

## **Children and Families Committee**

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<b>Date of Meeting:</b>	8 November 2021
<b>Report Title:</b>	Crewe Youth Zone
<b>Report of:</b>	Ali Stathers-Tracey, Director of Children's Prevention and Support
<b>Report Reference No:</b>	CF/06/21-22
<b>Ward(s) Affected:</b>	All Crewe Wards

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### **1. Executive Summary**

- 1.1.** This report provides an update on the progress made to date to develop a Crewe Youth Zone, including an outdoor satellite site, following Cabinet approval in October 2020. The focus of the report is to take forward the next steps required to progress capital and revenue financing of the project and identify and confirm suitable sites (Oak Street for the Youth Zone and Mirion Street for the outdoor satellite site) in line with the Government's Towns Fund Heads of Terms offer recorded in the Officer Decision Record, signed by the Chief Executive on 30<sup>th</sup> July 2021. This includes confirmation of details of ten projects being taken forward and addressing key conditions relating to those projects. To secure this funding each project is required to complete an approved full business case by August 2022, following which the Department for Levelling Up, Housing & Communities (DLUHC) will release funding in tranches. Crewe Youth Zone is one of the identified projects requiring £2.6m Towns Fund (£2.0m for the main Youth Zone and £0.6m for the outdoor satellite facility) towards overall costs of £9.0m required to deliver the Youth Zone.
- 1.2.** 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. The development of a Crewe Youth Zone in Oak Street including an outdoor satellite site in Mirion Street would enable the Council to demonstrate our investment in young people as valued citizens and notably, vital users of our town centres.

- 1.3. The Crewe Youth Zone will provide a high-quality new build facility that supports young people to develop new skills and socialise in a safe, positive and accessible environment. This Youth Zone will have 13 high specification equipped spaces including an outdoor satellite facility at Mirion Street, large scale sports hall, multi-use 3G pitch, climbing wall, boxing and fitness suites, dance and music studios, art workshop, café and social areas, plus flexible spaces that can be adapted to the changing needs and priorities of young people. 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 Crewe town centre.
- 1.4. For the purposes of this report, further references to Crewe Youth Zone include the outdoor satellite facility at Mirion Street. The facility at Mirion Street will be procured and delivered by the Council.
- 1.5. The development of a Crewe Youth Zone is a perfect fit with the exciting programme of regeneration being planned for Crewe. Strong links have already been developed with the recently formed Crewe Town Board and Crewe Town Council.
- 1.6. A Crewe Youth Zone will support the Council to achieve the strategic aims and objectives as detailed in the Council's Corporate Plan 2021-25, with a specific focus on:

**A Council which empowers and cares about people -**

- Work together with residents and partners to support people and communities to be strong and resilient
- Reduce health inequalities across the borough
- Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation
- Support all children to have the best start in life
- Increase opportunities for all children and young adults with additional needs.

**A thriving and sustainable place –**

- A great place for people to live, work and visit
- Welcoming, safe and clean neighbourhoods.

## **2. Recommendations**

- 2.1. That Committee note this report.

- 2.2. Notes that a further Children and Families Committee report will be prepared to seek approval for the detailed arrangements for the opening, operation and governance of the Crewe Youth Zone.

### **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. The Youth Zone will support the Council's strategic aim to empower and care about people and ensure that Crewe is a thriving town that provides the building blocks for the lifetime aspirations for local young people.
- 3.2. To ensure an effective and planned 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 the Crewe regeneration programme. A prominent and vibrant Youth Zone 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 Crewe Youth Zone. 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; the ability to support the area's 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.** The Council is working with a national charity OnSide Youth Zones (OnSide) to develop a Youth Zone in Cheshire East. OnSide work in partnership with local authorities, charitable trusts and local businesses to provide both capital and revenue funding for each facility. OnSide now operates a national network of Youth Zones with fourteen in operation and a number of others in the development pipeline.
- 5.3.** An open market testing exercise was undertaken to understand the ability of charitable organisations to become an effective partner of the Council. Three responses were received and only OnSide met the key criteria required to become an effective partner.
- 5.4.** Each Youth Zone is 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. Each Youth Zone is also a member of the national OnSide network which brings benefits including operational support, funding, training, development and progression opportunities, and national recognition.
- 5.5.** Crewe Youth Zone will target young people aged 8-19, and up to 25 with additional needs, and provide a safe exciting place to go to have fun, 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 are involved in the naming, branding and interior design of each new Youth Zone from the very start.
- 5.6.** The latest OnSide Network – Ambition and Impact report published in February 2021 provides a vast array of outstanding evidence, case studies and quotes from young people (see Appendix 1). The impacts for young people cover personal development, health and wellbeing improvements, improved school attendance and reductions in crime and anti-social behaviour by Youth Zone members. The following provides an extract from the Ambition and Impact report:

- 100% of stakeholders said that the Youth Zones provided a safe place for young people to have fun and grow
- 66% of young people thought they were better at bouncing back from setbacks and disappointments
- 73% feel happier about their lives (89% for those on free school meals)
- 70% of members believe that they are more physically healthy
- 78% of parents consider that the Youth Zone has had a positive impact on their child's life, a figure which rises to 95% amongst those whose children have been attending more than 2 years
- 74% of young people aged 14 and over said they understand more about the dangers of smoking, drugs and alcohol
- 78% say staff and volunteers at the Youth Zone encourage them to prepare for the future
- 97% of stakeholders thought that their area was better since their Youth Zone opened.

**5.7.** The Youth Zone bid was part of the successful Crewe Town's Fund £22.9m bid, of which £2.6m has been identified for the Youth Zone project, subject to complete of an approved business case, and is a fantastic first step to securing the estimated £9.0m needed to develop a Youth Zone. There are two gateways that all projects included in the Towns Fund are required to go through before funding is confirmed and in place. These include:

– Gateway 1: provide all necessary information and project requirements to be examined by the Town Board and Accountable Body (S151 Officer) for recommendation to approve and submit to DLUHC. This includes: latest cost information and expenditure profiles; funding tranches, and in the case of the Youth Zone this also required confirmation of match funding arrangements and a more detailed delivery plan and further information on outcomes, risks, interdependencies and mitigation measures; Equalities Impact Assessment; Environmental Impact Screening; Monitoring and Evaluation Plan. All of which have been approved by S151 Officer and Crewe Town Board and submitted to DLUHC.

- Gateway 2: Government needs to be assured that the funding meets its criteria for Towns Fund and provides necessary value for money. Projects are therefore required to develop a full business case that is independently appraised and endorsed by Crewe Town Board. This submission is required to be submitted to the Towns Board by May 2022 for it to be appraised and submitted to DLUHC by 5<sup>th</sup> August 2022.

**5.8.** This report focuses on the formal financial commitments required from the Council in order for OnSide to establish an operating charity to manage / govern the Youth Zone, commence with pre planning development work and implementation of their fundraising plans. The current estimated maximum capital investment required of the Council is £2.2m. This could

reduce to £1.1m if Youth Investment Funding was secured and could increase to a maximum of £4.8m if the Youth Zone project does not receive final approval from DLUHC and the Crewe Town's Fund capital allocation is not therefore available.

- 5.9.** A full business case, in line with the Treasury Green Book requirements, will be developed by the end of April 2022 for Crewe Youth Zone (incorporating an OnSide fundraising commitment and plan). A Cheshire East Council business case will also be completed as part of the next round of Medium Term Financial Planning for 2022-23 and beyond.
- 5.10.** In order for the Crewe Youth Zone project to move forward, a £350k upfront capital investment is required from the Council to cover the project costs up to submission of an application for full planning consent. This will include the development of the required information for the Treasury Green Book business case including: maximise public value to society through the selection of optimal combination of components produces and related activities; is commercially viable and attractive to the supply side; is affordable and fundable over time; can be delivered successfully by the organisation and its partners. The release of any proportion of the £350k will be supported by an analysis of the services and costs to be incurred. OnSide will formally commit to raise the funding required to progress the project during the rest of the conditional period (i.e. from planning submission to start on site) at an equal value of £350k. In circumstances where the Council decides to withdraw its support for the project before commencement of construction, OnSide would require the Council to reimburse the direct and third-party costs borne by OnSide to the date of such decision (capped at a further £350k).
- 5.11.** To provide comfort in respect of the upfront financial commitment, a service level / grant agreement will be entered into subject to full review and agreement with Cheshire East Legal Services. The Council's regeneration team is liaising with DLUHC to formalise the draw-down of the initial £350k from the Towns Fund allocation to this project.
- 5.12.** Following the Council's formal financial commitment to deliver a Crewe Youth Zone, as part of the Medium Term Financial Strategy, the project is then deemed 'live' by OnSide. OnSide would then proceed with incorporation and registration of the operating charity ('Crewe Youth Zone') utilising a template of the Articles of Association which are common across the Youth Zones in the Network (subject to minor variation following changes in the Charity Commission's model and periodic review of the template by our charity lawyers). OnSide would also request that the Council nominate an elected member or senior officer to be one of the subscribers and thereafter to be a director/trustee.
- 5.13.** Crewe Youth Zone (operating charity) will procure the design and construction services through their well-established mini framework for the professional team and a single stage competitive tender to identify a

suitable building contractor. Recognising that Crewe Youth Zone will on incorporation be little more than a 'shell' and it will only develop capacity and resources gradually during the development period, it is OnSide that will provide the comprehensive development management service to Crewe Youth Zone. Development Agreements and Operational Agreements will be put in place to provide the Council with comfort that when any formal documents say Crewe Youth Zone will do something, the Council can rely on OnSide, through its various specialist teams, to ensure that it is done.

- 5.14.** In terms of the Council's release of land and assets, OnSide have supplied a template of the lease that has been successfully utilised for other live projects across the country. The heads of terms have evolved over early projects to provide an appropriate balance between providing sufficient security for Crewe Youth Zone to be a multi-generational facility for young people of the Borough (and sufficiently attractive for OnSide supporters to fund) and providing suitable protection of the Council's interests and its application of public funds. The permitted user is very restrictive and whilst OnSide cannot agree break clauses, the lease provides for forfeiture in the event of fundamental failure of Crewe Youth Zone and/or its protracted failure to provide the agreed service and community benefits. There is also the additional protection of the Lease containing step-in rights for OnSide to take over delivery of the service and benefits (subject to satisfying the Council it has the ability and resources to do so).
- 5.15.** All OnSide Youth Zones have signed a Network Agreement that has developed over the last couple of years in consultation with the Youth Zones and specialist charity lawyers. The purpose of a Network Agreement is for OnSide to provide support and for the Youth Zones to maintain the quality of delivery to which we all aspire. It provides for collaboration rather than regulation but does impose a number of mutual obligations that will support best practice, quality and sustainability. This can only be of benefit to the Council and Crewe Youth Zone's numerous other funders all of whom will enjoy the reassurance that the collective strength of the Network provides the best possible chance of our mutual aspirations being met over many years.
- 5.16.** The Council has considered the following three site criteria that have led to successful and sustainable delivery of Youth Zones:
- A prominent and neutral location
  - Good access and transport links
  - Adequate size of footprint and longevity of use.

After reviewing available Crewe sites that meet the above criteria (some have already been prioritised for other Crewe regeneration projects) only one site was left as a credible option for a Crewe Youth Zone. Oak Street car park meets the Youth Zone site criteria and is also a strategic fit with

the Crewe Town Investment Plan and Town Centre Regeneration Delivery Framework. Work will be required by the project to achieve a carparking closure order. An early pre-planning advice session was undertaken with OnSide and Cheshire East Regeneration Team and the only notable risk was the impact of taking Oak Street out of use as car park and whether this created any gap in the supply and demand for short and long-term parking. It is recommended that a formal pre-planning assessment is completed for more comprehensive advice. This assessment will need to take account of the substantial mitigating factor provided by the planned opening of a new Crewe multi-storey car park.

- 5.17.** Once built, the Crewe Youth Zone, which will be located on Council owned land, would be granted 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. 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.

## **6. Consultation and Engagement**

- 6.1.** Early engagement with a range of stakeholders is crucial for a project of the nature of Crewe Youth Zone, especially when there is such a range of important projects to regenerate Crewe town centre. Over the last eight months meetings have taken place to engage with the following stakeholders:

- Children and young people
- Crewe Town Council
- Crewe Town Board
- Crewe ward members and other lead members
- Various partners and leads for related Crewe regeneration projects
- Council planners, transport and highways colleagues.

- 6.2.** All the above engagement has allowed key stakeholders to understand the operation, facilities and outstanding outcomes that can be achieved for young people and their local community. The energy and buy-in from all parties has been overwhelmingly positive.

## **7. Implications**

### **7.1. Legal**

- 7.1.1.** This project presents risk in the following areas and further legal advice will be required as the project progresses to mitigate and safeguard the Council's position:
- 7.1.2.** 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.

- 7.1.3.** 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.
- 7.1.4.** 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.
- 7.1.5.** Legal will provide further advice as necessary through a Project Group to work through the timeline and actions to achieve the key deliverables.

## **7.2. Finance**

### **Capital**

- 7.2.1.** The Youth Zone was part of the successful Crewe Town's Fund £22.9m bid. £2.6m has been identified for the project subject to further appraisal and is a first step to securing the estimated £9.0m needed to develop a Youth Zone (£8.4m for the main Youth Zone and £0.6m for the outdoor satellite facility).
- 7.2.2.** The expected criteria for Round 1 of the Department for Culture, Media and Sports (DCMS) Youth Investment Fund (YIF) have changed to focus on small projects that can be delivered in 2021-22. This rules out a YIF Round 1 bid for the Crewe Youth Zone. DCMS have indicated that a Round 2 will become available and if the Youth Zone meets the criteria and a successful bid is submitted then this could reduce the Council's capital commitment by up to £1.1m. YIF would normally be based on a total of 75% of public money being allowable on the project and at least some element of non-public matched funding being required.

**7.2.3.** The two most realistic capital scenarios are:

	Without YIF	With YIF (Mirrors Towns Fund application)
Crewe Town Fund	£2.6m	£2.6m
<b>CEC Capital - Prudential Borrowing</b>	<b>£2.2m</b>	<b>£1.1m</b>
OnSide fundraising	£4.2m	£3.1m
YIF round 2	-	£2.2m
<b>TOTAL</b>	<b>£9m</b>	<b>£9m</b>

The £2.2m proposed capital investment from the Council would cost approximately £88k pa for 25 years in extra revenue funding for the repayment of borrowing. This is currently not included in the 2021-25 Medium Term Financial Strategy.

**7.2.4.** The Council's commitment to make the appropriate level of capital investment is included in the Development Agreement (DA) and except for an initial 'at risk' capital contribution of c.£350k (described below), release of the capital takes place typically by four quarterly instalments, during the construction period, pursuant to a cash flow forecast which is one of the appendices to the DA. The DA is initially exchanged conditional on both planning and all funding routes being secured.

**7.2.5.** The 'at risk' capital contribution of £350k will form part of an agreement between the Council and OnSide. Typically, it costs c.£350k in professional fees to get to proposals to the level of detail required for consideration of a full planning application and then a similar amount to complete advance design and tender the construction. It is of course likely that the DA will remain conditional throughout these processes and hence total 'at risk' costs of c.£700k are effectively shared between the Council and the funders that OnSide sources. OnSide fundraising can only commence once a project is 'live' (following the Council's resolution to proceed) which means that the first £350k, to take us to planning, is borne by the Council. At the point a planning application is submitted, OnSide will have sourced funding to meet the second £350k required to get the project to tender stage.

**7.2.6.** The Council's initial £350k commitment is usually released in two equal tranches, the first on a confirmed resolution to proceed and the second only on receiving satisfactory evidence of spend of the first. It is important to note that this £350k is an advance payment of the total capital contribution not in addition to it. The Council's regeneration

team is currently liaising with DLUHC to formalise the draw-down of the £350k Towns Fund allocation to this project.

## **Revenue**

- 7.2.7.** The Council's revenue contribution is an initial commitment of £400k per annum for the first three years after opening. It is proposed that the existing Early Help budget will be reconfigured to free up the £400k revenue contribution in 2024 and report this as part of MTFS proposals. This is paid by way of revenue grant to the new independent charity pursuant to the terms of the Operational Agreement (OA) and typically quarterly in advance. The commitment to start release of that grant commences only after opening of the Youth Zone, although it can support mobilisation of the Youth Zone for an earlier start to revenue grant being negotiated. The revenue grant supports the core universal service that Crewe Youth Zone will offer the young people of Crewe and the OA contains provisions describing what the Youth Zone will deliver (backed by OnSide's full support). As part of the Treasury Green Book Full Five business case, it will be expected the project will be expected to undertake more detailed discussions about sustainability of the project and certainty over revenue projections.
- 7.2.8.** Importantly, there is no commitment on the Council to extend revenue support beyond the initial period covered by the OA. However, across other Youth Zones in the Network, the community benefits (and savings) have been such that other local authorities have readily agreed to continue support of the operating costs in that way.
- 7.2.9.** 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 OnSide 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. OnSide's 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.
- 7.2.10.** The revenue implications of developing a Youth Zone in Crewe will be incorporated into a business case to redesign youth services within the current Early Help base budget and manage budget setting in the wider context of the Medium Term Financial Strategy.
- 7.2.11.** 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.

**7.2.12.** 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.

### **7.3. Policy**

**7.3.1.** There are no policy implications to this report.

### **7.4. Equality**

**7.4.1.** An Equality Impact Assessment has been completed and attached at Appendix 2. 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.

### **7.5. Human Resources**

**7.5.1.** There are no human resource implications to this report.

### **7.6. Risk Management**

**7.6.1.** The Council will continue to work to ensure the site identified for a Crewe Youth Zone (Oak Street car park) is fit for purpose and any impacts on parking across Crewe are mitigated as far as is reasonable. If the Council is unable to do so, the project may not be able to continue.

**7.6.2.** 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.

**7.6.3.** 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 formal agreements to be put in place will also need to set out the financial commitments that OnSide are required to secure to ensure the project can move forward. OnSide have significant experience and a good track record of delivering and sustaining good quality Youth Zones.

**7.6.4.** There is a risk that the Council's 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.

**7.7. Rural Communities**

7.7.1. No rural communities' impacts are expected.

**7.8. Children and Young People/Cared for Children**

7.8.1. 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.

**7.9. Public Health**

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

**7.10. Climate Change**

7.10.1. The project has recently completed an Environmental Impact screening exercise and will be required to complete a full Environmental Impact Assessment via Cheshire East Planning department as part of submission of full business case.

<b>Access to Information</b>	
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Appendices:	Appendix 1 - OnSide Network – Ambition and Impact report Appendix 2 – Equality Impact Assessment
Background Papers:	No background papers