



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 five projects seeking approval for Getting Building Fund (GBF) spend beyond the 31 March 2022 at this meeting of the Board, and details of the eight high-risk GBF projects.
- 1.2. The Board is asked to agree GBF spend beyond 31 March 2022 for five projects. An update on those five projects is set out in Section 2 of this appendix.
 - 1.2.1. Jaywick Market and Commercial Space (£1.972m)
 - 1.2.2. Better Queensway (£4.2m)
 - 1.2.3. No Use Empty South Essex (£1.2m)
 - 1.2.4. Acceleration of full-fibre broadband deployment in very rural or very hard to reach areas (£0.68m)
 - 1.2.5. Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas (£1.82m)
- 1.3. Eight 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. Acceleration of full-fibre broadband deployment in very rural or very hard-to reach areas (£0.68m)
 - 1.3.4. Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas (£1.82m)
 - 1.3.5. Jaywick Market and Commercial Space (£1.972m)
 - 1.3.6. Tendring Bikes and Cycle Infrastructure (£2.3m)
 - 1.3.7. Better Queensway (£4.2m)
 - 1.3.8. No Use Empty South Essex (£1.2m)
- 1.4. Updates on the Fast Track Business Solutions for the Hastings Manufacturing Sector, UTC Maritime and Sustainable Technology Hub and Tendring Bikes and Cycle Infrastructure projects are set out in Section 3 of this appendix.



2. GBF spend beyond 31 March 2022

Project: Jaywick Market and Commercial Space	GBF award: £1.972m	Risk Rating:	5
Status: Procurement of lead building contractor is underway	Forecast GBF spend beyond 31 March 2022: £1.382m Expected completion date: September 2022		
<p><u>Project description:</u></p> <p>The project will build and operate a 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.</p> <p>The project will construct affordable rent business units offering 9,500 sqft lettable area and a covered local market of 10 affordable pitches. 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.</p>			
<p><u>Project benefits:</u></p> <p>The project will deliver the following benefits:</p> <ul style="list-style-type: none">• 45 FTE jobs will be directly created.• indirect and induced impacts are estimated to comprise around 16 FTE jobs.• wider entrepreneurship in the local community encouraged and a mutually supportive local business network leading to an increased rate of start-up of businesses in the community and a higher survival rate for businesses.• creation of training opportunities leading to a rise in skills and employability resulting in higher average earnings among Jaywick Sands residents, and therefore increased consumer spend locally supporting business growth among local shops and services.• increased employment opportunities leading to a reduction in deprivation due to unemployment and involuntary exclusion from the labour market and a reduction in deprivation caused by low income.• access to a wider range of fresh food creating positive health impacts across all age groups but particularly impactful on the 46% of Jaywick Sands households who do not own a car and therefore struggle to access affordable, healthy food.			
<p><u>Cause of project delay:</u></p> <p>Following award of planning consent in July 2021, concerns over the rising cost of materials and increasing volatility in the materials market were raised. Cost consultants working on the Project evidenced a significant escalation of costs within the industry and identified a number of factors that have influenced the cost escalation including the COVID-19 pandemic, Brexit, Suez Canal blockage, lack of HGV drivers and stockpiling by housebuilders.</p> <p>These concerns prompted a review of the design for the Project in an effort to reduce costs where possible. This exercise took longer than expected and impacted upon the delivery programme.</p> <p>Procurement of a lead Building Contractor is underway, with a contractor expected to be appointed in December 2021. This timeline is dependent upon tenders being submitted which are compliant and which</p>			



fall within the available budget. Provisions have been made within the tender pack for value engineering and the pack encourages prospective tenderers to promote design changes to secure cost savings, whilst not compromising the integrity of the consented scheme. Assuming this timeline for appointment of a contractor can be met, it is expected that the GBF funding will be spent in full by September 2022.

If appointment of a contractor is delayed due to the need to secure alternative funding to bridge any funding gap which may arise, the programme will be revisited by Accountability Board in February 2022 to ensure that the GBF funding can still be spent in full by the end of September 2022.



Project: Better Queensway	GBF award: £4.2m	Risk Rating:	5
Status: Procurement of contractor for utilities and enabling works in progress	Forecast GBF spend beyond 31 March 2022: £2.1m Expected completion date: January 2033		
<u>Project description:</u> Better Queensway is an estate and town centre renewal project, seeking to transform a 5.2 hectare site to the north of Southend town centre. The project will include phased demolition of existing residential and commercial units, including four tower blocks and redevelopment to provide up to 1,669 dwellings and 7,945sqm of commercial space made up of retail, office, and community and leisure space. The project will also involve significant infrastructure and engineering work to provide a new four lane carriageway with footpath, cycle and bus facilities, which will remedy the sites severance with the High Street, provide a greater developable area, reduce pollution and improve connectivity, including important through traffic routes to the seafront. The Project is in receipt of £15m of funding from the Housing Infrastructure Fund (HIF) to enable the necessary highway improvement works and Southend-on-Sea Borough Council has entered into a Joint Venture with Swan Housing Association as development partner. GBF investment was sought due to unforeseen costs associated with the upgrade of local electrical networks to provide the needed capacity to meet new government guidelines on energy use in new homes and to enable sufficient resilience in the local grid to provide the required level of electric vehicle charging points to future proof the town centre.			
<u>Project benefits:</u> The project will: <ul style="list-style-type: none">• increase the attractiveness of the area to developers.• increase the attractiveness of the area to businesses.• increase footfall in the area.• increase connectivity between the Queensway estate and Southend town centre.• reduce environmental impacts through the provision of electric vehicle charging points and through enabling the use of sustainable transport means in the town.• provide enhanced public realm and open space for local people, alongside providing a more attractive living environment and landmark development for Southend.• enable the creation of additional jobs and GVA as a result of the delivery of additional high-quality commercial space, with increased local resident spend through an increased population on the site and across the wider town.			
<u>Cause of project delay:</u> A hybrid planning application for the full Better Queensway scheme was submitted to Southend-on-Sea Borough Council in September 2020. This application was subsequently considered by Planning Committee on 31 March 2021 and it was resolved that the Interim Director of Planning at Southend-on-Sea Borough Council be delegated to grant planning permission subject to the completion of a S106 agreement in relation to the development. The S106 agreement took longer to complete than anticipated, which delayed the formal award of hybrid planning consent until September 2021. In addition, the Project has experienced delays to the procurement of the enabling works due to utility companies requiring longer than usual lead-in times. This is in part due to the impacts of the COVID-19			



pandemic but is also related to other supply chain issues which are being experienced more generally across the construction industry.

The combination of these factors has resulted in a delay to progression of the Project.

Following the formal determination of the Hybrid Planning Application in September 2021, procurement has commenced with regard to the utilities and enabling works which will be supported by the GBF investment. It is expected that this procurement will be complete, and contractors appointed by the end of January 2022. However, it has been noted that there is an identified risk within the construction industry supply chain which may lead to cost inflation. The conclusion of the procurement process for the utilities and enabling works package will provide a fixed cost and programme for these works, helping to mitigate this risk.

Assuming contractors for the utilities and enabling works can be appointed by the end of January 2022, and that any cost increases can be managed without adversely impacting on the value for money offered by the project, it is expected that the GBF funding will be spent in full by the end of September 2022.

Project: No Use Empty South Essex	GBF award: £1.2m	Risk Rating:	5
Status: Launch of initiative currently being planned	Forecast GBF spend beyond 31 March 2022: £0.9m Expected completion date: September 2022 (full allocation of GBF funding to support works to identified properties)		
<u>Project description:</u> The Project will provide short-term secured loans to property owners to enable the return of long-term empty commercial properties back into effective use for residential, alternative commercial or mixed-use purposes. The project will focus on secondary retail and other commercial premises which have been significantly impacted by changing consumer demand, the impact of the pandemic and which may have been impacted by larger regeneration schemes. The Project replicates the scheme which has been supported through the Growing Places Fund in Kent.			
<u>Project benefits:</u> The project will: <ul style="list-style-type: none">• support economic growth through new commercial activity: attracting new business rates and creating and safeguarding jobs.• increase the number of new homes available as a result of mixed-use development: generating new council tax receipts and attracting Government New Homes Bonus.• support wider regeneration, in particular assisting in improving the vitality and viability of existing commercial areas, improving the quality of the local environment, complementing wider regeneration activities and supporting community safety and cohesion.			
<u>Cause of project delay:</u> The launch of the No Use Empty South Essex scheme was initially delayed as a consequence of the COVID-19 restrictions, including lockdowns, which were implemented by Central Government. These restrictions meant that it wasn't possible to meet with property owners and developers or to conduct site visits to see potential properties. These issues were further compounded by resourcing issues which arose due to staff being seconded to support operational activities associated with the response to the COVID-19 pandemic. As Kent County Council are experienced in delivering the No Use Empty initiative and have a complete package of established processes in place, the intention is that a Service Level Agreement will be put in place between Southend-on-Sea Borough Council and Kent County Council for provision of back-office services to support the Project. The resourcing issues identified above have led to delays in negotiating the terms of the Service Level Agreement. As a result of the factors outlined above the launch of the No Use Empty South Essex initiative has been significantly delayed. The No Use Empty initiative is expected to formally launch in South Essex during late 2021. The primary outstanding risk to delivery of the Project relates to uncertainty regarding the level of demand for the No Use Empty loans within South Essex. Anecdotal evidence suggests that there will be healthy demand for the loans but this will be closely monitored as the project commences. Assuming demand for the loans is present, it is expected that the GBF funding will be spent in full by the end of September 2022.			



Project: Acceleration of full-fibre broadband deployment in very rural or very hard to reach areas	GBF award: £0.68m	Risk Rating:	5
Status: Wider project in delivery	Forecast GBF spend beyond 31 March 2022: £0.68m Expected completion date: March 2023		
<p><u>Project description:</u></p> <p>Superfast Essex is a broadband improvement programme which is run by Essex County Council. The programme aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible.</p> <p>Within the current Superfast Essex Phase 4b broadband rollout across Essex, it has become clear that in a significant number of cases the cost of deployment in rural areas has been underestimated by suppliers, and the cost of connecting up to 10% of the premises in the current rollout scope will exceed the contractual cost cap. In these cases, suppliers will provide evidence of the increased cost to Superfast Essex and will request further funding to fill the newly identified cost gap. If no such funding is available, it is envisaged that the impacted premises would be removed from the rollout programme.</p> <p>The GBF funding was requested to ensure that as many as possible of the identified higher-cost premises can be retained within the current rollout programme.</p>			
<p><u>Project benefits:</u></p> <p>As a result of this project, the removal of around 380 premises which have poor internet connectivity from the current planned rollout will be avoided. These premises are very remote and the costs of connecting them are now found to be significantly higher than anticipated in the current delivery contract, necessitating further public funds.</p> <p>As a result of the GBF funding, these premises will remain in the rollout plans to upgrade the local infrastructure, to provide access to superfast or ultrafast broadband.</p> <p>It is anticipated that around 80 of the 380 premises are businesses. As a result of the GBF investment, these remote businesses will be in a position to maintain their operations in the post-COVID-19 economy, which is expected to be more focused on online trading and customer engagement. In addition, it is expected that additional jobs will be created to drive this digital customer engagement.</p> <p>In addition, the investment will support remote working and home learning for approximately 300 homes.</p>			
<p><u>Cause of project delay:</u></p> <p>The GBF funding was sought to accelerate the delivery of the Superfast Essex Phase 4b rollout. In order to invest the funding awarded to support delivery of the Superfast Essex programme, it was necessary for Essex County Council to implement a change to the existing Phase 4 delivery contract with BT. This change had to be approved by Broadband Delivery UK (BDUK), the agency within the Department for Digital, Culture, Media and Sport (DCMS) which is overseeing the national rollout of broadband upgrades. BDUK have the responsibility of ensuring that all contracts remain in compliance with State Aid legislation and they also take a view on Value for Money offered by the contracts.</p> <p>The required change request was prepared and submitted to BDUK for consideration in early December 2020, which would have allowed sufficient time for the project to be delivered in accordance with the requirements of the GBF. Due to a wider national disagreement between BDUK and BT on a value for money issue, which had minimal impact on the Essex County Council contract, the change request was</p>			



rejected in March 2021.

Following the rejection of the change request, work was undertaken to seek agreement from BDUK that re-submission of the change request would be accepted. After a further 6 months of re-work and a series of high-level escalations with BDUK, involving Essex County Council Councillors and local MP's, the re-presented change request was approved by BDUK in October 2021.

Due to the initial refusal of the change request, the supplier was unable to progress with the deployment planning work for Superfast Essex Phase 4. As a result, delivery of the projects has been significantly delayed.

It is now expected that the GBF funding will be spent in full by the end of March 2023 and therefore a 12 month extension on GBF spend has been requested by Essex County Council. This is not in line with the criteria and conditions for retention of GBF funding beyond March 2022 as agreed by the Accountability Board in July 2021 which specified that a maximum extension of 6 months could be granted. However, given that delivery of the project has been delayed solely due to the actions of a Central Government department, the Accountability Board agreed that, as an exception, the project could retain its GBF funding for a maximum period of 12 months.



Project: Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas	GBF award: £1.82m	Risk Rating:	5
Status: Wider project in delivery	Forecast GBF spend beyond 31 March 2022: £1.82m Expected completion date: March 2023		
<p><u>Project description:</u></p> <p>Superfast Essex is a broadband improvement programme which is run by Essex County Council. The programme aims to make superfast and ultrafast broadband available to as many homes and businesses across Essex as possible.</p> <p>The GBF funding was awarded to enable the extension of the Superfast Essex programme to cover a wider geographical area, incorporating additional rural areas where the demand for fast broadband services is nearly 15% higher than the average for Essex.</p>			
<p><u>Project benefits:</u></p> <p>As a result of this project at least 1,500 homes and businesses which currently have poor internet connectivity will be upgraded to provide access to ultrafast broadband.</p> <p>It is expected that 300 of these premises will be occupied by businesses. As a result of the GBF investment, these remote businesses will be in a position to maintain their operations in the post COVID-19 economy, which is expected to be more focused on online trading and customer engagement. In addition, it is expected that additional jobs will be created to drive this digital customer engagement.</p> <p>In addition, the investment will support remote working and home learning for approximately 1,200 homes.</p>			
<p><u>Cause of project delay:</u></p> <p>The GBF funding was sought to extend the delivery of the Superfast Essex Phase 4b rollout. In order to invest the funding awarded to support delivery of the Superfast Essex programme, it was necessary for Essex County Council to implement a change to the existing Phase 4 delivery contract with BT. This change had to be approved by Broadband Delivery UK (BDUK), the agency within the Department for Digital, Culture, Media and Sport (DCMS) which is overseeing the national rollout of broadband upgrades. BDUK have the responsibility of ensuring that all contracts remain in compliance with State Aid legislation and they also take a view on Value for Money offered by the contracts.</p> <p>The required change request was prepared and submitted to BDUK for consideration in early December 2020, which would have allowed sufficient time for the project to be delivered in accordance with the requirements of the GBF. Due to a wider national disagreement between BDUK and BT on a value for money issue, which had minimal impact on the Essex County Council contract, the change request was rejected in March 2021.</p> <p>Following the rejection of the change request, work was undertaken to seek agreement from BDUK that re-submission of the change request would be accepted. After a further 6 months of re-work and a series of high-level escalations with BDUK, involving Essex County Council Councillors and local MP's, the re-presented change request was approved by BDUK in October 2021.</p> <p>Due to the initial refusal of the change request, the supplier was unable to progress with the deployment planning work for Superfast Essex Phase 4. As a result, delivery of the projects has been significantly delayed.</p>			



It is now expected that the GBF funding will be spent in full by the end of March 2023 and therefore a 12 month extension on GBF spend has been requested by Essex County Council. This is not in line with the criteria and conditions for retention of GBF funding beyond March 2022 as agreed by the Accountability Board in July 2021 which specified that a maximum extension of 6 months could be granted. However, given that delivery of the project has been delayed solely due to the actions of a Central Government department, the Accountability Board agreed that, as an exception, the project could retain its GBF funding for a maximum period of 12 months.



3. High- risk GBF projects

Project: Fast Track Business Solutions for the Hastings Manufacturing Sector	GBF award: £3.5m	Risk Rating:	5
Status: Project removed from GBF programme	Expected completion date: N/A		
<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> In September 2021, Accountability Board received an update on the project and agreed that planning permission must be secured and the Third-Party Grant Agreement between East Sussex County Council and Sea Change Sussex in relation to the Fast Track Business Solutions for the Hastings Manufacturing Sector project must be completed by 19 November 2021. If planning consent had not been secured and the grant agreement was not completed by this date, the project would be removed from the GBF programme and			



the £3.5m GBF funding released for reallocation to alternative projects on the GBF prioritised project pipeline.

An update provided to the November Accountability Board meeting confirmed that neither planning consent had been secured or the Third-Party Grant Agreement completed by 19 November 2021.

Therefore, in accordance with the decision taken by the Accountability Board in September 2021, the project has been removed from the GBF programme and will not feature in future updates to the Board on the ongoing GBF programme.



Project: UTC Maritime and Sustainable Technology Hub	GBF award: £1.3m	Risk Rating:	5
Status: Work underway to agree the required lease documentation	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>Risks:</u> In September 2021 the Accountability Board agreed that GBF funding could be retained against the project beyond 31 March 2022 for a maximum period of 6 months. The basis for the request to retain GBF funding against the Project beyond March 2022 was that there were complex land ownership matters involved with delivery of the Project which were taking longer than anticipated to resolve. Lewes District Council advised in November that agreement had been reached regarding the acquisition of the lease. All parties are keen to move quickly to resolve the lease issues and the aim is to complete the acquisition by early December 2021. Until the acquisition of the lease has been completed, it is not possible for the project to progress to delivery. Consequently, there remains a risk that it will not be possible for the GBF funding to be spent in full by September 2022.			
<u>Mitigation/Action required:</u> Steps will be taken by Lewes District Council to complete the land acquisition as soon as possible so that construction of the project can commence. The Accountability Board will receive a further update on project delivery at the February 2022 Board meeting including an updated delivery programme and assurances will be sought with regard to the projects ability to spend the full GBF allocation by 30 September 2022.			



Project: Tendring Bikes and Cycle Infrastructure	GBF award: £2.3m	Risk Rating:	5
Status: Work ongoing to address local objections received	Expected completion date: September 2022		
<u>Project description:</u> The project will deliver a bespoke bike scheme and cycle network infrastructure within Jaywick Sands and Clacton aimed at tackling inequality within one of the most deprived areas of the country by: <ul style="list-style-type: none">making significant improvements to the cycle way between Jaywick and Clacton by making new cycle ways, widening existing routes, and by providing improved signage, lighting and drainage. This will allow cyclists in Jaywick to connect to roads and cycle paths in Clacton to allow access to the Station and on to the Business and Industrial Estates of Clacton. It will also allow students to access schools and colleges with the aim of improving skills level in the area.working with community organisations in Jaywick to provide a bike loan scheme (Big Essex Cycles) whereby bikes are loaned to local residents for an initial period of one year to create the opportunity to cycle to the station in Clacton and places of work – primarily in Clacton at the Gorse Lane and Bull Hill Industrial Estates, the new commercial workspace in Jaywick and the town centre itself.			
<u>Project benefits:</u> The project will: <ul style="list-style-type: none">tackle deprivation and inequality in Jaywick and Clacton.provide access to wider employment opportunities.directly create skills and training opportunities for local residents.provide access to wider training and up-skilling opportunities.support economic growth in Jaywick.Address health inequalities by supporting active travel.			
<u>Risks:</u> The project was on track for delivery by March 2022, with work due to commence onsite to deliver the cycle infrastructure improvements which are to be funded through the GBF. However, last minute local objections to the route of the cycle path were received and therefore construction has been delayed to allow time for the objections to be resolved. Due to the delay in delivery it is now expected that retention of the GBF funding beyond March 2022 will be required. <u>Mitigation/Action required:</u> The scheme promoter is confident that the objections can be resolved and that the proposed works can still be delivered. Work is ongoing to address the objections received. A request for retention of the GBF funding beyond March 2022 is expected to be considered by the Accountability Board in February 2022. If the objections cannot be resolved, the project will be removed from the GBF programme and the funding reallocated.			