

Cabinet

Date of Meeting: 06 October 2020

Report Title: Development of a Youth Facility in Crewe

Portfolio Holder: Councillor Kathryn Flavell Portfolio Holder - Children & Families

Senior Officer: Mark Palethorpe – Executive Director People

1. Report Summary

- 1.1 The Council has undertaken preliminary market research and feasibility on improving youth services and facilities for children and young people in Cheshire East.
- 1.2 This report provides information on a proposed Youth Zone model and seeks delegated approval for Cheshire East Council to enter into a Partnership Agreement with a charitable organisation in order to submit a funding bid to the Department for Digital, Culture, Media and Sport's (DCMS) Youth Investment Fund (YIF) to support the development of a Youth Zone in Crewe.
- 1.3 This project is dependent on a strong, successful funding bid to DCMS, that only charitable organisations are allowed to submit. A bid will need to clearly evidence that a Partnership Agreement is in place between the Council and a suitable charitable organisation.
- 1.4 The Council is currently working to identify and secure a suitable location for the scheme. The initial focus has been on Council-owned sites in Crewe town centre. These sites are being evaluated further and their availability will also be subject to the outcome of the Council's Future High Streets Fund bid to Government, which is seeking funding towards residential-focused redevelopment schemes in the Town Centre.

1.5 The current facilities to support young people in Crewe are very limited and there has been no formal consideration to date to consider capital investment into dedicated facilities for young people beyond schools and general community leisure facilities. This proposed Partnership Agreement and funding opportunity would enable the Council to demonstrate our investment in young people as valued citizens and notably, vital users of our town centres.

1.6 The Partnership Agreement will enable the Council and partners to create a high quality new build facility that supports young people to develop new skills and socialise in a safe, positive and accessible environment. The attraction of a successful Youth Zone encourages parents and carers to spend time in town centre retail and recreation facilities which will be critically important as we come out of the current lockdown, but also essential to the future success of town centres. This is why we want to develop a Partnership that will complement the redesign and planning of the Crewe town centre.

1.7 The proposed development of a Youth Zone has a strategic fit with the Council's priorities for the coming years.

1.8 Following our 'Together' principles of co-production and starting our service development through listening to the views of children and young people we have heard a clear message that a top priority is to improve access to positive things to do that help them to stay active for health and for mind.

The proposed development of a Youth Zone would also have a clear fit with the Children and Young People's Plan 2019 – 22 and the overarching aim to make Cheshire East a great place to be young. Together we want the following 6 outcomes for children and young people:

- Children and young people we care for are happy and given every opportunity to achieve their full potential.
- Children and young people feel and are safe.
- Children and young people are happy and experience good mental health and wellbeing.
- Children and young people are healthy and make positive choices.
- Children and young people leave school with the best skills and qualifications they can achieve and the life skills they need to thrive into adulthood.
- Children, young people and young adults with additional needs have better chances in life.

2. Recommendations

That Cabinet:

2.1 Notes that an open market testing exercise will be undertaken to understand the ability of charitable organisations to become an effective partner of the Council for

the purposes of submitting a funding bid to the Department of Culture, Media and Sport.

2.2 Delegates authority to the Executive Director People in consultation with the Portfolio Holder for Children and Families to:

- evaluate the market testing and ensure an appropriate due process is undertaken to select a preferred partner in order to enter into a Partnership Agreement to deliver this scheme.
- review a detailed options appraisal to be prepared by the Council's Assets Department on potential sites for the delivery of a Youth Zone in Crewe.

2.3 Notes that a further Cabinet report will be prepared to seek approval for:

- the final detailed proposal for the scheme.
- the business case including any required capital and revenue contributions.
- authority for the disposal and / or use of the Council's land to enable the delivery of the scheme.

3. Reasons for Recommendations

3.1 The development of a Youth Zone in Crewe will provide a much needed facility for young people and ensure Cheshire East is a great place to be young.

3.2 To ensure an effective stepped approach to developing a Youth Zone that secures external funding, ensures due diligence / compliance and an aspirational facility that is sustainable for generations of young people to come.

3.3 The introduction of a Youth Zone facility in Crewe town centre would support the continued diversification of the town centre, building on recent investments in the Lifestyle Centre, UTC and Market Hall as well as aligning to other initiatives in the pipeline. This approach is key to ensuring there are more reasons for more people to visit the town centre throughout the day and evening, and aligns with the objectives of the Crewe Town Centre Regeneration Framework.

4. Other Options Considered

4.1 The options in this instance are limited. The Council had not considered developing a major purpose-built youth facility in the borough before considering the proposal as presented, the options are therefore limited as indicated below.

4.2 Option 1 - Do nothing and reject the proposal to establish a Partnership Agreement. The opportunity to create sustainable youth provision in the borough would be lost and the Council would have to make alternative provisions for Crewe using its own resources. This option is not recommended.

4.3 Option 2 - Full Council led development. This would result in the Council needing to provide 100% capital and revenue funding (less any grant funding it could

raise); Council would be required to follow the Public Contract Regulations 2015 that would add time and cost in addition to carrying capital overrun full risk and revenue liabilities. In this instance the Council's capital investment is likely to be in excess of £8m. This option is not recommended.

- 4.4 Option 3 – make a capital investment into the local voluntary sector. The capital sum is unlikely to be matched by the voluntary sector – and any opportunities to do this would take considerable time. Without additional capital the youth facilities would only be able to offer less than half the opportunities on offer through a Partnership approach with a charitable organisation. The borough would lose the opportunity of an inward capital and revenue investment. This option is not recommended.

5. Background

- 5.1 Crewe incorporates some of our most deprived wards and the ability to support the areas young people to access positive things to do in their community will not only improve their health and wellbeing and drive aspirations for adulthood but also support community cohesion and a vibrant Crewe town centre. Our young people tell us on many occasions that improving positive things to do is one of their main priorities.

- 5.2 In June 2020 we have suffered flooding damage to our current Crewe Youth Hub. This is a building which we lease from a private landlord in an historic arrangement since 2010. This shop front is no longer fit for purpose to enable the Youth Service to deliver high quality provision that also sends a message to our young people that we value them and want to invest in their needs going forwards. The lease has come to an end and as such we are looking to relocate Youth activities to the Lifestyle Centre on a temporary basis until we can develop new premises for the future.

- 5.3 The Council has undertaken preliminary market research and feasibility on improving youth services and facilities for children and young people in Cheshire East. This report proposes a Partnership Agreement that will enable the Council and partners to create a high quality new build facility that supports young people to develop new skills and socialise in a safe, positive and accessible environment.

Youth Zones provide large-scale multi-activity facilities which typically include a multi-use 3G pitch, indoor sports hall, climbing wall, gym, music, dance, performing and creative arts facilities and café, along with flexible spaces that can respond to young people's changing needs and preferences. Local young people will be involved in the naming, branding and interior design of the new Youth Zone from the very start.

- 5.4 The formation of a partnership between the Local Authority, charitable trusts and local businesses will provide both capital and revenue funding for the development of much needed youth facilities in Crewe.

Several existing Youth Zones have more than 3,500 members and evaluation indicates that every £1 invested in Youth Zones by local authorities achieved a social return on investment of £6.66. The evaluation identified benefits for young people including health and wellbeing improvements, improved school attendance and reductions in crime and anti-social behaviour by Youth Zone members.

More recent independent research has identified the reduction rate of anti-social behaviour in areas surrounding Youth Zones as being between 50-70%. The centres also provide opportunities to enhance local skills of young people to support them in becoming more work-ready through employability programmes, and offer volunteering and training opportunities for the wider community too.

- 5.5 The provision of a Youth Zone aims to inspire young people to lead healthier and more positive lives, raising their aspirations so they grow up to become happy, caring and responsible citizens. Young people between the age of 8 and 19, and up to 25 with additional needs, can access over a range of activities each session at a Youth Zone, occupying their bodies and minds in a fun way, while learning new skills and socialising in a safe, positive way. They open weekday evenings, all through the weekend and all day every school holiday.
- 5.6 Each Youth Zone is typically established as an independent local charity and company limited by guarantee with a local Board of Directors and an independent Chair. The Council will be invited to nominate one Board Director.
- 5.7 The one-off capital cost for the proposal is estimated to be £8,400,000. Assuming the preferred charitable organisation's bid to the Youth Investment Fund is successful then it is estimated that the Council would be required to contribute £2,100,000 towards these costs. This would be in the form of a grant to the new independent local charity. The lead charitable organisation will be required to use all reasonable endeavours to secure the balance of capital funding required for the project.
- 5.8 Once built, the facility, which will be located on Council owned land, would be granted on a 125 year lease, at a peppercorn rent, without break clauses but with strict user clauses and provision for forfeiture in the event of fundamental failure of the charity to comply with the terms of the lease. A proposed site is still to be confirmed by the Council. The proposed utilisation of any council owned land would be subject to a further report containing specific legal advice on the nature of the legal agreement governing its use. It is unlikely that the Council will need to purchase land to enable the development of the Youth Zone. Until the site has been identified and the build costs detailed, the total development costs cannot be confirmed.
- 5.9 Annual revenue costs for the Youth Zone, once fully operational, are estimated to be £1.3m. This is anticipated to be met through fundraising through the charitable organisation we partner with, including specifically targeting corporate support through the local business community and also income from young people by way

of membership/attendance fees and secondary spend. The revenue investment required through the Council is estimated to be £400,000 pa. This will be in the form of a grant to the new independent charity. In order to secure the Council's revenue contribution a redesign of youth services will be undertaken and this will be managed each year in the wider context of the medium term financial strategy. Our partner charitable organisation will act as lead organisation, supporting Crewe Youth Zone, for the purposes of raising the first three years' anticipated revenue costs of operating the Youth Zone to the extent that it is not provided by the Council.

5.10 The Council will undertake a market testing exercise to determine whether suitable charitable organisations are available and have the track record to deliver a major Youth Zone scheme. Charitable organisations will have to evidence their ability to offer significant capital match funding, access significant government grant funding, generation of ongoing significant revenue investment from fundraising / private sector and establish and successfully deliver a 21st century inclusive youth provision.

5.11 The next steps to deliver this Crewe Youth Zone project are set out below:

- Detailed options appraisal on potential sites for a Youth Zone
- Consultation with planning
- Negotiation on legal agreements required to deliver the Youth Zone
- Financial appraisal of site development costs and operations
- Further Cabinet report seeking a decision to create the Crewe Youth Zone

6. Implications of the Recommendations

6.1 Legal Implications

This project presents significant risk in the following areas and further legal advice will be required as the project progresses to mitigate and safeguard the Council's position:

6.1.1. That an appropriate process is undertaken to select a partner charitable organisation and suitable terms are agreed for the partnership agreement.

6.1.2 The Constitution of the new registered charity: further advice will be required to ensure that the key procurement activities to be undertaken around the design and construction of the building and the supply of the Youth Zone services are exempt from the Public Contracts Regulations 2015, given that it is the charity that will undertake these activities. Also further legal advice will be required in relation to governance of the charity to ensure that the Council's interests are adequately protected when decisions are made by the charity.

6.1.3 The leases and Youth Zone operational agreement: further legal advice will be required to ensure that in the event the charity fails either during or after the initial 3 year period due to a lack of funding or for other reasons there are

clear exit mechanism in place which will lead to acceptable outcomes for the Council.

6.1.4 State aid: to ensure that the granting of funding by the Council is not deemed to be unlawful state aid. If the funding is being granted to a charity then it is arguable that the charity, as a not for profit organisation, will not be classed as an economic undertaking.

6.1.5 Any lease of the Council's land will be subject to the provisions of s123 of the Local Government Act 1972 and indeed where the rent payable is nominal the disposal must satisfy the requirements of the General Disposal Consent and any State aid requirements. Once the site has been identified the Council's Legal Department will advise in relation to any matters affecting the site prior to the lease grant and will undertake a full review of the proposed lease prior to any final decision being made to grant a lease of the Council's land.

6.2 Finance Implications

6.2.1 The one-off capital cost for the proposal is estimated to be £8,400,000. Assuming that the partner charitable organisation is successful with the bid to the DCMS Youth Investment Fund then the Council would be required to contribute approximately £2,100,000 towards these costs. This would be in the form of a grant to the new independent local charity. Our partner charity will be required to commit to using all reasonable endeavours to secure the balance of capital funding required. The £2.1m proposed capital investment from the Council would cost approximately £87k pa in extra revenue funding for borrowing and Minimum Revenue Provision (MRP). These revenue implications of capital expenditure are not currently in the future forecasts of the Capital Financing Budget.

6.2.2 The facility would be granted on a 125 year peppercorn lease, although a site is still to be confirmed. Until the site has been identified and the build costs detailed, the total development costs cannot be confirmed. It is also worth noting that, depending on the site appraisal and decisions, there could be a loss of a potential capital receipt.

6.2.3 Annual revenue costs for the Youth Zone, once fully operational, are estimated to be £1.3m. This is anticipated to be met through fundraising through the charitable organisation we partner with, including specifically targeting corporate support through the local business community and also income from young people by way of membership/attendance fees and secondary spend. The revenue investment required through the Council is estimated to be £400,000 pa. This will be in the form of a grant to the new independent charity. Our partner charitable organisation will act as lead organisation, supporting Crewe Youth Zone, for the purposes of raising the first three years anticipated revenue costs of operating the Youth Zone to the extent that it is not provided by the Council.

6.2.4 The revenue and capital implications for the Council as detailed above will be included within the Council's planning and consultation for the next Medium Term Financial Strategy.

6.2.5 The revenue implications of developing a Youth Zone in Crewe will be incorporated into a business case to redesign youth services within current base budget and manage budget setting in the wider context of the medium term financial strategy.

6.2.6 The key financial risks for the Council are:

- committing the Council to annual revenue expenditure of up to £400,000.
- the scope for any increase in revenue contribution in future years.
- the need for an exit strategy if the benefits of the scheme do not materialise or partners drop out.

6.3 Policy Implications

6.3.1 There are no policy implications to this report.

6.4 Equality Implications

6.4.1. An Equality Impact Assessment will be completed as part of service development. This proposal is not expected to discriminate or have negative impacts on people with protected characteristics. The development of a Youth Zone will be inclusive and ensure accessibility for those aged up to 25 that have a disability.

6.5 Human Resources Implications

6.5.1 There are no human resource implications to this report

6.6 Risk Management Implications

6.6.1 The Council will continue to work to identify and secure a suitable location for the proposed facility, which is essential for the project to be a success. If the Council is unable to identify a suitable location, the project will not be able to continue. It is essential that the location identified meets the key criteria required to ensure success of the project. Early work by officers within the Place Directorate have identified tentative site options in Crewe which require full evaluation / appraisal to ensure a fit with the parameters of the Youth Zone approach and also the wider Crewe town centre developments.

6.6.2 There is a risk that there is insufficient funding to deliver the project which could result in significant additional costs and financial strain on the Council to deliver the project or cause the project to halt, resulting in the Council being poorly regarded.

Indicative capital and revenue costs will be sought through the next round of planning and consultation for the Council's medium term financial strategy and this will be kept under review each year. The preferred partner charitable organisation will need to evidence significant experience in fundraising for their contribution to such projects and in supporting management committees thereafter.

- 6.6.3 There is a risk that project capacity across a range of disciplines is insufficient to ensure the key milestones for this project are met. Senior officers will work with the Programme Management Office to ensure capacity is applied to ensure the project is delivered effectively.

6.7 Rural Communities Implications

- 6.7.1 No rural communities' impacts are expected.

6.8 Implications for Children & Young People/Cared for Children

- 6.8.1 There are significant benefits of developing a Youth Zone for Crewe young people in terms of aspirational things to do, support to mental health and wellbeing, community cohesion and changing mindset around school attendance.

6.9 Public Health Implications

- 6.9.1 Developing a Youth Zone will encourage improved physical activity and mental health and wellbeing thereby improving key public health outcomes.

6.10 Climate Change Implications

- 6.10.1 There are no direct implications for climate change.

7 Ward Members Affected

- 7.1 Crewe wards

8 Consultation & Engagement

- 8.1 There has been no direct consultation and engagement undertaken at this early stage of developing a Youth Zone.

9. Access to Information

- 9.1 Nothing at this point in the development.

10. Contact Information

10.1 Any questions relating to this report should be directed to the following officer:

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