

Report of	Meeting	Date
Director of Development and Regeneration (Introduced by the Executive Member for Economic Development and Regeneration and the Executive Member for Streetscene, Neighbourhoods and Environment)	Executive Cabinet	09/11/2006

GROUNDWORK WIGAN AND CHORLEY – PROPOSED MERGER

PURPOSE OF REPORT`

- To brief Members and seek approval to the proposed merger of Groundwork Wigan and Chorley and Groundwork Lancashire West.

CORPORATE PRIORITIES

- The main priorities for Groundwork Trusts are to improve the local environment, the lives of local people and the success of local businesses which contribute to a number of strategic objectives, in particular reducing pockets of inequality and developing the character and feel of Chorley as a good place to live.

RISK ISSUES

- The issue raised and recommendations made in this report involve risk considerations in the following categories:

Strategy		Information	
Reputation	3	Regulatory/Legal	
Financial		Operational	3
People	3	Other	

- The risks identified concern the level of activity within the Borough following the merger of the two Trusts to cover a larger area and the change in priorities.

BACKGROUND

- Groundwork is a federation of 50 trusts in England, Wales and Northern Ireland each working with partners to help improve the quality of the local environment, the lives of local people and the success of local businesses. Each Groundwork Trust is a partnership of public private and voluntary sectors with its own Board of Trustees.

6. Groundwork Wigan and Chorley was established in 1997. Chorley provide a core grant to Groundwork of £25,000 and Lancashire County Council £2,000 which over the last five years has levered in over £1 million of funding for projects in the Borough. This has included Chorley Hospital, Age Concern Garden, Westway Ponds and Yarrow Valley Park footpaths, as well as a number of Prince's Trust teams.
7. Groundwork Lancashire West (GLW) was established in November 2003. This trust includes Preston, South Ribble, West Lancashire, Blackpool and Lancaster. At the time Chorley decided to remain part of Groundwork Wigan and Chorley for the following reasons:
 - Groundwork Wigan and Chorley was a long established trust which was successful.
 - Established working relationships between the authority and the trust.
 - Groundwork Lancashire West's main focus would be those areas of greater deprivation and consequently the level of activity in Chorley would diminish.
 - Groundwork Lancashire West would take time to become established and projects could be detrimentally affected.
 - Groundwork Federation is going through a re-structure and it was considered that Chorley should remain with Groundwork Wigan and Chorley until this had been finalised.
8. Over the last three years GLW has made considerable progress in developing business with a strong youth programme in Preston and small capital schemes across the area. However, the trust has struggled to establish a strong operational programme and in 2005/06 suffered significant financial losses and consequently there are insufficient reserves to sustain current levels of operation to fund growth. GLW put together an action plan to improve the short term viability of the trust and carried out a study of the long term options. After full consideration the GLW Board agreed to explore a merger with Wigan and Chorley and over the last 4 months discussions have been taking place.

GROUNDWORK WIGAN AND CHORLEY (GWC)

9. Groundwork Wigan and Chorley has been very successful over the years. However, there are a number of external factors which will affect the trust.
 - Firstly a shift in culture from grant funding to contracting and commissioning which the trust needs to re-position itself to deal with. There are a number of ongoing programmes which re due to end in this year and which will have an enormous impact on funding streams.
 - Shared services : The cost of central services (executive and financial) is already shared between the two trusts with GLW contributing to these services supplied by GWC. The loss of this would have significant impact on GWC. The merger of the two trusts would enable more services to be shared on the operational and development side.
 - The Department of Communities and Local Government provide core funding to the trusts known as PDF. PDF is used to fund development opportunities, which in turn bring in projects, programmes and financial contributions. The allocation of PDF is in the process of change to target areas of deprivation. Initial assessments indicate that GWC core funding would significantly reduce which would have a serious impact on the financial stability of the trust.

MERGER PROPOSALS – SUMMARY OF ADVANTAGES

The merger of the two trusts would have the following advantages:

- Financial: In a changing funding climate it would spread the financial risks.
- Protects future investment in Wigan and Chorley and Lancashire West.
- Strategic – Meets DCLG strategy to create fewer business units.
- Provides a smooth transition of Chorley into the Lancashire West operational area.
- Human Resources: Improve staff retention and reduce recruitment costs.
- Gives staff greater development opportunities.
- Operational: Enables new business opportunities, eg youth activities through the extension of youth services into the GLW area.

MERGER PROPOSALS – GOVERNANCE ARRANGEMENTS

10. If the Boards agree to the merger, it is proposed to close GLW and GWC will form the basis of the new trust. A shadow Board comprising Board members from each trust will be formed to oversee and drive forward the merger process. A new Board will be established which it is proposed will be established which it is proposed will be made up of the following.

	No	Company Members
Wigan	1	√
Chorley	1	√
County	1	√
Preston	1	√
Blackpool	1	√
West Lancashire	1	√
Lancaster	1	√
Groundwork UK	2	√
Co-opted	6	x
Total	15	8

11. It is important that the numbers of non local authority members exceed the local authority members to ensure that the company is not classed as a local authority controlled company. Chorley currently has one member on the Groundwork Wigan and Chorley Board and this will continue on the new Board. The proposed name for the new company is Groundwork Wigan and Lancashire West (GWLW). It is proposed that the new trust should be established by the beginning of the next financial year.

IMPLICATIONS FOR CHORLEY

12. Chorley has always been a 'junior' partner in Groundwork Wigan and Chorley but over the years it has still benefited from a number of projects and funding. These have had greater impact due to the fact that the area has had very little or no access to specialist regeneration funds. In particular the Prince's Trust has been very successful involving young people who otherwise would have slipped through the net.
13. The new trust will cover a much wider area and will focus on areas of high levels of deprivation. In Chorley there are four super output areas which are in the top 100 of some deprivation indicators and the new trust will work with the Council to target these areas.
14. Chorley already has a seat on the Board and will continue to do so. In addition a Project Officer will be assigned to the area to manage projects.

COMMENTS OF THE DIRECTOR OF HUMAN RESOURCES

15. There are no Human Resource implications.

COMMENTS OF THE DIRECTOR OF FINANCE

16. There are no Finance implications.

CONCLUSION

17. Groundwork Wigan and Chorley has been relatively successful in the area enabling a number of projects and levering in over £1 million of funding.
18. The new Groundwork will be much more focussed due to the changes in funding and priorities which are being set at a national level. The issue for Chorley is that the trust continues to add value and delivery projects which meet the Council's strategic objectives. It is therefore proposed that a new Service Level Agreement should be drawn up in light of these changes which set out in detail what the Council wishes to see delivered.

RECOMMENDATION

19. That the proposed merger of the two trusts should be approved. A Service Level Agreement should be drawn up and agreed prior to the new trust being established.

REASONS FOR RECOMMENDATION(S)

11. Groundwork Trust have access to some funding which the Council does not and over the years has supported a number of community projects, levering in over £1 million. The key issue is whether the new Trust will continue to deliver. A new Service Level Agreement will be used to manage and monitor the Trust.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

12. None.

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There are no background papers to this report.

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Jane Meek	5285	18 October 2006	D&RREP/1810DJ1