

Coast to Capital

Investment Committee Meeting

30th November 2020 – 1pm – 4pm

Coast to Capital – Zoom Meeting

Attendees:

Chair

Karen Dukes – Board Member

KD

Voting Members

Jonathan Sharrock- Board Member

JS

Manju Shahul-Hameed – Deputy Board Member

MSH

Jamie Arnell – Board Member

JA

Bob Lanzer – Deputy Board Member

BL

Daniel Humphreys – Board Member

DH

Amanda Jones – Board Member

AJ

Jane Longmore – Board Member

JL

Thomas Druitt – Deputy Board Member

TD

Matthew Furniss – Deputy Board Member

MF

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

Governance Advisors

Kate Edwards – Accountable Body

KE

Sonia Likhari - LBC as Accountable Body

SL

Daniel Lindsay – Hatch Regeneris

DL

Toni Wootton – BEIS

TW

Apologies:

Colin Kemp, Lisa Taylor, Sean Murphy, David Joy, Mark Brunt, Rosaleen Liard, Phelim MacCafferty.

Time	Item	Agenda item	Action	
1pm	1	Introduction: a) Open b) Welcome and Apologies	Note	KD
	2	Declaration of Interest		
	3	Minutes & Actions of the 10th November Investment Committee		
1:15pm	4	Ricardo FBC <i>1:10pm Introduction from Hatch</i> <i>1:15pm Ricardo</i> <i>1:25pm Q&A</i> <i>1.40pm Committee Discussion</i>	Approve	Hatch Ricardo
1.50pm	5	St James Industrial Estate	Approve	TM/HG
2:10pm	6	High Risk Report <i>(with full risk register & output spreadsheet)</i>	Note	CG/TM /JS
2.50pm	7	Littlehampton Public Realm <i>(COVID-19 impact Flexibility request)</i>	Approve	HG
3.00pm	8	Investment Committee Sub Committee & Integrated Programme Office	Approve/ Note	CG
3:20pm	9	LGF Monitoring Process	Discuss	JS/TM/ HG
3.55pm	10	AOB	Note	KD

Coast to Capital

Meeting Minutes

1. Open, Welcome and Introductions

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

2. Conflicts of Interest

- 2.1. TD had a conflict of interest with the Blackrock project being discussed within item 6.

3. Minutes & Actions of the October

- 3.1. JL requested a change of wording that it is Redhill not Reigate in the following sentence. (That Reigate is built on a marsh and drainage is a very big issues surrounding this site.) . KD went through the actions and confirmed all are being undertaken.

4. Ricardo FBC

- 4.1. DL gave a brief overview of the hatch report on this project.
- 4.2. KD asked for clarification on the state aid document, which implied that the state aid is good in connection to research and development, does the state aid include the construction costs of the facility in which they will be performing the research.
- 4.3. DL informed the committee if it is a capital investment project and the outputs are research and development then there is a precedent that those capital costs will be covered by state aid.
- 4.4. TM confirmed that the capital premises costs are included in the exemption. TM outlined that Coast to Capital have already funded an EV vehicle test cell at Ricardo and this is natural extension of Ricardo's business plan to explore new technologies.
- 4.5. The Ricardo representatives entered the meeting and presented their project to the Investment Committee. (Mike Bates (MB) Richard Murphy (RM)).

Q&A Discussion

- 4.6. Q. BL questioned how they see the risk of the provisions of Ricardo funds to support the project dependent on public funding in terms of decision making. Would Ricardo fund this project if public funding wasn't available?
 - A. RM informed the committee they have secured the guarantee that Ricardo will honor the match funding, it's the only capital approval within the Ricardo Group. The Ricardo group wouldn't be able to fund the project without public funding.

- 4.7. Q. JA asked for clarification on the advantages between the combustion technology and the fuel cell technology. JA also asked if fuel cells are range constrained.
- A. RM informed the committee that this is sector related, the future for hydrogen combustion engines has potential for heavy duty trucks and highway vehicles. Fuel cell technology is too far away to deliver a solution for those vehicles and also wouldn't improve the carbon emissions. There is an infrastructure issues around hydrogen fuel cells and the development of the technology. The fuel cells are extremely range restrained and the cost benefit isn't as good as the hydrogen combustion engine.
- 4.8. Q. AJ requested clarification on the job outputs stated in the business case. Is there any figures you can take from other countries that will give an indication of the level of jobs that will be produced.
- A. RM clarified that COVID has affected the numbers as there is a decline in the industry at present. Ricardo normally take 6-8 apprentices a year from the development sector and 5-7 apprentices' progress to the test department. Ricardo's recruiting is mostly done from the graduate level. RM outlined that there hydrogen combustion engines running however they need to be made legal, clean enough to be compliant and the validation and controls that go into that process. All other competitors have multiple of these test facilities and are all running.
- 4.9. Q. MSH inquired if Ricardo are looking to explore business benefits and can Ricardo confirm that the business are in the Coast to Capital region.
- A. RM outlined that Ricardo use a number of local suppliers within the Coast to Capital region. Ricardo's training partners are also in the region and a number of their graduates come from the area. In terms of customers they would mainly be out of the region.
- 4.10. **The Ricardo team left the meeting.**
- 4.11. KD asked the committee if any of the members felt this was a project Coast to Capital shouldn't support.
- 4.12. **The Committee approved this project.**
- 4.13. DL left the meeting.

5. St James Industrial Estate

- 5.1. KD informed the committee that this project previously came to the Investment Committee. The chief executive of Chichester District Council (CDC) is asking the committee to reconsider the original offer of a loan. They are providing more and clearer information surrounding this project.
- 5.2. Diane Shepherd (DS) entered the meeting and gave a presentation to the Committee.
- 5.3. **Q&A Discussion**
- 5.4. Q. TD asked how many of the jobs created are going to be permanent , What will happen with rent prices on the site in regards to existing tenants and has the risk of existing tenants not being able to return due to high demand been considered.

- A. DS outlines that in terms of additional jobs, some will be temporary in relation to the construction of the site, CDC expect 100+ jobs to be created however this depends on the type and size of the businesses. CDC have a commitment to keep the rent at the same rate. CDC are relocating their tenants that are currently on site, some business will return to the site and others have decided to stay in the new facility they have moved to. The rent is subsidised and is lower than the market rate.
- 5.5. Q. KD questioned if CDC are prepared to take on any cost over runs due to the change of infrastructure that might take place. Have CDC got adequate access provision across this site. KD requested that CDC articulate their access provisions to the team.
- A. DS confirmed that CDC will be contractually bound to pay any over costs that may occur. The site has to meet modern building standards so all accessibility issues will be dealt with as part of the building process.
- 5.6. **DS left the meeting.**
- 5.7. BL was pleased with the updated information provided and the commitment from CDC to meet the additional cost.
- 5.8. MF outlined that he wasn't in support of this project as this project is for income generation for CDC.
- 5.9. KD outlined that this was the reason CDC was initially offered a loan however there was a clear explanation that the units are subsidised rents and therefore it is not a straight forward industrial proposition that a developer would fund as there wouldn't be interest. COVID.
- 5.10. AJ stated that if this project is going to achieve the outputs predicted and within the time frame then the Investment Committee should support the project. If this project can't guarantee the delivery then the Investment Committee should look at the pipeline of projects and potentially allocate the funding to another project.
- 5.11. TM Informed the Committee that from the assessment performed the outputs came back as satisfactory and they would be delivered in the timeframe. This is a relatively low risk project.
- 5.12. JS outlined that this is the GBF fund and all projects and outputs need to be delivered by March 2022.
- 5.13. KD outlined that the Investment Committee should support the project because it is going to benefit the economy and benefit from the funding.
- 5.14. JL raised that this business space needs to take place to help starter businesses that struggle to get on the ladder.
- 5.15. AJ raised that the Investment team is currently working on the scrutiny of the initial business cases. This is important because if the in depth details were known before then this project wouldn't have been shortlisted.
- 5.16. TM confirmed that this would be coming to an upcoming Investment Committee for discussion.
- 5.17. **The Investment Committee took a vote with the majority approving this project for funding.**

6. High Risk Report

- 6.1. KD outlined that the Investment Committee would be discussing the projects that are rated as red which is high risk.
- 6.2. KD acknowledged the conflicts of interest which were TD the Blackrock project, MF with the Horley Business Park Project, MSH with the Fiveways Project. KD confirmed they were allowed to remain in the meeting as no decisions were taking place. KD then discussed the Blackrock and Horley Business Park projects and outlined that they are both of track in terms of delivery, the outputs are unknown and both have received a 30 day letter. Both the projects responded and they are being reviewed by the Investments team.
- 6.3. KD then discussed Railway Quay and Springman House projects informing the Investment Committee that these are both Lewes DC projects which now fall outside of the Coast to Capital boundary area.
- 6.4. JS informed the Investment Committee that Lewes and Croydon leave Coast to Capital region at the end of the financial year (31st March 2021). The principle that will be applied is that the other LEP's will take responsibility for the overall delivery of outputs for the projects in their areas. Coast to Capital have begun conversations with the two LEP's to ensure the transition is managed and have an understanding of the projects. Coast to Capital are accountable for the outputs delivered by the end of this financial year and all the funding needs to be spent. The other LEP's are accountable for the outcomes up to 2025. JS recommends to still monitor these projects as best as possible.
- 6.5. BL requested if the Investment Committee could routinely have a table in terms of really high level finances allocated and what funding is left.
- 6.6. TM confirmed that this could be provided.
- 6.7. KD proposed on JS's recommendation that these projects are treated differently to the other high risk projects. This approval is for not taking a direct involvement in seeking to regenerate the outputs of the Lewes projects and content to transfer them over as they stand.
- 6.8. **There was no objections to this. Approved.**
- 6.9. AJ questioned what assurance SELEP given Coast to Capital on their monitoring possesses on this.
- 6.10. JS informed that the conversation haven't finished with SELEP, this information is still to be gained. SELEP is beginning their due diligence process.
- 6.11. KD outlined that Coast to Capital would look to get an assignment of the grant contract and loan contracts, this would take the obligation onto SELEP and that would make the visibility stronger. KD raised that the outputs for all projects need to be reviewed as some have changed from the original business case and would like this to be reviewed once a year so that the Investment Committee can gain a more realistic view.
- 6.12. CG confirmed that this would be brought to a future Investment Committee meeting.

7. Littlehampton Public Realm

- 7.1. HG outlined that this project was awarded £564,274 of LGF funding for public realm regeneration work in their town centre. Coast to Capital have received a letter from the Chief Executive requesting a small amount of this year LGF allocation to be released under the flexibility protocol and be reported by Q2 2021/2022. This delay is due to COVID and their tender process but they are now progressing and confident this will be accomplished.
- 7.2. **The Committee approved this action.**
- 7.3. HG requested that for these small requests from projects, delegated authority be given to TM and JS to approve
- 7.4. **The Committee granted JS and TM the authority to approve these requests.**
- 8. Investment Committee Sub Committee (ICSC) & Integrated Programmed Office (IPO)**
- 8.1. CG outlined that the IPO will set the standards, do the quality assurance, provide the documentation to the programme delivery team which will enable sufficient delivery of the Stronger Smarter Greener programme along with the business cases. This is the first gateway that new projects and pipeline projects would engage with. The IPO would decide the level of scrutiny required for different projects. The Investment Committee Sub-Committee (ICSC) is the second gateway and a new Committee group that Coast to Capital are organising. If the Investment Committee are satisfied with the terms of reference set out in the paper then this will be brought to the January board meeting. CG requested some volunteer board members to join the ICSC. CG informed that the ICSC will do the scrutiny and due diligence of the business case, this may include using experts within the sector of the business. This will ensure the project has been thoroughly examined before it is brought to the Investment Committee.
- 8.2. TM reassured that the Investment Committee is still the approval authority.
- 8.3. KD outlined that the ICSC having the sector expertise could add value in terms of making Coast to Capital's funds go further on some of the projects.
- 8.4. CG responded that this is what the ICSC would discuss and look at in the business cases.
- 8.5. BL raised that the terms of reference to the ICSC there is only one local authority member on there and in practice it's been seen that local authority members have to declare an interest, this may be a risk.
- 8.6. KD suggested more local authority members join or seek alternates for this.
- 8.7. AJ raised that this will enable us to take a very strategic approach and have projects that align with Stronger Smarter Greener strategy.
- 8.8. JS outlined that this will be a mechanism to use all our resources and show our partners that the LEP can identify the most important issues. JS requested comments on how Coast to Capital use governance to highlight the LEP's abilities in this area. This is being recommended to try and establish a governance structure that will build confidence in delivery partners.
- 8.9. KD raised concern that the ICSC may be taken by delivery partners as approval granted.

- 8.10. JS clarified that this is where the gateway system comes in. The first gateway is the technical gateway making sure the business case is coherent and all obvious questions are raised. This will be to identify areas that require more scrutiny and make use of the Investment Committee's expertise. This will enable the Investment Committee to focus of the value added aspects of the projects.
- 8.11. TM informed the committee that we do need clear rules of engagement with Coast to Capital's partners and a clear set of rules that outlines the final approval remains with the Investment Committee.
- 8.12. KD questioned what the first step is and what the Investment Committee would see as a result of this.
- 8.13. TM summarised that the ICSC would do the detailed scrutiny, a high level of technical evaluation, appraisal and debate would take place with the ICSC. The assurance the Investment Committee would receive is the technical and financial details are robust. This will allow the Investment Committee to have more strategic debates surrounding the projects.
- 8.14. MSH enquired if this means a project will have to present to ICSC and the Investment Committee.
- 8.15. TM confirmed that this will be covered in the next item.
- 8.16. JS outlined that the chief executive to come and present to the Investment Committee is very important.
- 8.17. JS suggested this be brought to the board.

9. LGF Monitoring Process

- 9.1. TM outlined that this is a critical stage of the LGF fund being delivered and the importance regarding output delivery. Government are going to be focusing on how Coast to Capital are monitoring outputs and the LEP is assuring those outputs will be delivered. Coast to Capital has 96 projects and the latest phase of funding is the GBF fund. The LEP has a duty to work with the delivery partners to deliver the outputs and when projects face a challenge it's the LEP responsibility to engage in a constructive way to help them ensure they will deliver the outputs.
- 9.2. HG informed the committee that Coast to Capital currently monitor projects in several ways which are, quarterly claims which updates the LEP on finances, outputs, milestones and explain any variances that may of occurred, upstream reporting to government on a quarterly basis, risk reporting and audit reviews every quarter, site visits and project meetings. The delivery bodies submit invoice with their quarterly claims so that the LEP can ensure that the purchases are capital and eligible and this is checked by the Investments team the accountable body.
- 9.3. TM asked the Investment Committee to consider if Coast to Capital needs to hire technical expertise or ask board members to become more involved with questioning of projects.

- 9.4. . KD was satisfied with the level of detail the Investments team use to answer any inquiries that is asked of them. KD outlined that Coast to Capital is a funding body and the monitoring should be around is the funding being spent and is it being spent on the declared items. The primary responsibility of the delivery of the project is with the delivery body not the LEP.
- 9.5. AJ outlined that more monitoring doesn't mean it is better. The level of monitoring should be reflected in the amount of investment Coast to Capital is making. AJ raised that there is a better way to work in partnership with the delivery bodies. Coast to Capital is a funder and stakeholder but not a part of the formal project delivery. The expertise for the review of the business cases would help the LEP ensure that the projects being selected are able to deliver.
- 9.6. BL questioned if the existing level of monitoring is giving sufficient notice of variations or delays and allows us to make the intervention, why change the process.
- 9.7. JL outlined that the initial business case reviews are the place to put more emphasis and to balance that with the amount of funding being sought. JL felt it wasn't necessary to ask for additional monitoring on a monthly basis.
- 9.8. MSH enquired if this is the correct time to be reviewing the monitoring process. The local authority are already trusted to spend local funds and if Coast to Capital is stricter this could damage reputation.
- 9.9. KD informed that the 5 high risk projects are public bodies and should have robust policies in place. This problem is going to get harder as 2025 approaches. Enhancing monitoring is difficult but it needs to be done to try and ensure delivery of the projects.
- 9.10. AJ outlined that the Investment Committee is agreeing that the decisions on projects at the beginning of the process is where tougher measures are needed.

10.AOB

- 10.1. KD enquired about the process regarding the innovation centre and when it will be brought to the Investment Committee.
- 10.2. TM informed the committee Coast to Capital have appointed an independent advisor to prepare the business case and this is underway. The engagement with stakeholders is ongoing at the moment.

END