

**Coast to Capital Investment Committee
Coast to Capital Offices
Monday 9th March 2020 – 1.00pm – 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); Karen Dukes (KD); Amanda Jones (AJ); Frances Rutter (FR); Dan Humphries (DH); Nancy Platts (NP); Bob Lanzer (BL) – Coast to Capital Board Members

In Support

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

Vidhi Mohan (VM) – TiSL

Governance Advisors

Lisa Taylor (LT) – Accountable Body & S151 Officer

Kate Edwards (KE) – Accountable Body

Apologies

Jamie Arnell, Tim Wates, Cllr Mark Brunt, Paul Marshall, Richard Hopkins, Adam Tickell, Sean Murphy, Frances Rutter, Manju Shahul-Hameed, Rosaleen,

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. Conflicts of Interest

2.1. The Chair read out the Conflicts of Interest statement. Members of the Committee's conflicts of interest are outlined below;

Nancy Platts – Conflicted with the Blackrock Redevelopment scheme and the 5G Fibre Ring project as they are both Brighton and Hove City Council projects. It was agreed that NP could stay in the room to begin with but was to leave during the wider discussions.

Bob Lanzer – Conflicted with the Horsham Enterprise Park project due to it being a West Sussex County Council scheme. It was agreed that BL could stay for the first part and would leave during the wider discussion.

Lisa Taylor – The Fiveways project is in the Croydon Borough. This conflict was noted but LT would not leave the room as LT is there as the Accountable Body representative. However, if at any point LT didn't feel comfortable taking part in any discussions then could leave the room.

Dan Humphries – Conflicted with the Decoy Farm update as it is a Worthing Borough Council scheme. It was agreed DH would stay in the room for the first part and then leave the room during the wider discussion.

Colin Kemp – Conflicted with the Unlocking Housing scheme. It was agreed CK would stay in the room for the first part and leave the room if any wider discussion takes place.

Jonathan Sharrock – Conflicted on the Business Finance project due to Chief Executive of Coast to Capital and also chairs some of the panels. It was agreed JS would give an update on the scheme and leave for any wider discussions. JS has a trivial conflict with the Fiveways project due to being an unpaid member of Croydon Bid Board.

Julie Kapsalis – Conflicted on the Business Finance project due to being a chair of the panels. It was agreed that JK would stay and give an update then leave for any further discussions. It was also noted that the college has received LGF funding for a few projects but these aren't due to be discussed at the meeting.

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 December 2019 Meetings

3.1. The Investment Committee **agreed** that the December 2019 minutes were a true representation of the meeting and were formally approved.

4. Video Case Study – Crawley Queens Square

4.1. JK put into context it was helpful and valuable for the Investment Committee to celebrate successes of many projects over many years of the projects we have been involved in.

4.2. CK outlined what positive impact the Town Centre regeneration has had. JK echoed and agreed it was a fantastic scheme.

4.3. It was outlined that at future meetings we will show a case study video

5a. High Risk Report

5a.1. Fiveways Croydon

5a.1.1. CG outlined that the Fiveways project has previously been on the horizon scanning and at the last Investment Committee it was flagged up that Transport for London (TfL) (Delivery Body) were having a review of their strategy and what projects they were going to be taking forward. Coast to Capital have now had confirmation that at their last board meeting in February 2020 they confirmed that the project has approval to continue and will proceed as planned. However, due to delays occurring whilst a decision was made, the Delivery Body are reviewing their ability to fully spend LGF funding by March 2021. *[Redacted]*.

5a.1.2. *[Redacted]*.

5a.1.3. JS explained that the goal is to spend every single penny of the Local Growth Funding which we have always been aware of but now we are getting to the point where decisions we make directly affect whether we will spend the funding.

5a.1.4. *[Redacted]*

5a.1.5. KD asked is there guarantee that they will spend the remaining LGF money by the deadline and deliver the outputs we are expected to see. AM explained that TfL have got a good track record of delivery despite this underspend. CG clarified that they have already spent a good proportion of their allocation. It was clarified that to Croydon this is a very important scheme as it unlocks potential access into the town centre for the Westfield development.

5a.1.6. *[Redacted]*

5a.1.7. *[Redacted]*.

5a.1.8. AM suggested we invite the Delivery Body in to the next Investment Committee to hear directly from them.

5a.1.9. *[Redacted]*

5a.1.10. *[Redacted]*

5a.1.11. CK raised a question regarding the pipeline schemes and the delivery timelines as some may be able to deliver now but if we wait 3 months they may not be able to deliver. The Investments Team are assessing the pipeline regularly.

Recommendations:

- *[Redacted]*
- It was **recommended** that the Delivery Body, TfL should be invited to the June 2020 Investment Committee to demonstrate that the remaining LGF can be fully spent by the March 2021 deadline, and that outcomes would be delivered by 2025.

5a.2. New Monks Farm

5a.2.1 CG gave an update following last Investment Committee where the Delivery Body came into present (Adur District Council). The Delivery Body has now confirmed to the LEP that they can spend the full LGF allocation by March 2021. The scheme now has planning permission and are on site ready to deliver.

Recommendation:

- The Investment Committee **agreed** that the RAG rating could be reduced to AMBER however, the scheme would remain on the Horizon scanning to be discussed at future meetings.

5a.3. Unlocking Housing in North Tandridge

5a.3.1. AM introduced the scheme and outlined that Surrey County Council (SCC) has taken over the project. The funding agreement is currently being drawn up with SCC but there has been a slight delay. CK explains that the project is running ahead and all of the paperwork have been drawn up for the planning permission. Assurance was given that the agreement will be finalised by March 2020.

Recommendation:

- The Investment Committee **agreed** that the RAG rating should remain as AMBER until a funding agreement is finalised and remains under close scrutiny.

5a.4. Brighton 5G Fibre Ring

5a.4.1. CG explained that this project was awarded LGF funding under the last call for bids which was in July 2019 and gained full approval from the Board in October 2019. Since then the Investments Team have been working with the new call projects to draw up funding agreements. The Investments Team have yet to see a draft for this project.

5a.4.2. Part of the criteria of that last call was that an element of the LGF must be spent in the 19/20 financial year, therefore if we do not get a funding agreement this project will lose the funding and won't be deliverable. The Investments Team have had conversations with Brighton and Hove City Council Officers and they have said if the LEP was to withdraw any funding from the project then it is likely that the scheme won't happen. The Council are currently looking at the project and re-checking the budget for the scheme to re-confirm their commitment. The Investments Team have made the Council Officers aware that time is of the essence. BHCC have recently confirmed they can spend £10,000 this financial year with the remainder being spent next year.

5a.4.3. NP outlined that this scheme recently went through the Policy and Resources Committee and as far as the Council is concerned is going ahead.

Recommendation:

- The Investment Committee **agreed** that the RAG rating should remain as AMBER until a funding agreement is finalised and a further conversation to be had with Officers offline to get the funding agreement finalised and the fees paid.

5b. Decoy Farm Update

5b.1. CG explained that at the December 2019 Investment Committee the Officers from Worthing Borough Council (WBC) (Delivery Body) came in to present where they clarified that the full LGF award wouldn't be spent by March 2021. Since this meeting, The Investments Team have had written confirmation from WBC that they will spend all LGF funding by March 2021 and they are accelerating the scheme to achieve this, they have also shared a spending profile to show this.

5b.2. JK explained that she spent a morning with WBC following the concerns after the Investment Committee which she found very helpful for all Worthing projects and how this scheme fitted with the wider plans for Worthing.

5b.3. WBC representatives entered the room – Lara Southam and Martin Randall and gave a presentation on the Decoy Farm project.

Q&A:

- What is the contingency in place with the contamination works and what happens if you come across something that you wasn't expecting? – In terms of finding additional materials, we can get a huge amount of information from the current team. If we find something they weren't expecting, the proportion and treatment of materials will be slightly different and will get specialist contractors in e.g. to deal with asbestos. The survey work already carried out gives a degree of confidence.
- Has the contractor given you confidence that there is nothing that can derail this project? – Yes, confidence has been given and the majority of the work they are doing now is on the bedrock and what actually are they going to be able to build on it, whereas previously it was about what is in the ground. They have found materials that will need to be treated.

JK thanked the Delivery Body and they left the room along with DH due to COI.

5b.4. CG informed the Investment Committee that they now have monthly project board meetings that the LEP are invited to and will continue to attend and monitor.

5b.5. BL stated that the revised spend profile has taken a dramatic shift to the previous one. BL wanted to understand the criteria for claw back provisions as in Q4 2021 as they have a spend profile of £1.1m. TM explained so long as physical work complete within that financial year and can evidence then that accounts for spend and is eligible and can only claim it from LEP once they have physically paid it out.

5b.6. KD outlined that this scheme has morphed significantly since original business case and that the final outputs won't be delivered until 2024/25 and that the LGF funding is phased over next 2/3 years where outputs coming later. How do we get measured by Government on this? AM explained that our output monitoring period to Government is up until 2025. While the LGF is funding remediation, the contractual obligation is to deliver the outputs. If they can't deliver outputs by 2025 then potentially we can claw back the funding or amend scheme. JS stated that a lot of the major schemes have transformational benefits and whether they can be delivered by 2025 remains to be seen and them changing from the original business

case is common with a lot of our schemes and we bring it to the Investment Committee attention for approval.

Recommendation:

The Investment Committee **agreed** that the RAG rating could be reduced to AMBER but that the scheme would remain on the Horizon scanning to be discussed at future meetings.

DH re-entered the meeting.

5c. Business Finance Update

CK takes on the role of chair

5c.1. CG outlined that the Business Finance project has previously been awarded £3.5million of Local Growth Funding over this financial and next financial year. £1.25million was due to be spent this financial year. However, there have been various circumstances which has caused delay on the programme. There has only been 3 panels this financial year, where 8 business came forward and 5 of those being successful. Due to the delays there is an underspend of £835,817 in this financial year where the Delivery Body has voluntarily suggested to hand back to the underspend pot. There is a strong pipeline of projects next financial year and there is confidence this will be fully utilised. Outcomes of last panel has meant they are reviewing their internal processes and due diligence.

5c.2. Malcolm Brabon from Coast to Capital entered the room and gave a presentation on the Business Finance project.

Q&A:

- Challenge with CDIT sector and previously used external expertise. How will you manage using an internal resource going forward? – idea is to still use external specialist advisors, looking to engage with Wired Sussex who has a strong network of experts in this particular area who can then signpost us to other experts.
- KD – You are proposing to give back the underspend, why aren't you re-profiling in next year? – Due to performance to date this year. Would rather under promise and over deliver. Opportunity to come back to bid for any underspend on a level playing field.

MB, JK, JS left the room.

Recommendations:

The Investment Committee;

- **Accepted** the proposal for the Growth Hub to hand back £835,817 that is underspent in the 19/20 financial year.
- **Approved** the new process to enable the delivery of the Growth Grants Programme in Year 2 and full draw down of £2.25million.
- **Agreed** that the RAG rating should remain as AMBER/RED until the process/ due-diligence provider has been appointed.
- **Agreed** to commission the Investment Auditor to conduct an audit review on a sample of existing growth grant recipients.

5c.3. It was suggested that they return to the June Investment Committee to give an update.

5c.4. KD suggested that the team seek a report similar to the one Growing Places receives from FSE (Finance South East).

5c.5. It was agreed by the committee that the Investment Committee give delegated authority to the panel to approve the revised process.

JK and JS re-enter the meeting.

5d. Blackrock – Outputs & Value for Money Assessment

Vidhi Mohan entered the room.

5d.1. HG outlined that at the December Investment Committee BHCC came along and gave an update on change of scope and outputs on the Blackrock scheme. They proposed that the conference centre will now be built near where the existing one is which will help manage the logistics of people going to conferences in Brighton and that the Blackrock site will be remediated for housing and leisure purposes. The Delivery Body have come back on the clarification points that were requested from the Investment Committee and Vidhi Mohan conducted an independent assessment on the scheme.

5d.2. AM added that the linking of the two sites was critical. The two sites are linked as there is still potential to put the conference centre on Blackrock site which still stands as a plan B. It was suggested that the LGF funding is still used for the remediation works. Vidhi outlined that the costs of the enabling works have increased therefore the majority of the LGF will be used for remediation. Vidhi echoed that in terms of the benefits and GVA the two sites are linked and to deliver the full benefits of the scheme both sites need to be delivered. There are still uncertainties on what is being delivered on the Blackrock site. It is also a difficult site in terms of engineering. There is still high value for money on the site as the remediation works will ensure that the site is more valuable and development ready.

5d.3. NP explained there has been an additional step in the budget, they have put £200,000 into strategic planning and to conduct gasholder remediation to take the regeneration upwards as well as across to the Seafront.

5d.4. It was confirmed to the Committee that the money from Blackrock that is generated is being used to develop the Brighton Centre – cross subsidy.

NP left the room.

5d.5. AJ asked whether we are risking setting a precedent for other projects to bring forward change of scope with strategic links as this seems like two separate projects. JS explained that the strategic case has always been raised by the Council and that the two sites have always been linked. The LGF funding was given on the basis that the conference centre will be built and outputs being delivered and the funding could be clawed back if this doesn't happen. The LGF funding was always funding the remediation works.

5d.6. CK is more comfortable following the clarification around the links between the two sites.

5d.7. KD has concerns that the project is dependent on what the private developer is going to do. We need to be completely clear that we may not get these outputs coming forward. Agree funding on the outputs.

5d.8. DH felt that the outputs are the same if not better than the original business case and there is also more certainty now than previously.

5d.9. As the full benefits of the scheme would not be realised until 2024/25 it was suggested we get something from the Delivery Body in 12 months' time in relation to a backup plan if developer doesn't come forward.

5d.10. Vidhi suggested that we seek guarantee from the Delivery Body that that they will complete remediation works.

Recommendations:

- It was confirmed that the full outputs of the scheme can only be realised with the remediation of the Blackrock site, and therefore the Investment Committee **agreed** that the project can continue with its revised scope and outcomes. A Deed of Variation (DOV) will now be issued to reflect the changes, and the Investment Committee requested that only outputs that are guaranteed should be included as part of the Government reporting. It was suggested that a condition is worked into the Deed of Variation to confirm the linkage between the sites.
- It was also **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 DOV has been finalised with exact clarity around the new outcomes.

NP re-entered the meeting.

5e. Horsham Enterprise Park (Novartis)

5e.1. Carolyn Carr and Gary Cox from West Sussex County Council entered the room to give a presentation on the Horsham Enterprise Park project.

Q&A:

- JS outlined that the 2026 deadline is a year after our deadline to Government to report outputs – WSCC stated they didn't expect planning to take over a year and things have happened outside the Delivery Body control. They have stated they are doing what they can e.g. do enabling works at the same time as procurement. JS explained that 2025 is our deadline we will be chasing outcomes and it is important to show Government what outputs are being delivered. WSCC explained that the outputs are coming on stream on an annual basis when first building is occupied.
- It was suggested by KD to recast numbers to what is realistic to 2025 and post 2025 which will be additional outputs – new profile to be provided by WSCC and to be reviewed at the June Investment Committee.
- NP suggested whether WSCC are able to put in place any fast track mechanisms should there be any planning processes they need to go through for variations? Gary Cox explained they are having discussions at director level as they need an arrangement with Planning Authority that they commit to planning targets.

BL, CC and GC left the room.

Recommendation:

The Investment Committee **agreed** the revised project outputs and for a Deed of Variation to be issued contracting the Delivery Body to outputs that can be delivered up to 2025. Once a revised profile has been received by the Delivery Body it will go back to the June Investment Committee for approval before a Deed of Variation is issued.

BL re-entered the meeting.

5f. Horizon Scanning

5f.1. CG gave an update on some of the Horizon Scanning projects:

- Gatwick Rail - working on a Funding Agreement which needs to be in place by end of March 2020. The Delivery Body have spent £8-10million of LGF this financial year.
- Crawley Growth Programme – Currently working on a Deed of Variation which is looking like it will be done by March 2020.
- A2300's Full Business Case has had full DFT approval.

- Railway Quay – There is uncertainty what is happening on the site as not sure what they will do with the Railway club, therefore it is suggested to bring them into the next Investment Committee for an update.
- CK checked in to ensure discussions are still going well with Claire and James House and it was confirmed they are and are nearly there with finalising the paperwork.

6. Value for Money

6.1. The Value for Money document was put together by Coast to Capital with the help from Vidhi Mohan. Value for Money is currently an area not portrayed very strongly in our Assurance Framework and a more formal document was needed which will go into the next Assurance Framework. It was asked of the Investment Committee if they had any comments to email them so they can be incorporated.

6.2. KD raised whether there is an overall document that we can present to the Board to show whether objectives are being achieved? AM explained that the dashboard attempts to do this which can be copied into the next Investment Committee.

6.3. It was requested that a separate annex on Social Value should be developed and circulated before the June committee meeting.

6.4. The internal Audit and Compliance officer is doing project evaluations which will look at social value and wider outputs.

Recommendation:

The Investment Committee **approved** the Value for Money Assessment process which will be included as part of the updated Assurance Framework as an annex.

7. Finance Update

7.1. The Investment Committee noted the current financial position based on the recent Q3 Government return. It was highlighted that LGF expenditure and outturn is on track, by Q4 19/20 we will have paid out 83% of the expenditure and by Q4 20/21 we will have hoped to paid out 100%. The team have a number of options to include flexibilities to ensure we fully meet our in-year profile.

8. Funding Re-Allocation

8.1. There is currently a pot of unallocated funding which has to be fully spend by March 2021 and we need to have a process in place to allocate it. The first area is the ring fenced resource fees, £1.17million is proposed to be ring fenced by the Accountable Body to allow us to monitor projects up until March 2025.

8.2. Coast to Capital currently have an unallocated pot of approximately £3.2million which must be fully allocated and spent before March 2021. The funding allocation process is outlined below:

- Available funds will first be offered at a pro rata rate of 41% to the 3 projects which have had Full Business Case approval and due-diligence post April 2019.
- Following this, remaining available funds, or further funding that is clawed back/unspent by existing projects would be offered to the existing Local Growth Fund portfolio with the exception of projects that have completed. There would be a set criteria and eligibility to be able to apply for further funding, all projects that apply would need demonstrate what additional scope/outcomes could be delivered.
- Applications for additional funding would be evaluated and scored by the Investment team to create a final ranked list by August 2020, where funding would be deployed to the highest ranking projects. The ranked list would be sent to the Investment Committee for final approval.

8.3. The above process will be implemented in April 2020 by the Coast to Capital Investment Team.

Recommendations:

The Investment Committee **approved** that £1.17million can be ring-fenced by the Accountable Body to enable management of the LGF portfolio up to 2025.

The Investment Committee **approved** the funding allocation process and has delegated authority to the Investment Team to run the funding allocation process.

9. AOB

9.1. We need to be aware of COVID-19 as this may have impact on project delivery and spend. This area is currently being picked up on the corporate risk register.

END