

ITEM 11a)

Derby City Council Overview and Scrutiny Review of Derwent NDC – Written Responses to the Questions to GOEM

There are three themes, but because these overlap, there is a single list of questions. **Please note** that the replies which follow each question are as November 2011. Some aspects relating to the a Succession Strategy will have developed since.

Theme A: In its early years Derwent NDC was assessed as excellent. This resulted in the delegated spending threshold rising from £250k to £1m. DCC's Audit function later found the NDC project evaluation systems to be flawed and NDC instituted improved systems.

Theme B: The community chose 'Derwent Community Team' as the NDC name which connotes a single shared identity. For various reasons other separate organisations / projects followed including Derwent Delivers, the Revive Centre plus Derwent Builds.

Theme C: Looking Forwards

Overview statement from GOEM

Staff from GOEM have been working with NDC officers, board members and senior staff from the City Council to resolve the current difficulties at Derwent NDC since June 2009. Regular meetings have been held with all concerned, weekly phone conversations with the NDC Director and regular discussions with senior DCC officers have all taken place.

In addition to this officials from DCLG and GOEM formally met with all partners on the 20th July in Derby, 19th August in London and again on the 15th October in Derby.

At the 15th October meeting all the current assets of the NDC were discussed and a number of actions were agreed as a way forward. These included the transfer of some assets to other partners and further discussions with the PCT re the Revive building. DCC agreed to investigate all the outstanding legal issues with the Derwent Delivers Directors (DDL) and hold a further meeting with DCLG in London to obtain final agreement of the disposal of the assets. This meeting was due to take place by early November, however to date it has not taken place. DCLG and GOEM officials are still waiting for proposals from Derby City Council to discuss at the meeting.

Q1. What overall process led to the judgement in the early years that Derwent NDC was excellent?

From 2003 to 2006, all NDCs worked to a national performance management framework, which looked primarily at outcomes achieved on key themes such as education and community safety, but also at issues such as management and leadership and financial stewardship. In addition, CLG commissioned an independent action learning evaluation led by Sheffield Hallam University, which was also informed by a household survey. Four reports based on this evaluation were completed between the years 2002 and 2008..

Q2. Specifically, what appraisal was made by, or on behalf, of GOEM of Derwent NDC's project application and evaluation process and systems?

For all projects above the delegated limit (originally £250k and in 2003 raised to £1m), GOEM carried out a thorough appraisal, following the initial approval granted by the NDC Board and accountable body (Derby City Council). This appraisal routinely consisted of a panel review of the application, identification of any further queries and issues, and the resolution of these before final sign-off. In all cases, GOEM satisfied itself that the accountable body (Derby City Council) supported the approval of projects.

For those projects approved by the NDC Board within its delegated limits, a set procedure prescribed by guidance from DCLG was followed. This included an assessment of projects against the criteria issued by government. Part of the annual performance management framework operated from 2003 to 2006 included a review of the NDC's application of this guidance and its appraisal systems in general.

Q3. Did that appraisal include some form of SWOT-style analysis?

The appraisal was based firstly on a self-assessment completed by the NDC with the accountable body's involvement. The appraisal covered a checklist of issues based around achievement of outcomes for residents, but also including programme management, governance, risk and financial stewardship.

Q4. If so, what were the strengths and opportunities compared to the weaknesses and threats (or similar categorisation)?

Amongst other issues, strong support from the accountable body was seen as a strength, whilst in 2003 asset management was identified as an issue to be addressed.

Q5. Derwent NDC as any organisation would naturally wish to project itself positively - what range of stakeholder opinions was sought to test out the robustness of the NDC official viewpoint?

Part of the assessment against the performance management framework included evidence from the accountable body (Derby City Council) and from

residents via the bi-annual household survey of the area. In addition, throughout the programme the NDC Board had a wide range of representation at senior levels from partner organisations whose views contributed to the Board's own self assessment documents. These documents were used as the starting point for government's assessment.

Q6. The delegated spend level was raised to £1m from £250k: did the SWOT and/or other evidence base suggest any reasons for a more cautionary approach?

The rationale behind the increase in delegated authority was based on the aforementioned annual performance management framework, and independent evaluation. Delegated limits were covered in the Funding Agreement Letter sent by DCLG to the accountable body. In addition, Derby City Council in their role as accountable body provided annual internal audit which gave further reassurance to allow DCLG to increase the limit. At this stage, other than concerns about the volume of projects the NDC was undertaking, the evidence base did not point to any reason for a more cautionary approach. Indeed, the strong support provided by the accountable body, and the processes followed by the NDC Board helped inform the judgement to increase the limits.

Q7. After the spend threshold was raised was any audit / governance sampling undertaken by, on behalf of, GOEM of projects of major projects under £1m?

No – this was not the role of government. The audit responsibility for the NDC programmes lies principally with the accountable bodies through normal internal audit regimes, and the annual statement of grant usage presented to government and signed off by the accountable body. The principle behind giving delegated authority was one of devolution based on evidence as above. However, GOEM officials continued to attend NDC Board meetings which provided assurance that the Board was following its own procedures and about the continuing involvement of the accountable body.

Q8. After the spend threshold was raised fewer projects needed to be approved by GOEM: were there cases where this was denied?

None that we are aware of but time has not allowed a full trawl through our files.

Q9. Given the higher delegated threshold did GOEM have cause to query the robustness of the (then) NDC project application and evaluation process?

Previous performance management appraisals had provided evidence of the NDC having robust and thorough project appraisal processes in place.

Q10. Did GOEM use academic or other evaluations of previous community development initiatives to offer guidance as to what

promotes / impedes community capacity building, project evaluation, resource stewardship, sustainability?

GOEM was informed at all stages by guidance from the national NDC team based at DCLG. This team used a range of evidence from academic, previous initiatives and other sources to inform policy development and implementation. The team was also charged with sharing good practice amongst all neighbourhood renewal programmes, and to this end set up a dedicated database which was regularly promoted as a resource. In addition, DCLG identified specialist advisers (initially Neighbourhood Renewal Advisers, and then Local Improvement Advisers) to support NDCs on specific matters. Many NDCs were active in sharing good practice amongst each other, although we are not aware that there was a similar network amongst accountable bodies to share information, practice and experiences.

Q11. The funds / initiatives of the NDC led to other separately managed organisations / projects including Derwent Delivers, the Revive Centre plus Derwent Builds. Did this undermine the single common identity expressed captured in the NDC name 'Derwent Community Team'?

This is not a judgement for government, although we will be very interested in any lessons learnt identified by the committee. At the time, the rationale for setting up these companies as advocated by the NDC Board was that they were attempts to ensure local people benefited from the employment opportunities arising from the projects and that the programme left behind a self-sustaining legacy. Governance of the programme was devolved to each NDC, but DCLG and GOEM satisfied themselves that the accountable body was happy with the decisions taken.

Q12. As active residents would naturally tend to focus on one (or more) area of interest, was there any advance thinking (or subsequent taking stock) as to the importance of a maintaining an overall coherence across the various NDC area projects?

The NDC had a delivery plan which was monitored at Board level. This was evaluated periodically and funding allocations re-balanced to try to deliver as many outcomes as possible.

Q13. What experience swapping was there between Government Offices over the years of the NDC schemes to promote good practice at local NDC level? If so, what insights did GOEM contribute from its experiences and what did GOEM do differently in light of other Government Office experiences?

NDC programme officers from across the Government Office network met regularly throughout the life of the programme, and with officials from DCLG to review implementation and share experiences. Throughout the early and middle years of the programme, the lessons learnt from Derby NDC were seen as positive such as the close involvement of the accountable body (e.g. the NDC Chief Executive reporting to the City Council CE), and the strong

involvement of residents in decision making. In later years, as more issues came to light, DCLG have taken an overview and passed on lessons learned from their overall stewardship of the 39 programmes. In addition, the evaluation carried out led by Sheffield Hallam University was also reviewed by GOEM and any issues raised through this were addressed.

Q14. Turning to the future, it had been hoped that GOEM would attend our meeting to assist with the Succession Strategy, can you please offer any helpful pointers drawn from other NDC areas as to how public/private/third sector partners can contribute to a sustainable, positive legacy?

GOEM is involved currently in detailed discussions with Derby City Council and the NDC to identify how any NDC legacy can be taken forward. We have consulted in this other NDC areas with similar issues, and also used our own experiences based on other NDCs in the East Midlands. Evaluations on other NDCs have been published and should be available on the Internet.

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