

Newsletter 19: 1st June 2007

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.

Dear Colleague

THE LISBON AGENDA: A REGIONAL DEVELOPMENT PERSPECTIVE

What are the Lisbon goals? *The Lisbon Agenda is quoted in almost every publication on economic regeneration – but what is the goal that the EU and its member states have agreed? Over the coming weeks key stakeholders will be giving their views, starting with Alec Fraser of Fraser Associates who have been providing an external evaluation of the ERDF Convergence Operational Programme.*

Economy, society and environment

The Lisbon Agenda was agreed by the EU15 in March 2000 as a Europe-wide strategic goal for the first decade of the new Millennium. Against a background of diminishing productivity compared with the US economy and the threat of increased competition from Asia, Europe's leaders set out "to become the most dynamic and competitive knowledge-based economy in the world, capable of sustainable economic growth, with more and better jobs, greater social cohesion and respect for the environment".

2005: a renewed focus on growth and jobs

Limited progress was made in the first five years, during which the European economy stagnated. However, this lack of growth was, in part, a reflection of a need for the reforms to which Lisbon aspired. In March 2005, the Member States agreed to a renewed focus on growth and jobs. Community cohesion policy would contribute to the costs, hence the strong focus on Lisbon in the Structural Funds Regulations for 2007-13.

Applying the Lisbon Agenda to the UK

The renewed Lisbon Agenda and its associated targets reflect a perspective on economic development that is Europe-wide. Some aspects of the policy have greater relevance in some Member States than in others. In the UK, for example, the three Lisbon employment targets are already exceeded. However, despite working much longer hours than in many continental countries, our labour productivity per person in employment remains close to the EU15 average. The renewed Lisbon Agenda attempts to take these national variations into account, and the UK Lisbon Reform Programme devotes particular attention to raising productivity and



pushing towards even higher levels of labour market participation.

Working smarter and restructuring the economy

To a large extent, the UK needs to work smarter rather than harder. There is a need to tackle levels of general investment and R&D investment that are far behind those of our closest competitors. However, raising productivity in a sustainable manner is as much about facilitating a restructuring of the economy towards higher value-adding activities as improving the performance of existing sectors.

Applying the Lisbon Agenda in Cornwall and the Isles of Scilly

The Cornwall and the Isles of Scilly Convergence Programme for 2007-13 aims to address both dimensions, but faces a stern challenge in view of the limited depth and diversity of existing high value-adding business and technology infrastructure. Investment in the Combined Universities is likely to provide some of the answer to the Programme area's deficit in knowledge resources. However, in an age of global markets and electronic connectivity, businesses are unlikely to find the best technology and solutions on their doorstep, wherever they may be. For smaller and more isolated regions, success in addressing the Lisbon agenda will lie at least as much in developing effective knowledge networks as in local institution building.

Alec Fraser

Principal

Fraser Associates

ERDF Convergence 'Ex Ante' Consultants

UPDATE FROM THE MANAGING AUTHORITY

Operational Programme with the European Commission

The final draft version of the Operational Programme is now with the European Commission and undergoing technical checks before we begin formal negotiations. The draft will be published on the 'Towards Convergence' part of the Objective One website, along with those of the South West RDA and other partners. Once again, I'd like to thank everyone for the effort put into the consultation exercise and the subsequent task and finish groups. We are now preparing a summary for publication of consultation replies and the Programme's response.

Addressing the Lisbon Agenda through the Operational Programme

At this week's Cornwall and Isles of Scilly Economic Forum, we highlighted issues that the European Commission is likely to raise with the partnership's negotiating team. High on their list will be how the Programme is helping to support the Lisbon Agenda – measured through investment in activities such as research and development, business innovation, growth of high value businesses and infrastructure for a modern economy including IT infrastructure and modern workspace. Partners have put together a draft programme which focuses on the transformation to a more knowledge-based economy, which is the heart of Europe's Lisbon strategy. So we are convinced that we can deliver against these wider goals, while investing in the sorts of activities appropriate to the economy of Cornwall and the Isles of Scilly. But, doing so will require a high level of partner agreement to the priorities over the next few months and, as has been emphasised throughout the past few months, a focus on making those investments that will bring about real economic

transformation across Cornwall and the Isles of Scilly. In this prioritisation process the key question for us all will not be 'Is it eligible?' but 'Is it good enough?'

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

WHAT WE KNOW ABOUT CONVERGENCE

Negotiations to begin	Negotiations on the Convergence ERDF Operational Programme and the South West Competitiveness Operational Programme are expected to begin in July 2007.
Next steps for the ERDF Operational Programme	The final draft of the Operational Programme is with the European Commission, undergoing technical checks, before formal negotiations begin. Negotiations are expected to continue through the summer of 2007, allowing the Programme to 'go live' in the autumn.
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/european-programmes.
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 will be 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.
ESF Operational Programme	The ESF Operational Programme for England 2007-2013 was submitted to the European Commission by the Department for Work & Pensions in March 2007

submitted	and is expected to be agreed by autumn 2007. It can be downloaded from www.esf.gov.uk .												
ESF consultation and next steps	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 .												
Electronic consultation on draft ESF Frameworks	The South West Regional Skills Partnership (SWRSP) is developing two ESF Frameworks to ensure regional ESF investment complements regional priorities, one for Cornwall and the Isles of Scilly, the other for the rest of the South West. Draft Frameworks have been prepared and the SWRSP is holding an electronic consultation to gather views on their content. Responses to the consultation should be emailed to swresf@lsc.gov.uk before the closing date which is 4PM on FRIDAY 1 JUNE 2007. The Frameworks and further information about the consultation can be found at www.swrsp.org.uk .												
Next steps for ESF Frameworks	Consultation responses will be considered by the sub-groups developing the ESF Frameworks and taken into account when producing the final Frameworks.												
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. 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.												
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 .												
What is the budget for Convergence?	European investment in the Convergence Programmes will be as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">£</th> <th style="width: 35%; text-align: center;">€</th> </tr> </thead> <tbody> <tr> <td>ERDF</td> <td style="text-align: center;">c. £311.4 m</td> <td style="text-align: center;">c. €458 m</td> </tr> <tr> <td>ESF</td> <td style="text-align: center;">c. £133.3 m</td> <td style="text-align: center;">c. €196 m</td> </tr> <tr> <td>Total investment</td> <td style="text-align: center;">c. £444.7 m</td> <td style="text-align: center;">c. €654 m</td> </tr> </tbody> </table>		£	€	ERDF	c. £311.4 m	c. €458 m	ESF	c. £133.3 m	c. €196 m	Total investment	c. £444.7 m	c. €654 m
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	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. <ul style="list-style-type: none"> • 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.
Rural and fish part of mainstream programmes	
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. 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 and www.defra.gov.uk under Rural Affairs. The Objective One website www.objectiveone.com also contains additional information in the ‘Towards Convergence’ section.
Fisheries	Proposals for delivering the European Fisheries Fund (EFF), a national programme which replaces the Financial Instrument for Fisheries Guidance (FIG), 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.
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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