



Succession Strategy for Derwent New Deal for Communities Programme – Supplementary Report

SUMMARY

- 1.1 This report supplements item 8, which was placed on the agenda by the Resources Commission following its final meeting on 25 October. The Resources Commission also resolved to hold a further meeting to examine this issue. That commission was dissolved by Council on 17 November, and its terms of reference transferred to Scrutiny Management Commission. As a result, this item was instead considered by Scrutiny Management Commission at a special meeting yesterday, giving rise to the additional recommendations detailed at 2.2 to 2.5.

RECOMMENDATIONS

- 2.1 To support recommendations 2.1 to 2.4 detailed in the report of the Resources Commission, shown at Item 8.
- 2.2 To attempt to find an exit or succession strategy for the whole of the Derwent NDC programme.
- 2.3 To request the Cabinet Member for Leisure and Culture to explore the incorporation of the Gateway Centre into the Council's developing Leisure Strategy.
- 2.4 To request the Cabinet Member for Children and Young People to explore the wider use of the Gateway Centre for community purposes, particularly activities for younger residents.
- 2.5 As a matter of great urgency, to seek meetings between the Chief Executives of the Council and NHS Derby City to achieve the exit or succession strategy

REASONS FOR RECOMMENDATIONS

- 3.1 Regarding recommendation 2.2, the NDC programme will cease on 31 March 2011. The NDC itself holds no assets; instead the freehold of the main assets is vested in Derwent Delivers. For there to be some enduring legacy from the NDC programme the central issue is to deal with the future ownership and management of the Derwent Delivers assets. In turn, the key to unlocking that is to have a successful resolution regarding the Revive building. Without such an outcome Derwent Delivers is likely to be insolvent and its assets at risk of being sold. As the original funding conditions were for those buildings to serve specified purposes, an acquisition by a highest bidder that resulted in a different or modified use may then trigger 'clawback' ie the

recouping by central government of the whole public funds involved. That clawback would be from the Accountable Body, which is the City Council. Regarding the Revive Centre, similar clawback may be exercised by the Department of Health.

- 3.2 The Resources Commission's report to Cabinet refers to succession options for the other Derwent Delivers assets, including the Gateway Centre, three residential properties and land, so as to guarantee their futures and avoid clawback. The Chair of Derwent NDC, Peter Ballard, who also serves on the Board of Derwent Delivers, told SMC that the legal advice was that it was not allowed to pass over those other assets whilst still retaining the liabilities ie leaving Derwent Delivers with Revive. Therefore, a resolution to the Revive Centre issue is a prerequisite to securing a successful future for the Gateway Centre and residential properties etc.
- 3.3 Recommendations 2.3 and 2.4 are both about increasing the usage of these community assets. As well being virtuous in itself it can also assist the long term viability of the Gateway Centre if there is more income generating activity taking place.
- 3.4 The urgency is that the NDC ceases on 31 March 2011. A succession strategy should be provided to government but remains outstanding. As the Chair said yesterday evening, these are very difficult and complex issues. While that context may discourage the public sector parties from wanting to make commitments beyond 1 April 2011, the reality is that if Derwent Delivers assets were to be sold to meet its liabilities, the effect could then be that clawback is demanded by central government departments. That could be almost immediately or years later and would be mainly from the Council, as Accountable Body, and the PCT (or its successors) in respect of NHS funding of Revive. It is therefore preferable for the Council and PCT (on behalf of its successor institutions) to adopt a risk management approach and seek a solution to the Revive issue in the remaining months of the financial year.

SUPPORTING INFORMATION

- 4.1 See the Resources Commission report
- 4.2 The SMC meeting was attended by members of the NDC Board and its director, an executive director of the PCT and the former members of the former Resources Commission. A number of questions were posed at the meeting to the PCT representative who asked for time to respond in writing. It was reported by the Chair that GOEM had recently provided written answers to a series of questions, which had been referred to the legal officer for comment. These aspects will be considered at the SMC's scheduled meeting on 7 December.

OTHER OPTIONS CONSIDERED

- 5.1 None

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	
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For more information contact: Background papers: List of appendices:	Rob Davison 01332 2555967 e-mail rob.davison@derby.gov.uk None Appendix 1 – Implications
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IMPLICATIONS

Repeated from Resources Commission report

Financial

- 1.1 There are likely to be financial implications for whatever decision is taken by the Council Cabinet due to complicated funding streams and potential claw back clauses.

Legal

- 2.1 All NDC schemes are currently expected to close by 31 March 2011.

Personnel

- 3.1 None directly arising from this report.

Equalities Impact

- 4.1 Derwent NDC area is amongst one of the most deprived areas in the city.

Health and Safety

- 5.1 None arising from this report

Carbon commitment

- 6.1 None arising from this report

Value for money

- 7.1 There are substantial assets currently under the management of NDC which could be at risk. Conversely, they also require significant investment to bring them back into community benefit.

Corporate objectives and priorities for change

- 8.1 The Derwent NDC programme fits in with all the corporate objectives and priorities for change.