

COAST TO CAPITAL LOCAL GROWTH FUND BUSINESS CASE

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| Project Title: | Unlocking Housing in North Tandridge |
| Lead delivery organisation: | Tandridge District Council |
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| Version No: | |
| Issue Date: | 23 July 2020 |

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:

Background

The North Tandridge area is made up of the town of Caterham, the largest town in Tandridge district, and a number of smaller, adjacent communities, including Warlingham, Whyteleafe and Chaldon. The area serves a population of approximately 40,000.

The North Tandridge area has clear locational advantages. It is one of the best served in the South East for rail services, with 7 stations connecting to London Bridge and London Victoria in under 25 minutes and Croydon in 5 minutes. Proximity to Junction 6 of the M25 provides access to Gatwick Airport (20 minutes) and Heathrow Airport (30 minutes) as well as good connectivity to the Kent seaports. Biggin Hill airport which is a popular business hub, is also accessible in under 10 minutes and the area is on the doorstep to Croydon which is undergoing substantial regeneration.

North Tandridge also forms part of a wider East Surrey economy, which performs strongly in the Coast to Capital (C2C) area in respect of GVA, and is also located within the Gatwick Diamond, A23/M23 strategic corridor region.

Despite these advantages, the area underperforms economically and faces a number of barriers to growth. These barriers include restrictive Green Belt policies (approximately 94% of Tandridge district is Green Belt) which impact the availability of land for commercial and residential development. This has seen the area become one of the most unaffordable in the country with house prices 14 times the average salary.

This has had a significant impact on local businesses, in respect of being able to recruit and retain staff. It has also seen the area particularly impacted by the effects of permitted development rights which has seen 11% of commercial space lost across the region over the last 5 years. With no end in sight to this national policy, this trend is likely to continue.

As a result of these issues, the area is seeing an unsustainable demographic swing. Over 65s already make up 18% of the population. Over the next 10 years, this age group expected to grow by 29% (with an increase in over 85s by 40%) which will see the area's already comparatively high economic inactivity rates increase. This will further exacerbate issues relating to workforce availability. It is also likely to have an impact on high streets in North Tandridge which are already in decline and rely on a sustainable demographic mix to remain viable.

Viability of town centres is a key issue for the area. The Caterham Masterplan, adopted by Tandridge District Council in March 2018 identified that the area performed poorly against comparable areas and faces a number of barriers to growth. This includes competition from Redhill, Crawley, Croydon and Bluewater, a poor commercial offer based around low value and mid-range retailing (which is not reflective of the local demographic) and access, public realm and streetscape issues that affect the area's wider appeal as a leisure/recreation destination which is particularly important given the impact of online shopping and move to 'experiential' shopping.

Road infrastructure is also a major barrier to growth. The area is accessed directly by Junction 6 of the M25 which is rapidly approaching capacity and the A22 also experiences congestion. This will be further exacerbated by the ongoing and planned growth in Croydon and the planned garden community in South Godstone.

Flooding also continues to be an ongoing issue for local businesses, particularly in Caterham and Whyteleafe. Most recently, in June 2016 a flash flood occurred in Caterham which overwhelmed the local road and drainage infrastructure resulting in internal and external residential and commercial property floods. Many of the internal property floods included sewage including a number of retail units in Caterham Valley town centre.

These issues have had a huge impact on the ability for businesses to grow and locate in the area. Over the last 20 years, North Tandridge has lost many of its major employers. It has also seen the economy move toward low-value, low-skilled sectors, which is at odds with its highly educated population and advantageous location. This has resulted in a high degree of out-commuting. The wider district experiences a net loss of over 8,700 people each working day. Not only does this create a dormitory effect but it also has an impact on the viability of town centres and road and rail congestion.

In order to address these issues, a Local Growth Fund application was submitted in 2017 for a £4.945 million project to unlock housing by relocating two existing Community Recycling Centres (CRCs) to a modern, fit-for-purpose site which would release the existing sites, in Caterham and Warlingham, for housing development. The Coast to Capital Board conditionally agreed this application, with a small amount of the identified funding drawn down in 2017/18 (£30,000) on the basis an updated application would be submitted in the 2018/19 year for the remaining funding.

Conditional agreement of this application provided a catalyst for the project to expand into a wider, more ambitious programme of work undertaken in partnership with Surrey County Council, Tandridge District Council, NHS East Surrey (now Surrey Heartlands) Clinical Commissioning Group (CCG) and private sector partners. There has been significant work carried out on this positive and extensive project which is scheduled to continue through to 2030. A total of £19.5 million has already been spent with a further £10.68 committed by Tandridge District Council.

This Programme will not only enable much-needed housing to be provided but will look more broadly at addressing issues relating to provision of commercial space, vitality of town centres and the infrastructure associated with this.

Programme aims and objectives

The key aims of the Programme are as follows:

- 1. Delivery of new affordable and market housing**
- 2. Protection of existing and delivery of new commercial floorspace**
- 3. Enhancement of town centres**

For each of these priorities a number of objectives have been identified. These are as follows:

a) Redevelopment of public sector sites

Phase 1 of the Programme has identified opportunities for public sector assets to be released for alternative residential, commercial or shared public-sector use. These assets include libraries, schools, hospitals, day centres and community centres. A list of assets is attached as Appendix A. This work has been undertaken in partnership by Surrey County Council, Tandridge District Council and NHS East Surrey (now Surrey Heartlands) Clinical Commissioning Group (CCG), working closely with NHS Property Services. As part of this work, the now Surrey Heartlands Clinical Commissioning Group, will continue to look at a strategic outline case for redevelopment of the Caterham Dene Hospital site and adjacent Caterham Dene fields to a mixed-use health and residential site. This work has been affected by the delay to the Tandridge Local Plan. The Examination in Public was held in November 2019, which was later than scheduled in the anticipated programme. The further timetable from the Inspector is at this stage unknown. Following his initial findings further modification and consultation will be required and final adoption is scheduled for not earlier than January/March 2021.

Phase 1 will also continue work to consider the existing Community Recycling Centres (CRCs) in Warlingham and Caterham to be unlocked for redevelopment. Both sites suffer major access issues and proposals are to be progressed for relocation to a modern, more accessible site. The unlocking of the CRCs will also act as a catalyst to bring other sites forward for redevelopment. Initial modelling has identified a potentially suitable CRC site on an existing Surrey County Council-owned depot, located in Godstone, on the A25 close the Junction 6 of the M25. The site would need some redevelopment to accommodate the CRC. Options appraisal and outline design work is underway for this site though due to the service considerations of the Surrey County Council Transformation Programme the full detailed design work has been delayed. The

timetable of completion by 2025 remains in place. Initial conservative modelling (including the CRCs) has indicated that 82 homes could be unlocked across public sector sites.

Alongside this work, Surrey County Council and Tandridge District Council have already identified sites, for residential redevelopment. This includes the derelict Bronzeoak site, in Caterham Valley which has been acquired by Tandridge District Council. This site has planning permission for 26 homes. 100% of these units will be for affordable rental through Tandridge District Council. Committee approval was given on 18th June for the tender to be granted with a start on site of September 2020. This will commit £10.68m for a scheme to include sheltered housing designed to attract older tenants looking to downsize and flats for families. The site itself is in a central location, being close to Caterham town centre and public transport links. The scheme has also been designed to fully consider a future redevelopment of the adjoining **Caterham Valley Library**, also included in the 'Unlocking Housing in North Tandridge Project. All plans remain subject to further work through the Surrey Transformation Programme and consultation on any proposed new location for a Library and Community Hub model. Considerable work has been carried out by Surrey Libraries Team towards a new operating model. Consultation was due to commence in March, but the process has been delayed, as a direct result of Covid issues. It remains to be rescheduled as it is part of committed ongoing work at Surrey County Council

Surrey County Council have also identified the former residential care home site known as Dormers, which is located in Caterham Hill for market housing through their joint venture framework which will deliver an estimated 22 homes.

This work continues as it is vital it fits both the ongoing Surrey County Council Transformation Programme and the proposals of the newly merged CCG proposals now it is part of the Surrey Heartlands area.

b) Redevelopment of privately-owned sites

The Programme will also deliver major redevelopment of two privately-owned sites in Caterham Valley town centre.

Tandridge District Council have worked closely with Ropemaker Properties, the owners of Church Walk shopping centre to bring forward plans for the redevelopment of that site. The plans are for a mixed-use residential, leisure and retail scheme which will deliver 180 new homes, a cinema, additional parking provision and additional/enhanced commercial floorspace. The plans have been informed by extensive public consultation and will be considered by Tandridge District Council's Planning Committee in late summer 2020. With the current Covid issues having particular serious effects on an already troubled retail, leisure and hospitality sector the nature of this scheme may alter whatever the outcome of the planning application. Any changes will affect/delay £52m of matched funding

Phase 1 of the Programme has also seen development commence on the long-derelict Rose & Young site in Caterham Valley town centre. Tandridge District Council have played a key role in enabling this site to come forward through use of its compulsory purchase order powers. The new owners, Clarion Housing, will deliver 48 affordable homes, and a supermarket on the site, which will provide circa 90 new jobs. Work started although the Grounds work sub-contractor went into administration at the end of May 2019 followed, after difficulties in finding a successor by the main Contractor in January 2020. The search for a new contractor is well under way with Clarion aiming to restart on site in August 2020 for completion by January 2023. The supermarket, Lidl remain committed to the project at this time.

c) Urban redesign schemes in Caterham and Warlingham

Tandridge District Council, Surrey County Council and the Caterham Business Improvement District are also working to take forward the objectives from the Caterham Masterplan to regenerate and revitalise the town centre offer. These objectives include:

- Improved leisure, culture and community offer in the town centre
- Improved quality and quantity of the retail offer
- Improved environment for pedestrians and improved accessibility
- Improved quality of short stay and long stay car parking
- Provision of high quality living within the town centre
- Opportunities for existing and start-up businesses to grow
- Promotion of sustainable development

Phase 1 of the programme has seen pre-feasibility work completed to better understand the physical constraints of Station Avenue, Godstone Road and Croydon Road in Caterham Valley in order to improve the accessibility, streetscape and environment of these areas. This work is necessary to inform options which will be developed as part of the feasibility and detailed design stages and includes a high-level flood appraisal. The pre-feasibility work was completed in Summer 2019.

Phase 1 has seen feasibility work continue on an urban enhancement scheme for Warlingham Green carried out by Warlingham Parish Council which looks to improve the accessibility, street scape and environment in this area.

d) Acquisition and enhancement of commercial space

In order to protect commercial space from permitted development, Tandridge District Council and Surrey County Council's property companies will also actively seek to acquire suitable commercial property in North Tandridge. Phase 1 has seen Tandridge District Council acquire Linden House at the Caterham Barracks for a cost of £4.43 million which will protect 1,290 sqm of commercial floorspace and circa 200 jobs. This quality property is currently used as the headquarters of Linden Homes which is part of the Bovis group, one of the UK's leading housebuilding and construction companies.

Tandridge District Council have also acquired the strategically important Quadrant House site on Croydon Road in Caterham Valley for a cost of £16.137 million. This not only protects 5,245 sqm of commercial floorspace and circa 300 jobs but its' strategic location, in the middle of the town centre, close to the railway station, provides a unique opportunity to act as a focus for transformational shift both in terms of the type of uses it can provide and to upgrade the quality of the office accommodation and outlook of Croydon Road and to effect an upgrade of the whole area.

e) Unlocking infrastructure to support housing delivery

Phase 1 has also seen feasibility work carried out for Junction 6 of the M25. This junction is due to be at capacity for 2020 and unless addressed will prove a major barrier to growth not only for North Tandridge but also the planned garden community of 4000 homes in South Godstone.

The feasibility work sets out proposals for increasing capacity by 2024. Tandridge District Council and Surrey County Council are working closely with Highways England, the Department for Transport and Homes England to develop this scheme.

As part of Phase 1 work, Tandridge District Council, Surrey County Council, London Borough of Croydon and the Environment Agency will also work together to identify solutions to improve existing infrastructure that would protect local homes and businesses, in the event of a severe flood. Engineering and infrastructure specialists, Atkins have undertaken a feasibility study to assess the drainage issues and identify mitigation measures.

As detailed above, the Programme provides a unique opportunity to bring together a range of projects into a single programme of work which will improve North Tandridge in a comprehensive, joined up way, maximising outcomes relating to jobs, homes, footfall and commercial space. It also enables a far higher level of match funding to be provided by partners over the duration of the programme. This match will include local authority and NHS revenue & capital funding, Community Infrastructure Levy (CIL), government funding streams such as the Housing Infrastructure Fund and One Public Estate and substantial private sector capital funding.

The Programme's outcomes will also enable North Tandridge and Caterham in particular to better contribute toward the wider, powerhouse East Surrey economy, Gatwick Diamond A23/M23 strategic corridor and maximise the area's excellent proximity to Gatwick and Heathrow Airports, the M25 and London. The outcomes will also deliver against a number of key Coast to Capital Gatwick 360 priorities including delivering prosperous urban centres; developing business infrastructure and support; and promoting better transport and mobility.

The Programme will also support the deliverability of housing in the area, especially as Caterham is identified in the emerging Local Plan as a Tier 1 settlement.

Local Growth Fund proposal

In 2017, a Local Growth Fund (LGF) application was submitted for the Unlocking Housing in North Tandridge project. This application primarily focussed on relocating two existing Community Recycling Centres (CRCs) to a modern, fit-for-purpose site which would release the existing sites, in Caterham and Warlingham for housing development. £4.945 million of funding was conditionally agreed on the basis that a small amount of the identified funding would be drawn down in 2017/18 (£30,000) and an updated application would be submitted in respect of the remaining funding.

The initial Local Growth Fund application provided a catalyst for a wider, more ambitious programme to be developed which will not only enable much-needed housing to be provided but will look more broadly at addressing issues relating to provision of commercial space, vitality of town centres and the infrastructure associated with this. It also enables a far higher level of match funding to be provided by partners over the duration of the programme.

The project wishes to spend the now remaining £4.915 million on an urgent programme to safeguard the economic outputs of the whole programme which are considered to be at risk without this support. This is seen as an opportunity to re align the project to focus on the economic difficulties which were facing Caterham town centre which have been worsened by the economic repercussions of Covid 19. For the Unlocking Housing in North Tandridge project to be achieved, agreement is sought that the remaining £4.915 million provisionally allocated be used to pivot the focus of the project to be concentrated on Caterham town centre at this time.

This programme will use Quadrant House, Caterham as a focus for transformational shift to upgrade the environment, quality of the office space available and the street scene on to Croydon Road. Quadrant House, already to be the location of a shortly arriving new Business Hub (the subject of a separate £200k grant from the LGF) provides an exciting and available opportunity to improve the quality of the available commercial, retail and leisure offer.

This work would create a catalyst for renewed economic activity and focus. The need to significantly improve the environment of the area is recognised. All works proposed will improve the environment for pedestrians and give increased accessibility. Air quality and biodiversity improvements would have a significant effect on the confidence of the area, with a proposal with a 'green' living wall façade to Quadrant House and/or a widely visible 'green' roof terrace from the extensive area available which dominates Croydon Road which will add a feature to draw interest and restore vitality to the whole North Tandridge area. Any impact on the further deterioration of Caterham by Covid 19 will be aggressively fought and challenged.

The proposals listed below are costed and ready, with the £4.915m funding to be committed for spend by the end of March 2021.

- A green living façade to Quadrant House and/or
- A 'green' roof terrace to Quadrant House with proposed restaurant access
- Accessible lifts at Quadrant House with associated renewed fire escapes and refuge areas
- Replacement of windows for energy efficiency and exterior painting
- Creation of community space/Library at Quadrant House
- Vacant suite refurbishment including a/c
- PV Roof panels at high roof Quadrant House

- Croydon Road Public Realm Improvements.

The project has spent £20.7m million to date.

A further £10.68 million is committed as the Bronzeoak House Tender was approved on 18th June and ratified by full Council on 16th July. This makes a total spend at this early stage of the project of £31.3million.

These measures to shift the focus of the £4.915m allocated will safeguard the £31.3 million investment already committed to the £118m Unlocking Housing in North Tandridge project and mitigate the risks which have arisen. The progression of non-LGF funding is committed by partners. It is considered that the matched funding of c. £113m can be achieved if the project remains supported.

The amount of LGF requested and match funding unlocked is as follows:

| Project | Partner | Total cost | LGF sought | Match | LGF % |
|--|--|-------------|----------------|---|-------|
| • a) Identification and Investigation of potential of Public Assets | | | | | |
| Redevelopment of public sector sites | | | | | |
| Investigation of Public Assets | TDC / SCC | £80,000 | £30,000 (paid) | £50,000 | 37.5% |
| Douglas Brunton Centre | TDC | £50,000 | £0 | £50,000 | NA |
| Community Recycling Centres Redevelopment | SCC | £7,938,000 | £0 | £7,938,000 | NA |
| Caterham Dene Hospital Options Appraisals | NHS ESCCG | £50,000 | £0 | £50,000 | NA |
| Bronzeoak Site Redevelopment | TDC | £10,680,000 | £0 | £10,680,000 | NA |
| Dormers Site Redevelopment | SCC | £5,140,000 | £0 | £5,140,000 | NA |
| b) Redevelopment of privately-owned sites | | | | | |
| Church Walk Shopping Centre Redevelopment | Ropemaker Properties | £52,000,000 | £0 | £52,000,000 | NA |
| Former Rose & Young Site Redevelopment | Clarion Housing | £14,700,000 | £0 | £14,700,000 | NA |
| c) Urban redesign schemes in Caterham and Warlingham | | | | | |
| Urban redesign scheme in Caterham Valley town centre | TDC/SCC | £112,000 | £0 | £112,000 | NA |
| Croydon Road Public Realm Improvements | TDC/SCC/Caterham Business Improvement District | £1,170,000 | £1,170,000 | Match Funded from the acquisition of Quadrant House | 100% |
| Urban redesign scheme in Warlingham | Warlingham Parish Council | £2,047,824 | £0 | £2,047,824 | NA |
| d) Acquisition and enhancement of commercial space | | | | | |
| Acquisition of Linden House | TDC | £4,429,675 | £0 | £4,429,675 | NA |

| | | | | | |
|--|--|---------------------|-------------------|---|-------------|
| Acquisition of Quadrant House | TDC | £16,136,750 | £0 | £16,136,750 | NA |
| Green Wall at Quadrant House | TDC | £330,000 | £330,000 | Match funded from the acquisition of Quadrant House | 100% |
| Green Terrace at Roof level with proposed restaurant access | TDC | £167,000 | £167,000 | As above | 100% |
| Accessible lifts at Quadrant House with associated renewed fire escapes and refuge areas | TDC | £640,000 | £640,000 | As above | 100% |
| Replacement of windows for energy efficiency and exterior painting | TDC | £1,503,000 | £1,503,000 | As above | 100% |
| Creation of Community Space / Library at Quadrant House | TDC | £425,000 | £425,000 | As above | 100% |
| Vacant Suite Refurbishment including a/c | TDC | £530,000 | £530,000 | As above | 100% |
| PV Panels at high roof Quadrant House | TDC | £150,000 | £150,000 | As above | 100% |
| e) Unlocking infrastructure to support housing delivery | | | | | |
| | | | | | |
| | | | | | |
| M25 Junction 6 Enhancements | TDC/SCC/Highways England/Department of Transport | £103,000 | £0 | £103,000 | NA |
| Flood Protection Scheme | TDC/SCC/LBC Croydon/Environment Agency | £379,300 | £0 | £379,300 | NA |
| Total | | £118,761,549 | £4,945,000 | £113,816,549 | 4.2% |

In reality, as detailed design work is still ongoing for some aspects of the Programme the true level of match is likely to be much higher particularly when factoring in other public-sector sites likely to be identified as suitable for redevelopment.

Without this funding, partners would struggle to fully fund the work needed to deliver the wider programme. Given the symbiotic nature of the projects within this Programme, this would have a negative impact on ability of all projects to maximise outcomes relating to jobs, homes, footfall and commercial space.

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

| | |
|--|--|
| | <p>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 <input type="checkbox"/></p> <p>Increased capacity in sustainable transport and 'key' arterial routes where there are 'bottlenecks', together with flood resilience and digital infrastructure investment <input type="checkbox"/></p> <p>Investment in capital projects where there is a demonstrable case that such investment will generate proportionate foreign direct investment and international trade <input type="checkbox"/></p> <p>Regeneration and housing infrastructure projects that increase capacity and footfall and unlock new employment space <input checked="" type="checkbox"/></p> <p>Capital investment to increase high value tourism to the Coast to Capital region <input type="checkbox"/></p> |
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1.3) The fit with Coast to Capital Strategic Economic Plan 2018-2030

The Programme supports a range of priorities identified in the Coast to Capital Strategic Economic Plan 2018/2030, including:

Deliver prosperous urban centres – Caterham and its adjacent settlements of Warlingham and Whyteleafe form the largest urban centre in Tandridge district. Whilst the area is a sought-after place to live with good connectivity to London and the M25, it faces a range of issues including a lack of affordable housing in an area of the LEP where there is a significant identified shortfall of affordable homes, with approximately 1,700 individuals on the housing waiting list. Town centres in Caterham Valley and Caterham on the Hill have also failed to keep pace with the growth of the town as a whole and in particular fail to offer the quality of environment, experience and choice that many local residents expect. This has led to many residents choosing to shop or have an evening out in other readily accessible town and commercial centres nearby. The Programme aims to address these issues through the provision of housing including affordable housing on under-utilised public-sector sites and through the enhancement of town centres through a major shopping centre redevelopment and highways and urban redesign enhancement scheme. It also seeks to safeguard existing commercial floorspace through the acquisition and improvement of sites, maintaining a mix of land uses in urban centres.

Develop business infrastructure and support – Tandridge District Council’s 2017 Economic Needs Assessment identified that a key constraint in attracting more high-value employment is a lack of suitable premises. The demand for office space is particularly strong in Caterham due its attractiveness as business locations and relative accessibility. Since 2013, there has been a year-on-year reduction in office floorspace reflecting the considerable number of units converted to residential uses following the changes to permitted development rights in 2013. This has seen the district lose in the region of 16% of its office floorspace over the last 10 years and a number of its biggest employers. This Programme will look at opportunities to acquire and safeguard commercial and office space to protect against further loss of businesses from the area as a result of permitted development rights. As part of this work we are developing a business hub, improving the quality of space available and the opportunities to provide scale up & growth space.

Promote better transport and mobility – Joint transport modelling by Tandridge District Council and Surrey County Council, show that a major barrier to growth in the district are infrastructure issues

relating to Junction 6 of the M25 and the A22 (which forms the major arterial route through the district). This issue has a particular impact on the Programme with both Junction 6 of the M25 and the A22 potentially providing a barrier to any new development. Alongside this, the Programme will also look at sustainable transport options in the north of the district to ensure residents are able to access any re-provisioned services.

As the above points detail, the Programme also addresses a number of economic challenges identified in the Coast to Capital Strategic Economic Plan 2018/2030, including:

Infrastructure – An opportunity to look at key infrastructure barriers (Junction 6 of M25 and A22) which will not only unlock the potential for growth in the north of the district but also more widely in the region, including the proposed 4000 home garden community at South Godstone.

Business environment – An opportunity to protect and improve office and commercial space in the district through re-provisioning of existing public-sector sites and acquisitions of new ones. And, within this, the opportunity to provide business hubs and scale up & growth space.

Places – Tandridge district is one of the most unaffordable places to live in the country with house prices at 14 times the average salary. This has resulted in approximately 1700 families and individuals on the housing waiting list and has had a knock-on effect on access to skilled employees, economic output, vibrancy of town centres, demand for permitted development right conversion as well as putting significant pressure on public services as the remaining population tend to be proportionally older. Over 65s already make up 18% of the population. Over the next 10 years, this age group expected to grow by 29% (with an increase in over 85s by 40%) which will see the area's already comparatively high economic inactivity rates increase. This also presents significant challenges in respect of health and social care services. This Programme provides an opportunity to deliver affordable housing alongside and improved public service and health offer.

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 | £118,761,549 | 100% |
| Applicant own funds | £31,336,425 | 26.4% |
| Other public funds | £15,780,124 | 13.3% |
| Private sector funds | £66,700,000 | 56.2% |
| Total Spent and Committed to date | £31,336,425 | 26.4% |
| Funding requested from Coast to Capital LEP | £4,945,000 (£30,000 spent) | 4.2%% |

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 | Yes | 590 |
| Businesses assisted- financial and non- financial | 2000. | NA |
| Skills- new learners and/or apprentices | No. | To be determined |
| New housing unit completions | Units | 358 |
| New floor space constructed/refurbished- learning | Sq mtr | NA |
| New floor space constructed/Refurbished- Commercial | Sq mtr | 36,086 |
| Length of new roads/cycle ways | Km | NA |
| Improvement to journey times | Minutes per mile | To be determined |
| Carbon reduction | Tonnes of CO2 | To be determined |

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 full risk register is attached at **Appendix B**. In summary, the key risks relate to:

Financial sustainability of partner organisations

The major transformation programme at SCC has led to delays however the thorough consideration of service requirement in the response to budgetary pressures will lead to more certainty in future as detailed challenge and rigorous studies have been made. Despite this, the work with Tandridge District Council retains a high profile, It also provides a blue-print for their transformational aspirations, taking a wider-whole system approach to public service provision and asset use. The NHS also face ongoing budgetary pressures with increased demand for services. Development of proposals for the Caterham Dene Hospital will require major financial contribution from Surrey Heartlands Clinical Commissioning Group. These issues continue to be closely monitored.

Political changes

No one party has overall control at Tandridge District Council although this programme continues to have cross-party support at a senior level.

Ability to acquire commercial sites

The availability of potential investments in local area is limited, subject to market forces and time taken to complete due diligence and gain political approval on some sites can affect purchase. Tandridge District Council relies on borrowing from the Public Works Loan Board (PWLB). Although changes are in mind, the ability to use the PWLB for regeneration purposes is likely to remain. If this situation changes, both Councils ability and appetite to borrow to enable investment may be affected.

Cost to relocate Community Recycling Centre site

The availability of appropriate sites in the local area is very limited and any recommended site is likely to have constraints, for example, planning, legal, environmental or access. That said, a potentially suitable CRC site on an existing Surrey County Council-owned depot, located in Godstone, on the A25 close the Junction 6 of the M25 has been identified as the preferred site. The site would need significant redevelopment to accommodate the CRC. Option appraisal and design work remains underway for this site

Legal, planning, environmental restrictions on sites

As part of the pre-feasibility work undertaken, all sites have been reviewed in respect of legal, planning and environmental restrictions. Whilst some sites appear challenging, there are no fundamental reasons for any sites not to be considered.

To consider these risks a Stakeholder Engagement plan has been developed and the Governance Board for the Programme has cross party representation from Tandridge District Council and Surrey County Council level.

Local opposition to proposals

This is an ambitious programme which will fundamentally redesign the town centre offer, public service provision as well as providing additional housing. Whilst the Programme continues to build on extensive consultation carried out in Caterham through Masterplan work which showed broad support for redevelopment, given the level of change proposed a degree of opposition is expected. Partners will need ongoing, proactive engagement with both politicians and the public if local support is to be

achieved for delivery of the wider programme.

A Stakeholder Engagement plan has been developed to enable this. The Governance Board for the Programme also has cross-party representation.

Brexit

Whilst outcomes of the UK leaving the EU are uncertain, it could be expected that demand for commercial space may reduce nationally. Research undertaken for the Tandridge Local Plan suggests, however, that the district's strong business location near the M25 / M23, Gatwick Airport and close links to London and the south coast may mitigate these concerns and that latent demand for the right quality and type of commercial space will remain.

Covid 19 It is difficult to predict the extent to which Covid 19 will impact on the outputs of this project. However, we remain optimistic that all outputs will be delivered. Unlocking Housing in North Tandridge is an ambitious project which works on a high level of collaboration with County and NHS and Tandridge District Council specialists. We know that there has been a severe shortage of business space in the District and we know that a large percentage of local people commute to central London and elsewhere to work. These people may prefer to take local employment. We anticipate that there will be an increase in home-working. Some of these people may wish to take a desk in a co-working office. We expect some businesses to re-evaluate their office space requirements with a preference away from expensive central London offices accessed via crowded public transport in favour of more economical smaller offices in the periphery of London. We want to be ready to create an attractive environment for homes and work life.

Delay/Non determination of the Local Plan

The delay to the determination of Tandridge District Council's new **Local Plan** heightens the risk that the private sector matched funding contributions will not be achieved. The Examination in public was held in November 2019 and the further timetable from the Inspector is unknown. Further to his initial findings further consultation will be required and final adoption is scheduled for not earlier than January/March 2021.

DOCUMENT STATUS

REVISION HISTORY

| Revision Date | Version No. | Summary of changes | Author/editor |
|---------------|-------------|--------------------|---------------|
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2. The Strategic Case

2.1) Describe the compelling case for change.

The North Tandridge area is made up of the town of Caterham, the largest town in Tandridge district, and a number of smaller, adjacent communities, including Warlingham, Whyteleafe and Chaldon. The area serves a population of approximately 40,000.

The North Tandridge area has clear locational advantages. It is one of the best served in the South East for rail services, with 7 stations connecting to London Bridge and London Victoria in under 25 minutes and Croydon in 5 minutes. Proximity to Junction 6 of the M25 provides access to Gatwick Airport (20 minutes) and Heathrow Airport (30 minutes) as well as good connectivity to the Kent seaports. Biggin Hill airport which is a popular business hub, is also accessible in under 10 minutes and the area is on the doorstep to Croydon which is undergoing substantial regeneration.

North Tandridge also forms part of a wider East Surrey economy, which performs strongly in the Coast to Capital (C2C) area in respect of GVA, and is also located within the Gatwick Diamond, A23/M23 strategic corridor region.

Despite these advantages, the area underperforms economically in respect of both GVA and GVA per employee in comparison to both the East Surrey and Gatwick Diamond regions. North Tandridge also faces a number of barriers to growth. These barriers include restrictive Green Belt policies (approximately 94% of Tandridge district is Green Belt) which impact the availability of land for commercial and residential development. This has seen the area become one of the most unaffordable in the country with house prices 14 times the average salary.

Tandridge District Council adopted its Housing Strategy in January 2019, and this document sets out in detail the challenges facing residents in terms of the availability and affordability of housing, both in relation to the rented sector (social and private), and private market. Research carried out into housing in Tandridge in 2018 indicates that 81% of residents cannot afford to buy a property in the District, 57% cannot afford to privately rent a 3 bed property and 39% cannot afford to rent a 2 bed property. Social rented housing comprises approximately 11% of the total stock of dwellings in the district. Many young people therefore cannot afford to live in Tandridge (either through rental or buying a property). Access to affordable housing is therefore a significant issue for many residents and increasing the supply of housing generally and affordable housing in particular is one of the Council's key objectives. The Council's emerging Local Plan will set out how affordable housing will be delivered, to be informed by the Housing Strategy.

This has had a significant impact on local businesses, in respect of being able to recruit and retain staff. It has also seen the area particularly impacted by the effects of permitted development rights which has seen 11% of commercial space lost across the region over the last 5 years. With no end in sight to this national policy, this trend is likely to continue.

As a result of these issues, the area is seeing an unsustainable demographic swing. Over 65s already make up 18% of the population. Over the next 10 years, this age group expected to grow by 29% (with an increase in over 85s by 40%) which will see the area's already comparatively high economic inactivity rates increase. This will further exacerbate issues relating to workforce availability. It is also likely to have an impact on high streets in North Tandridge which are already in decline and rely on a sustainable demographic mix to remain viable.

Viability of town centres is a key issue for the area. The Caterham Masterplan, adopted by Tandridge District Council in March 2018 identified that the area performed poorly against comparable areas and faces a number of barriers to growth. This includes competition from Redhill, Crawley, Croydon and Bluewater, a poor commercial offer based around low value and mid-range retailing (which is not reflective of the local demographic) and access, public realm and streetscape issues that affect the area's wider appeal as a leisure/recreation destination which is particularly important given the impact of online shopping and move to 'experiential' shopping.

Road infrastructure is also a major barrier to growth. The area is accessed directly by Junction 6 of the M25 which is rapidly approaching capacity and the A22 also experiences congestion. This will be further exacerbated by the ongoing and planned growth in Croydon and the planned garden community in South Godstone.

Flooding also continues to be an ongoing issue for local businesses, particularly in Caterham and Whyteleafe. Most recently, in June 2016 a flash flood occurred in Caterham which overwhelmed the local road and drainage infrastructure resulting in internal and external residential and commercial property floods. Many of the internal property floods included sewage to a number of retail units in Caterham Valley town centre.

These issues have had a huge impact on the ability for businesses to grow and locate in the area. Over the last 20 years, North Tandridge has lost many of its major employers. It has also seen the economy move toward low-value, low-skilled sectors, which is at odds with its highly educated population and advantageous location. This has resulted in a high degree of out-commuting. The wider district experiences a net loss of over 8,700 people each working day. Not only does this create a dormitory effect but it also has an impact on the viability of town centres and road and rail congestion.

In order to address these issues, a Local Growth Fund application was submitted in 2017 for a project to unlock housing by relocating two existing Community Recycling Centres (CRCs) to a modern, fit-for-purpose site which would release the existing sites, in Caterham and Warringham, for housing development. The Coast to Capital Board conditionally agreed this application, with a small amount of the identified funding drawn down in 2017/18 on the basis an updated application to follow.

Conditional agreement of this application provided a catalyst for the project to expand into a wider, more ambitious programme of work which is being undertaken in partnership by Surrey County Council, Tandridge District Council, NHS East Surrey Clinical Commissioning Group (CCG) and private sector partners. This Programme will not only enable much-needed housing to be provided but looks more broadly at addressing issues relating to provision of commercial space, vitality of town centres and the infrastructure associated with this.

The north Tandridge area as a whole underperforms, considering the overall wealth base. It is one of the most unaffordable areas for house prices which leads to the inability to recruit and retain staff for employment needs. Caterham town centre was already deteriorating and struggling to compete with neighbouring towns at the start of the project. Much commercial space has been lost in recent years, the loss of commercial space through permitted development and there has been little /no new supply. Should the project not be supported at this time the negative economic impact of Covid will be more entrenched and it is considered a high risk that the current committed spend of over £30 million will fail to lead to further matched funding by other partners especially in the private sector.

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

The key aims of the Programme are as follows:

- 1. Delivery of new affordable and market housing**
- 2. Protection of existing and delivery of new commercial floorspace**
- 4. Enhancement of town centres**

For each of these priorities a number of objectives have been identified. These are as follows:

a) Redevelopment of public sector sites

Phase 1 of the Programme has identified opportunities for public sector assets to be released for alternative residential, commercial or shared public-sector use. These assets include libraries, schools, hospitals, day centres and community centres. A list of assets is attached as Appendix A. This work has been undertaken in partnership by Surrey County Council, Tandridge District Council and NHS East Surrey (now Surrey Heartlands) Clinical Commissioning Group (CCG), working closely with NHS Property Services. As part of this work, the now Surrey Heartlands Clinical Commissioning Group, will continue to look at a strategic outline case for redevelopment of the Caterham Dene Hospital site and adjacent Caterham Dene fields to a mixed-use health and residential site. This work has been affected by the delay to the Tandridge Local Plan. The Examination in Public was held in November 2019, which was later than scheduled in the anticipated programme. The further timetable from the Inspector is at this stage unknown. Following his initial findings further modification and consultation will be required and final adoption is scheduled for not earlier than January/March 2021.

Phase 1 will also continue work to consider the existing Community Recycling Centres (CRCs) in Warlingham and Caterham to be unlocked for redevelopment. Both sites suffer major access issues and proposals are to be progressed for relocation to a modern, more accessible site. The unlocking of the CRCs will also act as a catalyst to bring other sites forward for redevelopment. Initial modelling has identified a potentially suitable CRC site on an existing Surrey County Council-owned depot, located in Godstone, on the A25 close the Junction 6 of the M25. The site would need some redevelopment to accommodate the CRC. Options appraisal and outline design work is underway for this site though due to the service considerations of the Surrey County Council Transformation Programme the full detailed design work has been delayed. The timetable of completion by 2025 remains in place. Initial conservative modelling (including the CRCs) has indicated that 82 homes could be unlocked across public sector sites.

Alongside this work, Surrey County Council and Tandridge District Council have already identified sites, for residential redevelopment. This includes the derelict Bronzoak site, in Caterham Valley which has been acquired by Tandridge District Council. This site now has planning permission for 26 homes. 100% of these units will be for affordable rental through Tandridge District Council. Committee approval was given on 18th June for the tender to be granted with a start on site of September 2020. This will commit £10.68m for a scheme to include sheltered housing designed to attract older tenants looking to downsize and flats for families. The site itself is in a central location, being close to Caterham town centre and public transport links. The scheme has also been designed to fully consider a future redevelopment of the adjoining **Caterham Valley Library**, also included in the 'Unlocking Housing in North Tandridge Project. All plans remain subject to further work through the Surrey Transformation Programme and consultation on any proposed new location for a Library and Community Hub model. Considerable work has been carried out by Surrey Libraries Team towards a new operating model. Consultation was due to commence in March, but the process has been delayed, as a direct result of Covid issues. It remains to be rescheduled as it is part of committed ongoing work at Surrey County Council.

Surrey County Council have also identified the former residential care home site known as Dormers, which is located in Caterham Hill for market housing through their joint venture framework which will deliver an estimated 22 homes.

This work continues as it is vital it fits both the ongoing Surrey County Council Transformation Programme and the proposals of the newly merged CCG proposals now it is part of the Surrey Heartlands area.

b) Redevelopment of privately-owned sites

The Programme will also deliver major redevelopment of two privately-owned sites in Caterham Valley town centre.

Tandridge District Council have worked closely with Ropemaker Properties, the owners of Church Walk shopping centre to bring forward plans for the redevelopment of that site. The plans are for a mixed-use residential, leisure and retail scheme which will deliver 180 new

homes, a cinema, additional parking provision and additional/enhanced commercial floorspace. The plans have been informed by extensive public consultation and will be considered by Tandridge District Council's Planning Committee in late summer 2020. With the current Covid issues having particular serious effects on an already troubled retail, leisure and hospitality sector the nature of this scheme may alter whatever the outcome of the planning application. Any changes will affect/delay £52m of matched funding

Phase 1 of the Programme has also seen development commence on the long-derelict Rose & Young site in Caterham Valley town centre. Tandridge District Council have played a key role in enabling this site to come forward through use of its compulsory purchase order powers. The new owners, Clarion Housing, will deliver 48 affordable homes, and a supermarket on the site, which will provide circa 90 new jobs. Work started although the Grounds work sub-contractor went into administration at the end of May 2019 followed, after difficulties in finding a successor by the main Contractor in January 2020. The search for a new contractor is well under way with Clarion aiming to restart on site in August 2020 for completion by January 2023. The supermarket, Lidl remain committed to the project at this time.

b) Urban redesign schemes in Caterham and Warlingham

Tandridge District Council, Surrey County Council and the Caterham Business Improvement District are also working to take forward the objectives from the Caterham Masterplan to regenerate and revitalise the town centre offer. These objectives include:

- Improved leisure, culture and community offer in the town centre
- Improved quality and quantity of the retail offer
- Improved environment for pedestrians and improved accessibility
- Improved quality of short stay and long stay car parking
- Provision of high quality living within the town centre
- Opportunities for existing and start-up businesses to grow
- Promotion of sustainable development

Phase 1 of the programme has seen pre-feasibility work completed to better understand the physical constraints of Station Avenue, Godstone Road and Croydon Road in Caterham Valley in order to improve the accessibility, streetscape and environment of these areas. This work is necessary to inform options which will be developed as part of the feasibility and detailed design stages and includes a high-level flood appraisal. The pre-feasibility work was completed in Summer 2019.

Phase 1 has seen feasibility work continue on an urban enhancement scheme for Warlingham Green carried out by Warlingham Parish Council which looks to improve the accessibility, street scape and environment in this area.

c) Acquisition and enhancement of commercial space

In order to protect commercial space from permitted development, Tandridge District Council and Surrey County Council's property companies will also actively seek to acquire suitable commercial property in North Tandridge. Phase 1 has seen Tandridge District Council acquire Linden House at the Caterham Barracks for a cost of £4.43 million which will protect 1,290 sqm of commercial floorspace and circa 200 jobs. This quality property is currently used as the headquarters of Linden Homes which is part of the Bovis Group, one of the UK's leading housebuilding and construction companies.

Tandridge District Council have also acquired the strategically important Quadrant House site on Croydon Road in Caterham Valley for a cost of £16.137 million. This not only protects 5,245 sqm of commercial floorspace and circa 300 jobs but its' strategic location, in the middle of the town centre, close to the railway station, provides a unique opportunity to act as a focus for transformational shift both in terms of the type of uses it can provide and to upgrade the quality of the office accommodation and outlook of Croydon Road and to effect an upgrade of the whole area.

d) Unlocking infrastructure to support housing delivery

Phase 1 will also see feasibility work completed for Junction 6 of the M25. This junction is due to be at capacity for 2020 and unless addressed will prove a major barrier to growth not only for North Tandridge but also the planned garden community of 4000 homes in South Godstone.

The feasibility work will set out proposals for increasing capacity by 2024. Tandridge District Council and Surrey County Council are working closely with Highways England, the Department for Transport and Homes England to develop this scheme.

As part of Phase 1 work, Tandridge District Council, Surrey County Council, London Borough of Croydon and the Environment Agency will also work together to identify solutions to improve existing infrastructure that would protect local homes and businesses, in the event of a severe flood. Engineering and infrastructure specialists, Atkins have undertaken a feasibility study to assess the drainage issues and identify mitigation measures.

As detailed above, the Programme provides a unique opportunity to bring together a range of projects into a single programme of work which will improve North Tandridge in a comprehensive, joined up way, maximising outcomes relating to jobs, homes, footfall and commercial space. It also enables a far higher level of match funding to be provided by partners over the duration of the programme. This match will include local authority and NHS revenue & capital funding, Community Infrastructure Levy, government funding streams such as the Future High Street Fund, Housing Infrastructure Fund, and One Public Estate and substantial private sector capital funding.

The Programme's outcomes will also enable North Tandridge and Caterham in particular to better contribute toward the wider, powerhouse East Surrey economy, Gatwick Diamond A23/M23 strategic corridor and maximise the area's excellent proximity to Gatwick and Heathrow Airports, the M25 and London. The outcomes will also deliver against a number of key Coast to Capital Gatwick 360 priorities including delivering prosperous urban centres; developing business infrastructure and support; and promoting better transport and mobility.

The Programme will also support the deliverability of housing in the area, especially as Caterham is identified in the emerging Local Plan as a Tier 1 settlement.

Local Growth Fund proposal

In 2017, a Local Growth Fund (LGF) application was submitted for the Unlocking Housing in North Tandridge project. This application primarily focussed on relocating two existing Community Recycling Centres (CRCs) to a modern, fit-for-purpose site which would release the existing sites, in Caterham and Warlingham for housing development. £4.945 million of funding was conditionally agreed on the basis that a small amount of the identified funding would be drawn down in 2017/18 (£30,000) and an updated application would be submitted in the 2018/19 year in respect of the remaining funding.

In 2017, a Local Growth Fund (LGF) application was submitted for the Unlocking Housing in North Tandridge project. This application primarily focussed on relocating two existing Community Recycling Centres (CRCs) to a modern, fit-for-purpose site which would release the existing sites, in Caterham and Warlingham for housing development. £4.945 million of funding was conditionally agreed on the basis that a small amount of the identified funding would be drawn down in 2017/18 (£30,000) and an updated application would be submitted in respect of the remaining funding.

The initial Local Growth Fund application provided a catalyst for a wider, more ambitious programme to be developed which will not only enable much-needed housing to be provided but will look more broadly at addressing issues relating to provision of commercial space, vitality of town centres and the infrastructure associated with this. It also enables a far higher level of match funding to be provided by partners over the duration of the programme.

The project wishes to spend the now remaining £4.915 million on an urgent programme to safeguard the economic outputs of the whole programme which are considered to be at risk without this support. This is seen as an opportunity to re align the project to focus on the economic difficulties which were facing Caterham town centre which have been worsened by the economic repercussions of Covid 19. For the Unlocking Housing in North Tandridge project to be achieved, agreement is sought that the

remaining £4.915 million provisionally allocated be used to pivot the focus of the project to be concentrated on Caterham town centre at this time.

This programme will use Quadrant House, Caterham as a focus for transformational shift to upgrade the environment, quality of the office space available and the street scene on to Croydon Road. Quadrant House, already to be the location of a shortly arriving new Business Hub (the subject of a separate £200k grant from the LGF) provides an exciting and available opportunity to improve the quality of the available commercial, retail and leisure offer.

This work would create a catalyst for renewed economic activity and focus. The need to significantly improve the environment of the area is recognised. All works proposed will improve the environment for pedestrians and give increased accessibility. Air quality and biodiversity improvements would have a significant effect on the confidence of the area, with a proposal with a 'green' living wall façade to Quadrant House and/or a widely visible 'green' roof terrace from the extensive area available which dominates Croydon Road which will add a feature to draw interest and restore vitality to the whole North Tandridge area. Any impact on the further deterioration of Caterham by Covid 19 will be aggressively fought and challenged.

The proposals listed below are costed and ready, with the £4.915m funding to be committed for spend by the end of March 2021.

- A green living façade to Quadrant House and/or
- A 'green' roof terrace to Quadrant House with proposed restaurant access
- Accessible lifts at Quadrant House with associated renewed fire escapes and refuge areas
- Replacement of windows for energy efficiency and exterior painting
- Creation of community space/Library at Quadrant House
- Vacant suite refurbishment including a/c
- PV Roof panels at high roof Quadrant House
- Croydon Road Public Realm Improvements.

The project has spent £20.7m million to date.

A further £10.68 million is committed as the Bronzeoak House Tender was approved on 18th June and ratified by full Council on 16th July. This makes a total spend at this early stage of the project of £31.3million.

These measures to shift the focus of the £4.915m allocated will safeguard the £31.3 million investment already committed to the £118m Unlocking Housing in North Tandridge project and mitigate the risks which have arisen. The progression of non-LGF funding is committed by partners. It is considered that the matched funding of c. £113m can be achieved if the project remains supported.

The amount of LGF requested and match funding unlocked is as follows:

| Project | Partner | Total cost | LGF sought | Match | LGF % |
|--|-----------|-------------|------------|-------------|-------|
| <ul style="list-style-type: none"> • a) Identification and Investigation of potential of Public Assets | | | | | |
| Redevelopment of public sector sites | | | | | |
| Investigation of Public Assets | TDC / SCC | £80,000 | £30,000 | £50,000 | 37.5% |
| Douglas Brunton Centre | TDC | £50,000 | £0 | £50,000 | NA |
| Community Recycling Centres Redevelopment | SCC | £7,938,000 | £0 | £7,938,000 | NA |
| Caterham Dene Hospital Redevelopment | NHS ESCCG | £50,000 | £0 | £50,000 | NA |
| Bronzeoak Site Redevelopment | TDC | £10,680,000 | £0 | £10,680,000 | NA |
| Dormers Site Redevelopment | SCC | £5,140,000 | £0 | £5,140,000 | NA |

| | | | | | |
|--|--|---------------------|-------------------|---|-------------|
| b) Redevelopment of privately-owned sites | | | | | |
| Church Walk Shopping Centre Redevelopment | Ropemaker Properties | £52,000,000 | £0 | £52,000,000 | NA |
| Former Rose & Young Site Redevelopment | Clarion Housing | £14,700,000 | £0 | £14,700,000 | NA |
| c) Urban redesign schemes in Caterham and Warlingham | | | | | |
| Urban redesign scheme in Caterham Valley town centre | TDC/SCC | £112,000 | £0 | £112,000 | NA |
| Croydon Road Public Realm improvements | TDC/SCC/Caterham Business Improvement District | £1170,000 | £1,170,000 | Match Funded from the acquisition of Quadrant House | 100% |
| Urban redesign scheme in Warlingham | Warlingham Parish Council | £2,047,824 | £0 | £2,047,824 | NA |
| d) Acquisition and enhancement of commercial space | | | | | |
| Acquisition of Linden House | TDC | £4,429,675 | £0 | £4,429,675 | NA |
| Acquisition of Quadrant House | TDC | £16,136,750 | £0 | £16,136,750 | NA |
| Green Wall at Quadrant House | TDC | £330,000 | £330,000 | Match funding provided by property acquisitions | 100% |
| Green Terrace at Roof level with proposed restaurant access | TDC | £167,000 | £167,000 | As above | 100% |
| Accessible lifts at Quadrant House with associated renewed fire escapes and refuge areas | TDC | £640,000 | £640,000 | As above | 100% |
| Replacement of windows for energy efficiency and exterior painting | TDC | £1,503,000 | £1,503,000 | As above | 100% |
| Creation of Community Space / Library at Quadrant House | TDC | £425,000 | £425,000 | As above | 100% |
| Vacant Suite Refurbishment including a/c | TDC | £530,000 | £530,000 | As above | 100% |
| PV Panels at high roof Quadrant House | TDC | £150,000 | £150,000 | As above | 100% |
| | TDC | £1,170,000 | £1,170,000 | As above | 100% |
| e) Unlocking infrastructure to support housing delivery | | | | | |
| | | | | | |
| M25 Junction 6 Enhancements | TDC/SCC/Highways England/Department of Transport | £103,000 | £0 | £103,000 | NA |
| Flood Protection Scheme | TDC/SCC/LBC Croydon/Environment Agency | £379,300 | £0 | £379,300 | NA |
| Total | | £118,761,549 | £4,945,000 | £113,816,549 | 4.2% |

In reality, as detailed design work is still ongoing for some aspects of the Programme the true level of match is likely to be much higher particularly when factoring in other public-sector sites likely to be identified in the public service plan as suitable for redevelopment.

Without this funding, partners would struggle to fully fund the work needed to deliver the wider programme. Given the symbiotic nature of the projects within this Programme, this would have a negative impact on ability of all projects to maximise outcomes relating to jobs, homes, footfall and commercial space.

2.3) Stakeholder Engagement carried out.

In developing the Programme, Partners have carried out extensive consultation and engagement to better understand the key issues in the town centre and inform feasibility and detailed design work. Partners have also developed a stakeholder engagement plan which sets out how partners will work together to promote the Programme and how key stakeholders will be engaged as the Programme progresses.

This engagement has included:

Caterham Masterplan

Consultation for the Caterham Masterplan involved a series of consultation events and exhibitions which were carried out by Nexus Planning between March 2017 and January 2018. Approximately 400 people attended the events with just under 200 questionnaires completed. Nexus also consulted directly with the Caterham Business Improvement District; Caterham Parish Council; Caterham Town Working Group; and the Town Centre Design Statement Group. Respondents were asked to identify key issues and priorities for the regeneration of Caterham. The majority of responses related to car parking; improving Church Walk shopping centre and other retail areas; redevelopment of the former Rose & Young site; flood risk & management; and deliverability. This work was also informed the Caterham Town Centre Design Statement which had consulted in 2016/17 on the look and design of future development in Caterham.

Church Walk Shopping Centre redevelopment

In developing plans for the redevelopment of this site into a mixed-use residential, leisure & retail scheme, the shopping centre owners carried out considerable consultation with the public and key stakeholders such as the Caterham Business Improvement District in 2018. The public were asked to consult on the proposals and Ropemaker Properties subsequently delayed submission of their planning application to make changes to the design and massing of the scheme.

Identification and Investigation of potential of Public Assets

Consultation has already been carried out in respect of the two of the public-sector sites included within the area. Ongoing consultation has been carried out with users and the wider public in respect of the future use of the Douglas Brunton day centre in Caterham, which is owned by Tandridge District Council. This consultation has indicated that whilst the services provided at the site are considered valuable, users are willing to consider an alternative location, which may release this site for alternative commercial or residential use (along with the adjoining Caterham CRC site). NHS East Surrey CCG also carried out consultation in 2018 in respect of the future provision of health services. Further public consultation will be carried out as proposals progress.

2.4) List the key stakeholders and their interest areas.

| Stakeholder | Interest area |
|-------------|---------------|
|-------------|---------------|

| | |
|--|--|
| Tandridge District Council | Landowner and planning authority |
| Surrey Heartlands CCG / NHS Property | Service commissioner and provider |
| Surrey County Council | Landowner and service provider |
| NHS Property Services | Landowner |
| Parish Councils (Caterham, Caterham Hill, Warlingham, Chaldon, Whyteleafe) | Involved in delivery of projects within the Programme. Could facilitate alternative use of some sites. Have CIL which could be contributed toward the Programme. |
| Caterham Business Improvement District | Involved in delivery of projects within the Programme. Has BID levy which could be contributed toward the Programme. |
| Ropemaker Properties | Owner of Church Walk Shopping Centre |
| GLF Schools | Academy Trust which manages Hillcroft School which is one of the public sector sites. |
| Clarion Housing | Owner and developer of former Rose & Young site |
| Environment Agency | Involved in flood prevention project. |
| Atkins | Infrastructure specialists carried out flood prevention feasibility work. |
| Environment Agency | Involved in feasibility work for flood prevention. |
| London Borough of Croydon | Involved in feasibility work for flood prevention. |
| DHA Planning | Carrying out feasibility work for M25 Junction 6. |
| Highways England | Involved in feasibility work for M25 Junction 6. |
| Department for Transport | Involved in feasibility work for M25 Junction 6. |
| Homes England | Involved in feasibility work for M25 Junction 6. |
| Mace | Consultants leading on options appraisal/design work for the CRC |
| Gryllus Property | Tandridge District Council property company |
| Gryllus Housing Company | Tandridge District Council housing company |
| The Westway Charity (Douglas Brunton Centre) | Involved in delivery of Douglas Brunton Centre review which forms part of the Public Service Plan. |
| Caterham Barracks Trust | Own and manage community sites which could facilitate relocation of public services from other sites. |

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

The full risk register is attached at Appendix B. In summary, the key risks relate to:

Financial sustainability of partner organisations

Surrey County Council has commenced implementation of a major transformation programme in response to budgetary pressures. Despite this, the work with Tandridge District Council retains a high profile, It also provides a blue-print for their transformational aspirations, taking a wider-whole system approach to public service provision and asset use. The NHS also face ongoing budgetary pressures with increased demand for services. Development of proposals for the Caterham Dene Hospital will require major financial contribution from Surrey Heartlands Clinical Commissioning Group. These issues continue to be closely monitored.

Political changes

No one party has overall control at Tandridge District Council although this programme continues to have cross-party support at a senior level.

Ability to acquire commercial sites

The availability of potential investments in local area is limited, subject to market forces and time taken to complete due diligence on some sites can affect purchase. Tandridge District Council relies on borrowing from the Public Works Loan Board (PWLB). Although changes are in mind, the ability to use the PWLB for regeneration purposes is likely to remain. If this situation changes, both Councils ability and appetite to borrow to enable investment may be affected.

Cost to relocate Community Recycling Centre site

The availability of appropriate sites in the local area is very limited and any recommended site is likely to have constraints, for example, planning, legal, environmental or access. That said, a potentially suitable CRC site on an existing Surrey County Council-owned depot, located in Godstone, on the A25 close the

Junction 6 of the M25 has been identified as the preferred site. The site would need significant redevelopment to accommodate the CRC. Option appraisal and design work remains underway for this site

Legal, planning, environmental restrictions on sites

As part of the pre-feasibility work undertaken, all sites have been reviewed in respect of legal, planning and environmental restrictions. Whilst some sites appear challenging, there are no fundamental reasons for any sites not to be considered.

To consider these risks a Stakeholder Engagement plan has been developed and the Governance Board for the Programme has cross party representation from Tandridge District Council and Surrey County Council level.

Local opposition to proposals

This is an ambitious programme which will fundamentally redesign the town centre offer, public service provision as well as providing additional housing. Whilst the Programme continues to build on extensive consultation carried out in Caterham through Masterplan work which showed broad support for redevelopment, given the level of change proposed a degree of opposition is expected. Partners will need ongoing, proactive engagement with both politicians and the public if local support is to be achieved for delivery of the wider programme.

A Stakeholder Engagement plan has been developed to enable this. The Governance Board for the Programme also has cross-party representation.

Brexit

Whilst outcomes of the UK leaving the EU are uncertain, it could be expected that demand for commercial space may reduce nationally. Research undertaken for the Tandridge Local Plan suggests, however, that the district's strong business location near the M25 / M23, Gatwick Airport and close links to London and the south coast may mitigate these concerns and that latent demand for the right quality and type of commercial space will remain.

Covid 19 It is difficult to predict the extent to which Covid 19 will impact on the outputs of this project. However, we remain optimistic that all outputs will be delivered. Unlocking Housing in North Tandridge is an ambitious project which works on a high level of collaboration with County and NHS and Tandridge District Council specialists. We know that there has been a severe shortage of business space in the District and we know that a large percentage of local people commute to central London and elsewhere to work. These people may prefer to take local employment. We anticipate that there will be an increase in home-working. Some of these people may wish to take a desk in a co-working office. We expect some businesses to re-evaluate their office space requirements with a preference away from expensive central London offices accessed via crowded public transport in favour of more economical smaller offices in the periphery of London. We want to be ready to create an attractive environment for homes and work life.

Delay/Non determination of the Local Plan

The delay to the determination of Tandridge District Council's new **Local Plan** heightens the risk that the private sector matched funding contributions will not be achieved. The Examination in public was held in November 2019 and the further timetable from the Inspector is unknown. Further to his initial findings further consultation will be required and final adoption is scheduled for not earlier than January/March 2021.

2.6) Project Dependencies

As detailed above, the Programme provides a unique opportunity to bring together a range of projects into a single programme of work which will improve North Tandridge in a comprehensive, joined up way, It also enables a far higher level of match funding to be provided by partners over the duration of the programme. This match will include local authority and NHS revenue & capital funding, Community Infrastructure Levy (CIL), government funding streams such as the Housing Infrastructure Fund, One Public Estate and substantial private sector capital funding.

Given the inter-related nature of the projects within this Programme it is essential that all projects progress as a single programme of work to maximise opportunities relating to jobs, homes, footfall and commercial space. Funding therefore is sought from Coast to Capital to support the continued delivery of Phase 1 of the Programme. Without this funding, partners would struggle to fully fund the work needed to deliver the wider programme.

2.7) Project disruption

Main disruption will be during the A22 and M25 Junction 6 improvement works which may take place between 2022/2024. The timing remains uncertain however Partners will work with Highways England to minimise disruption during this period.

Redevelopment of the Church Walk Shopping Centre is also likely to cause considerable disruption as will environmental improvements to Godstone and Croydon Roads in Caterham Valley. Tandridge District Council has a strong track record of working with developers and Business Improvement Districts on such schemes to minimise disruption for the public and promote the town centre through 'Open for Business' campaigns during development.

Additional impacts from the Caterham and Warlingham housing and commercial sites redevelopment are likely to be more limited and will be identified as part of the next phase of the project. Tandridge District Council will consider interim and long-term options to assist in minimising disruption during the programme.

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 | Cease all further work on Public sector property review. Retain the existing CRCs. Halt work on improvements to the commercial properties. Halt all further infrastructure and town centre improvement works. Cease active support of the Church Walk Shopping Centre redevelopment. | £31,336,425 | £0 | Whilst aspects of the Programme could still be delivered (such as redevelopment of the Rose & Young and Bronzeoak sites) wider benefits would be lost such as opportunities for other public sector sites to come forward for redevelopment and for much needed infrastructure to be provided. This could have an impact on the confidence of private sector partners such as Ropemaker Properties to invest in the area. |
| Proposed option | Redevelop public sector and privately-owned sites to deliver homes and an improved leisure and retail offer. Complete feasibility work for town centre and infrastructure improvements to support this. Improve commercial sites to protect against permitted development and safeguard jobs. | £118,761,549 | £4,915,000 | Up to 358 housing units across public and private sector sites including existing community recycling centre sites in Caterham and Warlingham. Additional capacity at J6 of M25 which will not only unlock additional homes in North Tandridge but also for the planned garden |

| | | | | |
|-------------------------------|---|---------------------|-------------------|--|
| | | | | <p>community at South Godstone.</p> <p>An improved leisure and retail offer at Church Walk Shopping Centre and on the former Rose & Young site which will deliver/refurbish 29,551 sqm of commercial space, a new supermarket, which will provide circa 90 new jobs, a cinema and improved parking.</p> <p>Vibrant and viable town centre in Caterham Valley through improved access, streetscape and environment.</p> <p>6,535 sqm of commercial space and 500 jobs protected through acquisition of Linden House at Caterham Barracks and Quadrant House in Caterham Valley.</p> <p>Fit-for-purpose community recycling centre and improved public service and health offer for local people.</p> <p>Flood protection and resilience scheme.</p> |
| Alternative options 1: | As above but excluding the Caterham Dene Hospital site which will be challenging to deliver in current NHS financial climate. | £118,761,549 | £4,915,000 | As above without the improved health offer and with reduced housing. |

Box 2:

| Option Name: | Advantages: | Disadvantages: |
|--|--------------------|--|
| Do nothing, minimum or status quo | Lowest cost option | <p>No additional housing delivered resulting in unsustainable demographic. Businesses continue to struggle to recruit and retain staff and town centres less viable.</p> <p>Much needed transport and town centre infrastructure improvements not delivered. Local people continue to shop elsewhere and businesses close or relocate. Roads become more congested further affecting desirability of area for businesses.</p> <p>Further loss of commercial property through permitted development with businesses having to relocate to other areas or struggling to grow. GVA continues to decline in this area.</p> <p>Loss of confidence from private sector to invest in town</p> |

| | | |
|-----------------------------|--|---|
| | | centre. Unsustainable public services continue to decline or are cut resulting in fewer community recycling centres, reduced recycling rates, increasing fly-tipping and fewer services for older people. |
| Proposed option | <p>Up to 358 housing units across public and private sector sites including existing community recycling centre sites in Caterham and Warlingham.</p> <p>Additional capacity at J6 of M25 which will not only unlock additional homes in North Tandridge but also for the planned garden community at South Godstone.</p> <p>An improved leisure and retail offer at Church Walk Shopping Centre and on the former Rose & Young site which will deliver/refurbish 29,551 sqm of commercial space, a new supermarket, which will provide circa 90 new jobs, a cinema and improved parking.</p> <p>Vibrant and viable town centre in Caterham Valley through improved access, streetscape and environment.</p> <p>6,535 sqm of commercial space and 500 jobs protected through acquisition of Linden House at Caterham Barracks and Quadrant House in Caterham Valley.</p> <p>Fit-for-purpose community recycling centre and improved public service and health offer for local people.</p> <p>Flood protection and resilience scheme.</p> | Complex programme which will require substantial LGF funding and public and private sector investment to deliver aims and objectives. |
| Alternative options: | Improved deliverability of wider programme. | Reduced amount of housing able to be delivered with none delivered as part of Caterham Dene redevelopment and reduced opportunity for other public services to be relocated onto Caterham Dene site which would have made them available for alternative use. |

3.2) The preferred option

The proposed option delivers:

- Up to 358 housing units across public and private sector sites including existing community recycling centre sites in Caterham and Warlingham.

- Additional capacity at J6 of M25 by 2024 which will not only unlock additional homes in North Tandridge but also for the planned garden community at South Godstone.
- An improved leisure and retail offer at Church Walk Shopping Centre and on the former Rose & Young site which will deliver/refurbish 29,551 sqm of commercial space including a new supermarket, which will provide circa 90 new jobs, cinema and improved parking.
- Vibrant and viable town centre in Caterham Valley through improved access, streetscape and environment.
- 6,535 sqm of commercial space and 500 jobs protected through acquisition of Linden House at Caterham Barracks and Quadrant House in Caterham Valley.
- Fit-for-purpose community recycling centre and improved public service and health offer for local people.
- Flood protection and resilience scheme

3.3) Issues with preferred option.

This is a complex programme which will require substantial LGF funding and public and private sector investment to deliver aims and objectives.

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

Covid 19

It is difficult to predict the extent to which Covid 19 will impact on the outputs of this project. However, we remain optimistic that all outputs will be delivered. Unlocking Housing in North Tandridge is an ambitious project which works on a high level of collaboration with Surrey County Council, NHS and Tandridge District Council specialists. We know that there has been a severe shortage of business space in the District and we know that a large percentage of local people commute to central London and elsewhere to work. These people may prefer to take local employment. We anticipate that there will be an increase in home-working. Some of these people may wish to take a desk in a co-working office. We expect some businesses to re-evaluate their office space requirements with a preference away from expensive central London offices accessed via crowded public transport in favour of more economical smaller offices in the periphery of London. We want to be ready to create an attractive environment for homes and work life. Due to difficulties with Covid there is likely now a greater risk of contractor insolvency, however we have been mitigating this risk by carrying out considerable financial due diligence prior to entering into contracts. The Tender for the redevelopment of Bronzeoak House was subject to extensive scrutiny

Delay/Non determination of the Local Plan

The delay to the determination of Tandridge District Council's new **Local Plan** heightens the risk that the private sector matched funding contributions will not be achieved. The Examination in public was held in November 2019 and the further timetable from the Inspector is unknown. Further to his initial findings further consultation will be required and final adoption is scheduled for not earlier than January/March 2021.

Financial sustainability of partner organisations

Surrey County Council has commenced implementation of a major transformation programme in response to budgetary pressures. Despite this, the Programme retains a high profile, ranked in the top three regeneration schemes in the county. It also provides a blue-print for their transformational aspirations, taking a wider-whole system approach to public service provision and asset use. The NHS also face ongoing budgetary pressures with increased demand for services and development of proposals for the Caterham Dene Hospital will require major financial contribution from NHS East Surrey Clinical Commissioning Group. These issues continue to be monitored by the programme's Governance Board

Political changes

No one party has overall control at Tandridge District Council although this programme continues to have cross-party support at a senior level.

Local opposition to proposals

This is an ambitious programme which will fundamentally redesign the town centre offer, public service provision as well as providing additional housing. Whilst the Programme builds on extensive

consultation carried out in Caterham through Masterplan work which showed broad support for redevelopment, given the level of change proposed a degree of opposition is expected. Partners will need ongoing, proactive engagement with both politicians and the public if local support is to be achieved for delivery of the wider programme. A Stakeholder Engagement plan has been developed to enable this. The Governance Board for the Programme also has cross-party representation.

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

Successful urban regeneration is determined by range of factors. This includes the attractiveness of the town centre, accessibility, competitiveness of the retail & leisure offer and the right mix of residents and businesses. At present, the North Tandridge area struggles in a number of these aspects.

It is important to remember that these issues cannot be addressed in isolation – there is no point for example, in making the town centre more attractive if there is not enough parking nor will your town centre attract or retain high quality retailers (independent or otherwise) if you don't have the right demographics to support them.

This Programme provides a unique opportunity to bring together a range of projects into a single programme of work which will improve North Tandridge in a comprehensive, joined up way, maximising outcomes relating to jobs, homes, footfall and commercial space. It also enables a far higher level of match funding to be provided by partners over the duration of the programme. This match will include local authority and NHS revenue & capital funding, Community Infrastructure Levy (CIL), government funding streams such as the Housing Infrastructure Fund, and One Public Estate and substantial private sector capital funding.

The Programme delivers a number of clear economic impacts for the North Tandridge area. This includes:

- **Delivery of new affordable and market housing**
Up to 358 housing units across public and private sector sites including affordable homes enabling a much more economically sustainable demographic, which will have a knock-on effect on access to skilled employees, economic output of businesses and the viability and vibrancy of town centres. Additional capacity at J6 of M25 will not only unlock additional homes in North Tandridge but also for the planned garden community at South Godstone.
- **Protection of existing and delivery of new commercial floorspace**
Tandridge District Council's 2017 Economic Needs Assessment identified that a key constraint in attracting more high-value employment is a lack of suitable premises. The demand for office space is particularly strong in Caterham due its attractiveness as business locations and relative accessibility. Since 2013, there has been a year-on-year reduction in office floorspace reflecting the considerable number of units converted to residential uses following the changes to permitted development rights in 2013. This has seen the region lose in the region of 11% of its commercial space over the last 5 years and a number of its biggest employers. 6,535 sqm of commercial space and 500 jobs will be protected through acquisition of Linden House at Caterham Barracks and Quadrant House in Caterham Valley. The Programme looks to improve the quality of the office accommodation available at Quadrant House to gain maximum benefit of the proposed business hub along with improved accessibility and environmental improvements to bring energy efficiencies. Quadrant House in particular, will act as a focus to bring forward further opportunities to safeguard commercial and office space. It will provide scale up and growth space. This will protect against further loss of businesses from the area as a result of permitted development rights.
- **Enhancement of town centres**
An improved leisure and retail offer at Church Walk Shopping Centre and on the former Rose & Young site which will deliver/refurbish 29,551 sqm of commercial space, including a new supermarket, which will provide circa 90 new jobs, a cinema and improved parking. Improvements to Quadrant House to create a roof terrace and or green wall to create a new

focus for Croydon Road in the first phase along with an urban redesign scheme for Caterham Valley to will improve access, streetscape and environment. The initial work to Croydon Road will fundamentally change the look of the town centre increasing footfall, dwell-time and spend making it more vibrant and viable.

3.6) Environmental Impact

The environmental impact will take many forms.

Redevelopment of the derelict Bronzeoak site by Tandridge District Council will make a positive contribution to the built environment and provide 26 high quality, energy efficient homes for local families and older people. Redevelopment of other public sector sites to residential will also be built to a similar high standard.

Improvements to the long derelict former Rose & Young site and Church Walk Shopping Centre and regeneration of the wider town centre will also make a positive contribution to the local built environment, and create a place where people want to live and can enjoy what the town has to offer including using local shops and making a contribution to the local community and economy.

The future removal of the CRCs will deliver improved recycling rates, noise improvements associated with the operation of the sites in residential areas and air quality benefits through removal of the vehicle queueing resulting from the current CRC site operational requirements.

Improved access to the town centre will also reduce congestion and air pollution caused by this. Improved flood protection and resilience will also reduce the impact on homes and businesses of any future flooding.

3.7) Social Impact

The social impact will also take many forms.

Improvements to the long derelict former Rose & Young site and Church Walk Shopping Centre and regeneration of the wider town centre will create a place where people want to live and can enjoy what the town has to offer, creating a greater sense of community, addressing social isolation and making the town a place where people want to live, work and visit.

Provision of additional housing, in particular affordable housing, will also enable a much more sustainable demographic, reducing housing waiting lists as well as having a knock-on effect on access to skilled employees, economic output, vibrancy of town centres and demand for permitted development right conversion.

Working together on the public assets will also set out a more sustainable public service and health offer which meets the needs of local communities, in particular the ageing demographic.

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

The Programme will directly benefit the 40,000 residents in the north of the district through an improved town centre offer and access to employment through the protection of commercial space.

The circa 2,000 businesses in the north of the district will also benefit from improved infrastructure, including additional capacity at Junction 6 of the M25 and flood resilience and protection. Junction 6 improvements will not only unlock the potential for growth in the north of the district but also more widely in the region, including the proposed 4000 home garden community at South Godstone.

An improved public service and health offer will benefit residents in North Tandridge and the wider Tandridge and Redhill area.

3.9) Follow on Investment

This Programme provides a unique opportunity to bring together a range of projects into a single programme of work which will improve North Tandridge in a comprehensive, joined up way, maximising outcomes relating to jobs, homes, footfall and commercial space. It also enables a far higher level of match funding to be provided by partners over the duration of the programme and also the potential for

future investment as the benefits are realised. This match will include local authority and NHS revenue & capital funding, Community Infrastructure Levy (CIL), government funding streams such as Housing Infrastructure Fund, and One Public Estate and substantial private sector capital funding.

As detailed in the costings section, public and private sector partners have already committed significant resource to the Programme to date. Substantial further investment is expected in later stages of the Programme particularly in respect of development of Church Walk Shopping Centre and development of public sector sites identified.

Without this funding, partners would struggle to fully fund the work needed to deliver the wider programme. Given the symbiotic nature of the projects within this Programme, this would have a negative impact on ability of all projects to maximise outcomes relating to jobs, homes, footfall and commercial space.

3.10) Skills projects only- Impact on Skills Provision

Not applicable.

3.11) Business and enterprise projects only- Impact on business growth

Not applicable.

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?

This Programme is underpinned by place-making principles which allow partners to take a holistic approach to urban regeneration.

Successful urban regeneration is determined by range of factors. This includes the attractiveness of the town centre, accessibility, competitiveness of the retail & leisure offer and the right mix of residents and businesses. At present, the North Tandridge area struggles in a number of these aspects.

It is important to remember that these issues cannot be addressed in isolation – there is no point for example, in making the town centre more attractive if there is not enough parking nor will your town centre attract or retain high quality retailers (independent or otherwise) if you don't have the right demographics to support them.

This Programme provides a unique opportunity to bring together a range of projects into a single programme of work which will improve North Tandridge in a comprehensive, joined up way, maximising economic, social and physical environment outcomes.

Improvements to the long derelict former Rose & Young site and Church Walk Shopping Centre and regeneration of the wider town centre will create a place where people want to live and can enjoy what the town has to offer, creating a greater sense of community, addressing social isolation and making the town a place where people want to live, work and visit.

Provision of additional housing, in particular affordable housing, will also enable a much more sustainable demographic, reducing housing waiting lists as well as having a knock-on effect on access to skilled employees, economic output, vibrancy of town centres and demand for permitted development right conversion.

By working together across all public assets a more sustainable public service and health offer will evolve which meets the needs of local communities, in particular the ageing demographic.

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

Not applicable.

4. The Commercial Case

4.1) Please provide details of your envisaged procurement route.

All feasibility, detailed design and development work would be procured via existing framework contract arrangements in the first instance and in accordance with the Council's Standing Orders.

4.2) Involvement of private development partners.

Tandridge District Council has worked closely with Ropemaker Properties, the owners of Church Walk shopping centre as they bring forward plans for its redevelopment. It is anticipated this engagement would continue as the development of this site progresses.

Surrey County Council has set up a Joint Venture housing partnership to identify and deliver housing development on public sector sites. Tandridge District Council has also set up private housing and property companies. In the first instance we would explore the potential to deliver development via these arrangements.

4.3) Procurement plan and timescales.

Phase 1 of the Programme will deliver:

- **Identification and Investigation of potential of Public Assets**

This work to identify opportunities for public sector assets to be released for alternative residential, commercial or shared public-sector use has been progressed with detailed investigation into the assets available. These investigations have shown that given the adjacencies of many of the sites, consideration and working together will maximise opportunities for residential and commercial development. This work continues as it is vital it fits both the ongoing Surrey County Council Transformation Programme and the proposals of the newly merged CCG proposals now it is part of the Surrey Heartlands area.

- **Acquisition of Linden House and Quadrant House with improvement works to the quality and flexibility of the commercial accommodation and Caterham Town centre**

Both sites were purchased by the end of April 2019. The substantial site of Quadrant House dominates Croydon Road and has the ability to act as a focus for transformational shift both in terms of the types of uses it can provide including a new Business Hub (the subject of a separate £200K grant from the LGF), growth space for new businesses, community uses, but also in the direction to upgrade the quality of the outlook on to Croydon Road and to effect an upgrade the whole area. The use of this building to act as a focal point and catalyst for the third main aim of the project, **the enhancement of town centres** is an opportunity that should not be lost and the importance of which has moved forward in prominence at this time of economic uncertainty. This is an area which we intend to pivot the project towards in the light of delays to the detailed design work for the relocation of the CRCs and due to substantial economic effects of the Covid 19 pandemic on the anticipated economic activity levels. If the programme is not changed there is a significant risk to approximately 590 jobs.

This programme will use Quadrant House, Caterham as a focus for transformational shift to upgrade the environment, quality of the office space available and the street scene on to Croydon Road. Quadrant House, already to be the location of a shortly arriving new Business Hub (the subject of a separate £200k grant from the LGF) provides an exciting and available opportunity to improve the quality of the available commercial, retail and leisure offer.

This work would create a catalyst for renewed economic activity and focus. The need to significantly improve the environment of the area is recognised. All works proposed will improve the environment for pedestrians and give increased accessibility. Air quality and biodiversity improvements would have a significant effect on the confidence of the area, with a proposal with a 'green' living wall façade to Quadrant House and/or a widely visible 'green' roof terrace from the extensive area available which dominates Croydon Road which will add a feature to draw interest and restore vitality to the whole North Tandridge area. Any impact on the further deterioration of Caterham by Covid 19 will be aggressively fought and challenged.

The proposals listed below are costed and ready, with the £4.915m funding to be committed for spend by the end of March 2021.

- A green living façade to Quadrant House and/or
- A 'green' roof terrace to Quadrant House with proposed restaurant access

- Accessible lifts at Quadrant House with associated renewed fire escapes and refuge areas
- Replacement of windows for energy efficiency and exterior painting
- Creation of community space/Library at Quadrant House
- Vacant suite refurbishment including a/c
- PV Roof panels at high roof Quadrant House
- Croydon Road Public Realm Improvements.

• **Options appraisal and detailed design work for CRC relocation**

Considerable work has been carried out and initial appraisals considered. This area has been delayed mainly due to Surrey County Council internal service considerations as their Transformation programme has progressed. The proposals continue as a vital element of Phase 1 and the project end date of March 2025 remains the achievable target though at this time the initial options appraisal and detailed design work continues.

4.4) How will the project contribute towards social value?

We recognise that the Public Services (Social Value) Act 2012 requires public bodies to consider how the services we commission and procure might improve the economic, social and environmental well-being of the area. We are required to factor social value in at the pre-procurement phase, allowing them to embed social value in the design of the service from the outset. The core objective of the Unlocking Housing in North Tandridge Programme is to improve the economic, social and environmental well-being of Caterham and the north of the district. The project elements will be openly procured via the Council standing orders and OJEU requirements where required, only contracts over the EU threshold are technically within the Act. These will be either openly procured or put through existing framework contracts previously procured by Tandridge District Council or its strategic partners such as Surrey County Council taking into account of the Public Services (Social Value) Act 2012.

4.5) State Aid Compliance.

The letter attached at **Appendix C** confirms this project is state aid compliant. (TO FOLLOW)

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 |
|--------------|---------------------|-------------------|
| 18/19 | To follow | £30,000 |
| 19/20 | | £0 |
| 20/21 | | £4,915,000 |
| 2021+* | | £0 |
| Total | £118,761,549 | £4,915,000 |

*Whilst not part of LGF spend period, included to show follow on investment

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 (£) |
|--|-----------------------------|---------|-------------------|
| a) Identification and Investigation of potential of Public Assets | | | |
| Identification and Investigation of potential of Public Assets | | | |
| Investigation of Public Assets | £80,000 | £30,000 | £50,000 |
| Detailed design and planning applications for public sector sites | To be identified in Phase 2 | | |

| | | | |
|---|-----------------------------|------------|-------------|
| Development of public sector sites | To be identified in Phase 2 | | |
| Douglas Brunton Centre Review | | | |
| DBC Review options appraisal | £50,000 | £0 | £50,000 |
| Community Recycling Centres Relocation | | | |
| Site options appraisal and detailed design | £123,000 | £50,000 | £73,000 |
| Development of new site | £7,815,000 | £0 | £7,815,000 |
| Caterham Dene Hospital Redevelopment | | | |
| Strategic Outline Case | £50,000 | £0 | £50,000 |
| Detailed design and planning application | To be identified in Phase 2 | | |
| Development of site | To be identified in Phase 2 | | |
| Bronzeoak Site Redevelopment | | | |
| Acquisition costs | £2,447,000 | £0 | £2,447,000 |
| Design & Development costs | £8,233,000 | £0 | £8,233,000 |
| Dormers Site Redevelopment | | | |
| Detailed design and planning application | £953,000 | £0 | £953,000 |
| Development of site | £4,187,000 | £0 | £4,187,000 |
| b) Redevelopment of privately-owned sites | | | |
| Church Walk Shopping Centre Redevelopment | | | |
| Detailed design and planning application | £2,000,000 | £0 | £2,000,000 |
| Development of site | £50,000,000 | £0 | £52,000,000 |
| Former Rose & Young Site Redevelopment | | | |
| Detailed design and planning application | £200,000 | £0 | £200,000 |
| Development of site | £14,500,000 | £0 | £14,500,000 |
| c) Urban redesign schemes in Caterham and Warlingham | | | |
| Urban redesign scheme in Caterham Valley town centre | | | |
| Feasibility | £37,000 | £0 | £37,000 |
| Detailed design and planning application | £75,000 | £0 | £75,000 |
| Croydon Road Public Realm Improvements | £1,170,000 | £1,170,000 | £0 |
| Urban redesign scheme in Warlingham | | | |
| Feasibility, detailed design & planning | £47,824 | £0 | £47,824 |
| Development | £2,000,000 | £0 | £2,000,000 |

| d) Acquisition and enhancement of commercial space | | | |
|--|------------------------------|-------------------|---------------------|
| Acquisition of Linden House | | | |
| Acquisition costs | £4,429,675 | £0 | £4,429,675 |
| Acquisition of Quadrant House | | | |
| Acquisition costs | £16,136,750 | £0 | £16,136,750 |
| Enhancement works to Quadrant House | | | |
| Green Wall at Quadrant House | £330,000 | £330,000 | £0 |
| Green Terrace at Roof level with proposed restaurant access | £167,000 | £167,000 | £0 |
| Accessible lifts at Quadrant House with associated renewed fire escapes and refuge areas | £640,000 | £640,000 | £0 |
| Replacement of windows for energy efficiency and exterior painting | £1,503,000 | £1,503,000 | £0 |
| Creation of Community Space / Library at Quadrant House | £425,000 | £425,000 | £0 |
| Vacant Suite Refurbishment including a/c | £530,000 | £530,000 | £0 |
| PV Panels at high roof Quadrant House | £150,000 | £150,000 | £0 |
| e) Unlocking infrastructure to support housing delivery | | | |
| M25 Junction 6 Enhancements | | | |
| Detailed design | £103,000 | £0 | £103,000 |
| Development costs | To be identified in Phase 2. | | |
| Flood Protection Scheme | | | |
| Strategic Outline Case | £75,000 | £0 | £75,000 |
| Outline Business Case | £70,000 | £0 | £70,000 |
| Temporary mitigation improvements | £234,300 | £0 | £234,300 |
| Development costs for longer term solution | To be identified in Phase 2. | | |
| Total Gross Cost | £118,761,549 | £4,915,000 | £113,816,549 |

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 | N/A |
| Proposed option | N/A |
| Alternative option | N/A |

Please detail your project assumptions and discount rate used-

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| 5.4) Value for money |
| We will seek competitive tenders in accordance with the Council's contract standing orders, for which value for money is an assessment requirement. |
| 5.5) VAT status |
| VAT will be recoverable for this project as spend will be by the local authority. |
| 5.6) Financial Sustainability |
| The project will enable sufficient income to be generated which will ensure the financial sustainability after the initial investment. In the unlikely event, insufficient income is generated, the Council will ensure financial sustainability through its revenue budgets. |

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? | 2030 | |
| 6.3) Please set out the key milestones related to the project. | | |
| Milestone | Start date | Completion date |
| a) Identification and Investigation of potential of Public Assets | | |
| Identification and Investigation of potential of Public Assets | | |
| Public Sector Investigations | May 2018 | Spring 2021 |
| Detailed design and planning applications for appropriate public sector sites | Summer 2019 | Ongoing through phase 1 |
| Development of public sector sites | October 2020 | 2030* |
| Douglas Brunton Centre Redevelopment | | |
| DBC Review options appraisal | April 2018 | March 2019 |
| Implementation of preferred option | April 2019 | October 2020 |
| Community Recycling Centres Redevelopment | | |
| Site options appraisal and initial detailed design work | April 2018 | Ongoing dependant on SCC Transformation Programme dates |
| Development of new site | April 2022 | December 2023 |
| Caterham Dene Hospital Redevelopment | | |
| Strategic Outline Case | Delayed due to CCG Realignment and Local Plan | |
| Detailed design and planning application | | |
| Development of site | | |
| Bronzeoak Site Redevelopment | | |
| Detailed design and planning permission | November 2019 | Spring 2020 |
| Development of site | October 2020 | March 2022 |
| Dormers Site Redevelopment | | |
| Detailed design and planning application | Summer 2020 | Spring 2021 |
| Development of site | Spring 2021* | Autumn 2022* |
| b) Redevelopment of privately-owned sites | | |
| Church Walk Shopping Centre Redevelopment | | |
| Detailed design and planning application | April 2016 | Summer 2020 |
| Development of site | Spring 2021 | Spring 2024 |

| | | |
|--|------------------------------|----------------|
| Former Rose & Young Site Redevelopment | | |
| Development of site | Summer 2019 | Winter 2022 |
| c) Urban redesign schemes in Caterham and Warlingham | | |
| Urban redesign scheme in Caterham Valley town centre | | |
| Feasibility | Autumn 2019 | Spring 2020 |
| Detailed design and planning application | Spring 2020* | Autumn 2020* |
| Croydon Rd Improvements | Summer 2020 | March 2021 |
| Other Areas | To be identified in Phase 2. | |
| Urban redesign scheme in Warlingham | | |
| Feasibility | Summer 2020 | March 2021 |
| Detailed design and planning application | To be identified in Phase 2. | |
| Development | To be identified in Phase 2. | |
| d) Acquisition and enhancement of commercial space | | |
| Acquisition of Linden House | | |
| Acquisition | September 2018 | September 2018 |
| Acquisition of Quadrant House | | |
| Acquisition | April 2019 | April 2019 |
| Green Wall at Quadrant House | Summer 2020 | March 2021 |
| Green Terrace at Roof level with proposed restaurant access | Summer 2020 | March 2021 |
| Accessible lifts at Quadrant House with associated renewed fire escapes and refuge areas | Summer 2020 | March 2021 |
| Replacement of windows for energy efficiency and exterior painting | Summer 2020 | March 2021 |
| Creation of Community Space / Library at Quadrant House | Summer 2020 | March 2021 |
| Vacant Suite Refurbishment including a/c | Summer 2020 | March 2021 |
| PV Panels at high roof Quadrant House | Summer 2020 | March 2021 |
| e) Unlocking infrastructure to support housing delivery | | |
| M25 Junction 6 Enhancements | | |
| Detailed design | April 2018 | March 2019 |
| Development | To be identified in Phase 2. | |
| Flood Protection Scheme | | |
| Strategic Outline Case | April 2018 | March 2019 |
| Outline Business Case | April 2019 | Autumn 2020 |
| Temporary mitigation improvements | April 2018 | March 2019 |
| Longer-term solution implemented | To be identified in Phase 2. | |

* Dates are indicative to reflect project dependencies.

6.4) Project management arrangements

The Programme is now led by Tandridge District Council. The project has had significant management involvement from Consultants Currie & Brown appointed jointly by Tandridge District Council and Surrey County Council. Currie & Brown were based within the Surrey County Council Property team to enable seamless working and information gathering.

6.5) Key project roles and responsibilities

The Programme is managed by a Programme Board which has senior officer representation from Surrey County Council, Tandridge District Council and NHS East Surrey Clinical Commissioning Group.

6.6) Governance, oversight and accountability

A Governance Board provides oversight of the Programme. The purpose of this Board is to:

- Provide oversight of delivery of the Programme and make any necessary recommendations to partner organisations.
- Review the Public Service Plan and agree any necessary amendments before they are considered through partners organisation governance structures.
- Have oversight of specific projects within the Programme and make any necessary recommendations through partner organisation governance structures.
- Take forward priorities identified in the Public Service Plan.
- Have oversight of any funding bids to support delivery.

This Board has representation from:

- Tandridge District Council Leader
- Tandridge District Councillors x 2
- Surrey County Council Leader
- Surrey County Council Lead Cabinet Member for Place
- NHS East Surrey Clinical Commissioning Group Chairman
- Tandridge District Council NTOPE Strategic Lead Officer
- Surrey County Council NTOPE Strategic Lead Officer
- NHS East Surrey Clinical Commissioning Group Strategic Lead Officer
- North Tandridge One Public Estate Programme Management Team

The Board links to the Surrey SHAPE Board through the district/borough officer and elected member representatives. It also has links to the following bodies:

- Tandridge Local Committee (which has district and county Member representation)
- Tandridge Joint Infrastructure Team (which has district and county officer representation)
- Tandridge Health & Wellbeing Board
- Surrey Health & Wellbeing Board

The work of the Board is reported to:

- Tandridge District Council – Strategy & Resources Committee
- Surrey County Council – Cabinet
- NHS East Surrey CCG - Board

6.7) Communications and stakeholder management

In developing the Programme, Partners have carried out extensive consultation and engagement to better understand the key issues in the town centre and inform feasibility and detailed design work. Partners have also developed a stakeholder engagement plan which sets out how partners will work together to promote the Programme and how key stakeholders will be engaged as the Programme progresses.

This Plan is monitored regularly by both the Programme Board and Governance Board as per Tandridge District Council's project management framework.

6.8) Benefits management

As per the Council's Project Management Strategy requirements, benefits management will be carried out throughout the Programme.

6.9) Project evaluation

As part of the Council's Project Management Strategy requirements, staff are required to evaluate any programme or project through a post-project survey and end of project report.


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Recommendation/ Declaration

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

Several elements of the Unlocking Housing in North Tandridge project have been delayed due to the Local Plan expanded on above, the Covid 19 pandemic and the delay to the determination of the Church Walk redevelopment project. The phasing of the projects has therefore been reconsidered and a pivot is required to allocate Local Growth Funding to focus on the vital effort to rebuild our economy, commercial spaces and public realm.

There is a strong need at this time to **build back better** with strong emphasis on the improving the environment and maximising the opportunities for carbon offsetting schemes to create attractive sustainable work and living accommodation. The overall scheme is exciting and forward thinking and provides a level of collaboration across multi-agencies to start the development of a town for the future

| | |
|---------------------|---|
| Declaration: | I certify that the information provided in this Business Case is complete and correct at the time of submission. |
| Signature: |  |
| Print Name: | Alison Boote |
| Title: | Interim Executive Head of Communities, Tandridge District Council |
| Date: | 23 July 2020 |

- 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.**