

CONVERGENCE PROGRAMME FOR
CORNWALL AND ISLES OF SCILLY
EUROPEAN REGIONAL DEVELOPMENT FUND
EUROPEAN SOCIAL FUND
JOINT LOCAL MANAGEMENT COMMITTEE
Wednesday 22 May 2013
The Exchange, Wadebridge

Attendees:

Jon Bright	DCLG (Chair)
Paul Masters	Cornwall Council Interim Chief Executive
Toby Parkins	Cornwall & Isles of Scilly Local Enterprise Partnership
Tarn Lamb	Cornwall Neighbourhoods for Change/Voluntary Sector Forum (Equalities cross-cutting theme)
Mark Richardson	Cornwall Voluntary Sector Forum
Judy Proctor	Environment Kernow/Environment Agency (Environment (cross-cutting theme representative)
Jackie Vosper	Skills Funding Agency
Thelma Sorensen	Cornwall Business Partnership
Steve Matthews	Jobcentre Plus (Co-Financing Organisation)
Tony Mulvihill	National Offender Management Service
Theo Leijser	ERDF Local Director, Managing Authority (DCLG)
Peter Hardaker	Cornwall Rural Implementation Group

Observers:

Tamara Pavlin	DG Regio
Sally Edgington	Department for Business Innovation & Skills (BIS), on behalf of Ian Coates
Mark Yeoman	ESF Communications and ESF National Committee

In attendance:

Sandra Rothwell	Cornwall Council
Emily Kent	Cornwall Council
Jo Banks	Cornwall Council
Jenny Milligan	Cornwall Council
David Rodda	(for item 4 only)
Rob Hatt	DEFRA (for item 4 only)
Philip Charlesworth	ESF Division, DWP
Eifion Jones	ERDF Secretariat, DCLG
Michelle James	ERDF Secretariat, DCLG
Elaine Edmond	ERDF Secretariat, DCLG

Tina Conway

ERDF Secretariat, DCLG

Apologies

Chris Pomfret

Cornwall & Isles of Scilly Local Enterprise Partnership

Craig Dryden

Council of the Isles of Scilly

Ros Etheridge

South West TUC

Adrian Neale

DG Employment

Peter Long

ESF Division, Department for Work & Pensions

Welcome and Apologies

The Chairman welcomed members, particularly those new to the Local Management Committee (LMC). He paid tribute to Mike Hicks from the Council of the Isles of Scilly and members observed a silence in his memory. It was noted that Helen Cole had left the LMC and members acknowledged her valuable contribution. **Action: Chair to write on behalf of LMC to thank members leaving the Committee for their support.**

Item 1a: Minutes of September 2012 meeting

The minutes of the meeting of 20 September 2012 were agreed as an accurate record, subject to correcting a reference to the "Chairman" of Cornwall Council to "Leader" (2a) and correcting a reference to "DWP" to "ESF Division" (7.3).

Item 1b: Matters Arising

7.3 In respect of concerns raised at the last LMC that ESFD national procurement policies were disadvantaging the local voluntary sector, it had been agreed the voluntary sector would collect evidence and write setting out the case, working through DWP and the ESF Steering Group.

7.4 Regarding LMC's aspiration to see ESF performance data in a similar format to ERDF, the Chairman accepted this had not been possible as ESFD had to use a national template.

Item 2: LMC Membership

Item 2a It had been hoped to present a list of the new members for LMC to note; however, the timing of local elections meant local authority portfolio holders and appointments to external bodies had not yet been determined. An ERDF induction programme would be put in place once the members were known.



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Item 3:	ERDF Communications Overview
3.1	Jenny Milligan from Cornwall Council's ERDF Convergence support team gave a presentation explaining the changes introduced over the past 6 months since the new ERDF communications team had been in post. Following the disbanding of the Partnership Office, communications for ESF were undertaken within Cornwall Works and for ERDF through Cornwall Council's Convergence team; however, the teams worked together where there were opportunities to do so.
3.2	The ERDF communications team aimed to simplify and demystify the Programme, focusing on 5 areas: promoting its impact; working with projects to ensure they met regulatory requirements; reducing acronyms/public sector speak; celebrating success; and being open to improvement such as introducing new communications channels.
3.3	<p>A new bespoke ERDF website – www.erdconvergence.org – had been launched, which was easy to navigate and could be used with smartphones and tablets. Case studies for all projects were being developed in magazine style. Other team activities included:</p> <ul style="list-style-type: none"> - meeting local journalists and, in response to feedback, developing locally targeted press releases and stories; - refreshing the newsletter - developing a stock of images produced in-house <p>There were good signs of increased media presence with 1700 on the mailing list and 2000 Twitter followers.</p>
3.4	<p>Forthcoming priorities included:</p> <ul style="list-style-type: none"> - launching a Youtube channel. - Working with elected members to ensure they understood the Programmes and their benefits. - Organising the annual event to which LMC members were invited; this would take place on 30 October at Heartlands, coinciding with the next LMC meeting.
3.5	The Chairman thanked Jenny Milligan for her presentation and the team's work. A member suggested LMC members could play an important role in rebutting criticism or misinformation about the Programme in their own names. LMC members agreed that, provided responses were factual and objective, they could be very powerful particularly if from the business community. A request was made for bullet points of Programme achievements members could draw on when raising awareness of the Programme or rebutting

3.6	<p>criticism. Action: Cornwall Council ERDF Comms Team to develop a Programme highlights list for use by LMC members.</p> <p>DG Regio's representative commented that the new team appeared to have risen well to the challenge of taking over from the Partnership Office with its long track record. She formally noted the changes to the original Programme communications plan and asked for the list of key contacts and organisations to be appended, as this was a formal requirement. She would work with DCLG to confirm how the updated communications plan would be formally submitted to the EC. Action: comms plan to be updated with key contact list.</p>
Item 4: ERDF Performance Report	
4.1	<p>LMC members noted the performance dashboard and DCLG drew attention to the following:</p> <ul style="list-style-type: none"> - The most complex challenge was managing the exchange rate as fluctuations could make a significant change to the Programme value. About half the Programme's allocation had been drawn down, meaning the rest was subject to the impact of exchange rate variations over the next two years. - Work was ongoing to see whether it was possible to set the allocation in Sterling or determine an exchange rate for managing out the Programme. Currently, Convergence needed to contract a further £25m to be 100% contracted; good progress had been made over the past year. - Priorities 1 and 3 were on track, whilst Priorities 2 and 4 had a significant pipeline but risks around delivery of some of this activity. The Delivery Driver Group forensically reviewed the pipeline activity on behalf of LMC. - Projects had been required to update their profiling data and DCLG case officers were holding them to account against submitted profiles. A comfortable cushion was projected on N+2 this year but relied on projects claiming on time; a small number were persistently late. - Intervention rates achieved by each priority were well below target, showing the Programme's success in drawing down match to make the ERDF investment go further.

4.2	<p>DG Regio congratulated the Programme on committing 89% and urged partners to contract the remainder and implement projects in good time as the risks would increase the later this was achieved.</p>
4.3	<p>On compliance, a number of audit issues relating to the English ERDF Programmes were likely to result in payments being interrupted. The Commission was working with the English audit authority to address the issues which were at national level. It was clarified that this situation was likely to be similar to the ESF interruption. At this stage, there was no indication that it would stop payments being made to applicants.</p>
4.4	<p>A paper showing outputs and results achieved since the last meeting was noted. The Programme would fall short on some indicators; however, relatively good progress had been made particularly on business assists. Partly this was through contracting new activity and partly through efforts by DCLG to identify additional targets from existing investments and capture them via contract variations where they could be evidenced. This had significantly increased the number of environmental business assists. At the level of results, the contracted figure for GVA was roughly in line with contracted investment and contracted jobs had reached over 11,000; over half were attributable to the Superfast broadband project and it was too early for it to be reporting jobs; however, an evaluation programme was in place and outcomes of its initial work would be known in summer. The Chairman reminded members that the targets had been set in a different economic climate when Cornwall had been experiencing a high rate of growth.</p>
4.5	<p>The environment representative endorsed the approach of looking across investments to see what had been achieved in relation to environmental outputs and results. She offered the support of the Local Environment Partnership to see if anything further could be done to boost performance against environmental targets, particularly as helping businesses to improve environmental performance could also improve their resilience. The Local Environment Partnership was also keen to engage in the development of environmental targets linked to growth for the next Programme.</p>
4.6	<p>A number of members commented that private sector businesses had found ERDF processes complex, an example being changes in interpretation of procurement policy which it was suggested had</p>



stopped some projects proceeding. DCLG commented that the Secretariat was keen to find solutions to help projects progress but projects had to comply with standard processes. The Chairman noted that procurement was the single area where most errors arise, accounting for 80% of irregularities, so processes had to be rigorous. It was also suggested that sometimes processes were blamed when other factors were also involved and was important to understand the full picture. It was noted that Convergence Management Group had mandated the ERDF Secretariat to work with Cornwall Council to try to find ways to better align the delivery teams and streamline processes as far as possible for the rest of the contracting period.

Item 5: Update on Rural Development Programme for England (RDPE)

- 5.1 Peter Hardaker thanked LMC for the opportunity to present on RDPE and introduced Rob Hatt from DEFRA to present the overview. Rob Hatt explained that RDPE was a nationally co-financed programme with a £3.7bn budget including £600m for socio-economic elements. Of this the ambition had been to spend £55m in Cornwall & the Isles of Scilly. Following a delayed start, delivery in the South West between 2008-12 had been guided by a Regional Implementation Plan, reverting to a national delivery model since mid-2012.
- 5.2 The Programme's broad objectives, priorities and themes were outlined. Programme spend at end of April 2013 was c £29m. Accelerating spend was the highest priority because the Programme did not have an N+2 mechanism so had to progress all claims by the end of 2013. With £14.5m further spend anticipated in 2013, £6.5m pipeline and around £2m being delivered by Natural England, the Programme was on track to spend £52m if all activity converted into spend. As RDPE would end in 2013 and the new Programme was unlikely to start until 2015, Ministers were determining how the transition would be addressed.
- 5.3 Examples of projects included Trewithen Dairy, a £12m project which had resulted in the company becoming the 3rd largest purchaser of Cornish milk. The Programme had invested £7m in tourism infrastructure including in the South West Coast Path, World Heritage Sites, offroad cycling and country sports. Skills projects worth £8.1m had delivered 14,000 training days. Local Action Groups covering East Cornwall, West Cornwall, Clay Country and the Isles of Scilly focused on provision of rural services and support for micro-businesses. Grants up to £10,000 were available. In total the



5.4	<p>Programme had assisted 630 businesses, 160 commissioned projects, achieved 300+ jobs and attracted £26m private match.</p> <p>DEFRA acknowledged the role of Cornwall Rural Implementation Group (CRIG) which had brought community and local stakeholders together to guide the programme. The CRIG representative noted that the Programme was in a much stronger position than it had been; it had faced many problems with the delayed start, interruption when the Managing Authority was changed, State Aid issues and the move from regional to national delivery and there were lessons it was important to learn for the next round, primarily around the value of enabling local partners to steer delivery to meet local needs. The Chairman acknowledged Peter Hardaker's stewardship and thanked him for his work to keep LMC abreast of the progress of RDPE.</p> <p>Action: agreed that Cornwall Council ERDF Communications team would look to produce some joint case studies with RDPE.</p>
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Item 6: European Social Fund Update

6.1	<p>A brief verbal update was given as the Regional ESF Steering Group on 9 May had received full updates. In terms of performance, the Programme had achieved 94% of 2013 N+2 target. Priority 4 was exceeding its target for people entering work, Priority 5 had delivered 21,000 workforce skills qualifications and NOMS was meeting all its contractual targets. Higher Education was performing well and the Commission had requested a performance paper covering Higher Education for a future LMC. Equality indicators were on track.</p>
6.2	<p>Although the national programme was interrupted, the Programme could still pay claims to non Co-Financing Organisations.</p>
6.3	<p>One member flagged a commissioning issue relating to a contract for supporting those Not in Employment, Education or Training (NEETS). The existing providers, Cornwall College and the Learning Partnership, had been excluded from an Invitation to Tender as they had not received the paperwork. The Skills Funding Agency confirmed this was being investigated.</p>

Item 7: Annual Implementation Report

7.1	<p>DCLG explained this was the formal report from the Programme to the European Commission and followed a prescribed format. It was anticipated that DCLG centrally would provide a small amount of standard information but this would not affect the local data forming</p>
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	the body of the report. Members were asked if they had questions or comments on the report.
7.2	DG Regio's representative commented that it read well and she particularly welcomed the analysis of equalities which gave substance to the cross-cutting themes element of the report. There were some inconsistencies on figures to address before the report was submitted formally. Also, more references to the Isles of Scilly, particularly in relation to the Major Project, were expected as the Programme was for both Cornwall and the Isles of Scilly.
7.3	<p>Comments from members included:</p> <ul style="list-style-type: none"> - recognition for the significant amount of work undertaken by DCLG to produce the report; - a suggestion that more emphasis be given to the role of the private sector and the changing role of LEPs - Regional Growth Fund had been awarded to the LEP, not Cornwall Council - pg. 31 - references to the local political environment would be discussed outside LMC and amended.
7.4	<p>Arising from discussion of the report and its references to Newquay Airport Enterprise Zone, concerns were raised about a potential sale of Gatwick slots. Although it was recognised this was not an issue for LMC, it was agreed to follow up the concerns outside the meeting.</p> <p>Agreed: LMC members approved the Annual Implementation Report for 2012 for submission to the European Commission by 30 June 2013, subject to the changes identified.</p>

Item 8: Technical Assistance

8.1	LMC members noted a paper setting out the Technical Assistance position in Priority 5. In addition to uncontracted headroom, there was a projected underspend. This was because an evaluation programme developed by the RDA had not proceeded and the DCLG Secretariat costs were lower than projected.
8.2	It was explained that the scope of Technical Assistance was narrow and determined by EC regulations and could not be expanded. It covered regulatory activity provided currently by DCLG Secretariat and Cornwall Council's Convergence team which was also supporting the LEP in relation to ERDF. The underspend was estimated at c £6m. If left in Priority Axis 5, it was unlikely to be

	<p>spent and would be lost to the Programme. The paper set out options for moving funding to Programme spend, assessing the risks associated with each priority. It recommended retaining £250,000 uncontracted funding in Priority 5 and viring the rest to Priority 4. Although this still carried risks, Priority 4 was considered to offer the greatest potential for the money to be invested in economic outcomes, given that it had the biggest pipeline and was most flexible in its scope.</p>
8.3	<p>It was noted that only the LMC could make decisions on how Technical Assistance was used and viring represented a change to the Operational Programme requiring European Commission consent. The proposed change would be circulated to each EC Directorate and there was a risk the Programme could be required to produce a revised Strategic Environmental Assessment (SEA).</p>
8.4	<p>DCLG confirmed the funding remaining in the contracted ERDF Secretariat project was sufficient to meet regulatory activity; therefore to justify retaining additional funding in Technical Assistance would need a clear proposal setting out what additional activity partners considered necessary. This needed to be approved by LMC. In response to a query about how the funding would be spent in Priority 4, it was explained that the priority 4 pipeline exceeded remaining headroom. Moving the funding to the Programme would allow it to be used to deliver economic outcomes from known pipeline activity.</p>
8.5	<p>LMC members agreed to the principle of transferring funding to Priority 4 but debated how much money should be retained in the Technical Assistance priority and to what extent this could be used to support LEPs in their work to develop future programmes. BIS had provided LEPs with funding for producing Strategic Investment Plans and reported that in some areas Technical Assistance was being used where there was a business case. However, DG Regio's representative was clear that LEPs could not be direct beneficiaries of Technical Assistance. She suggested that BIS seek an England-wide clarification on this issue.</p>
8.6	<p>DG Regio commented that it was unusual to be asked to consider viring money into an undercontracted priority but recognised the logic. The concern about compliance with the SEA directive was echoed and it was confirmed there would need to be a justified case for the transformational economic and environmental impact. The Commission would expect a strong economic business case with no</p>



8.7	<p>lowering of Lisbon targets and would put high value on investing in additional jobs and growth. It was likely to take 3 months to change the Operational Programme but it was at the discretion of the Managing Authority whether to spend funding before that.</p> <p>Agreed: LMC members agreed to the movement of funds from Priority 5 to Priority 4, in accordance with the recommendation in the paper, but agreed that the exact quantum of Technical Assistance funding to be retained in Priority 5 should be determined by LMC via written procedures after it had been discussed at Convergence Management Group on 30 May.</p> <p>Sally Edgington and Thelma Sorensen left the meeting at this point.</p>
Item 9: Programme Evaluation	
9.1	<p>Jo Banks from Cornwall Council introduced this item, referring to a paper which outlined evaluations undertaken to date, LMC's responsibility for evaluation and a proposed approach for evaluation covering the rest of the Programme period using Technical Assistance funding in Cornwall Council. The available resources were c £80,000 for ERDF and £70,000 for ESF. LMC members were asked to agree a thematic approach and criteria for selecting themes.</p>
9.2	<p>The Chairman queried whether the thematic approach was appropriate given that the Programme strategy was based on delivery of priority axes to achieve economic transformation. Some members queried whether the budget was sufficient to do meaningful evaluation and suggested as there is underperformance in some areas that it was important to evaluate what had or had not worked - particularly around the environmental cross cutting theme.</p>
9.3	<p>Agreed: Cornwall Council to put together a small task and finish group to meet in a short timeframe to refine thinking around evaluation and how any local evaluation would dovetail with work undertaken at national level. The ERDF Secretariat was asked to consider the composition of this group, for which one member volunteered.</p>
Item 10 Post 2013 Group	
10.1	<p>Emily Kent from Cornwall Council reported on both the Post-2013 LMC sub group and ongoing activity of the LEP in relation to the 2014-20 Programmes. The sub group had met several times and</p>

	developed initial proposals for structures to support development of the next Programmes. These had been passed to the LEP. The sub group had not met since December as there was no need for its strategic level work. The focus had shifted to the LEP which was charged with developing its Strategic Investment Fund strategy; by the end of May the LEP had to submit an initial report covering emerging priorities, freedoms and flexibilities and FEIs.
10.2	The LEP had used the structure proposed by post 2013 sub group to establish 4 working groups, each led by a Board director with officer support. Its draft submission had been signed off and would be submitted to Government by the end of May. Online consultation had begun on 17 May; workshops and focus groups would be held as well as telephone surveys to capture more detail. Consultation would run until 30 June. The draft investment strategy would be signed off by the LEP on 11 September for submission to Government, then negotiations would take place on the final investment strategy until January 2014.
10.3	Members commented that the timescale was challenging and the LEP had adapted well to Government direction; from the perspective of social partners it was felt there had been good engagement but they were keen to be involved in the ongoing detailed development.
10.4	LMC members noted that the Post 2013 sub group was formally disbanded.
10.5	DG Regio's representative emphasised that the Commission's direction was to concentrate on a few priorities, not to cover all 11 thematic objectives. LMC also reinforced the message that it was important to keep a clear, tight focus on a few important priorities.

Item 11: National ERDF/ESF Position

11.1	DCLG anticipated that by the end of June allocations will be made to LEP areas and further detailed guidance would be issued to LEPs. There was no new information to report on the ESF position.
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Item 12 Any Other Business

12.1	There was none.
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Dates of Future Meetings

	<ul style="list-style-type: none"> <i>Changed to Wednesday, 30 October 2013 – please set aside the full day as the meeting will coincide with the annual event.</i>
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