

# Newsletter 56: 9th January 2009



This is part of a fortnightly series of newsletters that will help explain the process and progression of 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. New information will appear underlined.

The Convergence Programmes are investing in a higher value, more knowledge based economy. The table below summarises the value of Convergence investments as at 9 January 2009.

## Convergence Programme position as at 9 January 2009

All monetary figures are £ million	TOTAL	ERDF Programme	ESF Programme
Programme budget	500.20m	347.00m	153.20m
Value of investments contracted	111.10m	42.60m	68.50m
Value of investments endorsed (but not contracted)	14.19m	7.57m	6.62m
Actual project spend to date	1.08m	1.04m	0.04m
<b>N+2 spend target by end 2009</b>	<b>43.20m</b>	<b>30.00m</b>	<b>13.20m</b>

NB. The Programmes' budgets are given in Euros in the European Regional Development Fund Convergence Operational Programme and the European Social Fund Operational Programme for England and Gibraltar. The pound sterling figures above are estimates, as at 09/01/09, and will vary due to changes in the exchange rate during the life of the Programmes.

## Glossary

- Contracted:** Contracts signed by both the applicant and the organisations managing the Programmes (South West Regional Development Agency for ERDF and Department for Work and Pensions for ESF).
- Endorsed:** Investments awaiting final exchange of contracts.
- Spend:** Money claimed from the European Union by projects for work in progress.
- N+2 spend target:** The amount of money the Programmes must spend on a yearly basis. The first target is for 2009.

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# Partner's perspective

## Overview of Cornwall and the global economy

Professor Peter Gripaios, University of Plymouth

<u>Current economic climate</u>	<u>"It looks very likely that we are in for a deep and possibly long lasting recession not least because confidence seems to have collapsed. Banks aren't lending to anything like the same extent as they were a year or two ago, businessmen are putting investments on hold or abandoning them and consumers are desperately trying to pay off their debts. Of course, the various economic agents tend to be ridiculously optimistic in booms and excessively pessimistic when things begin to become pear shaped and, for that reason some of the dire predictions may turn out to be misconceived. Either way, things are certain to get worse before they get better.</u>
<u>Impact on Cornwall and the Isles of Scilly</u>	<u>"Just how badly Cornwall is likely to be affected is very much a moot point. It doesn't have much employment in financial services, where there have been many job losses already, but is, clearly, highly vulnerable to cuts in lifestyle expenditure as UK residents cut down on holidays and holiday expenditures and the county's retirees find that lower interest rates mean that they have less to live on. Moreover, the supply of future incoming retirees may well dry up, as the falling value of pensions will cause many to delay retirement. Those that might want to may be unable to sell up given the current lack of activity in the housing market and the collapse of prices.</u>
<u>Potential positive effects</u>	<u>"Against all that, the falling value of the pound relative to the Euro and US dollar may mean more UK tourists choose a domestic holiday, fewer pensioners go the Costas and more foreign tourists come over here.</u>
<u>Convergence</u>	<u>"On balance, the strength of the recent improvement in Cornish economic fortunes may well be severely tested. If so, where does that leave Convergence?"</u>
<u>Good news and bad news</u>	<u>"The good news is that there will be more of it as a set allocation of Euros will now convert into more pounds: the bad that more and more businesses and more and more locations will be clamouring for the cash. So how should it be used?"</u>
<u>Long term, strategic investment</u>	<u>"The basic answer to that should be that it is used for long run strategic investment in infrastructure, people and places and certainly not on short term fire-fighting. Recessions are a necessary part of the capitalist system and some businesses deserve, and should be left, to go to the wall. In any event, there are not enough funds to prop up every business in difficulty and EU rules wouldn't allow it in any event.</u>
<u>Long term effects</u>	<u>"Funding is now project based and the key question every time should be what there is likely to be left to show of strategic investments ten, twenty or even more years from now. My criticism of Objective One was that too many projects failed this test.</u>
<u>Knowledge-based economy</u>	<u>"The aim from now on must be to create a knowledge based, high value added economy, which is exactly what the project team intend. It will, of course, be easier said than done.</u>

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## Priorities

“It will be crucial to reduce the perceived peripherality of the Duchy through both investments in transportation and telecoms, to improve the look of key Cornish towns and to improve educational attainment and the skills of the workforce. Aspirations are crucial and, for too many people, far too low.”

## Build on success

“A good starting point would be to build on the main successes of Objective One, one of which is the Combined Universities in Cornwall through extended provision and spin off. Another will be to try and ensure that the redevelopment of St Austell and Camborne Redruth are satisfactorily completed.”

Prof Peter Gripaios  
Professor of Applied Economics  
University of Plymouth

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# News

## European Economic Recovery Plan

The President of the European Commission has announced proposals in a European Economic Recovery Plan to aid economic recovery. The measures include some changes to the way European Structural Funds such as the European Regional Development Fund and European Social Fund - are implemented. Details can be found at

> [http://ec.europa.eu/economy\\_finance/thematic\\_articles/article13502\\_en.htm](http://ec.europa.eu/economy_finance/thematic_articles/article13502_en.htm).

## Convergence website

The new website for the ERDF and ESF Convergence Programmes is now online. Containing information about the Programmes' aims, vision and investments it can be found at

> [www.convergencecornwall.com](http://www.convergencecornwall.com).

## Deadline extended - innovation and transnationality

The deadline for applications to the European Social Fund (ESF) innovation and transnationality call for proposals has been extended to 16 January 2009. The European Social Fund (ESF) innovation and transnationality call for proposals was launched on 31 October 2008. The call focuses on supporting a range of projects to develop and deliver new ways of extending employment opportunities and raising workforce skills. More information is available at

> [www.esf.gov.uk/innovation\\_transnationality](http://www.esf.gov.uk/innovation_transnationality).

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## ERDF Convergence investments contracted

### Pool Innovation Centre

An investment of almost £9 million from the ERDF Convergence Programme has been agreed for the creation of an innovation centre in Pool. The centre will provide high quality, flexible managed workspace to start up businesses with potential for growth and high productivity across all sectors. An additional £2.9 million will be provided by the South West Regional Development Agency.

> [www.convergencecornwall.com/what-is-convergence/news.php?id=193](http://www.convergencecornwall.com/what-is-convergence/news.php?id=193)

### Higher Education expansion in Penwith

Truro Penwith College is to receive a £4 million investment from the ERDF Convergence Programme as part of an £8 million improvement scheme. The

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expansion is being led by Truro and Penwith College and will involve new and refurbished buildings. It is part of a £32 million master plan to support Further and Higher Education in Penwith. For more information please see

> [www.convergencecornwall.com/what-is-convergence/media-releases.php?id=275](http://www.convergencecornwall.com/what-is-convergence/media-releases.php?id=275)

#### ERDF Convergence investments

Information about other contracted European Regional Development Fund (ERDF) Convergence investments in the Truro-Falmouth branch line, the Peninsula Dental School, business support and Watson Marlow Pumps Ltd can be found at

> [www.convergencecornwall.com/convergence-investments/](http://www.convergencecornwall.com/convergence-investments/)

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## Strategic Investment Frameworks established

#### Definition

Strategic Investment Frameworks (SIFs) provide a framework and justification for potential Convergence investments in specific areas in Cornwall and the Isles of Scilly. Proposed individual investments within the SIFs will then be appraised and, if suitable, endorsed for investment.

#### Established investment frameworks

The latest Strategic Investment Framework to be established is for St Austell, St Blazey and the Clay Area. The framework sets out a range of proposals for developing workspace and improving skills.

Information about other SIFs which have been established - for Newquay and St Columb Major; Bodmin; and Camborne, Pool and Redruth - can be found at

> [www.convergencecornwall.com/what-is-convergence/news.php?year=2008](http://www.convergencecornwall.com/what-is-convergence/news.php?year=2008)

> [www.convergencecornwall.com/what-is-convergence/strategic-investment-frameworks.php](http://www.convergencecornwall.com/what-is-convergence/strategic-investment-frameworks.php)

#### Proposed frameworks

Strategic Investment Frameworks are being developed for: Falmouth, Penzance and the Isles of Scilly, and Truro.

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## ESF Convergence investments contracted

#### Helping people into work

Investments managed by Department for Work and Pensions/Jobcentre Plus  
Three ESF Convergence investments to help people overcome barriers to work have been contracted: Cornwall Works Plus, Cornwall Works for Social Enterprise and Cornwall Works for Learning Disabilities. For details, please refer to

> [www.convergencecornwall.com/what-is-convergence/news.php?id=22](http://www.convergencecornwall.com/what-is-convergence/news.php?id=22).

#### Investing in skills

Investments managed by the Learning and Skills Council

A range of ESF Convergence investments focussing on raising skills levels have been contracted by the Learning and Skills Council. Details can be found at

> [www.convergencecornwall.com/convergence-investments](http://www.convergencecornwall.com/convergence-investments)

> [www.lsc.gov.uk/regions/SouthWest/](http://www.lsc.gov.uk/regions/SouthWest/).

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## Higher Education investments

Investments managed by Government Office for the South West  
The Graduate Placement Scheme is the first element of Higher Education investment contracted by the Convergence Programmes. Other investments in research, enterprise, higher level skills and raising aspirations are being developed. More detailed information can be found at

> [www.convergencecornwall.com/what-is-convergence/media-releases.php?id=289](http://www.convergencecornwall.com/what-is-convergence/media-releases.php?id=289).

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# Related European Programmes

## Rural Development Programme for England

### Farming Innovation Fund

An Innovation Fund is being launched to help farmers and growers develop new and more profitable ways of dealing with resources such as nutrients, water, energy and waste. The Innovation Fund will support on-farm investments in innovative technologies as well as research and training. For more information, please contact the South West Rural Enterprise Gateway on 0845 600 9966 or visit

> [www.sw-ruralgateway.info](http://www.sw-ruralgateway.info).

### Accessing the Rural Programme

The Rural Development Programme for England (RDPE) can be accessed through the Rural Development Gateway which provides advice about project proposals. They can be contacted by telephoning 0845 600 9966 or at

> [www.sw-ruralgateway.info](http://www.sw-ruralgateway.info)

For more information please see

> [www.defra.gov.uk/rural/rdpe/index.htm](http://www.defra.gov.uk/rural/rdpe/index.htm).

> [www.convergencecornwall.com/O1htm/o1-convergence/post2006faq.htm](http://www.convergencecornwall.com/O1htm/o1-convergence/post2006faq.htm)

> [www.southwestrda.org.uk/what-we-do/regeneration/eafrd/introduction.shtm](http://www.southwestrda.org.uk/what-we-do/regeneration/eafrd/introduction.shtm).

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## European Fisheries Fund Programme for the UK

### Fisheries investments approved

Eight investments in the English fishing industry, with a value of approximately £1 million, were approved by the first European Fisheries Fund Selection Panel in November 2008. The investments cover safety at sea, the development of an adaptive management protocol for shell fisheries, and the collection of scientific data by fishermen using innovative technologies. Details can be found at

> [www.mfa.gov.uk/news/press/081120.htm](http://www.mfa.gov.uk/news/press/081120.htm).

### Fisheries Programme

In Cornwall and the Isles of Scilly there is over £7m available through the European Fisheries Fund for investments which help secure a sustainable and profitable fishing industry. The scheme is now open for applications and facilitation service is provided by Steve Bailey on 07876 035733, 01503 240384 or [s.bailey@seafish.co.uk](mailto:s.bailey@seafish.co.uk). Further details are at

> [www.mfa.gov.uk](http://www.mfa.gov.uk).

More detailed information about Convergence, links to key organisations and websites can be found on our website

**Freephone helpline 0800 028 0120**  
**[www.convergencecornwall.com](http://www.convergencecornwall.com)**

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