

Brighton & Hove City Council

Council

Agenda Item [Insert]

Subject: Brighton Youth Centre Update

Date of meeting: 20 July 2023

Report of: Executive Director Families, Children & Learning

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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 To provide Council with the documents required to ensure oversight of the decision to provide Brighton Youth Centre (BYC) with a grant of £2.3m as match funding to extend and fully refurbish BYC.
- 1.2 To provide assurance regarding the legal and financial agreements to protect the council's investment in the Brighton Youth Centre

2. Recommendations

- 2.1 That Council agrees to release the £2.3m, subject to the parties agreeing the legal documents in accordance with the Heads of Terms (see appendix iv).
- 2.2 That Council grants delegated authority to the Executive Director Families, Children & Learning to finalise the legal agreements.

3. Context and background information

- 3.1 BYC (based in Edwards Street) is one of the Council's key commissioned youth providers and the building (owned by BYC) is in a state of disrepair. The cost of the refurbishment and extension of their building, ensuring good accessibility, is estimated to be £6.2m
- 3.2 BYC, expressed an interest and then developed a bid, (see appendix i- BYC report) to the Youth Investment Fund for a grant to refurbish the building and were successful in securing £3.9m with an additional £400k as contingency.
- 3.3 The success of the DCMS bid was contingent on match funding being available from the Council. BYC requested that the Council provide £2.3m capital contribution.

- 3.4 It is estimated at currently available interest rates, (these may be subject to change) and repayment over a 50 year period that annual funding of £0.098m will be needed with a total repayment cost of around £4.9m.
- 3.5 At the Policy and Resource Committee on 16th March 2023 it was agreed:
- (i) That the Council should provide a £2.3m grant to Brighton Youth Centre to allow them to refurbish the youth centre, providing the chartered surveyor valuation conducted by BHCC matches that of BYC, also known as red book valuation.
 - (ii) That, subject to the caveat outlined in 2.1, the committee grants delegated authority to the Executive Director Families, Children & Learning to negotiate the legal documents including assurances that safeguards the Council's investment and notes that a further report outlining the agreed documents will be brought to a future committee for oversight.
 - (iii) That the Executive Director Families, Children & Learning explores viable contractual options between the Council and Brighton Youth Centre that assures delivery of the highest standard of service for Young People and youth organisations across the city and includes a proposal on an agreement that could be put in place as a condition of the grant, such as strengthening governance arrangements and quality monitoring of provision, as well as improving support to other youth organisations in the city.

Chartered surveyor valuation

- 3.6 In January 2023 BYC commissioned Oakley Property to undertake a valuation of the freehold (see appendix ii) and the key points highlighted were as follows:
- The market value of the freehold, subject to vacant possession and it's current condition is valued at £1.75m
 - Following the extension and refurbishment of the existing building the value of the freehold is set at £4.25m
 - The site has potential to demonstrate a land value in the region of £5m
- 3.7 As agreed, a chartered surveyor valuation (known as red book valuation) was commissioned by the Council to confirm the value of building (pre and post development) and land. Crickmay chartered surveyors completed the valuation (see appendix iii) on 9th May and noted that:
- The market value of the freehold, subject to vacant possession and it's current condition is valued at £1.6m
 - Following the extension and refurbishment of the existing building the value of the freehold is set at £4.5m

Legal Agreement between Council and BYC

- 3.8 Council officers and BYC have agreed Heads of Terms (HOT) (see appendix iv). These HOT will form the basis of a Grant Agreement and other legal documents. In addition to the terms relating to the payment and monitoring of the project, the HOT set out the security the Council will have in relation to its investment. The Council will have a charge over the freehold title for 50 years. This will enable the Council to enforce a sale in the event of a material default or if the building ceases to be used as a youth centre.
- 3.9 YIF will also have a charge over the land for 15 years so if there was an enforced sale during the first 15 years, the proceeds of the sale will be split on a 50:50 basis (up to the amount secured in the case of BHCC i.e. £2.3 m adjusted for inflation). The site may not be worth enough for the proceeds to cover both YIF and BHCC's investments (totaling £6.6m) but the premium would be split on the basis of BHCC and YIF receiving 50% of the sale price each and there is therefore a reasonable prospect that the council would be repaid a significant proportion of its investment provided the extension and refurbishment had taken place (and the value of the site is therefore higher than its current value).

. Governance, performance framework and monitoring standards

- 3.10 As a requirement of the Youth Service Grant Programme 2021-25 grant (see appendix v) BYC:
- Produce a performance monitoring report every six months based on quantitative data, including number of young people using services, demographics of users, numbers of council house tenancies and outcomes, entered by providers on Aspire.
 - Produce a six-monthly narrative report providing qualitative information using an agreed template (see appendix vi for the latest narrative report).
 - Participate in an annual review focusing on performance against:
 - the council's principles
 - service provision, including where it is based
 - number of young people accessing services
 - outcomes achieved
 - value for money
 - training opportunities for staff and volunteers
 - Are subject to unannounced and planned visits to publicised activities
 - Attend quarterly meetings with other commissioned youth providers to discuss business.
- 3.11 The Council's latest Youth Service Grant Programme data report (see appendix vii) indicates that BYC worked with 1651 individual young people from 1st April 2022 to 31st March 2023 and (working with partner organisations) held 8851 sessions that are accessed by young people from across the city. With a refurbished, extended and more accessible building BYC are projecting that between 2500-3500 individual young people could be accessing the building each year for support or an activity. BYC's activity will continue to be monitored using a central system for collating data and a Council Performance Analyst preparing a six-monthly and annual report.

- 3.12 BYC are being supported by the National Youth Agency to produce a development plan that will include governance. The council will participate in these discussions which includes a proposal that one or two council representatives (council officer and/or elected member) sit in on board and building meetings.

4. Analysis and consideration of alternative options

- 4.1 As noted in 3.7, a chartered surveyor valuation (known as red book valuation) was completed and the value of the pre and post refurbishment, although differ slightly, are comparable to BYC's commissioned valuation.
- 4.2 The Heads of Terms have been agreed and the agreement includes a charge on the building and will be sold in the event of a breach of the agreement. This, given the valuation, will minimise the financial risk to the council.
- 4.3 There is a robust Performance and Monitoring process in place that scrutinises the activity of the commissioned youth providers. The council representatives on BYC's Board will provide additional scrutiny and influence.

5. Community engagement and consultation

- 5.1 As part of the 2020 Youth Review, consultation events for young people and stakeholders focus groups were held. There was agreement that BYC attracts large numbers of young people who travel across the city to attend but it was run down and in urgent need of investment and funding for this should be found for this.
- 5.2 BYC have held a range of events to consult with the community and particularly young people. These include an initial event was held in 2019 and attended by over 40 people and showed strong support for the redevelopment of BYC. The most recent event was held in September 2022 where outline plans for the redevelopment were shared. The meeting was attended by over 50 people. The plans were well received.

6. Conclusion

- 6.1 The expansion and refurbishment of BYC will significantly improve the youth offer to young people living in the city and will bring in an additional capital investment of £4.3m for the project from DCMS.
- 6.2 The information provided to Committee highlights BYC's high level of use by young people, a council commissioned valuation noting the value pre and post refurbishment comparable with the BYC's commissioned valuation, an agreed Heads of Terms that mitigates, as far as possible, financial risks to the council and a proposal (agreed by BYC) to introduce a council

representative on BYC's Board of Trustees that will strengthen further the governance arrangements with BYC.

7. Financial implications

- 7.1 Capital funding of £2.3m was agreed by Policy & Resources committee in March 2023. £2.3m represents the Councils match funding obligation as part of the Brighton Youth Centre bid to the Youth Improvement Fund for £4.3m to refurbish the Youth Centre. The full financial model was presented at that committee.

Name of finance officer consulted: David Ellis Date consulted: 11/07/2023

8. Legal implications

- 8.1 The legal implications are set out in the body of the report.

Name of lawyer consulted: Alice Rowland Date consulted 11/07/2023:

9. Equalities implications

The three Equality youth providers were consulted and invited to discuss a potential YIF bid and their needs were fully considered.

- 9.2 All commissioned youth providers are required to have equality, diversity and inclusion embedded in their activities, governance, and management arrangements with plans on how they will promote inclusion within their service. This is reviewed regularly via the Youth Service Grant Programme (2021-25) monitoring framework.
- 9.3 In addition, providers promote a culture of collaboration and joint working with all youth provision and specialist services that support young people, particularly around mental health, including council provided services.
- 9.4 In the 2020 Youth Review it was acknowledged that youth workers have a significant role to play in supporting young people with their mental health. If successful with a partnership YIF bid, a wider youth offer, would result in more preventative support for mental health.

10. Sustainability implications

- 10.1 To comply with YIF's grant conditions BYC are required to complete the following:
- Improve the environmental sustainability of the youth sector estate in target areas through energy efficiencies and/or low carbon heating.
 - Reduce the environmental impact of construction activities across the programme, by funding facilities with the lowest reasonable carbon footprint across their lifetime.

- Reduce build and ongoing running costs, by supporting new or redeveloped youth facilities that demonstrate 20% reduced annual running costs by 2025/26, compared to ageing youth facilities.

Supporting Documentation

1. Appendices

1. appendix i – Brighton Youth Centre Report
2. appendix ii – BYC commissioned valuation
3. appendix iii – Council commissioned valuation
4. appendix iv – Agreed Heads of Terms between Council and BYC
5. appendix v – BHCC Youth Service Grant Programme 2021-25 Commissioning Framework
6. appendix vi – Youth Service grant Programme Narrative Report (Oct21-Sept22)
7. appendix vii – Youth Service grant Programme Data Report (April22-March23)