

Investment Committee Meeting

14 September 2020: 1-4pm

Coast to Capital – Zoom Meeting

Attendees:

Acting chair for this meeting

David Joy – Board Member

DJ

Voting Members

Jonathan Sharrock- Board Member

JS

Karen Dukes – Board Member

KD

Manju Shahul-Hameed – Deputy Board Member

MSH

Jamie Arnell – Board Member

JA

Bob Lanzer – Deputy Board Member

BL

Phelim MacCafferty – Board Member

PM

Daniel Humphreys – Board Member

DH

Amanda Jones – Board Member

AJ

In Support

Anthony Middleton – Chief Operating Officer (Coast to Capital)

TM

Cali Gasson – Investment Programme & Risk Manager (Coast to Capital)

CG

Hannah Gosling – Investment Programme Manager (Coast to Capital)

HG

Alice Masterson – Admin Support (Coast to Capital)

AM

Anna Meredith – Investments Audit and Compliance Officer

AME

Governance Advisors

Kate Edwards – Accountable Body

KE

Sonia Likhari - Accountable Body

SL

Apologies:

Colin Kemp, Adam Tickell, Tony Newman, Paul Marshall, Lisa Taylor, Toni Wotton, Claire Mason, Rosaleen Liard, Richard Hopkins, Frances Rutter, Sean Murphy.

1. Open, Welcome and Introductions

1.1. Welcome, introductions and apologies were made. The Chair of the Committee gave a brief overview of the purpose of the meeting to all attendees.

2. Conflicts of Interest

2.1. The Chair read out the Conflicts of Interest statement to which, Bob Lanzer was conflicted on Horsham Enterprise Park Project & Phelim MacCafferty conflicted on The Blackrock Project.

3. Minutes & Actions of the July Investment Committee

3.1. The Minutes of July Investment Committee were approved.

4 Blackrock

4.1 At the last Investment Committee the committee agreed that the scheme could continue with the remediation of the site. Clarity was needed around the decoupling of outputs for the site. The investments team have worked with BHCC over the last couple of months and they have provided a list of outputs that will be generated on the site that are listed in the summary paper. BHCC were asked to seek an external value for money assessment on the different scenarios that could be developed on the site as a result of the remediation.

4.2 BHCC representatives entered the meeting and gave a presentation.

Q&A from Investment Committee to the Delivery Body

Q: Are lorries able to turn left as they come up Madeira drive as it seems they would swing into the centre of the road.

A: Lorries can come up or down it, they can turn left or right. They are control signal accessed. We have had a lot of stakeholder consultation, it's been through the highway and transport assessments. We have got one final route to go through the internal approvals but once that's done then we will be ready to start on site.

4.3 **Q:** What will the boardwalk will be made of?

4.4 **A:** A reconstituted material. So its reconstituted plastics which are bonded together. We tested it to make sure no particles enter into the sea. It's very robust, its low maintenance and it's very strong.

4.5 **Q:** Has allowance been made for maintenance?

A: Yes we have. Along this whole area a 30 year maintenance obligation is in place for the shingle.

4.6 **Q:** Does the obligation sits with the council?

A: Yes within the tender package we have got a 2 year maintenance period. The contractors for the first 2 years to make sure it beds down well. Then obligation moves to the council and the parks team.

4.7 **Q:** Is the obligation ring fenced or is it going into the council's park budget?

A: Confirmed it's been ring fenced.

4.8 Q: Are there issues regarding the sea level and the natural habitat? Has the project been planned with the sea level rise in mind. Have the nature consultants confirmed that the areas that are going to be re-wild along the beach are equivalent habitats to the area that will be lost?

A: Confirmed they have had full hydromorphology test. This has gone right the way through from the existing state now to within 150-200 years in terms of sea rises. BHCC have also discussed this with the port authority and they are happy that it caters for a reasonable climate change. The sea level wall has also been signed off by the environment agency therefore BHCC are happy the sea wall caters to the long term. With regards to ecological the idea of where the shingle is located is due to the sea water spray.

4.9 Q: The original proposal was that we would invest £12.1 million which would create 2,500 jobs and for that we would get 27,500 sqm of refurbished area of the site and we would get 81,000 sqm of commercial floor space. The best we are going to get is the amenity and meanwhile use of the site until the end of 2025. There is no plan or prospect at this stage of the longer term mixed use development site to be included within the outputs that can be calculated today. Clarification was asked regarding this.

A: BHCC are looking to separate this development from the waterfront central site. Those outputs are happening on the central site now. Previously this was a two site solution and this investment was necessary to make that bit of the development work. The Blackrock site still requires that investment to make it a developable site to bring forward regeneration for what is quite a deprived part of the city. Outputs will be changing, however they won't be directly attributable to this project.

4.10 Q: What will the revised outputs be? At the moment the longer term mixed use development of the Blackrock site is not clear.

A: At the moment there isn't a set scheme to be delivered on that site. The discussions haven't yet taken place and it is unclear until there is a developable site. It's difficult for BHCC to say exactly what mixed uses on there will be. At the moment there is a site ready to be developed but in its current form there isn't a developer that would be happy to take it forward without the investment.

4.11 Q: Does the translation of value for money, option 3 has have anything to do with it?

A: It would be a value of those kind of levels would be deliverable. They have tried to be fairly conservative because they didn't want to come with lots of huge numbers. Yes a development would deliver those numbers it's just that there isn't an active scheme at the moment.

4.12 Q: Who are they going to deliver those numbers for?

A: It depends, if the scheme would be undertaken as public private partnership then there could be an equalisation agreement whereby the end values are shared. The site could be sold on an on hold lease. It would be wise any development proposals or strategic masterplan to be ensured that local people are involved and that there is a tangible benefit for the area.

A: They would potentially go down a public partnership route or work with a development partner to do a joint venture that would be open to discussion. They would get a land receipt which they currently wouldn't get, the site currently has a minus £12million land value. With this remediation work the site has a value. As a council what they would likely do is invest that in the conference centre in the city centre so that they have a project they are doing to deliver the conference centre.

They would be looking to take any receipt they get here and most likely inject it there to actually deliver that conference centre and close the viability gap. The problem is its too many degrees of separation to then tie that back to being an output to this project.

4.13 Clarification was given that at the last committee it was agreed that the funding could continue on the remediation. The outputs that are in the paper are what we would look to report to government that solely relate to the remediation. BHCC would be required to communicate to Coast to Capital on the development of the site.

4.14 Q: One of the reasons Coast to Capital would continue assessing and funding this project was in relation to that meanwhile use. There was a lot in the presentation about the social values of the long term but it was made it clear that it's going to be several years before there is a market place solution found. In terms of that meanwhile use what are the social values of the outputs that can be achieved by some of those plans.

A: BHCC did look at the social value and social outputs for the meanwhile use. Mainly the meanwhile use will be in terms of the community benefits and the wellness and the health. There will be an opportunity to link the Marina all the way to the pier and beyond. It will lift that area as a meanwhile use and it creates a new recreation destination where events can take place. There are a number of community and commercial meanwhile uses that could go on for years.

4.15 Q: Have the outputs around that work been linked to the outputs the LEP is requiring in terms of funding?

A: In terms of the pump track and the external class room and the connections yes.

A: The remediated space becomes the temporary use space and potentially a temporary events space.

Q: Are BHCC are able to quantify benefits by 2025?

A: BHCC didn't specifically say it was by 2025 but in terms of both the financial returns they were looking at, they were considering over the next 5-10 year period. It's more of a 5-10 year outcome.

4.16 Q: What is the programme for the city to bring the site to the market, to enable to bring a development forward?

A: Effectively the first thing they need to do is implement this scheme. They are looking to bring this site forward as soon as they have some certainty about that delivery time frame. The first thing they would do is have a conversation with the city about what is that interim use. They started this as part of their initial consultation and will be completing that as they move to on site. In terms of building something on this site, it depends on where the market goes post COVID in terms of a long term regeneration. Certainly by 2025 they would have a very clear vision of what's going to be built on this site, talking to the market, and close to delivery. At the moment it's quite hard to deliver but with this investment it becomes quite easy to deliver.

Blackrock representatives left the zoom call.

PMc stayed on the call for the discussion but was not part of any decision making.

- 4.17 Recommendations were outlined. There is a lot of unknowns but overall the team have done what Coast to Capital asked of them which was to decouple those outputs so we are focusing on one site.
- 4.18 Outputs need hardening up on the final development. The Committee needs to keep it under review at the next stages. There was concern around the long term interim uses rather than for the site as a whole.
- 4.19 Spending the money means that the future development is possible. Is there an alternative way of trying to come up with something specific by 2025? Otherwise Coast to Capital risk having a constructed but empty eastern part of the city with no pressure on the delivery partners for the wider meanwhile use to come forward.
- 4.20 **ACTION:** Coast to Capital to write to **BHCC** after today's meeting to request a definitive set of outputs that are highly likely to be delivered by 2025.
- 4.21 The remediation itself may be quite a high risk project type. It's easy for a remediation project to become a voyage of discovery and a whole range of issues can be thrown up. There needs to be some form of early commitment to testing market interests that would be desirable to provide some reassurance as to the liberty of the outputs.
- 4.22 It's a really strategic site for Brighton. It's really important that they get on with the preparation and clearance of that site. The long term potential is a long way off and everyone is agreeing that it's not by 2025. Therefore in these meanwhile uses what are the outputs for that going to be? The investment committee broadly agree that the project can commence however further confirmation for outputs is needed.
- 4.23 The site should be attractive to commercial uses. The city needs to get on and test the market to see both interim uses and longer term uses. The Committee all agree that this project needs to make progress and not stall.
- 4.24 Coast to Capital are committed to keeping this funding in place because this site needs to be redeveloped for the future. A direct dialog with the officers is important.

5. Fiveways (*redacted*)

- 5.1 The Investment Committee were given an update on the latest regarding the Fiveways project and what the next steps will be.
- 5.2 CG gave an introduction on the Fiveways Project. At the last Committee meeting it was agreed by the Committee and the Board that Coast to Capital would invoke the funding withdrawal protocol for this project. The first stage of this was to send Transport for London (TFL) a letter to get clarity around whether or not the scheme is still a priority, if the remaining LGF money could be spent by March 2021 and if the outputs could be fully delivered. The deadline for a response to this letter was 31st August and to date Coast to Capital have received no response.

6. Horley Business Park (*redacted*)

- 6.1 A review was done on the 11th August. The Horley Business Park is owned by 3 separate land owners who are currently in discussion regarding the land use. RBBC have now confirmed that negotiations are now progressing and have been very open with the LEP. They are confident that the receipt of planning permissions and the

enabling of site works (which may include infrastructure) can be delivered by March 2025.

- 6.2** The recommendation here is to form a deep dive working group which is a selected group of board members to delve deeper into the detail of the site and to work with delivery body to come up with a report for this committee at the earliest opportunity.
ACTION: Set up the Deep Dive Working Group.

8. Horsham Enterprise Park

- 8.1** At March's Investment Committee WSCC came in and gave us a presentation where they outlined their issues with planning. They put forward some revised outputs but a lot of them were falling post 2025. The LEP wrote to them asking what outputs they could confidently deliver by March 2025. They have been outlined in the summary paper. The Committee needs to discuss if the project can continue with the revised outputs. They have spent all the LGF money. They have said they will deliver 800 jobs, 15,600 sqm of floor space and 300 homes.
- 8.2** They are committed to develop the scheme and they are working hard on the scheme. We need to judge the viability of the scheme.
- 8.3** Is there a dedicated project director or Project manager and are we happy with the governance and the way it's been deployed?
- 8.4** Yes they have a team of professional consultants and an in house project manager who is dedicated to the scheme and we are happy with the way this project is being deployed and the governance.
- 8.5** Are the committee agreeing to a change of outputs simply because they can't provide a pre March 2025 one? Are the committee going for the revised outputs or the pre March 2025 outputs?
- 8.6** At the March investment committee they sent the revised outputs. The investment team realised that some of them couldn't be delivered by March 2025. The investment team went back to them asking for confirmed outputs that could be achieved by March 2025.
- 8.7** Is it possible the committee can agree the revised outputs but noting the pre March 2025 delivery numbers?
- 8.8** Yes. They are still looking for their commercial delivery partner It was confirmed the committee are happy with the recommendation.

9. Getting Building Fund (GBF) Update

- 9.1** The investment team are hoping to set up 2 meetings in October and 1 or 2 meetings in November to give enough time to go through each business case. The investment team are proposing to bring the delivery bodies for each project to the committee to present. The business cases will be appraised by an independent body as we have done previously. The Investment committee or Board depending on the values of the project can make the final approvals.

10. Economic Recovery (redacted)

10.1 There is a potential option for the LEP's future involvement in the delivery of projects. The LEP have heard a lot about delivery bodies not being able to deliver the outputs by 2025. The LEP is in an interesting position because government hold us accountable for output delivery but the LEP have very little control over that delivery. The paper invites the committee to endorse the principle of being willing to consider on a case by case bases the future deeper involvement of the LEP as a potential deliver partner for certain projects going forward.

11. AOB

11.1 Nothing declared.

Meeting Closed.