



City of Westminster

# Cabinet Member Report

<b>Meeting or Decision Maker:</b>	Cabinet Member for Planning and Economic Development
<b>Date:</b>	17 November 2023
<b>Title:</b>	Discretionary Capital Funding: The Avenues Youth Project
<b>Wards Affected:</b>	All
<b>Policy Context:</b>	Discretionary Capital Funding Policy
<b>Cabinet Member:</b>	Not required for Cabinet Member reports
<b>Key Decision:</b>	Yes
<b>Financial Summary:</b>	£353,222 Capital Funding sought from the North Paddington Programme
<b>Report of:</b>	Pedro Wrobel: Executive Director of Innovation and Change

## 1. Executive Summary

- 1.1. This report seeks the approval to disburse discretionary capital funding for the Avenues Youth Project, registered charity number 1090210 (company number 04045031).
- 1.2. The Avenues Youth Project submitted an application for funding under the new Discretionary Capital Funding Policy approved by Cabinet on the 31<sup>st</sup> October. This policy enables VCS organisations to access discretionary capital funding against an existing allocated budget, and providing it meets the criteria for funding. More detail is provided under 4. below.
- 1.3. The service is a core youth hub provider in the borough and the Deputy Leader and Cabinet Member for Young People, Culture and Learning strongly supports the application for funding.

- 1.4. The Avenues is an established Youth Service, delivering high quality provision in Queens Park. It operates from Council owned premises (3-7 Third Avenue, W10, 4RS) under a 99-year lease.
- 1.5. It is one of 3 Key youth hubs in the borough, supporting 1175 participants. The building is shared by the Ormiston Academy (working with young people that are disengaged from education) and Open Age (providing social activities and support for elderly residents). The service is primarily funded through grants and donations. A small proportion of their income is generated by renting premises to the Ormiston Academy and Open Age.
- 1.6. The Avenues youth Project is currently engaged in the delivery of:
  - Creative arts: a wide range of creative practise and experience, involving workshops, lessons and excursions in London.
  - Employment activities: employability skills projects (music, cookery, youth work training, plus digital skills) for older members, providing clearer progression pathways and work opportunities.
  - Health & wellbeing activities: working in partnership with MIND and Westminster Early Help who provide The Avenues with a mental health professional and family support practitioner to address the immediate needs of their members.

They work towards the following outcomes:

- Young people have improved social and emotional skills.
  - Young people have improved physical and mental wellbeing
  - Young people have increased access to opportunity and learning skills.
  - Young people understand & develop positive relationships with others
  - Young people are better equipped and confident to make positive lifestyle choices.
  - Young people feel safe and respected
- 1.7. The Avenues Youth Project has requested capital funding of £353,222 under the North Paddington Programme to refurbish 700 sqm of internal space including a new security entrance, upgrades to their dance studio, basketball court and music studio as well as refurbishment of the existing kitchen and toilet facilities.
  - 1.8. It has provided match funding, from its own building fund to the sum of £82,500 leading to a total project value of £435,722.
  - 1.9. The funding will allow the organisation to deliver an enhanced service leading to improved health and wellbeing outcomes for young people, and staff as well as additional income from the out of hours hire of the facilities. The investment is also likely to lead to environmental impacts in terms of the reduction in water usage from the new toilets being installed.

## **2. Recommendations**

- 2.1 That the Cabinet Member for Planning and Economic Development approves the grant award to the Avenues Youth Project (04045031) of £353,222 in financial year 2022/23.

## **3. Reasons for Decision**

- 3.1 A new approach is being taken by the Council to support the resilience of the Voluntary and Community Sector (VCS) to ensure they survive and thrive in Westminster. The VCS is a key partner which works towards achieving the shared social, health, economic and environmental outcomes stipulated in the Fairer Westminster Strategy. However, long term under investment in the sector combined with the challenges of the Covid Pandemic has led to organisational and financial challenges impacting on the sector's ability to deliver additional or enhanced outcomes or expedite the delivery of outcomes.
- 3.2 Discretionary capital funding, alongside other revenue grants (VCS Sector Core grants) is being proposed to improve the financial and organisational resilience of the sector.

## **4. Background, including Policy Context**

- 4.1 The Council seeks to support VCS organisations to become more resilient and empowered under the Fairer Communities Pillar. This is a key strategic objective of the Fairer Westminster Strategy.
- 4.2 In response to this, the Council developed a Voluntary and Community Sector Investment Strategy which sets out its plan for supporting organisational and financial resilience through core funding and investment in VCS premises. The decision to award funding falls under the package of support being proposed under the VSC Investment Strategy which includes a recommendation for core grant funding for VCS organisations.
- 4.3 The council does not currently have a programme of capital investment in VCSOs. Although Neighbourhood CIL (NCIL) funding is available for community organisations, the eligibility criteria is specific in that the investment must support new and existing public infrastructure needed to support growth and development, such as the provision of affordable housing or sustainable and active travel. NCIL funding is also limited to the neighbourhoods impacted by the development.
- 4.4 Where the council makes a financial investment in exceptional circumstances, a Discretionary Capital Funding Policy has been developed to set out a framework for VCS organisations to access capital funding on condition the proposition addresses investment priorities around strategic fit with the Fairer

Westminster objectives, additionality, and value for money, amongst other eligibility criteria.

4.5 The policy also sets out an approach for the Council to safeguard investments made to private landlords, leasing premises to VCS organisations. It intends to achieve this through legal charge and claw back arrangements which result in the return of the initial investment to the Council if premises are sold.

4.6 An application template was provided and submitted by The Avenues. The application was assessed by a panel comprised of WCC personnel. The outcome of the assessment is as follows:

#### **4.7 Strategic Fit**

The Avenues Youth Service delivers services for young people in the borough and has requested funding to improve its premises and enhance its provision. The application therefore addresses the objectives of the Fairer Community Pillar. The application represents a good fit with the objectives of the Fairer Environment pillar through small scale water savings and wider amenity benefits.

#### **4.8 Additionality**

The justification for investment was based on The Avenues Youth Project's need to improve their recruitment and retention of participants in the 13-18 age group category. Existing facilities are of poor quality and the refurbishment of the dance studio, music studio and basketball court would enable the sustained engagement and retention of this age group.

The organisation secures funding from multiple sources, however the largest proportion of funding comes from grants and donations. The organisation seeks to diversify its income streams through alternative sources and it is hoped that the capital funding will provide an opportunity for the Avenues to generate alternative revenue, from the out of hours hire of newly refurbished facilities (kitchen, toilets and refurbished dance, music and sports facilities). This will support The Avenues to accelerate the financial resilience of the Avenues Youth Centre.

The above represents the additionality provided by the investment and is summarised by the following benefits:

- The number of young people whose participation would be retained as a result of the improved facilities, leading to health and wellbeing outcomes.
- The number of additional young people joining because of the new and improved facilities.

- The additional rental income to be obtained from the out of hours hire of the new and improved facilities.
- Water savings enabled by the new toilets, leading to utility savings.
- Increased perception of safety leading to reduced feelings of anxiety as a result of the new secure entrance.
- More young people engaged in music leading to health and wellbeing, educational, cognitive abilities and career pathways in creative industries.
- Improved access to toilets by disabled users.
- Increase in wellbeing of staff linked to increased amenity benefits for staff, young people and other users of the building.
- Increase in confidence experienced by young people using the new laundry facilities.

Panellists felt the benefits were well articulated and were additional.

#### 4.9 Value for Money

The Avenues Youth Project provided a realistic and proportionate budget, supported by a cost plan and quotes. They also provided match funding comprising 19% of the total investment. Risks were mitigated through the incorporation of a contingency in the budget. Accounts, cashflow and balance sheets demonstrated their financial capability, including their ability to support the ongoing maintenance costs of the refurbishment and building.

A Cost Benefit Analysis was undertaken to assess social return on investment. This is based on outcomes that were monetised including:

- The health and wellbeing impacts of 100 young people over three years
- The additional rental income from out of hours use.
- water savings accrued from the installation of new toilets.

When considering the capital costs of the refurbishment, **the investment represented a social return on investment of £466,678 and a positive benefit cost ratio 2.1**. This means the benefits of the investment outweigh its costs and was therefore considered by the panellists to represent good value for money.

The application scored highly against all criteria and a recommendation for funding was made by the panel.

## 5. Financial Implications

### 5.1 Capital budget and spend

5.1.1 The Capital programme, approved by Full Council in March 2023 includes a 23/24 £5,000,000 allocation to the North Paddington Programme. The £353,222 total cost will be funded in full by the existing 23/24 budget and has been included within the 23/24 spend forecast.

5.1.2 The Council's contribution of £353,222 to the Avenue's Youth project to fund a new security entrance, upgrades to their dance studio, basketball court and music studio as well as refurbishment of the existing kitchen and toilet facilities. A summary of the costs is presented below.

<b>Cost type</b>	<b>£</b>
Construction costs *	229,906
Contingency	23,129
Preliminaries	38,600
Architect Fees	26,851
FCM Overheads and profit	29,536
Quantity Surveyor and Project Management	5,200
<b>Total</b>	<b>353,222</b>

\* The full cost plan, provided by FCM holdings Ltd is available as a background document.

5.1.3 Payment will be made in two tranches - each one will be 50% of the total value (£176,611). Both payments will be made within the current financial year and the second tranche payment will only be made following a satisfactory reconciliation of the first tranche payment to ensure compliance with the VCS Investment strategy.

5.1.4 As the sum is fixed there will be zero risk of overspend.

#### Revenue implications

5.1.5 There will be no revenue implications associated with this spend as any future maintenance costs will be incurred by Avenues Youth project and not the Council.

## **6. Legal Implications**

6.1 The Council is seeking approval to fund £353,222 to The Avenues Youth Service ("the Recipient"). The funding will be used to refurbish facilities.

6.2 The Council has the power to award funding in the form of a grant under section 1 of the Localism Act 2011, subject to sections 2-4, which permits the Council to do anything that individuals generally may do. Such powers are conferred to be exercised in any way whatsoever, which include to do so for the benefit of the Council, its area or for persons resident or present in its local area.

6.3 The award of the grant to the Recipient may be categorised as a "subsidy" under Section 2(1) of the Subsidy Control Act 2022 (SCA) and will have to be considered as part of this report.

- 6.4 All public authorities have a duty to consider the subsidy control principles before awarding a subsidy as set out under section 12(1) SCA.
- 6.5 The Council must consider if the award of the grant to the Recipient is subject to the subsidy control regime under the SCA. For the purposes of section 2 (1) “subsidy” means financial assistance which –
- a) is given, directly or indirectly, from public resources by a public authority,
  - b) confers an economic advantage on one or more enterprises,
  - c) is specific, that is, is such that it benefits one or more enterprises over one or more other enterprises with respect the production of goods or the provision of services, and
  - d) has or is capable of having, an effect on-
    - i. competition or investment within the United Kingdom,
    - ii. trade between the United Kingdom and a country or territory outside the United Kingdom, or
    - iii. investment as between the United Kingdom and a country or territory outside the United Kingdom.”
- 6.6 The test for a known subsidy to be awarded must meet all four limbs as set out above. The proposed grant funding consists of financial assistance for the provision of services from public resources by the Local Authority to one or more enterprises. An “enterprise” is defined as:
- “(a) a person who is engaged in an economic activity that entails offering goods or services on a market, to the extent that the person is engaged in such an activity, or
- (b) a group of persons under common ownership or common control which is engaged in an economic activity that entails offering goods or services on a market, to the extent that the group is engaged in such an activity.”
- 6.7 The grant which is being awarded to the Recipient is to undertake the Services which are not designed for economic activity but rather targeted youth support in the borough.
- 6.8 As such, limbs (a)-(d) are unlikely to be satisfied. Even if it can be argued that limbs (a)-(c) are satisfied here, the grant funding does not appear to be capable of having an effect on competition or investment within the UK (limb (d) (i)) given that the provision of services are localised services within the borough that are non-commercial and arguably does not have an effect on domestic competition. Limb (d) (ii)-(iii) are not relevant to this award. Consequently, the subsidy control regime under SCA does not apply.
- 6.9 Under the Council’s Constitution the decision to award the grant may be taken by the appropriate Executive Director.
- 6.10 A formal grant agreement will have to be drawn up by and in consultation with Legal Services. That agreement will be enforceable so that if a grant is not used for the purpose for which it was given it may be recovered by the Council and/or further payments of the grant may be refused. The Council should also seek to align the grant payment to appropriate monitoring and review provisions.

*Legal implications provided by Aysegul Cekic, 9/11/23.*

## **7. Consultation and communications**

7.1 A number of directorates across the council have been consulted and engaged about the new approach to funding VCS organisations and have been involved in the assessment of the application form:

- Corporate Property
- Finance
- Legal
- Procurement Team
- North Paddington Programme (Growth Planning and Housing)
- Communities Team (Innovation and Change)
- Place and Investment (Innovation and Change)
- Strategy and Intelligence (Innovation and Change)

7.2 A communications plan will be developed to guide our engagement with Community organisations seeking funding in the future.

## **8. Equalities implications**

8.1 An EQiA has been prepared for the Capital Funding Policy which applies to The Avenues application for funding. The initial screening highlights that although the policy is likely to have a positive impact on community organisations, it is not known how the capital funding will impact residents with protected characteristics as there is a lack of baseline data. However, the application template does require applicants to outline how they will meet the Council's commitment to equality. This was satisfactorily answered by The Avenues. Ongoing equalities data will be monitored through performance reviews to ensure The Avenues are contributing to eliminating inequality.

8.2 Additionally, there are equalities implications arising from making targeted decisions about funding specific organisations. This may disadvantage smaller organisations who have been excluded from the grant funding process. There are likely to be equity considerations arising from this approach. The EqIA addresses this and puts into place actions to embed equalities into the future development of the policies.

## **9. Carbon Impact**

9.1 The capital funding policy and application requires the applicant to articulate and where feasible, address the carbon impacts of the works, the building and the ongoing maintenance of the building.



- 9.2 Applicants are asked to outline their approach to environmental responsibility in terms of how the service and buildings are run (by lowering carbon emissions, increasing levels of recycling, cutting the use of plastic, and reducing water consumption). As building projects can contribute significantly to carbon emissions, applicants are requested to consider energy efficiency as a priority. We expect them to consider:
- sourcing environmentally responsible goods and materials.
  - whole-life cycle costs in the selection of materials, plant and equipment.
  - sustainable construction practices.
  - the long-term environmental impacts of buildings.
- 9.3 The Avenues has articulated that some cost savings will be achieved by saving water (from the new toilets) but it is acknowledged that where feasible, further work is needed to ascertain the full impact of the capital works. The Council will continue to support The Avenues to achieve net zero impacts through the Carbon Offset Programme and Energy Audit.
- 9.4 **Environmental Management Plan (EMP).** It is standard practice for contractors to submit Environmental policies as part of the tender process, indicating how they intend to measure and achieve compliance with the environmental protection and mitigation requirements of the project. The monitoring of the EMP is the responsibility of the Avenues issuing the tender / procuring the works.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact;**

Rahima Begum, Principal Policy Officer, Innovation and Change  
Email: [rbegum2@westminster.gov.uk](mailto:rbegum2@westminster.gov.uk)

**BACKGROUND PAPERS:**

- The Avenues Youth Project Capital Funding Application
- Contractor's Cost Plan & budget breakdown
- Application Assessment
- Value for Money Assessment

For completion by the Cabinet Member for Planning and Economic Development

**Declaration of Interest**

I have no interest to declare in respect of this report

Signed:  Date: 17 November 2023

NAME: **Councillor Geoff Barraclough**

State nature of interest if any

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.....  
*(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled

**Discretionary Capital Funding (The Avenues Youth Project)**

Signed  .....

**Cabinet Member for Planning and Economic Development**

Date ...17 November 2023.....

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

.....  
.....

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal & Democratic Services, Chief Operating Officer and, if there are resources implications, the Director of Human Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

## **Appendix A:**

### **Other Implications**

#### **1. Resource Implications**

There are no further resource implications.

#### **2. Business Plan Implications**

There are no implications.

#### **3. Risk Management Implications**

There are no risk implications

#### **4. Health and Wellbeing Impact Assessment including Health and Safety Implications**

There are significant positive Health and Wellbeing Impacts proposed under this investment. This has been quantified in terms of the improvements in health and wellbeing to 100 young people over a 3-year period.

The Cost Benefit Analysis conducted to assess value for money, showed a value of £839,745 (discounted) for Health and Wellbeing Impacts. These figures are based on the HMT Green Book Supplementary Guidance on Wellbeing measures which recommends the use of the Wellby Wellbeing Measure (2019 prices). This estimates a value of £13,000 for one point change in life satisfaction on a scale of between 0 -10 for one individual for one year. The Wellbeing measure has been aligned to QALYS (One Quality Adjusted Life Year) which is the measure of the value of health outcomes used by the NHS.

Care has been taken not to overestimate the health and wellbeing impacts stated by The Avenues. A deadweight figure of 25% was applied to account for the fact that the Avenues will not be the only source of health and wellbeing activity for young people. PE in schools is mandatory until the age of 16, impacting on the majority of young people as well as other sources of health and wellbeing.

Public health data also shows that activity levels amongst young people are generally quite low (11.8% physically active for at least one hour per day 7 days per week London region. Of the total number of young people, 45% of physically active in the London region. 69.8% of 15 year olds demonstrated mean daily sedentary time in the last week over 7 hours per day.

#### **5. Crime and Disorder Implications**

The funding will pay for a new security entrance for the Avenues. The Metropolitan Police's Design Out Crime unit surveyed AYP's building in 2020 and warned of risk of an armed intruder gaining access to our building via the front entrance, as had happened elsewhere in London. Given the history of gang rivalry in the area and the incidence of serious, often fatal, youth violence, the teenage members of The Avenues are particularly at risk. The investment adopts the Mets recommendation to install a new security entrance.

#### **6. Impact on the Environment**

Addressed under 9.

**7. Human Rights Implications**

There are no implications at this stage.

**8. Energy Measure Implications**

Addressed under 9.

**9. Counter Terrorism and Security Implications**

There are no implications.