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## **Summary**

This report provides for information an update on KCC's recent European activities.

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## **1. Introduction**

- 1.1. Since the presentation of the International Activities Annual Report to Corporate Policy Overview Committee on 26 September 2008, a number of European developments of importance to KCC have taken place. At EU level, these have included the Commission's European Economic Recovery Plan approved in December 2008, a consultation on the Commission's Green Paper on Territorial Cohesion, and the launch of the European Year of Creativity and Innovation 2009.
- 1.2. Within KCC, International Affairs Group has continued to help secure a number of significant EU Structural Funds projects in support of KCC and Kent priorities. These included projects worth a total of €2.6 million to Kent in EU grant secured at the first meeting of the Interreg '2 Seas' Programme Steering Committee in Lille on 12 November 2008. A number of other significant projects are currently being pursued under a range of EU programmes for future application Rounds.
- 1.3. Further to the re-establishment from February 2009 of direct rail services from Ashford to Brussels, KCC recently signed a Memorandum of Understanding with French and Dutch partners to set out a European Network for High Speed Regions aimed at maximising the potential for international high-speed rail in Kent.
- 1.4. KCC's partnership with the Conseil Général du Pas de Calais has led to a number of mutually beneficial joint projects since the two authorities signed a Partnership Agreement in 2005. This was further boosted on 11 March when, as a symbolic location for the partnership, KCC Leader Paul Carter and Dominique Dupilet, President of the Conseil Général opened a Cultural Centre at the newly renovated Hardelot Castle near Boulogne.

## 2. The European Economic Recovery Plan and Kent

- 2.1 The European Council approved the Commission's European Economic Recovery Plan at its meeting on 11-12 December 2008. This set out a range of financial, legislative and other policy measures whose cost is equivalent to about 1.5% of the GDP of the EU (around €200 billion). These include a temporary raising of the State Aid threshold from €200,000 to €500,000 in support of businesses and accelerating procurement procedures to reduce the length of the tendering process for major public projects from 87 to 30 days. Other measures foresee the possibility of making changes to Structural Fund programmes (such as Interreg) in order to address new needs, as well as simplifying and speeding up implementation.
- 2.2 An analysis of the actions proposed in the Recovery Plan has identified those with most potential for practical implementation in Kent. Their implementation will require action as appropriate by the European Commission, the UK government, Programme bodies, KCC or in combination. Key actions include:
- Urging programme authorities to make early changes to the Structural Funds programmes for which Kent is eligible (inc. Interreg and the South East Competitiveness Programme) with a view to addressing new needs and to focus funding on job-creation projects and areas most affected by the recession. For example, in the case of the Competitiveness Programme, changes in the region's economic conditions since the start of the programme require SEEDA to implement a switch from a 'pan-regional' approach aimed at sustainable consumption and production, to one that targets local priorities in areas most affected by the recession;
  - Likewise, programmes should be pressed to earmark more funding to new priority areas. For example, under the Interreg IVA '2-Seas' programme 3% of the total budget is currently allocated for 'increasing the adaptability of workers and firms, enterprises and entrepreneurs'. This proportion, and other related areas, should be adjusted upwards in the light of the current economic situation in all Member States.
  - A key barrier to participation in EU programmes, especially by SMEs, can be the need to secure match-funding of the EU grant. Even though, for example, Interreg IVA cross-border projects can be co-financed up to 75% of total project cost under the Regulation this is not being applied by the current programmes, with 50% or less being the norm. Higher rates need to be applied, for example, to projects with most potential for job-creation or maintenance.
  - The flexibility offered by the Commission to implement accelerated procurement procedures throughout 2009 and 2010 should be taken up for all major capital projects in Kent;
  - By general consensus, all previous Commission attempts at 'simplification' seem to have resulted in even greater bureaucracy,

often leading to a concentration on procedures and meeting expenditure targets at the expense of project delivery and achievement of outputs and impacts. The current situation provides the Commission and Managing Authorities with an opportunity and obligation to make genuine efforts to address this issue properly, reduce bureaucracy and begin to shift the balance from 'spending the money' (to avoid returning unspent funds to the Commission) towards delivering meaningful projects in line with the aims of the programmes

- In fact, a vital element for the faster implementation of programmes is the provision of local project 'facilitators' or national 'contact points' to assist projects leaders 'on the ground' to develop and implement new projects. Despite an offer by KCC in December 2006 to undertake this role in response to an invitation from GOSE, the UK is still the only one of the four participating Member States not to have recruited any contact points for its new Interreg IVA cross-border programmes. KCC will continue to press CLG to introduce meaningful levels of project support and facilitation.
- The Commission has in recent years developed a plethora of financial instruments that anticipate a move away from the traditional grant model towards improving access to loan funding, in particular from the European Investment Bank (EIB) and other International financial institutions. There may be scope in Kent to employ such alternatives to grant funding and this should now be investigated in more depth
- With regard to information on EU funding opportunities, in the first of a series of planned seminars, International Affairs Group held an event in Maidstone on 19 February 2009 to highlight potential opportunities under the Interreg IVB North Sea Region (NSR) transnational co-operation programme which has so far been underutilised in Kent.
- IAG will also be organising a seminar in the near future in conjunction with Business Support Kent (BSK) to outline EU funding opportunities to Kent SMEs.
- As part of the Backing Kent Business campaign an online grant search database will be added to our web site.

### **3 EU Funding**

#### *2000-2006 Programmes*

- 3.1 The programmes for which Kent was eligible in the previous programming period (including Interreg, Objective 2, Leader+ Urban II and ESF) have been coming to an end. As part of this process, evaluations are undertaken to assess the extent to which the programmes have performed in relation to their original objectives. As an example, ANNEX 1 summarises the findings of the recent evaluation of the Urban II Thames Gateway Kent Programme for which KCC was the accountable body.

- 3.2 Between 2002 and 2008, €12,003,483 (£8.2m) of European funding was allocated to this programme which, together with additional match-funding from private and public sources, gave an overall programme value of €32,122,782. As can be seen from the report, the programme is viewed as having been delivered effectively and successfully with community engagement strong at the project level. The project delivery process is deemed to have worked well, and enabled 98 projects to be contracted over the lifetime of the Programme. Only five projects did not take off or finished early, seen as a testament to the project filtering role of the Local Action Group and the delivery support of the Programme Management Team.
- 3.3 Nonetheless, it was necessary for KCC to write on 28 January 2009 to the Minister for Local Government, John Healy concerning the government's decision at the end of last year not to accept an offer from the Commission's to extend programme deadline for using unused funds. This has potentially cost the Kent Urban programme between £400,000 and £600,000 which could have been spent on key projects in Dartford and Gravesham supporting local businesses and people through the recession. We are still awaiting a response.

#### *2007-13 programmes*

- 3.4 A number of the new EU Structural Fund programmes 2007-13 for which Kent is eligible are only now just coming on stream. Three substantial Kent projects (including one KCC project) were approved at the first meeting of the Steering Committee for the Interreg IVA '2 Seas' co-operation programme on 12 November 2008. As can be seen at Annex 1, each of these projects, worth a total of €2.6 million in ERDF European grant has the potential to support businesses and local people through the current economic difficulties.
- 3.5 The second meeting of the Interreg IVA 'Channel' programme took place in Chichester on 5 February at which a further three Kent projects; one led by BSK promoting enterprise culture and two led by the Health in Europe Centre were approved worth a total in ERDF grant of £82,000.
- 3.6 A range of other projects are in the course of development under other EU programmes such as Interreg IVC for Interregional co-operation the South East Competitiveness Programme and the European Social Fund (ESF)

#### ***Commission Green Paper on Territorial Cohesion***

Last October, the Commission published a Green Paper on 'Territorial Cohesion' with a consultation deadline of 28 February 2009. Whilst not explicitly focussed on the future financing of EU Cohesion Policy, the Green Paper will clearly be important in shaping the future direction of EU Structural Funding after current programmes end in 2013.

The Green Paper argues that a policy of EU territorial cohesion is needed to complement that of economic and social cohesion and should be primarily aimed

at turning territorial diversity and their assets into strengths.

The paper focuses on three main sections: Concentration (inc. social, economic and environmental problems in cities; Connection (not only transport, but access to services such as health care, education, broadband internet access and energy) and Co-operation (how the issues of concentration and connection can be addressed by strong co-operation at various levels.

Following consultation within KCC and Kent-wide, our response to the Green Paper has included emphasising the need to reduce bureaucracy and to strengthen the involvement of local authorities in decision-making processes with a territorial dimension. We have also highlighted the key role of Interreg initiatives, under any future EU economic, social and territorial cohesion policy.

#### **4 Partnership with Pas de Calais**

- 4.1 KCC's partnership with the Conseil Général du Pas de Calais has been especially active and productive over the last 12 months. In addition, to collaboration on joint European projects such as the 'Cross-border Observatory' the President of the Conseil Général, Dominique Dupilet, has provided political support on issues such as KCC's membership of EU Funding Programme Committees and Kent's Olympic Torch Campaign.
- 4.2 The special relationship with Pas de Calais was celebrated on 11 March when KCC Leader Paul Carter and President Dupilet opened a Cultural Centre at the newly refurbished Hardelot Castle in Condette, Pas de Calais. Officially known as the 'Centre Cultural de l'Entente Cordiale' the castle includes a 'Kent' room and a Pas de Calais' room and flags from both regions will be permanently flown there. Areas of future joint working were agreed including
- Existing and new opportunities for tourism
  - High speed rail connections
  - Telehealth
  - Apprenticeships
  - Social enterprise
  - Environment and flooding
  - Heritage
- 4.3 The cultural centre will be at the heart of a programme of events during 2009 in which KCC and Pas de Calais will be holding as part of the Departement's 'Year of Franco British Partnership' which or the 'Channel Hop'
- 4.4 The programme will further develop partnership working and exchange of best practice between the two authorities. Amongst the events being planned by KCC include an exchange of 800 French and English students on countryside activities. The programme will also encompass the 100<sup>th</sup> Anniversary Commemoration of Louis Blériot's first flight across the Channel. This will include a weekend of festivities in Dover being organised by the District Council on the 25 and 26 July involving an

historic recreation of Blériot's flight, a procession of aeroplanes flying from Calais to Dover and a firework display across Dover Harbour.

## **5 A European Network of High Speed Regions**

- 5.1 Although delayed because of the Channel Tunnel Fire, from February 2009 and December 2009 respectively, Ashford and Calais will see direct rail services to Brussels.
- 5.2 This outcome has been the culmination of a two year campaign since 2006 when Eurostar first announced cuts to services at the two stations, and is in itself a case-study (see below) of how the territorial co-operation, described in the Commission's Green Paper (see section 3) can work in practice.

### **Case Study on the added value of Territorial Co-operation – A European Network of High Speed Regions**

In recent years, the EU budget has invested heavily in Trans-European Transport infrastructure, both via the TENs budget and via the Structural Funds. In the case of the trans-European transport network, such investment is supposed to result in wider benefits of economic and social cohesion.

However, these wider EU policy aims can be undermined when sectoral policies or operational decisions are not coherent with each other. In 2006, for example, Eurostar announced that it would cut services at Calais and Ashford, two intermediate stations on the EU's first truly international high-speed rail network: the Paris Brussels Köln Amsterdam London (PBKAL) network. Despite widespread criticism by passengers and local stakeholders, Eurostar maintained its position.

In response, the local and regional authorities of Kent and Nord Pas de Calais put forward to the European Commission a common position of the territorial implications for Europe should such situations recur elsewhere. Recognising the issues at hand, the European Commission's Regional Policy Director-General took the lead in organising an international stakeholder dialogue in July 2007 so that passenger groups, local authorities from northern France and rail operators and infrastructure managers from the UK, France and Belgium could try to find a way forward.

This timely intervention of DG Regio and the strong, territorial approach taken by the local and regional authorities were important factors in helping to resolve the dispute: from February 2009 and December 2009 respectively, Ashford and Calais will see direct rail services to Brussels.

- 5.3 To ensure better coherence between territorial impact and sectoral policies in future, Kent County Council, the region of Nord-Pas de Calais, the Dutch City of Breda and the Dutch urban network of BrabantStad have signed a Memorandum of Understanding to set up a European Network of High Speed Regions. They will work in partnership to provide a platform for dialogue between rail operators and regional and local bodies to improve the conditions by which international high-speed rail may realise its full potential for supporting balanced sustainable development and accessibility in the European Union.

## **6 Other Activities**

- 6.1. The European Year of Creativity and Innovation 2009 is an initiative of the European Parliament and European Council that focuses on the importance of creativity in private and public life. Events connected to the year include conferences, information and promotion campaigns, and examples of best practice, surveys and studies.
- 6.2. Since the success of Kent's Year of Innovation 2007-2008, creativity and innovation have been a priority for the County Council with a number of initiatives reflecting an approach whereby 'real innovation is about the generation of ideas that have the potential to transform'. We are currently exploring what opportunities might be available to KCC and Kent from this 'year'.
- 6.3. Over the last eighteen months there have been a sequence of technical policy seminars developed under the title "Global Reach, Local Benefit" held in the Brussels office on topics as diverse as '14-24 – the vital age for Europe's welfare' through to the impact of the cross border health directive. This seminar programme has been designed to reinforce KCC's profile within the European Community and to explore, where appropriate KCC's own policy development includes a European dimension.
- 6.4. KCC is a partner in a UK consortium participating in a European programme called Erasmus for Young Entrepreneurs. This seeks to place potential (UK/Kent) entrepreneurs within an experienced and successful small business in another Member State. The programme covers certain costs of the new entrepreneur and is seen as opportunity to gain first hand experience and generate new contacts in a new business environment

## **7 Conclusion**

- 7.1 For Kent, particular as a peninsular County, Europe is vitally important for our success. The European Union is rapidly changing in economic and policy terms and it is important that we equally adapt our approach and way of working to maximise the benefits of our involvement

## **Recommendations**

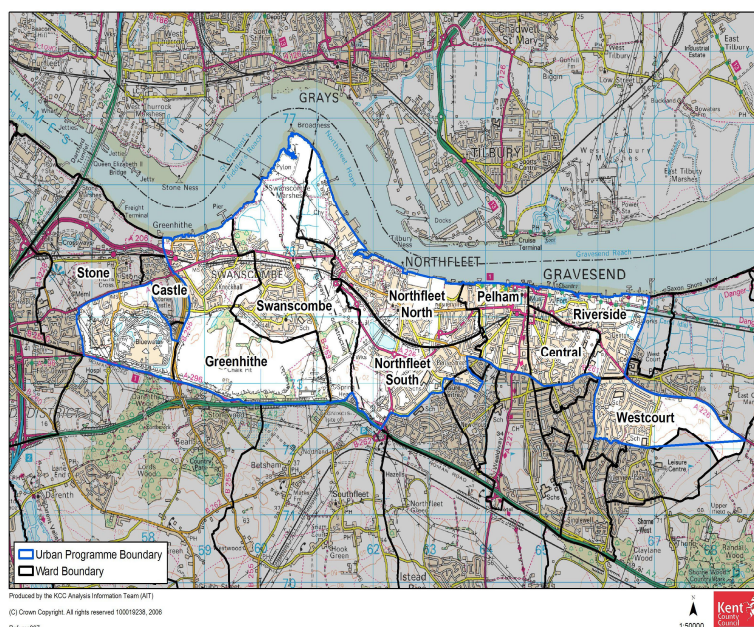
Members are asked to note the report

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## An Evaluation of the Urban II Thames Gateway Kent Programme

### EXECUTIVE SUMMARY

- 1.0 This report presents the findings of the end of term evaluation of the Urban II Thames Gateway Kent Programme. The evaluation consisted of desk research, consultation with key stakeholders and case studies of 14 projects funded by the programme.
- 1.2 The evaluation aims to provide an analysis of:
- Key achievements;
  - Partner perceptions;
  - Beneficiary perceptions;
  - Value for money;
  - Good practice: and
  - Lessons learned/recommendations.
- 1.3 Urban Thames Gateway Kent is a European Regeneration Development Funding initiative, covering 10 wards in the Dartford and Gravesham area of Kent. It aims to help the target area achieve social inclusion in line with the rest of the Thames Gateway region and to share in the prosperity of the South East of England. This was to be achieved by raising the capacity of residents and communities through a range of interventions in order to benefit from the expected growth in the Kent Thameside and wider region.



- 1.4 Between 2002 and 2008 €12,003,483 (£8.2m) of European funding was allocated to the programme, with the expectation to attract additional match funding of €20, 119,299 from private and public sources. €840,241 was also available for Technical Assistance, which must be matched by public sector partners. The overall programme value was €32,122,782.
- 1.5 The programme had three main Priorities each supported by Measures which shape the size, type and direction of projects commissioned through the Programme. These are: Priority A – Achieving Social Inclusion, Priority B –

Community Access to Learning, and Priority C – Business Infrastructure and Regeneration.

### **Main Findings**

- 1.6 The Kent Urban II Programme has been delivered effectively and successfully. This is reflected in the predominately good levels of spend, N+2 and output performance.
- 1.7 Priority A has performed well in promoting social inclusion, in particular community capacity building initiatives and community safety schemes. Similarly, under Priority B all associated outputs targets have been met or exceeded, with the exception of two. Priority C has fared least well in relation to output achievement, notably the number of business start-ups and number of SMEs assisted.
- 1.8 Programme management was strong and effective, with robust finance and monitoring systems and processes employed. The delivery structure brought together a wide range of public sector and voluntary and community sector stakeholders in particular. The Action Group brought together partners from the borough councils, county council, Groundwork, Business Link, Kent Police and the headmaster of a local secondary school. The Urban Programme Group and Performance Monitoring Committee had representation from the county and borough councils and GOSE.
- 1.9 Community engagement has been strong at the project level and this is reflected in the full commitment of Priority A: Social Inclusion. However, direct involvement in the management of the Programme by residents was less than anticipated. Local expertise and intelligence has been present through the involvement of individuals from community and voluntary organisations on the Action Group, which has informed the project selection process. Similarly, direct private sector involvement was not strong, whilst small and medium sized enterprises that were the target of Programme activity, especially through Priority C, were found to be difficult to attract.
- 1.10 The project delivery process is deemed to have worked well, and enabled 98 projects to be contracted over the lifetime of the Programme. Only five projects did not take-off or finished early, which is testament to the project filtering role of the Action Group and the subsequent project delivery support provided by the Programme Management Team.
- 1.11 A view was expressed that the time taken from project development to delivery was too long in some cases as once the Action Group had put forward a project for funding, it then had to wait for the Appraisal Panel and Urban Programme Group to next meet which could have been a month or six weeks away. Whilst these three stages in the scoring and verification of applications ensured transparency, it was felt that if the process could have moved along quicker more could have been achieved. Similarly, that this three staged approach combined with the demands of the application process may have been a disincentive for some small voluntary and community organisations. The Community Chest however was in place to try and remit this situation.

- 1.12 The Programme needs to be seen within the broader context of the Thames Gateway developments. Urban has been on a much smaller scale, both financially and geographically, and as such it has been quite hard for the Urban Programme to influence the latter. Delays on some of the larger development schemes have also had a knock on effect on Urban. This said, it has supported some of these schemes where possible, for example the Access from Ebbsfleet to Northfleet study and the Fastrack Route B infrastructure project.

### **Recommendations**

- 1.13 The Urban Programme has updated the baseline position, where possible given the changes to the ward boundaries in 2002-03, as presented in the Annual Implementation Reports. It is acknowledged that there are inherent difficulties in assessing the impact of programmes such as Urban (e.g. attribution and how to measure softer impact on individuals), but greater use could have been made of anecdotal evidence, specifically from the communities and even residents being supported, formally collected in a structured fashion. In addition there is a role for quality of life surveys to capture 'real impact'.
- 1.14 The Urban Programme has worked towards making a difference to the quality of life of the residents in Dartford and Gravesham. As the Programme comes to a close, attention needs to turn to legacy and sustaining the meaningful involvement of residents in the subsequent regeneration of the area and Thames Gateway.
- 1.15 Clearly the projects in themselves are a very valuable legacy, especially those that have been mainstreamed or have secured further funding. Holding a celebration event or producing a publication/booklet could be an effective way of show casing the successes of the Programme and reaching out to the wider community. Projects and beneficiaries could be invited to contribute.
- 1.16 The Programme made a commitment to engaging the community in the regeneration of the area and this has certainly been successful at the project level. Similarly, a significant amount of skill, experience and knowledge has been built up through the Action Group. It is important that this interest and knowledge is not lost. The Local Strategic Partnership represents a key opportunity to influence post Programme arrangements and help engage people further. The opportunities for this could be taken forward by the Programme Manager in the coming months.
- 1.17 At a wider level, it is recommended that the Urban network links are maintained, perhaps through the KTDB and its website.

### **KCC/Kent projects approved at the first meeting of the Interreg '2-Seas' Programme Steering committee in Lille on 12 November 2008**

#### **1. 'Cross-border Observatory to Optimise Public Service Delivery'**

As Lead Partner, KCC has worked closely with the General Council of Pas de Calais, all of the Kent Districts, Medway Council and three local partners on the French side to develop a project aimed at improving the delivery of public services to all sectors of the Community on both sides of the Channel. The project will involve the Gateways on the Kent side and will develop customer profiling techniques targeted at the less well off and those living in rural areas. It will include the development of a customer service delivery framework which will show how services can be tailored to fit the needs of different groups. The project will also help to inform decisions about the location of Gateway services to ensure good links between the needs of the population and the Gateways.

The total cost of the project is €4.5 million of which KCC will receive €627k in European (ERDF) grant with Kent Districts and Medway receiving €900k ERDF.

#### **2. 'Developing Best Practice in Promoting Enterprise'**

Business Support Kent (BSK) is leading this project in partnership with the Chamber of Commerce in East Flanders. The main aim of the project is to develop an enterprise culture and promote entrepreneurship in disadvantaged areas so that individuals gain self-respect and a work ethic. Activities will include fostering an enterprise culture in schools and other training establishments, disadvantaged communities, rural areas and coastal towns. Key outcomes will include increasing the availability and quality of entrepreneurship education and training and bringing together the key players in this field.

The total cost of the project is €1.1 million of which BSK will receive €200k in European (ERDF) Grant.

#### **3. 'Eco-Mind: Environmental Market and Innovation Development'**

This BSK-led project is aimed at understanding the support needs of SMEs seeking to develop innovative products and services within the environmental technology sector and bringing them to market more quickly. Other partners include Enviro Business South East, Centre for Sustainable Design, Business Link Hampshire, Grand Lille Chamber of Commerce and Industry and Delft Technical University. Key outcomes will include identifying SMEs where eco-innovation will have the greatest environmental impact (engaging with over 1000 SMEs in S.E. England, Nord-Pas de Calais and the Netherlands); identifying where business support is most needed and providing 1 to 1 support to over 250 (80 in Kent) companies by an eco-innovation expert.

The total budget for the project is €7.3 million of which BSK will receive €900k in European (ERDF) grant.