

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

<b>Project name</b>	Javelin Way Development
<b>Responsible Upper Tier Local Authority</b>	Kent County Council
<b>Organisation responsible for project delivery</b>	Kent County Council
<b>Federated Board</b>	KMEP
<b>Project description</b>	Delivery of light industrial units which act as an enabling development in order to deliver the Jasmin Vardimon Dance Laboratory in Ashford
<b>Existing GBF allocation</b>	£578,724
<b>GBF spent to date</b>	£578,724
<b>GBF committed to date</b>	£578,724
<b>Additional GBF sought</b>	£235,728

**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.***

- The contract was entered into just as Covid started to hit and the pandemic resulted in further unforeseen costs of £104,269. These costs resulted from a requirement to have higher levels of cleanliness and cleaning across the site in line with government guidance. Social distancing limited the number of trades that could operate alongside each other reducing efficiencies and staff welfare facilities had to be increased.
- Unforeseen inflation costs of £131,459 also hit the project during the period of the construction. The largest increases were in the following items: hot rolled steel frame and cladding that rose 26.4%; windows rose 36.46%; doors, screens and roller shutters which rose over 36% and pre-cast concrete which rose 56.48% between 21/01/21 (value of original quote) to 29/10/21 (value of revised quotes).

These additional costs totalling £235,728 had to be picked up by Kent County Council and both costs have been independently verified by the project's Quantity Surveyor with further evidence being available on demand.

- In addition to the above, Brexit has caused issues in terms of delays to delivery of materials which then impact on timelines of the project. The delays were mostly due to getting products into the country due to the issues with border delays at customs. Seeking to put a cost on these however is difficult to quantify.

**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***

The construction of the project continues to progress and is due for completion in 2022. The opening of the JVC Dance Laboratory is scheduled for 7<sup>th</sup> December 2022.

The impact of additional unforeseen costs from Covid and the subsequent inflationary market, resulted in further emergency funding having to be sought from Kent County Council to fund the project in order to ensure it remained on track to deliver.

Kent County Council has incurred the costs, putting pressure on it's overall budget. Without this additional funding from SELEP, there is the potential that the project will not breakeven. These additional costs have meant that certain elements of the project could not be delivered (such as potential environment benefits (e.g. solar panels)). The increased costs have led to curtailment of the quality of the fit-out of the Jasmin Vardimon Company's Dance Laboratory and the Industrial Units.

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

Project risks are mostly closed out but there remain a few utility connection issues that have contributed to significant delays on the project but these should be complete before the end of 2022.

There is one industrial unit that has yet to receive an offer (rental or letting) and while the remainder are under offer to one degree or another, it maybe that some of these could yet fall through which would put additional pressure on the cashflow.

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

None. The JVC Dance Laboratory will have its official opening on the 7<sup>th</sup> December 2022. The lease or sale of the industrial units is expected to occur before this date.

**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 GBF would be fully spent by December 2022.

**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.**

<b>Milestone/Activity</b>	<b>Expected Completion date</b>
Final utility connections and infrastructure installed	Aug/Sep 2022
Practical completion	Autumn 2022
Start of Defect Liability Period	Autumn 2022
Sales and lettings comments	Autumn 2022
Formal opening	7 <sup>th</sup> December 2022
Expected date of additional GBF incurred and spent	December 2022
End of Defect Liability Period	Autumn 2023

**What was the value of the Benefit Cost Ratio included in the original Business Case approved by SELEP?**

The adjusted Benefit Cost Ratio in the GBF business case was 2.7:1

**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.***

Appraisal sections	Pre-Covid preferred option	Option 1: With Covid viability support	Option 1: With Covid viability support, plus additional costs
A Present Value Benefits (£)	15,655,320	15,655,320	15,655,320
B Present Value Costs (£)	5,978,216	6,585,877	6,816,934
C Present Value of other quantified benefits	479,890	479,890	479,890
D Net Present Public Value (A-B+C)	10,156,993	9,549,333	9,318,276
E Initial Benefit: Cost Ratio (A/B)	2.62	2.38	2.30
F Adjusted Benefit: Cost Ratio ((A+C)/B)	2.70	2.45	2.37
G Significant non-monetised benefits	See FBC	See FBC	See FBC
H Value for money category			
Initial	High	High	High
Adjusted	High	High	High
I Switching value and rationale for vfm category	See FBC	See FBC	See FBC
J Net financial cost (£m), inc optimism bias:	5,138,836	5,717,560	5,953,288
K Risks	See FBC	See FBC	See FBC
L Other issues	See FBC	See FBC	See FBC
Gross costs	11,426,791	12,005,515	12,241,243

**Summary of project benefits**

1. construction of a 'Creative Laboratory' production space (with a ground floor internal area of 1,293 sqm)
2. development of light industrial units (with a gross internal floor area of 3,046 sqm),
3. accommodate up to approximately 176 full-time equivalent employees, in addition to 21 freelance and contractor opportunities
4. deliver opportunities for business development in the creative sector, as well as business rates, GVA and educational 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*

The only element that was flagged at the outset with the potential to change was the size and number of the industrial units that would need to change according to market demand. Several occupiers of the industrial units are seeking to take more than one unit and combine these into a single unit and for that reason the initial 29 units is now smaller in number, not because the buildings have been shrunk but because of users leaving out the party walls. In addition to this the mezzanine areas remain fluid based on market demand for this and some users have kept the mezzanine infrastructure on site but chosen for now not to install it until they have seen how their operations go.

Kent County Council have also managed to secure Kent Music on the site. This is a valuable third sector partner whose mission is to support young people and schools throughout Kent with music teaching opportunities.

**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.*

As stated above, without this additional funding from SELEP, there is the potential that the project will not breakeven. These additional costs have meant that certain elements of the project could not be delivered (such as potential environment benefits (e.g. solar panels)). The increased costs have led to curtailment of the quality of the fit-out of the Jasmin Vardimon Company's Dance Laboratory and the Industrial Units. With the additional funding, these elements can be re-examined.



### 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
KCC capital	260	1,938	3,008				<b>5,206</b>
ACE		326	2,607	136			<b>3,069</b>
Ashford BC			750				<b>750</b>
GPF loan		1,597					<b>1,597</b>
GBF		578					<b>578</b>
<b>Total</b>	<b>260</b>	<b>4,439</b>	<b>6,365</b>	<b>136</b>			<b>11,200</b>

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

Funding source	2019/20	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
KCC capital	261	0	4,768 <sup>1</sup>	887		50	<b>5,966</b>
ACE			2,475	594			<b>3,069</b>
Ashford BC			375	375			<b>750</b>
GPF Loan	284	575	738				<b>1,597</b>
GBF - existing		578					<b>578</b>
GBF – new bid				236			<b>236</b>
<b>Total</b>	<b>545</b>	<b>1,153</b>	<b>8,356</b>	<b>2,092</b>		<b>50</b>	<b>12,196</b>

<sup>1</sup> Includes the £104k COVID costs



## 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 the Kent County Council 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	John Betts
Signature	
Date	26/08/22

### Senior Responsible Officer

Name	Lee Burchill
Signature	
Date	25/08/22