

REPORT TO CABINET

REPORT OF: CORPORATE MANAGER
DEMOCRATIC & LEGAL SERVICES AND
CHIEF EXECUTIVE

REPORT NO. LEG/0170

DATE: 11th October 2004

TITLE:	INCORPORATION OF LINCOLNSHIRE ENTERPRISE
FORWARD PLAN ITEM:	NOT APPLICABLE
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	NOT APPLICABLE
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	NOT APPLICABLE

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	COUNCILLOR JOHN SMITH
CORPORATE PRIORITY:	ECONOMIC DEVELOPMENT
CRIME AND DISORDER IMPLICATIONS:	N/A
FREEDOM OF INFORMATION ACT IMPLICATIONS:	N/A
BACKGROUND PAPERS:	

1. **REASON FOR REPORT**

To confirm the Council membership of Lincolnshire Enterprise Limited.

2. **RECOMMENDATIONS**

That the Cabinet

- (1) note the incorporation of Lincolnshire Enterprise as a company limited by guarantee and take up membership of the Company, subject to confirmation of all funding contributions from members approached by Lincolnshire Enterprise for subscriptions;
- (2) to confirm the nomination of Councillor John Smith to represent the Council in its capacity as member of the Company when the Council has taken up membership
- (3) note the appointment by the Lincolnshire Local Government Association of Councillor Porter as a Director of the Company for this year.

3. **REASONS FOR RECOMMENDATIONS**

- (1) Lincolnshire Enterprise will no longer exist in its current form. As a member of the new company, the Council has the opportunity to influence the regional economic agenda.
- (2) Appointing a member to represent the Council at member meetings will allow an opportunity for representation, without conflict of interest.

4. **ALTERNATIVE OPTIONS**

Not to become a member of the new company.

5. **BACKGROUND**

- (1) Lincolnshire Enterprise is currently set up as a sub-regional strategic partnership, and currently receives operational support from Lincolnshire County Council ("LCC") as its "banker". It is currently funded by 13 subscriptions from local partners (including all district/borough councils) of £6,000 p.a. and a fluctuating amount of core funding from EMDA, which equates to at least £150,000 p.a.
- (2) All EMDA funding delegated through Lincolnshire Enterprise requires 100% matching by a third party in most cases, and the vast majority of these funds come from the public sector, principally local authorities.
- (3) The decision to move to a company limited by guarantee was agreed by the Board of Lincolnshire Enterprise Partnership in December 2003. The main rationale for this is to provide an independent structure for the future, which can lobby for all interested parties in Lincolnshire, to

achieve the best possible deal for economic development in the sub-region.

6. **COMPANY FORMATION**

The memorandum and articles of association of the new company closely follow the current constitution of Lincolnshire Enterprise. In particular, Lincolnshire Enterprise have been asked to ensure that:-

- The Articles of Association proposed for the company refer to an annual business plan. Members funding contributions each year to be conditional on agreement of this plan.
- The Board to consult all members should it wish to act outside its agreed business plan.
- The maximum number of members to be limited to 32, thereby ensuring that the local authority sector has at least 25% of the members, which will allow it to block any changes to the memorandum and articles without adequate consultation with the local authorities.
- Observers (officer or member) are entitled to attend board meetings.

7. **COMMENTS OF HEAD OF FINANCE AND STRATEGIC RESOURCES**

- (1) For the current financial year, the Council's budget included provision for a contribution of £6,000 on the basis of the former arrangements.
- (2) Allowance for the £12,000 contribution for 2005/2006 has been made in the budget prioritisation exercise.
- (3) The proposal to increase funding from the Districts/Borough Council and the County Council will enable Lincolnshire Enterprise to hit its new funding targets for partner subscriptions (at least £150,000 in cash and at most £100,000 in kind) with EMDA having undertaken to provide a further £250,000 to the company on the basis of achievement of these targets.

8. **DIRECTORS/MEMBERS**

- (1) Under an arrangement with Lincolnshire Local Government Association each local authority will be 'paired' with another authority, and one director will be provided from each pair on an annual basis. South Kesteven District Council is paired with South Holland District Council and Councillor Porter has been nominated by the Lincolnshire LGA as the director for this year. Next year, the director will be nominated from South Kesteven District Council.
- (2) Directors may only remain in place whilst they are a member of their local authority.

- (3) For each year that it does not have a director, the Council will be entitled to have an observer present at board meetings, and that observer may be a member or an officer.

9. **COMMENTS OF CORPORATE MANAGER DEMOCRATIC AND LEGAL SERVICES**

- (1) The Council has the power under Section 2 of the Local Government Act 2000 to take up membership of the company, and increase its contribution, if it considers it is likely to achieve the promotion or achievement of the economic, social or environmental well being of its area.
- (2) Lincolnshire Enterprise will not be a local authority controlled or influenced company, as there is insufficient board representation, and the local authorities in total do not contribute more than 50% of the turnover of the company.

10. **CONTACT OFFICERS**

Corporate Manager – Democratic and Legal Services
Chief Executive

No background papers under Section 100D of the Local Government Act, 1972 were used in the preparation of this report.