

CABINET	AGENDA ITEM No. 6
20 SEPTEMBER 2022	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director: Place and Economy	
Cabinet Member(s) responsible:	Cllr Steve Allen, Deputy Leader and Cabinet Member for Communications, Culture and Communities Cllr Lynne Ayres, Cabinet Member for Childrens Services, Education, Skills, and University	
Contact Officer(s):	Matt Oliver, Head of Think Communities Nick Carter, Assistant Director for Growth and Regeneration Christine Addison, Head of Strategic Property	Tel. 07919213962

PETERBOROUGH YOUTH ZONE

RECOMMENDATIONS	
From: <i>Director of Place and Economy</i>	Deadline Date: <i>N/A</i>
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Support the principle of developing a Youth Zone for Peterborough. 2. Support a bid to Youth Investment Fund (phase 2) in partnership with OnSide Charity. 3. Delegate the final wording and sign off of a letter of intent, draft Heads of Terms for a lease and contract and any conditions required by the Council to the Director of Resources and Monitoring Officer in consultation with the Cabinet Member for Property and Resources. 4. To note that a further report will be required should the project proceed to agree to the selected site and its disposal under a lease. 5. To agree that in order to meet the project delivery and spend timescale required by DCMS the initial project development work including site investigations continues at risk to RIBA 2 at a cost of up to £250k pending the outcome of the bid submission likely to be mid-December 2022. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a proposal from OnSide youth charity to develop a state-of-the-art Youth Zone for Peterborough. The proposal has been assessed initially and offers a significant opportunity for a step change in service and outcomes for young people as well as bringing external investment into the city. To progress further requires a Cabinet decision of support as per the recommendations in order to submit a bid for funding to the Youth Investment Fund. The proposal is subject to further work include a future decision about the final site to be used for this purpose.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to set out the opportunity to bid for the Department of Culture Media and Sport, Youth Investment Fund Phase 2, partnering with “OnSide” (a national charity) to build and run a Youth Zone in Peterborough. Cabinet decision is required to support the proposed Youth Zone in principle, the submission of a bid and to agree to the proposed next steps as set out in the recommendations which will allow officers to undertake additional work necessary in this respect.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.2, *'To take collective responsibility for any Executive decision that has significant implications across two or more portfolios.'*

2.3 The attached appendix is NOT FOR PUBLICATION in accordance with paragraph (s)3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating to the business affairs of the Council. The public interest test has been applied to the information contained within the three exempt annexes and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. **BACKGROUND AND KEY ISSUES**

4.1 Phase 2 of the Youth Investment Fund is a £368m capital fund run through the Department of Culture Media and Sport (DCMS) and is available for bids of £3-4m.

Peterborough has been designated as a focus area for government in relation to this fund and (DCMS) have stated that up to £8.7m is achievable for ambitious schemes.

Phase 2 of the Youth Investment Fund (22/23 to 24/25) will deliver up to 300 facilities that represent positive value for money, are environmentally sustainable and enable positive activities for young people aged 11 to 18 (up to 25 for young people with Special Educational Needs and Disabilities) in eligible places across England.

The first stage of the Youth Investment Fund is an expression of interest round designed to understand who will be intending to bid in the 45 eligible LA areas and how much each of those areas are requesting.

4.2 OnSide charities run 14 Youth Zones across the country which are purpose built, state of the art places for young people with trained youth workers running activities, mentoring sessions, advice and guidance, targeted support to a range of young people including those most at risk such as those with care and youth justice experience and those with a disability.

A typical Youth Zone runs 7 evenings a week, has around 4000 members with 100-250 young people visiting each evening. There are a number of background reading documents embedded in section 10.1 of this report that show the impact of Youth Zones and the feedback from young people and stakeholders.

4.3 Over the last 10 years Peterborough's community youth provision has become fragmented and unsustainable due to its none-statutory nature and piecemeal funding from government. "In 2018, the City was awarded (£527,000) through the National Lottery Community Fund for grassroots youth work which was successfully delivered by the Youth Inspired Project through Peterborough Council for Voluntary Services.

As part of this, 20 youth projects, groups and clubs were supported, working with over 1,200 young people as well as the development of a youth provider forum with 147 members to share knowledge, skills, practice, and funding.

Since this funding ceased local community groups have struggled to continue their work at a time when young people need safe places to go, trusted professionals to talk to and activities that keep them healthy more than ever.

- 4.4 As well as the building itself, a Youth Zone is set up with its own local charity “Peterborough Youth Zones.” local stakeholders including the Local Authority, Community Voluntary Sector, Businesses and Young People comprising its board.

A local charity connected to national support through OnSide with local knowledge and skills for the benefit of Peterborough as a whole, not only attracting other youth investment but providing support, co-ordination, and development of other youth provision throughout the City.

This will meet the stated aim of the Department for Culture Media and Sport to level up areas where youth need is high and provision is low, creating a level playing field for young people to have equal access to youth services, trusted youth workers, and dedicated youth facilities that deliver positive outcomes.

- 4.5 The £368 million pound Capital Youth Investment Fund presents options for the City to explore, to try to attach as much funding as possible in an achievable, sustainable way and to create the most impact for local young people.

The table in 4.6 shows a summary of the options considered, including the OnSide Model as described in this report, in each case, analysing the potential likelihood of success.

4.6

	Do nothing	Improve existing	2+ new centres by PCC	Flagship by PCC	Flagship by OnSide
Additional	✗				✓
Sustainable	✓		✗	✗	✓
Deliverable	✓	✓			✓
Demand reduction	✗				✓
Income generation	✗	✗	✗	✗	✓
Conclusion	No impact	Little impact	Unsustainable	Unsustainable	Recommended

- 4.7 OnSide approached Peterborough City Council in May 2022 to introduce the Youth Zones and Youth Investment Fund Model. Since that time officers have been working to understand and develop how Peterborough City Council might take advantage of this unique opportunity.

Recent activity has seen officers identify further capital match funding, consider how other revenue funding could be identified and go through the early feasibility work for possible locations and lease discussions with a view to seeking Cabinet approval to partner with Onside Charity to submit a Youth Investment Fund bid.

The key elements of the OnSide and Youth Investment Fund model and the early work completed are set out from section 4.8.

4.8 **Capital Funding**

The usual model of capital funding to build a Youth Zone is based around a 50/50 contribution from OnSide and the Local Authority. For a projected £9.65mbuild this would be (£4.82m each)

The OnSide partnership would allow for a potential successful Youth Investment Fund bid of £8.7m (or potentially more) which would reduce Peterborough City Councils required contribution to around 10% (£950k). The capital cost and the Council’s contribution will be confirmed at the next stage of the project.

As part our feasibility work, Peterborough City Council has made a bid to the Shared Prosperity Fund which is focused at covering the 10% contribution.

Therefore, potentially 100% of the capital cost of a Youth Zone has been identified from the Youth Investment Fund and Shared Prosperity Fund bids.

4.9 Possible Locations

A number of locations have been identified as part of the process for the proposed Youth Zone. These have been assessed initially and are:

- Wellington Street Car Park
- Dickens Street Car Park
- Stanley Park
- Embankment East (next to regional pool)
- Bishops Road Car Park/Vineyard Road vicinity
- Riverside Carpark vicinity
- Fletton Quays area
- Pleasure Fair Car Park

OnSide's location requirements for a successful project are:

- To be neutral in terms of areas and communities
- To have prominence to attract young people into the building from the street
- To be centrally located for accessibility by young people on foot, bike, or bus

As part of a successful Youth Investment Fund bid, the Council will need to agree to a lease with OnSide; the terms of which are subject to review and negotiation. Meanwhile, OnSide has asked the Council to send a letter of intent, a draft of which is attached in confidential Appendix 1.

In addition, the site would need to be assessed for deliverability in terms of any complexity, planning and highways issues. This is important if the OnSide model is to deliver on time and on budget, so before proceeding too far the project needs to be de-risked as far as possible.

Opportunity Cost

In terms of opportunity cost, the Council needs to consider the alternative value of the selected site as the OnSide model requires a long lease which is effectively a disposal.

This has to be balanced against the significant level of financial investment which could be secured through (YIF) grant funding to achieve a well-established and successful model of educational, social, and cultural provision for young people. In addition, the OnSide model is based on OnSide raising the majority of the running costs through charitable donations with the Council's commitment kept at a relatively low level.

The recommendations in this report, if agreed, will allow for due diligence and final site selection to be carried out in order to meet the timescales for a bid to the Youth Investment Fund while, as far as possible, de-risking the project for the Council and OnSide.

4.10 Council financial contributions

The cost to run a Youth Zone is in the region of £1.3m per annum, and it is expected that the Council will make a proposed contribution towards this of 15% or £200k per annum.

The Capital cost to the Council has so far been indicated at £0.95m. However, OnSide have advised that it is likely that an additional project cost in the region of £1m may be incurred and have asked if the Council will underwrite this. This is subject to further discussion and officer has asked that the bid to DCMS is increased to cover.

OnSide have proved to be successful across the country in generating significant private sector funding from companies that want to invest in the future of young people. OnSide have already had discussions with large local businesses and they are confident that they can generate 85% of the annual revenue funding through philanthropic business investment and this is one of the benefits for developing a Youth Zone through OnSide.

It is proposed that the Council use its shared prosperity fund bid to cover the first-year contribution of £200k, which would mean that Local Authority contributions would start from April 2026.

Recognising that at this time 2026 is beyond medium term financial planning, it is difficult to specifically identify and state where this would be allocated from, however it is intended that work be undertaken across departments, through commissioning and with wider partners to identify opportunities where services could be delivered innovatively to meet this requirement.

In discussion with DCMS and OnSide a number of other councils are making the commitment to bid and then utilising the lead in time to secure the revenue funding needed.

Opportunity Cost

- 4.11 In terms of opportunity cost, the council needs to consider where £200k contribution could come from in the future and the potential risk of OnSide not making their contribution.

However, it is clear OnSide have a national model which has been resilient to the pandemic, and which could provide significant services for Young People for a proportionally small investment from the Council.

The disposal report for the site will consider the opportunity cost of the proposal in terms of alternative land use opportunities.

- 4.12 A letter of intent is required to make a successful bid to the Youth Investment Fund, this gives the best opportunity to generate the full amount of funding available as part of a partnership with OnSide.

OnSide advise that while the letter of intent required is to provide clear assurance as to Peterborough Council's commitment to the development and support a Youth Zone project. It is not intended to bind the Council to provide any grant or site lease.

A draft of a letter of intent is included in confidential appendix 1. Legal officers are reviewing documents supplied by OnSide as part of our due diligence.

The recommendations of this report if agreed will allow for the final wording to be agreed and due diligence to be carried out in order to meet the timescales for a Youth Investment Fund bid.

- 4.13 Youth Investment Fund bid portal opened in August 2022. Onside have advised that to have the best opportunity for a successful bid we are looking to submit our expression of interest in partnership with Onside Charity at the earliest opportunity, now likely to be October or November 2022.

OnSide have indicated that the submission would be made in September but due to ministerial changes DCMS has advised that the Peterborough project should be submitted in November when there is more certainty that the YIF funding can be spent by the deadline of March 2025.

On this basis the Council with Onside will need to continue to work at risk to ensure that the site investigations are carried out and the design and planning work can be started in advance of the bid submission.

Discussions are taking place with both DCMS and the CPCA (Cambridgeshire and Peterborough Combined Authority) to provide sufficient certainty for the Council to continue on that basis, and the anticipated bid outcome date is mid-December 2022. The cost of continuing up to that point will be up to a maximum £250k to achieve RIBA stage 2 of the design (the total cost to RIBA Stage 3 is estimated at £350k). This should be covered by the Shared Prosperity Fund if the project proceeds but is otherwise a risk to the Council.

5. CONSULTATION

- 5.1 Consultation has been undertaken with members through Cabinet Policy Forum, With Local Youth Forum Representative and with our Youth Council. Further Consultation will be ongoing through the design stage and continued involvement with businesses, VCS, Young People, and wider stakeholders as we move through the process.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The outcome of this report will determine if Peterborough City Council is moving forward with an application to the Youth Investment Fund in partnership with Onside Charity.

7. REASON FOR THE RECOMMENDATION

- 7.1 The reasons for the recommendations in this report are to allow for continued work to be undertaken to work toward the submission of a Youth Investment Fund Phase 2 bid, in partnership with OnSide charity.

To consider the opportunity options and allow for delegated authority to Director of Resources and Monitoring Officer in consultation with the Cabinet member for property and resources to manage the risk and optimise the success of any bid made.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 There are alternative options set out in paragraph 4.6 of this report. in terms of the opportunity which the Youth Investment Fund Phase 2 presents for Peterborough.

Option 1 – Do nothing

DCMS has recognised that Peterborough is one of 45 upper tier areas requiring support to enhance youth service provision. Submitting a bid provides an opportunity for financial support from government for a step change in youth provision and outcomes. If the Council does nothing, the opportunity to significantly reshape the youth offer in Peterborough would be lost in the short term. However, it doesn't mean the Council has to do nothing in the medium term – given the limits of current provision the Council could spend time to find an alternative solution for future investment with PCC being the developer.

Option 2: Council led: Either small improvements to existing facilities; Developing several specialist centres; or full flagship central resource.

The Council has a limited number of existing youth focused buildings, none of which are suitable to follow the YIF model, so it would be a case of selecting alternative facilities to invest in, with smaller bids being submitted to the YIF either as part of the current bid round or over successive rounds. Alternatively, the Council could submit a bid to develop a central flagship resource.

The advantage of a Council led option is that the Council can control the delivery model, be-spoked to local need, while controlling timescales to ensure links are made to the Council's developing Asset Management Plan and Strategy.

Key Strengths

- Control over site and the service long term.
- The Council wouldn't be limited to the specific clean site requirement of Onside.
- The Council could use alternative buildings / sites without the site constraints of Onside which includes the provision of external areas and sports pitches.
- Use of existing facilities to reduce capital costs and to ensure assets are more sustainable due to increased use and income.
- The Council wouldn't need to make the facilities exclusive and could develop a shared use model so facilities are open during daytime / outside of school holidays and for other demographic groups to use.

Key Weaknesses

- Lack of expertise and capacity for bidding to this fund – risk of failure much higher
- Project management skills currently weak re: project delivery
- Has the Council got the service delivery capacity to run a major centre
- Revenue costs may be unaffordable with limited opportunities to offset costs through private sector fundraising.

Option 3: Flagship centre developed by OnSide and run in OnSide Youth Zone Network.

Key Strengths

- Success and track record to date elsewhere re: YIF funding and developing/ operating Youth Zones for other LAs with the energy and expertise to succeed with the funding bid.
- The package is presented as ready-made and low on Council resource to manage the bid process and the design / development/ project management.
- Onside has the operational experience.
- Revenue funding – the Onsite proposal is expensive annually – c£1.3m. However, they commit to funding all bar £400k of this (and potentially more after 3 years).

Key Weaknesses and Risks

- Affordability: high cost to the Council at a time that this may not be the highest priority: minimum c£1m capital + £200k p.a. revenue for a minimum of 3 years.
- Council has to dispose of an asset to Onside at less than best consideration
- Land hungry – city centre location requirement (ideally) for new building and the provision of new outdoor sports/activity space. Most of the sites looked at have alternative development value which would also support the Council's future growth and regeneration.
- The Council already has considerable facilities in the city centre area which could be used for a centralised youth provision – regional pool/athletics track. This may not work with the Onside model but could work with a Council built facility if in these areas.
- Very high revenue cost of the model - £1.3m p.a. indicated – risk that the income isn't achievable initially or long term and the Council has an ongoing cost to bridge

On this basis Option 3 is recommended in this report.

9. IMPLICATIONS

Financial Implications

- 9.1 The proposal is to secure grant funding from both Youth Investment Fund (£8.7m), and Shared Prosperity Fund (£0.95m), to fund the construction of a Youth Zone facility. In the event that funding is not secured, the Council will be liable for abortive project costs up to £500k, although this takes into account any capital and revenue contributions the Council has already made at that point. This is not budgeted; however, it has been confirmed that the Shared Prosperity Fund (£350k) can be used for initial feasibility and planning. Until the bid outcome is known in December 2022 this spend will be at risk to the Council.

The proposal will involve disposal of Council Land (by way of lease) at less than best consideration. The financial implication of this has not yet been determined, and a final site has not yet been selected.

The Capital cost to the Council has so far been indicated at £0.95m. However, Onside have advised that it is likely that an additional project cost in the region of £1m may be incurred and have asked if the Council will underwrite this. This is subject to further discussion and officer has asked that the bid to DCMS is increased to cover.

There is a revenue cost implication of £200k for 7 years (£1.4m) from April 2025 which £300k is proposed to come from Shared Prosperity Fund but for which the remainder (£1.1m) is not currently budgeted. Efforts will be made to re-position funding in existing PCC budgets and to secure partner contributions to manage this cost.

Legal Implications

- 9.2 As we progress through the process further due diligence will be undertaken in respect of Peterborough City Council interaction and relationship with Onside Charity, the development of a new charity “Peterborough Youth Zones” and our legal position with DCMS as a partner in any Youth Investment Fund bid with Onside.

Legal papers are being reviewed at the time of writing this report and steps taken to ensure that the Letter of Intent will not legally bind the Council to provide funding or grant a lease. There will however be a legal obligation for the Council to make a payment capped at £500k for abortive costs if the application is not successful.

The proposal to dispose of Council Land by way of a long lease at less than best consideration must comply with the provisions of Section 123 Local Government Act 1972, and this will need to be considered once the financial implications of the selected site has been undertaken to ensure that the proposal meets the requirements of a general disposal consent available or whether an application to the Secretary of State will be required to obtain consent to the proposed disposal.

With regard to the selected site, a title check will need to be carried out to check that there are no legal impediments to the grant of the proposed lease for the proposed use and whether there are any statutory restrictions in relation to the land that must be complied with before a disposal is entered in to.

- 9.3 **Equalities Implications**

The building of a Youth Zone is generally projected to have a positive impact on equality in the city providing universal support opportunity to young people of Peterborough. However further work will need to be carried out if the recommendations of this report are agreed to ensure that access issues such as transport, provision for those with a disability or other potential barrier is made. Further consultation work with young people is being carried out at the time of writing this report and will continue moving forward.

- 9.4 **Risk**

There is a risk that this could be a missed opportunity for Peterborough should a bid for the YIF is not pursued. This will result in an enhanced youth service provision not being achieved and would leave Peterborough in the highest need group in the country.

If Peterborough/Onside is not be successful in obtaining funding from the Youth Investment Fund or if the project proves undeliverable at a later point, the Council will be liable for some of the abortive costs capped at £500k.

The Council will need to consider the risk that Onside commitment to external fundraising will not be for the entire length of the lease being sought and therefore there is a risk that the Council will need to absorb revenue shortfall at a future point in time.

Detailed risks will be examined and addressed, understood, costed, or mitigated as part of finalising negotiations with Onside.

Carbon Impact Assessment

- 9.5 The Carbon Impact of the development cannot be quantified until design work has commenced. A BREEAM (Building Research Establishment Environmental Assessment Method) assessment of the

building will be completed as part of the statutory planning process and the project will be compliant with the Council's required level of BREEAM.

10. BACKGROUND DOCUMENTS

- 10.1 [OnSide Youth Zones - Putting young people first - YouTube](#)
[OnSide - A national youth charity that's here for young people \(onsideyouthzones.org\)](#)
[OYZ Universal Impact Report - Ambitious for Young People-2.pdf \(onsideyouthzones.org\)](#)
[Amion OnSide Defining the Impact of a Youth Zone - Final with exec summary - May 2015-2.pdf \(onsideyouthzones.org\)](#)
[OnSide-Ambition-Impact-.pdf \(onsideyouthzones.org\)](#)
[Launch of the Youth Investment Fund Phase 2 - GOV.UK \(www.gov.uk\)](#)

11. APPENDICES

- 11.1 Draft Letter of Intent and Headline lease conditions (Exempt Appendix 1)

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