

Newsletter 16: 13th April 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 blue.**

Dear Colleague

SUPPORTING PEOPLE TO REALISE THEIR FULL POTENTIAL IN THE ECONOMY

Context

Cornwall and the Isles of Scilly has an enviable track record in terms of business start ups and employment growth, although this has been led by growth in low paid and lower skilled employment.

Skills profile

The skills profile of Cornwall and the Isles of Scilly reflects its economic structure – high numbers of people with few qualifications, lack of basic skills and relatively few people qualified to Levels 4 and 5. We do not have a skills profile of a modern and more competitive economy and this is a major constraint on economic growth. There is a particular need to strengthen graduate and post graduate research and maximise the contribution of higher education assets in delivering both the up-skilling and business innovation agendas. Science, technology, engineering and management are particularly important to the innovation agenda.

Skills pledge

The importance of this challenge has been put into even sharper relief by the national launch of the “skills pledge” designed to stimulate a culture where gaining skills is taken



as a matter of course.

The future

“In the future skills will be a key route to prosperity and jobs,” explains Geoff Hale, Chair of the ESF Implementation Group. “The Convergence ESF programme will play a vital role in supporting the economic transformation agenda by helping people to change their lives through learning.”

Investment in skills through Convergence

The Convergence status of Cornwall and the Isles of Scilly means the scope and intensity of investment available through the European Social Fund will be considerable both in comparison to what was available through Objective One and will be available in the rest of the South West. This means that there will be considerable investment, over and above the mainstream in the inter-linked skills themes of:

- Moving the economically inactive of working age, whatever their challenges, into work; the voluntary and community sector should have an important role to play in helping people make the transition to work;
- Young people – focussing both on young people not in education, employment or training and the promotion of enterprise and entrepreneurship in the 14-19 year age group;
- Skills development in the workforce – raising workforce and business skills across all sectors – engaging with employers and employees in learning and training;
- Higher education and skills – ensuring that the innovation agenda for the Cornish economy is driven from within the Combined Universities in Cornwall.

Complementary themes

Supporting people to realise their full potential in the economy on its own will not be enough but will need to be supported by the complementary themes of: R&D and business innovation; enhancing enterprise and improving productivity levels across the business base; the provision of infrastructure for a modern economy; place based regeneration; and the development of an inclusive and environmentally smart business model, all of which, working together, are vital in securing sustainable economic growth for Cornwall and the Isles of Scilly.

Carleen Kelemen
Director

Objective One Partnership for Cornwall and the Isles of Scilly

UPDATE FROM THE MANAGING AUTHORITY

ERDF
Operational
Programme
almost ready
for submission

Following further work with partners, we are now just about ready to submit a final draft ERDF Operational Programme to Ministers and the European Commission. The final version, discussed by a 'shadow' Programme Monitoring Committee on 12 April, will take account of much of the feedback received during the work of the Task and Finish Groups and through consultation responses. The Operational Programme of course remains draft until negotiations with Brussels are completed, which we still hope will be before the main summer break.

Four main
priorities

The submitted version will show four main priorities:

- Innovation, Research and Development – with an emphasis on further building the area's capacity to apply research and development to business. 23% of resources.
- Enterprise and Investment – including working with schools and young people to develop tomorrow's wealth creators, providing world-class support to potential high growth companies, and increasing the productivity of business through high-quality support in areas such as internationalisation. 20% of resources.
- Transformational Infrastructure – including support for economic development associated with Newquay Cornwall Airport, a further step change in ICT infrastructure, and investment in higher education related infrastructure that will help accelerate the growth of the knowledge economy. 23% of resources.
- Place Based Regeneration – support that will unlock the economic potential of places through integrated packages (for example in Camborne/Pool/Redruth) or through selected investments in other locations. 30% of resources.
- The remaining 4% is set aside for Technical Assistance.

Supports the
Lisbon Agenda

An important feature of text changes that have been made (and the move to a Transformational Infrastructure priority) is partners' intention to signal that this is a programme that substantially supports the Lisbon Agenda – moving to a

competitive, knowledge based economy. The final version shows that any investment will be tested against the contribution it makes towards the creation of a high growth, high value economy.

Next phase of programme development

Having reached agreement on the priority structure and allocation of resources between them, we can now move to the next phase of programme development. A Partnership Delivery Board will make recommendations about the setting up of 'commissioning teams' that will build up the investment packages for the Programme. This is work that will develop over the next few months in parallel with negotiations on the Operational Programme.

Phil McVey
Head of European Programmes
South West Regional Development Agency

WHAT WE KNOW ABOUT CONVERGENCE

ESF Operational Programme submitted

The ESF Operational Programme for England 2007-2013 has been submitted to the European Commission by the Department for Work & Pensions and is expected to be agreed by autumn 2007. It can be downloaded from www.esf.gov.uk.

The Convergence ESF Framework is currently being prepared by the South West Regional Skills Partnership.

Match funding

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

Next steps for the ERDF Operational Programme

The South West RDA, as Managing Authority for the ERDF Convergence Programme, will publish the responses to the consultation in due course.

Responses will inform the final Operational Programme which is expected to be submitted to Communities and Local Government in April. It will then be submitted to the European Commission and the detail will be negotiated during the summer of 2007, allowing the programme to 'go live' in the autumn.

- ERDF Convergence consultation** The consultation on the draft European Regional Development Fund (ERDF) Convergence Operational Programme for Cornwall and the Isles of Scilly was launched on 20 November 2006 and ran until 16 February 2007. Responses were made to the South West Regional Development Agency using the feedback form.
- Further information can be found at www.southwestrda.org.uk/european-programmes.
- ESF consultation and next steps** On 30 October 2006 the Department for Work and Pensions (DWP) launched the consultation for the England ESF Programme 2007-13. The consultation has now closed as the deadline for responses was 22 January 2007. Information about the next steps following the ESF consultation can be found at www.esf.gov.uk.
- NSRF published** On 23 October 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.
- More information** More information about the NSRF and the Government's response to the consultation, can be found at: <http://www.dti.gov.uk/consultations/page28796.html>
- What is the budget for Convergence?** The financial tables for the Cornwall and Isles of Scilly Convergence Programme have been completed. The Programme will receive a total investment of c. £440 million (c. €648m), the majority of which will come from the European Regional Development Fund (ERDF), with approximately £130m (c. €190m) being made available through the European Social Fund (ESF). The government proposes a 70:30 split between ERDF and ESF funding. However, the details of the ERDF and ESF Operational Programmes will determine the final splits.

Management arrangements for Convergence ERDF

The South West RDA will take the lead in the management of Cornwall and the Isles of Scilly's ERDF Convergence Programme. The details of the management and delivery arrangements have yet to be clarified and further information will be contained within the ERDF Operational Programme. **However, partners have agreed the overall governance structure and a 'shadow' Programme Monitoring Committee met on 12 April 2007.**

For Objective One, the role of Managing Authority for ERDF, ESF and EAGGF has been Government Office for the South West and the Marine Fisheries Agency for FIFG.

Management arrangements for Convergence ESF

The draft ESF Operational Programme, which was out for consultation from 30 October 2006 to 22 January 2007, proposes that 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 Programme will take place at regional level. The Regional Skills Partnerships will have a leading role in the development of regional ESF strategies and may be assisted by regional ESF committees. The Convergence area of Cornwall and the Isles of Scilly will have its own strategy and committee.

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. 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	<p>There will be a number of differences between the Objective One Programme and the Convergence programmes. Convergence will consist only of ERDF and the ESF.</p>
Rural and fish part of mainstream programmes	<p>In the NSRF the Government proposes to allocate 70% of Convergence to ERDF and 30% to ESF. However, the details of the ERDF and ESF Operational Programmes will determine the final splits. In Objective One 75% was allocated to ERDF and 25% to ESF. The rural and fisheries funds will become part of mainstream UK programmes.</p>
More information about the fisheries and rural programmes	<p>Further information about the fisheries programme can be found in the South West Regional Development Agency's Cohesion Newsletter 'European Cohesion Policy Update' at: http://www.southwestrda.org.uk/what-we-do/policy/european-funding-pos.shtm</p> <p>And more information about the rural programme, including a link to the latest draft of the Regional Implementation Plan, is available at: http://www.southwestrda.org.uk/what-we-do/regeneration/eafrd/introduction.shtm</p> <p>The Objective One website www.objectiveone.com contains more information in the 'Towards Convergence' section.</p>
The Lisbon Agenda	<p>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.</p>
Lisbon targets	<p>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.</p>

WHAT WE DON'T KNOW ABOUT CONVERGENCE

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 the details of the commissioning process are currently under discussion.

Details of the Convergence Programmes

Although we know that there will be ERDF and ESF Convergence Programmes for Cornwall and the Isles of Scilly – the decision was made when the European Union's Member States agreed the EU budget in December 2005 – we still do not know the exact details of the programmes.

The National Strategic Reference Framework (NSRF) indicates that the South West RDA will have an important role in managing the ERDF Programme; more details will be included in the ERDF Operational Programme.

What activities will be eligible for funding?

The NSRF outlines broad priorities for ERDF and ESF in the UK, but the 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