

CONVERGENCE PROGRAMME FOR
CORNWALL AND ISLES OF SCILLY
EUROPEAN REGIONAL DEVELOPMENT FUND
EUROPEAN SOCIAL FUND
JOINT LOCAL MANAGEMENT COMMITTEE
15 October 2015 14:00 – 16:15
Lemon Quay House, Truro

Attendees:

Julia Sweeney
Cllr John Pollard
Chris Pomfret
Cllr Andrew Mitchell
Cllr Craig Dryden
Sandra Rothwell
Tarn Lamb
Judy Proctor
Thelma Sorensen
Toby Parkins

DCLG (Chair)
Cornwall Council
Cornwall & Isles of Scilly Local Enterprise Partnership
Cornwall Council
Isles of Scilly Council
Cornwall & Isles of Scilly Local Enterprise Partnership
Cornwall Neighbourhoods for Change/Voluntary Sector
Environment Kernow/Environment Agency
Cornwall Business Partnership
Cornwall & Isles of Scilly Local Enterprise
Partnership/Chamber of Commerce
Job Centre Plus, Department for Work & Pensions
Job Centre Plus, Department for Work & Pensions

Cheryl Ward
Steve Matthew

In attendance:

Tim Wheatley
Michelle James
David Krohn
Philip Charlesworth
James Glover
Jo Banks

SW Growth Delivery Team (ERDF), DCLG
SW Growth Delivery Team (ERDF), DCLG
SW Growth Delivery Team (ERDF), DCLG
ESF Division, Department for Work & Pensions
ESF Division, Department for Work & Pensions
Cornwall Council

Presenters:

Louise Danks
David Rodda
Gina Price

Cornwall Council (For item 6 only)
Cornwall Development Company (For item 7 only)
Pentreath Limited (For item 8 only)

Apologies

Joanna Gawrylczyk-Malesa
Tamara Pavlin
Cllr Julian German
Cllr Tom French
Peter Hardaker
Tim Hicks
Sharon Flynn
Sally Edgington
Jonathan Eddy

DG Employ
DG Regio
Cornwall Council
Cornwall Council
Cornwall & Isles of Scilly RDPE Implementation Committee
National Offender Management Service
National Offender Management Service
Department for Business Innovation & Skills (BIS)
Department for Business Innovation & Skills (BIS)

Welcome and Apologies

The Chair welcomed the group to the meeting, thanking the members for contributing towards the important work of the committee and noting the apologies as listed.

She further noted that, subject to satisfactory completion of the programme, that this is the last planned meeting of the Local Management Committee (LMC). Outstanding issues would be dealt with by correspondence and the Managing Authorities would consider another meeting only if circumstances warranted it.

Item 1: Minutes of 22 October 2014 Local Management Committee & Matters Arising

1.1 The minutes of the meeting of 22nd October 2014 were agreed as an accurate record.

1.2 Matters arising:

11.7 Action carried forward from 22 July 2014 meeting: Cornwall Council agreed to circulate details of the Growth Deal to LMC members. The details of the Growth Deal have been circulated on numerous occasions to members of the LMC.

4.7 Action carried forward from 22 July 2014 meeting: JCP agreed to provide LMC members with an update when figures are available. JCP will provide an update during the course of the meeting, talking to paper 06.

DCLG confirmed that the ERDF Programme had comfortably reached the 2014 N+2 target of €344 Million and also provided an update on the Programme Interest allocation exercise that the LMC had delegated to the Convergence Management Group (CMG). The CMG had identified a list of projects to receive the additional match funding support provided by the Programme Interest pot and DCLG had implemented that recommendation.

DWP explained that ESF did not meet its N + 2 Target, but considers the programme a success given the prevailing economic conditions during the programme period.

All outstanding actions have now been addressed.

Item 2: Updates from Deputy Chairs

2.1 John Pollard of Cornwall Council noted that a number of the public and business community had become critical of the programme, despite its successes and the impact it was having on the economy. He stressed that press work needed to be improved and that politicians needed to learn more about the Programme, particularly in light of the imminent challenges that devolution would produce. He

	believed that most of the challenges could be managed by the officials in charge, as funded by the Technical Assistance pot.
2.2	Chris Pomfret of the Local Enterprise Partnership (LEP) described the working of the Devolution Deal Committee, which is chaired by John Pollard and includes a number of MPs. It was already helping to unify opinions and helping to coalesce support around the deal.
2.3	He went on to describe the work the LEP is carrying out to refresh the Economic Strategy, which would not alter the main thrust but rather improve and add elements such as Environmental, Health and Management strands.
2.4	Further, he noted that the Growth Deal had been adversely impacted by the election and the discussions around the Comprehensive Spending Review. He noted that, although the spending ends in 2016, the deal would need to be managed until March 2018 and deliver 4000 jobs and 6000 homes.
2.5	He stated his belief that unemployment was not the true problem in Cornwall and the Isles of Scilly (CIOS), which he stated was rather the underskilling of the population, which lead to low quality employment. It is important that the Further Education institutions prepare people with the skills they will need in the future economy.
2.6	He noted that the CIOS LEP was working with other LEPs to develop a mutually complementary strategy that can deliver greater benefits across the various LEP areas.
2.7	Lastly, he noted that he was stepping down as chair of the LEP and would be replaced by Mark Duddridge. Mark has had extensive experience in industry and has a particular focus on skills and youth employment, which could only be of benefit to the region.

Item 3: ERDF Performance Reporting

	<u>a)ERDF Convergence Programme Performance update</u>
3.1	DCLG explained that the emphasis is now closure of the Programme and preparation of the Final Report for the Commission. DCLG were undertaking a series of activities at project and Programme level including identifying targets that are not yet met and ensuring that contracted project targets are converted into expenditure and achievements to meet programme level targets.
3.2	The Programme strategy was to over commit the programme to provide headroom to manage project underspends, whilst maximising use of the available allocation. The fluctuation in the exchange rate has resulted in a smaller sterling thereby slightly increasing the level of over-commitment. The Programme's final tranche of funding will be paid out in 2017 and the unpredictability of the exchange rate makes it extremely difficult to accurate

	forecast the value of the final claim, so this could increase or decrease the current sterling value.
3.3	DCLG were carefully monitoring commitment levels to work towards balancing spend with the allocation. Projects spending to contract would be able to fully claim their ERDF awards, but those that do not fulfil contractual obligations are at risk of having investment levels reduced. DCLG welcomed the support of the LMC in urging their contacts to submit claims and ensure projects are delivered in time.
	<u>b) Activity report</u>
3.4	The programme has been spending according to plan with £333 million worth of claims paid out to date. There is still £40 million of expenditure outstanding but the MA has already received £20 million of final claims, leaving £20 million outstanding. However, there is more than £20 million of outstanding claims, which leaves a delicate balance to be struck between managing project slippage and the fluctuating exchange rate. This issue underlines the importance of projects sticking to their milestones.
3.5	Following up on the conversation at the previous LMC meeting, the LMC noted that for achievement of Gross Value Added (GVA), there had been an improvement in the reported outcomes as 13 of 25 projects reporting 0 GVA had now reported figures against this target and the remaining projects had agreed new, more realistic, profiles for achievement.
3.6	The LMC had approved two written procedures since the last meeting. Firstly, the Operational Programme Financial table was modified to reflect the reality of programme expenditure as there was a slight shift in investments between the Priority Axes. DG Regio had no negative comment on the proposed modification and it was expected to be formalised in the near future. Secondly, content of the 2014 Annual Implementation Report had been agreed and subsequently submitted and approved by the Commission. [N.B. The modification has been formally adopted by the Commission as of 27 October 2015]
	<u>c) Cross cutting theme report</u>
3.7	DCLG laid out plans for collecting and presenting information around the cross cutting themes in the Final Implementation Report. Broadly, this included analysing trends for Equality and Diversity by comparing new and historic data while developing a series of case studies to illustrate the environmental benefits of the ERDF investments.
3.8	The LMC reiterated that the communications work carried out by the partnership office has developed excellent case studies that can be drawn out to highlight the benefits of individual projects.

	<p><u>d) Closure & Compliance Update</u></p>
3.9	<p>Procurement errors account for the largest proportion of ERDF audit problems and penalties in England and triggered the interruption of the 2017-13 programme in 2012. As a result, DCLG had to give procurement a proportionate level of scrutiny, to ensure public finances are effectively managed, for the department and for partners delivering ERDF.</p>
3.10	<p>DCLG have therefore undertaken an additional check of procurements carried out in ERDF projects in England, to address this specific audit problem, a broader inspection, but with no change to the requirements. Initial points to note are as follows:</p>
3.11	<p>Cases are at different stages, will take 1-2 months to reach conclusions, (i.e. mid Dec) and projects are given opportunities to provide additional evidence. The findings will be provided to projects affected, but an update on this activity would be included in the Dec Programme performance report. Details of the findings would remain confidential to the project.</p>
3.12	<p>Up to 5% of tested amount may need to be repaid (equates to £1.6-1.8m of £373m Programme), but final reviews still underway. The findings do not impact on Programme error rate</p>
3.13	<p>It was highlighted that the majority of the Programme had been successfully managed with only 16 out of 170 projects facing potential issues following this exercise.</p>
<p>Item 4: ESF Performance Reporting</p>	
4.1	<p>Progress on ESF had two different elements to it. On one hand, many of the targets have been exceeded, while on the other hand, the project has not met expenditure targets. While there are still £6 million worth of claims to be submitted, the programme will not spend further and will thus miss its N + 2 spending target.</p>
4.2	<p>Positively, the programme was in the top 3 in England with regards to performance and the local work facilitated the achievement by resulting in accuracy of 99.6%.</p>
4.3	<p>The Programme underspend had been caused, at least in part, by the national level procurement, which has not adequately considered local needs. The LMC understands that underperformance of projects and the exchange rate may have exacerbated the issue but requested an official line in case their view is sought from the media.</p>
<p>Action: ESF to supply official lines to explain ESF underspend.</p>	

4.4	<p><u>ESF Co-financing Organisation Updates:</u></p> <p>National Offender Management Service – Generally, the programme was viewed as successful as it achieved a range of targets under trying conditions. One of the chief challenges was the rural nature of Cornwall and the poor transport available which made it difficult to attend training courses and other opportunities. There are other organisations that are focussed on helping unemployed people but NOMS is focussed on those furthest from employment, which makes their job particularly challenging.</p>
4.5	<p><u>Jobcentre Plus</u></p> <p>The Cornwall Works with Families programme came to an end on the 30th June 2015, all leavers were offered on-going support from a Jobcentre Plus (DWP) Work Coach. The programme performed well and was in the top three performers across a range of performance measures. Locally we have supported a national validation exercise to check progress measure payments that were paid to the Prime Provider, Paragon Concord, this involved 300 cases being checked, with an excellent 99.4% accuracy rate.</p>
Item 5: ESF Evaluation update	
5.1	Jo Banks from Cornwall Council presented this agenda item.
5.2	It was noted that significant structural changes had been made to improve joint working within the programme. This included establishing shared systems for IT, calls and evaluation. However, even with the greater integration, more needed to be done to improve the cooperation with regards to call development. The programme is now looking at improved Human Resources integration, with potential recruitment taking place within the DWP systems.
5.3	DWP MA had joined the evaluation committee, which aids the identification and implementation of improvement measures.
Item 6: ERDF Communication Update	
6.1	Louise Danks from Cornwall Council joined the meeting to present this agenda item.
6.2	The presentation started by recognising that the end of the programme was an exciting time to discuss its achievements as it was possible to identify assets and outcomes that are a direct result of ERDF investments. The partnership office had spent the majority of their funding developing an excellent website, producing promotional materials and hosting the Cornwall Expo, which brought together the business community to showcase the level of work being carried out in Cornwall.
Item 7: Update on Rural Development Programme for England	
7.1	David Rodda of Cornwall Development Company joined the meeting to present

7.2	<p>this agenda item.</p> <p>The main thrust of his report revolved around the fact that the Programme had spent £51 million against a budget of £55 million; the Programme underspend was due to two large projects underperforming. He further noted that the programme had overcome significant challenges to reach this level of spending and was deemed to have been successful.</p>
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Item 8: Project presentation - Pentreath Industries

8.1	Gina Price and her team from Pentreath Limited joined the meeting to present this agenda item.
8.2	Pentreath is a private company that is contracted to manage a number of ESF projects. They have 64 members of staff, 52 of which are advisors that go out to communities and work with individuals to motivate, build confidence and equip them for the work place. They are particularly focused on those individuals that have suffered from mental ill health. They work to align with other ESF programmes and seek complimentary funding so that the individuals can get everything they need to prepare them for employment.
8.3	Pentreath closed their presentation with a particularly poignant testimony from a young man they had assisted to find work, which really illustrated the importance of the work they carry out and the positive effect it has in the communities. The LMC really welcomed the insight into the impact of Structural Fund spending.

Item 9: Any Other Business

9.1	Prior to the meeting DG Employ submitted a number of queries to the ESF MA. DWP confirmed it would address the points directly with the DG Employ officials.
9.2	There was a query from the LMC regarding whether further meetings would be necessary. The Chair confirmed performance updates would be provided and the LMC would be advised if a meeting was necessary. LMC members were asked to remain ready to receive updates and to review the Final Implementation Report, due for submission in March 2017.
9.3	There was no further business and the Chair thanked the LMC for their extensive contribution towards the success of the Programme before calling the meeting to a close.