

Coast to Capital

Board Meeting 53

Thursday 01 July 2021

By Zoom Video Conference

Meeting Minutes

Board Members:

Julie Kapsalis (JK) – Chair; Karen Dukes (KD) – Interim Vice-Chair; Jamie Arnell (JA); Mark Brunt (MB); Martin Harris (MH); Richard Hopkins (RH); Daniel Humphreys (DH); Amanda Jones (AJ); David Joy (DJ); Paul Marshall (PM); Rosaleen Liard (RL); Jane Longmore (JL); Natalie Bramhall (NB); Claire Mason (CM); Frances Rutter (FR) and Jonathan Sharrock (JS).

Apologies are noted from; Phelim Mac Cafferty and Jonathan Sharrock

Other attendees:

- Clare Mulholland (CMH) – BEIS (Cities & Local Growth Unit).
- Kate Edwards (KE); Alice Rowland (AR); James Hengeveld (JH); Accountable Body (Brighton and Hove City Council).
- Nicholas Darwin (ND); Anthony Middleton (ALRM); Kristel Smith (KS); Cali Gasson (GC); Kirsten Trussell (KT) – Coast to Capital

Part A items will be published. Part B items will also be published unless specified otherwise.

1. Introduction

a) Welcome and apologies

JK welcomed Board members to Coast to Capital Board Meeting 53, which was the fifth to take place on Zoom.

Natalie Bramhall was welcomed to her first Coast to Capital Board Meeting and introduced herself to the Board.

b) Public Comments

There were no public comments.

c) Minutes of the January Meeting and Matters Arising documents

The minutes of the April Board meeting were approved and the Matters Arising document was noted.

d) Declarations, Disclosures & Conflicts of Interest

JK confirmed all conflicts of interest are updated and the Conflicts of Interest statement was stated to the Board.

It was noted that there are no conflicts of interest applicable for any discussion regarding Regional Projects as no decisions on funding are sought.

At item 5, ND stated that Mark Brunt and Natalie Bramhall had a potential conflict of interest as the conversation at Item 5, on the Horley Business Park would be within Mark's and Natalie's remit as Councillors, at Reigate and Banstead and also Surrey County Council, as part landowner. No further action would need to be taken as the Board would not take a decision on this project but note an update.

Before the meeting began, the Board discussed how conflicts were to be dealt with going forward, with a need to achieve a balance that enables robust debate and discussion alongside clear procedures, protocols, and transparency. It was agreed this would be reviewed with the Accountable Body to ensure the right procedures are in place to allow correct governance of Board members alongside Board members being able to share their expertise and regional/geographic context.

2. Innovation Centre

A paper was tabled by JK to update the Board on the Crawley Innovation (FUSION) Centre, under urgency provisions and number of recommended resolutions were proposed therein.

The discussion on the Innovation Centre was commenced by JK who outlined the project status and key issues for decision. AJ and KD who, as respective Chairs of the Audit and Risk and Investment Committees held beforehand, recapped discussions held and recommendations and votes in terms of decisions at these meetings. AJ also noted discussions at the Finance & Resources Committee which she chaired on behalf of RH. JL, as the project sponsor on the Board, also updated the Board on the progress of the project since its approval. AM closed the introduction by highlighting the decision to be made by the Board.

The Board then had a full discussion around the Innovation Centre. There was a clear understanding that the project represented a commitment to helping with recovery in the Crawley area but that there had been significant delays in the project's development and business case, relating to Government's requirement to have full project spend by March 2022. There was discussion around the risk of the project, as highlighted in board committees. This was developed further into discussions on the proposed timescale and the commitments of Thales, especially concerning the rental agreement. It was also noted that Crawley Borough Council had deferred their approval process to a September council meeting. Attention was then drawn to the

funding withdrawal process (Item 5a). The Board decided to bring this decision forward to consider under this item.

After lengthy dialogue, the board agreed that the correct course of action, in ensuring parity with previous similar instances, was to agree to invoke the funding withdrawal protocol, but with a clear indication to the delivery partners that Coast to Capital acknowledges the importance of the project to the Crawley economy, in context to its original approval decision, noting however that this was based upon an understanding that the scheme was ready to deliver. This support statement was recommended by JL and DJ, to allow unanimous support for the funding withdrawal protocol process to be commenced. However, the Board had strong concerns over the timeline for project delivery and recognised the absolute requirement to treat this scheme, exactly as other projects in a similar situation, via the funding withdrawal protocol. It was also noted that the Finance and Resources and Audit and Risk Committees had found it difficult to agree on a united view, other than that the reputational and financial risks were not within the current Coast to Capital appetite. RH highlighted to the Board that the funding withdrawal protocol would help bring the project back on track and that based upon TM's comments, was already having the desired effect of getting the designate SPC partners to acknowledge the urgency of completion of the business case and associated documentation. RH suggested that a Heads of Terms document from the SPC partners would be useful in guiding the project forward. He also noted the technical complexity of a 'tri' partner project and JK asked if, in his capacity as Chair of the Finance and Resources Committee, that his committee could look further into Coast to Capital's potential involvement as a shareholder in the project. RH agreed this approach as acceptable. JK closed the discussion and brought the attention of the Board to the resolutions outlined in the paper. JK apologised for the late tabling of the paper and the Board accepted its inclusion on the agenda and that a vote be held on the following resolutions:

- Acknowledge the board decision in 2020 that an Innovation Centre in Crawley was a priority for the Getting Building Fund. **This was acknowledged by the Board.**
- Acknowledge that leadership from Coast to Capital is critical to make the project a reality. **This was acknowledged by the Board.**
- Note complexities over the past 11 months in developing the business case and time pressures of the Getting Building Fund (which is time limited) and its primary purpose to address economic challenges because of the pandemic through funding shovel-ready projects. **This was noted by the Board.**
- Highlight and acknowledge the robust debate and scrutiny of the project's progress at Coast to Capital Committees (Investment Committee, Audit & Risk and Finance & Resources) and their recommendations to the Board (see Annexes). **This was acknowledged by the Board.**
- Note that Item 5 includes a recommendation from Investment Committee to invoke the Coast to Capital Funding Withdrawal Protocol. Consider this agenda item considering what the Investment Committee is recommending for Board approval. This was **approved** by the Board with the caveat that certain additions are to be made to the funding withdrawal letter, namely, to confirm the Board's decision in 2020 that Coast to Capital supported the concept of the Innovation Centre in Crawley but has concerns over its viability and progress. Also, to ask for Thales' explicit commitment in writing, as this was deemed crucial for the

project to succeed as Thales has significant influence over many aspects discussed at this Board. The Board raised questions over the level of authority of the UK operation at Thales and the need for clear support from the French parent company.

- Confirm that the Executive Team should continue to prioritise work on the project, focusing on queries from committees and meeting required timelines – to submit a revised business plan, financial forecasts, and commitments (draft Shareholders Agreement) by the end of July. This will then require external due diligence and response(s) to queries to take place in August prior to formal committee/Board approvals during late August/early September. **This was confirmed by the Board.**
- Consider how Coast to Capital should respond, as part of the delivery consortium, to the tests laid out by our Audit & Risk and Finance & Resources Committees – notably around participation in the SPV (Special Purpose Vehicle) and risk/reputational management. This was considered by the Board. The board asked the Finance and Resources Committee, informed by the view of the Audit and Risk Committee, to review the tests laid out by the committees and to come back with a recommendation to the September meeting. It was noted there was significant number of abstentions and votes against the proposals put to both Committees, at their last meeting, due to a lack of information present.
- Confirm the scope of potential contingencies for the allocated project funds, in the form of alternative investments in the Crawley Innovation economy. The Board discussed whether this was to be conducted in parallel or as the priority for the Executive team going forward. AM illustrated the view of the Executive team that there is a lack of resource to undertake this in parallel with the current scope of work on the project. The Board **agreed** the need for a discussion over the use of funds if the project fails, with a view to a paper to being brought back for that discussion. As the Investment Committee was to meet in September, and if sufficient confidence in expenditure and delivery was not gained by the Committee, a decision to pursue an alternative, would need to be taken and a plan would have to be put in place for alternative expenditure plans.

After the vote, JK thanked the Board and Team for a detailed and robust discussion that had achieve a consensus on the way forward.

DJ and DH left the meeting.

3. Regional Projects

AM introduced the item by giving context on the process the Regional Projects programme has been following, since January 2021. It was noted 42 Expressions of Interest have been received and considerable work has been done in shortlisting these ideas. Importance was placed on how this would be a key cornerstone of the Business Plan and, now the re-organisation was nearing completion, and that work needed to commence with urgency.

The scope of work was outlined to the Board, and themes/projects which would launch the programme were identified. The advantages of these projects were

outlined to the Board. The Board were informed that projects have been highly curated and selected in terms of what would best help the region economically, whilst being deliverable. This led to the current priority/focus which was shared with the Board, complete with thematic groupings.

The board was asked to:

- Agree on the foundation themes of the regional project approach with the respective prioritisation and project selection that would follow.
- Agree to a mandate of work for the Executive Team to continue to develop work against those priorities, leading engagement with delivery partners, and to report at the next Board meeting on the progress of these targets.
- Agree the future role of Board sponsors in support of these projects.

The Board agreed to the above and acknowledged the significant work that had gone into developing the programme. Board members were encouraged to contact JK or AM if they were interested in sponsoring a theme or project.

4. Executive Report

JK noted the reports. The Board noted the business successes and work undertaken by the Coast to Capital team illustrated in the report.

The Board approved the financial statements. These had been reviewed by the Audit and Risk Committee who recommended their approval.

The Board approved an amendment to the Articles of Association. This review was undertaken in conjunction with Brighton and Hove City Council as Accountable Body. The changes ensure the Articles falling in line with the current Assurance Framework.

5. Delivery

a) Investment Consent Paper

KD as Chair of the Investment Committee presented the Investment consent paper to the Board and no comments were raised. The Board accepted and approved the recommendations outlined in the paper.

b) Growing Places Fund Update Paper.

KD as Chair of the Growing Places Committee presented the Growing Places Fund update paper. No comments were raised.

6. Reflection and Close

JK allowed the Board a few moments to reflect on any matters that have been raised in the meeting. The Board raised no further points.

There was no further business raised.

JK thanked the Board for their participation and the Coast to Capital team for their hard work in the preparation and delivery of the Board meeting.

Unconfirmed minutes – to be approved at the next Board meeting.

Coast to Capital

Reference: Coast to Capital Board Meeting
Date: 14 October 2021
Report Title: Matters Arising Schedule
Report by: Nick Darwin
Item No: 1)c)

Meeting Reference	Action	Lead	Status
1. July 2021 Meeting (Item 1)	Conflicts of Interest for Board Members to be looked at in depth	ND/AR /WMS	Open - Guidance note will be published from Accountable Body
2. July 2021 Meeting (Item 2)	Funding withdrawal letter to be amended as per Board discussions	KD/AM	Closed -Funding withdrawal letter was issued
3. July 2021 Meeting (Item 1)	Amendments to Assurance Framework to ensure Regional Projects are covered	ND/A M	Open – Will also include amendments to National Assurance Framework
4. July 2021 Meeting (Item 4)	Amended Articles to be put in place	ND/W MS	Closed – Amended Articles are in place.
5. July 2021 Meeting (Item 2)	Rent agreement with Thales for Innovation Centre to be negotiated	AM/JA	Closed – Update to be given to Board.

27 January 2021 Board Meeting

Agenda Item 1 d)

Declarations, Disclosures and Conflicts of Interest Statement

Should any Member or employee consider themselves or another present to have a conflict of interest, this must be declared at this point. Should you become aware of an interest during the course of the meeting, this shall be declared at that point within the meeting. Any interests not already on the register need to be included in an updated register within 28 days of you becoming aware of the interest.