

**DATE: 8 January 2009**

**New Deal for Communities – Exit Strategy and Sustainability**

**Ward(s)** Blakenall, Bloxwich East and Leamore

**Portfolios:** Cllr Adrian Andrew – Regeneration and Enterprise

**Summary of report:**

Walsall's New Deal for Communities grant funded programme ends on 31st March 2011. The Department for Communities and Local Government (CLG) working through the respective regional Government Office is encouraging New Deal partnerships to develop strategies for continuing their work beyond the formal end of the programme in 2011. It has been a long standing aspiration of the New Deal Partnership Board to embed and sustain the improvements made in the area beyond the lifetime of the programme. Consequently, the Partnership has been developing its strategy over the last year or so. This report summarises the current position and the intended direction of travel leading up to 2011 and beyond.

**Background papers:**

CLG Programme Note for NDC Partnerships No. 44 entitled "Sustaining the Benefits and Improvements in NDC Areas: Guidance on Requirements for Succession Strategies and the Approval Process".

Reports to the Board of New Deal: New Horizons

**Reason for scrutiny:**

At the request of Councillor Desmond Pitt (Chairman of Regeneration Scrutiny Performance Panel), a presentation was provided to its meeting on 13th September 2007. It was agreed at the meeting that a further report would be made to Scrutiny Committee 12 months later, to set out plans for developing the exit strategy and long term sustainability of the New Deal scheme – its Succession Strategy.

**Resource and legal considerations:**

Walsall's New Deal for Communities Programme received funds of £52 million to deliver a community regeneration programme to the designated area within Blakenall, Bloxwich East and Leamore. New Deal: New Horizons (company limited by guarantee and registered charity) is the independent vehicle established to deliver the programme. Walsall Council acts as the programme's Accountable Body. Anthony Collins Solicitors LLP acts as legal adviser to the company and has

been involved in the development of the Succession Strategy.

### **Citizen impact:**

The New Deal for Communities programme is the Government's most significant (£2 billion over 10 years) resident led community regeneration programme.

Community led, it seeks to:-

- Improve health
- Tackle worklessness
- Tackle crime and the fear of crime
- Raise educational achievement
- Improve the quality of the environment and the quality and choice of housing
- Develop a self sustaining, independent and confident community

### **Environmental impact:**

Improving the environment and supporting the cleaner, greener agenda is a key facet of the programme, seeking to provide sustainable transformation of the area. The Ipsos MORI Household Survey 2008 (see below) demonstrates the ongoing success of this strand of the programme

### **Performance Management:**

The New Deal for Communities programme is the most closely evaluated regeneration programme to date. Ipsos MORI conducts a bi-annual resident survey (4/500 residents) and a nationally moderated (Audit Commission) Performance Management Review of all New Deal for Communities is undertaken. The most recent Performance Management Review scores Walsall's New Deal for Communities Partnership as "Excellent and Improving Strongly".

The Ipsos MORI Household Survey for 2008 was conducted during the summer and results have just been released. The results underscore the improvements seen in previous MORI surveys and reinforce the community's own improved perception of the area and its satisfaction with work undertaken by the New Deal Partnership and local partners. The presentation to Committee will include a summary of results.

### **Equality Implications:**


New Deal: New Horizons has its own Equality, Diversity and Community Cohesion Charter.

### **Consultation:**

New Deal: New Horizons has a Board of 38 Directors of which 24 are resident Directors democratically elected by fellow residents within their respective patches of 200/250 homes.

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## **1. Context**

- 1.1 New Deal: New Horizons (ND:NH) is a company limited by guarantee and a registered charity which was established in 2002 to administer the New Deal for Communities grant (NDC) in a pre-determined area of Blakenall, Bloxwich East and parts of Leamore. In 2005, a wholly owned trading subsidiary, New Horizons Enterprises Ltd was established to allow commercial trade to take place and any profits gift aided to NDNH, the parent company.
- 1.2 The NDC grant funding currently represents approximately 90% of the company's income and expenditure and is set to conclude in March 2011. Part of the grant conditions is to ensure that the improvements made within the defined area of benefit are sustained beyond the grant lifetime.
- 1.3 Since December 2006, the Board of Trustees and staff have taken part in a number of workshop sessions to discuss the future of the organisation post March 2011. At a minimum, there will be a role in managing and maintaining the assets owned by ND: NH. However, there is also an opportunity to transform the current largely grant funded organisation in to a sustainable community based organisation. Therefore, in order to create profits for reinvestment in to the area, there will need to be a "commercial" aspect.
- 1.4 The consultation with Trustees and staff has established a base line position to build upon to enable the organisation to move from its current position to a self sustaining community organisation which continues to provide regeneration benefits within the area. To this end, a sustainable period of transition is required over the remainder of the NDC programme lifetime to ensure that on the cessation of NDC grant, the organisation will have repositioned and rebranded itself and enable it to "hit the ground running".

## **2.0 Progress and Process**

- 2.1 An independent appraisal by Shared Intelligence consultancy of our progress towards "succession", has confirmed that Walsall's New Deal for Communities programme is well positioned in developing its strategy. It confirmed that we already have in place the legal structures New Deal: New Horizons (Company Limited by Guarantee, Registered Charity) and New Horizons Enterprises Limited (wholly owned trading subsidiary of ND: NH) to satisfy the requirements of Communities and Local Government (CLG) for a Successor organisation.

- 2.2 Ongoing advice to New Deal Partnerships has been provided by CLG over recent years, which has formed the basis of our work. A much delayed Guidance was issued by CLG in December 2008 in Programme Note 44 "Sustaining the Benefits and Improvements in NDC Areas: Guidance on Requirements for Succession Strategies and the Approval Process". Fortunately, this confirmed the previous advice and does not contain any significant departure from its previously stated position. More detail on the guidance will be provided at the meeting within the presentation, but please see the introduction to the Guidance Report at Appendix 1.
- 2.3 As part of the development work to date, Committee needs to be aware that ongoing discussions have been held with the Executive Director for Regeneration and a presentation was recently made to the Council's Corporate Management Team (CMT). The involvement of the Council as Accountable Body and as a key strategic statutory partner is critical to the development and success of our Succession Strategy. Indeed, CLG Guidance makes it a condition of "signing off" individual NDC Partnership Succession Strategies.
- 2.4 Of the 39 NDC Partnerships, 17 are Round 1 (ending in 2010) and 22 (including Walsall) are Round 2 (ending in 2011). CLG and GOWM will jointly assess individual Succession Strategies and approval for Round 1 NDC's is scheduled for December 2009 – prior to implementation in April 2010. Although we (Round 2 NDC's) have not been given a specific timetable, it will be no earlier than 2009 and likely to be December 2010.

### 3.0 **Government Office for the West Midlands**

- 3.1 As preparation for the formal strategies, each Regional Government Office (in our case GOWM) included a condition in the Grant Funding Agreement letter for 2008/09 that a report be provided to GOWM by 31st December covering:-
- i) Partnership to evaluate and report to GOWM by 31st December 2008 the percentage of NDC outcomes 'aligned' to those of the appropriate LAA for your locality, including supporting narrative.
  - ii) Partnership to submit a Business Plan for succession plan/strategy to GOWM by 31st December 2008, based on guidance shortly to be provided by CLG. The plan should include:-
    - a) a clear statement on exit strategies for all current projects post NDC funding (i.e. mainstreamed, closed, transferred to successor body etc)
    - b) the status of any successor body created and details of its governance structure(s)
    - c) expectations re: post NDC endowment – i.e., how much, for what purpose and
    - d) a copy of the outline business plan for the successor body (if applicable).

This information has been provided and will form part of ongoing discussions with GOWM.

## 4.0 **Moving Towards Succession**

4.1 A detailed presentation will be provided at the meeting but essentially, our strategy is based upon:-

i) **Asset Management**

The accrual of assets to deliver public services within the area which at the same time produces an income stream for ND: NH to reinvest in the continued regeneration of the area. The Blakenall Village Centre is the prime example of this approach.

ii) **Community Engagement**

The programme is underpinned by its community led, and facilitated approach which is fundamental to community “ownership” and its collective responsibility for the area. There are a number of examples of successful engagement with the community which enables statutory partners such as the Council, NHS Walsall and the Police to better service the interests of local people. This offers the possibility of continuing and extending this approach for the wider benefit of the Borough and ND: NH.

iii) **Public Sector Contracts**

There is currently a strong drive from Central Government for the mainstream to positively acknowledge the “Third Sector Organisations” (TSO’s), and for the mainstream to “contract out” some of their delivery of public services to organisations who are most familiar with the needs and requirements of the “every day person on the street”, ie. Third Sector Organisations such as ND: NH. Currently, (in the main) ND: NH contract out rather than deliver, and there is some knowledge on the contractor requirements. However, there is a lot of work to be undertaken in building on the already excellent relationships we have with local statutory providers.

4.2 The objective of Succession is to ensure that the significant investment made in the area over the lifetime of the programme is embedded and sustained for the benefit of the local community and beyond. Revenue earned from assets, contract delivery and consultancy work will be reinvested into the area.

4.3 In doing so, there are a number of key considerations during the transition to 2011:-

- Governance arrangements to remain community focused but realistic in resource requirements
- Operational resource requirements are feasible, plausible and realistic and
- Opportunities identified are specific to the ultimate goal of regeneration

4.4 Whilst developing the successor organisation, the current delivery of grant funded projects has been examined to determine the elements which “fit with the mainstream” and could continue post grant funding (see also para 3.1). The ability to do this lies with the alignment of activities within the new LAA from the National Indicators set, agreed between the Borough and the Government and generally, the successful engagement with key mainstream partners such as

Walsall Council, Walsall tPCT, Education Walsall (SERCO) and West Midlands Police and the local policing unit, thus ensuring mainstream monies are targeted for optimum outcome.

4.5 A presentation will be provided to Committee in respect of this report, which will provide further detail and explanation in its content.

## 5.0 **Recommendations**

5.1 The Regeneration and Scrutiny Committee is requested to:-

- i) note the progress being made by Walsall's New Deal for Communities Partnership in developing its succession strategy for life beyond the grant funding programme in March 2011.

**December 2008**

**PROGRAMME NOTE 44**

**SUSTAINING THE BENEFITS AND IMPROVEMENTS IN NDC AREAS: GUIDANCE ON REQUIREMENTS FOR SUCCESSION STRATEGIES AND THE APPROVAL PROCESS**

This guidance is for NDCs, Accountable Bodies, Local Authorities and the other partners involved in developing and implementing succession planning.

**Introduction**

1. The NDC programme has been a valuable part of the Government's efforts on Neighbourhood Renewal. There have been many successes. This programme note sets out the approach we are taking to secure the success and the benefits for the NDC communities into the long term. It is also our aim that the experience gained, lessons learned and best practice developed should inform and influence the way in which Local Authorities and others tackle the needs of deprived communities in the future. The NDCs have been working towards this, and are at varying stages of development.
2. For the purpose of this programme note, "Government" means Communities and Local Government (CLG), Government Offices and HM Treasury, who all have a role in assessing and / or approving the succession strategies.
3. Government is committed to supporting sustainability of improvement within NDC areas and has put in place a programme of work to do this, including:
  - This guidance on the requirements for succession strategies; and clarifying issues outstanding on the rules around succession strategies;
  - Facilitating support for NDCs and Accountable Bodies to develop succession strategies; and
  - Assessing, negotiating and approving succession strategies; Government will assess the strategies on a case by case basis and approve if content.
4. But this will only be successful if local partners work together. Government recognises that what works for one NDC area may not work for another. This guidance gives a framework within which succession strategies must be prepared. It intends to support improvements being sustained and continued within the area, in a way that is consistent with local priorities, strategies and delivery mechanisms. Any succession strategy will only be effective if it has the committed support of local partner agencies, including, but not only, the local authority. To that end, Government will be seeking evidence of this local commitment in approving each strategy.
5. It is important that we recognise that reaching long term sustainability will require a process of transition. It is important that implementation is able to continue following the framework set out in this guidance. However, approval of succession plans will not happen until the strategy is complete and Government is satisfied that all conditions are met.

## Contents of this guidance

6. This guidance sets out:
  - (a) The policy aims for succession strategies (page 3);
  - (b) Clarification of outstanding issues around succession (pages 4-7);
  - (c) The criteria Government will use to assess the NDC succession strategies (pages 8-10);
  - (d) The documents required to enable Government to assess and approve the succession strategies and the assumptions to be made for business planning (pages 11-15);
  - (e) The process for assessment and approval of NDC succession strategies including the timescales for doing this (page 16); and
  - (f) A summary of the available support arrangements which can help development of succession strategies (page 17).
7. This programme note (PN) complements guidance provided in 2002 (PN 7) and 2006 (PNs 34 and 38) regarding succession. Some financial aspects are also covered in financial guidance (PN 40) and the Funding Agreement Letter. This guidance supplements the previous PNs, but these PNs remain current and the guidance contained in them should be followed except where explicitly superseded by this programme note, for example please refer to paragraph 16 for an update on Community Benefit Societies.
8. It must be recognised that the context for planning succession strategies has changed since the preparation of earlier guidance. The current pressures on Government finances are likely to have an impact on any possibility of the availability of additional financial support. Please note in particular that it is likely to be extremely difficult to gain approval for endowments.