

Appendix 5.

Onside Youth Zone Funding Model

1. Introduction

- 1.1. The Tilbury Town Fund wish to include an Onside Youth Zone in the Town Investment Plan for Tilbury. Onside are willing to partner to deliver the facility provided that the Council supports the proposal both as a concept and financially.
- 1.2. Onside have a tried and tested model that sees the public sector match fund both capital and revenue to funds that Onside secure from the private sector. If successful the Town Fund grant can cover the upfront capital costs and make a contribution to the revenue costs but there will be an ongoing liability to the public sector for as long as the operation continues.

2. The Financial Model

- 2.1. The typical Onside model requires £8.4m of capital investment upfront to construct the facility. This is split 50/50 between Onside and the public sector. Ongoing revenue costs are in the region of £1.3m per annum. This is again split between Onside and the Public Sector but on a 70/30 split with Onside contributing the higher proportion. This creates a required revenue contribution from the public sector of c. £400k per annum. Onside seek a 4 year commitment to the revenue support.
- 2.2. In the case of the Tilbury proposal it is suggested that the Town Fund could provide the £4.2m public sector capital contribution and c. £990k of revenue funding towards years 1-4. Other public sector funding would then be required to provide the remaining initial revenue commitment of c £610k towards years 1-4 of operation.
- 2.3. There is flexibility in how the funding is structured but the table below gives an indication of a possible expenditure profile. This assumes a 50/50 split of the capital expenditure with the Town Fund contributing the full £4.2m capital requirement which is then matched with the same amount from Onside. There may be an option to increase the Capital contribution from the public sector to then secure a reduction in the ongoing revenue amount.

3.

	Public revenue			Private revenue	
	Towns Fund	Public Sector	Public sector Total	Onside	Public and Private Total
Year 1*	£375k	£25k	£400k	£900k	£1.3m
Year 2	£350k	£50k	£400k	£900k	£1.3m
Year 3	£265k	£135k	£400k	£900k	£1.3m

Year 4	£0k	£400k	£400k	£900k	£1.3m
Total	£990k	£610k	£1.6m	£3.6m	£5.2m

* Year 1 will be in FY 2022/23 at the earliest

- 3.1. The revenue contribution requirements can come from the wider public sector as well as from the Council. In other areas contributions are secured from the Police, CCG and CIL, however, as any agreement with Onside will sit with the Council it should be noted that should it not be possible to secure contributions from the wider sector the liability rests with the Council. In a Thurrock context, should the Freeport bid be successful, it may be possible to utilise increased business rate revenue to support this commitment, however at present this can not be guaranteed.

- 3.2. Whilst Onside only request a 4 year commitment the Council would need to consider the sensitivities associated with withdrawing funding at the end of year three should the centre be successfully delivering the expected benefits.