

CONVERGENCE PROGRAMME FOR
CORNWALL AND ISLES OF SCILLY
EUROPEAN REGIONAL DEVELOPMENT FUND
EUROPEAN SOCIAL FUND
JOINT LOCAL MANAGEMENT COMMITTEE
Thursday 23 February 2012 10.15am – 1.30 pm
Pool Innovation Centre

Attendees:

Jon Bright	DCLG (Chair)
Cllr Alec Robertson	Cornwall Council (Joint Deputy Chair)
Chris Pomfret	Cornwall & Isles of Scilly Local Enterprise Partnership (Joint Deputy Chair)
Cllr Chris Ridgers	Cornwall Council
Cllr John Wood	Cornwall Council
Sandra Rothwell	Cornwall Council, on behalf of Kevin Lavery
Craig Dryden	Council of the Isles of Scilly, on behalf of Philip Hygate
Tarn Lamb	Cornwall Neighbourhoods for Change/Voluntary Sector Forum (Equalities cross-cutting theme)
Judy Proctor	Environment Kernow/Environment Agency (Environment cross-cutting theme)
Helen Cole	South West TUC
Toby Parkins	Cornwall & Isles of Scilly Local Enterprise Partnership
Shaun Galloway	Cornwall & Isles of Scilly Local Enterprise Partnership
Thelma Sorensen	Cornwall Business Partnership
Paul Lucken	Skills Funding Agency (Co-Financing Organisation)
Carolyn Webster	Jobcentre Plus (Co-Financing Organisation)
Tony Mulvilhill	National Offender Management Service (Co- Financing Organisation)
Mark Richardson	Cornwall Voluntary Sector Forum
Theo Leijser	ERDF Local Director, Managing Authority (DCLG)

Observers:

Tamara Pavlin	DG Regio
Adrian Neale	DG Employment



Sally Edgington	Department for Business Innovation & Skills (BIS), on behalf of Ian Coates
Carleen Kelemen	Convergence Partnership Office
Mark Yeoman	Convergence Partnership Office and ESF National Committee

In attendance:

Allyson Glover	Unlocking Cornwall Potential (item x only)
David Rodda	Cornwall Development Company (item x only)
Philip Charlesworth	ESF Division, DWP
Angela Coleman	ESF Division, DWP
Michelle James	ERDF Secretariat, DCLG
Elaine Edmond	ERDF Secretariat, DCLG
Tim Wheatley	ERDF Secretariat, DCLG
Kath Knight	Convergence Partnership Office

Apologies

Cllr Doris Ansari	Cornwall Council
Cllr Mike Hicks	Council of the Isles of Scilly
Philip Hygate	Council of the Isles of Scilly
Peter Long	ESF Division, Department for Work & Pensions

Welcome and Apologies

The Chairman welcomed members and introduced Councillor John Wood for whom this was the first meeting. He explained that papers would be taken as read and those introducing reports asked only to highlight issues or report by exception. This would allow more time for substantive discussion.

Item 1a: Minutes of 14 October 2011 meeting CONV LMC February 2012/1

	The minutes of the meeting of 14 October 2011 were agreed as an accurate record. All actions had been progressed.
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Item 1b: Matters Arising

	Item 1 – an update on the Isles of Scilly/Penzance harbour proposals would be given at May LMC. Action: May agenda item.
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	<p>Item 2.5 – ERDF and ESF induction sessions had been arranged.</p> <p>Item 4.3 – Terms of Reference for the LMC had been revised to add more emphasis to the group’s strategic role and signed off by the Chairman and Deputy Chairs.</p> <p>Item 6.8 – work was ongoing to consider how future ESF performance reports could be adapted to provide parity between ERDF and ESF. The Chairman proposed a single paper, similar to the ERDF dashboard. Discussions were ongoing between DG Employment and the Managing Authority about the format of national reporting.</p>
Item 2: Deputy Chairs’ Reports	
Item 2a:	Alec Robertson – Leader of Cornwall Council
2.1	Referring to a handout, Alec Robertson gave some economic context before outlining Cornwall Council’s role in supporting the Convergence Programme. The Council’s £800m capital programme included £75m targeted at economic development, much aligned with potential ERDF investments such as Newquay airport, the eco-town, innovation centres and Falmouth Docks. Other initiatives supporting economic recovery included a £700,000 student bursary scheme and the adoption of its core strategy (local planning framework), currently out to consultation.
2.2	2012 was a year of opportunity which would see the launch of the Heartlands project, Tremough Innovation Centre and the Academy of Innovation and Research.
2.3	Cornwall Council was pursuing a joint venture for shared services with health service partners and the private sector; this would provide efficiencies and a platform for potentially selling services. The Council’s budget also included measures to support voluntary sector infrastructure and the national apprenticeship scheme.

Item 2b:	Chris Pomfret – Chair of Cornwall & Isles of Scilly Local Enterprise Partnership
2.4	An update was given on the work of the LEP, whose draft strategy would be presented at the next meeting. LEPS received no central funding. Funding sources, which varied across the country, included local Chambers of Commerce, local development agencies, business or local authorities. Cornwall & the Isles of Scilly LEP had a formal agreement for support from Cornwall Council and also received support from the Isles of Scilly Council which was currently helping with an environmental toolkit.
2.5	<p>The emerging LEP strategy was non-sectoral. Emerging themes included matching the workforce to demand and changing external perceptions of business culture to secure wider recognition for the advantages that had attracted many world-class businesses to operate in Cornwall & the Isles of Scilly.</p> <p>Other examples of the LEP's work included engaging with partners in Bristol and Plymouth to establish a structure able to deliver the South West Marine Energy Park.</p>
2.6	The Chairman thanked the Deputy Chairs for their reports which provided valuable context for the Programmes.
2.7	In response to a question, it was clarified that the economic development strategies of Cornwall Council, the Isles of Scilly Council and the LEP were likely to be broadly similar, which would allow common areas to be identified which could be aligned with ERDF/ESF in future programmes.
Item 3: Update on ERDF Transition	
3.1	The ERDF Secretariat gave an update referring to a chart tabled at the meeting. Of 260 staff in scope to transfer from RDAs to DCLG across the English ERDF Programmes, 197 had transferred. Transition had brought challenges but all Programmes had achieved their N+2 spend targets and error rates below 2%. Since

<p>3.2</p> <p>3.3</p>	<p>transfer, DCLG had been reviewing business processes underpinning delivery, seeking to standardise and rationalise them. The resulting new products and processes would come into effect from 1 April 2012. They included a national ERDF handbook, national rules and the use of MCIS (computer system) as the sole tool for management information and claims. Grant recipients would be trained to use MCIS for claiming. Action: ERDF Secretariat to provide a pack on standardisation to May LMC.</p> <p>Responding to a query about whether appraisal could be accelerated, the ERDF Secretariat anticipated that standardisation would help. Appraisals would be undertaken locally but there would be capacity across the network to support peaks in demand.</p> <p>In discussion, LMC members were keen to draw a distinction between the calculated entrepreneurial risk the Programme should be prepared to take, and non-compliance risks it should minimise. It was important that these were clearly differentiated in communications about the Programme and that a focus on compliance did not inhibit innovation or entrepreneurial risk-taking.</p>
Item 4: Performance Reporting – ESF	
<p>4.1</p> <p>4.2</p>	<p>The ESF Secretariat gave a background to the previously distributed paper. N+2 achievements for both 2012 and 2013 were highlighted. There had been over 19,000 qualifications achieved by participants to date. The Equality Framework targets were near to being met although some were proving a little challenging. It was hoped that the new family provisions programme would increase female participant numbers in Priority 4. Overall, ESF Programme spend was in line with that at national level.</p> <p>Concerns were raised that there was a time delay in activity between the first and second half of the Programme in relation to the Skills Funding Agency. In response it was reported that contracting was underway and much work had been carried out. Spend was being achieved and profiled spend examined.</p>

4.3	An inconsistency in one of the financial tables provided within the ESF performance paper was highlighted. Action: ESF Secretariat to ensure financial tables are correct for the next meeting.
4.4	Asked whether any best practice could be used to address any underachievement in targets with regard to older people, it was explained that, overall, targets have been achieved but the basis on which figures had to be reported did not reflect this. JobCentre Plus reported that the ITM projects (50+ and 50+ Cares) were aimed at the over-50's. There was a need to feed the detail of these projects and achievements into the mainstream. For Priority 4, the female target still needed to be achieved and consideration was being given to how this can be done.
Item 5: Co-Financing Organisation Updates	
5.1	Representatives from each CFO highlighted key issues from the papers previously distributed. There was then discussion about all the ESF reports, which were well received by the group.
5.2	JobCentre Plus Excellent progress had been made in attracting participants, with good outcomes. All targets had been met or were on course for being met. The rate at which people came off benefits in Cornwall & the Isles of Scilly was ahead of the national average.
5.3	National Offender Management Service NOMS had looked at how the needs of Cornwall & the Isles of Scilly could be addressed in the second half of the Programme now that a larger project delivery programme had been contracted. Previously, A4E had carried out the activities for NOMS in the Convergence area but this was now being done through another organisation called Tribal.
5.4	Skills Funding Agency There continued to be an issue around the reporting of "basic skills" as measured by this Programme. However, many participants had been given assistance and there was a need to understand how

	<p>this could be reflected within the Programme. The next round of procurement was nearing completion and it was hoped to contract shortly afterwards.</p> <p>Responding to a query about whether economically inactive and disabled targets had been achieved more through match than ESF, JobCentre Plus explained that this had been so whilst the Pathways to Work scheme had targeted people in these categories but had changed in the second half of the Programme. ESF was adding value where needs were identified.</p>
Item 6: Feedback from National ESF Committee	
6.1	Mark Yeoman, as National ESF Committee representative, reported that the Committee had not met since the last LMC meeting. Changes had been made to the national Operational Programme which was published on DWP website. The main difference related to Technical Assistance outside Cornwall & the Isles of Scilly.
6.2	ESF Division had worked with local partners to produce an excellent ESF publicity programme. This had been shown on BBC 1 during prime time on 19.1.2012. The feature was entitled "Saints and Scroungers" and can be viewed through BBC's I-Player.
Item 7: Unlocking Cornish Potential Case Study	
7.1	Allyson Glover, from Unlocking Cornish Potential, gave a presentation to the meeting about the HE Graduate Placement Programme, how it interacts with local businesses and links to ERDF activity. This was very well received by the group. The LMC Chairman was keen find ways to promote the project more widely, for example through the annual event, and to see if it could be shared as an example of good practice. Action: Unlocking Cornish Potential to be invited to present at annual event.
Item 8a: ERDF Performance Report	
8.1	The ERDF Secretariat introduced the new format ERDF dashboard which aimed to capture key management information and issues. It would be supplemented with detailed papers on the agenda as required. LMC had also received a detailed Programme risk

8.2	<p>register for noting, but in future the risk box on the performance report would be used to escalate key risks for LMC discussion or intervention.</p> <p>LMC members welcomed the new format but requested that the outputs and results table have a traffic light system to help differentiate those it was thought would be achieved from those which were a matter for concern. It was agreed that the September LMC should examine outputs and results in detail. Action: ERDF Secretariat to add traffic lights to the outputs table and include a session on outputs and results on September LMC agenda.</p>
8.3	<p>DG Regio asked why a resource risk which was red in the register was not in the summary. The Secretariat explained that the summary reflected judgement applied by the local team to standard DCLG risk ratings in the register, but would ensure consistency.</p> <p>DG Regio highlighted that the Commission used the amount certified to calculate N+2, currently 27%; therefore it was important to track this figure and push for expenditure to be drawn down.</p>
Item 8b	Compliance
8.4	<p>The ERDF Secretariat highlighted from the compliance report the very low error rates in 2011 and the fact that a draft audit for Wave Hub in January had tested £27m of ERDF expenditure and 8 major procurement packages and found no errors. Wave Hub demonstrated that it was possible to combine entrepreneurial risk-taking with managing compliance risk.</p> <p>2012 would be busy with the team working to embed standardised processes as well as devoting some resource to performance and compliance issues necessary to close completed projects.</p>
8.5	<p>LMC members expressed concern about the conclusions of the Moore Stephens audits of Convergence projects. The ERDF Secretariat clarified that the procurement had been undertaken and costs borne by DCLG nationally. Action: ERDF Secretariat to provide a status report to LMC on the findings and action plan developed in response to those findings.</p>
Item 9: ERDF Priority Review	
9.1	<p>The ERDF Secretariat explained that the key issue from the review was for LMC to debate the relative importance of ensuring that</p>

	<p>spend targets were met versus the higher risk route of prioritising projects with the highest economic outcomes but which may be challenging to deliver in the timescale. It was important that Convergence Management Group and the Programme Delivery Team were guided by LMC's attitude to these risks.</p>
9.2	<p>In discussion, it was suggested that comparison could be made to a venture capital model of investment, which would combine a majority of relatively low risk investments with no more than 20% of high risk ones. The Secretariat responded that the pipeline project portfolio conformed to this approach but a critical difference was the tight timeline for delivery which was rapidly increasing the risks. The paper therefore proposed to continue to push the transformational projects but in parallel to contingency plan by preparing for a potential round of bidding, setting end dates beyond which projects could not be progressed and exploring other potential infrastructure projects with Cornwall Council.</p>
9.3	<p>There was discussion about whether all possible actions were being taken to expedite pipeline projects. The environment representative offered assistance to identify and seek to address environmental risks affecting pipeline projects. However, it was explained that the issue was not a lack of activity but rather the time needed to secure consents, licencing, etc and the inevitable element of uncertainty this entailed. The LMC was therefore being asked whether it would agree to work being undertaken in parallel to protect the Programme position if time ran out.</p>
9.4	<p>Members were keen to ensure that the Programme's aspiration was retained. Its purpose was to transform the economy and it was important not to lose sight of why projects had been commissioned and to seek solutions where possible, drawing on support from partners. However, the risks were acknowledged and members did not wish to see the Programme underspend.</p>
9.5	<p>There was reluctance to issue an open ERDF call as it would not bring forward strategic investments but a strong appetite to work with the LEP on its forthcoming call for Regional Growth Fund projects. This represented an opportunity to "hide the wiring" and filter for potential ERDF projects. It was suggested this should be one mechanism for drawing up a reserve list, but it must be made</p>

	clear to applicants that their projects would not be considered for funding unless headroom became available.
9.6	Summarising, the Chairman noted that LMC had confirmed its willingness to continue to drive the existing project pipeline, maintaining the focus on the transformational ones but wished to see contingency plans developed in parallel including a reserve list developed in conjunction with the Regional Growth Fund call. The status of all projects should be clearly communicated to applicants. DG Regio welcomed the decision to retain a strategic approach whilst developing mitigation against risks, but asked to be provided with further information about capital infrastructure projects outside the current pipeline, particularly dredging, to ensure there were no eligibility issues.
9.7	<p>LMC was asked to clarify whether it endorsed the detailed recommendations in the priority review. Subject to receiving progress updates in May and September, LMC agreed to implement the recommendations in the paper, including:</p> <ul style="list-style-type: none"> • Continuing to pursue delivery of the transformational projects as LMC's preferred method for delivering Priority 4 objectives; • DDG to establish cut-off dates for contracting with and delivering projects within Programme timescales; • DDG to establish reserve list of deliverable and eligible proposals, recognising their more limited economic impact but to be brought forward if transformational projects cannot be delivered; • Work with the LEP on its call for the Regional Growth Fund to identify activity suitable for ERDF support; • CMG to determine at their October meeting whether the transformational projects will deliver or whether the reserve list should be brought forward at that time. The LMC's decision to delegate this responsibility will be reaffirmed at its September meeting following consideration of progress reports to the May and September LMC meetings.
10. LMC Governance Arrangements and Post-2013 Group Terms of Reference	
10.1	The ERDF Secretariat circulated a structure chart showing roles and relationships of LMC and its sub-groups. LMC's endorsement

	<p>was sought for the previously circulated draft Terms of Reference for the Post-2013 sub-group and for Cornwall Council to establish the group, which would be funded from Technical Assistance. Members raised issues with regard to the Terms of Reference:</p> <ul style="list-style-type: none"> i. It was argued that they did not reflect that the sub-group's role which was to provide technical support, not to develop strategy. ii. Representation from higher education and the environment was proposed as likely to be priority areas for future programmes. iii. There was an imbalance in the level of knowledge of ESF and ERDF required of members which should be addressed.
10.2	Cornwall Council stated that, as the group would co-ordinate much supporting activity and report this back to LMC, they proposed that the group should be described as a "task and finish" group reporting to the LMC.
10.3	Action: post-2013 Terms of Reference to be re-drafted by the Cornwall Council Convergence team, agreeing issues as necessary with key partners. Terms of Reference to clarify that it would be a task and finish group managing post-2013 preparation on behalf of the LMC, including commissioning pieces of work, but providing reports to the LMC; and to include representation from environmental and HE sectors.
11.	Review of Technical Assistance
11.1	Convergence Partnership Office observers left the meeting this item. A joint presentation was given by Cornwall Council and JobCentre Plus explaining the background to the review and how future activity had been planned.
11.2	Cornwall Council and JobCentre Plus had worked together to develop the proposals in the paper. The ERDF proposal had been submitted to DCLG for approval as a variation to an existing Cornwall Council Technical Assistance project. The ESF proposal was also a variation to an existing Cornwall Works Technical Assistance project which had always included a provision to extend the contract to cover communications. Co-Financing Organisations had confirmed their support through the ESF Steering Group.
11.3	From the ESF perspective, the proposed changes would increase

	capacity for communications especially around the Cornwall Works brand and build stronger links to CUC partners. On the ERDF side, the proposal put more emphasis on joining up with Cornwall Council's wider TA functions, the LEP and CUC. The Convergence brand would not change. Both Programmes hoped to retain existing expertise as well as finding better ways to link with partners to achieve efficiencies and reach new audiences.
11.4	A functional diagram was shown and it was explained how communications would be joined up on the ground between ESF, ERDF and CUC teams.
11.5	DG Regio pointed out that a communications plan had been agreed with the European Commission and any variation would need to be negotiated. Cornwall Council gave assurances that the resource would be sufficient to deliver the communications plan and there would be no reduction in communications but a change in delivery. DG Regio would discuss the proposed changes bilaterally with Cornwall Council. Action: Cornwall Council also to clarify support proposed for private sector by Convergence support team to satisfy query over possible eligibility issues.
11.6	It was queried whether the new arrangements would be better or different from what currently existed. Assurance was given that what would be produced would not be very different but would reflect delivery for the remainder of the Programme.
11.7	Concerns were raised about what would happen to existing Partnership Office staff. Some assurances about the closure were given within limits possible as this was subject to HR processes.
11.8	Members stated that more detail would be useful including an explanation of the outcome of the review, options considered and how the proposed option had been selected. Costs of the ERDF TA project were also requested. These points were accepted by Cornwall Council. Action: Cornwall Council to add outcomes of the capacity review to the overview of proposals for the

11.9	<p>Convergence support team.</p> <p>There was some concern about the perceived independence of the communications function. Cornwall Council reassured the group there would be no change as the Partnership Office staff were employed and line managed by Cornwall Council. However, it was argued that it was perception that was important and a large organisation could find it difficult to judge this objectively. Clear protocols would be needed to ensure not only that the function worked but was perceived to work fairly and transparently if it was to have credibility. Action: MOUs to be developed on communications covering linkages between Convergence/ Cornwall Council/LEP. Convergence support team to develop this in conjunction with the ERDF Secretariat and LEP.</p>
11.10	<p>Members commented on the value of the work of the Partnership Office. It was important that transition was managed to avoid losing the many relationships it had established, especially with businesses. The group was reminded that losing knowledge built up by existing staff would be a shame and media relationships prior to the Partnership Office being set up had been particularly poor.</p> <p>Once discussion had concluded, the Partnership Office staff were invited back into the meeting. The Chairman took the opportunity to thank them for the excellent work they had carried out previously and that it had been greatly appreciated by meeting members.</p>
12. RDPE Update	
12.1	<p>David Rodda from Cornwall Development Company presented on behalf of Cornwall Rural Implementation Group (CRIG), whilst the report was from DEFRA as managing authority. Thelma Sorensen declared an interest as a governor of Duchy College.</p>
12.2	<p>It was currently understood that Ministers were minded to maintain the £55m ringfenced allocation to Cornwall & the Isles of Scilly but the challenge for the Programme would be contracting headroom by December 2013. Nearly £40m had been committed to date and</p>



12.3	<p>there remained £15.6m headroom to contract. As RDPE was a national programme DEFRA was bringing in a national framework and a new England-wide grant programme. The CRIG had sought some freedoms and flexibilities around process and targets to reflect Convergence status and facilitate spend. It was stressed that local partners were confident that the remaining £15.6m headroom would be used.</p> <p>Some members commented there was a perception that working in a topdown programme was inefficient and overlooked the applicant waiting for a decision.</p>
12.4	<p>LMC was keen to support the RDPE programme and agreed that any opportunity to encourage DEFRA to allow greater local flexibility that would help to achieve programme spend should be supported. The Chairman requested an update at the next LMC meeting on the likelihood of the allocation being spent and asked that performance information be presented in a similar format to the ERDF performance report if possible.</p>
Item 13 Any Other Business	
13.1	<p>It was suggested that the use of technology be investigated for communicating LMC and sub-group activity.</p>
Dates of Future Meetings	
	<ul style="list-style-type: none"> • 24 May 2012 • 20 September 2012