

CONVERGENCE PROGRAMME FOR  
CORNWALL AND ISLES OF SCILLY  
EUROPEAN REGIONAL DEVELOPMENT FUND  
EUROPEAN SOCIAL FUND  
JOINT MONITORING COMMITTEE  
Thursday 8 June 2011 10am – 12.40 pm  
Bishop Rock Room, The Elms, Redruth

**Attendees:**

Jon Bright	DCLG (Chair)
Cllr Alec Robertson	Cornwall Council
Cllr Chris Ridgers	Cornwall Council
Cllr Pam Lyne	Cornwall Council
Kevin Lavery	Cornwall Council
Craig Dryden	Council of the Isles of Scilly
Jane Henderson	South West RDA
Miranda Abrey	DCLG
Paul Wickes	Local Employment & Skills Board
Phil McVey	South West RDA
Mark Williams	Skills Funding Agency
Carolyn Webster	Jobcentre Plus
Peter Hardaker	RDPE Implementation Group
Mark Richardson	Cornwall Voluntary Sector Forum
Nick Bailey	Cornwall Voluntary Sector Forum and CN4C
Thelma Sorensen	Cornwall Business Partnership
Carleen Kelemen	Convergence Partnership Office

**Observers:**

Agnes Lindemans-Maes	DG Regio
Tamara Pavlin	DG Regio

**Adviser**

Adrian Neale	DG Employment
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**In attendance:**

Sandra Rothwell	Cornwall Council
Theo Leijser	South West RDA
Suzy Wright	Employment & Skills Partnership
Peter Long	ESFd, DWP
Philip Charlesworth	ESFd, DWP
Mark Yeoman	Convergence Partnership Office
Michelle James	ERDF Secretariat, South West RDA
Chris Evans	ERDF Secretariat, South West RDA
Elaine Edmond	ERDF Secretariat, South West RDA

**Apologies**

Tarn Lamb	CN4C / Voluntary Sector Forum
Graham Rogers	NOMS

**Welcome**

The chair welcomed members and introduced Agnes Lindemans-Maes, Head of UK and Ireland Unit at DG Regio and Tamara Pavlin, who had succeeded Koen Delanghe as DG Regio's desk officer. There were a number of new attendees and introductions were made. The chair expressed PMC's appreciation of Blair Thomson's contribution to PMC and the Programme.

**Item 1: Minutes of 17 March 2011 meeting**

(CONV PMC Paper June 2011/01)

1.1	The minutes were agreed as an accurate record of the meeting of 17 March 2011.
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**Item 2: Matters Arising**

2.1	Item 4a.5 – There was a query about the proposed collation of NEETS data differentiating between training and education and employment. Cornwall Council confirmed that this work had been undertaken.
2.2	Item 4b.3 - Cornwall Council raised continuing concerns about the impact of Skills Funding Agency restructuring on ESF delivery. The Skills Funding Agency responded that

	<p>concerns raised nationally in writing following the last PMC had been well received, and a further letter on the issues had been requested. It would be helpful if PMC were to write articulating the Programme perspective. The appointment of new staff, including Paul Lucken as Relationship Director for Devon, Cornwall, Somerset &amp; Bristol, had increased awareness of how Convergence requirements differed from those of national programmes. The PMC Chair asked to be separately briefed and requested that PMC be kept informed of developments.</p>
<b>Item 3: Update on ERDF and ESF Transition</b>	
3.1	<p>The ERDF Secretariat reported that the transfer of management of ERDF operations to DCLG was on track for 1 July. The mechanism for effecting it was the revocation of a Statutory Instrument delegating management responsibilities to RDAs. The key priority was to minimise disruption and continuity would be maintained through the transfer of 15 staff in the ERDF Secretariat in Truro to DCLG. It was anticipated that the team would be based in HMRC offices in Truro, with claims and appraisal staff in Exeter and Plymouth. Theo Leijser had been appointed as DCLG's local lead and Phil McVey would be seconded for a period prior to taking voluntary redundancy. DCLG re-emphasised the role that local partners would play in driving the Programme.</p>
3.2	<p>Agnes Lindemans-Maes reported that the Commission was following transition closely. The scale of change during a Programme period was unprecedented and the Commission was concerned to ensure that there was no loss of momentum. She thanked the RDA for its work in setting up and bringing the Programme to "cruising speed".</p>
3.3	<p>ESF Division reported that 10 Government Office staff from 28 who had been working on ESF had transferred to</p>

	<p>DWP. The new structure comprised a managing authority team, operations team and north and south field teams. There was some continuity in the South West as three former GOSW employees remained in Plymouth. It was noted that a nomination was needed from the LMC to sit on the national ESF committee for its September meeting.</p> <p>3.4 The RDA's Chief Executive gave her final report to PMC, recalling progress since the Programme launch. N+2 targets had been achieved each year without the use of large financial instruments. With c. £207m contracted and c. £140m in the pipeline against an allocation of £407m, the Programme was 107% commissioned at an intervention rate of 56% in comparison to the Programme target of 68%. The error rate of 3.26% was within the average for English regions and was expected to reduce significantly, and the RDA had received an unqualified rating in its April audit confirming it was handing the Programme over in good order. Compliance would be a high priority for DCLG with a target for error rates of &lt;2%.</p> <p>3.5 Noting this, the Chair requested that error rates be reported to each LMC meeting and training on compliance be part of LMC members' induction. Agnes Lindemans-Maes confirmed that compliance was a priority for the Commission which would work closely with DCLG to ensure its achievement. DG Regio auditors would be in Cornwall from 11 July assessing DCLG systems.</p> <p>3.6 Two projects were singled out in the RDA's report as examples of Cornwall's ability to lead in environmental innovation: the Environmental &amp; Sustainability Institute, on track to open in autumn 2012; and Wave Hub whose future the RDA was working with BIS to secure. Take up of Wave Hub had been affected by the global financial situation and slow pace of device development but the RDA was confident that deployment would take place in</p>
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3.7	<p>2013 or before. It was noted that nowhere else in the world was this scale of facility available with grid connectivity. The PMC confirmed its support for the project. In the short term, the project was being managed by the RDA's Director of Sustainable Resources with a consultant providing technical support. It was intended to appoint a general manager in autumn and to procure an operating company through OJEU process. Responsibility was likely to transfer to BIS and funding was in place to 2013/14. Potential opportunities were noted linked to DECC's interest in a marine energy park and the Technology Strategy Board's announcement of a distributed Technology &amp; Innovation Centre based on offshore energy, for which the RDA was submitting a case for Wave Hub's inclusion.</p> <p>The Leader of Cornwall Council thanked the RDA on behalf of partners for its role as intermediary body and for developing the Operational Programme, governance and appraisal processes which had contributed to the Programme's exemplar status. Staff at all levels were thanked for their contribution to delivering aspects of the Programme. The Chair stated that in his three year term as Chair of PMC he had received great support from the Secretariat and thanked the RDA for its successful management of the Programme.</p>
	<p><b>Cornwall Council Single Issue Panel (Conv PMC Paper June 2011/2)</b></p>
3.8	<p>PMC noted a paper from Cornwall Council's Single Issue Panel (EEOSC) review of the delivery of Convergence funding. Partnership Development Group had recommended the paper to PMC for information only. The Council thanked partners who had provided information about ERDF, ESF and RDPE programmes. Attention was drawn to recommendations for the EEOSC to be involved</p>

	in scrutinising the Programme, which would need to be addressed through the Council's representation on LMC; to the ambition to maximise links between ERDF, ESF and RDPE; and to Cornwall Council's ambition to take a leading role in transitional funding opportunities post 2013. PMC welcomed the Council's work to increase members' understanding of the Programmes and their impact.
<b>Item 4</b>	<b>ESF Performance Report (Conv PMC Paper June 2011/3)</b>
4.1	PMC noted the ESF performance report showing total expenditure at May 2011 of £82.1m, exceeding N+2 for 2011. The Programme's strong performance against outputs and results was also noted, with all targets for engagement having been exceeded under Priority 4 and Priority 5. Two TA funded projects – the Employment & Skills Team and Cornwall Works – had recently been endorsed in addition to the three TA projects in operation. Discussions were taking place about an extension to the voluntary sector TA funded project.
4.2	PMC was notified that the findings of Wave 2 of a national cohort survey were available and fieldwork would start for Wave 3 in January 2012. An audit of DWP data and beneficiary data report was available on DWP's website. <b>Action: ESFd agreed to circulate links and provide a summary of the reports.</b>
4.3	The LESB commented that, whilst the performance report showed excellent progress, a delay in deploying Phase 2 skills funding meant that over the next 12-18 months it was unlikely that this momentum would be maintained.
4.4	The Skills Funding Agency reported that spend figures were above profile on both priorities, with £36.8m contracted under Priority 5 at present and £32m in the next half of the Programme. They were confident targets

	<p>would be achieved and already the programme had supported 104,000 individual activities. A number of projects had recently been extended, including public sector leadership, workplace learning and basic skills projects, a second phase of community grants and NEETS support. The challenge going forward was maintaining delivery when Convergence did not always align with national programmes. Skills Funding Agency resource had reduced from 14 people in the South West (9 in Cornwall) to 4.</p>
4.5	<p>CN4C raised concerns from the voluntary sector about the continued use of the Actor system. This was a national decision but legal challenges had been made and it would be subject to audit processes.</p>
4.6	<p>JobCentre Plus reported that all 3 of their ESF projects had achieved their targets, supporting over 9000 people of whom 3,500 had entered work. An extension had been negotiated to the Cornwall Works for Social Enterprise Programme, the only such programme in the country to be extended recognising the importance of social enterprise capacity to deliver the next half of the Programme.</p>
4.7	<p>The Chair noted that ESF performance represented an excellent story which would benefit from clear presentation. He would welcome more narrative to assist interpretation, such as trend data, case studies and contract activity as well as progress reports from CFOs. It was suggested that consideration be given to inviting CFOs to give presentations in turn.</p>
<b>5</b>	<b>ERDF Performance Report (Conv PMC Paper June 2011/4)</b>
5.1	<p>PMC noted the report and annexes on the South West Loans Fund and the risk register. <b>The Secretariat reported that N+2 for 2011 had been achieved</b> and there was a high level of contracted activity, now 66%</p>



	<p>across the Programme, with Priority 3 over 100% contracted and Priority 1 84% contracted. £92.6m had been paid out to beneficiaries. The high level of contracted activities meant the role of the Delivery Driver Group was crucial in determining which proposals were deliverable. Priority 4 had the lowest level of contracted activity but a sizeable pipeline of projects.</p>
5.2	<p>Priority 4 - with the withdrawal of the Isles of Scilly link project £11m had been returned. The Isles of Scilly Council was working on a project to future proof the quay at St Mary's for which it was hoped to seek DfT and ERDF funding. The proposal was a c. £10-12m engineering project starting in 2012. There were concerns from partners over deliverability in relation to timing and the funding gap; however, DDG would assess deliverability consistently with other schemes. Agnes Lindemans-Maes reported that the Commission recognised the symbolism of the Isles of Scilly link project and offered support to an alternative solution. A progress report would be brought to LMC in the autumn. Peter Hardaker had declared an interest as a Director of the Isles of Scilly Steamship Company and took no part in this discussion.</p>
5.3	<p>It was noted that the economic climate was affecting outputs, particularly jobs targets, and a number of projects were unlikely to achieve their contracted results. Bilateral discussions were taking place to establish the implications for projects. The mid-term review report had highlighted the shortfall and it had been agreed with the Commission not to revise the Operational Programme but to report reasons. PMC's attention was drawn to the Wave Hub project both because of its scale and as the RDA was the final beneficiary. An independent report had shown that it would not achieve its targets within the life of the Programme but it was a long term programme for Cornwall &amp; the Isles of Scilly whose outputs would be achieved later. <b>PMC confirmed its continuing support for the Wave Hub and its ambition.</b></p>
5.4	<p>With regard to the Grant for Business Investment (GBI),</p>



<p>5.5</p> <p>5.6</p>	<p>PMC agreed to delegate authority to EAG to consider GBI proposals until new LMC structures were in place, following closure of the South West Investment Panel.</p> <p>In response to queries about the risk register, the ERDF Secretariat explained that some ratings had been drawn from the national register and required updating. It was noted that DDG monitored delivery risks and would escalate risks by exception to LMC.</p> <p>The Chair requested that future performance reports be improved to assist interpretation by including visual representation of performance trends. <b>Actions: ERDF Secretariat to update the risk register but include only exception reporting in the performance report and provide additional visual material to clarify performance.</b></p>
<p><b>Item 6</b></p>	<p><b>ERDF Annual Implementation Report 2010 (AIR)</b></p>
<p>6.1</p> <p>6.2</p>	<p>The ERDF Secretariat sought PMC's comments on the AIR and approval to submit the report as the record of activity for the calendar year to December 2010.</p> <p>DG Regio had already reviewed a version and provided comments but noted some discrepancies in some financial information at 4 a) and b). They also requested that sections on communications provide more assessment of the impact of awareness raising activities.</p> <p>The PMC noted that financial data in the AIR had been drawn from MCIS and any discrepancies might reflect differing exchange rates at the points of reference but this would be followed up outside PMC. Subject to finalising these issues, the PMC agreed the AIR as their record of Programme activity in 2010.</p>
<p><b>Item 7</b></p>	<p><b>Local Management Committee</b></p>
<p>7.1</p>	<p>PMC considered a paper relating to the membership and</p>

<p>7.2</p>	<p>governance of the LMC. The aim at this stage was to gather views as the structure did not need to be confirmed till the autumn. <b>The PMC confirmed that the LMC should be a joint committee for ERDF and ESF.</b></p> <p>PMC agreed the baseline membership required to meet regulatory requirements for a joint ESF/ERDF Committee and recommended the following additions/amendments:</p> <ul style="list-style-type: none"> <li>• RDPE should be represented, given the ambition to maximise links between ERDF, ESF and RDPE;</li> <li>• The LEP would provide nominations for private sector membership.</li> <li>• The LESB should be represented although this should be determined in conjunction with the LEP;</li> <li>• Cross-cutting themes should be embedded through direct representation;</li> <li>• Local authority baseline membership should be increased;</li> <li>• Full members should be differentiated from observers and the Secretariat;</li> <li>• Not all of the bodies suggested in DCLG guidance were essential to the LMC due to the focus of the Operational Programme;</li> <li>• LMC representatives should be chosen who were able to offer constructive challenge to the Programmes and encourage action;</li> <li>• Local partners should agree numbers of representatives from each organisation taking into account the ability of representatives to fill different roles;</li> <li>• There would continue to be communications support in attendance at the LMC.</li> </ul> <p>7.3</p> <p><b>PMC agreed the recommendation in the paper that there should be two Deputy Chairs. The Deputy</b></p>
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<p>7.4</p> <p>7.5</p>	<p><b>Chairs would be selected from the LMC membership.</b></p> <p>PMC noted a suggestion in the paper to combine commissioning and endorsement functions into a single working group at this stage of the Programme. It was agreed that the LMC should consider draft terms of reference and sub-group structure incorporating this suggestion at its inaugural meeting. However, to reduce pressure on the LMC, it was agreed to hold an earlier planning day to consider processes. <b>Action: ERDF Secretariat to organise an LMC planning day in July.</b></p> <p>The Secretariat reported that a number of organisations had asked to be members of PMC. Consideration had to be given to requests and a workshop approach might be appropriate to capture interests not formally represented.</p>
<p><b>Item 8</b></p>	<p><b>Feedback on Capacity Review</b></p>
<p>8.1</p> <p>8.2</p> <p>8.3</p>	<p>The ERDF Secretariat thanked PMC members who had responded to the written consultation. A Question &amp; Answer paper was noted which had been developed in response to issues raised in consultation. The review was now largely completed and outstanding areas were the CUC Central Team, ERDF Secretariat and Partnership Office. As noted, 15 staff in Truro were expected to transfer to DCLG and it was unclear what additional capacity, if any, would be required. Cornwall Council was shaping a revised TA proposal covering its core team and the Partnership Office. CUC central team had prepared a paper for PMC outlining their view of future capacity requirements.</p> <p>The Partnership Office pointed out that the Q&amp;A paper had omitted to recognise two of its roles as an intelligence source and supporting cross-cutting themes.</p> <p>The following comments from PMC members were noted:</p> <ul style="list-style-type: none"> <li>• The CUC central team paper was not felt to reflect the</li> </ul>

8.4	<p>changing requirements of the Programme which now focused on delivery and closure.</p> <ul style="list-style-type: none"> <li>• It was recognised the reviews of the Council's TA capacity and CUC central team needed to be concluded and the way forward confirmed.</li> <li>• Savings proposed by the CDC SIF delivery team raised concerns about whether there would be sufficient capacity to deliver the Priority 4 SIFs.</li> <li>• As any changes in ERDF support for the Partnership Office would impact on ESF communications, JobCentre Plus asked to be informed of revised proposals so the implications could be considered.</li> <li>• Further concerns were expressed about the impact on ESF delivery of withdrawal of Skills Funding Agency resource and risks arising from the national office structure with limited local input. However, it was noted that Cornwall Council was close to signing TA offers for ESF support which would help address the issue. It was also hoped to secure SfA attendance at future LMCs.</li> </ul> <p><b>PMC noted the progress made with the capacity review and the activities set out in the paper were agreed as the scope for Technical Assistance.</b></p>
<b>Item 9</b>	<b>Any Other Business</b>
9.1	The Partnership Office communication report was noted.
9.2	As the ERDF performance report had covered the period to end May 2011, the ERDF Secretariat would provide an updated report in July.
<b>Dates of Future Meetings</b>	
	<ul style="list-style-type: none"> <li>• 14 October 2011 – inaugural meeting of LMC</li> </ul>