

EAST AYRSHIRE COUNCIL

EMERGENCY POWERS COMMITTEE: 22 July 2002

AYRSHIRE KEY FUND LIMITED

Report by the Depute Chief Executive/ Director of Corporate Resources

1. PURPOSE OF REPORT

- 1.1 To inform Members the establishment of Ayrshire Key Fund Limited, to seek formal approval of East Ayrshire Council's membership of the Company and to the appointment of East Ayrshire Council's representatives on the Board.

2. AYRSHIRE KEY FUND LIMITED- BACKGROUND

- 2.1 Ayrshire Key Fund Limited is a private company limited by guarantee established by Scottish Enterprise Ayrshire as a new initiative which will encourage the growth of community based organisations and the contribution they make to regeneration activities.
- 2.2 Ayrshire Key Fund Limited will operate in accordance with the requirements issued by the Strathclyde European Partnership, which is providing 50% of the funding for the initiative, and the good practice identified in the Glasgow, Lanarkshire and Inverclyde area Key Funds. Grants of up to £25,000 will be awarded to community based organisations engaged in community economic development activity within recognised Scottish Executive designated SIP areas in Ayrshire, between June 2002 and December 2003.
- 2.3 The social economy and voluntary sector have been identified by the Scottish Executive as emerging growth sectors, which will create jobs and improve local services. These sectors have traditionally found it difficult to access European funding, principally because grants are paid in arrears and require to be match funded. Ayrshire Key Fund Limited will address these issues by operating a streamlined application and decision making process, paying grants up front and having no requirement to match fund.
- 2.4 As with all European grants, specific outcomes have been given as part of the application. Each of the SIP areas in Ayrshire has its own targets within this and for East Ayrshire these are:

New jobs created	3 (1 female)
Jobs safeguarded	1
New jobs in existing SME's	2
New training places	8
New Childcare places	10
SME's achieving quality awards	1
No of organisations using ICT	1
Increase in sales in existing SME's	£39,000

3. AYRSHIRE KEY FUND BOARD

- 3.1 As indicated in paragraph 2.1 of this report a new private company limited by guarantee, Ayrshire Key Fund Limited has been established by Scottish Enterprise Ayrshire. Ayrshire Key Fund Limited will be responsible for the disbursement of grants. The establishment of this limited company is a requirement of the grant from Europe.
- 3.2 At present Scottish Enterprise Ayrshire is the only member of Ayrshire Key Fund Limited, The Company's Memorandum and Articles of Association however define Scottish Enterprise Ayrshire and each of the three Ayrshire Authorities as Founder Member. The Memorandum and Articles of Association further provide that the members of the Company shall be the Founder member who has established the Company, any other of the named Founder Members who have indicated in writing to the Secretary of the company its willingness to be members of the Company and any such other person or persons as the Directors may approve from time to time.
- 3.3 The Memorandum and Articles of Association further provide for each of the Founder Members whilst they remain members of the Company to nominate two Directors to the Board Any nomination by a Founder Member can also be varied by such a Founder Member
- 3.4 East Ayrshire Council is the grant recipient for the East Ayrshire Coalfield Area SIP and signatory to the ERDF bid on behalf of the SIP .It is accordingly recommended that Shiela White and Iain Smith two members of the East Ayrshire Coalfield Area SIP Board nominated by that Board be nominated by the Council as Directors to the Board of Ayrshire Key Fund Limited and that the Council formally delegate responsibility for all subsequent nominations on its behalf to the Board of Ayrshire Key Fund Limited to the SIP Board.
- 3.5 All decisions as to the management and administration of Ayrshire Key Fund Limited will be made by the Board It is however anticipated that the day to day management and administration of Ayrshire Key Fund Limited at a local level will be delegated to SIP support staff It is further anticipated that recommendations for Key Fund awards will be made by the SIPs.

4. FUNDING ALLOCATION

- 4.1 Ayrshire Key Fund Limited has been created from the submission of 2 successful ERDF bids under the Objective 2 programme. In addition Scottish Enterprise Ayrshire and all 4 Ayrshire SIPs have committed match funding to give a total fund of £754,000.
- 4.2 After management and administration costs, a total of £694,000 will be disbursed in grants. The allocation for each SIP is determined by the level of its contribution to the fund. The total available within the East Ayrshire Coalfield Area SIP is £92,352. This figure may rise, as Scottish Enterprise Ayrshire is considering whether to hold its contribution for pan-Ayrshire bids, or split it

between the participating SIPs. If split, this would raise the total available to East Ayrshire to £124,788.

5. ELIGIBILITY

- 5.1 ERDF funding is being provided through measure 3.1 Community Based Regeneration. It is a condition of such funding that it is targeted on social economy organisations operating within or providing services to formally recognised SIP areas.
- 5.2 In each case, applicants will have to demonstrate that these services are additional and will result in new economic opportunities for SIP residents within their local communities.
- 5.3 Ayrshire Key Fund Limited grants will not be available to local authorities or other statutory public bodies. Local economic development companies, local employment and training initiatives, the FE sector, or larger community and voluntary organisations, which have previously accessed European support in their own name will also be ineligible as applicants.

6. SUBMISSION AND ASSESSMENT OF BIDS

- 6.1 Local Key Fund Panels will be set up in each SIP area. The Panels will receive and appraise applications from organisations in their own area and will make recommendations to the board of Ayrshire Key Fund Ltd for approval of projects. In East Ayrshire the SIP Board has delegated responsibility to two members of the Board and SIP Officers, who will sit on the panel and ensure that recommended applications reflect the priorities of the Coalfield Area SIP .
- 6.2 All applications must be submitted to the SIP for the area in which the project will happen. The deadline for the first round of applications is 12 noon on Friday 30 August 2002.

7. RECOMMENDATIONS

- 7.1 Members are asked to:
 - i) note the establishment of Ayrshire Key Fund Limited.
 - ii) approve East Ayrshire Council's Membership of the Company.
 - iii) approve the appointment of Shiela White and Iain Smith, the nominees of the East Ayrshire Coalfield Area Social Inclusion Partnership Board as the Council's Nominees to the Company Board and delegate responsibility for all subsequent nominations on behalf of the Council to the Company Board to the SIP Board; and
 - iv) otherwise note the contents of the report.

Fiona Lees

Depute Chief Executive/Director of Corporate Resources

16 July 2002

List of Background Papers

European Regional Development Fund (ERDF) -16 April 2002

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AGENDA