

## Newsletter 20: 15<sup>th</sup> June 2007

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This is part of a fortnightly series of newsletters that will help explain the process and progression towards the Convergence Programmes for Cornwall and the Isles of Scilly. The newsletters will contain the most up to date information about Convergence as it evolves over the coming months. Updated information will appear in bold blue type.

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Dear Colleague

### THE LISBON AGENDA AND ESF

- Lisbon: growth and jobs** The overall aim of the Lisbon Agenda is for Europe “to become the most dynamic and competitive knowledge-based economy in the world, capable of sustainable economic growth, with more and better paid jobs, greater social cohesion and respect for the environment.”
- Economic growth and social inclusion** As part of the renewed Lisbon Agenda, member states are required to identify their Lisbon priorities and share best practice through National Reform Programmes (NRPs). The UK’s NRP includes the view that getting more people into employment is key to both delivering economic growth and to building a more inclusive society. With regard to productivity, the skills driver is central to the England ESF Programme and to the NRP.
- Assisting the most disadvantaged** The Convergence ESF Programme aims to support these policies by ensuring that, via the two main Policy Fields, those people who are most disadvantaged are able not only to access employment but to enter more sustainable jobs and progress within them by supporting their skills development once in employment.
- ESF to complement ERDF** In addition the Convergence ESF Programme, with significantly higher levels of funding will, uniquely in England, be able to help fund the growth of a knowledge-based economy by supporting research & development, graduate placement and higher level skills projects that can support the ambitions of the European Regional Development Fund.

Sarah Beeson  
Head of ESF  
Government Office for the South West



## UPDATE FROM THE MANAGING AUTHORITY

**Financial aspects** It's worth spending a little time looking at the changes to financial aspects of the Convergence ERDF Operational Programme made since the closure of the consultation period. The draft sent to Brussels and now available in the Towards Convergence section of the Objective One website [www.objectiveone.com](http://www.objectiveone.com) has several technical, but significant differences from the consultation draft and these can be overlooked as we all focus on what investments will be made and how delivery will work.

**Changes** So what are the changes? For easy reading, the before and after tables are show below:

### BEFORE CONSULTATION:

Summary Financial Table ERDF (€m)			
	ERDF	UK	Total
1 Innovation and Research & Development	77	26	103
2 Competitiveness and Investment	121	40	161
3 Learning and Skills Infrastructure <sup>1</sup>	55	18	73
4 Placed Based Regeneration	189	63	252
Technical Assistance	16	78	23
<b>Total Convergence</b>	<b>458</b>	<b>154</b>	<b>612</b>

<sup>1</sup> England ESF Operational Programme includes €190m of ESF for Cornwall and the Isles of Scilly Convergence Programme.

### DRAFT TO BRUSSELS:

Summary Financial Table ERDF (€m)			
	ERDF	National (public and private)	Total
1 Innovation and Research & Development	105	35	140
2 Competitiveness and Investment	90	45	135
3 Transformational Infrastructure	105	41	146
4 Unlocking the Economic Potential of Place	140	105	245
Technical Assistance	18	6	24
<b>Total Convergence</b>	<b>458</b>	<b>232</b>	<b>690</b>

**Key points** Aside from the changes to Priority structure that we have mentioned in previous newsletters, the key points are that:

- Firstly, we have included a modest amount of private sector match funding within the tables. This signals the important contribution that the private sector will make in delivering a successful Programme and, of course, increases the size of the overall Programme.
- Secondly, we have re-structured the intervention rates of the

**Programme to ensure that we concentrate ERDF investment, at a rate of 75%, in the parts of the Programme that completely align with the Lisbon Agenda as defined by Commission guidance (the so called Lisbon earmarking). For the supporting non-Lisbon portion of the Programme (about 25% across Priorities 3 and 4) the intervention rate is 50%.**

**Value increased**      **The overall effect of these changes is to increase the proposed value of the Programme to € 690m and to give higher support to those activities that are 100% Lisbon. In short a bigger and better programme.**

**Phil McVey  
Head of European Programmes  
South West Regional Development Agency**

#### **WHAT WE KNOW ABOUT CONVERGENCE**

**Convergence ERDF Operational Programme submitted**      **The Convergence ERDF Operational Programme, which describes how ERDF investment will be utilised in Cornwall and the Isles of Scilly, has been accepted by the European Commission, allowing the negotiations to begin. The discussions are expected to conclude in the autumn, allowing the Programme to 'go live'. The Operational Programme as submitted to the Commission can be found in the 'Towards Convergence' section of the Objective One website, [www.objectiveone.com](http://www.objectiveone.com).**

**Negotiations to begin**      **Negotiations on the Convergence ERDF Operational Programme and the South West Competitiveness Operational Programme are expected to begin in July 2007.**

**Match Funding**      **Public sector match funding for the ERDF Convergence Programme is expected to come from a combination of local, regional and national sources.**

**ERDF Convergence consultation**      **The consultation on the draft European Regional Development Fund (ERDF) Convergence Operational Programme for Cornwall and the Isles of Scilly ran from 20 November 2006 to 16 February 2007. The South West Regional Development Agency will publish a consultation report in due course. Further information can be found at [www.southwestrda.org.uk/what-we-do/policy/consultations.shtm](http://www.southwestrda.org.uk/what-we-do/policy/consultations.shtm).**

**Management arrangements for Convergence ERDF**      **The South West RDA will carry out the Managing Authority tasks for the ERDF Convergence Programme. Details of the management and delivery arrangements have yet to be finalised; further information is contained within the ERDF Operational Programme. Partners have agreed the overall governance structure and a 'shadow' Programme Monitoring Committee (PMC) and 'shadow' Partnership Delivery Board (PDB) have been established. For Objective One, the Managing Authority for ERDF, ESF and EAGGF has been Government Office for the South West and the Marine Fisheries Agency for FIFG.**

**What will commissioning look like in the Convergence Programme?**      **The Convergence Programme aims to make a smaller number of more strategic investments than the Objective One Programme. To achieve this some investments will be commissioned. What these investments will be, how much they will cost and details of the commissioning process are being developed. A Partnership Delivery Board (PDB) has been established and will work with**

the PMC to develop ways of delivering the ERDF Convergence Programme, including how commissioning will work. The PDB has agreed that commissioning teams are needed to identify and work-up the major, early projects that will give the Programme a good start in the autumn, as well as to work on areas such as ICT where more detail is required before investments can be made. More detailed information can be found in Newsletter 17, in the Towards Convergence section of the Objective One website, [www.objectiveone.com](http://www.objectiveone.com).

#### **ESF Operational Programme negotiations**

The ESF Operational Programme for England 2007-2013 was submitted to the European Commission by the Department for Work & Pensions in March 2007. The final version was submitted on 30 May and is expected to be agreed by the autumn. It can be downloaded from [www.esf.gov.uk](http://www.esf.gov.uk). The key issue arising in negotiations is the percentage of disadvantaged people supported, with an expectation from the Commission that that funds should concentrate on those in the target groups; disabled, lone parents NEETS and women beneficiaries, etc.

#### **ESF consultation**

The consultation on the England ESF Programme 2007-13 ran from 30 October 2006 to 22 January 2007, co-ordinated by the Department for Work and Pensions.

#### **Government response to ESF consultation published**

On 4 May 2007 the Government's response to the consultation on the England ESF Programme (held 30/10/06 – 22/1/07) was published. It summarises stakeholders' responses, sets out the Government's position and indicates modifications made to the draft Operational Programme in the light of stakeholders' views. It can be found at [www.esf.gov.uk](http://www.esf.gov.uk).

#### **ESF Framework**

The South West Regional Skills Partnership (SWRSP) held an electronic consultation to gather views on the ESF Framework for Cornwall and the Isles of Scilly until 1 June 2007. Responses will be considered, along with comments from the Managing Authority and the final draft will be submitted for approval to the SWRSP Board in July. The Framework can be found at [www.swrsp.org.uk](http://www.swrsp.org.uk).

#### **Co-financing for ESF**

The Co-Financing Organisations (CFO) Steering Group led by Government Office for the South West (GOSW) and made up of existing and potential CFO's will meet on 18<sup>th</sup> June to begin the development of the CFO Plans following guidance from the ESF division of the Department for Work and Pensions. CFO's will need to submit applications to the Managing Authority to be a CFO by end June 2007. The CFO's intend to run a number of sub-regional events through the summer to help inform their plans which will need to be submitted to Government Office for the South West by the end September for approval by October.

#### **Management arrangements for Convergence ESF**

The Managing Authority for the ESF Programme in England 2007-13 will be the European Social Fund Division (ESFD) of the Department for Work and Pensions, overseen at a national level by a Programme Monitoring Committee. Most of the delivery of the national Programme will take place at regional level and the Regional Skills Partnerships have a leading role in the development of regional ESF Frameworks. The Convergence area of Cornwall and the Isles of Scilly will have its own framework and committee.

**It is suggested that the Regional ESF Committee should be combined with**

**the ERDF Programme Monitoring Committee. For the Convergence area of Cornwall and the Isles of Scilly, a joint ERDF and ESF Convergence Programme Monitoring Committee is proposed.**

**NSRF published** On 23 October 2006 the Government published its response to the consultation on the National Strategic Reference Framework (NSRF), outlining broad priorities, management arrangements and funding allocations for ERDF and ESF Programmes 2007-2013. Further information will be contained in the ERDF Convergence Operational Programme. More information can be found at: [www.dti.gov.uk/consultations/page28796.html](http://www.dti.gov.uk/consultations/page28796.html).

**What is the budget for Convergence?** European investment in the Convergence Programmes will be as follows:

	£	€
ERDF	c. £311.4 m	c. €458 m
ESF	c. £133.3 m	c. €196 m
<b>Total investment</b>	<b>c. £444.7 m</b>	<b>c. €654 m</b>

The government proposes a 70:30 split between ERDF and ESF funding. In Objective One 75% was allocated to ERDF and 25% to ESF.

**The current Objective One Programme** The investment cycle of the Objective One Programme ran until 31 December 2006. This will be followed by European Regional Development Fund (ERDF) and European Social Fund (ESF) Convergence Programmes for the period 2007-2013 – this was decided when the EU budget was agreed in December 2005. The purpose of the Convergence Programmes will be to speed up the economic development of Cornwall and the Isles of Scilly.

**The role of Strategy and Action** Strategy and Action – the overarching economic regeneration strategy for Cornwall and the Isles of Scilly - will inform the ERDF and ESF Convergence Programmes. The Convergence Programmes will not be able to do everything that is included in Strategy and Action. They will be able to invest in some of it.

**Convergence only ERDF and ESF** There will be a number of differences between the Objective One Programme and the Convergence Programmes.

**Rural and fish part of mainstream programmes**

- Convergence will consist only of ERDF and the ESF.
- The rural and fisheries funds will become part of mainstream UK programmes, but with ring-fenced allocations for Cornwall and the Isles of Scilly.

**More information about the fisheries and rural programmes** Further information about the fisheries programme can be found in the South West Regional Development Agency’s ‘European Cohesion Policy Update’ at [www.southwestrda.org.uk/what-we-do/policy/european-funding-pos.shtm](http://www.southwestrda.org.uk/what-we-do/policy/european-funding-pos.shtm). More information about the Rural Development Programme for England 2007-2013 and the Regional Implementation Plan is available at [www.southwestrda.org.uk/what-we-do/regeneration/eafrd/introduction.shtm](http://www.southwestrda.org.uk/what-we-do/regeneration/eafrd/introduction.shtm) and [www.defra.gov.uk](http://www.defra.gov.uk) under Rural Affairs. The Objective One website [www.objectiveone.com](http://www.objectiveone.com) also contains additional information in the ‘Towards Convergence’ section.

**Rural programme submitted to European Commission** The draft Rural Development Programme for England, which outlines the aims of European Agricultural Fund for Rural Development (EAFRD) investment from 2007 to 2013, has been submitted to the European Commission. Approval can take up to six months and changes may be made to reflect the outcome of discussions with the European Commission

**and the results of the consultation on the Programme's Environmental Report which is open until 5 July 2007. The RDPE as submitted to the European Commission and details of the current consultation can be found at [www.defra.gov.uk/erdp/rdp07\\_13/index.htm](http://www.defra.gov.uk/erdp/rdp07_13/index.htm).**

- Fisheries**                      **Proposals for delivering the European Fisheries Fund (EFF), a national programme which replaces the Financial Instrument for Fisheries Guidance (FIFG), are currently being developed by the Marine and Fisheries Agency (MFA). Work is now underway within the MFA to develop an EFF Operational Programme which will outline investment priorities. This will be subject to consultation in summer 2007 before approval by the EU and will cover the priorities, finance and delivery for England. A 'Convergence' allocation for Cornwall and the Isles of Scilly will guarantee a level of funding for Cornwall.**
- The Lisbon Agenda**        **European and UK economic regeneration policy is increasingly being driven by the Lisbon Agenda where the EU set itself the goal of becoming the most competitive and dynamic knowledge based economy in the world. It has been written by the EU and Member States in response to intensified competition from around the world.**
- Lisbon targets**              **The Convergence Programmes will need to clearly show how they are contributing to the Lisbon Agenda – this will mean a significant increase in emphasis on business competitiveness and productivity, innovation and a more knowledge based economy. There will be a target of at least 60% of the Convergence Programmes to meet the objectives of the Lisbon Agenda.**

#### **WHAT WE DON'T KNOW ABOUT CONVERGENCE**

- What activities will be eligible for funding?**                      **The NSRF outlines broad priorities for ERDF and ESF in the UK, and detailed priorities for Cornwall and the Isles of Scilly will be contained in the ERDF and ESF Operational Programmes, which are in the final stages of development.**

**More detailed information about Convergence, links to key organisations and websites can be found in the 'Towards Convergence' section of the Objective One website [www.objectiveone.com](http://www.objectiveone.com)**