

Report to: Cabinet

Date: 19th February 2009

Subject: Transfer of Ownership of Manchester Investment Development Agency Services Limited

Report of: SERVICE DIRECTOR BOROUGH SOLICITOR

Contact officer: J. Mitchell (Telephone: 01942) 827023

Purpose / summary: To ask Members to agree to the transfer of the ownership of Manchester Investment Development Agency Services Ltd (MIDAS) from Manchester Enterprises Ltd. to the 10 Greater Manchester Authorities

Alternative options considered and reason for selecting the one recommended: That MIDAS remain in the ownership of Manchester Enterprises Ltd. It is felt within AGMA that this does not address the issues regarding the working relationship between MIDAS and the Economic Development Employment and Skills Commission of AGMA

Recommendation / decision: That Members agree:-

1. To the transfer of the ownership of Manchester Investment Development Agency Services Ltd. (MIDAS) from Manchester Enterprises Ltd to the 10 Greater Manchester Authorities
2. That Wigan Borough Council becomes a member of MIDAS.
3. That the Service Director Borough Solicitor writes to the Company Secretary of MIDAS requesting that Wigan Council be admitted to membership of MIDAS
4. That the Service Director Borough Solicitor liaises with the City Solicitor of Manchester City Council to undertake the necessary legalities to formalise the arrangements

Key Decision: This report does not involve a key decision.

Risks / Implications:

Financial: There are no financial implications for the Authority
 Staffing: There are no staffing implications for the Authority
 Policy: Part of the City Region Agenda
 Equal Opportunities - Has a Diversity Impact Assessment been conducted? A full Diversity Impact Assessment is not necessary at this stage
 Wards affected: All

Property Implications– Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?

No

Does this proposal have significant implications for the Council and the local population?

No

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?

No

Has the Service Director Borough Solicitor confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution? **Yes**
 Has the Service Director Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council’s budget? **Yes**
 Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No**

For Cabinet reports only :

Categorisation of the report:	X		X
Discussion leading to a decision		Discussion	
Monitoring		Decision	X
Sharing for corporate understanding		Information	

Tracking/Process:

	Consultation	Ward Members	Partners
Panel	Overview & Scrutiny	Cabinet	Council
		19 th February 2009	

List of Background Papers in accordance with Section 100D of the Local Government Act 1972:

Document	Date	File Reference	Place of Inspection
Minutes of the AGMA Executive Board	28 th November 2008		www.agma.gov.uk

Proper Officer K P Lawson

Date 5.2.09

1. BACKGROUND

- 1.1 Manchester Investment Development Agency Services Limited (MIDAS) was originally established in 1997 and owned by four local authorities (Manchester, Salford, Tameside and Trafford), Manchester TEC and Trafford Park Development Corporation (until its dissolution).
- 1.2 In 2000, an agreement was reached whereby MIDAS should be included in the establishment of the Manchester Enterprises group of companies. MIDAS, at that time then became a single member company with Manchester Enterprises as the member. The Manchester Enterprises Group was established in 1999 following the Government's decision to create Learning and Skills Councils and to abolish the TECs (Training and Enterprise Councils). It was established as a not-for-profit group of specialist companies focussing on the economic development of the Manchester sub-region comprising the local authority areas of Manchester, Salford, Stockport, Tameside and Trafford.
- 1.3 Between 2000 and 2004, companies joined the Group, new companies were formed, and its geography expanded to all ten local authority areas in Greater Manchester; the additional areas being Bolton, Bury, Oldham, Rochdale and Wigan.

By 2006, the Manchester Enterprises Group comprised Manchester Enterprises - the holding company responsible for strategic economic development matters - and nine operating companies responsible for the delivery of economic development services:

- **BEST** – provides education business partnership services.
- **Better Choices** – delivers the connexions service.
- **ChamberLink** – delivers the Business Link service and provides business support services. ChamberLink is a joint venture company with Greater Manchester Chamber of Commerce and Industry.
- **CIDS** – provides business support services to the creative industries sector.
- **ERP** – works with unemployed people and low skilled employees to find and retain employment.
- **MIDAS** - provides inward and indigenous investment services for the Greater Manchester sub region.
- **Skills Solution** – delivers apprenticeship and some adult training.
- **The Enterprise Fund** – provides finance for social enterprises and small businesses
- **3SE** – supports the growth and development of the social enterprise sector.

- 1.4 In 2006 the Manchester Enterprises Group decided to split its strategic and service delivery functions and form separate companies effective from the 1st April. All the operating companies except MIDAS became the Manchester Solutions group of companies. MIDAS remained owned by Manchester Enterprises, although it was constituted with its own private sector led Board and had complete operational independence.

2.0 KEY ISSUES

- 2.1 Given that MIDAS maintains complete operational independence, it was felt timely to review the existence of MIDAS' ownership by Manchester Enterprises as part of the new city region governance arrangements, and in particular the formal establishment by AGMA of the Economic Development, Employment and Skills Commission. It has been acknowledged that there have been issues about the flow and management of resources between Manchester Enterprises and MIDAS which may be done more effectively with new arrangements. The substantive issue is not one of ownership but rather one of ensuring the working relationship between MIDAS and the Economic Development, Employment and Skills Commission is as effective as possible, ensuring intelligence flows both ways and for there to be clarity about the relationship between MIDAS' business planning and how it both informs and supports the work of the Commission. The need for this clarity will give MIDAS a strengthened role in future sub-regional arrangements, working much more in its own right under the broad umbrella of the Commission. It is felt that the best way to make this happen is for the ownership of MIDAS the company to revert to the ten AGMA authorities.
- 2.2 The MIDAS Board have indicated that they would be satisfied with the proposed change of ownership.
- 2.3 At the first meeting of the Economic Development, Employment and Skills Commission in October, it was agreed that MIDAS should become an 'AGMA owned company' and any necessary action was delegated to the Chairman of the Commission.
- 2.4 The advantages of a transfer of MIDAS to the 10 Greater Manchester Authorities are as follows:
- MIDAS would have parity with other organisations within the Manchester Family of organisations and greater clarity in their relationship with the Commission.
 - There will be Corporation Tax advantages of MIDAS being owned by the ten local authorities and there may also be other simplifications to accounting practices including the treatment of grant.
 - MIDAS would retain its own Board, operational independence and private sector focus but by being owned by the ten local authorities will be fit for purpose in terms of the new city region governance arrangements.

3. CONSIDERATIONS

- 3.1 Following the decision at the AGMA Executive Board on Friday 28th November 2008 to support the agreement to transfer ownership of MIDAS from Manchester Enterprises to the ten Local Authorities, each of the constituent Authorities now needs to resolve agreement to the transfer individually.
- 3.2 In processing the transfer, the City Solicitor for Manchester City Council has agreed to formalise the arrangements on behalf of AGMA. Such arrangements will subsequently be ratified by the MIDAS Board.

4. RECOMMENDATIONS

That Members agree:-

- 4.1 To the transfer of the ownership of Manchester Investment Development Agency Services Ltd. from Manchester Enterprises Ltd to the 10 Greater Manchester Authorities
- 4.2 That Wigan Borough Council becomes a member of Manchester Investment Development Agency Services Ltd.
- 4.3 That the Service Director Borough Solicitor writes to the Company Secretary of MIDAS requesting that Wigan Council be admitted to membership of MIDAS
- 4.4 That the Service Director Borough Solicitor liaises with the City Solicitor of Manchester City Council to undertake the necessary legalities to formalise the arrangements

K P Lawson
Service Director Borough Solicitor

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