



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 eight projects which are seeking approval for Getting Building Fund (GBF) spend beyond the 31 March 2022 at this meeting of the Board, and details of the seven high-risk GBF projects.
- 1.2. The Board is asked to agree GBF spend beyond 31 March 2022 for the Food Street, Eastbourne project (£0.1m) and GBF spend beyond 30 September 2022 for the following seven projects:
 - 1.2.1. UTC Maritime and Sustainable Technology Hub, Newhaven (£1.3m)
 - 1.2.2. Tendring Bikes and Cycle Infrastructure (£2.3m)
 - 1.2.3. Swan Modular Housing Factory, Basildon (£4.53m)
 - 1.2.4. Jaywick Market and Commercial Space (£1.972m)
 - 1.2.5. Romney Marsh Employment Hub (£3.536m)
 - 1.2.6. Better Queensway, Southend (£4.2m)
 - 1.2.7. No Use Empty South Essex (£1.2m)
- 1.3. These projects are all identified as being High Risk, with a risk score of 5 out of 5, and an update on these projects is set out in Sections 2 (Food Street) and 3 (all other projects) of this appendix.
- 1.4. No other projects within the GBF programme are currently identified as High Risk.



2. GBF spend beyond 31 March 2022

Project: Food Street	GBF award: £0.1m	Risk Rating:	5
Status: Project complete	Forecast GBF spend beyond 31 March 2022: £0.1m Actual completion date: July 2022		
<u>Project description:</u> Food Street is an aspiration to develop a vibrant, independent food and drink-based economy at the seafront end of Terminus Road, Eastbourne. It seeks to bring 5 refurbished (previously vacant) commercial units back into use as part of an enhanced commercial offer in Eastbourne Town Centre.			
<u>Project benefits:</u> The project benefits include: <ul style="list-style-type: none">• Creation of 5 new commercial units• Creation of 440sqm of additional commercial floorspace• Creation of up to 10 Gross FTE jobs• £203,314 forecast additional tourism benefits• £16,137 land value uplift			
<u>Cause of project delay:</u> The GBF funding awarded to the project was transferred to East Sussex County Council prior to the end of 2021/22 as per the decision taken by the Accountability Board in February 2022. However, the necessary back-to-back agreement between East Sussex County Council and Eastbourne Borough Council was not completed by 31 March 2022 and therefore expenditure incurred during 2021/22 could not be claimed against the GBF funding allocation as originally intended. It has now been confirmed that there is eligible expenditure in 2022/23 to which the GBF funding can be applied. As the Board have not previously agreed that the funding can be retained against the project beyond March 2022, Eastbourne Borough Council and East Sussex County Council are seeking approval for retention of the GBF funding against the project beyond March 2022 for a period of 7 months, to 31 October 2022. Whilst delivery of the shop units was completed in July 2022, additional time is required to allow East Sussex County Council to issue the funding to Eastbourne Borough Council.			



3. GBF spend beyond 30 September 2022

Project: UTC Maritime and Sustainable Technology Hub, Newhaven	GBF award: £1.3m	Risk Rating:	5
Status: Project delivery in progress	Forecast GBF spend beyond 30 September 2022: £1.3m Expected completion date: March 2023		
<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> Delivery of the project was originally delayed due to complex land ownership matters which took longer than anticipated to resolve. Lewes District Council eventually gained ownership of the building in June 2022. It was expected that, following acquisition of the building, the construction works would be completed between July and October 2022, with completion of full GBF spend anticipated in Q2 2022/23. Significant progress has been made on the recommissioning works for the building and Lewes District Council are working with prospective tenants to finalise the scope of internal works needed to meet tenant specifications. However, Lewes District Council have advised that there was insufficient time remaining in Q2 2022/23 for the full GBF spend to be incurred. The limited time available to progress these works was further compounded by current delays in obtaining required construction materials. As a result, Lewes District Council and East Sussex County Council are seeking approval for retention of the GBF funding against the project for a further period of 3 months, to 31 December 2022.			



Project: Tendring Bikes and Cycle Infrastructure	GBF award: £2.3m	Risk Rating:	5
Status: Project delivery in progress	Forecast GBF spend beyond 30 September 2022: £1.542m Expected completion date: December 2022		
<p><u>Project description:</u></p> <p>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:</p> <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.			
<p><u>Project benefits:</u></p> <p>The project will:</p> <ul style="list-style-type: none">tackle deprivation and inequality in Jaywick and Clactonprovide access to wider employment opportunitiesdirectly create skills and training opportunities for local residentsprovide access to wider training and up-skilling opportunitiessupport economic growth in Jaywickaddress health inequalities by supporting active travel			
<p><u>Cause of project delay:</u></p> <p>Delivery of the project was initially delayed as additional time was needed to redesign some elements of the project following stakeholder engagement and public consultation. It was expected that the redesign work would be completed by March 2022. This would have allowed construction contractor mobilisation to commence in March 2022, with construction taking place between May and September 2022.</p> <p>Tendring District Council have subsequently advised that it wasn't possible for the design work to be completed within that timeframe due to 2 main factors. Firstly, this was due to the scale of the redesign needed following further public engagement and secondly, this was due to resource constraints in Spring 2022 as a direct result of the COVID-19 pandemic. This in turn delayed the procurement of a construction contractor, which delayed the start of works onsite. This delay has been further compounded by issues within the materials supply chain which, as widely reported, are resulting in longer lead in times than would normally be expected.</p> <p>Construction commenced onsite in August 2022, with completion expected by early 2023. As a result of the</p>			



delays experienced in progressing the delivery of the project, Tendring District Council and Essex County Council are seeking approval for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023.



Project: Swan Modular Housing Factory, Basildon	GBF award: £4.53m	Risk Rating:	5
Status: Project delivery in progress	Forecast GBF spend beyond 30 September 2022: £1.458m Expected completion date: March 2024		
<u>Project description:</u> The GBF funding is being used to support delivery of a modular housing factory in Basildon. The new factory is immediately adjacent to Swan’s current factory, which was established in 2017, which provides 70 jobs and produces c450 homes per year. Delivery of the new factory will allow the company to both increase its current production capacity of Cross Laminated Timber (CLT) housing modules, as well as establish an innovative in-house capability to manufacture fabricated steel modules, which are essential for the construction of higher buildings (over 18m high) given recent changes in legislation with regard to combustible materials.			
<u>Project benefits:</u> The project will: <ul style="list-style-type: none">• Enable the creation of 124 FTE net additional operational jobs in Modern Methods of Construction (MMC) module production.• Assist 144 new learners.• Enable manufacture of 2,500 steel MMC modules per annum by year 5, along with expansion of CLT MMC module production from 720 per annum now to 1000 by year 5.• Support the development of 1,500 new homes over a five year period, of which 40% (600) are estimated to be affordable.			
<u>Cause of project delay:</u> Delivery of the project was originally delayed due to extended lead in times for some items and due to the need to identify alternative solutions to mitigate against rising costs being quoted by suppliers. It has been reported that lead in times for some items have continued to prove challenging due to a combination of procurement complexity caused by Brexit and a global shortage of some items, including electronics and steel. In addition, a new issue with the concrete floor in the factory has come to light during the delivery of the project. The project was progressing as planned and the floor was due to be marked out and safety barriers installed to demark pedestrian gangways and safe routes for mechanised vehicles, when it was noticed that the concrete floor was uneven. Following investigation, it transpired that earlier works to implement the conveyor system had not been performed to specification and, as a result, had resulted in movement in some parts of the concrete floor. It is considered that if this issue is not rectified now, it will likely become worse over time, and therefore it is believed to be essential that the concrete floor is rectified now to ensure smooth running of the factory once commissioned. The determination of the correct rectification approach and the completion of these works has resulted in a delay in the fit out of at least 5 months. As a result of these delays, Swan NULiving and Essex County Council are seeking approval for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023.			



Project: Jaywick Market and Commercial Space project	GBF award: £1.972m	Risk Rating:	5
Status: Project delivery in progress	Forecast GBF spend beyond 30 September 2022: £1.224m Expected completion date: March 2023		
<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/ 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>Delivery of the project was initially delayed to allow time for a review of the design to be completed with a view to identifying opportunities for reducing costs. Following completion of the design review, procurement was undertaken and a construction contractor was appointed.</p> <p>Following commencement of the construction work onsite, both asbestos and unexpected ground obstructions were discovered. The asbestos and the ground obstructions have been excavated and removed safely but this has delayed delivery of the project.</p> <p>This delay has been further compounded by the unavailability of plant needed to deliver the piling. In addition, there remains a real concern that the current shortage of materials being experienced in the United Kingdom and the delays in receiving them will continue to add pressure to the timeline. It is now expected that the project will be complete and the building ready for use in late March 2023.</p>			



As a result of these delays, Tendring District Council and Essex County Council are seeking approval for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023

Project: Romney Marsh Employment Hub	GBF award: £3.536m	Risk Rating:	5
Status: Project delivery in progress	Forecast GBF spend beyond 30 September 2022: £0.2m Expected completion date: January 2023		
<p><u>Project description:</u></p> <p>The project is seeking to further develop the Mountfield Road Industrial Estate. This includes the development of a business hub of 751 sqm (GEA) divided into 14 rooms of varying sizes, with offices built for businesses that will range in size from 2-10 employees. The planned flexibility of the space within the business hub will mean that it could also lend itself to providing space for skills training.</p> <p>The undeveloped 6 hectares on the industrial estate requires an access road and servicing. The GBF funding will be used to support the delivery of the required utility infrastructure and access road/pedestrian routes.</p>			
<p><u>Project benefits:</u></p> <p>The primary benefit of the project will be to unlock the delivery of 6 hectares of employment land which is expected to be capable of delivering approximately 15,000sqm of new industrial space. This development is expected to lead to the creation of 620 new jobs.</p> <p>Wider economic benefits of the project include:</p> <ul style="list-style-type: none">• Retention and attraction of inward investment to the County and the SELEP area• Provision of opportunities for local companies to expand their operations within the area• Supporting the delivery and attractiveness of the Mountfield Road Industrial Estate• Provision of quality business accommodation in Romney Marsh that can meet the needs of local employers			
<p><u>Cause of project delay:</u></p> <p>Delivery of the project was originally delayed due to the statutory utility companies working to longer than expected timescales when considering requests for information or approvals for proposed works.</p> <p>Delivery of the project has continued to be affected by delays in progressing the required utility infrastructure works. These delays have been as a result of a number of factors including ongoing extended response times from utility companies.</p> <p>It is also noted that there is a requirement for a 2 stage approval of the utility designs from the Distribution Network Operator (DNO) (companies that own and operate the electricity or gas infrastructure that connects properties to the national grid). The designs were submitted for approval in late May 2022, and the first stage approval was received in late June 2022. Folkestone and Hythe District Council were advised that it would take a maximum of 2 weeks for the second stage approval to be received. Despite weekly chasing by the Council, this approval was not received until 12 August 2022.</p> <p>The electricity to the site cannot be turned on until electrical substation switch gear has been installed. This switch gear could not be ordered until the designs were approved by the DNO and an order was placed on 12 August 2022. Upon placing the order Folkestone and Hythe District Council were informed that there was a 20 week lead in time for the item. As a result, the project completion date has been delayed until 20 January 2023.</p>			



Project: Better Queensway	GBF award: £4.2m	Risk Rating:	5
Status: Project delivery in progress	Forecast GBF spend beyond 30 September 2022: £1.0m Expected completion date: January 2033 (wider regeneration programme)		
<p><u>Project description:</u></p> <p>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.</p> <p>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 City 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.</p>			
<p><u>Project benefits:</u></p> <p>The project will:</p> <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			
<p><u>Cause of project delay:</u></p> <p>Delivery of the project was originally delayed due to the required planning consent taking longer than expected to be confirmed and delays to the procurement of the enabling works due to utility companies requiring longer than usual lead-in times.</p> <p>The Regulator for Social Housing recently took the decision to downgrade Swan Housing’s (delivery partner in a joint venture with Southend-on-Sea City Council) viability and governance grades. As a result of this decision, Swan Housing do not currently meet the Regulator’s governance and viability standards and steps need to be taken to improve work in these areas. In addition, it has been noted that Swan Housing had</p>			



announced a planned partnership with Orbit, which was expected to complete in October 2022 but ultimately did not complete.

Whilst Swan Housing and Southend-on-Sea City Council committed to delivering the GBF funded enabling works at risk, these factors raised some concerns regarding the ongoing deliverability of the wider Better Queensway project and as a result, the project has been rated as High risk at recent Accountability Board meetings.

Despite the initial uncertainty caused by the change in Swan Housing's status, work has continued to progress the GBF funded enabling works, with £3.2m of the £4.2m GBF allocation expected to be spent by 30 September 2022. The remaining £1m will be spent on demolition of a footbridge, diversion of a gas main and the acquisition of properties.

The demolition of the footbridge and the gas main diversion have been commissioned but work has not yet commenced onsite due to supply chain and resource issues. These works are currently scheduled to take place during October and November 2022.

The property acquisitions are well advanced but there is a possibility that completion may slip into Q3 2022/23.

As a result of these factors, Southend-on-Sea City Council are seeking approval for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023.



Project: No Use Empty South Essex	GBF award: £1.2m	Risk Rating:	5
Status: Project delivery in progress	Forecast GBF spend beyond 30 September 2022: £0.65m Expected completion date: March 2023		
<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 a result of these delays, it was agreed that the GBF funding could be retained against the project beyond March 2022 for a maximum period of 6 months. The No Use Empty South Essex scheme was officially launched in April 2022, and a number of applications for funding have been received. It is expected that an initial £0.55m will be issued to support the first 3 applications before the end of Q2 2022/23. In addition, there are other applications currently being processed which, if successful, will require GBF investment of £0.35m. Southend-on-Sea City Council are seeking approval for retention of the GBF funding against the project for a further period of 6 months, to 31 March 2023, due to the longer than anticipated duration of the required loan assessment and approval process. This process is, on average, taking a period of 18 weeks to complete.			