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To: ECONOMIC DEVELOPMENT COMMITTEE		Subject: LANARKSHIRE KEY FUND
From: DIRECTOR OF PLANNING & ENVIRONMENT		
Date: 27 January 00	Ref: SL/Rep.652	

1. Purpose of Report

- 1.1 This report is submitted to the Economic Development Committee to update members on the implementation and management arrangements relating to the operation of the Lanarkshire Key Fund.

2 Sustainability

- 2.1 This project meets the sustainable development policy adopted by the Council through Local Agenda 21 by addressing elements of Section 3 "Economy and Work" and Section 8 "Social Needs". In particular the project addresses the following areas:

- reducing poverty and low pay
- increasing employment opportunities for local people
- helping local and community based businesses to develop

3. Current Position

- 3.1 Since the last report to the Economic Development Committee (26 November 1999) a subsequent report on the Lanarkshire Key Fund (LKF) was submitted to the Policy and Resources Committee (December 1999).
- 3.2 *Limited Company*
The report intimated that, after receiving legal opinion from all public sector organisations contributing to the LKF, that the separate legal body that required to be established to manage and operate the Key Fund should take the form of a limited company. This amendment was subsequently approved at a meeting of the Council held on December 1999.
- 3.3 The Registrar of Companies for Scotland has certified that Lanarkshire Key Fund Limited was incorporated, on 24 December 1999, under the Companies Act 1985 as a private company and that the Company is limited.
- 3.4 *Company Secretary*
Invitations to tender for consultancy services, namely Company Secretary, were issued to five accountancy practices. After due consideration of all responses the contract has been awarded to McDaid and Partners, Chartered Accountants. Formal approval of Company Secretary will require to be approved by the Board of Directors of Lanarkshire Key Fund Limited.

3.5 *Financial Contributions*

All public sector funding partners, North and South Lanarkshire Councils and the Lanarkshire Development Agency, have lodged the required funds to a temporary holding account facilitated by the Director of Finance. Once the Board of LKF Limited meet the funds will be transferred to an account operated by LKF Limited.

3.6 *European Regional Development Fund*

The offer of grant from the European Regional Development Fund, to match the public sector contributions to the LKF, has been accepted and returned to Strathclyde European Partnership.

3.7 Subsequent to recent Committee Reports (August, November and December 1999), Members will be familiar with the concept of the Lanarkshire Key Fund .

4. **Western Scotland Key Fund Committee**

4.1 Within the Western Scotland Objective 2 area Key Funds will operate in Lanarkshire, Glasgow and Inverclyde. Separate legal entities have been established in each area. Representatives from each Board will sit on the Western Scotland Management Committee. This unique structure will meet regularly to share best practice and develop a common strategic approach to delivering the Key Fund. The Committee will report on outputs and impacts, which will allow for measurement across the region.

5. **The Operation Of The Lanarkshire Key Fund (LKF)**

5.1 The fund will have a budget of £864,000 for the initial two years of it's operation made up of £432,000 equally contributed by each of the three funding partners, North Lanarkshire Council, South Lanarkshire Council and the Lanarkshire Development Agency. This funding is to be matched by £432,000 from ERDF.

5.2 In line with the requirements of Strathclyde European Partnership a new organisation has been formed with the role of managing the fund, the memorandum and articles of association of this organisation, the Lanarkshire Key Fund, are attached at Appendix A. Briefly, the makeup of the board of this organisation will involve two representatives from each of the three funding partners (North and South Lanarkshire Councils and Lanarkshire Development Agency) and two from the Social Inclusion Partnership management boards who will provide a community perspective at a Lanarkshire level.

5.3 The Fund will employ two development officers on grade PO2, one operating in North Lanarkshire and one in South Lanarkshire whose positions will be funded from the LKF.

5.4 Strathclyde European Partnership rules stipulated that both these positions must be filled by 31st December 1999 in order to comply with 1997-99 ERDF Programme Rules.

5.5 Interviews for posts of development officers took place on 21st December with the two successful candidates accepting their posts on the 23rd December.

6. **Proposals for the Operation of the Lanarkshire Key Fund Limited**

6.1 Given that it is anticipated LKF Ltd will meet once every four to six weeks it is proposed that, on a day to day basis, key fund development officers are answerable to the Economic Development Departments of their respective local authorities.

6.2 It is felt that only in this way can staff be provided with the support required in what is, essentially, a pilot project for Lanarkshire.

- 6.3 The Funding Partners are currently consulting to finalise the following areas of detail in respect of the Key Fund:
- i) The operating principles to guide the implementation and administration of the Fund.
 - ii) The strategic context which will be provided by the service development proposals emerging from the ongoing partnership approach to improving support for unemployed people.

7. Funding

7.1 The funding for the project from all three partners was placed in a newly opened North Lanarkshire Council bank account and thereafter transferred to a high interest bearing account until such times as a Lanarkshire Key Fund Limited account was opened and the signatories to the same were established. All funding will be duly transferred to the new bank account subsequent to this.

7.2 The final claim for ERDF funds was submitted on 23rd December 1999.

8. Recommendations

8.1 It is recommended that the Committee:-

- (i) Note the contents of this report and homologate the actions taken.



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For further information contact Steven Latta, Economic Policy Officer (Tel 01236 616281)