

**Manchester City Council
Report for Resolution**

Report to: Executive – 28 June 2017
Subject: Future of the Section 48 AGMA Grants Scheme
Report of: The City Solicitor

Summary

This report asks for formal consideration to be given to the closure of the current section 48 AGMA Grants Scheme, with a view to its replacement by a new scheme under the Greater Manchester Combined Authority (GMCA).

Recommendations

The Executive is recommended to:

1. Give initial consideration to the case for closure of the Section 48 AGMA Grants programme and authorise a consultation on closure of the scheme to be undertaken by AGMA to inform a final decision on closure that will be taken at a later date.
2. Support the development of a new funding programme for culture, under the GMCA, as a potential replacement for the Section 48 Scheme.
3. Note that it is intended to run the consultation for a new GMCA programme for culture at the same time as the consultation on closure of the Section 48 scheme.

Wards Affected - All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Grant funding allocated by the S.48 Scheme helps promote economic growth within the city.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Grant funding allocated by the S.48 Scheme contributes to developing the skills and employability of Manchester residents.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	

A liveable and low carbon city: a destination of choice to live, visit, work	Grant funding allocated by the S.48 Scheme contributes to the cultural life of the city.
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Closure of the S.48 Scheme would mean that the Council would no longer contribute funding towards it.

Financial Consequences – Capital

None.

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Background documents (available for public inspection):

None.

1.0 Introduction

- 1.1 AGMA Executive operates a grant scheme under Section 48 of the Local Government Act 1985 (“the 1985 Act”) on behalf of the ten Greater Manchester district councils. The current 2015/18 programme of grant funding to “eligible voluntary organisations” (as defined in the 1985 Act) was agreed in December 2014 by AGMA Executive and was for a three year period. Initially funding was only guaranteed for the first year, with funding for years 2 and 3 of the programme being subject to the availability of funds. However, ultimately all three years are to be funded. The scheme is currently in year 3 of the current three year funding cycle, which is due to end at the finish of the 2017/18 financial year. Funding for year 3 was agreed at the joint AGMA/GMCA Executive Board on 16th December 2016. The total funding for the three year programme is £9,943,906, including a total of £210,000 for programme management support.
- 1.2 AGMA Leaders have previously suggested that they would like to review options for the development of a new programme for culture under the GMCA, with a view to aligning the start of the new programme with the closure of the Section 48 scheme.

2.0 Future of the Section 48 Scheme

- 2.1 In early 2016, Leaders indicated that they wished to review options to move the AGMA grants scheme to the GMCA, such a move being consistent with wider reviews and changes arising since the establishment of the GMCA and subsequent devolution deals. The option favoured was closure of the Section 48 scheme in conjunction with the establishment of a new programme for culture under the GMCA in 2018/19 after year 3 of the current funding cycle of the AGMA scheme closes in 2017/18.
- 2.2 At its meeting on 16 December 2016 the AGMA/GMCA Executive Board decided to recommend to constituent Councils that consideration be given to the closure of the AGMA Section 48 Grants scheme and that approval be sought for AGMA to undertake a consultation on the formal closure of the scheme.
- 2.3 It should be noted that if closure is agreed by all (or in the absence of agreement a majority of) the constituent Councils then, due to the legislative requirements relating to the closure of a scheme established under Section 48 of the 1985 Act, the closure of the scheme would not occur until the end of the financial year after that in which the decision to close the scheme was made. An indicative timetable for closure of the Section 48 scheme is set out below:
- May/June 2017 - constituent Councils agree that the closure option should be considered and approve the undertaking by AGMA during 2017 of a consultation on closure of the scheme.
 - June 2017 – formal notice given to funded organisations that closure of the scheme is being considered and that a consultation will be

undertaken. To also note that the GMCA intends to consult on a new programme during 2017 and to run the consultation for this alongside the Section 48 closure consultation.

- Autumn 2017 – subject to consideration of the outcome of the consultation AGMA Executive makes recommendation to constituent Councils to agree closure of S48 scheme.
- Before end March 2018 – constituent Councils agree to closure of the Section 48 scheme.
- 31st March 2019 – AGMA Section 48 scheme closes.

2.4 The indicative timetable for closure referred to at paragraph 2.3 above would mean that there would be a need for a further year beyond the current 2015/18 funding cycle in which the AGMA Section 48 scheme would remain in existence, in line with the legislative requirements concerning closure of the scheme. However, assuming that the replacement GMCA scheme would be in place from April 2018, it would be possible to zero fund the final year of the Section 48 scheme so as to avoid any overlap in provision. It is to be noted that a precedent has already been set for possible zero funding of particular years of the Section 48 scheme, as the second and third years of the current cycle of funding were not guaranteed and potentially could have been left unfunded (although this did not ultimately occur).

2.5 Once the ten constituent Councils have agreed that the closure option should be considered a consultation will be undertaken with currently funded groups and other interested parties in 2017. It is intended to run the consultation for a new GMCA programme for culture at the same time as the consultation on closure on the Section 48 scheme. A final decision on the closure of the AGMA Section 48 scheme will only be made following consultation and a report will be brought back to the ten constituent Councils regarding the outcome and to ask them to confirm or reject closure of the scheme.

3.0 Development of a new scheme

3.1 The current Section 48 Fund Criteria were reviewed by AGMA in 2012 with a view to strengthening economic outcomes of the fund and its contribution to the Greater Manchester Strategy (GMS).

3.2 Given the changing context in which Greater Manchester is now operating, and the extent to which the GM agenda has moved on, a refresh of the Greater Manchester Strategy is now underway. It is intended to revisit GM's strategic approach to reassess the issues and opportunities that the strategy needs to address, and re-examine the interventions required to drive growth and reform across the conurbation. Allocations of funding through the GMCA will need to be aligned to emerging priorities. Interim feedback from the current consultation are indicating that one of the main reasons why people like working, living, learning, doing business or visiting Greater Manchester is because of its rich cultural and arts offer.

- 3.3 The GMCA has been asked to consider the opportunity to align a new GMCA culture programme with emerging priorities for culture, in addition to possibly aligning with other funding programmes, for example the Life Chances Investment Fund, and also work in relation to Children's Services. From April 2017 the Life Chances Investment Fund will allow Greater Manchester to use public money to deliver better services and improve the lives of GM residents. There is the potential to link any investment through the new GMCA scheme more robustly to an evidence base of who it will impact on for best results.
- 3.4 The criteria for the current Section 48 scheme are shaped around funding the activities of local not for profit organisations which meet three main objectives:
- Contribute to the recognition of Greater Manchester locally, nationally and internationally – helping create the conditions to attract new investment, new visitors and new talent;
 - Contribute to improving the skills and employability of greater Manchester residents, encouraging people to fulfil their full potential; and
 - Play a role in developing strong and inclusive communities, contributing to an improved quality of life and wellbeing for all residents.
- 3.5 There would be a need to review the criteria for a new GMCA cultural programme. This could mean that eligibility of organisations seeking grants need not necessarily be restricted to those organisations meeting the 'eligible voluntary organisation' definition found in Section 48. There could, instead, be a broader, or narrower, set of qualifying criteria. The criteria for the new scheme would need to be agreed by the GMCA, and the constituent Councils will be kept informed about this programme as it develops.
- 3.6 The GMCA would also need to consider the appropriate level of funding for a new GMCA cultural programme and a new governance structure would also need to be designed and put into place to manage the new programme. A further report setting out proposals for the development of a new cultural programme is to be brought to the joint AGMA/GMCA Executive Board in 2017.

4.0 Recommendations

- 4.1 Recommendations are set out at the beginning of this report.