

Newsletter 15: 30th March 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

ENTERPRISE AND IMPROVED PRODUCTIVITY ACROSS THE BUSINESS BASE

Context

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

Companies and sectors

In spite of this growth there are relatively few high growth, high value companies and there is a low proportion of enterprises in the knowledge based and high value added sectors. The evidence indicates that business productivity is low, too few businesses create and capitalise on new knowledge or do not innovate to gain commercial advantages. Too few trade internationally and collectively this in part explains the historic poor performance of the economy.

Productivity, innovation and international trading

Convergence investment

Convergence investment will be focussed on accelerating the potential growth of high value added businesses. This will include tailored services such as: intensive business mentoring; investor readiness; business strategy, planning



and marketing support; market research; leadership and management capability; export support; seed and venture capital; and marketing Cornwall and the Isles of Scilly as an investment location for knowledge-based companies.

Economic success

As Thelma Sorensen, chair of the Cornwall Business Partnership puts it: *“Productive, more successful businesses, able to pay better wages and compete for the opportunities in an increasingly global economy are vital to the economic success of Cornwall and the Isles of Scilly.”*

Increasing productivity

Support for business productivity improvements will include: the take up and use of ICT, coupled with intensive support; and improving business productivity through better environmental performance including the more sustainable management of resources, energy and waste. The most recent research into the key towns and the commercial and industrial property market highlights the need to invest in modern high quality business accommodation across Cornwall and the Isles of Scilly.

Business accommodation

Improving earnings

The focus on increasing productivity will be an important way by which existing businesses will remain competitive and ultimately be in a position to pay better wages – this is an important objective across the whole of the economy.

Research & Development

Fundamental to improving productivity is innovation – the development of ideas and the use of creativity, knowledge and skills – and hence the importance of the research & development and innovation theme of the Convergence programmes.

Complementary themes

Enhancing enterprise and improving productivity levels across the business base on its own will not be enough and will need to be supported by the complementary themes of: R&D and business innovation; supporting people to realise their full potential in the economy; 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 ON PROGRAMME DEVELOPMENT

The Convergence ESF Framework Cornwall and the Isles of Scilly will benefit from a new seven year programme for skills and training through the European Social Fund (ESF). The new Convergence ESF Framework, which runs for the first three years, is taking forward the Convergence Priorities set out in the England ESF Operational Programme which was sent to Brussels earlier this month.

Four broad areas of intervention The Framework has been developed by the Cornwall Learning Partnership and the key stakeholders and there are four broad areas of intervention. These are:

- § Worklessness, including unemployed people and those economically inactive.
- § 14 -19 years not in education, employment or training, and those at risk.
- § Workforce development.
- § Higher level skills and higher education.

Addressing key skills issues With £120m of ESF support, the Framework sets out a major programme of activity to support those not in work and those in work to address key skills issues. The interventions will be relevant to the business community with support to up-skill the workforce and address skills shortages.

The Framework is expected to be endorsed by the Regional Skills Partnership in April, followed by a short consultation period. The intention is for Co Financing Plans to be developed over the summer, issued in the autumn, with new project activity commencing in January 2008.

Convergence ERDF Operational Programme After extensive consultation the Convergence ERDF Operational Programme is likely to be concluded in April, to then be endorsed by Whitehall and sent to Brussels to allow negotiations to begin.

The Programme will focus on the major areas already agreed at the various consultation events held over the past three months – innovation and research and development, enterprise and investment, key economic infrastructure and placed based regeneration.

Focus on competitiveness With £310m of ERDF support, the Programme will invest in a number of new initiatives, although the scale of investment available will mean that careful prioritisation will be needed to ensure the economic outcomes are realised. The new Programme is also required to focus investment on competitiveness and this restricts the types of investments which can be funded.

The time frame The intention is for the Programme to be agreed and operational later this year, and further development work is planned over the next six months, in advance of agreeing the final document with the Commission.

John McCreadie
Chairman
EKOS Consulting

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 the Department for Communities and Local Government in early 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 updated. 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. However, the details of the management and delivery arrangements have yet to be clarified and further information will be contained within the ERDF Operational Programme.

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	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.
Rural and fish part of mainstream programmes	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.
More information about the fisheries and rural programmes	<p data-bbox="493 622 1406 815">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 data-bbox="493 862 1406 1016">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 data-bbox="493 1019 1406 1093">The Objective One website www.objectiveone.com contains more information in the 'Towards Convergence' section.</p>
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 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 are expected to be included in the ERDF and ESF Operational Programmes.

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 being developed and consulted upon at the moment.

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