

**Coast to Capital Investment Committee
Zoom Meeting
Thursday 25th June 2020 – 2.00pm – 4.00pm**

Meeting Minutes

Attendees:

Chair of Investment Committee

Julie Kapsalis – Board Member (JK)

Deputy Chair of Investment Committee

Colin Kemp – Board Member (CK)

Voting Members

Jonathan Sharrock (JS); Manju Shahul-Hameed (MSH); Amanda Jones (AJ); Jamie Arnell (JA); Nancy Platts (NP); Bob Lanzer (BL) – Coast to Capital Board Members

In Support

Anthony Middleton (TM); Cali Gasson (CG); Hannah Gosling (HG); Anna Meredith (AM) – Coast to Capital

Governance Advisors

Lisa Taylor (LT) – Accountable Body & S151 Officer
Kate Edwards (KE) – Accountable Body
Sean Murphy (SM) – Accountable Body
Cath Goodall (CGo) – BEIS
Toni Wootton (TW) - BEIS

Apologies

Tony Newman, Paul Marshall, Karen Dukes (KD), Tim Wates, Adam Tickell

Actions

Number	Action	Owner
3	Social Value to be discussed at future meeting.	All
5.3.7	MSH to have a discussion with the Croydon Council leader to understand the current situation on the Fiveways project. Update the Committee following this.	Manju Shahul-Hameed

5.3.17	Start the drafting of the Funding Withdrawal letter for the Fiveways project and to start a formal conversation with TfL and clarify the deliverability of the scheme in July.	Investments Team
5.4.7	Full details of the Backing Business Fund Mark 2 to be brought back to the Investment Committee for approval.	Delivery Body – Malcolm Brabon
5.6.7	Amended full business case for Unlocking Housing to come back for Investment Committee approval in July 2020.	Investments Team / Delivery Body
5.9.17	Discussion to be had with BHCC around deliverables for the Blackrock project.	Investments Team / Delivery Body
6	Monthly Meetings of Investment Committee to be scheduled to trial.	Taygan Paxton

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.
- 1.2. Project monitoring has increased in response to the COVID-19 pandemic and notification from CLG that only 75% of LGF allocation is certain and the remaining 25% will be released following a formal review of projects. Pro-forma documentation has been completed from all live projects, and has informed an updated risk rating based on complete LGF spend by March 2021 and delivery of outputs by March 2025.

2. Conflicts of Interest

2.1. The Chair read out the declaration of conflicts statement, and asked that members declared any conflicts of interest. Members of the Committee's conflicts of interest are outlined below;

- 2.1.1 NP declared an interest in the Blackrock and it was decided that NP would take part in the initial discussion and leave the meeting when a decision was made.
- 2.1.2 BL declared an interest in Burgess Hill Place & Connectivity, the committee discussed if this was material or not and it was decided that BL would remain for this item.
- 2.1.3 CK declared an interest in the Unlocking Housing in North Tandridge project, it was discussed that along with other declarations already made the context members could bring to initial discussions was of importance and that they would only be asked to leave should a

decision need to be made. CK would stay for the discussion and leave for any decisions that are made.

- 2.1.4 MSH declared an interest in the Fiveways project, it was decided that MSH would stay for the initial discussion and leave for any decisions that are made.

2.2. It was advised of the Committee to raise any conflicts during discussions during the meeting if any were to occur.

3. Minutes of the Previous March 2020 Meetings

3.1. The Investment Committee **agreed** that the March 2020 minutes were a true representation of the meeting and were formally approved.

3.2. It was requested that all future minutes would have a table at the start of the document detailing any actions discussed during the meeting.

3.3. JK detailed the actions from the previous meeting, there were several projects that were due to attend this Investment Committee however this has not happened but some of the projects will be discussed today instead. Social value should be discussed at a future meeting.

4. Update on Recent Government Letters

4.1 JS explained there had been significant correspondence with Government over the last couple of weeks with regards to future funding for the area. The LEP was given a week to identify projects that could deliver within 18 months. A list has been submitted to Government with no response as yet but we expect to hear in the next couple of weeks. Lastly, the LEP have received notice from MHCLG that only 2/3rd of the allocated LGF funds for the remaining year will be paid and the remaining funds requires the LEP to demonstrate compliancy to spend the money before it'll be released. An observation should be made that Government are looking for the best way to respond to COVID-19 and that to be in the best position the LEP needs to deliver well, deliver on projects and be able to make difficult decisions to be in a good place, to be allowed flexibility and to be awarded future funding.

4.2 TM explained that Government want assurance that there will be no surplus money and a full review of LGF was commissioned at the start of COVID-19 for all projects to update on their progress. This has allowed the LEP to assess the impact of COVID-19 and this information has been collated into a spreadsheet. This exercise has resulted in 4 red risk projects and solutions should be considered by the Committee today. Officers are comfortable that all LGF will be spent and because 97% of this is contractually committed already the LEP could be in breach of contract if the remaining 1/3rd of LGF was not received. Recommendations for new project spend will go to BEIS and we hope to hear in the next few weeks. The LEP would like to thank the local authorities and delivery partners for providing information on these new projects and from these submissions, a prioritised list totaling £40m was submitted to Government. The full list of projects however was also submitted to Government to show the scale of ambition in the region.

- 4.3 HG explained that the review was all on spend up to March 2021 which consists of 31 projects, some of which have flexibility. The overviews from projects included the impact from COVID-19 and as a result the projects were RAG rated. The decision points with Government are for £47m and £45m of this is allocated, the remaining £2m is to be discussed later in this meeting.
- 4.4 JK thanked the team for the work done on getting a list of projects ready for submission to Government as this was a huge amount of work.
- 4.5 CGo explained that Government wanted to check that all money would be spent on delivery and what was contracted including flexibility amounts. CGo thanked the team for completing this exercise and explained that it is currently being evaluated and more should be known in the next couple of weeks. New projects need to be shovel ready and able to complete within 18 months but there is no guarantee of funds. Any new funds won't be an additional stream to LGF but should be treated as a new fund in their own right.
- 4.6 CK asked for clarification around the governance arrangements for allocating any new funding and commented that it was a good approach to submit all projects rather than just the £40m worth as it shows the region's ambition and not many other LEPs have done this.
- 4.7 JK confirmed that existing governance and committee arrangements will be used to allocate any future funding.
- 4.8 TM further clarified that as per the published Assurance Framework any new funding allocations will follow processes already in place and include a funding agreement. Due to the challenging deadlines set by Government it will be difficult to follow all processes outlined in the Assurance Framework therefore they will be followed in principle and an Assurance statement will be produced to reflect this.

5. Local Growth Fund Paper

5.1 High Risk Projects

5.1.1 JK introduced the item stating that if the discussions on any area or projects in this section require additional time a further discussion regarding a potential sub-group or additional time is possible. It was important to thoroughly review each project.

5.2 Pro-forma's and Process

5.2.1 CG explained that projects that have been rated red have uncertainty of full expenditure by the March 2021 deadline, and that there are 4 projects rated red. Amber rated projects are those which can fully spend their allocation within the timescale but there is uncertainty over delivering some or all of their outputs by the Government's March 2025 deadline.

5.3 Fiveways (*redacted*)

- 5.3.1 It was agreed MSH could stay for the initial discussion as the delivery body is TFL not Croydon Council.
- 5.3.2 SM highlighted the fact that he is an employee of Croydon Council, however not directly linked to the project so felt comfortable to stay throughout and JK confirmed this was fine. SM is also at the meeting as an Accountable Body representative.
- 5.3.3 TM introduced the project stating that Fiveways is a critical junction improvement project and is a gateway to both the Coast to Capital region and to important areas in Croydon town centre. There is expected to be a meeting in July in which, TFL are going to discuss all of their capital projects, including Fiveways, and their future commitments to each project. It is not advisable that we wait to hear the result of the meeting before action is taken. The project has already spent in excess half of the funds, mostly on design work and it is thought there are two possible outcomes. One of which would be that TFL will commit to the project, in which case the LEP would need to know when money will be spent. Alternatively, they will not continue with the project and in this case we will need to invoke our claw back protocol. However this process could take months to get the money back and then reallocate. If we were to start the claw back process now by issuing a formal notification, this would speed up the process.
- 5.3.4 It was confirmed that a letter should be made ready in preparation.

Recommendations:

Following discussion, the Investment Committee has recommended the Board to **approve** the commencement of the Funding Withdrawal protocol, to start a formal conversation with TfL and to clarify the deliverability of the scheme in July. If the scheme is no longer viable, then the protocol will continue and funds will be withdrawn from the scheme.

5.4 Business Finance

- 5.4.1 CG explained that £2.25m of LGF is allocated to this project for the remaining 20/21 year. The scheme was due to re-launch in April, however due to COVID-19 businesses were reluctant to commit their own funds. A letter was written in May to ask Government if the remaining funds for this project could be used for a second round of Backing Business Fund (BBF) grants.
- 5.4.2 TM explained that the LEP have had a response this week and Government confirmed this was a local decision to be made so the Investment Committee can make a decision. We would like to engage with Board members more to shape the programme and there are a lot of businesses that would benefit from a grant. There are some logistical challenges but we have already proved that we can get money allocated as we have deployed £2m in 2.5 months.

Enhanced governance is needed including panels in the second stream. If we don't take this option there is a potential to lose these funds.

- 5.4.3 KD commented via an advanced email that she supports the suggestion to move the money into a second stream of BBF and would like to see future grants target specific industries that align with our strategy and areas that are in difficulty due to COVID-19 lockdown.
- 5.4.4 JK stated that the LEP have been very agile and responsive with the BBF and engaged with many new businesses as a result. We will look at what worked well and would be really keen to take the opportunity to collect more data for the region, for example women owned businesses. A new fund needs the internal team to be resourced effectively.
- 5.4.5 CK totally supports the recommendation and the tourist, service and culture industries need the most support to adapt so can we refocus on this?
- 5.4.6 AJ asked if one of the team could explain what the position with Government is and what does spend by March 2021 mean for the scheme.
- 5.4.7 TM confirmed that the decision is to agree the move of funds and we would propose the nature of the scheme via correspondence to include how the scheme would operate and how funds would be allocated including match funding requirements.
- 5.4.8 MSH made her apologies and left the meeting.
- 5.4.9 JS stated that previous BBF was revenue and we won't be able to do this when using LGF as this will have to be capital and receive match although match will be reduced. Half of the team were used for BBF with 6/7 staff working full time on it and there will be less flexibility this time round. It was quite hard to reach businesses in Surrey so this will need to be addressed in future schemes.

Recommendations:

The Investment Committee fully supports this move of funds, and the Board are recommended to **approve in principle** that the Business Finance project is converted into a second round of Backing Business Fund Grants. The approval will be subject to bringing back full detail of the grant scheme to the Investment Committee in July for approval, including Governance, criteria, operation and resource.

5.5 Burgess Hill Place & Connectivity

- 5.5.1 CG explained that underspend was flagged in the pro-forma along with a 3 month delay. Spend is already back loaded and they have asked for £4.9m of flexibility. The scheme is strategically very important.
- 5.5.2 TM explained that the local authority have confirmed that the programme is back on track with no delay and that funds will be spent. We would still like to agree flexibility and agree delegated authority to the C2C chief Executive to decide the amount of flexibility that is given when required.
- 5.5.3 BL left the meeting.

- 5.5.4 CK asked if only half of the money has been spent, has any match been spent yet and this should be in the contract too. As a LEP is there only a certain amount of flexibility we are allowed to offer.
- 5.5.5 TM confirmed that the LEP have the power to release any flexibility and we have reduced the amount we have done over the last three years.
- 5.5.6 HG confirmed that match is due to be reported in 2021 to 2025.
- 5.5.7 CGo confirmed that it would be better not to rely heavily on flexibility but there is nothing to specify how much you do but minimal is better.
- 5.5.8 BL returned to the meeting.

Recommendations:

The Investment Committee **agreed** that the Coast to Capital Chief Executive could have delegated authority to approve flexibility funding release if required of up to £4.98million on the scheme.

5.6 Unlocking Housing in North Tandridge

- 5.6.1 JK confirmed that as previously discussed, CK is conflicted on this item but will stay for the initial discussion.
- 5.6.2 TM explained that this is a Surrey County Council (SCC) scheme with Tandridge District Council (TDC) being a partner. The project is to combine two community recycling centers in Warlingham and Caterham to a single unit in Godstone. This is a strategically important scheme and supports 3,000 new homes.
- 5.6.3 CK confirmed that SCC wants to step back and let TDC continue as the delivery body. SCC will continue to support TDC and the new scheme proposed is more detailed than the new recycling centre. The project is ready to roll and will be delivered on time.
- 5.6.4 TM stated that the Investment Committee is already supporting part of the project with Quadrant House under the last funding call which will provide business space which links in to the new proposed project for Unlocking Housing.
- 5.6.5 CK left the meeting.
- 5.6.6 KD sent in the following comments via email prior to the meeting: I recognise that the county council can no longer fund the recycling centre, But that Tandridge have an alternative location to achieve similar outputs. I support this transfer of use of funds subject to ensuring that none of the outputs are double counted with those relating to other grant or loan applications. I understand that we had agreed only part funding of a project in Caterham and that this funding may go to deliver additional outputs over and above those identified with that grant. If we can I would still like to see Tandridge obligated to deliver some of the benefits connected to the original proposal whether that be housing etc. but appreciate this may not be possible.
- 5.6.7 JK queried the logistics in getting a Business Case from TDC to review.
- 5.6.8 TM confirmed that there was a call with TDC soon and would hope to have a new business case in the next couple of weeks and asked if the committee

wanted TDC to attend an ad hoc meeting to present the new scheme or if this could be presented through correspondence.

5.6.9 JK agreed that a meeting would be best to enable thorough review.

5.6.10 CK returned to the meeting.

Recommendations:

The Investment Committee **agreed** in principle the revised change of project scope subject to an amended full business case coming back for Investment Committee approval in July 2020

5.7 Unallocated Funding

5.7.1 TM explained that a letter has been sent to Government to ask that remaining unallocated LGF is moved to the Growing Places Fund (GPF) pot to replace what was used for the BBF scheme. This will allow a new loan stream to come forward. Government has said this is a local decision for the Investment Committee to make so long as it is in line with the Assurance Framework.

5.7.2 KD supports this recommendation via an advanced email comment.

Recommendations:

The Investment Committee **approved** that the £1.64million of unallocated funds could be utilised as GPF.

5.8 Amber projects/Sub-Group

5.9 Blackrock

5.9.1 TM explained that this is an exciting project which started as a new conference centre in Brighton on the Blackrock site and further work and proposals amended this to have the conference centre in the centre of Brighton instead. The LEP has supported this project and recent discussions have been on the impact of COVID-19. Brighton is still committed to the project and has decided to de-couple the remediation works required from the conference centre. This is because the building of the conference centre is unlikely to meet the output delivery timeframe. A decision is required to support the remediation works with the potential to create a temporary use as an arts space and flexibility maybe required.

5.9.2 CG explained that the project was awarded £12.1m and £4m is due to be spent in the 20/21 financial year with the rest to be released as flexibility. There isn't much clarity on spend but could be fully spent on remediation with flexibility being reported back in 21/22.

5.9.3 NP stated that this is a tricky site as there is no through road but there is huge public support for something to be developed here. There has been lots of interest from developers over temporary uses but the best way to make use of

it is to have the enabling works done. There are other developments in the vicinity including Valley Gardens and the Gasholder site.

- 5.9.4 JA asked if timing is an issue for an open air venue, as this will only be needed in the very short term. If we don't have this ready very soon it may not be needed so is it feasible to get it up and running really quickly.
- 5.9.5 NP replied that she couldn't answer a construction timing question but there is a strong desire to develop. There are also longer term sites in the area that are used all year round despite weather.
- 5.9.6 AJ asked if all spend would be capital and on enabling or construction of a temporary site.
- 5.9.7 NP confirmed that all LGF would be on enabling.
- 5.9.8 TM confirmed that LGF can only be spent on capital and contracted outputs are around the delivery of 350 housing units and commercial space and Brighton still intend to deliver but there is a temporary use available also. LGF will not be used for the temporary site but for remediation. A previous Value for Money assessment was done on these outputs and it did show Value for Money.
- 5.9.9 NP left the meeting.
- 5.9.10 CK stated that there was no firm commitment for what will be put on the site and original commitment was for more. Where is the money going now, there is a lot of uncertainty.
- 5.9.11 JA was not surprised that there is a pause from developers. The site will be turned into something so there will be value in the enabling works. The risk is that the money is spent and nothing happens for a very long time. We should ask that enabling and the temporary site is completed quickly to give it use.
- 5.9.12 JS agreed with JA, the appetite from developers and investors is unclear.
- 5.9.13 KD commented via an advanced email that we should have step in rights on the land because the risk is too great as it is.
- 5.9.14 TM suggested that there was a need to go back to the delivery body and ask them to clarify outputs, apply timelines and clauses and that a claw back of funds will be initiated if not met. We are not currently equipped as an organisation to step in as suggested. We should get clarification from the delivery body and come back to the investment committee for approval. A new value for money assessment should be done.
- 5.9.15 AJ stated that it was a good decision to de-couple the work for the city but not what the LGF was for and asked how this now fit with our commitments.
- 5.9.16 CG confirmed all of the LGF will be used for remediation and funds will be spent this year and next year.
- 5.9.17 JK suggested a further piece of work needs to be done around what can be delivered on the Blackrock site.
- 5.9.18 TM confirmed that the remediation included an extension to the site where the flood defences would be rebuilt.
- 5.9.19 JA suggested that the committee and the delivery body consider if this is the right time to do a massive project.

Recommendations:

It was **agreed** that the existing flexibility release could have an element of expenditure reported back to the LEP post 2021, and that the RAG rating should remain as AMBER/RED until the Deed of Variation has been finalised with exact clarity around the new outcomes.

6 Sub-Group

- 6.1 JK explained that having discussions and making decisions by correspondence is tough and doesn't work as effectively so asked if a sub-group was needed.
- 6.2 TM stated that a sub-group would be really helpful to do some more deep dives around projects, as there are often slight changes in outputs and we need to get your consent but this is a chance to have a deeper dive about project outputs.
- 6.3 CK suggested just increasing the time or frequency of meetings
- 6.4 BL agreed with CK.
- 6.5 NP returned to the meeting.
- 6.6 JK repeated the question and comments for NP.
- 6.7 JA agreed with CK and asked that all members are given an option to make comments on things if someone can't attend.
- 6.8 AJ stated it was more important to understand how this may impact on the officers completing the day to day tasks and if the sub-group was agreed would it be possible to combine this with feeding in from fund committees to the audit committee on risk.
- 6.9 NP stated that as long as a substitute is acceptable if unavailable, she didn't mind either way.
- 6.10 JS had no strong view and was happy to go with the majority.
- 6.11 JA left the meeting
- 6.12 NP left the meeting
- 6.13 JK confirmed that a trial approach to having additional meetings would commence and this would be reviewed and that a discussion is needed with AJ around how fund committees can feed into audit committee.
- 6.14 SM left the meeting

Recommendations:

The Investment Committee; **agreed** monthly meetings will be trialed for a period of time, and if quoracy becomes challenging, then a 'Sub Group' of the Investment Committee will look to be formed.

7. AOB

- 7.1 No AOB.