

**CORNWALL AND ISLES OF SCILLY
CONVERGENCE PROGRAMME
EUROPEAN REGIONAL DEVELOPMENT FUND
EUROPEAN SOCIAL FUND
PROGRAMME MONITORING COMMITTEE
The Fistral Suite, Headland Hotel, Newquay
10am Thursday 17 March 2011**

Attendees

Jon Bright	Government Office for the South West (Chair)
Phil McVey	ERDF Secretariat, South West RDA
Jenny Milligan	Government Office for the South West (ESF)
Cllr Alec Robertson	Cornwall Council
Tom Flanagan	Cornwall Council
Cllr Carolyn Rule	Cornwall Council
Cllr Doris Ansari	Cornwall Council
Cllr Pam Lyne	Cornwall Council
Craig Dryden	Council of Isles of Scilly
Miranda Abrey	DCLG
David Oatley	ESFd, DWP
Jane Henderson	South West RDA
Peter Hardaker	Cornwall Agricultural Council
Carolyn Webster	Jobcentre Plus
Helen France	Skills Funding Agency
Mark Williams	Skills Funding Agency
Helen Cole	SW TUC
Tarn Lamb	Voluntary Sector Forum
Paul Wickes	Local Enterprise & Skills Board
Alan Jordan	Cornwall Business Partnership (deputising for Thelma Sorensen)
Carleen Kelemen	Partnership Office

In attendance

Sandra Rothwell	Cornwall Council
Josie Gough	ERDF Secretariat, South West RDA
Michelle James	ERDF Secretariat, South West RDA
Kathy Davies	ERDF Secretariat, South West RDA
Tina Conway	ERDF Secretariat, South West RDA
Suzy Wright	Regional Skills Partnership
Pete Long	ESFd, DWP
Philip Charlesworth	ESFd, DWP
Angel Coleman	ESFd, DWP

Mark Yeoman

Partnership Office

Apologies

Koen Delanghe

DG Regio

Adrian Neale

DG Employment

Chris Kirby

BIS

Philip Johnson

Government Office South West

Jane Henderson

South West RDA

Welcome

The Chair welcomed members to the meeting, including Helen Cole, Helen France, Alan Jordan and Pete Long, for whom it was their first Convergence meeting. The PMC were reminded that the meeting would be followed by the 2011 Convergence Annual Conference, an opportunity to reflect on progress to date, hear first hand from ERDF investments and hear some thoughts on the future for the Programme.

Items 1 & 2: Minutes of meetings from 28 October 2010, 2 December 2010 and 9 February 2011 and Matters Arising

CONV PMC Paper Mar 2011/01

CONV PMC Paper Mar 2011/02

CONV PMC Paper Mar 2011/03

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| 1.1 | As this was the first formal PMC meeting since 28 October 2010, the PMC were asked to review the minutes of that meeting and of the two workshop style meetings that were held on 2 December 2010 and 9 February 2011. It was noted that only the minutes from 28 October would be published. |
| 1.2 | It was noted that updates on the action points raised in <u>28 October 2010</u> minutes would be provided within the agenda items for 17 March meeting. The minutes were agreed as an accurate record of the meeting. |
| 1.3 | <u>2 December 2010</u> 1.3 Cornwall Council have agreed to take the lead on the EU2020 agenda item and intend to present this item for the first time at the first Local Management Committee meeting. The minutes were agreed as an accurate record of the meeting. |
| 1.4 | <u>9 February 2011</u> It was noted that the actions identified under the ESF workshop notes would be discussed under agenda item 4b. |

Programme Context

Item 3: Update on European Regional Development Fund (ERDF) and European Social Fund (ESF) Transition

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| 3.1 | The ERDF Secretariat reported that the transfer of staff and |
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	<p>management of ERDF operations was still on course for 1 July. The main messages were:</p> <ul style="list-style-type: none"> i) It would be business as usual for delivery of the Programme ii) There would be visible changes to the systems and processes supporting delivery, notably the new governance arrangements for the Local Management Committee where there is greater national emphasis on alignment and delivery of local partners' priorities alongside the Operational Programme. The Local Management Committee would be discussed under item 6 on the agenda.
3.2	ESF Division reported there were smaller scale changes for the ESF Programme, but that Government Office ESF Secretariat functions were being absorbed into Dept for Work Pensions (DWP) ESF delivery team. This arrangement would commence from 1 April 2011.
3.3	There would be no change to the ESF Regional Committee arrangements for Cornwall & Isles of Scilly & London, but there would be no regional committees for the rest of England. It was noted that a new representative was required for the Convergence Programme to sit on the national Committee, a process to appoint this person was in hand.
<p>Performance Reporting</p> <p>Item 4a: ESF Performance Report CONV PMC Paper Mar 2011/04</p>	
4a.1	Government Office reported that Convergence N+2 for 2011 had already been achieved and asked that congratulations be given to the CFO's for their efforts in ensuring this achievement. The various activities within Priority 4 were on track to be met or exceeded and many more Participants had and would be supported. NEETS activity and achievements have been particularly good during the first half of the Programme. There is the intention to particularly tackle the "hard to reach" NEETS through activities planned for the second half of the Programme. The PMC heard that Cornwall was in the top third of the country for its achievements to date in this area.
4a.2	The Skills Funding Agency reported that there was still a mis-match in the data reported as discussed at previous PMC meetings, but assured the committee that the Skills Funding Agency was achieving results above those targeted. There remained a need to consider how data is recorded.
4a.3	Government Office then provided a report on Priority 5, where activity had been slow to take off but performance was improving. Achievement for Basic Skills Outputs and Results were in line with requirements. Level 2 achievements have been very good and overall Level 2 and Level 3 results were outstanding, the Skills Funding Agency was to be congratulated for the excellent results. Graduate placements with businesses were also going well and the overall Outputs and Results for these would be achieved. Due to the

<p>4a.4</p> <p>4a.5</p> <p>4a.6</p> <p>4a.7</p> <p>4a.8</p>	<p>excellent work it was anticipated that the second half of the Programme would have far better than expected results.</p> <p>In response to a question from PMC members regarding what graduate placements were doing for business and in particular the Cornish GVA, the PMC were reminded that for ESF the requirements of the individual were the priority, more so than the GVA. An Impact Analysis was due to be undertaken shortly and would record movement in employment and how ESF had affected that movement.</p> <p>The PMC asked that the analysis differentiate between NEETS who are offered training and education and those looking towards employment within the Impact Analysis and heard that work had been carried out relating to an evaluation but had been stopped. It was agreed there was a need to collect this information and it was suggested that the Council might be the best organisation to do this, as there it required an understanding of how the money was being spent and what it was achieving.</p> <p>The Skills Funding Agency spoke of the 12 new apprenticeships to be based at Newquay Airport, with potential for those undertaking and completing these apprenticeships to earn salaries in excess of £50K. The PMC were reminded that the apprenticeships were only available within Cornwall due to the Convergence Programme.</p> <p>Jobcentre Plus reported their ESF activity to the PMC identifying there had been over 3000 people helped into work, some with ongoing training, some NEETS. The PMC agreed that overall achievements have been very good.</p> <p>The PMC asked about what happened to individual project evaluation and how this could be recorded more widely and were advised by ESFD to forward any individual project reports to the National Evaluation Team, an independent department to ESFD.</p>
Item 4b: Follow up to ESF Workshop	
<p>4b.1</p> <p>4b.2</p> <p>4b.3</p>	<p>Government Office reminded the PMC of the background to the workshop, from which the primary action had been for the Head of ESFD to meet with representatives from Dept for Business Innovation & Skills (BIS) to ensure they had an understanding of the Convergence Programme and how it should be considered separately and individually from other ESF programmes (Competitiveness) in England.</p> <p>ESFd reported the meeting with BIS had taken place highlighting the need for flexibility to ensure funding for higher level outputs and allow the Skills Funding Agency to meet local needs. Overall, the discussions had been positive and should be reflected in the forthcoming tendering process.</p> <p>The Skills Funding Agency explained there would be fundamental changes to their organisation, but there was recognition for the needs of Cornwall.</p>

<p>4b.4</p> <p>4b.5</p>	<p>Their higher level skills programme was aimed at Level 3. There were challenges around addressing the needs of the Convergence Programme within the National Programme and four options had been presented to the National Office for consideration. Two of those options would be recommended to National Office to consider implementation. The precedent for change has already been set and an imminent response was anticipated. The contract relating to “Redundancy” was hoped to be in place for the end of April 2011.</p> <p>Jobcentre Plus reported that 10% of DWP/Jobcentreplus funds would be tendered through the Work Programme with the rest going to families with multiple problems. That element was being developed nationally with the need to incorporate additional scope recognising Convergence. The time needed to build in the Convergence element meant there could be a gap affecting the Co-Financing Organisation’s delivery plan.</p> <p>The PMC felt that it would be useful to continue discussion of the potential issues arising from a gap in delivery outside of the meeting.</p>
<p>Item 5a: ERDF Performance Report CONV PMC Paper Mar 2011/05 CONV PMC Paper Mar 2011/06a & 6b</p>	
<p>5a.1</p> <p>5a.2</p>	<p>The Chair highlighted the contents of the Report to the PMC, asking if the information was clear. In response to this it was agreed previously reported achievements for Outputs and Results would be included in each report for comparison with current achievement. [N.B. Output information for 8 June meeting would be provided within the Annual Implementation Report for 2010, but would allow comparison with achieved activity in previous years]</p> <p>The ERDF Secretariat provided an overview of the paper, pointing out that the financial situation was healthy as the combined total of contracted investments and activity in the pipeline exceeded the ERDF allocation, allowing partners to select the proposals that best addressed Programme objectives. The Programme was forecast to exceed N+2 expenditure targets by £54m – subject to the exchange rate. This put the Programme in a relatively comfortable position, although the risk to the proposed ERDF investment in the Isles of Scilly Link was highlighted to the PMC. The PMC discussed the need to ensure that Ministers fully understood the value for money in investing in the development at the proposed level and the consequences of not doing so. It was noted that the ERDF investment had been appraised on the basis of the impacts of the full scheme, a smaller scheme would affect the value for money for ERDF. [N.B. It has been confirmed that the investment sought from the Department of Transport has not been agreed. As this means there is insufficient match funding for the proposal as designed, the ERDF application was withdrawn and the £11m ERDF returned to the Priority 4 pot for re-</p>

	allocation. Partners are reviewing options for delivering a different Link scheme and whether this can be done within Convergence timescales.]
5a.3	The PMC noted that achievement of 2012's N+2 expenditure target was reliant upon the delivery of Priority 4 proposals. Partners were close to identifying whether proposals at Falmouth Docks and Ecotown would be able to deliver and at what scale.
5a.4	The significant level of private sector investment in the Programme was welcomed.
5a.5	Formal guidance was awaited from DCLG on the level to which the Programme could over-contract, it was felt that this was likely to be a cautious level. This guidance would not affect the extent to which the Programme could over-commission – that is continue to develop activity so that proposals could be swiftly brought forward should exchange rates increase the level of the ERDF allocation.
5a.6	The PMC heard that the Outputs and Results forecasts identified what investment would be buying. Investments reflected the long-term ambition of the Programme, but not immediate job creation. It did not appear that all targets would be met, compounded by some investments reporting that they would not be able to achieve all their contracted targets. Each investment would be individually reviewed, determining whether economic factors, the degree of innovation in the investment or the impact of a project was the cause. The PMC was made aware that the Wave Hub project was under-going a re-appraisal of the level of impact during the life of the Programme & this would be reported to the PMC at their June meeting. It was not expected that the long-term impact of the investment would be affected.
5a.7	The PMC was keen to ensure that the nuances behind Output & Result figures were understood, so that misleading and possibly negative interpretations were not made. The long-term nature of many of the ERDF investments was re-emphasised and although not all investments may be as successful as planned, the need for the Programme to take investment risks to make a difference to the economy was seen as a positive measure.
Agreed	The PMC agreed that more narrative around the results for each Priority would be useful.
Agreed	Cornwall Council offered the resources of their Convergence Team to interrogate the Cross Fund Linkages Matrix and build some narrative around the impact of the Funds working together.
5a.8	The Chair of the Delivery Driver Group (DDG) reported that the DDG had challenged the detail of investments and interrogated their

5a.9	<p>delivery timescales. The ERDF Secretariat had turned around a lot of information in a short space of time to allow views to be reached on the levels of value for money in individual Priorities and difficult recommendations to be made where funds could be better directed. The DDG would be preparing a quick & dirty operational risk register. Two key issues for the next DDG meeting would be the Isles of Scilly Link investment and the big investments proposed in Priority 4. There were critical milestones to be met for business plans and planning submissions. The PMC were reassured by the level of detail that the DDG were reviewing and noted the large items that could be at risk. The need for careful management of ERDF allocations was discussed in relation to levels of over-programming – both in terms of over-contracting and over-commissioning. Reports from the DDG at Priority level and the guidance from DCLG would help Programme level discussions to take place.</p> <p>The annex to the Performance Report was a report on the level of achievement for environmental sustainability objectives. The PMC noted that half of the investments intended to have a low carbon impact, truly do have that level of impact, so there was much more to do to achieve the Programme's low carbon ambition. It was seen as helpful that Cornwall Council was keen to embed the Programme's objectives in their Green Cornwall Programme. The PMC re-confirmed the key message from July 2010 Programme Review workshop to maintain ambition.</p>
Item 5b: Progress report on Business Support activity CONV PMC Paper Mar 2011/07	
5b.1	<p>The ERDF Secretariat reminded the PMC that they had agreed a review of business support provision in May 2010. The purpose was to review performance / the nature of and levels of future demand / extent current provision was meeting business needs and whether there were any gaps in provision. This was against a backdrop of national changes to the business support landscape.</p>
5b.2	<p>Twenty businesses, nominated by business representatives, attended a workshop where they were asked about their experiences and their needs. As a result of this exercise, a number of options were put to the Partnership Delivery Group in September 2010, where the potential match funding issues following the loss of Single Pot was acknowledged. The preferred option was then further developed in conjunction with Cornwall Council and the March meeting of the PDG commissioned some of the new landscape for development into business plans.</p>
5b.3	<p>Elements that were delivering would be continued: outreach start-ups had exceeded job creation target and GVA target; coaching had under-achieved business assists target, but had over-achieved the critical job creation target, so both of these programmes were being</p>

	developed for a second phase.
5b.4	There had been a request for activity that allowed more influence and direction from businesses and this would be addressed through a voucher scheme that could be business led, economic impact driven and link to ESF.
5b.5	There was seen to be an opportunity for added value through the ESF and ERDF Enterprise Programmes and through Next Generation Broadband business support focusing on around 60 businesses that could impact on a wide supply chain.
5b.6	Further details of the national landscape would influence decisions around UK Trade International and SW Manufacturing Advisory Service.
5b.7	The influencing aim of all business support for the second half of the Programmes was to enable businesses to present themselves to investors without support and prepare businesses for a post-2013 world. Intervention rates would reduce and businesses would become used to investing more of their own money in development activity that benefits their business growth.
5b.8	The PMC welcomed the approach, but requested that the presentation of information be carefully thought through to avoid confusion. It was felt an event presenting the new landscape as an improvement could be part of the answer.
Item 5c: 2010 Programme Review Action Plan CONV PMC Paper Mar 2011/08	
5c.1	The PMC were presented with an update on progress against the actions agreed following the 2010 Programme Review.
5c.2	In relation to action 23 the PMC questioned whether DWP could commit to providing representation in discussions around ESF/ERDF linkages at more operational levels. It was discussed whether ESF representation could be provided from ESF colleagues rather than directly from DWP. Cornwall Council also reminded the PMC that there could be capacity available from the proposed ESF Technical Assistance project.
Item 5d: ERDF Risk Register CONV PMC Paper Mar 2011/09	
5d.1	The PMC noted that the Risk Register was currently a joint register for Convergence & SW Competitiveness, this would be split between Programmes for future meetings. The proposal was to pull out key risks that partners could tackle and highlight them in the ERDF Performance Report. The first meeting of the Local Management

	<p>Committee could determine whether the Risk Register covers the right areas.</p> <p>The PMC suggested that a similar risk register would be useful for ESF. DWP agreed to consider.</p>
<p>Item 5e: ERDF Capacity Review CONV PMC Paper Mar 2011/10 CONV PMC Paper Mar 2011/11</p>	
5e.1	The ERDF Secretariat explained that two papers had been presented to the PMC: the first was a revision to the ERDF Technical Assistance strategy to allow DCLG apply for ERDF Technical Assistance funding and thereby provide management and administration functions; the second provided thoughts from Cornwall Council and the Secretariat on the functions that would be required to support delivery of ERDF investments and to prepare for activity post 2013. Capacity projects would then be expected to focus on the agreed functions for the second half of the Programme.
5e.2	The scope of the ERDF Capacity Review had been agreed by the PMC at its meeting on 28 October 2010. A number of parallel strands influenced the capacity review and made a complex picture, the chart at the end of the paper reflected that complexity.
5e.3	The PMC agreed the tasks for the Capacity Review at its meeting on 2 December 2010, which has led to work on revised delivery plans from the teams funded through the main Programme priorities: Strategic Investment Framework (SIF) Delivery Team – Camborne Pool Redruth and Cornwall Development Company and the Combined Universities of Cornwall (CUC) Central Team.
5e.4	In Priority 5 there were two broad areas for consideration: ERDF capacity needs as a whole and the capacity needs for the Managing Authority; significant changes could not be made to Managing Authority roles at this stage due to the national transition process that DCLG was undertaking.
5e.5	Cornwall Council commented that redirecting the existing skills and expertise would support the work of the Delivery Driver Group. The teams providing capacity had to demonstrate value for money, but also had to be fit for purpose.
5e.6	The PMC felt they were not clear about how ESF capacity would be affected by the ERDF Capacity Review, but were supportive of identifying critical functions that would aid Programme delivery and designing future capacity around those functions. The PMC reflected that it had always been envisaged that there would be a need to review capacity provision following the move to a unitary authority and there was support for changing roles to meet the needs of the second half of the Programme.

<p>Action</p> <p>Agreed</p> <p>5e.7</p>	<p>It was agreed that the ERDF Secretariat would re-present the paper, under written procedure, summarising the functions that the PMC were being asked to consider.</p> <p>The PMC agreed the revision to the Technical Assistance strategy allowing DCLG to apply for Technical Assistance for ERDF Secretariat functions and noted that Cornwall Council would submit a request to the Secretariat to vary the terms of the two Technical Assistance projects managed by the Council.</p> <p>The conversation led to separate debate on ESF delivery, where partners expressed concern again that the new procurement processes were creating a pause in the ESF Programme. There was also strong support for utilising ESF Technical Assistance to deliver ESF communication requirements, as the publicity capacity of the Co-Financing Agencies had been significantly reduced.</p>
<p>Item 6: Discussion of new governance arrangements CONV PMC Paper Mar 2011/12</p>	
<p>6.1</p> <p>6.2</p> <p>6.3</p> <p>6.4</p> <p>Agreed</p>	<p>The ERDF Secretariat explained that the circulated paper had set out a process for agreeing the arrangements for a first Local Management Committee (LMC) meeting in June. DCLG had identified the key principles of the LMC as local determination, strategic, representative and compliant, efficient and effective – to that Convergence partners would want to add close joint working with ESF.</p> <p>The PMC heard it was also expected that the sub-structures of the PMC would be reviewed to meet the needs of the LMC. The PMC welcomed the continuity in retaining the existing PMC chair as the LMC Chair, Convergence and SW Competitiveness being the only Programmes where this would happen. It was reported that DCLG expected Local Enterprise Partnerships (LEPs) to be the source for appointing a Deputy LMC Chair in most cases; Cornwall Council suggested it might be appropriate to have two Deputy Chairs, DCLG confirmed this would be acceptable if that was what partners wanted.</p> <p>DWP confirmed the ESF requirements of a LMC would be to meet EC regulations, the DCLG proposals were expected to meet those requirements.</p> <p>There were some concerns at the speed proposed for the changes and also that the Cornwall and Isles of Scilly Local Economic Partnership was being proposed for such an important role in the LMC when it was not yet fully fledged.</p> <p>In order to pull together a process for moving to a LMC, the PMC agreed that the ERDF Secretariat should select a small group of partners to review existing membership against the requirements</p>

	of a LMC with a view to putting a paper to the June PMC meeting setting out a series of steps to enable the PMC to evolve into a LMC.
Item 7: RDPE Update	
7.1	It was confirmed that RDA staff working on RDPE would be transferring to DEFRA on 1 July. The main office would be based with the Rural Payments Agency in Exeter, with outposts in Truro and Bristol.
7.2	Funding had been suspended for LAG activity. There was little headroom across the South West, but the £54m for Cornwall remained ring-fenced, leaving significant headroom for new projects. It was expected that the hiatus would be resolved for Cornwall & Isles of Scilly in a few months.
7.3	The Cornwall & Isles of Scilly Rural Implementation Group were undertaking a prioritisation review, looking at the possibility of viring funds from one Measure in order to achieve the best results for the Programme. The national Rural Implementation Group would be consulted for their advice in light of the views of new Ministers.
7.4	The PMC felt this was largely good news, but were concerned by the impact on LAG activity.
Item 8: Any Other Business	
8.1	The PMC noted that the Newquay Airport case study provided to accompany the Linkages Matrix (reports for noting) was a really good example of funds working together and enhancing the impact of a project by combined effort.
8.2	PMC members were reminded that members of the media would be present at the Annual Conference, podcasts were being recorded and the audience would be tweeting.
8.3	DWP asked for their appreciation of Jenny Milligan's work on the Refresh of the ESF Framework to be noted and the PMC echoed their thanks for Jenny's contributions and wished her well in the future.
Next Meeting: 10am Wednesday 8 th June The Elms, Redruth	