

Template for additional funding ask for Getting Building Fund (GBF) projects

Project name	Jaywick Market & Commercial Space
Responsible Upper Tier Local Authority	Tendring District Council
Organisation responsible for project delivery	Tendring District Council in partnership with Essex County Council
Federated Board	Essex

Project description

The Jaywick Market and Commercial Space project will build and operate covered market and affordable business space on a gateway site in Jaywick Sands to support the local economy, grow local entrepreneurship, and grow and retain economic activity and job creation in the local area, which is the most deprived in the country. The project forms part of a wider regeneration initiative that aims to lift Jaywick Sands out of the bottom decile of the Index of Multiple Deprivation, improving poor quality housing, stimulating economic growth and maximising the potential of the beach for tourism, improving the public realm and increasing flood resilience.

The proposal has been developed in response to community needs as well as a wider assessment of demand for small business space in the wider area. There is a demonstrated undersupply of commercial space and a high level of demand for affordable light industrial, studio and basic office facilities within the area. Using the Council-owned site in a very central location in Jaywick Sands presents the opportunity to draw this tenant market to Jaywick Sands, creating employment in the area and stimulating the secondary economy, alongside supporting local start-ups and small businesses in the community through creating a pathway from very affordable market stall accommodation to renting permanent space. It will also provide access to affordable, healthy food and other household needs within walking distance of residents, many of whom struggle to access shops and services due to the undersupply in the local area and a lack of access to travel modes, with low car ownership and relatively poor and expensive public transport.

The proposal was to construct 13 affordable rent business units offering 9,500sq ft lettable area and a covered local market of 10 affordable pitches. With a redesign after the original Business Case a further 11 flexible units and an meeting/training room have been added. Alongside this, the public realm in the area will be improved including the creation of a new community garden and a multipurpose hard landscaped area which can be used for outdoor markets and seasonal events. This will form part of a programme of wider regeneration and will deliver an extensive range of positive social impacts to help alleviate the severe deprivations experienced by much of the Jaywick Sands community including increased employment opportunities, increased training opportunities, a rise in skills and employability, pride in the area, a rise in aspiration, especially amongst younger people and significantly improved health benefits through affordable access to fresh foods. It is highly deliverable, quick to implement and will be the catalyst to unlocking future opportunities in the most deprived neighbourhood in England.

	The project responds to social and economic changes exacerbated by Covid-19, including the lack of access to neighbourhood shops and services for everyday necessities within walking distance, as well as the need to support employment and generate inward investment and jobs growth in the community given that coastal communities are amongst those hardest hit.
Existing GBF allocation	£1,972,000.00
GBF spent to date	£1,001,781.61 which is £747,495.25 claimed to dated and £254,286.36 to be submitted within the next claim.
GBF committed to date	£1,972,000.00
Additional GBF sought	The ask for additional funding is £419,000 which comprised of £219,060 for unforeseen contamination and underground obstruction costs and 200,000 towards further contamination costs within the car park and area around the building (construction team have presented a £450,000 worst case scenario) and towards omitted items (listed within this document) which have been taken out of of the project due to BREXIT, COVID-19 and rising cost, as the additional funding allows.

Why is additional GBF investment required?

This should clearly explain how the COVID-19 pandemic, Brexit or current high inflation levels have impacted on the project.

Contamination and Ground Conditions

The construction costs doubled from the time of receiving agreement from SELEP to award funding for the project and going to tender. This was due to the market conditions resulting from the COVID-19 pandemic, Brexit and high inflation. These extra costs have been covered by our partners Essex County Council and Tendring District Council.

Within the budget there is a contingency to cover unexpected costs arising from the build and a small proportion of the budget was set aside for ground conditions. The ground conditions survey that accompanied the planning permission was positive and gave a low risk of asbestos contamination with one small amount discovered from 4 trial holes. As a result the costings for contamination were set much lower than subsequently require.

The volume of contamination and the amount of ground obstructions found during excavation of the buildings foundations far exceeded expectations. The cost so far is £219,060 and has used all available provisional sums, the contingency and put the construction costs over budget.

Further to this the construction team has begun to excavate the carpark area and further contamination has been found raising concerns. The construction team have provided a 'worst case scenario' with regards to the volume of earth still to be excavated and if all is contaminated. The estimate is £450,000.

Therefore this application is requesting the funds to cover the unforeseen contamination and ground conditions which have already been removed of £219,060. It is also requesting that £200,000 is made available to cover potential spends on contamination and ground conditions as the project continues. If unspent the £200,000 will be used to procure some of the omitted items.

Omitted Items

During the detailed design and procurement phase of the project, and recently due to budget pressures, elements and scope of works had to be re considered and were not included to keep the project within budget as much as possible. These works had to be omitted due to the increase in construction costs due to the COVID-19 pandemic, Brexit and high inflation.



Some of this scope of work could have potentially been reintroduced to the project, during the construction phase, using any remaining contingency in the project budget. Unfortunately, this is no longer the case as all of the contingency has been used to cover the contamination and ground conditions.

Therefore this application also requests to divert additional GBF funding if not required to contamination to these items (please see page 8 for full costings per item) to reintroduce the elements and scope of works that were considered but not included. Economic conditions are forecast to be very demanding over the period when the project will be looking for tenants for the commercial space and market pitches and the additional investment is considered desirable and is intended to make the building and its commercial units and market pitches as attractive and affordable as possible.

What are the implications for the project, and its' ability to deliver in accordance with the Business Case, if additional funding is not awarded? *This should set out whether the project will be able to proceed without additional GBF investment. It should also be clear as to whether elements of the project scope set out within the Business Case will not be able to proceed and the associated impact on forecast project benefits*

If additional GBF funding is not awarded the carpark aspect of the project will need to be paused incurring extra costs to the budget, the area will need to be re-designed and planning permission will need to be re-sought bringing delays and further risk to the project.

Further to this the project could potential run out of budget and not be completed. This would have significant implications with regards to reputation for all partners as well as have ramifications in changing the perception of the area.

This is particular important with Jaywick being the most deprived area in the county as a failed project will not improve the quality of the offer to resident and provide a pride of place which is desperately needed.

There would also be missed opportunities in regards to regeneration, improving the skills in the area and providing low cost starter units for new and emerging local businesses which will reduce unemployment, bring an income into the area and enable a full business support offer to be put in place to help them succeed.

This will also impact on other initiative within the area and will ruin any confidence the residents have in the Council particular in delivering improvements.

Not reinstating the omitted items will not be as devastating to the project as it will be delivered to its current scope of works with support in removing the contamination and covering the current overspends. Without reinstating the omitted items the following will not be included in the project;

Item	Description of items previously considered and not currently included in the project.	Associated impact on forecast project benefits.
1	Roof solar panels	The project won't be able to benefit from the positive environmental impact of using solar panels.
2	Storage for bins	The bins will not have a store and may be the subject of antisocial behaviour and will not enhance the appearance of the project.



3	Café fit out	Economic conditions are forecast to be increasingly demanding. If a tenant willing to finance the complete fit out of the café can't be secured the café may not be able to be used. This would adversely impact the potential the café has in increasing footfall to the market and seafront and the overall benefit the café will have to the building.
4	CCTV over the community garden area	The community gardens may be subject to antisocial behaviour. This would adversely impact the intention for the project to provide better quality and safe public realm.
5	Data requirements to units	The commercial units may be less attractive to tenants unless they have good information technology provisions.
6	Information technology and furniture to make the meeting room a hybrid learning room	The meeting room may be less attractive to users and not up to the standards required to be used for training unless it has good information technology provisions.
7	Internal signage	Internal signage will be required to operate the building properly.



What are the main project risks impacting the ability of the project to proceed?

Risk	Impact	Mitigation
Additional funding not received.	The carpark aspect of the project will need to be paused incurring extra costs to the budget, the area will need to be re-designed and planning permission will need to be re-sought bringing delays	To seek further funding and to explore options to reduce the project scope further.
Overspend on the current budget.	The building will not be opened which will have a number of implications for partners and the area.	To seek further funding and to explore options to reduce the project scope further.
Reduced demand for commercial space and market pitches in the area.	Some units and market pitches may be vacant.	Net scheme benefits will be realised even if occupancy is lower than projected. Additional investment is considered desirable and is intended to make the building and its commercial units and market pitches as attractive and affordable as possible.
Construction risks	Impact project budget and programme.	Risk during the construction process will be shared between the scheme promoters as the client, and the contractor, according to industry standard contractual arrangement (JCT



		Intermediate Contract). These ensure a fair and impartial allocation of risk, and change control procedures will mitigate against client instructed changes which could result in cost or programme delays.
Unexpected or worse than expected ground conditions or contamination	Cost increases and programme delays	Continue to review ground conditions and contamination. Continue to review design. Continue to review impact on project budget.
Community opposition	Delays and reputational damage, under occupancy	Ongoing community and stakeholder engagement and adapt scheme to reflect community feedback
Running costs higher than anticipated		Sensitivity analysis shows that costs can increase by a quarter without affecting ability to provide a net surplus by year 5

If additional funding is awarded to the project, are there any remaining barriers to project delivery?

The project is now under construction and is in the delivery phase of the project. The major barrier of planning approval was achieved last year. The construction risks involved with piling have been overcome as the piling has been completed. Excavation of the building area has been completed but the car park and areas surrounding the building have not yet commenced excavation and there are risks of unforeseen ground conditions and contamination beyond the requested £200,000.

If additional funding is awarded to the project, will it be possible for the GBF funding to be spent in full by 31 March 2023?

Yes. The building is currently in construction with the steel frame being installed. This particular part of the build is going to be substantial in terms of the budget costs and we are expecting payment to the contractors to clear the current allocation this calendar year. Therefore, we expect that the original funding and all funding will be claimed in December 2022.

If the extra £200,000 remains after excavation, the omitted items will become part of the construction plan of the building and will be implemented at the appropriate time and installed prior to completion. The money will be requested on implementation. The building is due to complete in February/March so all funding will be spent within the specified timeframe.

	Current GBF Claims	Total claimed	
Mar-22	£243,635.73	£243,635.73	
Jun-22	£133,639.01	£377,274.74	
Aug-22	£370,220.51	£747,495.25	
Cashflow Forecast			
Sep-22	£591,661.50	£1,339,156.75	
Oct-22	£523,500.00	£1,862,656.75	
Nov-22	£498,500.00	£2,361,156.75	Original funding
Dec-22	£473,500.00	£2,834,656.75	Original funding and all additional funding claimed.
Jan-23	£712,600.00	£3,547,256.75	
Feb-23	£402,186.00	£3,949,442.75	
Mar-23	£278,808.00	£4,228,250.75	

Please provide the most up to date delivery programme for the project, ensuring that this covers all elements of the project as set out in the Business Case.

Milestone/Activity	Expected Completion date
Construction completed	February 2023 please see attached construction programme.
Business support	Ongoing and will continue once the building is open
Marketing and Letting	September 2022 – February 2023
Scheme opening	March 2023
What was the value of the Benefit Cost Ratio included in the original Business Case approved by SELEP?	The BCR was 3.77 and therefore the project was considered as high value for money.

What is the expected impact on the Benefit Cost Ratio of the additional GBF funding sought?
This should also take into account the impact of any other public sector funding which has been added to the project budget since Business Case approval.

It is expected that the BCR will reduce to 3.45. However, this still means that the project is considered as high value for money.

Present Value Benefits [based on Green Book principles and Green Book Supplementary and Departmental Guidance (£m)]	£	16,648,196.80
Full Project Budget including £419,060 of additional funding (£m)	£	£4,821,242
Present Value of other quantified impacts (£m)		0
Net Present Public Value (£m) [A-B] or [A-B+C]	£	11,826,954.8
'Initial' Benefit-Cost Ratio [A/B]		3.45
'Adjusted' Benefit Cost Ration [(A+C)/B]		3.453092

Summary of project benefits



Have the project benefits changed since the original Business Case was approved by the Accountability Board?

If yes, please state the nature of these changes and the likely impact on the Value for Money offered by the project

Since the original business case, the project has adapted to providing extra benefits which will not only improve the look and feel of the building it will also provide an increased income making the project more sustainable, provide space for more businesses and provide an on-site training/meeting room which will enhance the business support that will be provided within the building.

These extra benefits were realised following the appointment of COLBEA in February 2021. The Project Team (comprising HAT Projects, COLBEA, ECC, and TDC) then explored different design options to accommodate an increase in the number of managed workspace units as well as the provision of office space enabling an on-site presence.

This work culminated in an addition of 11 multi use units which will be flexible and able to provide accommodation for more businesses. By increasing the number of units the possibility of new jobs has risen to 45 number, with the units being flexible it will accommodate a larger variety of business and the potential income will also rise which will ensure (as much as possible in the currently climate) the building is self-funding.

There is also the addition of the meeting/training room which will be accessible to all tenants as well as the ability to hire to other training providers.



Please detail the additionality which will be achieved through the award of additional GBF funding.

This should include reference to any elements of the original project scope which it will not be possible to deliver without additional GBF funding or any additional work that needs to be completed to facilitate realisation of the forecast project benefits outlined in the Business Case.

If additional GBF funding is awarded the project can continue in its current scope. This strengthens the reputation for all partners as well as having a positive impact in changing the perception of the area.

This is particularly important with Jaywick being the most deprived area as it will improve the quality of the offer to residents and provide a pride of place which is desperately needed.

Finishing the project and installing tenants into the building will also enable regeneration, improve the skills in the area and provide low cost starter units for new and emerging local businesses which will reduce unemployment, bring an income into the area and enable a full business support offer to be put in place to help them succeed.

Reinstating the omitted items will not stop the project as it will be delivered to its current scope of works with support in removing the contamination and covering the current overspends. However, adding these into the project will enhance the offer to future tenants and visitors to the site increasing footfall and income to the area.



Item	Description of items previously considered and not currently included in the project.	Cost per item	Associated impact on forecast project benefits.
1	Roof solar panels	£112,000	<p>We believe that local authorities should champion the use of clean energy and help the districts in their net zero agenda. This is especially important in the current climate and the cost of living crisis</p> <p>It is anticipated that in the first year there will be a saving of £5,651 and a saving of £108,000 over 20 years. There will also be a carbon saving of 14.2 tonnes a year.</p> <p>Mitie have confirmed that the current lead in for the PV panels is four weeks so we are confident in achieve this spend.</p>
2	Storage for bins	£5,500	<p>The bins will have a store which will deter antisocial behaviour and will enhance the appearance of the project.</p>
3	Café fit out	£120,000	<p>Economic conditions are forecast to be increasingly demanding and we are encouraging new start ups. To fit out the Café is a big ask for a new businesses so by supporting the business it will encourage someone to take up the opportunity.</p> <p>The Café is the first thing seen at the front of the building and by having this up and</p>



			<p>running will have a really positive impact on the footfall to the building and the surrounding area, provide a community space for events and meetings and will also make it attractive to it's tenants.</p> <p>It would also be a benefit if the Café has delays in securing a tenant as vending machines could be installed in the interim.</p>
4	CCTV over the community garden area	£3,600	By providing CCTV it will give residents a safer area of public realm and will maintain the quality of the gardens by reducing antisocial behaviour. It will also protect the building from potential misuse.
5	Data requirements to units	£17,000	The commercial units will be more attractive to tenants if they have good information technology provisions. This will also enable them to grow their business without having to make adjustments as they go.
6	Information technology and furniture to make the meeting room a hybrid learning room	£27,000	The meeting room will be more attractive to users and up to the standards required to be used for training. It will also be more attractive to outside organisation who want to run training sessions in the area or hold meetings
7	Internal signage	£4,000	Internal signage will be required to operate the building properly.



Original funding breakdown (as per the original Business Case) (£m)

Funding source	2019/20	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
GBF		£170,973	£1,801,027				£1,972,000
ECC			£50,000				£50,000
TDC			£69,035	£36,500			£105,535
Total		£170,973	£1,920,062	£36,500			£2,127,535

Updated funding breakdown (including additional GBF funding request) (£m)

Funding source	2019/20	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
GBF			£243,635.73	£2,147,424.30			£2,391,060
ECC			£50,000	£1,901,730.30	£53,451.70		£2,005,182
TDC			£15,420		£414,580.00		£430,000
Total			£309,055.73	£4,049,154.60	£468,031.70		£4,826,242



Sign off of additional funding ask– required from lead County/Unitary Authority

Dear Colleague,

In submitting this project application for additional GBF, I confirm on behalf of *[Insert name of County or Unitary Authority]* that:

- The information presented in this application is accurate and complete as at the time of writing.
- The application states all substantial project risks known at the time of submission.
- The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.
- The delivery body has access to the skills, expertise and resource to support the delivery of the project
- Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting
- The project will be delivered under the conditions in the signed GBF Service Level Agreement with the SELEP Accountable Body and SELEP Ltd.

I note that the information presented in this application will be presented in the public domain as part of the Strategic Board’s prioritisation of projects. Any information presented in this application which is considered commercially sensitive and confidential has been highlighted as such within this application.

Yours Faithfully,

S151 Officer (for County/Unitary authority)

Name

Signature

Date

Senior Responsible Officer

Name

Lee Heley

Signature

Date

23/08/2023