

## COAST TO CAPITAL LOCAL GROWTH FUND OUTLINE BUSINESS CASE

<b>Project Title:</b>	Fairfield and College Green
<b>Lead delivery organisation:</b>	London Borough of Croydon
<b>Lead contact name:</b>	Stephen Tate
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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](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

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

#### A project at the centre of Croydon's transformation

Croydon is one of London's growth boroughs, and is undergoing a major transformation. It is a strategic centre in the London Plan, has the UK's fastest growing economy, is the UK's most in-demand location for office accommodation, and is attracting leading companies such as EDF, Body Shop and Superdrug to locate their headquarters here. More than £5bn will be invested over the next 5 years creating 23,500 new jobs, 9,500 new homes, a world class cultural quarter to rival the South Bank, and one of Europe's largest and most exciting leisure/retail destinations.

The key developments at the centre of this transformation include:

- Westfield Hammerson Retail development - A compulsory purchase order has been granted to enable the Croydon Partnership to begin transforming the Whitgift Centre into one of Europe's largest shopping and leisure malls which will see more than 23,000 new jobs created and 9,500 new homes started over the next 5 years.
- Ruskin Square – a large mixed use development at East Croydon by Stanhope Shroeders including 1.3m sq ft of office space, 100,000 sq ft of retail space and c600 residential units as well as major new infrastructure for the town centre.
- Croydon's Cultural Quarter (the subject of this bid) - a dynamic cultural quarter encompassing a world class venue in the refurbished Fairfield Halls, **Croydon College** and College Green. The mixed use scheme will lead to the creation of c2000 new homes, c100,000 m2 of new employment space, c20,000 m2 of retail and restaurant accommodation, and up to 1300 direct jobs.

The redevelopment and renewal of Croydon's urban core provides the catalyst for stimulating change and instilling confidence in Croydon as a place in which to live, work and invest. It is critical to Croydon's future success, and tackles the legacy issues that have held the borough back for many years. It makes a significant contribution to the needs of a growing borough, and changes its growth trajectory away from a future as dormitory donor suburb of London, and towards its new vision as a modern European city.

#### The College Green (Fair Field) Site

The College Green site in Croydon Metropolitan Centre encompasses an area measuring 7.1 hectares. It consists of the **Fairfield Halls** with its concert hall, theatre and multi-use space and **Croydon College**, green space and car park plus a number of office buildings along George Street and Croydon Magistrates Court on Barclay Road.

The Fair Field was Croydon's historic venue for entertainment and social activity, hosting fairs, markets and performances until the arrival of the railways in the 1860s. But since redevelopment as College Green in the 1960s the area has become increasingly disconnected from the rest of the town centre. The site currently suffers from:

- Physical isolation from the rest of the town and its transport hubs
- The lack of pedestrian permeability due to the current configuration of the space
- Outdated facilities in need of modernisation that do not communicate a sense of community space and activity
- Public realm in need of modernisation and revitalisation, which in its current form is uninviting and attracts anti-social behaviour

### Opportunity for growth

The redevelopment of the site presents a fantastic opportunity for growth in terms of new homes, jobs, and cultural and leisure amenities. It will be the centrepiece of Croydon's new cultural and educational quarter. It will become an innovative and inspiring area with a lively mix of cultural, educational, commercial and residential uses, and high quality public realm providing step free access to East Croydon Station and Boxpark.

The benefits are expected to extend beyond Croydon's immediate boundaries, attracting visitors, students and workers from across the wider C2C region. For example, the college houses the University Centre Croydon, one of the largest providers of higher education between London and Brighton.

Croydon Council and Croydon College own a large proportion of the land across the College Green area including:

1. NCP, Fairfield Multi Storey and underground car parks (Croydon Council)
2. Public Realm (Croydon Council)
3. Croydon College – Main College Building (Croydon College)
4. Barclay Road Annex (Croydon College)

The regeneration of College Green will create:

- A scheme of national architectural significance<sup>1</sup>
- A strategically important landmark providing the borough with a cultural heart
- A unique and vibrant mix of uses including new homes, cultural spaces, educational facilities, offices, shops and restaurants
- A modern, flexible and more efficient Fairfield Halls building, which retains its architectural and heritage qualities and will include a new art gallery, new food and beverage outlets, and improved integration with the wider area.
- A new high quality public space suitable for both transition and rest, alongside other amenity provision for residents and visitors alike.
- A variety of integrated public art opportunities in an attractive and culturally flexible outdoor space for Croydon.
- A new high quality, animated, step-free through route to and from East Croydon station with its inter-regional connections, the town centre and wider area.
- A new state of the art college facility to replace the existing one which is inefficient and costly to run

A planning application was submitted in 2016 and approved by Croydon Council in February 2017. It will deliver a mixed use scheme creating the following outputs over the programme lifetime:

- Up to 1300 direct new jobs, and a further 318 temporary construction jobs (net per annum) through direct, indirect and induced multiplier impacts during the construction period.
- A new iconic art and cultural venue with an additional 23,266 sq m gross animated space
- A new education campus providing a modern learning environment for students and the business community with expanded links to Sussex University and the Croydon based Sussex Innovation Centre. There will be an addition of a new circa 20,000 sq m facility.
- New energy provision to the development providing sustainable, environmentally friendly services into the new community
- Up to 96,650 sq metres (gross) of new employment space
- Up to 19,069 sq metres (gross) of retail and restaurant accommodation

<sup>1</sup> The project won the Conservation and Retrofit award at the 2016 [New London Awards](#)

- A minimum of 1,213 new homes
- About 500 cycle spaces

### Our funding proposal

The Council has undertaken a land transaction (at market rates) with Brick by Brick (Croydon) Ltd, the council's development company (in which the Council is the sole shareholder) to bring forward the delivery of the College Green scheme (including the Fairfield Halls). The Council also provides funding to Brick by brick (at market rates) to undertake development activity.

As part of this land and funding deal, Brick by Brick will deliver a £30m package of improvement works to Fairfield Halls alongside the first phase of residential development of 218 units. Should the funding application be approved by C2C, the Council proposes to invest the C2C Local Growth Fund grant as part of the equity funding to Brick by Brick, allowing it to undertake the further £14.25m of capital works. C2C's grant funding therefore substantially enhances the project and delivers a new gallery space, new public realm as well as enabling (demolition) works across the wider site.

Croydon Council, with the benefit of external expert advice, has satisfied itself that this approach to the delivery of the College Green regeneration provides 'best consideration' for the land included in the agreement and is fully state aid compliant.

Coast to Capital's (C2C) LGF grant funding bridges the financial viability gap described above, thereby unlocking development of the site and allowing the speedy delivery of Phase 1. The LGF funding will cover a) site infrastructure and enabling, b) the creation of a new underground gallery space and c) a new high quality public realm enabling step free access from East Croydon Station.

The total cost of Phase 1a of the project is £117m. This will be funded as follows:

- Brick by Brick £103.3m
- C2C LGF £14.23m

Subsequent phases will be funded by further investment by Brick by Brick. The regeneration project has already started with Brick by Brick delivering early enabling works. The main refurbishment works commence from May 2017 and a targeted Halls opening date of end 2018.

Subject to final legal contract with the college, Brick by Brick will then proceed to deliver Phase 2 of the scheme which includes a new purpose built Croydon College facility, the redevelopment of the existing college land for a residential led scheme and associated public realm works.

### SUMMARY - PHASE 1 OF THE FAIRFIELD AND COLLEGE GREEN PROJECT

Croydon Council are seeking Local Growth funding for Phase 1 of the project in order to meet the current funding gap on the project and meet C2C funding objectives. The total cost of Phase 1 is £117m and £14.23m of this is required from C2C.

	Amount	% of Total Cost
<b>Total Project Cost</b>	£117,573,000	100%
<b>Applicant own funds</b>	£0	0%
<b>Other public funds</b>	£0	0%
<b>Private sector funds</b>	£103,342,456	88%
<b>Funding requested from Coast to Capital LEP</b>	£14.23m	12%

C2C LGF grant funding relates to the following project elements:

**Commented [HG1]:** If our funding is just for phase 1 – the college isn't part of it, but is part of the wider programme??

**Commented [HG2]:** The college is part of phase 2.

	Project element	Funding requested
A	Infrastructure and project enablement	
A1	- Demolition of existing structures	£4,000,000
A2	- Sustainable transport and access routes	£7,230,544
B	Refurbishment of Fairfield Halls and creation of a gallery space	£3,000,000
	TOTAL	£14,230,544

## PROJECT DETAIL – FUNDED ELEMENTS

### A1 Infrastructure and enabling - demolition works

Before works can start on the site, enabling works must be completed including the demolition of a number of existing buildings and structures. Costs estimated by Mott Macdonald for demolition of the NCP multi-storey car park and associated demolition, enabling and infrastructure works are £4m.

### A2 Infrastructure and enabling – sustainable transport and access

Local Growth funding will fund the physical elements needed to transform the pedestrian experience of Fairfield, linking the site coherently with designated public spaces and integrating it within the wider pedestrian movement network. The total cost of public realm works is circa £11m which covers green space, landscaping etc. Croydon Council are seeking a contribution of £7.25m towards this element which relates to public space improvements, transport and access infrastructure, pedestrianisation and cycle routes.

### What will Local Growth Funding help to achieve?

- Infrastructure elements to improve legibility and connectivity of the site which provides a stronger public urban framework with key north-south and east-west access as well as an improved set of public urban spaces which complement, rather than obstruct, the myriad uses contained within the area. The Central Opportunity Area will then become a destination with improved connectivity and a strong public realm.
- College Green will become a much busier place as people move to key destinations within Croydon. This will act as a catalyst for redevelopment within the masterplan area, encouraging a vibrant mix of activities e.g. active and passive recreation, informal play etc.
- The area will become a regional education/leisure/culture destination anchored by Fairfield Halls and Croydon College which will benefit greatly from improvements to their surroundings.
- Area or corridor public realm improvements help improve the local environment, manage movement and encourage walking and cycling by improving safety and perceptions of safety. This will lead to a significant increase in the number of trips made on foot and cycle around the town centre.

### B The refurbishment of Fairfield Halls

The Local Growth Funding grant will also fund the development of a new gallery within Phase 1 of the scheme and integrated within the Fairfield Halls refurbishment. This includes the provision of a large flexible D1 gallery space and ancillary facilities within the existing basement car park beneath College Green covering an area of approximately 2,229 sq m. A large entrance foyer of approximately 348 sq m will be incorporated within the cloister

extension to the northern elevation of Fairfield Halls. The total cost of this is £4m, with £3m sought from C2C LGF funding.

The gallery space will be designed with moveable and adaptable walls to provide flexibility for displays. The ancillary facilities at basement level will include a storage area, a designated loading/unloading area, offices and toilets.

Such a facility will add a significant cultural element to the area, complementing the Fairfield Halls offer as a cultural destination, filling a gap in Croydon's cultural infrastructure representing a valuable addition to the cultural and educational quarter vision for the site. It will be a visible and high profile element to the scheme adding to its success as a cultural destination.

This is part of a wider package of internal and external works to ensure the venue is fit for purpose, efficient to operate and to strengthen its offer in the context of its regional status as a cultural and entertainment destination. The proposed package of works currently includes:

- The remodelling of the service areas and 'get-ins' at the eastern end of the building at basement, ground and first floor levels.
- Removal of the 1990s extension to the east elevation of the Arnhem Gallery and the introduction of a new multi-function extension to the upper level.
- A glazed extension to the northern elevation to introduce an active frontage onto College Green including class A3 (restaurants and cafes) uses and space in connection with the proposed gallery beneath College Green
- Works to roofs and façades including repair and refurbishment where necessary and improved lighting.
- A new energy centre within the basement which will serve the Fairfield Halls building, the Phase 1 residential development and other elements of the development as well as the potential to export hot water and electricity offsite.

**What will this cash injection achieve?**

- A complete and efficient venue that will have lower public cost for its day to day operations. The venue will have more facilities that will function as an attractor for audiences and enhance audience spending in the local economy.
- The venue will allow the hosting of bigger shows than currently feasible. The larger audiences, cast and crew will in turn mean increased spending in the local area.
- £8.35 million in GVA, 45 jobs safeguarded and a further additional 1300 jobs in the local economy
- The emergence of a new creative / culture arts sector which is anticipated to lead to an audience growth in excess of 300,000 over the next 25 years.
- New modern conference facilities for the region's business sector.

**1.2) Please choose the theme in which the LGF funding will invest in directly (please choose only one main theme of relevance)**

- Infrastructure
- Housing and Regeneration
- Skills and workforce
- Business and Enterprise

**1.3) The fit with the Strategic Economic Plan and Devolution Deals**

The Coast to Capital Strategic Economic Plan (SEP) 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.

C2C's SEP notes that, while performance in Croydon is good generally, this is tempered by some challenges notably quite poor performance in terms of skills with signs of getting stuck in low equilibrium; a need to unblock the housing market and increase supply to create capacity for growth. Negative aspects relating to infrastructure were also highlighted notably poor quality urban realm and the high rates of local car use.

This proposal specifically addresses these challenges in terms of:

**Employment Space and Jobs**

The C2C SEP refers to Croydon as a strategic business and employment location. Local Growth funding will make a substantial contribution to its Growth Deal employment target which currently stands at 2,400 jobs. The scheme is forecast to **create 1300 FTE new jobs taking into account the expected housing provision on the site** across the various use class sectors of:

- Business (use class B1 / office),
- Restaurant and retail (A1/A3/A4 use classes), and
- Community / non-residential amenity and leisure (D1 & D2 use classes).

In total the College Green scheme will deliver between 30,842 and 96,650 sqm (potential 77,320 net) of office / B1 employment space

The scheme will enable Croydon to exceed its Growth Deal target of 78,167 square metres of employment space. **This represents 11% of the Coast to Capital target of 970,000 sqm of employment space creation.**

Additionally, we forecast that there will be an additional (net) 318 direct, indirect and induced 52-week construction jobs per annum generated during the construction phase of the project.

**Skills: Education facilities**

The Fairfield & College Green development will **enable the creation of a 'state of the art' FE/HE facility** which is fit for purpose and better equipped to respond to the needs of employers across the C2C LEP area. This addresses strategic priority 4 - building a successful workforce. There is currently a skills deficit in Croydon, whereby the lack of higher level qualifications (Level 4 and above) affects the competitiveness of the area for inward investment, particularly in terms of attracting high growth, higher productivity enterprises.

The new campus will create a modern learning environment, improve the curriculum and bespoke short course commercial offer to businesses and contribute to a key priority of the Post 16 area review through a more responsive FE & HE offer to the business community.

This new campus will provide a circa 20,000 sqm modern learning facility.

**Art & Culture**

The new Fairfield Halls will deliver 23,266 sqm of art & cultural space. In terms of alignment with C2C priority business sectors this development will directly support three C2C key sectors notably, Creative Digital & Information Technology (CDIT), Environmental Technologies and Financial and Business services.

**1.4) Expected Total Project Cost and source of funding. Please also complete the funding breakdown tab on the supporting spreadsheet.**

	Amount	% of Total Cost
<b>Total Project Cost</b>	£117,573,000	100%
<b>Applicant own funds</b>	£0	0%
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Funding requested from Coast to Capital LEP	£14.23m	12%

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

Output/outcome	Metric	Number to be delivered			
		Phase 1a	1b	2	3
Employment- created and/or safeguarded	No.	318 per annum during construction phase 1300 FTE based on assumption of maximising housing outputs across the development			
Businesses assisted- financial and non- financial	No.	0	0	0	0
Skills- new learners and/or apprentices	No.	0	0	0	0
New housing unit completions	Units	218	Min 996 - Max 2427		
New floor space constructed/refurbished- learning	Sq mtr		20,000		
New floor space constructed/Refurbished- Commercial	Sq mtr	505	B1 – min 30,842 Max 96,651 A1, A2, A3 – 11,306 C1 – 8342 D1, D2 - 2330		
Length of new roads/cycle ways	Km	0	0	0	0
Improvement to journey times	Minutes per mile	0	0	0	0
Carbon reduction	Tonnes of CO2	0	0	0	0

**1.6) Main risks and issues the project will need to manage?**

1. Delay to the programme which impacts on the opening of the Fairfield Halls – enabling works underway and main contractor procurement commenced to start from May 17
2. Scheme is not viable due to cost/value of uses being delivered – securing of external funding from C2C has reduced this risk significantly
3. Delivery of all elements of the scheme including public realm are delayed impacting on the re-opening of Fairfield Halls and College Green – the different elements of the scheme are being managed and delivered in tandem to ensure that upon re-opening any future works are minimised and do not impact on the operation of the Halls.
4. Cost increases to the scheme – the budget is being monitored on a regular basis and the scheme is being designed to a strict budget.
5. Stakeholder engagement – ongoing discussions with stakeholders including Croydon College and landowners.

**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.

The Strategic Economic Plan (2014) for the LEP outlines the aspiration to create 60,000 new jobs and 26,000 new homes by 2020. It is envisaged that the growth deal could help create 2,400 jobs and 4,440 homes by 2020 within Croydon, however, additional investment will be needed to help unlock the full development potential within the COA to achieve the desired employment and residential growth targets.

Private sector-led regeneration cannot on its own unlock sustained growth over the next 30 years - a range of stimulus is needed to ensure that growth is sustained and the borough is more resilient to future economic shocks and impacts.

#### **Market Failure: Constraints to growth and the case for intervention**

The redevelopment of Fair field Halls and College Green is to be viewed in the context of the overall market failure of Croydon Opportunity Area (COA) which is attributed to the long term decline of the COA. The lack of investment over a 30 year period has manifested as barriers to inward investment i.e. the physical, economic and social constraints of the COA and the inability to attract the right mix of businesses and residents i.e. employers from knowledge intensive sectors and high skilled communities needed to propel the COA to growth.

Croydon's Opportunity Area Planning Framework emphasises the post-war modernist architecture and urban planning as a key feature of Croydon's built environment, resulting in the statutory and local listing of some landmark buildings. A significant proportion of Croydon's office stock needed investment to bring it up to elevate it to Grade A standard. In addition, a high number of office premises have taken advantage of permitted development rights and converted to residential dwellings in the past two years. Croydon has become as a result one of the country's most in demand locations for office space.

Croydon, however, suffers from poor quality public realm and poorly defined streets and public spaces, and is dominated by transport infrastructure such as Wellesley Road (a dual carriageway which was designed primarily for trams, buses and cars not pedestrians and cyclists). The current physical environment within the Opportunity Area detracts from people's perceptions of Croydon and is a significant barrier towards attracting inward investment.

The impact on the business competitiveness of the COA is significant. The London Borough of Croydon is the UK's 14th largest local authority in terms of population density and is on a par with major cities such as Cardiff and Bristol that rank highly on Grant Thornton's Place Analytics High Growth and Business Location Index. This quantifies the overall quality of an area as a business location and its potential / capacity for high growth. Croydon needs significant investment to match levels of growth demonstrated by metropolitan centres similar in size, scale and connectivity such as Cardiff and Bristol.

The redevelopment and renewal of the urban core within the COA, is therefore an important catalyst for stimulating change and instilling confidence in Croydon as a place to both live and work, and will be critical to Croydon's future success.

Large schemes have been delivered in the early phases of the transformation of Croydon's COA, which include Saffron Square and Ruskin Square (now home to Her Majesty's Revenue & Customs HQ). Other significant developments will soon follow including Taberner House, the former Royal Mail Sorting Office on Addiscombe Road, Cherry Orchard Road and St. George's House. Factoring in current vacant office space and the loss of employment space as a result of proposed permitted development rights conversions from class B1 to residential, there is a net growth of office and retail floorspace over the next 15 years.

#### **The Fair field and College Green Site**

The redevelopment of Fair field and College Green is critical to the success of the COA as a growth location and responds to the lack of high quality civic and cultural amenities needed to define a sustainable future for Croydon and its town centre.

The College Green area will become the centrepiece of Croydon's new Cultural and Educational Quarter, an innovative and inspiring area with a lively mix of cultural, educational, commercial and residential, uses, and a well-connected and high quality public realm. We believe that by unlocking the Fair field / College Green site will also contribute to the COA becoming a more competitive business location by adding an attractive cultural dimension to investment decisions. The coordinated transformation of Fair field and College Green site is fundamental to the social and economic growth of the COA and the borough as a whole. Transformation will include three elements and will occur over three phases.

#### **New homes to meet demand: Phase 2/3**

The Fair field development responds to the need for new housing and employment opportunities to meet the need for new housing and employment opportunities of a growing population. Although house prices and private sector rents in Croydon are relatively low compared to London overall, they are still beyond the means of an increasing proportion of local residents and are continuing to increase. Most notably; homelessness has been increasing since 2011, with an increase in the use of temporary accommodation compared to five years ago.

The borough's Strategic Housing Market Assessment, produced in response to a further alteration to the London Plan (FALP) finds that Croydon requires an additional 27,048 new homes to meet the needs of population growth and migration. This figure includes 18,068 market homes, 1724 Intermediate homes and 7256 affordable homes.

Specific constraints in relation to affordable housing relate to surplus value of developments. To meet the minimum 15% target, (assuming land values remain at current levels and current costs) schemes must be able to generate a modest surplus which could fund infrastructure alongside 15% affordable housing. In the absence of a sizeable surplus, schemes require a degree of sales value growth (in excess of cost inflation) to become viable with 15% affordable housing. The Croydon DIFs Report refers to a growth in sales value of between 3% and 6% which would allow developers to make contribution towards affordable housing and infrastructure.

### **Croydon College: An upgraded further education facility: (Phase 1b)**

Croydon College which contains the University Centre is one of the largest providers of further education between London and Brighton, has ambitious plans to construct a new, modern facility comprising 20,685sqm designed to provide the space needed to deliver its aspirations under a council led hybrid planning application for the Fairfield Halls and College Green site.

Croydon is already the 14th largest local authority in the UK with a large and diverse resident population of which 78.8% are economically active, comparable to major UK cities such as Cardiff and Bristol. By 2020, Croydon's population is anticipated to grow by a further 2.8%; high numbers of young people and therefore the latent workforce is expected to grow by 4.1%.

Croydon has some stubborn structural employment challenges which are evident in the gap between the skills requirement of high productivity sectors and the skills of local people. Compared with C2C and London levels, Croydon has fewer employees qualified at NVQ Level 4 and Level 3, the level typically expected of higher specialisation jobs, and almost double the proportion of employees qualified at Level 2. Part of the challenge lies in the proliferation of entry level and often low skilled jobs in sectors that dominate in Croydon (retail, service sector and business support services). The result is in-work poverty and low pay, particularly in more deprived areas of the borough. The borough is making progress, however, in secondary education attainment - at Key Stage 4 (KS4), GCSE results were above the national and statistical neighbours' average. The proportion of children in Education, Employment or Training at age 16 and 17 has improved by more than that of any Local Authority nationally.

Rebalancing the local economy towards higher productivity sectors will require developing a higher skilled and specialised labour pool, and it is anticipated that an evolving further education environment (Post 16 Review, Industrial Strategy Green Paper 2017) augmented by high quality learning and commercial training premises will support Croydon College to focus on improving employment and progression outcomes for students.

Curriculum areas forecasted to grow during the period over the next three to five years are Science, Health and Social Care, Childcare, Construction, Motor Vehicle Maintenance/Technology, Engineering, Retail, Customer Services, Digital Creative Arts. An FE provider which is responsive to the needs of employers operating in the COA is crucial in building a critical mass of appropriately trained and highly qualified individuals ready to enter the local labour market, including in high growth sectors such as tech and creative / arts sector.

The University Centre has entered into a strategic partnership with the University of Sussex who validate the majority of the College's Higher Education courses. The College is working closely with the University to develop this partnership to increase the access to higher education courses in the Croydon area.

### **Fair field Halls and College Green: a new cultural quarter (Phase 1)**

Fairfield Halls has been the leading arts and entertainment complex in Croydon since its opening in 1962, and is a valued part of the borough's cultural heritage. The Halls comprise the Concert Hall (1,800 maximum capacity), the Ashcroft Theatre (755 seats) and the Arnhem Gallery, a flexible flat floored hall with a capacity of 500. These spaces, together with the Grand Foyer, make Fairfield Halls one of the largest arts and entertainment complexes in the UK.

Fairfield Halls was drawing an audience of 199,000 people per annum until its closure for refurbishment. 70% are within a four mile radius and 30% from outside Croydon.

The Halls are also a valuable education resource offering high quality facilities and programmes particularly for local school children. This forms part of Fairfield Hall's volunteering, education and skills development work that raises local aspirations and employability. For example, almost 7000 young people perform or participate in at Fairfield each year. There are no other such

facilities in South London, though there are other large theatres nearby in Wimbledon and Bromley.

#### **Current contribution to the local economy**

An Economic Impact Assessment of Fairfield Halls revealed that the COA is currently functioning as somewhere to shop but does not provide the full range of eating, drinking and cultural / entertainment facilities that would encourage visitors to view it as a destination. For this reason, Fairfield Halls generates £2.0 million economic impact per year. This equates to £1.3m GVA and 108 local jobs.

This however, does not represent the optimum impact that the venue is able to generate. A number of barriers currently exist which require significant levels of pump prime investment from a combination of sources i.e. from: investors seeking to develop higher quality facilities, from improving the physical connectivity of the COA if the ambitions for Fairfield Halls are to be realised.

#### **The Venue**

The building contains approximately 16,378sqm GIA and consists of three main elements in a symmetrical arrangement. In the central and largest element, is the Concert Hall, beneath the auditorium of which is a shared foyer to the building. In the subsidiary wing to the north is the Ashcroft Theatre and the subsidiary wing to the south the Arnhem Gallery which is a multi-functional space used for a range of types of events including conferences

The frontage to Fairfield Halls is laid out as a car park but no longer in use. Vehicular access for coach and other drop-offs is provided via an internal access road accessed from Barclay Road at one end and onto Park Lane at the other.

The building is in need of investment and parts are nearing the end of their useful life and that the inflexibility of the spaces makes the venue increasingly difficult to remain economically viable. Fairfield Halls management has confirmed that the proposed works are critical for the Halls to continue operating in a sustainable way.

The building itself has become visibly shabby which results in diminished experience for performers and audiences, The un-modernised facilities limit the type of shows and events that can be presented, and the building is highly inefficient to run. Technical upgrades are needed, particularly to the Concert Hall stage, backstage and get-in; and to the Arnhem Gallery.

#### **Accessibility to site**

The Fairfield site is currently best described as isolated and not easily accessible. The infrastructure developments of the 1950s left the site physically disconnected from the rest of Croydon. Today, the site is surrounded by barriers; there are few possibilities to walk through College Green; it is complex to navigate through and around due to several differences in levels and underpasses. For this reason, the site is perceived to be unsafe and inhospitable. Inconsistent material treatments and lack of legibility make the environment incoherent for pedestrians. As a result there is very little pedestrian activity and consequently minimal public life.

The Fair field area suffers from a lack of genuine active frontage which discourages pedestrians to use the spaces as either route or destination. In particular, traffic barriers along Park Lane, George Street and Barclay Road do not encourage pedestrian movement. Where crossings exist, they are uninviting and indirect. Minimal route options across the site discourage people from walking or cycling and connections along major pedestrian desire lines are missing.

The Fair Field Masterplan area is adjacent to East Croydon station, one of the busiest stations in the UK and yet, the footfall from this station is not being harnessed, primarily because there is

a poor quality pedestrian link to College Green from the station. In addition to this, a number of buildings and sites within the Masterplan area and its surroundings are underused or vacant.

The site is further complicated by underground parking. This contributes to the general perception that the area is unsafe with little natural surveillance, natural light, poor access and egress and a confusing layout.

#### **Limited walking opportunities**

Across the borough, fewer people walk as their main method of transport than the average across the rest of Greater London. Walking within and to the COA is particularly challenging where the Wellesley Road and the A232 (including Croydon flyover), the Roman Way (and flyover) and railway lines act as barriers to east-west and north-south movement especially.

This is exacerbated by the size and impermeable nature of many of the development blocks within the COA. From the west, the A23 also acts as a barrier to walking to and from the COA leading to low frequencies of walking from areas such as Broad Green, despite the fact that geographically it is relatively close.

Croydon's Opportunity Area Planning Framework (OAPF) proposes a network of high quality walking routes and spaces not only to ensure access on foot but also as part of creating a more liveable environment for 19,271 additional residents planned for within the COA. This is affirmed by the Fair field masterplan.

#### **Limited cycling opportunities**

As with walking, the number of trips made by bicycle in, to and from the COA is lower than the average for outer London. The main transport corridors, as identified as restricting walking causes the same issues of severance and act as barriers to cycling.

The OAPF Strategic Transport Study, found that on an average day 20% of the trips to, from or within the COA are made by walking or cycling in the base year. This increases to 21% in the 2031 without-development scenario and then again to 24% in the with-development scenario. This increase would not be sufficient to meet Mayoral targets for increases in cycling trips. It has been seen that many short journeys are made by car and this would suggest that there is potential for increased cycling opportunities including in the Fairfield site.

#### **Lack of destination offer**

The EIA findings reveal that audiences from outside Croydon (30%) spend slightly more on-site and off-site which highlights the importance of attracting non locals in order to drive up income levels of Fairfield Halls as well the local economy.

However, the amount spent on off-site expenditure by all Fairfield Halls audience members is much lower when compared with similar venues, such as Jacksons Lane in Islington and the Barbican Centre. With the exception of shopping, lower spending is seen across all categories. Fairfield Halls in this regard does not compare well with its competitors affecting the Hall's future commercial viability.

The results suggests that the COA is functioning as somewhere to shop but it does not at present provide the range of eating, drinking and cultural entertainment facilities that would encourage visitors to view it as a destination.

A high quality, state of the art venue and associated public realm is integral to addressing local market failure and will act as a conduit for stimulating growth of a) jobs in the sector b) culture/arts supply chain, c) wider local economy. Additional local economic stimulus will result from the creation of modern corporate conferencing facilities in the venue, with Fairfield Halls expecting over 100 conference and corporate events per year.

Croydon has no facility of this scale although there are a number of smaller galleries looking to expand. A commercial, successful high profile and highly visible gallery would contribute significantly to the draw of Fairfield and College Green as a cultural destination.

The Croydon School of Art has a long and impressive history of producing innovative and radical artists, such as Bridget Riley and Jamie Reid, and Croydon is also known nationally for its vibrant street arts scene. Building on this, the new gallery would take its place in the development aiming for global as well as local impact. The combination of this as part of the revitalised Fairfield Venues will create a huge and lively centre which will both act as a driver for growth and spend and contribute to the changing reputation of Croydon.

#### **Current position**

As set out above, the overall regeneration of College Green is to be organised in three phases over a 10-15 year period.

In February 2016 a hybrid planning application was submitted for the first development phase proposing a mixed use scheme including the award-winning design for the new Fairfield Halls. Over the three phases the scheme will deliver:

- a) Major residential and commercial development leading to circa 2,000 new homes and a maximum of 19,575 sqm of flexible retail and office space
- b) A refurbished venue which includes substantial internal and external alterations and the provision of a large flexible D1 gallery space and ancillary facilities in a new extension to the north of Fairfield halls at ground level and with the existing basement car park beneath College Green
- c) Infrastructure development and associated public realm –which will improve permeability by strengthen the existing North –South and East West routes through the application site, and will provide accessibility for cycles and pedestrian circulation routes into the surrounding areas.
- d) A new college facility – a state of the art college facility to replace the existing one which is inefficient and costly to run.

#### **Our funding proposal**

The Council has undertaken a land transaction (at market rates) with Brick by Brick (Croydon) Ltd, the council's development company (in which the Council is the sole shareholder) to bring forward the delivery of the College Green scheme (including the Fairfield Halls). The Council also provides funding to Brick by brick (at market rates) to undertake development activity.

As part of this land and funding deal, Brick by Brick will deliver a £30m package of improvement works to Fairfield Halls alongside the first phase of residential development of 218 units. Should the funding application be approved by C2C, the Council proposes to invest the C2C Local Growth Fund grant as part of the equity funding to Brick by Brick, allowing it to undertake the further £14.25m of capital works. C2C's grant funding therefore substantially enhances the project and delivers a new gallery space, new public realm as well as enabling (demolition) works across the wider site.

Croydon Council, with the benefit of external expert advice, has satisfied itself that this approach to the delivery of the College Green regeneration provides 'best consideration' for the land included in the agreement and is fully state aid compliant.

The total cost of Phase 1a of the project is £117m. This will be funded as follows:

- Brick by Brick £103.3m

- C2C LGF £14.23m

Brick by Brick are currently on site delivering early enabling works for this development, with main refurbishment works commencing from May 2017 and a targeted Halls opening date of end 2018.

Brick by Brick will then proceed to deliver Phase 2 of the scheme which includes a new purpose built Croydon College facility, the redevelopment of the existing college land for a residential led scheme and associated public realm works.

**Commented [HG3]:** Our funding doesn't flow to the college aspect, this will be funded by Brick by Brick.

## 2.2) Investment Objectives- detail the specific objectives to achieve the anticipated outcomes.

The overall development will create:

- A scheme of national architectural significance.
- A strategically important landmark providing the borough with a cultural heart
- A unique and vibrant mix of uses including new homes, cultural spaces, educational facilities, offices, shops and restaurants
- A modern flexible and much better functioning Fairfield Halls which also restore the architectural and heritage qualities of the building plus the creation of a new art gallery, additional public facing food and beverage spaces, and improved integration with the wider area.
- A new modern venue for corporate and conference events
- A new high quality public space suitable for both transition and rest, alongside other amenity provision for residents and visitors alike.
- A variety of integrated public art opportunities in an attractive and culturally flexible outdoor space for Croydon.
- A new high quality, animated, step-free through route to and from East Croydon station with its inter-regional connections, the town centre and wider area.
- A new state of the art college facility to replace the existing one which is inefficient and costly to run.

## 2.3) Stakeholder Engagement carried out.

The Development has been the subject of extensive pre-application discussions with Croydon Council, GLA, TfL, statutory consultees, and the local community and stakeholders. Through these discussions, the development was revised to meet a wide variety of objectives and interests.

Public exhibitions were held on 6/7 November 2015 as well as on 18 April 2016.

At the exhibitions, feedback forms were made available to all attendees. All of the feedback received during this period was recorded, analysed and considered as part of the pre-application process. In total 104 feedback forms were handed back to the project team at the exhibitions.

The public exhibitions were well received with in excess of 120 people attending the consultation event across the two days. Those who attended the exhibition were able to view the plans and the project team were on hand to explain the proposals and answer any questions.

Overall, the feedback has demonstrated a positive response to the plans. Most of the comments received reflected the popularity of the Fair Field site and local aspirations for a redeveloped site.

## 2.4) List the key stakeholders and their interest areas.

Stakeholder	Interest area
Croydon College	Educational and key stakeholder and landowner for provision of new College facility
Landowners	Owners of land around the site
Croydon Council	Local authority, Local Planning Authority and sole shareholder of Brick By Brick (Croydon) Ltd.

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

1. Delay to the programme which impacts on the opening of the Fairfield Halls – Enabling works underway and main contractor procurement commenced to start from May 17
2. Scheme is not viable due to uses being delivered and delivery of Fairfield Halls – Securing of external funding from C2C has reduced this risk significantly and change to the unit mix of Phase 1 homes to improve viability of scheme
3. Delivery of all elements of the scheme including public realm are delayed impacting on the re-opening of Fairfield Halls and College Green – the different elements of the scheme are being managed and delivered in tandem to ensure that upon re-opening any future works are minimised and do not impact on the operation of the Halls
4. Cost increases to the scheme – the budget is being monitored on a regular basis and the scheme is being designed to a strict budget
5. Stakeholder engagement – ongoing discussions with stakeholders including Croydon College and landowners.

**2.6) Project Dependencies**

The project is a large scale development and has a number of dependencies.

- Procurement of new Fairfield Halls operator – this was started in summer of 2016 and a new operator has now been selected - BH Live
- Landowner engagement – ongoing engagement with the surrounding landowners to ensure a comprehensive approach to the development, including the Ministry of Justice.

**2.7) Project disruption**

The Fairfield Halls and College Green development will run over a series of phases from 2017 onwards. During construction work, parking bays and bus stops located near the works will be suspended for safety reasons.

Disruption will be minimised during the construction phase with Croydon Council's 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

A Construction and Logistics groups has been set up to monitor all construction related projects in central Croydon over the next 5 years and beyond to ensure a co-ordinated approach to construction, communicate what is happening and ensure the town centre keeps moving.

### 3. The Economic Case

**3.1) Please describe the options that have been considered in selecting the project proposal, completing both box 1 and 2.**

#### Box 1:

Option Name:	Description:	Total cost:	Amount requested:	Core outputs (see 1.5)
<b>Do nothing, minimum or status quo</b>	No Gallery or public realm under phase 1 Longer term viability questionable. Likely to be a reduction in outputs and a much longer delivery period.	£ (phase 1 only)	£0M	
<b>Proposed option</b>	£14.2m	£117m (phase 1 only)	£14.2m	
<b>Alternative options:</b>				

**Do nothing / Status Quo:** Brick By Brick will continue to deliver the development of College Green as and when phases become viable. However, this approach results in a piecemeal approach to delivery, with business and employment outcomes undelivered in the short term and some elements may never be delivered.

**The Proposed Option  
With LGF Funding:**

**Alternative Option: None**

#### 3.2) The preferred option

£14.2m

**Preferred option (with LGF investment):** This option will allow the project to achieve additional outcomes in relation to job creation and will allow the scaling up of business related outcomes i.e. an increase in business relocations and businesses assisted.

#### 3.3) Issues with preferred option.

None

#### 3.4) What are the top 5 risks of this option?

1. Delay to the programme which impacts on the opening of the Fairfield Halls – Enabling works underway and main contractor procurement commenced to start from May 17

2. Scheme is not viable due to uses being delivered and cost of Fairfield Halls refurbishment – securing of external funding from C2C has reduced this risk significantly.
3. Delivery of all elements of the scheme including public realm are delayed impacting on the re-opening of Fairfield Halls and College Green – the different elements of the scheme are being managed and delivered in tandem to ensure that upon re-opening any future works are minimised and do not impact on the operation of the Halls.
4. Cost increases to the scheme – the budget is being monitored on a regular basis and the scheme is being designed and contracted to a strict budget.
5. Stakeholder engagement issues – ongoing discussions with stakeholders including Croydon College and landowners.

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) Economic impact

The impact of the Fairfield Development is moderate. Using net employment gain and average GVA per filled job (ONS 2015), a one off investment of £117.5m will result in cumulative additional GVA contribution of £4.6m for Fairfield Halls over a 10 year period, £20.4m GVA generated by retail jobs and a further £15.8m generated by office jobs. The total GVA gain is £40.8m. Although this does not account for differences between productivity in different sectors, it is the most suitable proxy in the absence of cash flow.

In addition to this, the redevelopment of the cultural quarter, including Fairfield Halls, the ancillary retail offer, office space and conference/corporate events facilities will create a huge opportunity to increase the cultural quarter's economic impact by creating jobs and encouraging its visitors and local residences and to spend more on site and in the Croydon Metropolitan Centre. We anticipate that the redevelopment of the cultural quarter will lead to an additional 100,000 visitors per annum and an additional £960,000 per annum spend in the local economy.

In terms of jobs, the development will lead to the creation of **1300 FTE gross jobs, 731 net direct jobs** after accounting for displacement and leakage, and a further **643 indirect and induced jobs**.

The Job impact of the redevelopment has been summarised below:

**Table 1: Summary Job Outcomes**

	Gross Direct FTE	Net Direct FTE	Additional Indirect FTE	Additional Induced FTE
Fairfield Halls	130	73	22	29
Ancillary retail	660	371	111	223
Office *using composite multiplier	510	287		83
<b>Total</b>	<b>1300</b>	<b>731</b>	<b>219</b>	<b>424</b>

#### Direct Jobs

##### **Net Direct jobs Construction: 39 FTE (not counted in outputs)**

The £117.5m re-development is expected to create 318 temporary construction jobs per annum, leading to a total of 875 jobs during construction (2017 – 2021). Employment opportunities will be accessible to residents, and contractors will be encouraged to employ local labour where possible.

It is estimated that approximately up to 75% of total expenditure on building works could be spent on firms based locally in the Croydon area across the phases. This assumption is based on HCA Additionality Guidance 2014. A medium level of leakage (25%) was adopted on the assumption that a reasonably high proportion of the benefits could be returned within the area.

Using this proportion, it is estimated that up to approximately £20.6m of the total capital expenditure could be spent on salaries in Croydon (during the demolition, construction and refurbishment work during phase 1) This is based on data for the London Construction sector which indicates that approximately 25% of the total purchase of goods /material and services within the sector was spent on salaries in 2015 (Annual Business Survey, ONS 2015).

Taking the average annual salary figure in the London construction sector for the latest year available (Annual Business Survey 2015), it is estimated that direct salary expenditure could potentially support approximately 390 job years and 39 permanent jobs.

Construction activity feeds through to numerous other related business activities such as building materials, architectural services, legal services and insurance, and some of these linkages result in job creation in the local economy, including consumer spending. We have used Type II multiplier of 1.2 to calculate the induced impact of the investment. This means that in every 10 job years in construction, will result in a further two job years locally, in supplier industries. Given the nature of Croydon's economy, these jobs are likely to be in services or in activities such as builders merchants which suggests that around a further 8 permanent jobs may be generated from the proposed development.

As detailed in the table, the demolition, construction and refurbishment during phase 1 could support construction industry and supplier jobs in Croydon equivalent in regeneration value to about 47 permanent equivalent jobs. It is important to remember that this is a conservative estimate and there may be more jobs than this.

**Table 2**

Construction Phase Impacts	Value	Formula	Source
CAPEX PV	£117,573,000	(a)	Building works Estimate
CAPEX in London after 25% leakage	£88,179,750	(b)	Assumption based on HAC Additionality Guidance
% of CAPEX spent on salary in greater London	25%	C)	ABS, ONS 2015
Salary Expenditure in Croydon	£22,044,937.50	(d) = (b)*©	calculation
Average Mean Salary in Construction in Greater London	£53,018	( e)	ASHE, ONS 2016
Direct Jobs Supported (FTEs)	415.80	(f)=(d)/€	Calculation
1 FTE = 10 employment years	10	(g)	HM Treasury Guidance
Construction jobs supported expressed as permanent job equivalents	41.58	h=(f) / (g)	
Multiplier of 1.2	0.2	(i)	HCA Additionality Guide 2014

Indirect and Induced jobs supported expressed as permanent job equivalent	8.32	(i)=(h)*(i)	calculation
Total Jobs Supported expressed as permanent job equivalents	49.90	(j)=(h)+(i)	calculation
Total Job Years Supported	498.96	(K)=(J)*(G)	Calculation

Source: Mott McDonald Feb 2017

#### **Direct Operation Jobs: Fairfield Halls: 130 Gross FTE**

The assumption is that all operation jobs will be newly created posts. The investment will increase capacity in Fairfield Halls i.e. an Increased capacity of the Concert Hall, Ashcroft Theatre and Gallery Space. This in turn will lead to an increase in the number of vacancies available post redevelopment.

The proposed operators of Fairfield Halls (BH Live) have confirmed the creation of **130 Gross FTE jobs** following redevelopment. Low levels of displacement and leakage (25%) are expected and a significant proportion of the jobs created are expected to be taken up by local people. Applying the Type 1 and Type 2 multipliers for the Cultural sector (Scottish Government 2013) we expect Fairfield Halls to produce 51 FTE indirect and induced jobs in the wider economy.

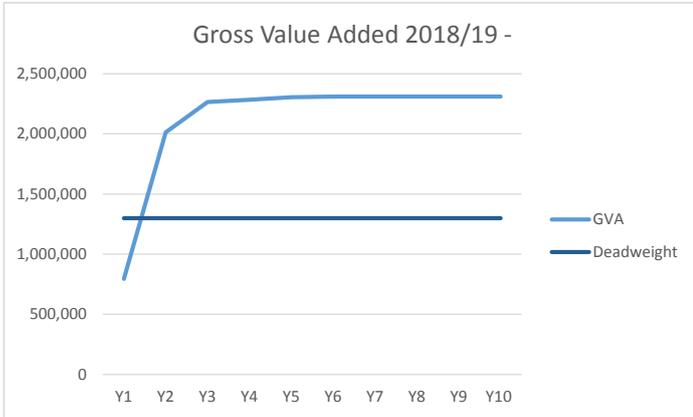
**Table 3**

	<b>Retail</b>	<b>Calculation</b>	
(A)	Gross Direct Retail Jobs	HCA Employment Densities Guide	130
(B)	Less Leakage		25%
(C)	Sub Total	(A) - (B)	97.5
(D)	Less Displacement		25%
(E)	Sub Total	(C) - (D)	73
(F)	Net Local direct effects		73
(G)	Type 1 multiplier	1.3	1.3
(H)	Indirect jobs	(G)*(F)	95.0625
(I)	Additional Indirect Jobs	(H)-(F)	22
(J)	Type 2 Multiplier	1.7	
(K)	Induced Jobs	(J)*(F)	124
(L)	Additional Induced	(K) - (F)	29
	Net Local Effects	(I)+(L)	51

#### **Total Gross Value Added**

The impact in terms of productivity levels can be derived from forecast gross operating surplus and expenditure on salaries supplied by our preferred operator. This results in £795,626 GVA in year 1 rising by an average of 17% over the next 10 years.

**Chart 1**



**Induced impact in the visitor economy (audience spend off site)**

Fairfield Halls will bring an additional induced economic impact through its audience. Audience members spend money off site in the surrounding area, bringing additional benefits to Croydon's economy. Based on comparator cultural venues in outer London we anticipate an off-site audience spend of £9.60 per head – this is an increase from its pre-re development levels at £4.50.

Pre-redevelopment, Fairfield Halls attracted an audience of 200,000 per year, of which 84% were overwhelmingly Croydon residents. Croydon's visitors currently spend £4.50 offsite in the wider Croydon economy which equates to £900,000 in the wider visitor economy. This supports an estimated 16 induced jobs in the visitor economy (as per job metric of £54,000 Deloitte, Oxford Economics 2013).

We anticipate that the re-development of Fairfield Halls will lead to around 250,000 visitors post construction phase (2021), rising to 300,000 in the long term. In tandem, and as a result of the ancillary offer and the redevelopment of Westfield, the off-site audience spend will increase to a total of £9.60 per head. Using the higher audience limit of 300,000, additional spend will equate to £2.8m in the wider visitor economy and will support an estimated 52 FTE jobs in the visitor economy.

Data from The Trustees of Fairfield Halls indicated that the Pre redevelopment Croydon v external audience share was a 4:1 split 18% / 84% equating to 168, 000 home audiences and 32,000 from the London and C2C area.

We anticipate that the impact of an enhanced cultural offer, a much expanded ancillary and town centre entertainment and shopping offer will reflect in greater visitor numbers leading to a much more balanced 3:1 split. This will result in an additional spend of £960,000 in the local economy generated by external visitors.

Deadweight is therefore represented by the additional expenditure and jobs generated by Croydon residents.

**Induced Impact: Audience Spend**

Current position	Annual Visitors	Annual Spend	Annual Induced Jobs FTE (£54,000 per job)
Spend per visitor: £4.50	200,000	£900,000	16
<b>With LGF Investment</b>			
Spend per visitor: £9.60	300,000	£2.8m	52

<b>Deadweight</b>			
a) Spend per visitor: £9.60	200,000 (Croydon)	£1.9m	35
b) Spend per visitor: £9.60	100,000 (External)	£960,000	17
c) Sub total	300,000	£2.8m	52
<b>Total Deadweight (c-b)</b>	<b>200,000</b>	<b>£1.8m</b>	<b>35</b>

#### **Direct, Indirect and Induced Operational Jobs Ancillary Offer: 660 Gross FTE**

The Cultural Quarter will incorporate a range of A1, A2 and A3 uses. We anticipate this will lead to a Gross jobs figure of 660 FTE using HCS Employment Densities Guide (2014). Given the skills and pay level of vacancies in the retail sector, there is strong certainty that the significant majority employed in retail will come from the local labour pool. The Council's 'Croydon Works' job brokerage which actively places local people in vacancies in the Town Centre will further ensure take-up. For this reason, we have applied a medium leakage level to the scheme i.e. a reasonably high proportion of the benefits will be returned in the target area.

Croydon Council already pursue an active policy of attracting and retaining local SMEs in the town centre. The implications for displacement effects within the ancillary offer is low (25%); although there is expected to be some displacement, it is only to a limited extent.

When accounting for leakage and displacement, the Net Direct jobs created is 371 FTE Direct Jobs. We have used the Scottish Government's output, income and employment multipliers throughout the analysis to calculate the net impact on indirect and induced jobs. We anticipate the creation of a further **285 FTE** jobs in the supply chain and wider economy.

**Table 4: Impact on Jobs**

	<b>Retail</b>	<b>Calculation</b>	
(A)	Gross Direct Retail Jobs	HCA Employment Densities Guide	660
(B)	Less Leakage		25%
(C)	Sub Total	(A) - (B)	495
(D)	Less Displacement		25%
(E)	Net Local Direct Effects	(C) - (D)	371
(G)	Type 1 multiplier	1.3	1.3
(H)	Indirect jobs	(G)*(E)	482.3
(I)	Additional Indirect Jobs	(H)-(E)	111
(J)	Type 2 Multiplier	1.6	
(K)	Induced Jobs	(J)*(E)	593.6
(L)	Additional Induced	(K) - (F)	173
	Net Local Indirect and Induced Effects	(I)+(L)	<b>285</b>

#### **Impact on supply chain activity**

**Table 5**

	<b>Value</b>	<b>Formula</b>	<b>Source</b>
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CAPEX PV	£117,573,000	(a)	Building works Estimate
CAPEX in London less 25% leakage	£82,845,750	(b)	Assumption based on HAC Additionality Guidance
CAPEX in London less 25% displacement	62,134,313	C)	Assumption based on HAC Additionality Guidance
Type 1 Retail Multiplier	1.3	(D)	Scottish Government Input, output and income multipliers
Gross Indirect Impact	80,774,606.25	$E = (C) * (D)$	
Net Indirect impact	<b>18,640,293.75</b>	$F = (E) - (C)$	
Type 2 Retail multiplier	1.6	(G)	Scottish Government Input, output and income multipliers
Gross Induced Impact	99,414,900	$H = (G) * (C)$	
Net induced impact	<b>37,280,588</b>	$I = (H) - (C)$	
Net indirect and induced impact	55,920,881.25	$J = (F) + (I)$	

In relation to wider economic impact, we anticipate that an initial capital input of £117.5m will result in an additional impact of £18.6m in supply chain activity and £37.2m in the wider economy. In the absence of cash flow, the Gross Value Added has been calculated using work place based GVA per filled job figures for Croydon (nominal smoothed) and net employment gain. The investment results in **£15.84m**

**Direct, Indirect and operational jobs: Office Gross Direct : 511**

**Table 6**

	Office B1	Calculation	
(A)	Gross Direct Office Jobs	HCA Employment Densities Guide	511
(B)	Less Leakage		25%
(C)	Sub Total	$(A) - (B)$	382.97
(D)	Less Displacement		87
(E)	Sub Total	$(C) - (D)$	287
(F)	Net Local direct effects		287
(G)	Composite Multiplier	1.29	
(H)	Indirect and induced jobs	$(G) * (F)$	371
	Net Local Effects		83

Phase 1 of the development will create around 24,000 NIA of B1 office space. It is difficult to forecast the exact use this is likely to entail i.e. it is possible to attract a mix of B1a sectors i.e. Tech, public sector, finance and insurance which have varying degrees of employment ratios under the HCA Guidance.

Simultaneously, Croydon is experiencing a shortage of small business workspaces (which fall under mixed B use class such as maker spaces, studios, co-working and other managed workspace) needed to accommodate the burgeoning creative and Tech sector in the Growth Zone. Our own research indicates a growing demand from grow on space from existing tech and creative Micros and SMEs operating in the Growth Zone. For this reason we have used a composite multiplier for B1 office at 1.29 (HCA Additionality Guide 2014)

To summarise, we anticipate the creation of **511 Gross FTE jobs** and applying similar levels of displacement and leakage (at 25%) as retail, the office provision will lead to 83 indirect and induced jobs in the supply chain.

**Impact on supply chain**

Table 7

	Value	Formula	Source
CAPEX PV	£117,573,000	(a)	Building works Estimate
CAPEX in London less 25% leakage	£88,179,750	(b)	Assumption based on HAC Additionality Guidance
CAPEX in London less 25% displacement	66,134,813	C)	Assumption based on HAC Additionality Guidance (2015)
Composite multiplier	1.29	(D)	HCA Additionality Guide 2015
Gross Indirect and induced Impact	85,313,908.13	E= ( C)*(D)	
net indirect impact	19,179,095.63	F=( E) - (C)	

In relation to wider economic impact, we anticipate that an initial capital input of £177.5m will result in an additional and induced impact of £19.1m. In the absence of cash flow and the identification of a specific sector occupier, we have applied average GVA per filled job for Croydon and net employment gain. The investment results in £20.48m GVA.

**Sensitivities**

Despite a maximum level of commercial floorspace included in the planning application for the development, our output estimates are projected on the basis of minimum commercial floor space being made available. A number of scenarios have been proposed, which demonstrate the impact of increasing floorspace on job figures.

**The impact of increase in Net commercial (retail and office) floorspace.**

Table 8

Jobs FTE	Proposed LGF		Scenario 1: -10% increase		Scenario 2: 25% increase		Scenario 3: 50% increase	
	Retail NIA sqm	Office B1 NIA Sqm	Retail NIA sqm	Office B1 NIA sqm	Retail NIA sqm	Office B1 NIA sqm	Retail NIA sqm	Office B1 NIA sqm
Gross	660	511	726	562	825	638	990	766
Net Direct	371	287	557	431	467	359	557	431
Indirect and induced	334	83	501	125	418	104	501	125

The risks pertaining to this project include; a) a delay of 12 months to the programme which impacts on the opening of Fairfield Halls – and therefore impacts on operating profits b) cost increases to the scheme. This is discussed in the commercial case below.

### 3.6) Environmental Impact

- Sustainable design – Croydon Council public realm design guide + BREEAM
- COA more attractive, cleaner and greener.
- Increase in walking and cycling – Permeability and hence walkability improved as legibility, pedestrian access improves.
- Improved traffic and pedestrian flows as a result of the upgrade – reduced emissions in the COA.

### 3.7) Social Impact

Arts, culture and heritage are commonly linked to the development of social value which can have economic values attributed through contributions to skills levels, employability, health and productivity. The development of social value through culture is a key ambition of the Government's 2016 *Culture White Paper* and the Government supports this as a key rationale for capital investment in artistic and cultural institutions.

Local Growth Fund investment will deliver Phase 1 of the Fairfield scheme – which include the refurbishment of the venue, development of the gallery space and public realm. It is expected that the development will encourage greater participation in the arts by Croydon residents and school children through a continuation of the schools participation programme. The investment will create:

- A new high quality public space suitable for both transition and rest, alongside other amenity provision for residents and visitors alike.
- Public realm designed to encourage better access for those with mobility and sensory issues
- Fair field site becomes less isolated a more inclusive space where local people from all communities can relax and enjoy their surroundings. This will lead to increase in social capital as people interact and improved quality of life associated with high quality public amenities.

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

It is reasonable to argue that a project of this scale will benefit all the residents (379,000) in the borough in terms of access to a new world class cultural venue. As will residents across the C2C region, who will be able to access entertainment and cultural events within easy reach by rail, and by road.

The scheme is forecast to create a total of 1300 new jobs, taking into account the likely housing provision on the site, and an annual 318 net jobs during the construction phase of the project.

Potentially, 14,000 businesses across the borough will benefit from the increased number of visitors and additional expenditure.

The Fairfield Halls will provide an attractive venue to stop, eat, drink, and spend leisure time for millions of commuters annually passing through the area, including West and East Croydon Railway stations.

### 3.9) Follow on Investment

The funding will enable the scheme to deliver on its key objectives for phase 1 including the delivery of new public realm and infrastructure. Phase 1 is the start of a wider Fair Field masterplan which could see up to a £1bn worth of investment across the area outlined in the planning application.

### 3.10) Skills projects only- Impact on Skills Provision

### 3.11) Business and Enterprise projects only- Impact on business growth

**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?**

The project makes a physical and aesthetic impact in terms of:

- Will deliver an award winning world-class cultural venue with a draw across the C2C region
- Dramatically improving the look, amenity, and ambience of College Green, its connection to the rest of the centre of Croydon
- Providing an attractive public realm and connection to major transport nodes
- Attractive, safe, clean cultural quarter impacting on physical and mental wellbeing
- Social Capital improves as residents interact more in the public spaces of the COA
- Culture and the presence of a burgeoning CDIT sector will ensure that art and culture accessible to all.

**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

**4. The Commercial Case**

**4.1) Please provide details of your envisaged procurement route.**

As described above the contractual basis of the regeneration of College Green is a land transaction and funding arrangement between the Council and Brick by Brick, and not a contract for goods and services. Croydon Council is not, therefore, constrained by traditional public procurement policy under the current legal framework, which includes:

- EU Public Procurement Directives
- Public contracts regulations (2015)
- Utilities Contracts regulations (2016)
- Concession Contracts Regulations (2016)
- Public Procurement (Amendment Repeals and revocations) Regulation 2016

Brick by Brick, the Council's development company, is private company limited by shares in which the Council is the sole shareholder. Brick by Brick is, therefore, a non-contracting authority and can engage directly with the marketplace to ensure a speedy competitive process is undertaken, and best value bids are received and negotiated. Professional advisors provide detailed benchmarking to estimate and compare costs and values for all works items.

Brick by Brick's procurement route is determined by the challenges of each phase of work – for example, the Fairfield refurbishment is a two stage traditional contract while the public realm works is likely to be a single stage design and build (further details are provided in 4.3 below)

Professional advisors provide detailed benchmarking to estimate and compare costs and values for all works items.

#### 4.2) Involvement of private development partners.

Brick by Brick is the delivery partner for the project.

#### 4.3) Procurement plan and timescales.

To ensure efficient use of funds the Brick by Brick's professional team and contractor procurement is being formulated to group similar elements, or elements which are most efficiently procured together.

Consequently, the elements funded by Coast to Capital can be looked at in 3 areas' which follow differing procurement methodologies.

- Demolition
- Public Realm
- Gallery

The Demolition is being primarily procured through a traditional contract where the full works are designed and constructed by the contractor. There are also elements of demolition which are included within wider contracts to ensure efficiency. This will include a traditional contract, fully designed by a client side design team and constructed by the contractor undertaking refurbishment works within an existing retained building. It will also include an element of demolition undertaken by the main contractor constructing the residential buildings which will be designed and built by the contractor to a specification provided by the Client Design team.

The Public Realm will primarily be constructed as part of works to refurbish the existing Fairfield Halls, and is therefore fully design by the client design team and constructed by the contractor. Smaller elements of the Public Realm are to be included within contractor design and build packages where this is within the construction footprint of new build areas.

The Gallery is an extension of the existing Fairfield halls and will be included within the refurbishments works as a full design by the client design team and build by the contractor.

The procurement timetable is as follows:

August 2016 to May 2017: Procurement and appointment of enabling and asbestos strip-out works contractor for Fairfield Halls

March to August 2017: Procurement and appointment of main fit-out works contractor for Fairfield Halls

May 2017 to October 2018: Early enabling, main fit-out works, new cloister and gallery, associated phase 1 public realm works at Fairfield Halls and handover to the operator

April to May 2017: Procurement and appointment of demolition contractor for the Car Park and Associated works

June to October 2017: Demolition of the Car Park and Associated Works

October 2018: Fit-out works, Cloister and gallery, associated phase 1 public realm works at Fairfield Halls and handover to the operator

November 2018 to December 2019: Phase 2 public realm works around the Homes

**November 2019 to May 2020: Phase 3 public realm works around the College**

#### 4.4) How will the project contribute towards social value?

Croydon Council's flagship social value programme, Value Croydon, ensures the council and its partners use their purchasing power to support local businesses and generate jobs for local people. The council works in partnership to maximise the social value for local communities from its contractual relationships with external partners. These partners include main contractors and their supply chains who deliver the Council's outsourced services. Social Value considerations are stipulated in all tender specifications above the threshold level. Tender selection criteria for main contractors (and their suppliers) include weighted considerations for social value alongside ability to deliver, value for money etc. Croydon 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>

We 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 further details visit the Value Croydon web site:

<http://www.valuecroydon.com/>

Brick by Brick also subscribes to Value Croydon principles.

#### 4.5) State Aid Compliance.

The Council has given consideration to ensuring that the grant requested under this funding application is compliant with State Aid regulations. The Council will use the grant funding as equity investment in Brick by Brick. The funding will be loaned to Brick by Brick at a market rate and, therefore, does not constitute 'state aid'.

In addition, the present proposals come within the scope of the State Aid Modernisation programme (SAM - an ambitious reform program of state aid control fostering sustainable, smart and inclusive growth). One of the components of SAM is the increased flexibility given to Member States to grant state aid without prior notification and approval by the Commission, provided that certain conditions are met. In this case, through the application of the General Block Exemption Regulations (GBER) Brick by Brick is satisfied that those conditions are met and that the grant funding requested does not constitute State Aid.

The project as a whole includes a number of components, the development of private and affordable housing, the creation of new commercial space, providing new public realm, refurbishment of the current cultural facilities, and the creation of a new gallery. The elements of the project C2C are being asked to fund, the council argues, are exempt from state aid rules for the following reasons:

- **Article 53** provides an exemption for grant funding that covers a wide scope of cultural purposes and activities. The grant funding support can take the form of investment or operating aid. The block exemption covers the vast majority of aid granted by Member States in support of this objective. The grant funding requested does not exceed the 100m Euro threshold set out in the regulation.
- **Article 56** provides an exemption for grant funding that supports the construction or upgrade of infrastructure which has a local effect and which made available to users on an open, transparent and non-discriminatory basis. Such infrastructure plays an important role in fostering economic and social development and job creation at the local level. The

grant funding to the extent that it will go towards any ancillary infrastructure does not exceed the 10m Euro threshold set out in the regulation.

As set out above the Local Grant Funding requested not only helps unlock the regeneration, but contributes to site clearance to enable the refurbishment of the Fairfield Halls, the creation of a new gallery space and the creation of a new high quality infrastructure in the form of new public realm enabling step free access from East Croydon Station.

This statement on state aid compliance is based on the advice of the Acting Council Solicitor (Jacqueline Harris-Baker), and is endorsed by the Council's Section 151 Officer and Executive Director of Resources (Richard Simpson). The Council has considerable experience in the application of State Aid regulations, however, further legal advice from the Council's solicitors to support this statement can be provided if required, however, Croydon Council will obtain further legal advice and guidance if required.

## 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
16/17	£2,150,000	
17/18	£18,130,000	£750,000
18/19	£55,325,000	£6,860,000
19/20	£40,790,000	£6,450,000
20/21	£1,178,000	£170,544
<b>Total</b>	<b>£117,553,000</b>	<b>£14,230,544</b>

**5.2) Please set out the project expenditure items**

Please state the date of this estimate-

Projects costs (delete as appropriate)	Total cost (£)	LGF (£)	Match funding (£)
Land Acquisition			
Planning and Feasibility studies			
Surveys			
Construction, inc- materials, equipment and labour	<b>£116,378,000</b>	<b>£13,055,544</b>	<b>£103,322,457</b>
Fit out (inc. equipment and furnishings not included in construction)			
Project management			
Consultancy	<b>£1,175,000</b>	<b>£1,175,000</b> <b>9% (RIBA 3 onwards)</b>	
Other (please specify)			
Contingency*			
Total Net Cost			
VAT			
<b>Total Gross Cost</b>	<b>£117,553,000</b>	<b>£14,230,544</b>	<b>£103,332,457</b>

**5.3) Net Present Value cash flow analysis.**

Options	NPV
Do nothing, minimum or status quo	£ 0

Proposed option (+LGF Investment)	-£1.8m
Alternative option (without LGF Investment)	-£14.9m

**Please detail your project assumptions and discount rate used-**

Cash flow assumptions have been based on established cost profiles of the current scheme: negative cash flow (expenditures) is generated from private and shared homes construction costs, Fairfield Halls operating costs and public realm regeneration costs; positive cash flow (revenues) is generated from the private and shared homes sales and from the operation of the Fairfield Halls. The rate used to discount the Cash Flow is 3.5% as per HM Treasury Green Book.

Fairfield Halls positive cash flow has been evaluated by the Fairfield Halls operator (Charity and Social Enterprise BH live) up to 12 years accordingly to contract agreements with the Council. However, revenues are assumed to be generated for all the operational period (30 years) through the same or different future operator. BH Live has committed to offer value for money with low price tickets to ensure Fairfield Halls is returned to a World Class Venue but accessible to all.

The public realm intervention (£14ml) does not generate any direct positive cash flow, however there are audit systems which are able to quantify the uplift in land value and business turnover over the long term, attributed to the improvement in public realm (TFL's Pedestrian environmental Review System). The grant funding will cover the public realm project.

**5.4) Value for money**

**Value for Money Statement**

Without LGF Investment (alternative option), the pure Financial Net Present Value (FNPV) using narrowly defined cash flows is £-14.9m which represents the funding gap and rational for further investment from the Local Growth Fund. With LGF, the scheme returns an NPV of - £1.8m which reduces the viability gap. The negative NPV is attributed to the operating model of Fairfield Halls and the absence of additional cash flows from the commercial yield linked to the ancillary offer.

It should be stressed that the scheme also generates high levels of social value which have not been included in the NPV because of the difficulties associated with monetising social benefits.

**High Social Value**

The cultural quarter is a mixed use scheme with wide cross-cutting regeneration objectives which espouses high social value. Local people and stakeholders strongly assert the importance of Fairfield Halls as a civic institution within Croydon; many residents are thought to have attended at some point.

Fairfield Halls is seen as a source of civic pride (and especially for those who remember the building in its prime) and is considered to be the cultural pivot of the borough and the focus of the borough's cultural life, particularly as other facilities have closed. It is also a vital education resource offering high quality facilities and programmes particularly for local schoolchildren.

The refurbishment of Fairfield Halls as a once-in-a-generation opportunity to consolidate and extend the Halls' role as the leading arts and entertainment complex in Croydon and the Coast to Capital area. LGF will therefore contribute to the achievement of longer term social impact; reflected in greater levels of community cohesion and wellbeing of individuals by ensuring equality of access and participation.

It is widely accepted by social value practitioners that NPV using narrowly defined cash-flows fails to capture non –financial resource utilisation and benefits realisation.

**Operating Model**

The preferred operator for Fairfield Halls is a registered charity and social enterprise. Lower levels of commercial return is therefore anticipated in the first year of operation. The financial model anticipates a 20% surplus share after the cumulative breakeven point during year 5 of its operation. The proposed surplus share will be reinvested back into the business.

**BCR**

The non-discounted cost benefit ratio for the preferred option (with LGF investment) is 1:21. For every £1 of investment, there is a return of £21. Without LGF investment, the BCR is 1:15; for every £1 invested, there is a return of £15. The benefits include NPV cash flow and £40m additional GVA contribution to the local economy.

Both NPV and BCR could potentially be much higher following the construction of the commercial units. The current cash flow does not include rental and rates yield following occupation as there was insufficient data at the time to incorporate into the vfm analysis.

**Cost per job**

Gross cost per net additional direct FTE job is £160,838. This is considerably high when compared with the Regional Growth Fund which averages at around £33,000. This figure should be treated with caution as the job figures are conservatively estimated on minimum commercial floor space, and maximum residential yield. It is possible that net growth could be positively impacted by increasing commercial floor space, and this would impact positively on the cost per job.

**5.5) VAT status**

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) Financial Sustainability**

Regular term maintenance contracts exist for street scene and public realm programmes which will commence once the construction is complete. Regular maintenance and improvement of the asset created will ensure the project investment is sustained over the long-term.

**6. The Management Case**

**6.1) In which financial year do you expect your project to commence?** 2017/18

**6.2) In which financial year do you expect your project to complete?** 2019/20

**6.3) Please set out the key milestones related to the project.**

Milestone	Start date	Completion date
Procurement and appointment of enabling and asbestos strip-out works contractor for Fairfield Halls	August 2016	May 2017
Procurement and appointment of main fit-out works contractor for Fairfield Halls	March 2017	August 2017
Early enabling, main fit-out works, new cloister and gallery, associated phase 1 public realm works at Fairfield Halls and handover to the operator	May 2017	October 2018
Procurement and appointment of demolition contractor for the Car Park and Associated works	April 2017	May 2017
Demolition of the Car Park and Associated works	June 2017	October 2017
Phase 2 public realm works around the Homes	November 2018	December 2019
Phase 3 public realm works around the College	November 2019	May 2020

**6.4) Project management arrangements –**

A delivery Steering Group that reports into the Project Board (see below) has been established to deal with on-going issues, manage risks, provide quality control and monitor performance in terms of day to day operational issues.

Croydon Council is a large organisation with a robust support infrastructure in place to deliver a project of this scale. The project will have access to the Council's financial management (One Oracle), legal, IT systems and marketing resources to ensure the effective delivery of the project.

We also have a robust project management system based on PRINCE 2 in place to ensure that activities are delivered according to time and budget. All of the above will ensure that an audit trail of the project exists to support evaluation and financial audits.

The council's development partner, Brick By Brick, also has an established and effective project management system and each project has a multi-disciplinary Design Team who meet on a fortnightly basis and report to a Client Project Team which meets at least monthly and deals with ongoing issues, manages risks, provides quality control and monitors performance of day to day operational issues. Each client team reports by exception to the Brick by Brick Board for strategic decision making. All of the above will ensure that a detailed audit trail of the project exists to support evaluation and financial audits. For the College Green project, the Client Team also provides regular updates to the council side Project Board which governs the wider project, including issues such as Fairfield Halls operator procurement and wider infrastructural interfaces.

**6.5) Key project roles and responsibilities.**

**EXAMPLE**

Stage: Project Design	
Brick by Brick	<ul style="list-style-type: none"> <li>- tender for design team</li> <li>- appoint the design team</li> <li>- design team contract management</li> <li>- secure traffic permissions</li> <li>- identify buildings for improvement</li> <li>- secure landlord match funding</li> <li>- secure contracts with landlords</li> <li>- coordinate planning applications</li> <li>- early engagement with stakeholders and community</li> <li>- develop skills and apprenticeship partnerships</li> </ul>
Partners	<p><i>Design and engineering team</i></p> <ul style="list-style-type: none"> <li>- prepare building façade designs</li> <li>- prepare public realm designs</li> <li>- carry out community engagement</li> <li>- prepare building façade planning applications</li> <li>- provide apprenticeships</li> </ul> <p><i>Quantity Surveyor</i></p> <ul style="list-style-type: none"> <li>- cost check of design work</li> </ul> <p><i>Legal advice</i></p> <ul style="list-style-type: none"> <li>- legal advice for Croydon Council</li> </ul>
Stage: Project Delivery	
Brick by Brick	<ul style="list-style-type: none"> <li>- tender for build</li> <li>- appoint the build team</li> <li>- build team contract management</li> <li>- client function</li> <li>- liaison with landlords of improved buildings</li> </ul>

Partners	<p><i>Building contractor</i></p> <ul style="list-style-type: none"> <li>- site mobilisation</li> <li>- relevant work advertisements</li> <li>- delivery of public realm works</li> <li>- delivery of building works</li> <li>- provide skills and apprenticeships</li> </ul> <p><i>Third Party works</i></p> <ul style="list-style-type: none"> <li>- other relevant third party works to be determined at the detailed design stage</li> </ul>	
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**6.6) Governance, oversight and accountability –**

This project will be governed at two different levels.

**Governance**

The Accountable Body function will be fulfilled by Croydon Council (with regular liaison with C2C / WSCC). Croydon Council has extensive experience of managing externally funded programmes and projects.

A Project Board has been established to ensure control mechanisms are established and maintained throughout the programme. This board meets quarterly and consist of representatives from Croydon Council, delivery partners (who) will be responsible for:

- Overall project performance
- Setting direction of travel to inform programme delivery.
- Review communications plans and ensure promotion of programme.
- Align new activity & changes.
- Procurement sign-off.
- Risk and mitigation controls.

**Governance – Project Delivery**

A delivery Steering Group that reports into the Project Board will be established to deal with on-going issues, manage risks, provide quality control and monitor performance in terms of day to day operational issues.

The Fairfield Halls programme board will drive forward the delivery of the Fairfield Halls modernisation project in the context of the Cultural and Educational Quarter and the regeneration in the town centre. This includes the oversight of funding and reporting arrangements.

This programme Board is responsible for the successful delivery of the Cultural and Educational Quarter (College Green and Fairfield Halls).

The board ensures that where decisions are required, they are made by the Board, or escalated for decisions where appropriate.

The Board 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.

The Growth Board will monitor the overall delivery programme to ensure that the scheme is being delivered.

In addition, Croydon Council, as the sole shareholder of Brick by Brick, has a range of controls to ensure projects are delivered on time and on budget. The Articles of Brick by Brick outline certain shareholder rights, and the Council has further controls commensurate with what reasonably minded investors seek through requiring its consent to be obtained before certain actions can be undertaken by (e.g. taking any actions outside of the agreed and adopted business plan, acquiring or disposing of any asset, entering into any joint ventures or partnerships etc.).

As a lender to Brick by Brick, the Council also has controls within the loan agreement and security document which provide a fixed and floating charge over Brick by Brick assets.

As a seller of land, the land documentation contains provisions that determine the use of the relevant land.

The terms of appointment of the directors of Brick by Brick include financial protocols and obligations regarding decision making.

#### **6.7) 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 we will:

Publish all our plans and proposals, news items and alerts for the Fair field and College Green Development . This is to some extent already 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 North Croydon Activation Scheme we will use 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 Local Growth Funding we will liaise with C2C LEP to issue joint press releases.**

#### **6.8) Benefits management:**

Outcome targets (jobs safeguarded and created, businesses retained and created) have been identified and articulated under this proposal. This will form the basis of the grant funding agreement. Baseline data (which includes growth indicators) for the COA is already established as part of the councils Growth Zone performance management framework and will be independently verified.

Annual reviews of the baseline will take place and relevant reports will be prepared as required. A final review of the baseline will take place as part of the post project evaluation (see below).

#### **6.9) Project evaluation**

Croydon council has established protocols for managing and monitoring project outcomes.

A baseline of key performance indicators has already been established under the Growth Zone's performance management framework and are updated regularly. A more detailed progress report on progress towards outcomes (revisiting the baseline data) will be prepared for as part of the post project review process and internally verified by the Place Department's Programme Office.

Accounts will be audited as per the Council's audit arrangements.

### Recommendation/ Declaration

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

It is recommended that the grant funding request for £14.25m made by Croydon Council in respect of the regeneration of College Green as set out in the application above is supported and approved.

**Declaration:** I certify that the information provided in this Outline Business Case is complete and correct at the time of submission.

**Signature:**



**Print Name:**

STEPHEN TATE

**Title:**

Director – District Centres and Regeneration

**Date:**

30 June 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