

COAST TO CAPITAL LOCAL GROWTH FUND OUTLINE BUSINESS CASE

Project Title:	Connected Croydon – Wellesley Road Crossings
Lead delivery organisation:	L.B. Croydon
Lead contact name:	Stephen Tate
Version No:	FINAL
Issue Date:	9th December 2016

This document provides a template for an Outline Business Case (OBC) in support of Coast to Capital's investment in a project to be funded through the Local Growth Fund.

The main purpose of the OBC is to put forward the case for change and the preferred way forward identified in an internal Strategic Outline Case (SOC); which establishes the option which optimises value for money; outlines the deal and assesses affordability; and demonstrates that the proposed scheme is deliverable.

In practice, you will find this entails updating the strategic case; undertaking investment appraisal within the economic case; and completing the commercial, financial and management cases, with supporting benefits and risk registers.

Please note that this template is for guidance purposes only and should be completed in accordance with any guidance issued by Coast to Capital and the guidelines laid down in HM Treasury's Green Book which can be found at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

The OBC should cover the 5 cases – the Strategic case, the Economic case, the Commercial case, the Financial case and the Management case.

The amount of work and detail put in to a Business Case should be proportionate to the scale of the project or programme, and the expenditure involved.

Coast to Capital Disclaimer

There shall be no expectation of grant payment unless and until a funding agreement is signed by both parties. All the Applicant's costs and charges incurred as a result of making this outline application shall be for the Applicant's account and cannot be claimed as part of the project except where feasibility funding has been prior awarded.

1. Executive Summary

1.2) Overview of the project including what opportunity or barrier the investment will unlock:

This Wellesley Road Crossings Project forms a key project within the Connected Croydon public realm programme.

The strategic aim of the infrastructure and public realm works in the Croydon Metropolitan Centre (CMC) area is to transform the town centre by creating a more attractive environment in which to walk, live, work, socialise and do business. An attractive environment will also act as a catalyst for further investment from the private sector and this request for Coast to Capital Growth Deal funding will complement the infrastructure improvement programme currently underway and funded through a variety of public sources including, Croydon Council, Transport for London and the Greater London Authority.

Context:

This Croydon 'Growth Zone' is a Tax Increment Financing (TIF) model which harnesses business rates growth to enable borrowing to fund provision of the infrastructure required in the CMC, including transport, public realm, cultural assets (Fairfield Halls). Central government have provided a £7m revenue grant to fund the early borrowing required, prior to significant business rate growth, and overall over £300m of additional investment in infrastructure will be released.

This total investment package will enable major regeneration benefits to both new and existing residents and businesses including: 23,000 new jobs with a further 5,000 temporary jobs created during the construction phase and at least 9,500 new homes of different tenures and the comprehensive renewal of the retail core of Croydon focussed on the Whitgift and Centrale shopping and leisure malls being brought forward by x2 of the largest retail and leisure mall operators in the UK, Westfield and Hammersons. Construction is due to start this year (2017).

The legacy of Croydon's regeneration in latter half of the 20th century now confronts the modern day traveller, including pedestrians, cyclists, and public transport users, with some significant transport challenges. These include: cluttered and poor quality public realm, congestion and inefficient interchange, flyovers motorways and railways carving up the town centre, a warren of pedestrian subways and very confused wayfinding. These obstructions and gaps to movement cause major problems to the way central Croydon functions, and undermines its potential to accommodate growth. The poor connectivity constrains major rail, bus and tram interchanges at West and East Croydon, creates a poor setting for retail areas, office and cultural facilities, and presents an uninviting urban realm for potential residents.

Private Sector investors are generally reluctant and do not invest in what is generally regarded as 'public good' developments, and whereas they will invest in the immediate vicinity of a development, via for example a Section 106 agreement, public realm, art and culture and public transport improvements are delivered by the public sector.

This project focusses on public realm improvements that tackle the challenges set about above, and act as a catalyst for further private investment, and create spaces that are permeable, high quality and easily navigable for pedestrians, cyclists, businesses and more generally the local workforce and residents. This request for investment will contribute to the public realm improvements to Wellesley Road thus better connecting the new business and residential communities in and around East Croydon station with the core town centre retail, and leisure area centred in and around North End.

1.3) Please choose the theme in which the LGF funding will invest in directly (please choose only one main theme of relevance)	Infrastructure <input checked="" type="checkbox"/> Housing and Regeneration <input type="checkbox"/> Skills and workforce <input type="checkbox"/> Business and Enterprise <input type="checkbox"/>	
1.4) The fit with the Strategic Economic Plan and Devolution Deals		
<p>The Coast to Capital (C2C) Strategic Economic Plan sets out three compelling reasons for investment in the region surrounding 1) performance of the region, 2) the ability to deliver more and 3) our overall impact of more jobs, homes and employment space. These factors form significant elements of this Growth Deal 3 proposal.</p> <p>C2C's Strategic Economic Plan notes that, whilst performance in Croydon is good generally, this is tempered by a need to address negative aspects relating to infrastructure which highlighted the poor quality urban realm in the town centre / growth zone area, high rates of local car use and the need to unblock elements of the stalled housing market. The public realm and infrastructure improvements stated in this proposal specifically address the current 'tired and unattractive' public realm concerns noted in the SEP.</p> <p>Specifically the creation of a new high quality urban realm will deliver the much needed improvements to the infrastructure and environment around Wellesley Road; these improvements have been designed to encourage greater use of sustainable transport modes' (such as pedestrian and cycle routeways) that currently separate the retail core of the town centre from the East Croydon transport hub. Secondly, the creation of a high quality environment will attract further investment and growth to the area and be conducive to a place in which to live, work and spend leisure time.</p> <p>The implementation of Devolution Deals following Lord Heseltine's 'No Stone Unturned' – In pursuit of Growth report of 2012 has continued from the previous Coalition Government. As such C2C (alongside other Local Enterprise Partnership's) have broadened their remit to take on additional responsibility for infrastructure, transport, housing and skills as well as business and jobs under Growth Deal <i>specifically delivers investment that will act as a catalyst for future growth thus directly implementing the thrust of the Devolution Deal agenda.</i></p> <p>The proposal will contribute to the following aims and objectives identified in the 3SC Devolution Prospectus by Investing in a long-term infrastructure.</p>		
1.5) Expected Total Project Cost and source of funding. Please also complete the funding breakdown tab on the supporting spreadsheet.		
<p>The total project cost is £5.7m. The project is jointly funded by the GLA and Transport for London (TfL). The match funding from TfL is via the LIP or HDPG programmes (not from the London LEP); and from the GLA from the Mayor's Regeneration Fund (also not from the London LEP).</p>		
Project funding:		
TFL HDPG	£19,115	0.34%
GLA - Design for London	£50,000	0.90%
GLA – MRF	£2,143,144	38.38%
TFL LIP	£676,679	12.12%
Funding requested from C2C LGF	£2,695,553	48.27%
Grand Total	£5,584,491	100%

1.6) Expected tangible core outputs/outcomes: Please also complete the outputs tab of the supporting spreadsheet

Output/outcome	Number to be delivered
Length of new roads/cycle ways	0.429 Cycle route
Improvement to journey times	
Carbon reduction	
Temporary construction jobs	128
New or improved pedestrian crossing points (No.)	4
Guardrail cleared (lin m)	0
Total Area of public realm improved or created (sqm) of which:	10839
<i>Footpaths m2</i>	2,192
<i>Carriageway m2</i>	6,406
<i>Landscaping m2</i>	2,241
Trees planted (No.)	72
Items of redundant street furniture & lighting removed (No.)	84
cycle parking spaces created (No.)	8
public seating created (No.)	15

1.7) Main risks and issues the project will need to manage? Note: A full risk register has not been included as this project is virtually completed.

A substantial element of this project has been completed during 2016/17 so there are minimal ongoing risks associated with this project.

Risk	Mitigation	Rating
Construction Delays	Experienced project management team in place to ensure timely delivery	Low
Cost Overruns	Fixed price work packages are in place to ensure main contractors and their sub-contractors deliver within budget A contingency budget has been established in case of any construction price inflation for materials	Low
Failure to secure appropriate permissions	All permissions are in place	Nil

DOCUMENT STATUS

REVISION HISTORY

Revision Date	Version No.	Summary of changes	Author/editor

DOCUMENT AUTHOR

Name	Title	Organisation	E-mail address	Telephone

DOCUMENT OWNER

Name	Title	Organisation	E-mail address	Telephone

DISTRIBUTION LIST

2. The Strategic Case

2.1) Describe the compelling case for change. Detail the problem or opportunity the project is intended to address, in terms of market failure or demand and the contribution the project will make to the delivery of the Coast to Capital Strategic Economic Plan and any other relevant plans and strategies. Why public funding is required?

Croydon is undergoing a major transformation. Over the five year period 2015 to 2020, £5 billion will be invested in Croydon Town Centre which will create 23,000 more jobs and apprenticeships, 9,500 more homes will be started, and significant new learning and leisure facilities will be developed.

The Croydon Partnership, (comprising two of the largest shopping mall operators in the UK, Westfield and Hammerson) will redevelop the Whitgift and Centrale Retail Centres into one of Europe's largest retail and leisure destinations with demolition / construction due to start in 2017.

Work has started on the redevelopment of the Fairfield Halls and College Green which is being supported by **Coast to Capital (C2C) Growth Deal 3** that will transform the immediate environment, create a new cultural and educational quarter, an inspiring public space with a mix of uses, and a well-connected and high-quality public realm. The scheme will in total deliver 100,000 m² of new employment space, 19,000 m² of retail and restaurant accommodation, and 1,300 new homes as well as a brand new Fairfield Halls arts and cultural venue that will be the centrepiece of Croydon's emerging Culture strategy.

Within the wider Croydon Town Centre 'Growth Zone' area a number of significant developments are underway with the first major phases complete or nearing completion particularly around East Croydon Station including:

- Saffron Square: 755 flats and 2000 m² of commercial floor space
- Cherry Orchard Road: 4 new buildings comprising offices, hotel and serviced apartments including 424 flats
- Ruskin Square: five buildings with a floor area of 53,880 m², 625 residential units; 6 buildings for business use 151,420 m²; and 10,900 m² of retail

Taken together these developments represent a significant intensification of residential dwellings (3,000 new homes) in the area focussed around East Croydon station. This proposal seeks funding to improve and enhance the links between this new business and residential community with the rest of Croydon town centre and to create an environment conducive to attracting further investment and development.

Historically, much of Croydon's town centre development occurred in the 1950-70s period evidenced by the 'brutalist and modernist architecture' with many of the office buildings and road infrastructure constructed during the period. The resulting street scene and urban realm presents issues in terms of quality, severance and legibility and confronts local residents, businesses and their workforce and visitors moving around the town centre with significant challenges.

This urban realm includes:

- cluttered and poor quality public realm,
- congestion and inefficient interchange,
- flyovers, underpasses urban motorways and railways carving up the town centre,
- a warren of pedestrian subways and
- a confused wayfinding for town centre users.

These obstructions and gaps to movement cause major problems to the way Croydon Town Centre functions, and undermines the potential of Croydon town centre to maximise economic growth and its ambition to maintain and further develop as South London's and North Surrey's key business location.

This poor connectivity constrains the major rail, bus and tram interchanges at West and East Croydon, creates a poor environment for retail areas, office employment space and cultural facilities, combining to present an uninviting urban realm for existing and new businesses and residents.

Croydon Council's five coordinated masterplans for the Croydon Metropolitan Centre (CMC) have identified a programme of co-ordinated transport and public realm improvements to transform the centre of Croydon and places across the Borough into more walkable and liveable places through investment in the streets, squares and spaces.

This 'Connected Croydon' programme aims to create an attractive business and residential environment that helps secure further inward investment and create the right conditions to support a, now (January 2017) growing community. This funding application is to contribute towards public realm, cycle and pedestrian improvements that will complement the substantial private sector investment in areas outside the immediate vicinity of the residential developments that are not covered by S 106 contributions from developers and further complements the first phase of public realm improvement work that has been delivered by the Council and its partners.

This funding proposal specifically seeks investment from C2C Growth Deal to contribute towards **the Wellesley Road crossings project within the Connected Croydon programme** that will provide a sequence of crossings along the Wellesley / Road Park Lane corridor where existing subways will be supplemented or replaced with surface level crossings, decluttered pedestrian guardrails and enhanced environment for pedestrians and cyclists particularly through improved paving and landscaping that creates better pedestrian and cycle 'movement experience' between the main East Croydon transport interchange and the core retail destination of the town centre.

The Wellesley road crossings also create better and more convenient connections between East and West Croydon interchanges and will help craft an environment that is more conducive to inward investment and one that is more 'liveable' for new town centre residents and visitors.

Additionally, this pump-priming investment will fashion an attractive urban environment that make attract new residents thus indirectly contributing to C2C's housing targets.

2.2) Investment Objectives- detail the specific objectives to achieve the anticipated outcomes. The objectives should be stated in clear and measurable terms with a specified time frame.

The Wellesley Road Crossings project will result in the following objectives and outcomes:

- **Deliver a range of public realm works** to include pedestrian and cycleway improvements, landscaping, legibility and wayfinding signage
- The outcomes will **improve the physical environment** that enhances the public realm resulting in a more attractive environment for residents, the workforce and visitors thus creating the quality infrastructure for further investment
- **Improve movement** across the town centre between the new resident and business community adjacent to East Croydon transport interchange hub and the rest of the town centre thus **boosting economic spend** in the town centre through the 'economic multiplier' effect.

- **Add value to Croydon's regeneration programmes** by creating sustainable transport modes in the new business and resident communities that feel secure within a vibrant and pleasant neighbourhood further **boosting health and wellbeing** and positively contribution to **carbon reduction targets by reducing car use** that has contributed to the urban blight of Wellesley Road for three / four decades.

2.3) How does the project fit with national, sub-regional and local investment plans and strategies?

In addition to the fit with C2C's Strategic Economic Plan as noted in Section 1.4 above the Wellesley Road Crossings project is aligned with the following national, sub-regional and local strategies and investment plans:

National

The Autumn Statement delivered by the Chancellor in November 2016 highlighted the Government's commitment to invest in infrastructure with a series of announcements focussed on housing, transport, IT & broadband. There is a general acceptance at national level that high quality, high performing infrastructure is vital for economic growth and improved quality of life.

Infrastructure also acts as a catalyst for social and economic inclusion, encouraging greater participation in society from people of all walks of life. In particular, during uncertain or volatile economic times, continued investment in UK infrastructure - with clear government commitments, with Government acknowledging how infrastructure:

- helps provide economic stability,
- enhances productivity,
- facilitates inward investment and
- drives economic growth

Infrastructure investment provides a strong economic stimulus with a multiplier effect that can help deliver growth around the country. An investment of an additional 1% of GDP increases output by 0.4% in the year that investment is made and a further 1.5% in the four years following the investment.

Examples of construction type investment:

- A £1 investment in infrastructure construction raises economic activity by £2.845
- Every 1,000 direct jobs created by the delivery of new infrastructure boosts wider employment by over 3,000 jobs

Source: Institute of Civil Engineering autumn statement submission 2016

Growth Deal funding is a major channel for this infrastructure investment which this Government has devolved responsibility to C2C and the other LEPs across England.

Regional

Coast to Capital LEP

C2C has six strategic priorities at the core of our Strategic Economic Plan encompassing place-based and hard infrastructure issues and communities other issues, this request for investment is aligned with the following priorities of C2C:

- Successful Growth Locations (including transport investment)
- Housing and infrastructure

This project contributes to a high quality public realm environment and infrastructure that successful locations demand.

In London the 2016 London Plan Review identified a series of recommendations to address decline in town and district Centre through town centre intensification, this project specifically creates the infrastructure and environmental conditions to permit sustainable intensified communities.

Recommendation 16: Boroughs should develop a strong and realistic vision for each town centre.... Including the need to address retail restructuring and the role of higher density housing led mixed use development can have in Town Centre renewal

Recommendation 18: Support for the principal of higher density housing in locations with good public transport connectivity (PTAL 3-4) particularly around stations... where possible, mixed use development and co-location of uses should be encouraged

Local

Croydon Local Development Framework: sets out our framework for the planning and management of development in the borough including the town and district centres. The plan for the Opportunity Area (Croydon Metropolitan Centre) focusses on:

- 10,500 new homes
- A renewed retail core
- An office retention area and new office development area focussed around East Croydon Station
- New transport, public realm and social infrastructure to support growth

This project will help deliver the objectives of Croydon Local Plan.

The Opportunity Area Planning Framework (OAPF); SPD to the London Plan and Croydon Local Plan, sets out more detailed planning guidance to frame growth in the Opportunity Area in accordance with the London Plan and Croydon Local Plan (including the transformation of the public realm and delivery of enhancements and new pedestrian crossings on Wellesley Road).

This project will thus help deliver the objectives of the OAPF.

The Croydon Metropolitan Centre Masterplans- Delivery focussed masterplans frameworks (adopted as formal planning guidance) for East Croydon, West Croydon, Mid Croydon, The Fair Field and Old town that provide site specific guidance and parameters for development in key areas of the town centre.

This project will help deliver the objectives of the adopted masterplans.

The Croydon Public Realm Design guide: Adopted planning guidance that sets out the strategy, design guidance and palette of materials for coordinated delivery of public realm infrastructure projects in Croydon.

This project will be guided by the clear public realm design guidance set out in the Croydon Public Realm Design Guide.

Croydon's Community Strategy: The project will make a significant contribution to the key outcomes included in Croydon's Community Strategy 2016-21 specifically by helping to deliver:

- A great place to learn work and live through ambitious placemaking, regeneration, economic growth, cultural renaissance and providing a safe pleasant environment
- a place of opportunity for everyone through better education, health promotion, supporting independence and resilience, and tackling poverty deprivation and

homelessness

- a place with a vibrant and connected community and voluntary sector through enabling communities to connect, collaborate and take responsibility where they see a need and have the capacity and commitment to provide for it.

This project will contribute towards all 3 strategic outcomes of Croydon's Community strategy and more specifically will substantially help in the delivery of objective 1 above

The Growth Plan:

The Croydon Promise sets out Croydon's growth ambitions for the District Centres over the next five years. It outlines the Council's ambition and opportunities to create vibrant district Centres that serve as the heart of local communities. The Growth Plan also sets out the target of creating 16,000 new jobs, 10,000 new homes and 2000 new businesses by 2020.

2.4) What stakeholder consultation has been undertaken? What stakeholder consultation remains to be undertaken? What stakeholder support has been received? Have businesses been engaged and will continue to be engaged throughout the life of the project?

The Connected Croydon Investment Programme has undertaken a significant consultation and engagement exercise with key stakeholders over the whole programme period from inception and initial design work through to delivery phase with regular reports to the Growth Board and with members via the Streets and Environment sub0-committee, the latest report was presented in March 2016

The report highlighted the series of specific consultation exercises that include

- An initial 6-week consultation exercise for Wellesley Road Crossings project
- The facilitation of a regular meeting of key stakeholders in the CMC area that have started to receive updates on the Programme Dashboard and to suggest how it may be used to better understand their workload and its impact on related schemes

This ongoing engagement has allowed the Council to collect up-to-date data regarding the construction programmes and potential bottlenecks across the road network including those that occur outside the central area therefore managing potential issues including:

- establishing a vehicle holding site outside the town centre;
- enabling out of hours deliveries/collections to sites;
- re-timing of Council works to avoid conflicts;
- collaborating with utility providers where possible;
- increasing enforcement of traffic, parking and CLP compliance;
- working with private developers so that information is up to date and shared between stakeholders;
- ensuring private developers manage the transport impacts of their supply chains more closely; and
- identifying and acting upon transport and street works efficiencies.

These consultation and engagement exercises are an excellent example of how co-designed services with stakeholders has led to a series of ongoing collaboration that all parties are benefitting from.

2.5) List the key stakeholders and their interest areas.

Stakeholder	Interest area
Croydon Business Improvement District BID)	Representing town centre business community
Transport for London	Transport provider inc. tram
Train Operating Companies (TOCs)	Transport and access
Nus Operating Companies	Transport and access
Network Rail	East and West Croydon Rail Station owner and
Greater London Authority	Key Partner & funder
Develop Croydon	Town Centre property owners
Businesses	All
Residents	All
Road Users	Access
Local Authority Members	All

2.6) What are the strategic issues, risks and constraints that may impact successful delivery of the project?

This project is nearing completion and there are negligible ongoing risks associated with the project.

Strategic issues:

There are no significant strategic issues and risks as this project and overall programme is a strategic priority of Croydon Council, with planning and other permissions alongside the match funding commitments noted in the table in Section 1.5 all in place.

Risks:

- Identification of geological challenges during construction phase.
This is mitigated by the completion of prior site surveys and investigations and standard contingency allocation in construction budget
- Construction delays and overruns,
This is mitigated by effective project management and governance arrangements

Constraints:

- With all relevant permissions in place there are no constraints to deliver this project

2.7) Summarise any project dependencies that the project has or if there are other projects that are dependent on this delivery (either LGF funded or not) and state the impact to the project if these are not met.

None specific

This project is, however, one of a sequence of planned and ongoing improvements to infrastructure and public realm across Croydon Town Centre designed to improve and enhance the urban environment this creating the conditions for stimulating further private sector investment to deliver economic growth.

2.8) Please explain the disruption to the local area during the period of project execution and how you are looking to minimise these disruptions.

Disruption will be minimised during the construction phase with Croydon Council main contractors delivering this project under the Considerate Contractors scheme. Furthermore, all statutory consultation and engagement exercises with stakeholders have been completed as have all preliminaries such as site analysis and technical due diligence work.

The analysis site undertaken included work in the following disciplines:

- Site Planning Constraint review
- Measured, Boundary and topographical surveys
- Utilities infrastructure assessments
- Geotechnical Survey (borehole and lab test to assess possible contamination)
- Gas monitoring & testing
- Flood risk scoping analysis
- High level financial viability report
- Archaeological & ecological surveys
- Photographic survey

3. The Economic Case

3.1) Please describe the options that have been considered in selecting the project proposal. This should include a minimum of 3 options:-

- **Do nothing, do minimum or status quo**
- The **proposed option** (as set out in the executive summary)
- An **alternative option** (which may be based on changes to the scale, scope and cost of the proposed option)

Box 1:

Option Name: Wellesley Road Crossings	Description:	Total cost:	Amount requested:	Core outputs (see 1.6)
Do nothing, minimum or status quo	This would significantly reduce the potential of economic growth and connectivity across the town centre	0.00	0.00	N/A
Proposed option	Deliver Wellesley Road crossing improvement scheme to better connect East Croydon Station with rest of town centre and ensure other sources of match funding are secured.	5.7m	£2.8m	(see 1.6 above)
Alternative options:	Reduced scheme would negatively impact on quality and overall impact of design and appearance and create pedestrian and cycle safety challenges	4.5	0	N/A

Box 2: -

Option Name:	Advantages:	Disadvantages:
Do nothing, minimum or status quo	<ul style="list-style-type: none"> • Minimum cost • Little disruption 	<ul style="list-style-type: none"> • Negative perception • Poor interchange between transport modes. • Poor public realm and unsafe environment for pedestrians. • poor links to North End, and

Proposed option	<ul style="list-style-type: none"> • Enhanced public realm and pedestrian safety • Improved connectivity and permeability • Improved ambience and sense of place • Stimulus for further inward investment • new more accessible facilities within the public realm and new developments. • high quality improvements contributing to the distinct character of CMC 	Westfield/Hammerson development <ul style="list-style-type: none"> • Disruption during construction phase
Alternative options:	<ul style="list-style-type: none"> • Smaller cost • Minimum disruption 	<ul style="list-style-type: none"> • Negative perception • Poor interchange between transport modes. • Poor public realm and unsafe environment for pedestrians. • poor links to North End, and Westfield/Hammerson development

Temporary construction jobs

This project has a total value of £5.7m and using national data to calculate a ratio between construction turnover and employment (£140,000 per job), we estimate that the development will directly support approximately 40 construction jobs over the two year construction period. The project will also support indirect employment supporting local supply chains and through local spending of construction workers. Scottish Government research indicates the construction jobs on-site will support 2.2 jobs off-site in supply chains and through local spending. On this basis an additional 88 indirect and induced jobs (40 x 2.2) would be supported during the construction phase in addition to the direct employment on-site.

3.2) Specify the preferred option, with supporting justification for selection.

The preferred option is identified in Box 1 that will both deliver the scheme as designed and secure other sources of match funding investment.

3.3) Are there any issues to be resolved before this option may proceed?

None, this project is due to complete in 2017.

3.4) What are the top 5 risks of this option? **A full risk register should also be sent as an appendix which includes quantification, ownership and mitigation for each.**

Note: this project is due to complete in 2017, and there are minimal ongoing risks.

Risk	Mitigation	Rating
Commercial Viability	The C2C Growth Deal funding request will provide the additional finance to ensure scheme viability and enhance the quality of the project.	Low
Delivery delays	Croydon Council has a well-established and	Low

	successful track-record of delivering public realm infrastructure investments. A Project Management Group is established to deliver a programme of town centre public realm improvements. The PMG submits regular progress reports to the 'Growth Board' under Council governance arrangements allowing for early day reporting of delivery challenges that permits remedial action if necessary.	
Cost Overruns & Construction Price Inflation	The Council procurement policy for construction related programmes has a large supply chain of professional and trade suppliers that maintains the competitiveness amongst the mix of suppliers thus reducing any risk of cost overruns. Contractual fixed pricing agreements will negate price inflation pressures.	Low
Remedial site work challenges	Thorough site investigations and inspections have been undertaken during design stage ensuring that remedial works are negligible during construction phase.	Low
Failure to secure other investment contributions to the scheme	All match funding is in place as part of the wider town centre improvement programme	Nil

Please complete the boxes below, answering only those relevant for the theme of your project, referring to the guidance available. **Please also complete the outputs tab of the supporting excel spreadsheet.**

3.5) How does the project positively affect the level of economic activity in a given area?

Construction related investment and development such as the Connected Croydon programme deliver significant economic activity in a given area through the economic multiplier effects. On a national basis a 1% increase in Gross Domestic Product (GDP) increases output by a further 0.4% in the year of investment and a further 1.5% in the 4 years following the investment. For every 1,000 direct jobs created by the delivery of new infrastructure boosts wider employment by 3,000 jobs (a gearing ratio of 1 to 3).

Furthermore, in terms of the construction related sector for every £1 of infrastructure investment raises economic activity by a further £2.85 (a gearing ratio of 1 to 2.85).

Source: Institute of Civil Engineering 2016 Autumn statement submission.

These multiplier impacts are equivalent of similar forecasts produced by ONS Type 1 Economic Multiplier impact 2013 and the Civil Engineers Contractors Association (CEBR) report in 2013.

3.6) What are the environmental consequences, both positive and negative of the project?

The project will deliver significant environmental improvements to Central Croydon in terms of quality pedestrian and cyclist experience, encourage healthy modes of transport, improving air quality through the reduction in motorised traffic and planting of new trees, shrubs and vegetation.

By creating a much improved public realm environment in Croydon town centre this project will positively contribute to the environment and is aligned with Croydon Environment Policy that sets out the environmental aims and objectives for improving the borough's environment, that are to:

- pursue and encourage environmental sustainability
- protect and improve the quality of the borough's local surroundings
- meet and, where possible, improve upon environmental standards
- continually strive to improve environmental performance
- work in partnership with all parts of the community to promote environmental sustainability.

Any temporary negative environmental consequences during construction phases will be minimised through use of contractors who are part of the Construction Industry's 'Considerate Contractors' code of practice.

3.7) What are the social consequences, both positive and negative of the project?

Improving the public realm and urban environment in Croydon Town Centre will have a positive impact on social and health wellbeing for residents, the workforce and visitors positively impacting of the communities' sense of confidence and perception in the borough that will have further positive overall impact.

Croydon Council uses its purchasing power to support local businesses and generate jobs for local people. The council maximises the social value for local communities through its contractual relationships with external partners. These external partners including our main contractors and their supply chains who deliver the Council's outsourced services. The public works contracts specifically require their sub-contractors to source supplies local and offer apprenticeships and other work placement opportunities to local residents seeking to enter the labour market.

Social Value requirements considerations are set out in the tender specifications (above a certain value) for major contracts such as public works. Since 2014/15 with the launch of value Croydon tender selection criteria for main contractors (and their suppliers) include weighted considerations for social value alongside ability to deliver, value for money etc. We specifically encourage the promoting of opportunities to local sub-contractors through engagement with main contractors (e.g. 'Meet the Buyer' events)

<http://www.valuecroydon.com/event/meet-the-buyer-mulalley>

We will use the procurement process for this project to ensure contracts are actively promoted to local firms from Croydon and the wider Coast to Capital sub-region

3.8) The number of people and businesses positively impacted by the intervention?

The Wellesley Road project will have a positive impact on both the local resident population, local businesses, and visitors to central Croydon. However, it will also have an impact further afield across the Croydon area.

The resident population of the central Croydon wards is 103,000. The central Croydon wards are home to the majority of the borough's 14,600 businesses which will also benefit from increased footfall, consumption and "dwell-time" in the area.

3.9) Does the project have any follow on investment potential?
By improving the public realm and urban environment the project is aimed improving movement around the town centre and reducing physical barriers to pedestrian and cycling routeways. It will connect Croydon's growth zone around East Croydon Station with both the retail core and arts, culture and leisure offer in other parts of the town centre and creating an environment that is more conducive for people wanting to spend time in Croydon. These improvements will tackle the longstanding constraints to growth and provide an environment that stimulates further private sector investment.
3.10) Skills projects only- How does this project increase the employability of learners, what sectors will the project impact and does this demonstrate the employment needs of the area?
N/A
3.11) Business and enterprise projects only- How does this project address business growth in terms of a 20% increase in turnover and jobs over the next 3-5 years.
N/A
3.12) Infrastructure and Regeneration and Housing projects only- Physical and aesthetical impact- Does the project make a positive and lasting contribution to the physical, human and cultural environment?
<p>The Connected Croydon project as a whole, and Wellesley Road project in particular, will make a positive physical, human and aesthetic impact in terms of:</p> <ul style="list-style-type: none"> • Creating a more attractive, safe, and clean town centre impacting on physical and social wellbeing • 'Social Capital' improves as residents interact more in the public spaces in the new seating and landscaped areas in and around the Wellesley Road crossings • The new resident and business communities being developed in the area will have a greater sense of pride in their area, which will help minimise environmental degradation in the area • The projects are of a high design quality and will add significant positive aesthetic character to Wellesley road and other spaces in Croydon Metropolitan Centre (CMC) <p>The project makes a physical and aesthetic impact in terms of:</p> <ul style="list-style-type: none"> • Attractive, safe, clean district centres impacting on physical and mental wellbeing • Social Capital improves as residents interact more in the public spaces of the district centre <p>Public art and the presence of a burgeoning CDIT sector with art and culture accessible to all</p> <p>The Connected Croydon programme improvements will also assist in changing perceptions of Croydon 'at night', and help enhance its growing reputation as a place with a friendly, diverse evening economy that its is fun, safe and stimulating to spend time in.</p>
3.13) If your project results in service and other improvements then please provide baseline data below.

Metric	Baseline		What the intervention will achieve	
	Figure	Year	Figure	By when

Please see table in Section 1.6 above

4. The Commercial Case

4.1) Please provide details of your envisaged procurement route. Will your procurement trigger the OJEU process?

Croydon council has a well-established and 'regulation compliant' procurement strategy and delivery policy.

The Connected Croydon programme has a Project team experienced in the delivery of major capital projects. It has support from Highways Engineering and Planning divisions and approved suppliers. Combined together, these teams have significant and successful experience in designing and delivering high quality public realm schemes.

All procurement processes will be in line with EU, UK and Council procurement policy and legislation. The design and build procurement strategies and appointments are compliant with Croydon Council's governance requirements, notably the Growth Board and Contracts and Commissioning Board who will receive regular progress reports on project implementation and delivery.

The procurement of the main contractor and sub-contractors will be through the GLA tender portal and framework. The process is managed by the Council's town centre Development Division.

4.2) If private development partners will be required to deliver the project, at what stage are discussions/negotiations?

All statutory consultations and engagement activities are in place

4.3) Outline the procurement plan and timescales, including statutory and other consents.

This phased public realm programme has undergone the following procurement, consents and delivery process:

- Reports to Cabinet / Growth Board/
- Advertisement in London Tender Portal
- Tender selection process & shortlisting panel
- Planning Application, Highways notices other statutory consents submitted / obtained
- Delivery 2015/16 – 2017/18

4.4) How will the project contribute towards social value?

Croydon Council in 2015 established its flagship **Value Croydon** programme, which set out how

the council will use its purchasing power to support local businesses and generate jobs for local people. The council will also work in partnership to maximise the social value for local communities from our contractual relationships with external partners.

These external partners include the council's main contractors and their supply chains who deliver outsourced services. Social Value considerations are therefore stipulated in all tender specifications above the threshold level of £100,000.

Tender selection criteria for main contractors (and their suppliers) therefore include weighted considerations for social value alongside ability to deliver, value for money etc.

The Council specifically encourages the promotion of opportunities to local sub-contractors through; for example, 'Meet the Buyer' events, as per link below...

<http://www.valuecroydon.com/event/meet-the-buyer-mulalley>

the council will use this selection process for this programme to ensure contracts are actively promoted to local firms from Croydon and the wider Coast to Capital sub-region for the Connected Croydon public realm programme.

4.5) Please provide a detailed explanation of how your project is State Aid compliant and how you came to that opinion?

The grant request under this application is compliant with state aid regulations under the General Block Exemption Regulation (GBER) and State Aid Modernisation (SAM) as the funding is requested this project to provide support for a number of aid areas covered under the GBER notably:

- aid for broadband infrastructures;
- aid for culture and heritage conservation;
- aid for sport and multifunctional recreational infrastructures; and
- aid for local infrastructure.

Growth Deal funding is an intervention of the UK Government but as this project provides funding for infrastructure it is State Aid compliant. It is covered under GBER and SAM regulations, there will be no distortion as the contractor or developer will be secured through a competitive tender process or land transaction process that meets the requirements to obtain best consideration and best value, and there will therefore be no impact on trade between member states. Thus this request for funding satisfies all 4 tests in the guidance and as stated the Council would continue to be legally advised on any subsequent transactions to ensure that this continues to be the case.

The Council's retained solicitors Gowling WLG (formerly Wragge Lawrence Graham) have regularly provided advice in respect of State Aid regulations on a case by case basis. Croydon Council will therefore seek legal advice when contracts and agreements are formalised to ensure state aid compliance for the Connected Croydon public realm improvement programme.

5. The Financial Case

5.1) what is the estimated total project cost and the amount of LGF being applied for? Please complete the funding breakdown tab in the supporting excel spreadsheet.

Year	Total project cost	LGF
12/13	£3,128	£0
13/14	£230,274	£0
14/15	£408,408	£0
15/16	£345,120	£0
16/17	£4,579,247	£2,800,908
17/18	£18,313	£0
Total	£5,584,491	£2,800,908

5.2) Please set out the project costs using summary spend areas in the table below. LGF will only fund capital expenditure.

State date of this estimate-

Projects costs	Match funding TFL (LIP) + GLA (MRF) (£)	LGF (£)	Total cost (£)
Planning and Feasibility studies	£375,245	£0	£375,245
Surveys	£83,207	£0	£83,207
Construction, inc- materials, equipment and labour	£261,352	£2,800,908	£3,062,260
Consultancy	£431,248	£0	£431,248
Project management	£169,969	£0	£169,969
Other (sunk preliminary costs - competition, vision, initial conceptual design)	£1,188,568	£0	£1,188,568
Contingency (6.5%)	£273,994	£0	£273,994
Total Net Cost	£2,783,583	£2,800,908	£5,584,491
VAT	£0	£0	£0
Total Gross Cost	£2,783,583	£2,800,908	£5,584,491

***Note-Contingency:** where an element of contingency has been added on of individual cost elements it is assumed that there is a significant level of doubt about the future costs (the level of contingency is influenced by the extent of the doubt)

5.3) Please provide a Net Present Value cash flow analysis for each of the options. Workings should be included as an appendix.

Options	NPV
Do nothing, minimum or status quo	£2,689,452
Proposed option	£5,395,643
Alternative option	£3,776,951

Please detail your project assumptions and discount rate used-

5.4) Please detail how the project offers value for money. You should look to address the following. Cost per job, cost per home, deadweight, displacement, benefit cost ratio and any other evidence of value for money.

As a public realm infrastructure project this project falls outside a number of the standard Green

Book tests associated with business support and skills and employment projects...

Displacement:

There is no displacement as without the decision to deliver the Connected Croydon programme no jobs would have been displaced from elsewhere

Deadweight:

There is no deadweight associated with this project. Pump prime infrastructure investment such as public realm investments act as a catalyst for further private sector investment in the town centre that is additional to current levels of planned mainstream funded street scene and public realm maintenance.

Without Growth Deal funding the quality of the public realm in the town centre would be significantly reduced the town centre would be less attractive with slippage in demand for housing and business space.

Public realm improvements are an indirect stimulus i.e. The commercial benefits of the programme are an **indirect impact of delivering physical improvements to an area**.

Other non-monetised benefits include:

- Increase in social capital (public realm encourages local people to dwell and socialise) and resulting cost savings associated with social exclusion
- Fewer accidents (as a result of improved pedestrian access and cycle routeways) and resulting cost savings to the Public Sector / HM Treasury
- Reduction of carbon emissions as a result of travel mode shift as the town centre becomes a more pleasant environment to walk and cycle
- Lower crime rates and perception of crime as a result of safer streets resulting cost saving to the Public Sector / HM Treasury.

Leakage:

The project does not anticipate leakage in terms of the jobs created, other than through induced impacts in the regional supply chain.

Additionality

Temporary construction jobs

This project has a total value of £5.7m and using national data to calculate a ratio between construction turnover and employment (£140,000 per job), we estimate that the development will directly support approximately 40 construction jobs over the two year construction period. The project will also support indirect employment supporting local supply chains and through local spending of construction workers. Scottish Government research indicates the construction jobs on-site will support 2.2 jobs off-site in supply chains and through local spending. On this basis an additional 88 indirect and induced jobs (40 x 2.2) would be supported during the construction phase in addition to the direct employment on-site.

5.5) Please confirm the VAT status of the delivery body that would be in receipt of LGF. If VAT is irrecoverable on this project please state why.

Croydon Council is VAT exempt as a public body but can reclaim VAT on costs that relate to non-business activities as per the VAT Act 1994 and VAT Notice 749 (HM Revenue and Customs)

5.6) How will the project be sustained financially after the investment of LGF is completed?
Regular term maintenance contracts exist for street scene and public realm programmes which will 'kick-in' in the longer term.

6. The Management Case

6.1) In which financial year do you expect your project to commence?	2016/17
6.2) What is your expected on-site start date?	2017
6.3) In which financial year do you expect your project to complete?	2017/18
6.4) Please set out the key milestones related to the project in the table below, adding more rows if necessary. Please attach a project plan as an appendix if one is available.	
This project is scheduled to complete during 2017 and	
This project forms one element of the Connected Croydon public realm improvement programme with many of the key milestones already in place and delivered	
Milestone	Key Date(s)
Design submission and approval	2015
Site appraisals & investigations	Summer 2015
Submission of Planning Application	Summer 2015
Procurement Award	Autumn 2015
Construction Phase	2016/17
Completion	2017/18

6.5) Please set out the project management arrangements that will be used to successfully manage the project to time and budget.

This project will be managed via as Project Management Group that will report to the Council Growth Board under standard Governance arrangements. Regular progress report will be submitted by the PMG to the Growth Board and Coast to Capital

The project management process used at Croydon Council aligns with Prince2 but is flexible and can therefore be applied regardless of the project methodology being used. There are a number of stages and degree of control, depending on the complexity of the project.

Croydon Council applies four stages to projects, proportionately, which include:

Authorising a project (Agree)

This stage involves identifying the project sponsor and project manager, producing the project's business case which explains why the project is needed and obtaining agreement for the project to go ahead.

Starting a project (Plan)

This stage involves producing a project initiation document and project plan; and obtaining agreement on the project resource, budget and governance arrangement. These need to be signed off before the next stage.

Managing a project (Do)

This stage is about implementing and managing the project using the appropriate tools and governance arrangement. These need to be signed off before the next stage.

Closing a project (Review)

This stage involves formally closing the project in a controlled manner with a project closure report and post-completion review including lesson learnt. All stakeholders should be notified of the project closure.

6.6) Please set out the project roles and responsibilities.

Project Manager	LBC Capital Programme Manager
Design & Build Contractor	KIER
Design advice	Croydon Placemaking Team
Highways Advice	Croydon Highways Team
Designers	Adams and Sutherland and Peter Brett Associates (PBR)
Croydon Growth Board	Strategic oversight and reports

6.7) Please explain what governance, oversight and accountability arrangements will be put in place if your project is awarded Local Growth Funding.

Croydon Council has a well-established governance, oversight and accountability arrangement to guide the successful delivery of all projects. These arrangements apply to awards of Growth Deal Funding.

Each programme such as Connected Croydon has a project management group (PMG) comprised of Council officers, contractors, members and stakeholder representatives. The PMG ensure that where decisions are required, they are made by the PMG, or escalated for decisions to the Senior Management Team or Growth Board where appropriate.

The Steering Group provides regular reports to the Council's Growth Board which oversees the Council's wider regeneration and growth agenda and any major decisions are reported through to Cabinet.

6.8) Please set out the strategy and plan for communications and stakeholder management?

The communications plan for the programme will follow Croydon Council's communications strategy which applies to all of the council's stakeholders.

On a programme management level, the programme office will submit monitoring reports as per grant agreement, informing stakeholders of progress towards outcomes and expenditure.

To keep residents and wider stakeholders engaged and informed Connected Croydon publishes all our plans and proposals, news items and alerts. This is currently being delivered through the **Your Croydon** - Your Croydon is a lively, free, full-colour electronic magazine for the residents of Croydon. Produced bi-monthly with a circulation of 42,000, providing an unrivalled medium to reach all members of the community.

E-Bulletins which is the fastest and most convenient way to get news about the council. This contains alerts on events, road closures, news and issues.

Your Croydon newsroom <http://news.croydon.gov.uk> for all the latest news from the council.

- **Consultations and customer engagements** – to capture and manage stakeholder issues / views relating to any aspect of the delivery of the Connected Croydon uses the Councils

online engagement tool: **Get Involved**

<https://getinvolved.croydon.gov.uk/KMS/news.aspx?LoggingIn=tempVar&strTab=Home>

In addition to the above, the Council makes use of various social media channels to keep stakeholders informed and engaged (Twitter, Facebook, Flickr, You Tube)

Press releases and Media queries are handled through the council's **press office**. We aim to handle media enquiries quickly and accurately, ensuring local and national media have the facts to ensure accurate reporting of news issues. **On news items featuring any aspect of Growth Deal Funding we will liaise with C2C LEP to issue joint press releases.**

6.9) Please set out the strategy and plan for dealing with the management and delivery of benefits.

Outcome targets (highway, cycleway, footpath and other public realm improvement metrics have been identified in Section 1.6 above).

The Place Department's Programme Office will maintain the key responsibility for tracking outcomes and benefits. An annual review of the baseline will take place and a report prepared. A Final review of the baseline will take place as part of the post project evaluation (see below).


The management and delivery of benefits will be integrated within the corporate performance management framework which collates KPIs on all service areas and reports performance quarterly to cabinet. The Programme office will ensure the Growth Deal outcomes and KPIs are captured in the corporate performance plan.

6.10) Please set out the arrangements for a post project evaluation.

A post project evaluation of the Connected Croydon programme is in place. Specific outputs and outcomes of this project as well as qualitative elements of the will be reported to C2C.

Recommendation/ Declaration

Recommendation- please state clearly the recommended action this business case supports.

Declaration:	I certify that the information provided in this Outline Business Case is complete and correct at the time of submission.	
Signature:	Stephen Tate	
Print Name:		
Title:	Director – District Centres and Regeneration	
Date:	6 th January 2017	

Before submitting your Business Case ensure you have all the required supporting documentation:

- One electronic copy of the business case template, signed and dated
- Excel Spreadsheet
- Any other Supporting documents and evidence required