<u>Appendix 1</u>

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.

Section A - Policy aims for succession strategies

9. Previous guidance has explained that the purpose of succession strategies is to plan and explain how the improvement made in the NDC areas will be sustained beyond the 10 year Government funding and into the long term and how assets will be maintained, thereby sustaining and building on the improvements and benefits made in the area and protecting the investment made.

10. By the end of the programme, Government will have provided grant funding for the 39 NDCs for a period of ten years. The budgets for 2008-09, 2009-10 and 2010-11 were allocated on the basis that all NDCs must develop succession strategies. Government's key policy aims for succession strategies are that they must:

    - Demonstrate clearly how the improvements made within the NDC area will be sustained beyond Government funding and into the long term (at least 5-10 years). Particular requirements are that:
        - outcomes to be delivered are aligned with Local Area Agreements (LAA) outcomes and other local priorities;
        - the community continues to be empowered and the community leadership established is continued
    - Ensure assets generated by the NDC grant are safeguarded to continue to benefit the NDC area residents into the long term.
    - Financially viable, including the financial viability of any successor body. See paragraphs 61-65 for more detail.

11. We want succession strategies to be clearly placed in the context of the local delivery landscape clearly showing the contribution they will make to the LAA and other local strategies. Agreement from local partners will be needed. NDCs already work in partnerships with local authorities and other strategic and delivery partners, and this is an important factor in improving neighbourhoods. It is important that key partners are involved in the development of the area's strategy and also working together to deliver improvements for the area, for example, by making use of the Local Strategic Partnership (LSP).

Section B – Clarifying outstanding issues around succession

12. This section updates and clarifies previous Government guidance.

Area of benefit / area of activity

13. The area of benefit is the area covered by the succession strategy. We expect that this will predominantly be the NDC area, and your strategy will need to set out the reason for any variation to the original area. This area should be defined in the Objects, or appropriate part of the constitution of the successor body on registration, and in its succession strategy. Any changes in the future would have to be approved by the relevant regulator.

14. However, some organisations and / or activities may operate in a wider area – the "area of activity". This is acceptable as long as the proceeds from these activities are ploughed back into the area of benefit. Once again, the 'area of activity' should be defined in the constitution of the successor body.

Ownership of assets – successor vehicles

15. 2006 guidance (PNs 34 and 38) identified the following types of organisations as acceptable to own and manage assets funded with NDC grant:

    a. Local Authorities
    b. Companies limited by Guarantee which have charitable status
    c. Community Interest Companies as asset owning successor bodies
    d. Community Benefit Societies registered under the Industrial and Provident Societies Act 1965 which have an asset lock (but note paragraph 19 below).

    if they have been registered as such organisations by the regulators.

16. **However option d (Community Benefit Societies) is subject to further consideration.** In the draft guidance we had proposed to exclude these. We are now investigating further before a final decision can be made. We suggest you do not develop a Community Benefit Society until a final decision is taken and further guidance issued.

17. We are encouraged that a number of NDCs have set up Co-operatives and Development Trusts, but these do not in themselves constitute a legal status in which to own assets. To do this, they will need to follow our guidance at paragraphs 15 – 23 and register as one of the acceptable successor vehicles which can own assets. Further advice on the powers and duties of such bodies regarding issues such as ownership of assets can be obtained from the relevant Regulators.

18. Our primary aim when considering appropriate ownership of assets is that assets and initiatives funded from the NDC grant continue to be used for the community in similarly innovative ways, and that the assets should always be maintained and used for the benefit of the community. In respect of the assets themselves, previous guidance has explained this as 'locking in assets' by means of regulation by the Charity

Commission or Community Interest Company Regulator and/or Companies House. Our guidance explains that Government would prefer to lock in assets by this method than maintain clawback, where the necessary criteria can be met. For example, an NDC successor body established as a charitable company is regulated by the Charity Commission and Companies House; a community interest company (CIC) is regulated by the CIC Regulator and Companies House.

19. 2006 guidance (PN 34 and 38) explained that these methods of 'locking in assets' allow successor organisations to make the best use of their assets to meet local needs, keeping in mind the ultimate charitable or community benefit purpose, defined in more detail in the organisation's Objects. In addition, such a regulatory regime allows changes of use of assets where these best meet local needs. Ultimately, in the unlikely event of organisational failure, these regulatory bodies will be appropriately placed to step in to safeguard the assets so that they continue to be used for the benefit of the relevant community.

20. Regulation by the Charity Commission will help to ensure that the successor body only undertakes those activities that are within its Objects (which should be to continue the benefits for the community in the NDC area). In extreme cases of misuse of charitable assets or funds the regulator has power to ensure that assets are protected by, for example, transferring them to a suitable local organisation.

21. The CIC Regulator ensures that the CIC satisfies and continues to satisfy the community interest test; has a statutory asset lock in its constitution to ensure that the assets of the CIC are used for the benefit of the community it serves; and if it has community interest objects it is carrying out activities in pursuit of those objects. The CIC Regulator has the power to intervene where they consider a CIC's activities are giving serious cause for concern and action is needed to maintain confidence in CICs generally, for example, by appointing or removing directors or protecting the property of the CIC.

22. In deciding whether a successor body is appropriate for your NDC area and if so, which sort, you will need to consider for example stamp duty and capital gains tax and other implications set out in PNs 7, 34, 38 and 40.

23. The Companies Act of 2006 will of course apply to all successor bodies established as companies and you will need to consider the implications of this.

Removal of Clawback

24. Government will consider on a case by case basis whether we can and should remove clawback.

25. Details of the assumptions to make regarding clawback are set out in paragraph 62-65 of this guidance. It is to be assumed for business planning purposes that clawback will be removed at the start of the succession period. However, it must be understood that this is to advance the business planning process only. No actual decision can

be made at this point, as all decisions on lifting clawback will be subject to consideration within Government on a case by case basis for each area. Once each business plan has been submitted, we will revisit the issue of clawback with each NDC subject to the outcome of such consideration.

NDCs becoming their own Accountable Bodies while NDC grant funding is still being paid

26. Some NDCs have asked if they can become their own Accountable Body. To date we have dealt with these requests on a case by case basis and none have been approved. There are difficult legal and financial implications raised by this option. In addition the direct monitoring relationship which would result between central Government and any NDC Accountable body would be inconsistent with Government policy which aims to delegate delivery and monitoring to the level of the local authority area wherever possible. Furthermore, any change would not be effective for more than one year before succession arrangements come in to action, making the effort put in to establish these arrangements disproportionate. Therefore, NDCs will not be able to become their own Accountable Bodies before the end of NDC funding. The Accountable Body will continue to remain accountable until such time as clawback is removed.

Payments

27. Where capital projects are completed in year 10 they should be accounted for in year 10, even in cases where the money physically leaves the account in year 11. For example, for a building which is completed in year 10, but whose “capital defects period” extends into year 11, it is acceptable to account for the spend in year 10. Spending is accounted for in the year that the asset becomes available for use.

28. Certain functions are required after the completion of year 10, such as the closure of accounts and the submission of the Statement of Grant Usage. These will continue to be undertaken by the Accountable Body.

Assets

29. As previous PNs have stated, assets can only be acquired with NDC grant where it meets a regeneration need within the delivery plan. Assets can generate income both during the 10 year grant funded period and into the long term. For some areas, assets will constitute a key element of the succession strategy.

30. An asset is anything created with capital grant funding, regardless of the value, and should be recorded in the asset register.

Funding development of succession strategies

31. It is an eligible use of NDC grant to fund NDC activities which support the development of succession strategies, where included in the delivery plan.

State Aid

32. Government will assess any State Aid implications of the succession strategies, but you will need to have satisfied yourself of any issues and highlight them for us.

Section C - Criteria for assessment of NDC succession strategies

33. This section sets out the criteria against which Government will assess the NDC succession strategies business cases, together with a brief explanation of each. This assessment is consistent with the Treasury Green Book. All criteria must be met.

34. We envisage that most of the NDC areas' succession strategies will contain a combination of a) activities / assets being mainstreamed (by local authority or other local partner) and b) activities/projects taken forward by one or more successor organisations.

35. We will assess all succession strategies on the following criteria. In addition, for those whose succession strategies include successor organisation(s) playing a role, we will assess against criterion 8 outlined below:

Criterion 1: The outcomes to be delivered are appropriate for the NDC area and the community it serves.

36. The purpose of NDC succession is to maintain the improvements in the NDC areas beyond the 10 year Government funding. The succession strategy needs to set out how these improvements are to be sustained by means of the plan to be undertaken in the area and the target outcomes to be delivered from all of the activities that plan to be undertaken in the area, regardless of which organisation delivers it. The plan will need to demonstrate an appropriate contribution to delivering the local priorities as set out in the LAA and other strategies such as the sustainable communities plan. This should be linked up to any partner targets or improvement plans that are relevant, for example the LSP's.

Criterion 2: The community continues to be empowered and community leaders are supported

37. Community empowerment is a key area of Government policy, supported by the Community Empowerment White Paper. As a result, the community should still be significantly involved in the future work of the NDC area. This covers a broad spectrum of activity, for example, at one end of the spectrum there is better information for residents, greater involvement in the area and trust in public agencies, through to development and support of community leaders; Resident Company Directors; and participatory budgeting.

38. The succession strategy should set out how the NDC community will continue to be empowered, and what role they will play in the new arrangements. This will also need to explain the type and depth of engagement which can be expected. This should be set in the broader context of the local authority's empowerment agenda.

Criterion 3: An agreed split of responsibilities in continuing NDC activities/projects/services (between any successor body, the Local Authority, LSPs and other partners).

39. Planning for succession requires all partners e.g. Police, PCTs, Education Authorities, Jobcentre Plus to agree what activities will be undertaken in the area and by which organisation. We will need evidence that there has been appropriate analysis of ongoing NDC activities and projects in terms of how best the improvements can be sustained. This should set out:

   a. which activities should

      i. continue;

      ii. be discontinued; and

      iii. be started.

   b. the options and proposals for delivering those to be undertaken; i.e.:

      i. mainstreamed by Local Authority;

      ii. mainstreamed by another local delivery partner;

      iii. taken forward by an NDC successor organisation; and

      iv. taken forward by another organisation

Criterion 4: The NDC's assets are safeguarded into the long term

40. The succession strategy will need to satisfy Government that the assets and proceeds of any asset disposal will continue to be held and used for the benefit of the community.

41. If a successor body is proposed, paragraphs 15-23 set out the acceptable organisations to own NDC grant funded assets. In order for Government to be content for the assets to be transferred to a successor body, this must have Objects consistent with those of the NDC whose activity it is to sustain. We will be assessing this through analysis of the Objects, Memorandum and Articles of Association, and succession plans of the organisation. It must also have a robust business plan for managing and maintaining the assets and have experience of doing so successfully or assistance from a partner with such experience.

Criterion 5: Governance arrangements support the objectives of the succession plans

42. Government needs to be satisfied there are appropriate Governance arrangements which will support the delivery of the succession strategy. We require evidence of mutually supportive roles between the Local Authority, other delivery partners and the successor body(s), together with an explanation of how these partners will interrelate into the long term. This must be agreed by all parties and also demonstrate how partners will work together in the future to monitor delivery and refine the strategy as necessary. Transitional arrangements afford the opportunity to "road test" these.

43. Specifically for any successor organisations - we also will want to see that organisational structures and governance are robust and Objects are appropriate. This should include the proposed composition of the Board; the Board members' mix of skills against the identified skills needed; details on how the Board will be selected and appointed.

Criterion 6: The risks to the succession strategy have been properly identified and are being actively managed

44. The succession strategy must include a completed template setting out what risks have been identified to its implementation; the likelihood of these risks materialising; their potential impact; and the planned management and mitigation strategy. This should include assessment of all risks to delivery, for example, assumptions made, availability of finance, governance, local priorities changing etc.
45. Where a successor organisation(s) is being established, we require a separate risk register and management strategy for each organisation to ensure the assets will be managed appropriately.

Criterion 7: The strategy must be agreed by the Local Authority/ Accountable Body and supported by local partners

46. The Department requires that the succession strategy has been developed and agreed by the NDC Partnership and the Local Authority (both as the Accountable Body and strategic / delivery partner) and supported by other partners and stakeholders such as the PCT, Education Authorities etc). It must be signed off by both the NDC (Chair and Chief Executive) and the Local Authority's Chief Executive. Where the NDC has a Housing Association Accountable Body, we would expect the Housing Association and Local Authority both to approve the succession strategy.

Additional criterion for those NDCs choosing to have successor bodies

Criterion 8: The successor vehicle must be financially independent into the long term

47. We require a business plan for each successor body. This must demonstrate the successor body's contribution to each of the criteria 1-7 detailed above, as well as this criterion.
48. From the start, for those succession strategies that include a successor vehicle(s), we require there to be a business plan which includes a detailed plan of activities and financial plan for year 1, an outline 5 year plan and an explanation of projected plans for years 6-10. More detail on the contents of the business plans can be found from paragraph 59 onwards.

Section D – Documents required to assess succession strategies and the assumptions to be made in business planning

49. We require that both the NDC and Local Authority Chief Executive agree the succession strategy and all documents listed below before they are submitted for approval to Government. The Local Authority should be involved in the development of the succession strategy and must be content with the final submitted strategy. This is under its dual role as the NDC's Accountable Body (in most NDCs) which is accountable for the use of NDC grant and therefore assets, and the strategic and delivery partner. This will require engagement with both financial and community development/regeneration functions within the council. We can facilitate appropriate support as far as our powers allow to help this process.

50. When the Accountable Body is a Housing Association, agreement of the succession strategy should be made both by the Accountable Body and the Local Authority (as a strategic and delivery partner).

51. Other relevant partners such as the PCTs, Education Authorities should also be involved where applicable demonstrating their contribution to, and level of involvement in the succession strategy and activities of the successor vehicle(s). This will inform Government's assessment of the succession strategy and business plan.

Required documents

52. For all succession strategies, we require the following documents which, together, should demonstrate that all of the criteria in this guidance are met:

    a. An overarching succession strategy for the succession area – addressing each of the criteria (a maximum of 20 pages plus annexes) see paragraph 53.

    b. An asset register and future management strategy see paragraphs 54-57;

    c. A comprehensive risk register and management strategy; and

    d. Business plans for successor organisations see paragraphs 59 onwards.

Succession Strategy

53. As outlined in paragraph 33-35 all NDCs will be required to provide an overarching succession strategy addressing each of the criteria. The criteria this should cover are:

- Criterion 1 – The outcomes to be delivered are appropriate for the NDC area and the community it serves.

- Criterion 2 – The community continues to be empowered and community leaders are supported

- Criterion 3 – An agreed split of responsibilities in continuing NDC activities/projects/services (between any successor body, the local authority, other partners etc.)
- Criterion 4 – The NDC assets are safeguarded into the long term.
- Criterion 5 – Governance arrangements support the objectives of the succession plans
- Criterion 6 – The risks to the succession strategy have been properly identified and are being actively managed.
- Criterion 7 – The strategy must be agreed by the Local Authority/ Accountable Body and supported by local partners.
- Criterion 8 – Any successor vehicle(s) must be financially independent into the long term

<u>Asset Register and Strategy</u>

54. The asset register outlined in (b) above should include the following information (refer to PN 34 for more detailed information):
55. We require submission of your asset register and management strategy. Your current asset register should include:
    - Name of current owner
    - Date of acquisition and person by which acquired
    - Description of the fixed asset
    - Cost (net of recoverable VAT)
    - Location of the fixed asset
    - Serial or identification numbers
    - Location of the title deeds (where appropriate)
    - Date of any disposal
    - Proceeds of any disposal (net of VAT)
    - The name and address of any person to whom the fixed asset is sold
56. The asset register for succession plans should also include the following additional information:
    - Who will own the asset after succession and from what date;
    - Who will manage the asset;
    - What is the sale value on transfer of the asset (and method of valuation); and
    - Whether transfer of the asset has been agreed in principle.
57. If the assets are being retained by the Local Authority or otherwise being mainstreamed, we expect to see a plan setting out the proposed management of the assets, the likely liabilities and an explanation of the income and expenditure needs of these assets. If the assets are to be transferred to one or more successor vehicle, we require submission of a business plan for each successor vehicle, see paragraphs 59-60.

Asset ownership, clawback and legal charges

58. You will need to draft and agree with the Accountable Body a document setting out the purpose for which each asset is to be used, and how the assets are to be "locked-in" through the constitution of the successor body and the operation of law applicable to such bodies (i.e. charity law or the law regulating community interest companies combined in each with suitable memorandum or objects and articles of association). It is reasonable to draft a business plan on the basis that we will remove clawback at some point as outlined at paragraphs 24-25.

Successor vehicle business plans

59. For those succession strategies which involve a successor organisation taking some of the work forward, Government also require the following, for each successor organisation (where a successor organisation is any organisation that has been set up with any NDC support).
    a. An explanation which sets out the successor organisation's roles in the overall succession strategy – again using the same criteria, paragraphs 36-48 (a maximum of 15 pages plus annexes).
    b. A financial profile showing the financial viability of the successor vehicles(s) with a detailed financial plan for year 1, supported by an outline 5-year plan and an explanation of the projected plans for years 6-10. This should include assumptions made and list all liabilities (actual and contingent);
    c. An explanation of the legal status of the proposed successor organisation(s), structure, copy of proposed Constitution, memorandum and articles of association, objects, current position with regard to registration with appropriate regulatory body etc; and
    d. A risk register; and
    e. Asset management strategy for each successor organisation.
60. The business plan is primarily intended to help NDCs to plan their succession in the commercial world, and to be the founding plan on which that strategy should be pursued. However, it is not intended that your business plan should be set in stone: the purpose of your plan is to inform Government in detail of the longer term plans and financial situation of your successor body, so that Government can understand the viability of the successor body.

Contents of financial profile

61. The profile should consist of a detailed plan of activities and financial plan for year 1 and this would be supported by an outline 5-year plan and a direction of travel for years 6-10. This must be agreed with the accountable body and sets out as comprehensively as possible:

- the assets to be transferred to the successor body's ownership and all liabilities attaching to assets, including amounts and dates, if known, when the liabilities will or are likely to be realised.
- the activities to be undertaken by the successor body in each year;
- the forecast expenditure in each year – under key headings (including costs and liabilities relating to assets, other costs and liabilities, contingent liabilities, costs of running projects, staff costs, accommodation, consultancy, overheads, and other contingencies);
- the forecast income in each year – under key headings e.g. income from assets, projects, grant funding from other partners; and
- the assumptions which underpin this plan, including for example, inflation, usage of assets, take up of projects, contingencies.

Assumptions on which financial plans are to be based

62. Government wants NDCs to develop sustainable long term plans and will assess all NDCs' succession plans equitably.
63. For this reason the basic premise on which financial plans are to be prepared is that the successor body must be immediately independent and financially viable at the commencement of its operational life i.e. at the end of 2009/10 (for round 1 NDCs) and the end of 2010/11 (for round 2 NDCs).
64. You will need to build your financial plan on the basis of the following assumptions:
    a. That no further NDC programme grant funding will be paid after the end of the NDC programme period.
    b. That any grant not spent in the year in which it is allocated will be lost from the NDC's budget i.e. underspend may not be rolled over for use during the first year or so of the succession period (we have made clear in other guidance and correspondence the consequence of under spending);
    c. The current policy agreed on when clawback is likely to be removed is as follows:
        i. We will consider firstly removing clawback for years 1-9 when the NDC grant is complete and the succession strategy has been approved.
        ii. We will retain the clawback on assets up to the value of year 10 total grant until the final year's grant has been fully audited.
    d. That NDC-funded assets identified for transfer to any successor body will be transferred free of any legal charge to protect the accountable body against the contingent liability to repay grant;
    e. That the successor body will not be required to take a transfer (by novation) of the AB's contingent liability to repay grant;

f. That the NDC grant has been properly spent and accounted for, and the Department is content that the investment made by the programme is protected (in particular by means of the "locking-in" of assets);

g. That the financial plan will need to budget for the costs of conveyancing and other costs associated with the transfer of assets and of meeting any liability to stamp duty or Capital Gains Tax out of grant or income derived from assets (up to £500,000) before the end of the NDC programme period.

h. For income generated during the 10 year programme (while NDC grant is being paid) but not spent, up to £500,000 can be carried over between years without Government approval. At the end of year 10, this could be transferred to the successor body once the strategy has been approved.

i. Whilst endowments of grant are not in principle ruled out at this stage, there should be no assumption of endowment of grant in any particular case.

65. Note that assumptions d) and e) are together referred to as the "removal of clawback".

66. The Accountable Body remains accountable for any grant paid until Government removes clawback. Where successor bodies currently own assets and the Accountable Body has a charge over them, the Accountable Body can remove the charge once it is no longer contingently liable to CLG – i.e. once clawback is removed.

67. But this is a business assumption only. Government will only remove clawback following case by case consideration of each NDC area. There is no guarantee that Government will be in a position to remove clawback for the purpose of asset transfer or at all.

68. CLG wishes to emphasise that the above are at this stage just assumptions, to enable the business planning process to get underway. We believe that these are realistic assumptions. However, they do not represent a final statement of a closed policy on the part of CLG, since CLG will wish to consider the implications and options available should succession strategies submitted show that viable financial independence is not a realistic starting point.

70. If you are unable to meet all the criteria using the assumptions above, your strategy will need to set out which criteria and/or assumptions cause problems and your options for how you would want to negotiate some flexibility around these. This would then inform our subsequent negotiations with you about developing viable succession strategies, if possible.

Section E - Process for approval of NDC succession strategies and timetable

69. This section sets out the process through which succession strategies will be assessed and approved. For Round 1 NDCs we request that succession plans be submitted (both a signed hard copy and an electronic copy) by Thursday 30th April 2009 at the latest to:

    NDC team
    Zone 3/F6
    Eland House
    Bressenden Place
    London
    SW1E 5DU

    And electronically to: ndcteam@communities.gsi.gov.uk

    Please also pass a copy to your GO contact.

70. When CLG has received your succession strategy, we will liaise with relevant parties regarding the different aspects of the strategy to consider whether Government can approve. This could also include a period of questioning and negotiation with those NDCs whose plans we feel are not currently acceptable for sign off and we may require refinement / reworking of some aspects of the strategy and submission of a revised plan. We plan to complete these negotiations by 18 December 2009, aiming to agree succession strategies for all Round 1 NDCs, before they are implemented from April 2010.

71. CLG and GOs will jointly assess the succession strategies, and negotiate them on an individual basis, according to the local situation within which the NDC succession strategy would be implemented. Treasury approval will be required for some NDCs' succession strategies. CLG (and Treasury where appropriate) will approve those that meet all of the criteria to an acceptable level.

72. We will consider an earlier timetable for Round 2 NDCs, this will be announced later, but we expect it to be no earlier than December 2009.

Section F - Support in developing succession strategies and associated documents

73. This guidance sets the framework within which Government will assess the succession strategies. It does not attempt to detail all of the support available to NDCs, Accountable Bodies, Local Authorities and potential successor organisations in developing the strategies. This includes support available locally (such as access to appropriate legal, financial and other professional advisors who we encourage you to approach for support in preparing strategies and business plans) and support available from many national / regional organisations.

CLG Legal/HR Support for succession

74. CLG cannot provide individual legal advice on issues such as staffing, pension liabilities or other HR issues. As independent organisations NDCs should seek their own legal advice on these issues. Other avenues of support for succession planning can be found below.
75. Support available includes the programme guidance (NDC programme notes, the Funding Agreement Letters), access to the Local Improvement Advisers (LIAs, previously the Neighbourhood Renewal Advisers. This is currently through CLG, but the Regional Improvement and Efficiency Partnerships lead from January), support on Community Empowerment, the (new) Asset Transfer Unit (led by the Development Trust Association) and also the DTA directly.
76. The NDC network will be a key source of peer support and may also facilitate access to specialists through seminars or call-off contracts. Government can facilitate appropriate support where needed.
77. Useful websites include
    a. Treasury's Green Book guidance –
       http://www.hm-treasury.gov.uk/green_book.htm
    b. DTA, http://www.dta.org.uk
    c. Charity Commission, http://www.charity-commission.gov.uk
78. We will write to you all separately about the support outlined above.

CLG

December 2008