
MEETING: COUNCIL
DATE: 23 JUNE 2004
SUBJECT: GREATER MANCHESTER CONNEXIONS
REPORT FROM: LEADER OF THE COUNCIL
CONTACT OFFICER: CHIEF EXECUTIVE

TYPE OF DECISION: Council
REPORT STATUS: For Publication

PURPOSE/SUMMARY: To agree Accountable Body status for Bury MBC in relation to the activities of GM Connexions

OPTIONS AND RECOMMENDED OPTION (with reasons):

See paragraphs 3.1 and 3.2

IMPLICATIONS -

Financial Implications and Risk Considerations

See statement by Director of Finance & E-Government

Corporate Aims/Policy Framework:

Do the proposals accord with the Policy Framework? Yes

Are there any legal implications? Yes

Considered by Monitoring Officer: Yes

The Council may enter into arrangements or agreements with any person/body in order to promote the social/economic wellbeing of the area. Any joint arrangements established under the recommendations would fall within Article II of the Constitution.

Statement by Director of Finance and E-Government:

If no changes are made to the delivery of the Connexions service then there will be considerable leakage of funds from the service in the way of unreclaimable VAT. The report sets out a structure that would allow Bury MBC to utilize its unique VAT position (the so called section 33 powers) to reclaim VAT charged by the Connexions contractors. Discussions with Customs and Excise suggest that this is an acceptable way forward. However, one issue is yet to be resolved and that is the ability of the Council to contract with itself. Potentially this may require an alternative structure for Bury as a sub-contractor although substantial VAT efficiencies will still be achievable across Greater Manchester under the arrangements outlined in the report. Further legal advice is being taken on this matter.

There appear to be minimal risks associated with the proposed arrangements although cash flow timings (and implications) need to be refined. The formal agreement referred to in the report will be structured to safeguard the Council's interests.

Staffing/ICT/Property: None

Wards Affected: All

Scrutiny Interest: Council

TRACKING/PROCESS

DIRECTOR:

Chief Executive/ Management Board	Executive Member/ Chair	Ward Members	Partners
Scrutiny Panel	Executive	Committee	Council

1.0 BACKGROUND

- 1.1 Greater Manchester (GM) Connexions is a company, limited by guarantee, which funds and provides services for 13 – 19 year olds as an agent of the Department for Education and Skills (DfES) through the Supporting Children and Young People Group (SCYPG) and Government Office North West (GONW).
- 1.2 The main service is delivered through sub-contracts, based on the ten Borough boundaries, and the contracts are held by a range of different for-profit and not-for-profit organisations as well as local authorities. Bury MBC is a sub-contractor for the District with effect from 1 April 2004.
- 1.3 The service has now become subject to VAT, which has had a severe effect upon the resources available for service delivery.

2.0 ISSUES

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- 2.1 The Association of Greater Manchester Authorities (AGMA) has agreed that Bury MBC should act as the "Accountable Body" for the DfES grant of some £26m, to be distributed by Bury's agent, GM Connexions, to provide the services referred to in Appendix A. Appendix B outlines the AGMA position agreed at the meeting on 28 May 2004.
- 2.2 This would involve the responsibility for ensuring the grant is expended for the purposes for which it is designed.
- 2.3 Subject to the agreement of Customs & Excise, SCYPG, GONW and the Board of GM Connexions, it is proposed that the Council agrees to undertake this role.
- 2.4 It should be noted that there is a proposal for a second phase which would involve Bury MBC taking on "Lead Body" status as from 1 April 2005, subject to a further paper seeking approval.
- 2.5 Should Members approve the Accountable Body status for Bury MBC in this regard, a formal agreement would be made detailing the responsibilities and safeguards for the Council. Any costs incurred would be passed on to the company.
- 2.6 The principal benefit would be that £200,000 per month from expenditure that otherwise would be utilised for VAT would become available to be expended across Greater Manchester for service provision for 13-19 year old young people in the area.

3.0 CONCLUSION

The Council is asked to:

- 3.1 agree in principle for Bury MBC to become the Accountable Body for GM Connexions, subject to the agreement of those mentioned above, and the conditions outlined;
- 3.2 authorise the Chief Executive to conclude a formal agreement to this effect.

**COUNCILLOR JOHN BYRNE
LEADER OF THE COUNCIL**

List of Background Papers:-

Appendices attached

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