

Coast to Capital

Investment Committee Meeting

01 June 2021 – 1-4pm

Coast to Capital – Zoom Meeting

Attendees:

Chair

Karen Dukes – Board Member KD

Voting Members

Jonathan Sharrock – Board Member JS

Daniel Humphreys – Board Member DH

Jamie Arnell – Board Member JA

Amanda Jones – Board Member AJ

Matthew Furniss – Deputy Board Member MF

David Gibson – Deputy Board Member DG

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

Kirsten Trussell – Head of Strategy & Policy (Coast to Capital) KT

David Smith – Investments Manager (Coast to Capital) DS

External Presenters

Jane Hotchkiss – Chichester District Council (Southern Gateway project) JH

Diane Shepherd – Chichester District Council (Southern Gateway project) DS

Peter Sharp – Lewes District Council (Railway Quay project) PS

Beverley Lucas – Lewes District Council (Springman House project) BL

Natalie Brahma- Pearle – Crawley Borough Council (Crawley Innovation Centre project) NB

Raymond Li – Thales Group (Crawley Innovation Centre project) RL

Governance Advisors

Nigel Manvell – Accountable Body NV

Clare Mulholland – BEIS CM

Apologies

Jane Longmore, Tom Druitt, Mark Brunt, Toni Wotton, Kate Edwards, Clare Mason, Phelim McCafferty, David Joy.

| Time | Item | Agenda item | Action | |
|-------------------------------|-------------|---|---------|---------------------------------------|
| 1:00pm | 1 | Introduction: 1.1 Open, Welcome and Apologies 2.1. Declaration of Interest 3.1. Minutes & Actions of the March Investment Committee | Note | KD |
| Legacy | | | | |
| 1:10pm | 2 | LGF & GBF Project Updates: | | |
| | 1:10-1:20pm | 4. Horley Business Park | Note | HG |
| | 1:20-1:50pm | 5. Southern Gateway | Present | |
| | 1:50-2:30pm | 6. Railway Quay & Springman House | Present | |
| | 2:30-2:50pm | 7. Getting Building Fund & Local Growth Fund | Note | |
| | | 8. Finance Update | Note | |
| Delivery | | | | |
| 2:50pm | 3 | 9. Fusion Innovation Centre Update | Present | JS / Crawley Borough Council / Thales |
| 3:30pm | 4 | 10. AOB | | ALL |
| Meeting finish: 4:00pm | | | | |



Meeting Minutes

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.

2. Conflict of Interest

- 2.1. JS, TM, CG & AM had a conflict of interest with the Fusion Innovation Centre as they have all been working within the project team to deliver this project.

3. Minutes & Actions of the March Investment Committee

- 3.1. The minutes from the previous meeting were reviewed and the committee members agreed they were an accurate representation from the meeting and were approved.

4. Horley Business Park

- 4.1. KD informed the Committee that the Coast to Capital Board approved sending the final funding withdrawal letter which was sent by the chair of the board to the Horley Business Park project team.
- 4.2. KD asked the Committee to approve that this be brought back to the Committee in September if Horley Business Park Project team have not disclosed any new information on this project and continue the withdrawal protocol.

5. Southern Gateway

- 5.1. DS and JH entered the meeting and gave a presentation to the Committee.

5.2. Q&A

- 5.2.1. **Q.** AJ also inquired if the revised outputs that have been presented are the entire output totals for the entire masterplan or only part of the project.
A. JH outlined that the output is for the entire masterplan going forward, Phase 1 sites and aspects are pushing forward and the outputs from Phase 1 will be delivered by 2025 and the remainder in 2026.
- 5.2.2. **Q.** KD inquired if the outputs can be confirmed given the 12 month pre-condition period.
A. JH outlined that the pre-condition period works for both sites as they both have a waiver on this. If the projects can be started earlier then CDC will waive this so the projects can commence, the full 12 months may not be needed. There is now a confirmed hotel provider interested.

- 5.3. **DS and JH left the meeting.**

- 5.4.** KD raised concern over the output numbers if they are going to be delivered. There needs to be more detail around the outputs.
- 5.5.** JA outlined that CDC have taken a very pragmatic approach and stayed very focused, with flexing and adjusting to the impacts that have stalled this project.
- 5.6.** KD recommended that Coast to Capital does an acknowledgement of changes with a view to do a deed of variation in the future when CDC have clearly defined outputs that will be deliverable in 6 – 12 months.
- 5.7.** JS outlined that the coherence of what CDC are attempting to achieve is robust and this project has been needing to be done for a long time. The delivery and vision is still coherent despite the change of outputs.
- 5.8.** The Committee **approved** KD's recommendation.
- 5.9.** KD also asked the Committee to approve that the match funding requirement in the funding agreement may have significantly decreased compared to the original estimate and that this is acceptable.
- 5.10.** The Committee **approved** this.

6. Railway Quay & Springman House

6.1. PS, IF and BL entered the meeting and gave a presentation to the Committee.

6.2. Q&A Springman House

6.2.1. Q. KD outlined those drastic changes from the original business case are what is now being proposed. KD requested more information on the following:

- Is this project delayed as the main NSQ site isn't in the council's control and now selling the council's land?
- Did the council/ project team come back to Coast to Capital and discuss not being able to deliver on the relocation of the fire station?
- Has the council sold the land and completed that they have approved the sale of?

A. BL outlined that the business case was around relocating the fire station to allow NSQ scheme to come forward and the other contracted output where homes and commercial floorspace which are all within the NSQ scheme. The original business case and outputs are linked closely with the NSQ scheme. The site has always been within private ownership and the council only owns 1/3 which is now being sold to the developer to enable them to deliver the scheme. There was some initial conversations August 2020 around how the fire station scheme was evolving in terms of the cost but have been waiting until the developer to confirm if the price is going to be viable.

6.2.2. Q. JS inquire what proportion of NSQ site is owned by the council. JS also inquired what the level of outputs is the council aiming to achieve from the development of the 1/3 and how are those outputs going to be achieved.

A. BL outlined that 1/3 of the land is currently owned by the council. The outputs that are contained in the report are the contractual outputs with Coast to Capital that are in the original funding agreement. The council expect the outputs to change slightly

but are waiting for the developer to submit for planning to have a clear view of what the outputs for the site will be.

6.2.3. **Q.** TM asked if it will be achievable to deliver all outputs by the March 2025 deadline.

A. BL stated that the council cannot confirm this until the developer has submitted planning by the end of October 2021 so that a timeline of development is clear.

6.2.4. **Q.** AJ asked for clarification on what the Coast to Capital funds have been used for and if this was a loan or grant funding.

A. BL clarified that the funding from Coast to Capital is grant funding and was used for the purchase of the Springman House site.

6.2.5. **Q.** DG asked what percentage of the outputs are affordable housing.

A. IF outlined that there is an approximately 50% of affordable housing policy and they will be in a sustainable location.

6.3. Q&A Railway Quay

6.3.1. **Q.** KD inquired if the UTC building was in the original business case.

A. PS outlined that the UTC building was not a part of the original business case because the building was a functioning college which closed in 2019 and impacted on the development viability. Therefore, are now looking at the two sites as one.

6.3.2. **Q.** TM outlined that the two sites cannot be combined there needs to be a focus on the Railway Quay site which was the site that has to deliver the outputs by March 2025 and was awarded the funding. What outputs will be delivered on the Railway Quay's site by March 2025.

A. PS outlined that the importance of the UTC building is that it drives footfall and demand for the Railway Quay site which will also reduce the viability of the site. The outputs that will be delivered by March 2025 are 6,500ft² of commercial space of which 5,000 has been delivered and the other 1,5000 is expected to be delivered within 6 months. The job outputs are currently 3 but expect this to increase as the operators on site move forward. There is 10 units on the site and potentially 10 business that will be supported on the site alone.

6.4. PS, IF & BL left the meeting.

6.5. JA outlined that this project will likely not be contractually delivered within the timeframe.

6.6. KD informed the Committee that they are being asked today what the next steps with these two projects would be as this is the first update the Committee has had in a substantial period of time.

6.7. JA inquired what action Coast to Capital would take as the LGF funding is fully spent and they are not going to meet their contractual obligations. What options are available for the Committee?

6.8. TM and KD outlined that the funding withdrawal process could be invoked. KD outlined that there is a lot more detail required to be able to gain a realistic view on the projects.

- 6.9.** JS outlined that the scheme was originally awarded the funding as the council was concerned the site would be used for a Starbucks drive thru and the original plan was for a three-story makers space with a focus on development and accommodation. JS also raised that there was no mention of the links between the Railway Quay site and the 8 other development sites in Newhaven.
- 6.10.** JA asked if it would be better to withdraw the funding with the knowledge that they will not fulfill their contractual obligations and that they are also likely to receive alternative funding.
- 6.11.** KD recommended that the Investments Team to undertake deep dive working groups with the Springman House and Railway Quay Projects.

7. Getting Building Fund & Local Growth Fund

- 7.1.** HG outlined that Getting Building Fund has been progressing with the funding agreement signing and there are only three still outstanding. need to be signed. The Getting All GBF projects are now spending their funding.

8. Finance Update

- 8.1.** HG outlined that Q4 is the last ever quarter for releasing funds for the LGF programme, 96% has been paid out to date and the other 4% is due to delays with claims. All flexibility requests outlined in the paper have had JS approval under the delegated authority powers given by the Investment Committee. HG informed the Committee that the Littlehampton project has provided an update which JS has seen the request. The project has been delayed due to the tender process but is now progressing well, the outputs will be fully delivered on this project as per their funding agreements.

9. Fusion Innovation Centre Update

- 9.1.** KT, MB, NB and RL entered the meeting and presented to the Committee along with JS.
- 9.2.** Q&A
- 9.3.** **KT, MB, NB, RL and JS left the meeting.**
- 9.4.** AJ raised concern regarding if this project is deliverable within the timescale. AJ raised that this project seems to still be at a very early stage and questioned whether this project is more of a 2–3 year ambition and what are the other options for the funding. AJ outlined that Coast to Capital are the first to make the decision on the SPV and the approval of that could only be conditionally on the other parties gaining approval.

- 9.5.** JA outlined that it seems to be a very optimistic timetable and there is no certainty of who will be running the centre. JA also raised that the case is still very vague and there is not a lot of detail or tangible evidence to support this project and what businesses will occupy the centre. There is not any other information that suggests this project is being de-risked. JA inquired that if Coast to Capital does not award the funding to this project how prepared are we to re-invest the funding to another project. JA outlined that if Thales say they are happy to proceed in principle, then that is not enough confirmation of participation.
- 9.6.** KD outlined that team has been asked to prepare a pipeline of projects in case this project does not gain the funding. KD raised SQW and Oxford Innovation have said there has to be a technological partner that is fully engaged to deliver the Innovation Centre. KD also outlined that it is a risk that who is going to deliver the centre has not been decided because the other parties will have no responsibility or accountability for delivering the project.
- 9.7.** JA inquired as to what experience Thales has around their network of innovation centres of a similar nature.
- 9.8.** AJ raised that it seems Coast to Capital are leading this project and that may be why other partners details are clear. AJ inquired if this is potentially the last chance to fund this project and if the funding isn't awarded then this project could never happen or it would take a long time.
- 9.9.** KD asked the Committee if they are happy to go ahead with the 17th June Investment Committee for the business case.
- 9.10.** The Committee were happy to go forward with this date.
- 9.11.** KD outlined that on 17th June the Committee will not be asked to give a formal recommendation on the approval to the board for the capital spend. The Committee will be asked for the commitment to give this another few months, so the business case will be completed and the timeline confirmed.
- 9.12.** CM outlined that the GBF spend must be done by March 2022, Crawley has the Towns fund and they have until 2024/25 and this shows Crawley's commitment as they have to submit the full business case for that by March 2022.
- 9.13.** KD outlined that the counter proposal needs to be given to Coast to Capital as it will need modelling for the other Committees and to have a clearer view on who will be running the centre so that this is a viable business case and a timeline with clear detail.
- 9.14.** The Committee couldn't approve the feasibility funding request as the Committee wasn't quorate, therefore, this decision will be taken on the 17th June.

10. AOB



10.1. No other business was raised.

END