

## **DEVELOPING A PIPELINE OF PROJECTS FOR FUTURE INVESTMENT**

**Head of Service:** Damian Roberts, Chief Operating Officer

**Wards affected:** (All Wards);

**Urgent Decision?(yes/no)**

**If yes, reason urgent decision required:**

**Appendices (attached):**

### **Summary**

As part of the Council's active engagement in the recovery of the local economy in Epsom and Ewell, it is important that the Council takes steps to ensure the borough is in a position to access inward investment opportunities from the Local Enterprise Partnership (LEP), the County Council, and from Government.

Key to this is developing a pipeline of future investment opportunities that are capable of being brought forward in a reasonable timeframe. This report recommends that a one-off budget of £50,000 be allocated to enable the Council to progress the development of this future investment pipeline.

### **Recommendation (s)**

**The Committee is asked to:**

- (1) Agree to the allocation of £50,000 to support the development of a pipeline of future investment opportunities for Epsom and Ewell to be financed from the Council's corporate projects reserve;**
- (2) Agree that development proposals arising from this work be brought back to Strategy & Resources Committee for consideration.**

### **1 Reason for Recommendation**

- 1.1 There is expected to be future funding available to support the recovery of the economy in the aftermath of COVID-19, particularly for capital investment schemes that can be progressed in a reasonable timeframe.

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- 1.2 To ensure that the Council and the borough is well placed to access these future inward investment opportunities, it is important that the Council begins work on developing a pipeline of future investment opportunities, by undertaking some initial project feasibility and prospectus work.

## **2 Background**

- 2.1 Capital and construction related projects usually have a significant lead in time, and depending on their size and complexity this can stretch into several years. This can be a cause of frustration, as when priorities shift and/or new external funding opportunities become available, project ideas are seldom far enough advanced to be capable of being implemented in the timescales required.
- 2.2 A well developed project pipeline provides a menu of choices for investment, with a range of ideas and schemes at different stages of development. The project pipeline can be adjusted over time to take into account shifting priorities, staff capacity and the availability of financial resources. These financial resources may be Council funding - including CIL funding, Government funding, Local Enterprise Partnership funding, Surrey County Council funding, or developer funding. Sometimes it is possible to piggy back a project on to a wider scheme which then also picks up the cost. For example a public realm landscaping idea for an area, being funded by a developer as part of them bringing forward their adjacent development.
- 2.3 There is greater value in having a large and diverse project pipeline, as when third-party funds do become available, they can be specific about the type and size of project, and the timescales in which they have to be delivered.

### **2.4 Stages in a project pipeline**

- 2.4.1 While the stages of a project can vary considerably depending on its size and nature, in general terms projects pass through the following stages. As bringing forward a project is an iterative process, there is an opportunity at every stage to decide whether to stop, pause or proceed to the next stage.

#### 2.4.2 Concept preparation

Generation of initial ideas, scoping and concepts. Taking soundings eg regarding alignment with local priorities and the priorities of external funding agencies. Development of potential options for delivery. Preparation of initial concept designs, outline master planning and prospectus preparations.

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### 2.4.3 Initial feasibility

Initial designs by an architect/engineer, initial site survey, initial costings and financial feasibility assessment, including input by a quantity surveyor, potential pre-app discussions with Planning, assessment of options, identification of any constraints or dependencies.

### 2.4.4 Detailed feasibility

Full ground surveys, detailed architect/engineer designs, more detailed costings and feasibility, identification of potential sources of funding, discussions with relevant third parties, preparation of a planning application (if needed) with associated requirements including consultation, traffic surveys, formal decision making etc.

### 2.4.5 Procurement

Specification, procurement of construction/supplier, implementation plan, updated costings, awarding contracts etc.

### 2.4.6 Construction / Installation

Appointing a project manager, undertaking the necessary works which may include establishing a site compound, erecting hoarding, demolition, construction, installation works etc

### 2.4.7 Post construction / installation

Snagging, securing the warranties, commissioning the facilities and bringing project into use / occupancy, putting in place the on-going “business as usual arrangements”.

## **2.5 Proposals**

2.6 Given the impact that COVID-19 and its aftermath is having on the local economy, a key priority theme could be Economic and High Street Recovery and could include, opportunities for intensification of development (including mixed use commercial and potentially residential) and opportunities to explore the scope to create a cultural investment zone incorporating an area a mile long that connects the University, with the Town Centre, Epsom Rail Station, The Utilities Site, East Street and the two adjacent Industrial Estates.

2.7 Initial feasibility work could involve some early exploratory master planning, illustrative concept designs, and even the development of an outline prospectus to attract interest from potential investors such as the Local Enterprise Partnership, the Government and private developers.

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- 2.8 Feasibility work could also seek to focus on bringing forward capital projects that support a greener economic recovery, such as extending existing cycle paths or creating new ones, building on, or extending existing investment where ever possible.
- 2.9 The initial feasibility work could also seek to explore opportunities arising from the concept of a single public estate, where the Council could look for opportunities for the better utilisation and potential shared use or linked development of land and buildings owned by different public sector agencies in the borough.

### **2.10 Constraints**

2.10.1 The main constraint to developing a pipeline of future projects for investment is that of availability of initial resources for the feasibility stages. Funding would need to be allocated for this to enable an initial pipeline of projects to be brought forward. This could then have the potential to lever in £ hundreds of thousands or more of external resources for these projects over time to get them delivered. However, the impact of COVID-19 on the Council's finances including its reserves, has been considerable, and the Committee will need to consider carefully where the funding to support a pipeline of future projects for investment sits alongside other more immediate operational and service spending priorities.

### **2.11 External financial support with feasibility funding**

2.11.1 Arrangements have been established across the county this year for money set aside for feasibility studies to potentially secure match funding from the County Council with a gearing ratio of 1:0.86. ie for every £1 which a District/Borough invests it will receive an additional 86p towards these feasibility studies. The projects would need to reflect agreed economic or transport improvement priorities between the Borough Council and the County Council, for example in areas such as improved cycle routes.

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### 2.12 Governance

2.12.1 Funding for the feasibility work necessary to develop a pipeline of future projects would need to be approved by the Council's Strategy and Resources Committee. The drawing down of this feasibility funding for specific activities would then be delegated to the Council's Capital Members Group. No project could move forward from this feasibility stage to delivery, without a formal decision by Strategy and Resources Committee and any other relevant Policy Committee, depending on the nature of the project.

### 3 Conclusions

- 3.1 To enable the Council to benefit from external funding opportunities for capital investment linked to supporting the recovery of the local economy and progressing other Council priorities such as tackling climate change, it is important that the Council develops a pipeline of future projects for attracting potential investment as set out in this paper.
- 3.2 Subject to the approval of this Committee to the overall approach, the intention would be to bring forward for early consideration by the Capital Members Group, potential quick wins alongside more strategic investment opportunities.

### 4 Risk Assessment

Legal or other duties

#### 4.1 Impact Assessment

4.1.1 A strong recovery of the local economy is likely to offer the greatest benefit to those households on lower incomes many of whom work in the hospitality industry and/or the Gig Economy – ie those in temporary or non-contractual work, and young people seeking to enter employment for the first time.

#### 4.2 Crime & Disorder

4.2.1 Areas with high employment levels tend to experience less crime and antisocial behaviour.

#### 4.3 Safeguarding

4.3.1 There are no safeguarding implications arising from this report.

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### 4.4 Dependencies

- 4.4.1 Future inward investment in the borough is dependent on there being a pipeline of potential investment opportunities at different stages of development, including some of which are at the stage of being “shovel ready”.

## 5 Financial Implications

- 5.1 The investment in the infrastructure within the Borough is vital to retain its competitiveness when compared to neighbouring Councils. Providing feasibility reports on a number of schemes will enable the Council to be in a position to lever large sums of external financial investment in to the Borough and potentially assist in boosting the local economy.
- 5.2 The one-off funding requested of £50,000 for feasibility studies can be financed from the Corporate Projects Reserve which at 13 October 2020 has an uncommitted balance of £2.1 million.
- 5.3 **Section 151 Officer’s comments:** The Council is under considerable financial pressure due to the pandemic and is required to utilise reserves to fund losses in income and increased costs as a result of COVID-19. The Council has earmarked nearly £2 million of reserves to fund the impact of the virus on the Council’s finances for 2020/21, but still holds an uncommitted balance of £2.1m within the Corporate Projects Reserve.
- 5.4 Any use of these reserves to fund additional expenditure should be for high priority projects and deliver tangible long-term benefits for the Council.

## 6 Legal Implications

- 6.1 There are no legal implications arising directly from this report.
- 6.2 **Monitoring Officer’s comments:** none arising from the contents of this report.

## 7 Policies, Plans & Partnerships

- 7.1 **Council’s Key Priorities:** This report is closely aligned to the Council’s priorities of Opportunity and Prosperity and Effective Council.
- 7.2 **Service Plans:** The matter was not included within the original Service Delivery Plan for this financial year, but is reflected in the revised version developed in the aftermath of COVID-19.

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### 7.3 **Climate & Environmental Impact of recommendations:**

7.4 Opportunities will be sought to bring forward investment that will progress the Council's ambitions for tackling climate change including improvements to the environment and the promotion of more sustainable transport.

### 7.5 **Sustainability Policy & Community Safety Implications:**

7.6 A strong economy with high levels of employment at all levels, can contribute positively towards a safe community with low levels of crime and anti-social behaviour.

### 7.7 **Partnerships:**

7.8 In developing a pipeline of future investment projects, the Council will need to continue to work closely with the Coast to Capital Local Enterprise Partnership. Surrey County Council, and other relevant business and infrastructure organisations.

## 8 **Background papers**

8.1 The documents referred to in compiling this report are as follows:

### **Previous reports:**

- None