impact	0	
Low Impact	1	7.1%
No Impact	0	

How did the FCW SME business grant contribute to your business?

Increased Sales	3	19%
Increased Business Turnover	8	50%
Increased Business Efficiency	10	63%
Increased Customer Satisfaction	6	38%
Increased the number of Part-time Staff	3	20%
Increased the number of Full-time Staff	2	13%
Other – Increased the number of Learners Supported	1	6%
Other – Enhanced services and future growth potential	1	6%

Did the FCW SME business grant safeguard jobs in your business that were at risk due to COVID?

Yes	6	38%
No	10	62%

7.5 Jobs safeguarded

How did you hear about the FCW SME business grant scheme?

Direct email	6	40%
Council website	1	6%
Word of mouth	3	19%
Personal communication	1	6%
Council Newsletter	1	6%
From the Council – source not specified	2	13%
Business networking event	1	6%

Did you require support from the PMT to complete your application or with the claims process?

Yes	15	94%
No	1	6%

How would you rate the support provided by the PMT?

Very Good	14	88%
Good	2	12%
Satisfactory	0	
Poor	0	
Very Poor	0	

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