

**Infrastructure/Enterprise Sub-Committee  
Contingency Project Business case appraisal  
C2C Offices, Horsham  
Wednesday 9<sup>th</sup> March 2016 - 1:00pm – 4:00pm**

**MINUTES**

**Present**

Steve Allen, Coast to Capital Board Member (Chair)  
Jonathan Sharrock, (Coast to Capital Board Member)  
Julian Crampton, (Former Vice-Chancellor, University of Brighton)  
Ann Swain, (Federation of Small Businesses)

**In Attendance**

Toyin Bamidele, West Sussex County Council (Accountable Body)  
Ola Oduwole, West Sussex County Council (Accountable Body)  
Paul Castle, (Coast to Capital)  
Iain Reeve, (Coast to Capital)  
Malcolm Brabon, (Coast to Capital)

Minutes taken by Hayley Shepherd, (Coast to Capital)

**1. Welcome and Background**

Steve welcomed the Panel members to the meeting and a round of introductions took place.

As reported to the full Coast to Capital Board in February 2016, it became clear that the business case for the Crawley Area Transport package would not be submitted to Coast to Capital within the current financial year and West Sussex County Council would therefore be unable to use any of the £2.596m allocation for 15/16. It was agreed by the board that this allocation should be used on additional contingency projects that would make use of the funds in the current financial year. Since the Board meeting, it has also been agreed that following delays in finalising the Gatwick Skills business case, the £538,665 15/16 allocation for this project would also be used on contingency projects.

The total now available for use on contingency funding is £3,134,665.

A call for contingency projects that could spend in 15/16 was sent out on 5<sup>th</sup> February and by the deadline, nine projects were submitted. The Coast to Capital project team, which included Jonathan Sharrock and supported by the Accountable Body, carried out a sifting exercise against key criteria and from these four projects were asked to submit full business cases. The projects and the amount requested are shown overleaf:

<b>Project</b>	<b>LGF Requested (£)</b>	<b>15/16 spend (£)</b>	<b>balance of LGF in future years (£)</b>
Claire and James House	3,250,000	3,250,000	0
Dyke Road	160,000	160,000	0
Queens Square	1,600,000	270,000	1,330,000
Manor Royal	289,000	99,905.14	189,094.86
<b>TOTAL</b>	<b>5,299,000</b>	<b>3,779,905</b>	<b>1,519,094.80</b>

An overview of the projects can be found at annex 1 to 4.

The enterprise/infrastructure sub-committee meeting is now tasked with appraising the four business cases that have been submitted. The business cases should be assessed against the five cases- including its link to the SEP objectives, the value for money in terms of outputs and match funding, and deliverability in terms of timescales and risks, particularly with regards to spending in 15/16.

Projects teams will come in and present their business case for 5 minutes, the panel will then have the opportunity to ask more detailed questions and will then conclude on the decision.

It was noted that the Accountable Body representatives have an observer status, so may contribute to the discussions but could not take part in the decision making process.

## **2. Conflicts of Interest**

Jonathan Sharrock declared that he recently had a tour of Queens Square and Mole Valley- will still be able to take part in decision making.

Ann Swain declared that she is the chair of the Crawley, Horsham and Mid-Sussex FSB branches and therefore is aware of the Queens Square project but is not involved.

Simon Matthews who is a member of the Enterprise committee will be attending for the Clare and James House agenda item only but as an East Surrey Consultant with the Mole Valley team and will not be contributing towards the decision making process.

Although not a conflict of interest and more a point to note, Iain Reeve felt that he should state that both Crawley projects were very similar to those included in the Crawley Area Transport Package project in which was turned down by the LTB.

### 3. Questions/points raised by sub-committee

Mole Valley Claire and James House

<b>Question/point raised</b>	<b>Answer provided</b>
A new 70 bed hotel is likely to have an impact on the local transport network- has a transport impact assessment been carried out.	Not as yet no but a full transport impact assessment will be carried out as the project progresses. The transport advisors do not see any reasons at this stage to not progress ahead. As part of the Transform Leatherhead Plan the road layout is being looked at and is likely to change.
Have Mole Valley had any interest on taking up the space once refurbished. Are the outputs realistic?	Mole Valley are confident that this will be a commercial runner, there will however be some delays with the outputs becoming a reality. Discussions with potential hotels have begun and others are starting to show an interest in other elements of the development.
What size businesses are being targeted to locate at the development?	Local small and medium sized businesses will be targeted particularly for the incubator space. There is a shortage of small business office space.
If Coast to Capital could only offer you a lower sum and not the full £3,250,000 requested, how would this impact delivery and outputs?	The project may not go ahead as planned and the outcomes would be impacted. The level of office/employment space would be reduced and the residential increased to make the project more viable. Anything over half the amount requested the project should be able to go ahead as planned, anything under would be all residential and not mixed use.
The business case mentioned purchasing the buildings freehold, are there any leaseholders involved?	Was a vacant possession.
What mitigations have been put in place to address the flooding issues, particularly around the higher insurance for businesses?	The first mitigation is that the building will be on stilts. We will also continue to have conversations with the Environment Agency as the project progresses.
Have State Aid issues been addressed?	Yes they have
What procurement procedures were followed in procuring the contracts and allied services?	There was due compliance with OJEU and EU Regs in procuring the works and services.
What is the key risk other than not getting the LGF funding?	The key risk is planning. The ability to address the planning policy changes is higher if they have confidence that the community support the development. This can be proved for this project.
The business case mentioned significant planning objections, has consultation been carried out	No

Brighton and Hove Dyke Road

<b>Question/point raised</b>	<b>Answer provided</b>
How confident are you that the works will take place and money spent in this year.	BHCC will place the order and will make an accrual to account for the expenditure in this financial year. The equipment will be delivered in this financial year but not installed.
How does adding this on to the existing ITS scheme impact the BCR for that	There was no formal BCR for the ITS scheme, this project would deliver infrastructure outputs but no

scheme? This would also be a 100% contribution, could BHCC contribute anymore?	other additional outputs. BHCC could look into a contribution
Given that the LEP are about to launch a new round of Resilience bids, how much is to be gained from giving money now as opposed to the next bidding round?	It brings forward the works but not really any other benefits. It could open up more opportunities for the ITS.
Can you still progress this project if the LEP only offers you part of the funding sought by BHCC	The Council had built some resilience into this project and can proceed with only £120,000 of LGF funding

#### Queens Square- Crawley

<b>Question/point raised</b>	<b>Answer provided</b>
If Coast to Capital weren't able to offer the full £1.6m, how would this impact the project deliverability?	Any reduction in funding would mean that the project is downsized and the outputs are likely to be reduced, this is very much dependent on the size of the reduction.
Have you got a sense of whether you will easily attract new tenants?	We have recently secured an international company that will create 40 jobs. From other conversations we are having we are getting positive interest and are confident we will fill the vacant units.
How are local jobs being encouraged?	Events have been conducted throughout the year to encourage and promote this.

#### Manor Royal Crawley

<b>Question/point raised</b>	<b>Answer provided</b>
If Coast to Capital weren't able to offer the full ask, how would this impact the project deliverability?	The project would be scaled back There are no alternative funding sources, would need to ask the businesses for more of a contribution which is not likely to go down well.
Would you be willing to prioritise one of the two schemes? Would Crawley contribute more?	The BID Board would have to decide on which scheme to prioritise.
Who is accountable for this project?	Manor Royal BID will lead delivery and will be accountable for the project.
Would you consider making Crawley BC the delivery body?	Yes if it meant the project got funded.
What procurement processes are being used?	We have used Crawley BC's procurement processes.

### 4. Record of decision

#### **Decision on Mole Valley- Claire and James House:**

Overall the committee felt that this was a project that would unlock growth opportunities for Leatherhead, it had a good strategic case and is the type of project that the LEP would look to support. The expenditure in which the funding is requested for has already been incurred and therefore the project scored highly on deliverability. The business case did not fully bring out the key strengths that were brought out in the presentation.

However, given that the value of the bids is higher than the contingency pot the committee would look to provide Mole Valley with 50% of its request but would

still be looking for the outputs to be delivered in terms of the use of the site. If a scaling back of the outputs needs to happen, preference must be given to employment space and not to residential.

A **recommendation to approve** £1,625,000 for Mole Valley for Claire and James House will be put forward to the Coast to Capital Board subject to confirmation of the above.

#### **Decision on Brighton and Hove Dyke Road:**

Whilst the committee could see the benefits with installing these traffic signal improvements it was felt that the LGF unallocated transport resilience pot was a better fit. A call for bids will be opening shortly and BHCC should be encouraged.

There were also some issues with the timescales in that the equipment would be purchased and delivered before the end of the financial year but not installed and therefore as the works would not have taken place in this financial year an accrual could not be made. This would mean that the installation costs of £40,000 could not be funded.

A **recommendation that** £160,000 for Brighton and Hove Dyke Road **should not** be funded as a contingency project will be put forward to the Coast to Capital Board.

#### **Decision on Crawley Queens Square:**

Overall the committee felt that this was a project that would unlock growth opportunities in Crawley, it had a good strategic case and is the type of project that the LEP would look to support.

However, given that the value of the bids is higher than the contingency pot the committee would look to provide £1.5m which is £100,000 less than requested. The total spend for this financial year is £270,000 so Crawley Borough Council as delivery body, must be in agreement that they are willing to utilising the funding flexibilities available to them which means that the remainder of the allocation (£1.23m) will need to be spent on their wider capital programme (a non-GD project). Crawley must also confirm how they will fund the £100,000 gap.

A **recommendation to approve** £1,500,000 for Crawley Queens Square will be put forward to the Coast to Capital Board subject to confirmation of the above.

#### **Decision on Manor Royal Crawley:**

Again whilst we all agreed that there are distinct benefits to this it was noted that this scheme is included as part of the wider Crawley Transport package, that scheme is still earmarked for spend in 16/17. Intention is to work closely with Manor Royal to ensure this project is treated as a priority within the Crawley Transport package.

Whilst the committee could see the benefits to this scheme on the 500 businesses located within the Manor Royal, it was noted that this scheme was included as part of the wider Crawley Area Transport Package and that scheme is still earmarked for spend in 16/17. Coast to Capital should continue to work closely with Manor Royal to ensure this project is treated as a priority with the Crawley Area Transport Package.

A **recommendation that** £289,000 for Manor Royal **should not** be funded as a contingency project will be put forward to the Coast to Capital Board.

## **5. Next Steps/ actions for delivery bodies**

Subject to full Board approval the two projects that will be funded will need to complete the following:

### Crawley Queens Square

- Full detail of the total project cost with the funding sources. From the business case, it was proposed to jointly fund the project 50/50 between WSCC and LGF but the recommendation is to approve £1.5m of the £1.6m requested so Crawley BC will need to show how they intend to fund the gap.
- A breakdown of the expenditure clearly showing which expenditure will be funded from LGF, WSCC and any other.
- A detailed and quantified costed risk register

### Mole Valley Claire and James House

- Full details of the total project cost with the funding sources clearly stating how the gap funding will be met given that we are recommending to fund only 50% of the requested amount.
- Evidence of the private sector match funding.
- Confirmation from the Council that they are willing to agree with the condition to retain commercial units in the development.
- Within the business case, 4 options we presented. The Council need to confirm which option they will go for.
- Detailed and quantified costed risk register
- Detail Milestones.
- Confirmation of the plan for planning consultation
- The following were also uncompleted within the Business case
  - Project dependencies
  - Project governance, organisation structure and roles
  - Project Reporting
  - Key issues for implementation
  - Project Evaluations

## **Annex 1**

### **Overview of the Mole Valley Claire and James House Project**

TOTAL PROJECT COST:	£17.02m
FUNDING REQUEST:	£ 3.25m (19%)
LGF SPEND IN 15/16	£3.25m

The 'Transform Leatherhead' Masterplan process has clearly identified the town's Riverside quarter as having significant growth potential and there is widespread public support for developing and enhancing what is currently an underutilised asset of the town. The scoping of potential key sites identified Claire and James House as being the optimum property to purchase and develop owing to; its strategic position; riverside frontage; its own car-park directly adjacent to a small Council owned car-park.

Supported by input and advice from the Master planners and their retained commercial property advisers, Colliers International, MVDC identified the site as having significant potential to help transform this key area of Leatherhead town centre through a mixed-use development potentially incorporating: restaurant/café use; business/office units, residential and possibly a hotel use on the upper floors. The decision was made to purchase the property as part of the land assembly process to support the wider Transform Leatherhead regeneration project. The purchase was fast-tracked through the political decision-making and scrutiny process allowing MVDC to secure the freehold of the property for £3.5m including acquisition costs.

#### **Key outputs-**

1. Demolition of two 1970's office buildings whose design, construction and layout is not suitable for modern use requirements and is out of keeping with the historic riverside location. The demolition process will create a contract that will be locally procured via the Surrey procurement website.
2. The construction of a new mixed-use development, providing circa 3,700-3,900m<sup>2</sup> of quality space including: A3 café/restaurant units; B1 commercial space, C1 hotel, C3 residential plus re-provisioning of car-park and improvements to the riverside public realm. The building design and specification will be commensurate with the aspirations of the Transform Leatherhead project in terms of design, quality, specification and environmental credentials. The design and build contracts will be promoted locally via the Surrey public procurement website.
3. The creation of at least two circa 250-300m<sup>2</sup> riverside A3 restaurant/café units: ideally one riverside café servicing the riverside leisure area and one rooftop 'signature' restaurant creating a local 'destination' for Leatherhead chain. It is estimated that these operations could support circa 40-45FTE jobs and the respective supply-chains (raw-materials, linen, supplies) supporting the two restaurant operations.
4. The re-provisioning of new B1 commercial office/business managed workspace or incubation space, at circa 500-600m<sup>2</sup>. It is estimated this space could support up to 50-60FTE jobs and the resultant supply-chain supporting the occupying businesses.

## **Annex 2**

### **Overview of the Brighton and Hove Dyke Road Project**

TOTAL PROJECT COST:	£160,000
FUNDING REQUEST:	£160,000 (100%)
LGF SPEND IN 15/16:	£160,000

This project is an extension to the existing Brighton and Hove Intelligent Transport Systems [ITS] Local Growth funded project that looks to reduce congestion and enhance the economic viability of the LEP region. The full package of works enables the council to exert far greater control over the city's road network and respond to the challenges caused by traffic congestion.

The objectives of the full ITS Package scheme are as follows:

- Expand and upgrade Brighton & Hove's traffic management capability;
- Enable greater interaction between the Strategic Road Network and the City's road network more effectively;
- Enable better management of traffic congestion and road safety and Improve journey time reliability;
- Manage traffic for key events on the network more effectively; and
- Improve response to unplanned incidents on the network.

The £160,000 being requests would provide additional infrastructure, particularly puffins on the Dyke Road corridor.

The additional £160,000 requested from the Local Growth Fund would contribute towards the reduction of the following in Dyke Road:

- Average daily traffic by peak/non-peak periods
- Average AM and PM peak Journey time on key routes
- Accident rate
- Casualty rate



## **Annex 3**

### **Overview of the Queens Square Crawley Project**

TOTAL PROJECT COST:	£3.2m
FUNDING REQUEST:	£ 1.6m (50%)
LGF SPEND IN 15/16:	£270,000

Queens Square lies at the heart of Crawley town centre and was originally opened in 1958 by HM Queen Elizabeth II. In the 1970s the area was fully pedestrianised. The paving, lighting, seating and street infrastructure is looking tired and need upgrading. Queens Square is the primary focal point for the town centre and is considered the top priority for such regeneration. It continues to be blighted by a significant amount of vacant retail and commercial space. A number of retailers have closed or relocated to the refurbished County Mall. Furthermore the square is an area of fragmented ownership and has suffered from a lack of investment from freeholders.

A total of 3,878 square meters of retail / commercial floor space is currently vacant on Queens Square itself. More broadly in the surrounding primary retail area over 7,000 square meters of vacant space exists. This space could yield over 300 jobs in the heart of Crawley town centre.


The overall aim is to create an adaptable and multi-functional space, which will transform the area into a high quality, distinctive and enjoyable public space.

The Queens Square scheme will include new high quality paving, new and improved lighting, new seating, new street furniture, new planting and the creation of a central focal point comprising a dry plaza and an iconic and decorative water feature. This will be supported by a robust maintenance regime, which Crawley Borough Council will implement.

The transformation of Queens Square will attract new retail / business investment and jobs into the heart of Crawley town centre – it will create the conditions to create and protect 300 jobs from the reutilisation of vacant commercial space in the vicinity.

#### **Key Outputs:**

1. 300 jobs created / protected as a consequence of the Queens Square regeneration scheme.
2. 4,000 square metres of retail / commercial space regenerated / brought back into use
3. Create the conditions that will generate a multiplier effect for over 7,000 square metres of retail / commercial space across the town centre to be brought back into use.
4. 150 residential units created
5. 3,500 square metres of public realm space regenerated

  
Steve Allen  
C&C L&P vice chair,  
10/4/16

## **Annex 4**

### **Overview of the Manor Royal Crawley Project**

TOTAL PROJECT COST:	£529,000
FUNDING REQUEST:	£ 289,000 (55%)
LGF SPEND IN 15/16:	£99,905

The Manor Royal Business District (MRBD) is the principal business location for Crawley and the largest business park in West Sussex, the Gatwick Diamond and Coast-to-Capital economic areas. As such it is a major source of business and employment for the South East region, comprising over 500 companies and over 30,000 jobs.

While Manor Royal broadly performs well, the Manor Royal Master Plan (GVA Grimley, 2010) and Manor Royal Regeneris report (Regeneris, 2008) identify a number of areas requiring improvement to help retain key occupiers and support growth. Issues of complex ownership, poor branding and profile, a lack of business support and property options to support small and growing companies, low quality environment and a lack of key amenities and facilities are all cited as areas of weakness. A well-established business location since 1950, findings from independent studies and the opinion of current occupiers suggests that in order to successfully compete with other estates and business parks Manor Royal must address these short-comings to support sustainable growth.

A degraded business environment and a lack of sustainable transport infrastructure are among those issues preventing Manor Royal from satisfying the expectations of modern occupiers and employees

The Manor Royal way-finding scheme has been proposed to address these issues by developing and delivering a clear way-finding and signage strategy to deliver a solution that would make the area easy to navigate, reduce the time taken to reach desired locations, promote sustainable travel and contribute towards creating an attractive location for existing and future businesses and visitors to the area. A Gateway 3 entrance upgrade project will complement the way-finding project by enhancing a strategically important entry-exit point to the Business District. Currently rated as low quality point of arrival this creates a very poor first impression to Crawley's key employment and business area.

The investment in the Gateway 3 Roundabout and the Manor Royal way-finding and signage schemes will contribute to the unlocking of 11,800 square metres of commercial office space and to the protection / addition of up to 1,000 jobs in the area.