

Coast to Capital Investment Committee Meeting Minutes
13th September 2018 13.00pm-17.15pm
Coast to Capital Offices
Room: Carpenter

Attendees:

Chair

Nick Juba – Board Member NJ

Voting Members

David Hodge – Board Member DH
Phil Jones – Board Member PJ
Manju Shahul-Hameed MS
Les Hamilton LH
Mike La Rooy MLR
Jonathan Sharrock- Chief Executive (Coast to Capital) JS

In Support

Anthony Middleton – Chief Operating Officer (Coast to Capital) AM
Cali Gasson – Investment Programme & Risk Manager (Coast to Capital) CG
Hannah Gosling – Investment Programme Manager (Coast to Capital) HG
Anna Meredith – Investments Auditor (Coast to Capital) AMe
Taygan Paxton – Administrator (Coast to Capital) TP

Governance Advisors

Andi Guinea – WSCC Accountable Body AG
Richard Simpson – Croydon Council (New Accountable Body) RS
Sean Murphy – Croydon Council (New Accountable Body) SM
Cath Goodall – City & Local Growth Unit (BEIS) CGo

Apologies:

Daryl Gayler
Julie Kapsalis
Tony Newman
Steve Allen
Martin Harris
Adam Tickell
Louise Goldsmith
Lisa Taylor
Paul Castle

Agenda

Item no	Agenda item	Timings	Action	Presented by
1+2	Open, Welcome and Conflicts of Interest	1.00-1.05	Note	NJ
3	Approval of Minutes from June 18	1.05-1.10	Note	AM
4	High Risk Report	1.10-1.35	Discuss & Note	CG
5+6	A284 & A259	1.35-1.55	Present, Q+A and Discussion	West Sussex County Council
7	Crawley Growth Programme	1.55-2.35	Present, Q+A and Discussion	West Sussex County Council
8	Preston Barracks	2.35-2.55	Present, Q+A and Discussion	Brighton & Hove City Council
9	Business Finance	2.55-3.15	Present, Q+A and Discussion	Coast to Capital
10	Gatwick Railway	3.35-3.55	Present, Q+A and Discussion	Network Rail
11	Valley Gardens Phase 1+2	3.55-4.15	Present, Q+A and Discussion	Brighton and Hove City Council
12	Crawley College STEM	4.15-4.35	Present, Q+A and Discussion	Chichester College
13	Southern Gateway	4.35-4.55	Present, Q+A and Discussion	Chichester District Council
14	Financial Update and Forward Look	4.55-5.00	Note	AM/ CG
15	AOB			NJ

1. Open, Welcome and Conflicts of Interest

- 1.1 Welcome, introductions and apologies were made. The Chairman gave an explanation to the Committee members around the purpose of the meeting.

2. Conflicts of Interest

- 2.1 The Chairman read out the Conflicts of Interest Statement to which, three members of the Committee expressed conflicts as below;
 - 2.1.1 NJ expressed a possible conflict with the Crawley STEM project due to his role as CEO of GB Met, therefore it was agreed he would leave the room during this item and DH would chair this item.
 - 2.1.2 JS confirmed he is happy to exit during the RAG rating decision of the Business Finance scheme since JS Line Manages the lead of the scheme at Coast to Capital.
 - 2.1.3 LH confirmed he will depart for both Preston Barracks and the Valley Gardens presentations due to being a Councillor at Brighton & Hove City Council.

3. Approval of Minutes from June 18

- 3.1 Minutes of the previous meeting were approved.

4. High Risk Report

- 4.1 AM gave a brief overview including how it had previously been agreed that the Investment Committee will be charged with LGF monitoring and risk reviews. It was advised that the focus of this session is to review the risks and take decisions on 9 projects with 'high spend profile', to ensure the Committee members can see credible and realistic plans to spend the LGF forecast. AM also highlighted that Coast to Capital have to commit these figures to Government, as Government has expressed that Coast to Capital needs to drastically reduce their flexibility release this financial year.
- 4.2 Delivery Bodies for each project had been invited to come forward to present a credible business case, demonstrating the timescale and plans to spend the allocated LGF for the 18/19 financial year. The Investment Committee will actively rate project risks following presentations, and those with a risk rating of **RED** or **AMBER/RED** would have one of the following decisions made or a recommendation to the Coast to Capital Board;
 - 4.2.1 Write to Government requesting a specific dispensation for an extension of time for funding draw down.
 - 4.2.2 Recommend to the Board to withdraw and re-allocate funding or part funding to other projects in accordance with SEP priorities.
 - 4.2.3 Decide that project can proceed under close monitoring.
 - 4.2.4 Agree a 'watch and wait' period based upon suitable delivery body assurances and report back at the next Investment Committee.
- 4.3 All Committee members were in agreement with this process for scrutinising project risk at the meeting.

5. A284

- 5.1 WSCC explained how defined outcomes had come forward, with good progression in regards to developers completing key project links between the A284 and the

A27. A project management team had been put in place which enables additional support to the scheme. Design requirements have had to change, due to a change of flood resilience criteria from the Environment Agency. This has caused a funding gap, and WSCC are currently exploring funding options.

- 5.2 In relation to the in-year funding profile, a concern was raised around the ability and plan of spend to which, WSCC explained that the programme had slipped from original timescales. Assurance was given around implementation of planning, but it was confirmed that the intention was to drawdown a profiled spend of £725,000 of LGF within the 18/19 financial year.
- 5.3 The Investment Committee gave the A284 project a risk rating of **AMBER/RED** with the decision that that project can proceed under **close monitoring**.

6. A259

- 6.1 WSCC gave an overview of the scheme outcomes which had been agreed, highlighting the importance of the road and important links to many of the Coast to Capital economic hubs.
- 6.2 An overall confidence was given by WSCC for the expectation to spend the allocated £4.76million of LGF. The scheme had previously received £1.52million of Flexibility Funding, which had been expected to be reported back within the 18/19 financial year.
- 6.3 It was clear that within a 6month period there would be costs totaling £3.5million on upfront costs for utility diversions.
- 6.4 The Investment Committee gave the A259 project a risk rating of **AMBER** due to the assurances that the Delivery Body gave in relation to the spend draw down for this financial year. However it was noted that the project needs extreme close monitoring to include an Audit Review of the scheme.

7. Crawley Growth Programme

- 7.1 WSCC gave a presentation to the Committee with an overview of the individual projects that make up the programme. Elements of the scheme are currently being delivered to schedule, and the scheme is still hopeful to increase attraction to the town of Crawley, creating infrastructure for new and existing residents.
- 7.2 The Delivery Body gave a high degree of confidence that they could spend between £7.4-8.4million of LGF within the 18/19 financial year..
- 7.3 The Investment Committee gave the Crawley Growth Programme a risk rating of **AMBER/GREEN** subject to confirmation in December 2018 all projects are going ahead. At the December Investment Committee, this risk rating will be reviewed again to ensure the Delivery Body has the means to draw down the allocated LGF funds by March 2019. To assist with this re-analysis, an Audit review would be completed before December 2018.
- 7.4 It was also recommended that Coast to Capital should be invited to sit on future project boards to ensure they receive a full insight on the project.

8. Preston Barracks

- 8.1 BHCC highlighted that the LGF is being used to fund the Central Research Lab element of the site. This is an important aspect of the site and if this isn't delivered it is unlikely the outputs for the totality of the scheme will not come forward.
- 8.2 There had been previous delays at the start of the scheme which can explain why LGF drawdown to date had been slow. BHCC however gave confirmation to the Committee that by March 2019 the remaining LGF allocation of £5.4million would be spent, and an indication of positive delivery by contactors without delays or issues.
- 8.3 The Investment Committee gave the Preston Barracks project a risk rating of **GREEN** and agreed that project monitoring in the form of site visits should continue until project completion.

9. Business Finance

- 9.1 The Delivery Body provided Committee members with an overview of the scheme, confirming that they had taken over from WSCC following approval at the June Investment Committee 2018 and award of a funding agreement.
- 9.2 To date there have been a number of grant enquiries that have come forward, some of which are at EOI stage, and some that have been approved by the Grant panel. Coast to Capital are managing the due diligence process to ensure that applications going forward to the Grant panel are at a high standard.
- 9.3 To reduce the shortfall, there would need to be a large increase of grant applications which would be difficult within the timescale, therefore the Delivery Body agreed to release the £500,000 back into the single pot of unallocated funding, and reduce the total agreed spend profile for 18/19 to £1.06million. This will enable the team to focus on shorter term priorities with high quality business grant applications. The Committee confirmed their approval for this suggestion, facilitating the drawdown of funds by early 2019.
- 9.4 It was suggested that there should be an increase of promotion through social media and engagement with further networks to encourage further grant application, to ensure future years funding allocation is met.
- 9.5 The Investment Committee gave the Business Finance project a risk rating of **AMBER** and subject to formal confirmation via letter of the removal of £500,000 from the scheme the risk rating will likely drop to AMBER/GREEN. It was also agreed that project monitoring should continue until project completion, to include a representative of the Investments team sitting in on the Grant Panel sessions.

10. Gatwick Rail Station

- 10.1 A brief background and presentation was given to the Committee by Network Rail and DfT, exposing the strategic importance for the fundamental delivery of this project. To date project costs have increased.
- 10.2 The Delivery Body informed the Committee that in the 18/19 financial year £1.57million is the anticipated LGF draw down, with the bulk of the remaining LGF spend forecast in the 20/21 financial year. This means that the current in year funding profile of £4million will not be met.

- 10.3 Committee members expressed concerns due to the uncertainty for the scheme to deliver key outputs and spend within the agreed timescale, as current costs are not 'nailed down'. There is a need for further clarity of final costs to include optional elements and potential to de-scope the project for affordability. A further question was raised in relation to the 'possessions strategy' to which confirmation was given that Network Rail are still in talks with GTR to finalise and agree. However if this doesn't happen soon, there is potential for more delay to project delivery that could cause funding to slip into future years.
- 10.4 It was clear that the scheme has endured numerous obstacles and that further clarification is needed on both delivery and final costings.
- 10.5 Due to this, the Investment Committee gave the Gatwick Rail Station project a risk rating of **RED**, with the decision that that project can proceed under **close monitoring** with a follow up review at the December Investment Committee and January Board. To assist with this re-analysis of risk, a formal Audit Review will be conducted prior to December.

11. Valley Gardens Phases 1+2

- 11.1 Brighton and Hove City Council outlined key aspects of the scheme to the Committee members. There have been previous delays to the scheme which had led to the release of flexibility funding of £2.8million in 2015/16. This has meant that the remaining LGF has not been drawn down as of yet.
- 11.2 The Committee had been made aware that target key milestones had been met, with current progression which has moved forward with construction starting on site imminently. The anticipated project costs for the 18/19 year are above the in-year LGF profiled.
- 11.3 The Investment Committee gave the Valley Gardens Phase 1+2 scheme a risk rating of **AMBER/GREEN** due to the assurances given by the Delivery Body that the in-year LGF allocation would be spent. It was also agreed that project monitoring and regular site visits should continue until project completion.

12. Crawley College STEM

- 12.1 Chichester College Group explained to Committee members that detailed delivery and high level costing had been drawn together with the next phase of the project in place. This included plans to open the new STEM building in the 2020 financial year.
- 12.2 It is estimated that the total cost of the building will be the full £5million of LGF, and a revised Business Case is due to come forward for submission to the next Investment Committee in December. It was made clear to the Committee members that the likely in-year LGF expenditure would be £125,000 for consultant and project management fees. The remaining allocation is anticipated to be spent by September 2020 when the building opens. The Committee raised concerns that the funding allocation was not being met, with less than 10% of the allocation being spent.
- 12.3 The Investment Committee gave the Crawley College STEM project a risk rating of **RED**, with the decision that that project can proceed under **close monitoring** with a follow up review at the December Investment Committee, and January Board. To assist with this re-analysis of risk, a formal Audit Review will be conducted on the revised Business Case when this comes forward in December.

13. Southern Gateway

- 13.1 Chichester District Council gave the Committee an overview and update on the Southern Gateway scheme, to include that the project had experienced a handful of delays due to difficulties with the re-location of businesses. It was confirmed that re-location sites have now been identified.
- 13.2 There is currently an anticipated LGF in-year spend of £2.25million, and the Delivery Body raised if flexibility funding release was a possibility. If this was not an option, assurance was provided that there was 'back up plans' which could be put in place to ensure LGF can be drawn down by 31st March 2019.
- 13.3 The Committee felt confident that they could commit to back up plans and would confirm with the Delivery Body that this is the preferred option.
- 13.4 Therefore, the Investment Committee gave the Southern Gateway project a risk rating of **AMBER** with a request that an Audit Review is conducted on the project before December 2018. This will allow the December Investment Committee to re-analyse project risk and ensure the 'back up plans' have been triggered.

14. Financial Update and Forward Look

- 14.1 A paper to note.

15. AOB

- 15.1 Confirmed no other business.