



## **ASSET TRANSFERS FROM DERWENT DELIVERS LTD TO DERBY CITY COUNCIL**

### **SUMMARY**

- 1.1 The report seeks approval for the temporary transfer of certain properties from Derwent Delivers Limited to Derby City Council and be held on trust until the Derwent New Deal for Communities identifies a successor body.
- 1.2 The properties include; the Grandstand site and Gateway Centre, Revive Healthy Living Centre, 93/95 and 97 Wiltshire Rd and 8 John Berrysford Close, Chaddesden.

### **RECOMMENDATION**

- 2.1 To approve the Council establishing a legal trust to temporarily hold the freehold title to the Grandstand site including the Gateway, Revive Healthy Living Centre, 93/95 and 97 Wiltshire Rd, Derwent and 8 John Berrysford Close until the assets can be transferred to a successor body.

### **REASONS FOR RECOMMENDATION**

- 3.1 The New Deal for Communities - NDC - programme has not yet established a financially secure successor body to hold the legal title to the assets that have been developed and purchased with the NDC grant.

### **SUPPORTING INFORMATION**

- 4.1 Derby City Council is the accountable body for the 10 year, £42m New Deal for Communities programme - NDC - in Derwent. The NDC was established in 2001 and is due to end on the 31 March 2011. In line with the resident led approach that was advocated, the NDC established Derwent Delivers Ltd as a community led and managed company in 2003. This company was created to hold the legal title to assets purchased via the NDC grant.

- 4.2 Since 2007, the NDC has worked very closely with Government Office for the East Midlands - GOEM - and the national Department for Communities and Local Government - CLG - to resolve a number of issues associated with the sustainability of capital assets that had been developed and purchased with the NDC grant, and which are in the ownership of Derwent Delivers Ltd. However, whilst there has been some progress in closing unsustainable aspects of the NDC's programme, and reviewing governance procedures, there is still more that needs to be done to secure the long term financial viability of the Gateway and Revive Centre's in Derwent.
- 4.3 In preparation for the end of the NDC programme, a revised delivery and recovery plan had been developed and submitted to GOEM and CLG on the 9 April, 2010, detailing how the remaining funding of £3.765m would be spent to secure the future of the Gateway and Revive Healthy Living Centres. This included the following key actions ...
- Spending up to £1m to refurbish the Gateway Centre. This project includes the installation of a new mezzanine floor, community gym and health and fitness centre. Once completed, the Gateway Centre would form part of the Council's Leisure Strategy.
  - Allocating up to £1m to restructure the Revive Centre to create generic and usable space. This will enable the Children and Young People's partnership (Locality Team One) to move into the building and pay rent that will contribute towards the revenue running costs of the centre.
- 4.4 Any funding remaining after the refurbishment costs had been accounted for has been provisionally allocated to develop a residential property portfolio to meet local housing needs. This project will be delivered in partnership with Derby Homes Ltd and any income generated will be used to support the NDC's succession arrangements, including the costs of managing and maintaining the asset base.
- 4.5 The recovery plan seeks agreement to wind up Derwent Delivers Ltd and have one nominated successor body to hold the title to the assets that have been purchased and developed via the NDC grant. However, whilst this and other key actions in the recovery plan have been agreed in principle, a final decision is yet to be reached on the individual actions to be supported by GOEM and CLG. As the NDC is scheduled to end on 31 March 2011, it is important that the assets are secured until a final decision has been made regarding these matters and a successor body identified. Once these issues have been agreed, any asset that is held by the Council, will be transferred to the successor body and the trust arrangement will come to an end.

## **NDC Assets**

- 4.6 The current assets that are in the ownership of Derwent Delivers Ltd and need to be transferred include ...
- The Revive Healthy Living Centre, Derwent. This building is currently managed by the Revive Healthy Living Charity and company limited by guarantee. The Centre houses a library, community café (that is currently closed), Derby PCT clinics, services and a dentist practice.
  - 93/95 Wiltshire Rd, Derwent. This is an empty brown field site in Derwent.
  - 97 Wiltshire Rd, Derwent. This is a shop and three bed roomed apartment. Both are currently let to tenants.
  - 8 John Berrysford Close, Chaddesden. This property is currently let.
  - Grandstand site, Derwent. This property includes the Gateway Centre which is currently let to Derbyshire County Cricket Club on a peppercorn lease arrangement for a period of 125 years.

These are the assets that would be transferred to the Council and held in trust on behalf of the community of Derwent until a successor body is identified and approved

- 4.7 Although any income from the assets could be used to contribute towards the running and maintenance costs, additional resources will be required to insure and manage the assets whilst they are in the possession of the Council.
- 4.8 The Revive building is currently managed by the Revive Charity and company limited by guarantee. The company currently employs nine part time staff who are responsible for the running of the centre.
- 4.9 Whilst there are tenancy agreements in place for 97 Wiltshire Rd and 8 John Berrysford Close, and these properties are managed via a private lettings agency, there is no formal lease in place for the occupation and management of the Revive building. Tenancy Agreements for the residential properties need to be agreed and granted and similarly leases need to be granted to any occupiers of the Revive Centre. This will identify the successor body's responsibilities.

A new lease for the Gateway Centre should be negotiated again to make the scheme more viable.

## **Trust Arrangements**

- 4.10 The Council will take a formal transfer of the legal title to the properties at nil consideration as it will take back any liability that Derwent Delivers Ltd may have for clawback of the original grant. In taking on the properties it will create a formal trust deed.
- 4.11 The wording of the trust will be based on Derwent Delivers Ltd Articles and Memorandum of Association. Derwent's objectives are for economic regeneration, community development, health, wellbeing and public safety in the neighbourhood of Derwent and its surrounding areas, train, assist and educate. Any income and property will be applied solely for the promotion of these objectives.

## OTHER OPTIONS CONSIDERED

- 5.1 The 'do nothing' option is not an option and will place the assets currently held by Derwent Delivers Ltd at risk

**For more information  
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**Background papers:**

None

**List of appendices:**

Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 The Council will take a formal transfer of the legal title to the properties at nil consideration.

**Legal**

- 2.1 The creation of a trust will enable the assets to be held by the City Council until a successor body is identified for the NDC programme. If the assets are not protected they could be at risk if Derwent Delivers Limited is wound up due to financial or other difficulties. Until a successor body is identified the Council will be responsible for managing the assets on behalf and in connection with the objectives established by the trust.

**Personnel**

- 3.1 None.

**Equalities Impact**

- 4.1 None.

**Corporate objectives and priorities for change**

- 5.1 Securing the assets currently held within Derwent Delivers Ltd will reduce the risk of financial clawback of NDC grant which aligns to the Council's value for money priority.