

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject:  <b>LANARKSHIRE KEY FUND UPDATE</b>
From: DIRECTOR OF PLANNING & ENVIRONMENT		
Date: 8 June 2000	Ref: SL/Rep.688	

## 1. Purpose of Report

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

## 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 relating to the LKF (27 January 2000), significant progress has been made with regards the operation of the fund.

## 4. Staffing

- 4.1 The two LKF development officers have been in post since March and are now well established at their respective bases at North and South Lanarkshire Councils.

## 5. LKF Board

- 5.1 The board of LKF has now been formed and comprises an officer, elected member and community representative from both North and South Lanarkshire Council, two senior employees of Scottish Enterprise Lanarkshire and a company secretary. The company secretary is from local firm of Chartered Accountants, McDaid & Partners as reported in the committee report dated 27 January 2000.

- 5.2 The minutes from the initial two board meetings are at Appendix A.

## 6. Auditor

- 6.1 One criterion stipulated by Strathclyde European Partnership was that an external auditor should be appointed by the board to carry out an annual financial audit of LKF. At the board

meeting on 11<sup>th</sup> May 2000, Watson Dunne & Co., Chartered Accountants, were appointed as auditors.

## **7. Banking Arrangements**

- 7.1 Tenders for the operation of the LKF bank account have been issued and the tenderers are currently being considered.
- 7.2 The monies, which are held temporarily, will be transferred to the new account in line with the financial requirements of the Council

## **8. Financial Status**

- 8.1 As members will be aware from previous committee reports the fund has a budget of £864,000 made up of three equal contributions totalling £432,000 from North and South Lanarkshire Council and Scottish Enterprise Lanarkshire. This will be match funded with £432,000 from European Regional Development Fund.
- 8.2 To date the bank account is £417,041 in credit, representing the three funding partners' contribution minus expenditure of £14,959. Expenditure to date is made up largely of salaries, job advertisements and ERDF Objective 2 management fees.
- 8.3 It is anticipated that match funding will be paid by Scottish Executive by the end of May 2000.

## **9. Recommendations**

- 9.1 (i) It is recommended that the Committee note the contents of this report and that  
(ii) further reports will be submitted on a quarterly basis.



**David M. Porch**  
**Director of Planning & Environment**

Date of Report: 12 May 2000

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

**LANARKSHIRE KEY FUND LIMITED**

COMPANY NO: 202636

MINUTES OF THE SECOND MEETING OF THE BOARD OF DIRECTORS  
HELD AT THE ECONOMIC DEVELOPMENT UNIT, NORTH LANARKSHIRE COUNCIL,  
FLEMING HOUSE, CUMBERNAULD  
ON WEDNESDAY 5 APRIL 2000

PRESENT: PAMELA WOODBURN (CHAIR)  
COUNCILLOR JIM BROOKS  
COUNCILLOR CHRIS THOMPSON  
ANNE SHIELDS  
JIM DOTT  
ROBERT HUNTER  
ROBERT MORRISON  
MAUREEN MCCONACHIE  
JOHN TURLEY  
LIZ MARTIN  
CAROLINE COLEMAN

<u>Item No</u>	<u>Item</u>	<u>Action</u>
1	<u>Minute of Previous meeting</u>  <u>The minutes of the meeting of the Board held on Tuesday 22 February 2000 were approved.</u>	
2	<b>South Lanarkshire Council</b>	
2.1	<u>Appointment of Proxy</u>  Due to the absence of Ceri Doyle, who was on maternity leave, South Lanarkshire Council had intimated that Anne Shields would act as proxy in line with the Memorandum and Articles of Association of the company.	
2.2	<u>Appointment of Community Representative</u>  It was noted that Susan Hanlon would be the nominated Community Representative for South Lanarkshire. It was agreed that Susan should be provided with background papers on the Key Fund prior to the next meeting of the Board.	John Turley
2.3	<u>Compliance with Legal Commitment Requirements</u>  It was confirmed that the South Lanarkshire Council financial commitment to the Key Fund, which was delayed due to technical reasons, would be accepted as eligible match funding.	

3. **Reports by Company Secretary**

3.1 Tenders for Company Bank Account

Jim Dott intimated that a brief to tender for the company bank account had been distributed to banks as detailed in the previous minute. It was anticipated that meetings with bank representatives would be concluded and that a report would be submitted to the next meeting of the Board by Friday 14 April.

3.2 Signatories to the Key Fund

It was agreed that the Company Secretary and the Directors of the Lanarkshire Key Fund would be signatories to effect dispersal of Key Fund expenditure.

Jim Dott

Councillor Brooks raised the question of Directors indemnity and it was agreed that the Company Secretary would investigate this and report back to the next meeting of the Board.

3.3 Tenders for Company Auditor

It was agreed that the Company Secretary would proceed with arrangements to invite tenders for the position of Company Auditor

Jim Dott

4 **Pension Fund**

4.1 A report previously circulated, was discussed in connection with specific options as to the admittance of the company to the Pension Fund. After discussion it was agreed that the Company should apply to the Pension Fund as an unsponsored project as detailed in the report.

5 **Scheme of Delegation**

5.1 It was agreed that, in order to improve the effectiveness and efficiency of the operation of the Key Fund, that a scheme of delegation should be outlined for approval at the next meeting of the Board.

John Turley/  
Jim Dott

6. **Development Officers Progress Report**

6.1 A progress report on the activities of the Development Officers together with a draft Action Plan was discussed.

7 **Service Gaps in South Lanarkshire**

7.1 A report previously circulated, was discussed in connection with specific options as to the admittance of the company to the Pension Fund. After discussion it was agreed that the Company should apply to the Pension Fund as an Unsponsored project as detailed in the report.

8. **Capital Expenditure**

8.1 A report previously circulated recommending the purchase of mobile

phones and laptop computers for use by the Development Officers was approved.

John Turley

9. **West of Scotland Key Fund Partnership**

- 9.1 Maureen McConachie intimated that Inverclyde would be hosting the next meeting of the West of Scotland Key Fund Partnership on 18 April 2000. It was agreed that, in addition to Maureen representing the Board, that a Community Representative Director should also attend. After discussion it was agreed that Robert Morrison be nominated to attend future meetings.

10 **Key Fund Workshop**

- 10.1 Discussion arose. Report was tabled by Robert Hunter on the outcome of the Key Fund Workshop facilitated by Alan McGregor, Glasgow University. In addition, the meeting also discussed a potential model of employment delivery which was also circulated.

In order that the proposals could be discussed and advanced quickly it was agreed that a meeting would take place on Wednesday 19 April at the offices of Scottish Enterprise Lanarkshire.

Robert Hunter circulated copies of report on a meeting held with Pertemps and *will* circulate Employment Services document "The role of labour market intermediaries".

Robert  
Hunter

It was agreed that Maureen McConachie would provide a brief to assist with audit of community organisations.

Maureen  
McConachie

11 **Key Fund ERDF Application**

- 11.1 John Turley drew to the attention of the Board the fact that proposals which were being discussed with regard to the potential distribution of Key Fund finance would be seen as a fundamental change to the ERDF application. After discussion it was agreed that the views of Strathclyde European Partnership would be sought and comments reported back to the Board.

John Turley

12 **Future Meetings**

- 12.1 Future meetings of the Board of Directors were agreed as noted below:-
- Thursday 11 May 2000 at 10.00am at Montrose House, Hamilton;
  - Tuesday 13 June 2000 at 10.00am at Scottish Enterprise, Lanarkshire.

Steven Latta  
8 May, 2000

**LANARKSHIRE KEY FUND LIMITED**  
**COMPANY NUMBER: 202636**

**Minutes of the First Meeting of the Board of Directors**  
**held at Lanarkshire Development Agency,**  
**New Lanarkshire House, Strathclyde Business Park, Bellshill**  
**on Tuesday 22 February 2000**

**Present :** Pamela Woodburn (Chair)  
 Robert Hunter  
 Councillor Chris Thompson  
 Ceri Doyle  
 John Crawford  
 Maureen McConachie  
 Robert Morrison  
 Jim Dott

**In Attendance :** John Turley

**Apologies :** Councillor Jim Brooks

<b>Minute</b>	<b>Action</b>
<b>1. Applications for Membership and Appointments to the Board</b>	
<b>1.1 <u>Applications for Membership</u></b>	
John Crawford indicated that applications had been received from both North and South Lanarkshire Councils to join Lanarkshire Key Fund Limited. These applications were accepted by officials of the LDA who were are members and Directors of the company.	
<b>1.2 <u>Appointment of Directors</u></b>	
In addition to the founder members and directors namely, Pamela Woodburn and Robert Hunter, applications for appointment to the Board of Directors, for the undernoted, had been received and were agreed:	
Maureen McConachie, North Lanarkshire Council Councillor Jim Brooks, North Lancashire Council Ceri Doyle, South Lanarkshire Council Councillor Chris Thomson, South Lanarkshire Council	
All new directors were co-opted by the board. John Crawford indicated that all Forms 288 will be completed by himself in respect of the new appointments with copies being forwarded to the company secretary for inclusion within the statutory books and records of the company. The relevant forms will also be filed by Mr Crawford with Companies House.	<b>John Crawford</b>

### 1.3 Appointment of Community Representatives to the Board

Robert Morrison, Community Representative, North Lanarkshire was appointed to the Board. Ceri Doyle intimated that a Community Representative from South Lanarkshire would be nominated within 3 weeks.

### 1.4 Appointment of Chairperson

In line with the Articles of Association of the company the Chairperson to the board will be a representative from LDA until 30 June 2000, with a representative from NLC being Chairperson for the six month period to 31 December 2000 and the following six months to 30 June 2001 a representative from South Lanarkshire Council will be Chairperson. Consequently Pamela Woodburn was confirmed as Chairperson.

### 1.5 Appointment of Company Secretary

Mr Crawford intimated that Linda Ellison was presently the company secretary with McDaid & Partners assuming this role with immediate effect. Jim Dott indicated that a letter of resignation should be received from Linda Ellison for inclusion within the statutory books and a Form 288 will be prepared and submitted on behalf of McDaid & Partners in their appointment of company secretary.

**Linda Ellison**

## 2. Financial Matters

### 2.1 Financial Status

The Board were provided with a financial statement detailing funds held within the Lanarkshire Key Fund investment account lodged with the Clydesdale Bank plc. This statement confirms that an opening balance of £432,000 has been credited to the account. This comprises of funds deposited by the public sector bodies as detailed below:

- NLC - £144,000
- LDA - £144,000
- SLC - £144,000

Match funding from the European Regional Development Fund had, as yet, not been received. North Lanarkshire as lead agency for the European application, agreed to ascertain when the match funding would become available.

**John Turley**

Details relating to the eligible project costs for the management and operation of the Key Fund, extracted from the ERDF application, were discussed and noted. It was agreed to provide the Company Secretary with a full copy of the ERDF submission to assist in the financial management of the Fund and for the company records.

**John Turley**

## 2.2 Accounting Reference Date

After discussion it was agreed that the accounting reference date for the Company would remain as 31 December to comply with the European Commission financial year.

## 2.3 Banking Arrangements

It was noted that the funds temporarily held within the account operated by North Lanarkshire Council would require to be transferred to a separate bank account wholly under the control of the Company. The Company Secretary and officials from NLC would compile a brief detailing the aims and objectives of the Key Fund and invite tenders for the operation of the Key Fund bank account from banks with a 'social conscience'. It was agreed to invite tenders from::

Jim Dott  
Maureen McConachie  
John Turley

- Clydesdale Bank
- Lloyds TSB
- Royal Bank of Scotland
- Bank of Scotland
- Co-operative Bank
- First Direct

It was agreed that the brief should be circulated to Directors for comment prior to issue.

A condition of an appointed bank should be that they have a Lanarkshire presence. It was intimated that potential support from the successful tender could reflect, for example, secondment to assist Key Fund community organisations and company.

## 2.4 Appointment of Auditors

To comply with legal requirements the Company will be required to appoint an external auditor. After discussion it was agreed that the Company Secretary in conjunction with NLC officials provide a paper and thereafter should write to the undernoted accountancy practices and invite applications to tender:

Jim Dott  
Maureen McConachie  
John Turley

- Pannell Kerr Forster
- William Duncan & Company
- BDO Stoy Hayward
- Ian A Stewart & Co
- James Lockhart & Co
- Benson Wood & Co
- Watson Dunne & Co

Once the process has been completed the Company Secretary should provide a recommendation for consideration at the next meeting of the Board.

## 2.5 VAT -

Jim Dott

The subject of VAT was discussed and Jim Dott will enquire on whether any benefits will arise from the potential registration of the company for VAT purposes. It should be noted that all income receivable by the company will be exempt from VAT and a ruling will be sought on whether any input tax can be reclaimed to provide additional income to the company.

Jim Dott

It was also agreed that in addition to any re-claimed VAT, that clarification be sought from Strathclyde European Partnership as to the re-cycling of interest generated by the Key Fund as additional eligible expenditure.

John Turley

## 3. Staffing

### 3.1 Appointment of Development Officers

Discussions took place on the contracts, terms and conditions to be offered to the Development Officers (Caroline Coleman and Elizabeth Martin). It was agreed that Maureen McConachie, Ceri Doyle, Jim Dott and John Turley should meet to draw up the contracts, including terms and conditions, to be offered to the Development Officers. The meeting would also consider the issue of pension arrangements.

Maureen McConachie,  
Ceri Doyle  
Jim Dott  
John Turley

It was proposed by Maureen McConachie that if Caroline Coleman required to work her notice with the Social Work Department then it could be an advantage if Elizabeth Martin commenced her employment at an earlier date ie 6 March 2000 thereby assisting in the setting up process of the necessary systems for the company. It was also noted that Elizabeth Martin will be entitled to 20 days holiday entitlement plus public holidays.

At this point the following paperwork was handed over to Jim Dott of McDaid & Partners from Mr John Crawford regarding initial papers lodged with Companies House:

- Form 10 in respect of the appointment of first directors and secretary and registered office of the company.
- Form 12 declaration on application for registration of the company.
- The original Certificate of Incorporation was passed to Robert Hunter for display within the registered office of the company which are the LDA premises.
- Three copies of the certificate of incorporation together with four copies of the memorandum and articles of association of the company.

- Form CT41G which requires to be completed on behalf of the company and submitted to the Inland Revenue at an early date.

#### **4. Lanarkshire Key Fund – Aims & Rationale**

4.1 Pamela Woodburn tabled a paper which outlined potential development opportunities and issues. These included the formation of an intermediary organisation; potential to meet some of the gaps in provision arising from Review of Services for the Unemployed and developments of services to achieve Community Capacity building, which the Key Fund could investigate. It was agreed that the paper would be discussed at the Key Fund workshop to be facilitated by Alan MacGregor, to be held on 16 March 2000. Invitations are extended to all Board members to attend the workshop and it was agreed that the Development Officers should also attend. Maureen McConachie indicated that she had invited officers of North Lanarkshire Council involved in the Social Justice League Regeneration Agenda. The Board welcomed this participation and it was agreed that a limited number of additional invitations would be extended to other individuals who would make a contribution to the development and operation of the Key Fund.

4.2 A brochure was also presented concerning local social capital small grants and it was suggested that this fund should be utilised to its maximum potential as well as the Key Fund in respect of social initiatives. Further discussions took place on how the Key Fund initiative will develop and ongoing meetings will take place in the near future with regard to how the initiative will develop.

4.3 It was also intimated that an English company (Per Temps) were carrying out a similar function to that proposed as an intermediary organisation to be funded by the Lanarkshire Key Fund and Councillor Chris Thompson indicated that he will contact this company with a view to obtaining advice/ideas on how this type of organisation can develop.

#### **5.0 Future Action**

##### **5.1 Development Officers - Reporting**

It was agreed that the Local Authority Economic Development functions would be responsible for day to day operational and management matters relating to the Development Officers.

##### **5.2 Key Fund - Launch**

It was agreed that Maureen McConachie would provide a paper for discussion at the April meeting of the Board relating to the launch and marketing arrangements for the Key Fund.

**Maureen McConachie**

### **5.3 Operation Flow Chart**

It was agreed that this item be discussed at the next meeting of the Board.

### **6.0 Future Meetings**

6.1 Future meetings of the Board of Directors were agreed as detailed below:

- Wednesday, 5 April 2000 at 14.30hrs at Fleming House, Cumbernauld
- Thursday, 11 May 2000 at 10.00hrs at Melrose House, Hamilton

There being no other business the meeting ended.

JT/JD  
25/02/00