

COAST TO CAPITAL LOCAL GROWTH FUND BUSINESS CASE

Project Title:	Unlocking Housing in North Tandridge
Lead delivery organisation:	Surrey County Council
Lead contact name:	Lesley Harding
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This document provides a template for a Business Case (BC) in support of Coast to Capital's investment in a project to be funded through the Local Growth Fund.

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

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

Please note that this template is for guidance purposes only and should be completed in accordance with any guidance issued by Coast to Capital and the guidelines laid down in HM Treasury's Green Book which can be found at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

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

Business cases should be robust and well evidenced documents as the Business Case will be evaluated based upon content if called to present.

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 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:

This project will unlock sites for housing development in Warlingham and Caterham in North Tandridge as part of wider master planning for the development of the area with land being released through the relocation of existing Community Recycling Centre facilities to a new purpose built facility in a more appropriate location.

Currently the two CRCs are poorly designed and located in residential areas, with associated traffic and other issues. Both sites are suitable for housing development, with the site in Chaldon Road Caterham providing the potential for the assembly of a significantly larger site with the potential to incorporate housing and other public sector service provision as part of Tandridge District Council’s ambitions for the regeneration of Caterham.

In order to deliver this, a CRC needs to be reprovisioned in a suitable location (on which we are currently undertaking an options appraisal).

1.2) Please choose the theme in which the LGF funding will invest in directly (The project can only fit into one theme so please choose the most appropriate).

- Investment in capital expenditure items that promote digital transformation and digital infrastructure
- New Innovation and start up business creation
- Facilities to provide teaching and research facilities and/or skills based training in digital and innovation areas, across further and higher education sectors in close proximity to the M23, A23 corridor
- Increased capacity in sustainable transport and ‘key’ arterial routes where there are ‘bottlenecks’, together with flood resilience and digital infrastructure investment
- Investment in capital projects where there is a demonstrable case that such investment will generate proportionate foreign direct investment and international trade
- Regeneration and housing infrastructure projects that increase capacity and footfall and unlock new employment space
- Capital investment to increase high value tourism to the Coast to Capital region

1.3) The fit with Coast to Capital Strategic Economic Plan, the Industrial Strategy Response and Business Plan 17/18

This project supports a number of C2C priorities, as follows:

Affordability: the scheme will bring forward housing, including affordable housing in an area of the LEP where there is a significant identified shortfall of affordable homes, with 1,200 families and individuals on the housing waiting list.

Meeting demand: the ability to bring forward a significant housing site for development in Caterham is dependent on the relocation of the CRC. This provides the basis for assembling a

larger site which would not otherwise be feasible in the medium term.

This project supports theme 6 of Coast to Capital's 2017/18 business plan through unlocking sites for housing development and associated community infrastructure. Specifically the project will tackle market failure by delivering a new CRC which would not be viable without additional LEP Investment.

1.4) Expected Total Project Cost and source of funding. Please also complete the funding breakdown tab on the supporting spreadsheet. Matched funding must be at least the required percentage of the total project costs. This is 15% for transport projects and 50% for all others. (Please name the source of match funding).

	Amount	% of Total Cost
Total Project Cost	£6,600,000	100%
Applicant own funds	£1,630,000	25%
Other public funds		
Private sector funds		
Funding requested from Coast to Capital LEP	£4,970,000	75%

Note that this reflects 15% match for the transport element of the scheme and 50% match for all other scheme elements.

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

Output/outcome	Metric	Number to be delivered
Employment- created and/or safeguarded	No.	TBC
Businesses assisted- financial and non- financial	No.	
Skills- new learners and/or apprentices	No.	
New housing unit completions	Units	100 – 200
New floor space constructed/refurbished- learning	Sq mtr	
New floor space constructed/Refurbished- Commercial	Sq mtr	TBC
Length of new roads/cycle ways	Km	
Improvement to journey times	Minutes per mile	
Carbon reduction	Tonnes of CO2	

1.6) Main risks and issues the project will need to manage? Please also submit a full risk register as an annex to this document

The main risk will be around delivery of a viable alternative site for the CRC. The availability of appropriate sites in the locality is very limited and any site is likely to bring with it challenges for example in relation to issues and planning constraints.

DOCUMENT STATUS

REVISION HISTORY

Revision Date	Version No.	Summary of changes	Author/editor

DOCUMENT AUTHOR

Name	Title	Organisation	E-mail address	Telephone

DOCUMENT OWNER

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DISTRIBUTION LIST

2. The Strategic Case

2.1) Describe the compelling case for change.

Tandridge District Settlement Hierarchy identifies Caterham as a preferred location for additional housing. Tandridge District Council’s Housing Strategy Statement 2017 identifies the scale of the shortfall of affordable housing in the district, with a target for early delivery of affordable housing in the first 5 years of the new strategy of 456 affordable units per annum. It is anticipated that a proportion of the new units as part of this scheme will be affordable.

Tandridge currently has poor provision of CRC facilities, with the two sites being small single level sites with no room for expansion. Customers have to climb steps to access the containers and both sites have to be closed several times per day in order to change or compact containers. Their town centre locations and lack of off-street access results in queuing on the public highway.

The project represents a significant opportunity to unlock housing development through relocating the existing CRC facility. The primary focus of the bid is the development of new housing and community infrastructure in Tandridge. In order to clarify the scale of housing we are initially seeking support from C2C to carry out the remaining feasibility work.

The key to this is the relocation of the CRC site. In order to achieve this we are assessing a number of sites but have included the figures for a preferred option which we believe to represent the likely upper funding limit. This will be refined during the next phase of the project development.

This bid therefore focuses on two critical elements:

- Feasibility and masterplanning activity to optimise delivery of additional housing units, including affordable housing in addition to community infrastructure provision.
- Delivery of a new CRC facility.

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

1. To deliver up to 200 housing units and associated community infrastructure by 2021
2. To deliver a fit for purpose CRC to support increased recycling rates and free up land for housing development by 2021
3. To deliver junction improvements on the A22 by 2020

2.3) Stakeholder Engagement carried out.

The main focus on stakeholder engagement to date has been with Tandridge District Council. They are fully supportive of the proposal, in particular the opportunity to assemble a site in Caterham to deliver housing and associated community infrastructure as part of their plans for the further development of Caterham.

Wider stakeholder engagement will be carried out as part of the feasibility phase of the project.

2.4) List the key stakeholders and their interest areas.

Stakeholder	Interest area
Tandridge District Council	Landowner and planning authority
CCG	Landowner and service provider
Caterham Deane Hospital	Landowner and service provider

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

Identification of a suitable site for the CRC will be critical in unlocking the housing sites. As such, site deliverability will be a critical focus of the next phase of our work to ensure that the CRC relocation can be delivered in a timely matter.

There is an opportunity for a wider development scheme in Caterham, in partnership with the CCG and Caterham Dene Hospital. This is dependent on significant progress in our discussions with the health sector which is being facilitated through the Surrey Heartlands devolution deal.

2.6) Project Dependencies

The scope of the project will be determined by the involvement of additional stakeholders, notably the health sector in supporting assembly of a more significant site.

2.7) Project disruption

Main disruption will be during the A22 junction improvement works.

Additional impacts from the Caterham site development are likely to be more limited and will be identified as part of the next phase of the project.

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 1.6)
Do nothing, minimum or status quo	Retain the existing CRCs			
Proposed option	Relocate the CRCs in order to deliver housing development in Warlingham and Caterham as a	£,6,600,000	£4,970,000	Up to 200 housing units, community infrastructure; new CRC facility

	minimum.			
Alternative options:	Close one CRC and amalgamate on one site.	£500,000	£250,000	12 housing units

Box 2:

Option Name:	Advantages:	Disadvantages:
Do nothing, minimum or status quo	Lowest cost option	No additional housing delivered Retain poor quality CRC facilities with resultant depressing of recycling rates
Proposed option	Delivers additional housing including affordable housing Delivers a modern CRC facility Increased recycling rates	CRC site requires LGF funding in order for scheme to be viable and unlock housing sites
Alternative options:	Reduced scheme costs	Site constraints mean that facilities would still be poor. Would deliver only 12 housing units Retains town centre location for CRC with associated traffic and other impacts

3.2) The preferred option

Relocation of the CRC to a fit for purpose site at an alternative location in order to free up the Warlingham and Caterham sites for redevelopment.

3.3) Issues with preferred option.

Depending on the site to be selected, there may be issues relating, for example, to planning permission, access improvements and decontamination. The next phase of work will be to clarify and quantify these issues in more detail, but the information set out in this proposal sets out the scope of the issues to be addressed.

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

1. Critical risk will be securing planning permission for the new CRC. The level of risk will be determined by the preferred option but our options appraisal has identified planning as a potential risk given the limited potential sites available in the locality
2. The ability to attract LEP funding will be critical to enabling delivering of the new CRC facility without which the existing sites could not be redeveloped.
3. Depending on the site for the CRC, there may be a cost associated with the decontamination of the site
4. In order to maximise the opportunity for regeneration in Caterham, engagement with the CCG and health care trust will be a key component
5. Further work is required to establish the full potential of the Caterham site, including more detail assessment of current uses and the potential to reconfigure. As such, a precise housing figure is not possible at this stage

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 delivery of housing and community infrastructure in Caterham will support the wider economy of Caterham through accommodating population growth.
The relocation of the CRC sites out of the current locations will have a positive impact on congestion levels that currently result from people queueing on the highway to access the sites.

3.6) Environmental Impact

The removal of the CRCs from current locations will deliver:
Noise improvements associated with the operation of the sites in residential areas
Air quality benefits through removal of the vehicle queueing resulting from the current CRC site operational requirements
Dependent on final decision on the preferred CRC site, remediation of a currently contaminated site in the green belt

3.7) Social Impact

Delivery of affordable homes will benefit the local families and individuals who are currently on the housing waiting list

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

3.9) Follow on Investment

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 is a place making project in that it will provide both housing and community uses on the proposed site. It provides an opportunity to deliver improved education and health care facilities, with a further opportunity for residential care provision resulting from an expanded project with the health sector.

3.13) If your project results in service and other improvements then please provide baseline data below.

it is recognised that CRC sites provide a significant front line service but the sites at Warlingham and Caterham are cramped, suffer congestion at peak times such as weekends and are too small to provide the range of facilities required to meet recycling targets. It is anticipated that there will be increasing requirements to separate out waste elements to improve recycling and recovery rates. For example, the existing sites are unable to accept building materials such as rubble and plasterboard.

In addition the single level sites at Warlingham and Caterham require the public to use steps to access containers. This is not best practice from the perspective of both accessibility and health and safety. A new purpose built site would remove the need for the public to use steps to access containers and would allow complete separation of the public and HGVS meaning that the site would not have to be temporarily closed during container exchanges. This would reduce pollution and congestion on the surrounding roads as both the existing sites do not

have any place for queuing off the public highway
Benefit quantification tbc pending further assessment.

Metric	Baseline		What the intervention will achieve	
	Figure	Year	Figure	By when
Waste recycling tonnages	TBC		TBC	

4. The Commercial Case

4.1) Please provide details of your envisaged procurement route.

The initial feasibility work would be procured via existing framework contract arrangements in order to expedite the first phase of the work.

4.2) Involvement of private development partners.

Surrey County Council is setting up a Joint Venture housing partnership to identify and delivery housing development on public sector sites. In the first instance we would explore the potential to deliver this scheme via the joint venture.

The CRC will be delivered through our waste disposal provider, Sita. We have a contract mechanism in place to enable this, including the requisite market testing arrangements to ensure best value.

4.3) Procurement plan and timescales.

The feasibility work will be commissioned in 2017/18 with the aim to complete this in 2018/19 to determine the regeneration scheme proposal.

It is anticipated that the CRC will be delivered in 2020, following securing planning permissions and carrying out any required remedial works and infrastructure requirements to support delivery.

4.4) How will the project contribute towards social value?

The main opportunity for contributing towards social value in the first phase will be through employing local people in the development of the CRC. The new CRC will also enable safeguarding of jobs from the existing CRCs.

The second phase of the project ie the regeneration in Caterham and Warlingham will provide opportunities for local businesses and individuals as part of the construction phase. The scheme will also provide much needed affordable housing.

4.5) State Aid Compliance.

Please refer to the State Aid summary provided with the bid application guidance and provide your justification to show that your project is state aid compliant.

In support of the above please provide as an annex to this business case

- Practising solicitor's letter or counsel's advice/ independent legal advice setting out compliance with state aid tests set out in the summary document provided.

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
17/18	£30,000	£30,000
18/19	£120,000	£45,000
19/20	£2,100,000	£1,375,000
20/21	£4,350,000	£3,495,000
Total	£6,600,000	£4,945,000

5.2) Please set out the project expenditure items – **No rounding up please**

Please state the date of this estimate-

Projects costs (delete as appropriate)	Total cost (£)	LGF (£)	Match funding (£)
Land Acquisition (decontamination)	£750,000	£375,000	£375,000
Planning and Feasibility studies	£150,000	£75,000	£75,000
Surveys			
Construction, inc-materials, equipment and labour (junction improvements)	4.7m	£3,995,000	£705,000
Construction – CRC facility	£1m	£500,000	£500,000
Fit out (inc. equipment and furnishings not included in construction)			
Project management			
Consultancy			
Other (please specify)			
Contingency*			
Total Net Cost			
VAT			
Total Gross Cost	£6,600,000	£4,945,000	£1,655,000

Please ensure the matched funding and LGF amount to the total costs and that the LGF requested does not exceed the percentage allowed for the type of project ie. 85% for transport and 50% for all other projects.

5.3) Net Present Value cash flow analysis.

Options	NPV
Do nothing, minimum or status quo	
Proposed option	
Alternative option	

Please detail your project assumptions and discount rate used-

5.4) Value for money

5.5) VAT status

5.6) Financial Sustainability

6. The Management Case

6.1) In which financial year do you expect your project to commence?

6.2) In which financial year do you expect your project to complete?

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

Milestone	Start date	Completion date
Feasibility phase	2017/18	2018/19
Planning application (CRC)	2018/19	2019/20
Construction (CRC)	2019/20	2020/21

6.4) Project management arrangements

The CRC scheme will be project managed by our Waste Delivery Team with a project team comprising Property Services and Local Highways.

The housing element will be project managed by Tandridge District Council, working closely with SCC colleagues in spatial planning, economic growth and property services.

6.5) Key project roles and responsibilities

6.6) Governance, oversight and accountability

The project will be accountable to the Tandridge Joint Infrastructure Team comprises senior managers

from Tandridge District Council and Surrey County Council.

6.7) Communications and stakeholder management

6.8) Benefits management

6.9) Project evaluation

Recommendation/ Declaration

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

To allocate LGF funding to support the preferred scheme to carry out feasibility work for regeneration and housing development in Caterham and Warlingham and enable the relocation of existing CRC facilities to unlock these sites and improve recycling rates in the locality through improved facilities.

Declaration:	I certify that the information provided in this Business Case is complete and correct at the time of submission.
Signature:	
Print Name:	Lesley Harding
Title:	Head of Place Development
Date:	8th September 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 (both tabs completed)**
- **Full risk register**
- **Any other Supporting documents and evidence required (e.g. letter of support from Area Partnership)**
- **Written evidence to the satisfaction of the Coast to Capital Accountable Body from a practicing solicitor / Counsel that the project is compliant with the EU state aid rules.**
- **VAT external advice if applicable.**