



Appendix B: GBF Projects spending beyond 31 March 2022 and a summary of high risk GBF projects

1. Purpose

- 1.1. This appendix provides details of the two projects seeking approval for Getting Building Fund (GBF) spend beyond the 31 March 2022 at this meeting of the Board, and details of the three high-risk GBF projects.
- 1.2. The Board is asked to agree GBF spend beyond 31 March 2022 for two projects. An update on those two projects is set out in Section 2 of this appendix.
 - 1.2.1. UTC Maritime and Sustainable Technology Hub (£1.3m)
 - 1.2.2. Riding Sunbeams (£2.5275m)
- 1.3. Three GBF projects have been identified as being High Risk, with a risk score of 5 out of 5. These projects include:
 - 1.3.1. Fast Track Business Solutions for the Hastings Manufacturing Sector (£3.5m)
 - 1.3.2. UTC Maritime and Sustainable Technology Hub (£1.3m)
 - 1.3.3. Riding Sunbeams (£2.5275m)
- 1.4. An update on the Fast Track Business Solutions for the Hastings Manufacturing Sector project is set out in Section 3 of this appendix.

2. GBF spend beyond 31 March 2022

Project: UTC Maritime and Sustainable Technology Hub	GBF award: £1.3m	Risk Rating:	5
Status: Work underway to agree the required lease documentation	Forecast GBF spend beyond 31 March 2022: £0.8m Expected completion date: September 2022		
<u>Project description:</u> The project is seeking to convert an existing, disused educational facility and Grade-II listed building in Newhaven into a multi-purpose site, comprising: 1,630 sqm of educational/training and business support space for the maritime sector, 1,595 sqm of commercial office space and 1,500 sqm of ancillary space. The completed development will enable a Maritime and Sustainable Technology Hub to be established in Newhaven to support the maritime sector across Sussex. The Hub will actively seek to encourage those industries involved in the design, construction, maintenance and operation of environmental, engineering and maritime products and services (clean, green and marine technologies) to invest in Newhaven.			
<u>Project benefits:</u> The project will deliver the following benefits: <ul style="list-style-type: none">• Creation of 133 gross jobs (46 net new jobs)• £3.683m in Land Value Uplift• £2.055m in external benefits associated with workforce upskilling• Support provided to Maritime Businesses from 2022/23 onwards• 346 trainees achieving qualifications each year			
<u>Cause of project delay:</u> The basis for the request to retain GBF funding against the Project beyond March 2022 is that there are complex land ownership matters involved with delivery of the Project which have taken longer than anticipated to resolve. In summary, there is a lease from a head lessee which now sits with the Department for Education (DfE), however, the DfE had to take legal action to recover this lease from the previous UTC Academy Trust which caused initial, unexpected delays to the project. The intention is for the DfE to sub-lease to Lewes District Council, although there may be scope for Lewes District Council to take a direct lease from the head lessee. There are a number of restrictions on the lease including an overage clause, which would be triggered for this project. Agreement has been reached regarding most of the terms under which a lease would be taken by Lewes District Council and an initial valuation for overage purposes has been undertaken by the Landlord. Discussions are continuing between the DfE and Lewes District Council so that the council can understand the costs that might be associated with the overage clause. If Lewes District Council were to take a direct lease from the head lessee, the restrictions in the lease would still apply but the process would be simpler and it would remove the need for the DfE to be Landlord – a role it is not set up to undertake. Once agreement has been reached with regard to the lease, expected by 31 October 2021, Lewes District Council are confident of being able to deliver the project as set out within the Business Case, albeit to a delayed programme.			

Project: Riding Sunbeams	GBF award: £2.5275m	Risk Rating:	5
Status: Procurement of contractor in progress	Forecast GBF spend beyond 31 March 2022: £0.707m Expected completion date: June 2022		
<u>Project description:</u> The project will build and connect the world’s first megawatt scale renewable solar energy plant directly powering the direct current railways located in the heart of East Sussex. The project will be delivered through an innovation collaboration between green technology start-up Riding Sunbeams and Network Rail and will develop the route to market for subsidy free renewable energy generators to directly supply the UK’s largest energy user.			
<u>Project benefits:</u> The project will: <ul style="list-style-type: none">• establish the first proven route-to-market for direct-wire power purchase agreements, and the technical and commercial framework to help guide Network Rail’s low carbon power procurement trajectory• create green employment opportunities. Over the 25-year lifetime of the project it is estimated that the solar farm will support 40 jobs• benefit the region’s electricity network resilience and provide capacity enhancement solutions whilst opening up renewable energy capacity for the rail industry• Save annual carbon per megawatt of around 245t/CO2e• Stimulate local social and environmental impact through the development of community benefit and options for community investment			
<u>Cause of project delay:</u> The most complex element of the project is the connection between the solar energy plant and Network Rail’s distribution system. As this project is the first of its kind, there is no pre-existing established approach for Network Rail to follow. Riding Sunbeams and Network Rail have been working together to fully understand the requirements for the connection to the Network Rail distribution system and to ensure that the correct systems are established for this project and any potential future projects. Whilst these requirements are now well understood, it has taken longer than originally anticipated to reach this point due to the complexities involved and the innovative nature of this project. Overall, the project is progressing well with the solar array and cable route due for completion by March 2022. This will leave the connection with the Network Rail distribution system to be completed post March.			



3. High- risk GBF projects

Project: Fast Track Business Solutions for the Hastings Manufacturing Sector	GBF award: £3.5m	Risk Rating:	5
Status: Awaiting completion of third party grant agreement and outcome of planning application	Expected completion date: April 2022		
<u>Project description:</u> The project will deliver 4,000 sqm of Class B1/B2 business accommodation on part of the North Queensway Innovation Park, which lies within the A21/A259 Hastings Bexhill Growth Corridor. The project will deliver five individual buildings, varying in size from 500 sqm to 1,000 sqm, on two adjacent plots within the Innovation Park. Each building will be designed with flexibility in mind so that they can either be occupied as a whole, or sub-divided to suit occupier requirements. The project seeks to address the pressing need for modern manufacturing premises locally to assist with economic recovery from COVID-19. As well as helping to attract new businesses, the project can support both move-on and scale-up businesses locally.			
<u>Project benefits:</u> The project will: <ul style="list-style-type: none">• provide increased capacity to support higher value jobs in the Hastings and Bexhill area through delivery of 4,000sqm of new production space• create 75 net construction related and operational Full Time Equivalent (FTE) jobs• ensure a quality business accommodation offer in East Sussex that can meet the needs of both indigenous businesses as well as providing commercial property product capable of attracting larger companies to the area			
<u>Risks:</u> The Project has been identified as High Risk due to two main factors. <ul style="list-style-type: none">• East Sussex County Council have reported that the required Third Party Grant Agreement between themselves and Sea Change Sussex, as delivery partner, has not yet been completed. The Grant Agreement has been delayed due to ongoing discussions regarding the terms of the agreement. Until the Grant Agreement is in place no funding can be released to support delivery of the Project.• The second factor is that planning consent for the Project has not yet been granted. A planning application was submitted to Hastings Borough Council in April 2021 but has not yet been determined. A date for the determination of the planning application has not yet been confirmed. As a result, there remains a risk that planning permission will not be granted or that planning consent will not be granted in time to allow the project to proceed to delivery during the duration of the GBF programme.			
<u>Mitigation/action required:</u> <ul style="list-style-type: none">• A decision will be taken by East Sussex County Council at the end of September 2021, as to whether to enter into a variation of the usual GBF Third Party Grant Agreement which addresses some of the			



points on which agreement has not yet been reached.

It should be noted that it is a requirement of the Service Level Agreement (SLA) in place between Essex County Council (as Accountable Body for SELEP), SELEP Ltd. and East Sussex County Council, that the relevant rights and obligations within that SLA are mirrored in the agreement between East Sussex County Council and the third party. In this scenario, the risk sits with East Sussex County Council to assure project delivery as per the SLA.

- Work is being undertaken to address comments on the planning application received from statutory consultees. Once these comments have been satisfactorily addressed, a date for planning determination will be set.