

Coast to Capital

Investment Committee Meeting

22 March 2021 – 1-4pm

Coast to Capital – Zoom Meeting

Attendees:

Chair for this meeting

Karen Dukes – Board Member

KD

Voting Members

Jonathan Sharrock- Board Member

JS

David Joy – Board Member

DJ

Matthew Furniss - Deputy Board Member

MF

Daniel Humphreys- Board Member

DH

Jane Longmore - Board Member

JL

Bob Lanzer – Board Member

BL

Tom Druitt – Deputy Board Member

TD

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

Governance Advisors

Kate Edwards – Accountable Body

KE

Kiri Bailey - LBC as Accountable Body

KB

Toni Wotton – BEIS

TW

Nigel Manvell – Accountable Body

NM

Apologies:

Rosaleen Liard, Sean Murphy, Phelim MacCafferty, Colin Kemp, Clare Mason, Lisa Taylor, Manju Shahul-Hameed, Jamie Arnell, Mark Brunt, Amanda Jones.

Time	Item	Agenda item	Action	
1:00pm	1	Introduction: Open 1.2. Welcome and Apologies. 1.3. Declaration of Interest 1.4. Minutes & Actions of the January Investment Committee	Note	KD
Development				
1:10pm	2	Regional Project Business Model		JS
Delivery				
2:10pm	3	Fusion Innovation Centre Update	Note	KT, CS, AT
Legacy				
2:50pm	4	LGF & GBF Project Updates 4.2. Blackrock 4.3. Horley Business Park 4.4. Railway Quay & Springman House 4.5. Output Review Update 4.6. Financial Year End Forecast	Note/ Approve	CG/KD CG/TM CG HG HG
3:50pm	5	AOB		

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Action Table

<i>Number</i>	<i>Agenda Item</i>	<i>Action</i>
2.16	Regional Projects Business Model	The risk analysis for this proposal be taken to the Audit and Risk Committee for review and approval.
3.10	Fusion Innovation Centre Update	The Committee to send further questions and views to JS.
3.11	Fusion Innovation Centre Update	The investment team to work on a Plan B.
4.3.5	Horley Business Park	Write to RBCC to inform them of the action being taken.
4.4.13	Railway Quay & Springman House	JS, TM, CG to write to the Lewes projects requesting and update on the status of the projects.
4.5.7	Output Review Update	The investment team to go back to Littlehampton and gain clarification on the delays to the project.
4.5.11	Output Review Update	The team to go back to all projects that match funding has decreased in and seek clarification as to why this has happened.
4.5.15.5	Output Review Update	The investment team to do some more work with CDC on this project to gain some clarification.
4.5.15.6	Output Review Update	CDC to come back to the Committee and request the changes.
4.6.16.5	Output Review Update	The team to look for clarity on the new learners and apprenticeships.
4.7.1	Financial Year End Update	To bring this item back to the Committee and it be the first item on the agenda.
4.7.2	Financial Year End Update	A report in a quarters time on the GBF projects spend.

1.2. Open, Welcome and Introductions

1.2.1. Welcome, introductions and apologies were made.

The Chair of the Committee gave a brief overview of the purpose of the meeting to all attendees.

1.3. Conflict of Interest

1.3.1. TD with Blackrock,

1.3.2. BL, and JS with Innovation Centre.

1.4. Minutes & Actions of the January Investment Committee

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

2. Regional Project Business Model

- 2.1.** JS outlined to the Committee that Coast to Capital are developing the business plan for the year ahead around regional projects. Coast to Capital would identify within the region, and work in partnership with businesses, Universities, Colleges, and Local Authorities to bring forward transformation projects that are of national significance within the region. The aim would be for the regional projects to increase investment into the region and to target as many different government funds as possible for support. Coast to Capital intend to develop an indicative list of regional projects and present them to the Board next month for approval.
- 2.2.** BL raised that in terms of response to bids Coast to Capital needs to be clear that there is not a dependency between the acceptance and the components of requiring those services from Coast to Capital.
- 2.3.** JS Informed the Committee that there is no conditionality. Coast to Capital would not prioritise regional bids in return for gaining business with local partners.
- 2.4.** BL enquired that freeports was mentioned in the paper and wondered why this was included as Coast to Capital was unsuccessful with this bid.
- 2.5.** JS clarified that freeports was mentioned because there was a lot of feedback on the bid Coast to Capital submitted and this can be taken into consideration when bidding on potential future regional projects.
- 2.6.** JL enquired about the risks and the capacity. The work seems to apply pressure onto an existing team that is already tightly pressured.
- 2.7.** JS outlined that the proof of concept is for a limited time and in a very limited way, Coast to Capital sees this as a learning opportunity. In terms of resources, it is providing Coast to Capitals partners with the help they need and if this becomes a part of the future business plan is. There is value in doing this a proof

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of concept as it shows Government Coast to Capital is a integral part of the region.

- 2.8.** TD queried what the alternative is, in terms of if this is not the approach Coast to Capital takes, what is the plan. TD also enquired if Coast to Capital will be targeting regional projects that fall under the LEP's Stronger, Smarter, Greener strategy.
- 2.9.** JS outlined that Coast to Capital is very impressed with the Expression of Interests they have received to date. The more crucial strategy is Government's Build, Back, Better strategy and this sets out the bigger objectives. JS also outlined that the remaining Local Growth fund is Capital and needs match funding, this funding is given to the board to decide on how it is to be used.
- 2.10.** DJ enquired if building closer relationships with partners could improve by placing a member of staff into the partners offices.
- 2.11.** JS agreed that it could help build a stronger and closer relationship with partners.
- 2.12.** DH raised that it is uncertain if there are going to be offices to place staff into due to the unforeseen future circumstances due to Covid. DH also enquired how dependant is this on the Shared Prosperity fund
- 2.13.** JS outlined that the concept of regional projects is to show ministers that there are projects in this region that are of national importance. Coast to Capital wants to take the same approach as the freeport bid with regional projects. It is unlikely the funding will come from the UK Shared Prosperity fund.
- 2.14.** . KD outlined that the request being put to the committee is the approval to proceed, that additional services should be considered, take a pragmatic service revenue projection, and look at proof of concept trials.
- 2.15.** The Committee Approved for Coast to Capital to proceed with business planning activities around Regional Projects.

3. Fusion Innovation Centre Update

- 3.2.** BL and JS allowed to remain in the meeting.
- 3.3.** Kirsten Trussell (KT), Adrian Terry (AT), and Clem Smith (CS) entered the meeting and gave a presentation to the Committee.
- 3.4. Q&A**
- 3.4.1. Q.** DJ enquired if there is a dedicated project director leading and managing the process or is it being done through a committee and what the process of governance and delivery of the project.
- A.** KT informed the Committee that this has been resourced internally and there are three project partners which are Coast to Capital, Crawley Borough Council (CBC) and Thales, that form a project team which meets weekly. There is also steering group consisting of the principle organisations headed by JL who is the board sponsor. There is an internal project manager from Coast to Capital working on this however the project team are in the process of recruiting a project director to take the project forward.

AT outlined that there has not been a need for a project director to date and that the working relationships all have a strong willingness for this project to succeed.

AT outlined that the input from the consultants have provided the team with direction as they have previous experience running innovation centres.

3.4.2. Q. KD enquired about the project timeline and how much contingency is built into the timeline presented. KD also enquired what the critical risks are for each of the partners.

A. AT informed the Committee that there is very little contingency in the build program, all the contingency now is the upfront work and looking for ways to compress this. AT outlined that the critical risk for Thales is, that is there has been enough commercial and marketing work done to set this innovation centre on the UK innovation landscape.

B. CS outlined that the critical risk for CBC is Viability. CBC will be taking on the accountable body role for the towns fund program and are going to invest this funding into this scheme but will need to have reassurance of the projects financial and commercial viability. CBC's other critical risk is around governance in particular the operation and mechanism surrounding the special purpose vehicle and that the governance mechanism can work effectively. The due diligence CBC is doing would be for the use of the council and partners. The due diligence would be completed before it comes back to the Committee.

C. KT outlined that Coast to Capital's critical risks are Investing the funds in a SPV, being a shareholder of a SPV which will be brought to Coast to Capital's board for discussion.

3.4.3. KD requested Thales to share some of their previous experience with innovation centres when they come back to the Committee.

3.4.4. Q. KD also enquired the SPV board discussion will take place.

A. JS confirmed that this would be brought to the July Board meeting but will come to the Investment Committee prior to the July board and this will be presented as one of Coast to Capital Regional Projects.

3.4.5. Q. TD enquired if the project aims have changed considering COVID in terms of outlook for the local economy and what happens if the innovation centre produces some technology that is of use to Thales competitors.

A. CS outlined that Manor Royal is changing and CBC are seeing an increase in transport logistics sector. The reason one of the main USP's is transport for the innovation centre is that Crawley have historically had a growing transport industry that has been overshadowed by the aviation industry. CS outlined that the necessary safeguards in terms of intellectual property will be put in place within the innovation centre.

3.4.6. KT, CS, AT left the meeting.

- 3.5.** JL outlined that there is no lack of commitment from any partners on this and there is a genuine wish to do something supportive for Crawley. JL raised concerns around what is the innovation centre going to be and what is the involvement with the universities and colleges within the region.
- 3.6.** KD outlined that it is implied that universities would be a key part of the innovation centre.
- 3.7.** DJ raised concerns around the project not having a Project Director pushing the project forward.
- 3.8.** TD raised that there is not a clear vision of what key problem in society is the innovation centre going to solve and would like clarification on this.

4. LGF & GBF Project Updates

4.2. Black Rock

- 4.2.1.** TD allowed to remain in the meeting but not vote.
- 4.2.2.** CG outlined that Brighton and Hove City Council (BHCC) have sent a revised list of milestones to the team. The milestones received span until this time next year when BHCC have said they will have better clarity on the level of outputs that they can deliver. CG outlined that the request of the Committee was to give delegated authority to the investment team to draw up a deed of variation with BHCC so that BHCC are contracted to the revised milestones. Then in a years time, the project can be brought back to the Committee for approval on the detailed outputs.
- 4.2.3.** The Committee Approved the delegation to the investments team.

4.3. Horley Business Park

- 4.3.1.** CG outlined that Reigate and Banstead Borough Council (RBBC) have updated Coast to Capital on the outputs to be delivered, most of the outputs will be delivered post 2025 and 2026 however the milestones are unclear and RBBC have failed to meet milestones on this project previously. Coast to Capital is now looking at invoking the funding withdrawal protocol which would mean RBBC will receive a written letter, and this would give RBBC another 30-day opportunity to give clarity on the issues Coast to Capital has raised.
- 4.3.2.** KD outlined that there is a significant risk that this project will not deliver anything before 2025. KD informed the committee that to get to the point of regaining funds from RBBC can take 6 months and this gives RBBC to get the project back up to date and provide the clarity needed.
- 4.3.3.** JS raised that the funding that may be regained from this could be put towards regional projects.
- 4.3.4.** MF requested that when the letter is sent to RBBC, it would be helpful to gain the status of RBCC's delivery partners. MF clarified that the issues surrounding this project are not a result of Surrey County Council,

4.3.5. The committee agreed for the Funding Withdrawal protocol to be recommended to the board for approval

4.3.6.

4.4. Railway Quay & Springman House

- 4.4.1.** CG outlined that SELEP have informed Coast to Capital that because of their contracting and their accountable body arrangements differ from Coast to Capitals, Coast to Capital would be in a much stronger position to continue monitoring these projects, to include dealing with any potential claw back. CG recommended to the Committee that Coast to Capital continues monitoring these projects, and that both projects would be recommended to the board to invoke the funding withdrawal protocol.
- 4.4.2.** JS informed the Committee that this handover decision is pending a board discussion.
- 4.4.3.** KD enquired if the contractual relationship remains between Coast to Capital and the delivery body of Lewes District Council. KD also requested to send the Projects a formal letter from JS informing them that SELEP won't be taking on their contracts and ask for an update?
- 4.4.4.** JS confirmed KD's enquiry to be correct.
- 4.4.5.** CG informed the Committee that 5 of the Lewes projects are being closed as the outputs have been contractually met, and that there will be only 2 Live projects.
- 4.4.6.** TD raised that Coast to Capital is good at monitoring projects and continue to monitor them
- 4.4.7.** DJ recommended sending an informal letter in advance of the Board.
- 4.4.8.** KD outlined that the request of the Executive team to write to the projects and send the request to be able to respond in the appropriate way, including the Withdrawal protocol if necessary, to the board.
- 4.4.9.** The Committee Approved this request.

4.5. Output Review

- 4.5.1.** HG outlined that Coast to Capitals focus going forward up to 2025 is going to be monitoring outputs and milestones. The Investment team has reached out to all delivery partners to gain a realistic view on their outputs and what they think will be deliverable by March 2025 and post March 2025. Following this, all the projects have been RAG rated as Red, Amber, or Green which can be found in the paper. At the previous Investment Committee meeting it was agreed the Investment team can have delegated authority to approve minor variations, which are rated as Amber or Green. HG outlined that the request of the Committee is to note those projects rated Amber, and it was agreed to keep the Committee informed if there are any further delays or variations to these projects.-
- 4.5.2.** KD raised that it is good to have a record of these changes. KD recommended that it would be good to flag back their record of output success back to the delivery bodies.

- 4.5.3.** DH raised concerns around the Littlehampton Public realm project as it states delays have been due to Covid-19, and enquired how Covid-19 would cause delays on a public realm project.
- 4.5.4.** HG outlined that the Investments team can investigate this.
- 4.5.5.** JS outlined that Coast to Capital should continue to be focused and diligent in chasing the projects on these issues.
- 4.5.6.** HG outlined that the delay of Littlehampton project may be because they had problems with their tender process due to lockdowns.
- 4.5.7.** TW outlined that there were a lot of different impacts from Covid-19 that could affect this project such as when it was unclear if contractors could be on site, paused so the public realm space could be available for social distancing measures etc.
- 4.5.8.** KD enquired why the match funding has reduced.
- 4.5.9.** HG outlined that they are still hitting the match funding threshold that is required to be eligible.
- 4.5.10.** KD raised that Burgess Hill Connectivity and A29 projects have outputs being delivered beyond 2025 and enquired why this is happening with these projects.
- 4.5.11.** CG outlined that the reason those projects are marked as Amber is because when these projects were originally approved and contracted, Coast to Capital was unaware of the 2025 deadline for government reporting.
- 4.5.12.** The Committee was happy and clarified that this had been noted.
- 4.5.13. Southern Gateway**
- 4.5.13.1.** HG informed the Committee that a meeting had taken place with the head of Chichester District Council (CDC) which highlighted a significant reduction in the Jobs and Commercial floorspace outputs and an increase of homes. The new targets CDC have outlined are based on the current market conditions due to Covid-19 however CDC have outlined that if the market improves there is potential for the commercial floorspace to increase; but this will be post March 2025. HG outlined that the outputs will be delivered by March 2025 and CDC are still dedicated to delivering this scheme and have highlighted two alternative sites asked the Committee for the approval of the changes to outputs and scope proposed by CDC.
- 4.5.13.2.** KD enquired how much funding has been allocated to this project.
- 4.5.13.3.** HG clarified that Coast to capital allocated £5million to this project and CDC have spent all the funding except £1.8million which was released under flexibility protocol.
- 4.5.13.4.** JL outlined that the impact of Covid-19 on the area will not be known for some time and in relation to the commercial space reduction, how much appetite is there going to be for commercial space in the future. This project has now become a housing project.

4.5.13.5. TD enquired if development is now a lot smaller and how have CDC got these revised figures.

4.5.13.6. KD outlined that these are the questions the team need to ask CDC.

4.5.13.7. BL outlined that some of the factors surrounding this project are out of control of CDC but agreed they need to come back to the Committee.

4.5.14. Project Monitoring

4.5.14.1. KD outlined that there was a need to spend LGF funds by March 2021 and there has been flexibility given to delivery partner's so there is still a need to monitor the spend of those projects. The Committee was asked to consider the need to provide monitoring until March 2025.

4.5.14.2. TM informed the Committee that continuing to monitor the outputs on projects brings potential rewards and need to be seen enforcing the legal contracts with the delivery bodies.

4.5.14.3. TW informed the Committee that Government have made some statements about monitoring of GBF projects but have not released the LGF monitoring statement. The thought is that the LGF monitoring will be brought in line with the GBF monitoring so it will go to bi-annual monitoring but there is still a lot of information to be clarified.

4.5.14.4. DJ requested that all the Red projects on the outputs document are grouped together on one table and why there is a drastic change in apprenticeships and new learners.

4.5.14.5. KD outlined that the board delegates the authority to the Investment Committee to review the project monitoring process and therefore its incumbent on the Committee to report back to the Board that this is performed. KD does a statement for every Audit and Risk Committee about the risks associated LGF portfolio and the same for the GPF projects. The monitoring system in place is robust.

4.6. Financial Year End Update

4.6.1. Redacted.

5. AOB

5.2. HG outlined that the Littlehampton match funding decrease has taken place because they were reporting match funding before the project was approved and given funding.

5.3. It was agreed that all Investment Committee meetings continue to use the Zoom platform.

6. END

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