

**Coast to Capital Investment Committee
Friday 15th March 2019**

Meeting Minutes

Voting Board Members:

Julie Kapsalis (JK) – Interim Chairman of the Investment Committee; Jonathan Sharrock (JS); Phil Jones (PJ); Martin Harris (MH); Colin Kemp (CK); Nick Juba (NJ); Louise Goldsmith (LG); Manju Shahul-Hameed (MSH); Les Hamilton (LH).

Attendees in Support

Anthony Middleton (AM); Cali Gasson (CG); Hannah Gosling (HG); Anna Meredith (AnM); Taygan Paxton (TP) – Coast to Capital

Lisa Taylor (LT); Carli Foster (CF) – Accountable Body

Apologies

Daniel Yates, Adam Tickell, Steve Allen, Tony Newman, Cath Goodall, Sean Murphy, Peter Duggan, Daryl Gayler

1. Open, Welcome and Introductions & Conflicts of Interest

- 1.1** Welcome, introductions and apologies were made. The Chair gave a brief overview to the Committee members of the purpose of the meeting.
- 1.2** The Chair read out the Conflicts of Interest Statement to which, the following members of the Committee expressed conflicts as below, and that they would leave the room for that item;
 - 1.2.1** LG for the A29 and New Monks Farm schemes.
 - 1.2.2** LH for the Blackrock scheme.
 - 1.2.3** CK for the Unlocking Housing in North Tandridge and Horley Business Park.
 - 1.2.4** MSH for the Fairfield Halls & College Green scheme.
 - 1.2.5** JS for the Business Finance scheme.

2. Approval of Minutes from December 2018

- 2.1** It was agreed that the minutes of the previous meeting were a true representation of the December 2018 Investment Committee meeting.

3. Terms of Reference

- 3.1** A brief overview was given to Committee members and it was noted that a handful of potential changes have been made to the Terms of Reference (TOR) in relation to the new Assurance Framework.

- 3.2** The changes included the proposal to keep both the Growing Places Committee and Investment Committee separate, to amend the quoracy of the Investment Committee, and the enhanced scope of the Investment Committee in relation to monitoring and decision making processes.

These three changes to the TOR were welcomed by the Investment Committee, subject to the full assurance framework getting final approval from the Board.

- 3.2.1** It was also proposed to have a Deputy Chair elected to the Investment Committee going forward. JK had formally offered to take this position. This has been recommended to the Board for approval at the July meeting.

4. Unlocking Housing in North Tandridge

- 4.1.** A brief overview of the project was given including the need for Investment Committee members to approve the issuing of a funding agreement, to allow funding draw down of the remaining £4.915 million of LGF funds. The scheme had already received full Board approvals and has now come forward to the Investment Committee for further scrutiny of the revised Business Case to unlock the issuing of a funding agreement. The scheme had previously been awarded £30,000 of feasibility funding with an overall increase of match funding improving the wider ambition of the overall project. An increase in job creation and commercial floor space had been brought forward increasing original outputs entirely.

Secretary note: MSH declared a trivial conflict as the location of Caterham is on the border of Croydon. It was agreed this wouldn't be a conflict

- 4.2.** Tandridge District Council (TDC) presented to Committee members, followed by a Q+A session. The presentation outlined the wider, ambitious programme with a delivery of £112million worth of Investment for the Caterham and North Tandridge area.
- 4.3.** The original business case submitted to Coast to Capital in 2017 had primarily focused on the redevelopment of community recycling sites to which, investment had been previously approved. Committee members were asked to scrutinise the amended business case, to allow Coast to Capital to issue a funding agreement to enable the drawdown of the remaining £4.915million LGF funds.
- 4.4.** It was highlighted to members of the Committee the importance of unlocking the two recycling centres, both of which had been unfit for purpose, located on small sites with no scope for improvement at their current sites. The Committee was made aware that the relocation of these sites were critical for unlocking further public sector sites.
- 4.5.** A conservative increase in job creation had been presented across output data, and it was agreed by all Committee members that TDC should look at the true potential capacity of these outputs.

*Applicants left room
CK left the room.*

- 4.6.** The Investment Committee agreed that the scheme demonstrated a more comprehensive use of LGF funding, with an overall feel of a more ambitious and detailed scheme. For this reason, all members of the Committee were happy **to approve** the revised Business Case, with an **action** to see further work on predicted output figures. Coast to Capital can therefore enter into a funding agreement for the remaining LGF funding.

CK returned to the meeting.

5. Business Finance

- 5.1.** Members of the Committee were provided with a presentation by the Delivery Body, followed by a short Q+A session. It was noted that £928,000 of LGF funding had been drawdown within the 18/19 financial year.
- 5.2.** An external scrutiny review had taken place by BDO (accountancy and business advisory specialists) to which, the scheme had scored well with no major improvements to be made. It was highlighted that good policies had been put in place, with a wide range of diversity within the Growth Grant Panel.
- 5.3.** It was felt that since the scheme launched in October 2018 there has been strong delivery, therefore, it had been proposed to ask the Investment Committee to approve that Coast to Capital could continue managing the scheme, with a funding agreement being awarded for the remaining funding of £3.5million to be drawn down over the 19/20 and 20/21 financial years.
- 5.4.** It was voiced to the Committee that there was a need to broaden sectors, identifying the creative/digital and IT sectors in the area as they hadn't always been able to apply for capital grants. Advice had been taken and where appropriate, the programme was able to provide support for this around software development to help these sectors moving forward.
- 5.5.** It was highlighted to the Committee the risks and mitigations involved, due to the uncertainty of living in the current economic times. The hope for an extension of the capital grant programme would counteract some of the risks involved and introduce more confidence into businesses.
- 5.6.** The Q+A session began. It was clarified to all members that the scheme had been one of three main offers for businesses within the Coast to Capital region including the offer for the support of growth.
- 5.7.** It was asked on behalf of Surrey County Council that a conversation should be had going forward to engage and bring a more joined up approach to businesses located in the Surrey area to the scheme. A further comment made to highlighted the want to see more female owned businesses going forward.

JS left the room.

- 5.8.** The applicants left the room and members of the Committee commenced the discussion regarding the scheme. The Committee members **approved** the recommendations below, subject to approval from the Board in April;

- 5.8.1.** To approve of a further 2 years of LGF funding to support and provide growth for the scheme.
- 5.8.2.** To approve the delegated authority being given to the Growth Grant Panel to award up to £500,000 of LGF funding to successful business applicants.
- 5.8.3.** To approve the capitalisation of costing involved.

JS returned to the meeting.

6. High Risk Report

- 6.1.** A brief overview of the High Risk Report was given to the Investment Committee, and. it was proposed that the focus of this agenda item would be to discuss and agree the latest risk assessment with RAG ratings for each of the 'high risk' projects. Recommendations and Decisions made on high risk projects would be presented through the 'consent paper item' at the April Board meeting.

6.2. New Monks Farm

LG left the room

- 6.2.1.** An overview of the project was given with a current risk rating of **RED** following on from the previous Investment Committee. Due to delays, the spending of a LGF forecast for the financial year 2018/19 would not be drawn down. Due to the consequence of the delays, no progression or delivery of the scheme would commence before March 2020/21. Therefore, the Investment Committee confirmed the risk rating of the New Monks Farm scheme as **RED**.
- 6.2.2.** The Investment Committee agreed the following recommendations, with an ask that all members were kept informed of the progression with this item;
- 6.2.3.** Continue close monitoring and review the scheme in May 2019, reporting back to the June 2019 Investment Committee.
- 6.2.4.** Send a letter to Government highlighting the need to carry forward funding through no fault of Coast to Capital or the Delivery partner.

6.3. Gatwick Railway

- 6.3.1.** An overview was given to the Committee with a current RAG rating risk of **AMBER/RED**. The risk rating had been dropped from a **RED** rating at the December Board due to approval given in principle for the draft Business Case. However, recent communications had with the Department of Transport had proposed that the Investment Committee were to re-risk the scheme as **RED**.
- 6.3.2.** The Investment Committee confirmed the risk rating of the Gatwick Railway scheme as **RED** with the recommendation of a '**close monitoring**' approach to include the following actions;

6.3.3. Send a letter to Government highlighting the risk of not spending the outstanding amount of £1.57 million within the parliamentary spending period.

6.3.4. Send a letter to Government stressing our concerns with the scheme.

6.4. Southern Gateway

6.4.1. A brief summary of the Southern Gateway scheme was given. The scheme had been previously been awarded with an **AMBER/RED** risk rating due to the uncertainty around spend within the financial year of 2018/19.

6.4.2. Recent communications with the Delivery Body has enhanced confidence in the scheme and its ability to spend.

6.4.3. Therefore, the Investment Committee confirmed the risk rating of the Southern Gateway scheme as **AMBER**, with a '**close monitoring**' approach being agreed to keep the scheme on the Committee's radar.

6.5. Blackrock

LH left the room

6.5.1. An overview of the Blackrock scheme was given. It had been recommended to the Committee to consider the RAG risk rating due to the uncertainty with the retail sector and the lengthened delivery of the larger scheme.

6.5.2. The project had been agreed as 'high risk' due to a potential underspend by March 2020/21. However, further confidence had since been given that the full LGF allocation would be spent before the end of the financial year, making the Blackrock site more viable.

6.5.3. Investment Committee members agreed the risk rating of the Blackrock scheme should remain as **AMBER/RED** due the current political landscape and the uncertainty around output delivery.

6.6. Sussex Bio-Innovation

6.6.1. The Investment Committee were made aware that the Delivery partner of the scheme had come to the conclusion that the Sussex Bio-Innovation is no longer a viable scheme.

6.6.2. Due to this decision, the unspent LGF allocation amount of £5.5million was to be removed from this project and put back into the single unallocated funding pot.

2.0 Other Recommended Approvals;

It was outlined that this section of the High Risk Report would enable the Committee to discuss and approve minor variations to the following projects, which have occurred in the term of the funding agreement.

6.7. Fairfield Halls & College Green

MSH left the room

Secretary note: LT offered to leave the room as Accountable Body, and this was agreed by the Chair.

6.7.1. The scheme had been awarded Board approval with a successful drawdown of LGF allocation, delivering the Fairfield Halls element. Croydon Council were unsuccessful in the purchase of a redundant building from Croydon College therefore, the building had been sold to a third party developer. It was confirmed that this meant a slight change of scope, but that has no significant impact in output delivery of the entire scheme.

6.7.2. No comments were made, and all members **agreed** the change of scope and slight change of outputs.

6.8. SiNC

6.8.1. The SiNC scheme had been previously approved by both the Investment Committee and Board, with the consent to award the scheme £140,000 of LGF funding. The LGF allocation had been due to be split over three sites (Brighton, Falmer and Croydon) however, it had been brought to Coast to Capital's attention that the Croydon site is no longer deliverable (worth £50,000 LGF), resulting in a reduction in outputs overall.

6.8.2. It had been recommended to members of the Committee that due to the change of scope and reduction in outputs that the £50,000 LGF funding allocated towards the Croydon element should be withdrawn from the scheme.

6.8.3. This was **agreed** by the Investment Committee, and will be recommended for full Board approval via the consent paper item at the April Board meeting.

6.9. Claire and James House

6.9.1. A brief overview of the scheme was given. It had been brought to the Committee's attention that the full LGF allocation had been spent on the purchase of Claire & James House in 2015/16 financial year. However, since planning permission had been submitted in November 2018, it was made aware to members of the Investment Committee that a reduction in scope and outputs in job creation and commercial floor space had occurred.

6.9.2. The key recommendation to the Investment Committee was to **approve** the change in outputs and the overall scope of the scheme. It was voiced that the strategic case for funding the scheme had supported the regeneration of Leatherhead town centre and creation of commercial space.

6.9.3. It was **agreed** by all Investment Committee members that a letter should be sent to Mole Valley District Council outlining the changes to outputs and project scope, and to formally invite the Delivery Body to discuss the scheme and output delivery at the next Investment Committee in June 2019.

The High Risk Report had included 5 key projects under 3.0 Horizon scanning – these were noted.

7. Horley Business Park

7.1. An introduction to the Horley Business Park scheme was made, outlining the strategic importance of the delivery and location of this. It was made aware to the Committee that the scheme would deliver a new large business park,

adjacent to the roundabout to Gatwick Airport South Terminal, creating added commercial space within the region.

Reigate and Banstead Borough Council representatives enter room

- 7.2.** Members of the Committee were provided with a presentation followed by a short Q+A session. It was explained to the Committee that there was the opportunity to create a highly ambitious and transformational project -generating the best transport links around the site using simple technology. The key outputs which surrounded the delivery of the project included; 15,000 new jobs, and the development of 200,000sqm of commercial floor space. Detailed design and planning had been thought about, with key access needed on site which included the creation of a slip road.

Applicants left the room. CK left the room

- 7.3.** It was **confirmed** that there was a need for the scheme to return to the June 2019 Investment Committee to demonstrate further communications and progression for the future of the scheme. The need to look at the scheme holistically was agreed amongst the Committee, with a much bigger debate surrounding the wider ambition.

- 7.4.** The Investment Committee therefore **agreed** to keep the RAG rating as **RED** with the recommendation of 'close monitoring'. This would include a formal written letter to the Leader of Reigate and Banstead Council to stress the importance of collaboration with Surrey County Council, and to invite to the June 2019 Committee to present credible plans going forward.

8. A29 Re-alignment

LG left room

- 8.1.** An overview of the A29 project was given. The strategic importance of the road scheme was highlighted, with the unlocking housing element incorporated. There is a risk the full LGF allocation would not be drawn down by March 2020/21 causing overall concern, therefore an independent review by Local Partnerships had been conducted.

A handful of alternative solutions were made to the LEP to enable full draw down of the allocation within the parliamentary spending period.

Guests enter room (including LG)

- 8.2.** WSCC gave a presentation to Committee members, followed by a Q+A session. The current plan for the delivery of the scheme had been considered to be developed in 2 phases; creating over 3,600 new homes, new job opportunity, reduction of flooding, improvement in road capacity and sustainable travel.

- 8.3.** It was made aware to the Committee that the entirety of the A29 road could not be delivered by the financial year of March 2020/21 however, most of Phase 1 was expected to be delivered within this period.

- 8.4.** The Q+A session began. It was clarified that there was the hope to support and encourage the use of sustainable transport through the scheme, with new high quality cycle ways being delivered across the whole of the development.

- 8.5.** The Delivery Partners left the room, and discussion amongst the Investment Committee began. It was confirmed the importance of the scheme.

8.6. The Investment Committee **agreed** to keep the risk rating as **RED** with the recommendation of 'close monitoring'. It was also agreed that a formal letter be written to Government in relation to spending outside of the parliamentary spending period.

LG returned to the meeting.

9. Financial Update

9.1. A brief overview of the current financial status was made. The Investment Committee **agreed** that the Chief Executive can, as in previous years, have delegated authority to make decisions about the year-end financial position to include funding flexibility and carry forward amounts.

10. Audit Reviews

10.1. The Investment Committee were provided with a presentation from AnM with an overview of a number of reviews that had been conducted on some of the LGF projects.

11. AOB

11.1. TP informed Committee members that the Investment Team are in the process of producing a number of video case studies, to help showcase the LEP's investments. This included the most recent video produced at Charleston Trust, who were awarded £650,000 LGF.

END.