



Appendix D: 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 one project which is 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 Swan Modular Housing Factory, Basildon project. An update on this project is set out in Section 2 of this appendix.
- 1.3. Seven GBF projects have been identified as being High Risk, with a risk score of 5 out of 5. These projects are:
 - 1.3.1. UTC Maritime and Sustainable Technology Hub (£1.3m)
 - 1.3.2. Riding Sunbeams Solar Railways (£2.528m)
 - 1.3.3. Food Street, Eastbourne (£0.1m)
 - 1.3.4. Jaywick Market and Commercial Space (£1.972m)
 - 1.3.5. Swan Modular Housing Factory, Basildon (£4.53m)
 - 1.3.6. Laindon Place (£0.75m)
 - 1.3.7. Techfort, Dover (£1.009m)
- 1.4. Updates on all these projects, other than Swan Modular Housing Factory Basildon, are set out in Section 3 of this appendix.



2. GBF spend beyond 31 March 2022

Project: Swan Modular Housing Factory, Basildon	GBF award: £4.53m	Risk Rating:	5
Status: Project delivery in progress	Forecast GBF spend beyond 31 March 2022: £2.065m 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> The primary reasons for the delay in progressing the project are: <ul style="list-style-type: none">• significantly longer lead-in times for some items than originally anticipated• the need to identify alternative suppliers in order to mitigate cost increases and• the need to develop alternative solutions in some cases so as to mitigate the issues caused by cost increases and extended lead in times			



3. High- risk GBF projects

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: January 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>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. Agreement has been reached between all parties with regard to the acquisition of the lease. All parties are keen to move quickly to resolve the lease issues and Lewes District Council are currently undertaking required due diligence. The aim is to complete the acquisition in June 2022. 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. In addition, it has been noted that costs associated with the land acquisition are likely to exceed £0.5m and therefore Accountability Board approval will be required in accordance with the Assurance Framework. Before Accountability Board approval can be sought, it is necessary for the scheme promoter to demonstrate that the project will continue to offer High value for money when the additional cost is taken into account.			
<u>Mitigation/Action required:</u>			



Steps are being taken by Lewes District Council to complete the land acquisition as soon as possible and other work is being undertaken at risk in advance of land acquisition so as to minimise the impact on the delivery programme.

The Accountability Board were provided with a full update on the project in May 2022 and it was agreed that GBF spend should be placed on hold, until it has been possible for the scheme promoter to demonstrate that the project continues to offer High value for money. It is expected that this will be evidenced at the July Accountability Board meeting.

In February 2022, the Accountability Board agreed the release of the remaining GBF funding allocated to the project to East Sussex County Council subject to confirmation of lease acquisition by 31 March 2022. The lease has not yet been acquired and therefore this deadline was met. At their meeting in May 2022, the Accountability Board agreed that the deadline for acquisition of the lease could be extended to the next Board meeting (15 July 2022).

If acquisition of the lease remains outstanding at the next Board meeting, the Accountability Board will be asked to consider whether the funding should remain allocated to the project or if the project should be removed from the GBF programme and the funding returned to the Accountable Body for reallocation to alternative projects on the new GBF project pipeline.



Project: Riding Sunbeams Solar Railways	GBF award: £2.528m	Risk Rating:	5
Status: Project removed from GBF programme	Expected completion date: N/A		
<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 benefits include: <ul style="list-style-type: none">• Establishing 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• Creating green employment opportunities. Over the 25-year lifetime of the project it is estimated that the solar farm will support 40 jobs• Benefiting the region’s electricity network resilience and providing capacity enhancement solutions whilst opening up renewable energy capacity for the rail industry• Saving of annual carbon per megawatt of around 245t/CO2e• Stimulating local social and environmental impact through the development of community benefit and options for community investment			
<u>Risks:</u> Riding Sunbeams and Network Rail have provided an update which indicates that, due to insurmountable technical issues, the project cannot be delivered at this time. <u>Mitigation/action required:</u> In May 2022, the Accountability Board agreed that the project should be removed from the GBF programme. The full GBF funding allocation must be returned to Essex County Council, as the Accountable Body for SELEP, by 24 June 2022 for reallocation to alternative projects.			



Project: Food Street, Eastbourne	GBF award: £0.1m	Risk Rating:	5
Status: Project complete	Expected completion date: March 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>Risks:</u> The GBF funding was awarded to support delivery of the project in February 2022, and at that time it was expected that the project would be completed and the funding fully spent by 31 March 2022. The required back-to-back legal agreement between East Sussex County Council and Eastbourne Borough Council in relation to the award of GBF funding to the project was not completed prior to 31 March 2022. Consequently, the funding is still held by East Sussex County Council. As GBF expenditure was incurred in 2021/22 by Eastbourne Borough Council but East Sussex County Council have continued to hold the funding into 2022/23, confirmation is required as to whether the GBF funding can be applied to the expenditure incurred without contravening the obligations of the Service Level Agreement in place between SELEP Ltd., Essex County Council (as the Accountable Body) and East Sussex County Council.			
<u>Mitigation/action required:</u> There are ongoing discussions between Eastbourne Borough Council and East Sussex County Council to clarify the position with regard to the £0.1m GBF funding awarded to support project delivery. It is expected that the position will be clarified by East Sussex County Council in advance of the next Accountability Board meeting on 15 July 2022. If it is confirmed that it is not possible for all or some of the GBF funding to be applied to the project, the Accountability Board will be asked to agree the removal of the funding from the project, allowing reallocation of the funding to alternative projects via the new project pipeline.			



Project: Jaywick Market and Commercial Space	GBF award: £1.972m	Risk Rating:	5
Status: Construction in progress	Expected completion date: March 2023		
<u>Project description:</u> 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. 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.			
<u>Project benefits:</u> The project will deliver the following benefits: <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			
<u>Risks:</u> Procurement of a lead contractor has been undertaken and the tenders received were significantly higher than anticipated. This resulted in the cost of delivering the project exceeding the available budget and led to a requirement for an updated Value for Money assessment to be produced to demonstrate that the project continues to offer High value for money. Delivery of the project could not begin until a full funding package had been secured. At the February 2022 Accountability Board meeting, it was agreed that the project must demonstrate that it still offered High value for money and that a full funding package was in place at the May 2022 Board meeting. Until this evidence was considered by the Accountability Board, the project continued to be rated as High risk. <u>Mitigation/action required:</u> It has now been confirmed that a full funding has been secured to enable project delivery. In addition, the			



Accountability Board were advised in May 2022 that the project continues to offer High value for money when the increased cost is taken into account.

Construction commenced onsite in late May 2022 and it is expected that the project will complete in March 2023. Assuming no further delivery risks arise, it is anticipated that the level of risk attached to the project will be reduced in future updates.

Project: Laindon Place	GBF award: £0.79m	Risk Rating:	5
Status: Design in progress	Expected completion date: September 2022		
<u>Project description:</u> The Laindon Place development will see a new high street for Laindon with 25,000ft ² of new retail space, new landscaped public realm, street parking, a new larger supermarket, 224 new homes and an expanded new health centre. The GBF funding will help support the delivery of electric vehicle charging points, installation of shop frontages and delivery of high-quality public realm.			
<u>Project benefits:</u> The project will: <ul style="list-style-type: none">• Enable creation of a minimum of 60 jobs in the new retail units at Laindon• Enable creation of a minimum of 65 jobs on the construction site• Deliver 244 new homes• Deliver 16 new retail units• Deliver a new medical centre, supermarket and commercial space			
<u>Risks:</u> Following discussions with Essex County Council Highways team, it was necessary for changes to the highways design to be formalised through a Section 73 Minor Material Amendment application. This application was submitted in August 2021, with determination initially expected in November 2021. However, determination of the planning application was delayed on a number of occasions, with planning consent still outstanding in February 2022. In February 2022, the Accountability Board agreed that the funding allocated to the project could be released to Essex County Council (as Upper Tier Local Authority responsible for project delivery) subject to receipt of confirmation that the planning application had been determined favourably by 31 March 2022. The planning application was determined on 6 April 2022 and planning consent was granted. As the project did not meet the deadline set by Accountability Board, the project continued to be reported as High risk until the Accountability Board could consider whether to allow the GBF funding to be retained against the project.			
<u>Mitigation/action required:</u> At their February 2022 meeting the Accountability Board agreed that, as the planning application had been determined within 6 days of the deadline they set, the GBF funding could be retained against the project and that the project should progress to delivery. Assuming no further delivery risks are identified, it is expected that the level of risk attached to the project will be reduced in future updates.			

Project: Techfort	GBF award: £1.009m	Risk Rating:	5
Status: Planning and Scheduled Monument Consent secured	Expected completion date: By December 2022		
<u>Project description:</u> The project seeks to renovate Casements in building numbers 51 and 52 in the Citadel which comprises 10,890 sqft in total. These buildings are in poor condition, and it is intended that urgent maintenance and upgrading is carried out to accommodate a unique mix of cultural uses including a gallery, market, recording studio and bar as the first step of delivering the ambitious Techfort vision. The project will kickstart further development of Techfort at the Citadel enabling the birth of a new cultural, arts and technology community that can contribute to Dover and Kent as well as making re-use of a range of dilapidated buildings and historical assets.			
<u>Project benefits:</u> The project will: <ul style="list-style-type: none">• Create 17 new jobs and 5 trainee opportunities• Create 1,012sqm of space for a mix of creative businesses• Provide improved public realm for an expected minimum of 3,000 visitors to the site• Provide educational opportunities for an estimated 1,560 learners and art participation for an estimated 1,040 students.			
<u>Risks:</u> At the time of funding award, in February 2022, it was noted that there were a number of delivery risks including the need to secure planning and Scheduled Monument Consent before the project could progress to delivery. At the time of preparing the Accountability Board papers, Scheduled Monument Consent had been secured but planning consent remained outstanding and therefore the project was considered to be High risk. <u>Mitigation/action required:</u> Subsequent to the publication of the Accountability Board agenda pack, it was confirmed that planning consent was granted on 19 May 2022 and therefore the project is able to progress to deliver. Assuming no delivery issues are identified, it is expected that the risk rating attached to the project will be reduced in future updates.			