

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

Project name	Tindal Square, Chelmsford
Responsible Upper Tier Local Authority	Essex County Council
Organisation responsible for project delivery	Chelmsford City Council
Federated Board	Success Essex
Project description	<p>The project will create a new civic public square of over 3,000 sqm that provides a destination space for arts, events and celebrations outside Shire Hall in Chelmsford city centre.</p> <p>The scheme will create a public space where pedestrians will have priority, cyclists will be able to move through the space between identified gateway points giving care to more vulnerable users.</p> <p>All existing surfacing will be replaced with quality/robust new paving, including a radial design pattern extending from Shire Hall. Existing street clutter will be removed and replaced with other co-ordinated street furniture, wayfinding signage and tree planting. The scheme also provides a new accessible entrance to Shire Hall, a Grade 2* Listed Building, and by using impact assessment through consultation, and considering our duties towards the Equality Act 2010 this allows inclusive design to be achieved and offers best practice access into the Shire Hall for its future use.</p> <p>Provision of comfortable public seating and co-ordinated and well-managed area for tables and chairs enabling food and beverage businesses to expand their offer on the High Street.</p> <p>The project removes motorised traffic from this part of the City Centre (except for High Street service vehicles), reducing carbon emissions and improving air quality, whilst introducing a shared pedestrian space with a key cycle connection route through the space.</p>
Existing GBF allocation	£750,000
GBF spent to date	£750,000
GBF committed to date	£0
Additional GBF sought	£450,000

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.

Project background and summary

At the time of the original business case and request for GBF funding the scheme was at the end of its Preliminary Design stage (August 2020). At that time the estimated full scheme cost was £3.36m.

Between August 2020 and June 2021 the scheme went through its Detailed Design and Tender stage. At the end of this stage, the approved budget envelope for the scheme was £3.83m. Implementation of the scheme was approved by the City Council's Cabinet on 12th October 2021 and the City Council entered into contract on 21st December 2021, with a contracted programme of 38 weeks.

Commencement of the scheme started on site on 9th January 2022.

At the time of tender RPI inflation was 3.9% and CPI inflation 2.5 % and the COVID pandemic was still in an active and uncertain phase.

Since construction started in January 2022, there have been a variety of pressures on the scheme, which at this stage of the build are estimated to add a further £450k over and above the scheme contingency budget of £300k, bringing the final out-turn full cost close to £4.28m.

The reasons for these cost increases are multiple, complex and interrelated, but many are a result of a combination of inflation, BREXIT and COVID, which in combination have added in delay and additional project costs. These impacts are summarised below and within the table attached at the end of this document.

In summary, these increased costs amount to circa £750,000. When the project contingency of £300,000 is deducted from this total, an additional ask of £450,000 additional GBF investment is requested.

Inflationary impacts

During the construction phase of the project, inflation has increased dramatically to the current circa 10% level. Within the highways construction sector, inflationary rates of 32% over last years prices are being widely reported, based on an average of a number of Essex Highways schemes that have been recently re-tendered.

In relation to the Tindal Square scheme, the following inflationary pressures have been experienced:

Fuel prices – between January 2022 and August 2022 diesel costs rose from £1.49 per litre to £1.84 per litre. Under the terms of the contract this 22% increase is passed to the client.

COST ESTIMATE: £17,087.16

Site compound costs – the cost of the site compound has inflated during the construction phase. This includes all the plant, storage and welfare facilities essential to the delivery of the project. The contract allows for a maximum of 9% inflation to be claimed by the contractor. On this basis the weekly cost of the site compound has increased per week from £26,310.39 to £28,678.32 (an increase of £2,367.93 per week). The longer the programme is extended due to inter-related BREXIT and COVID issues (as set out below) the bigger the inflationary pressure there is on the project.

COST ESTIMATE: £113,660.44

Materials – as a result of multiple global factors all costs have increased worldwide. Latest revised figures show an increase of 10-15% over and above what was expected as contingency and inflation. The materials for the project are circa 1/3 of construction costs.

COST ESTIMATE: £124,800



BREXIT impacts

Specialist materials from EU countries (lamp columns) – some of the materials for the scheme, for example the specialist lamp columns are being imported from EU countries and delays are being experienced, impacting on programme. The lamp columns are supplied from Italy, where lead in times are longer than anticipated. This impacts the programme, and adds to delay impacting on other factors, such as site compound costs.

COST ESTIMATE - £59,432.94

Workforce depletion (Stats Companies) – as a result of BREXIT (and exacerbated by COVID), the workforce within the statutory undertakers companies is severely depleted. As a consequence, they prioritise emergency works over planned works, such as Tindal Square, and at short notice cancel their start on site date. This causes wider programme delays and in some cases has necessitated re-design. This has been experienced in relation to two key diversions required to deliver the scheme (Cadent and BT Open Reach).

COST ESTIMATE: £179,049.50

COVID-19 impacts

Delays due to worldwide materials supplies – COVID has had an impact on supplies to the scheme, many of which are being supplied from around the world, due to production issues and delays in transportation. An example is the granite for the scheme, some of which is supplied from China, which until very recently have been experiencing full lockdowns. It is estimated that this has caused a delay of 6 weeks to the scheme's delivery. To mitigate this, early orders were placed to get all the materials supplied as early as possible, but this required a mitigation to cost for an additional site compound for materials storage.

COST ESTIMATE: £78,000

COVID fourth wave at start of construction – in January 2022, the fourth wave of COVID at the start of construction required additional measures to protect the workforce. This included an additional site office to allow for social distancing, additional vehicles to keep the workforce separated, additional cleaning, signage, sanitation and separate changing facilities. These facilities have been maintained throughout the duration of the project to protect the workforce and add to the site compound costs.

COST ESTIMATE: £177,526.56

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 additional funding will ensure that the full public realm improvement scheme as per the original business case can be delivered. It is the full scheme, including the new access arrangements to the Shire Hall and the 10 new urban street trees, that delivers the maximum benefits to the City Centre. At a time when the City Centre's footfall figures are still not back to pre COVID levels (as of April 2022 footfall was still 17% lower than in 2019, source: Town and Place AI) the delivery of the full public realm improvement scheme is a key part of the city's economic recovery plan.

Without the funding, the original scheme will not be fully delivered due to cost increases/Brexit/Covid despite the best efforts of the site team and project partners.

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

The project is on site and proceeding, but the increased cost impacts are placing pressure on the need for the de-scoping of scheme elements. Remaining risks include statutory undertakers delivering the required diversions, availability of labour and lead in times for remaining key materials and supplies.

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

The main remaining barriers to project delivery are the completion of the statutory undertakers' diversions required to enable full delivery, most notably the relocation of a BT Open Reach underground chamber, which is required to enable the new access arrangements to the Shire Hall.

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 current programme is for scheme completion in January 2023 and any additional funding will be spent in full before 31st March 2023.

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
Contract Completion	January 2023
What was the value of the Benefit Cost Ratio included in the original Business Case approved by SELEP?	N/A to this scheme as the original GBF funding was less than £1m.
What is the expected impact on the Benefit Cost Ratio of the additional GBF funding sought? <i>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.</i>	N/A



<p>Summary of project benefits</p>	<ul style="list-style-type: none">i. To deliver a solution for the creation of an important new City square to enhance its sense of place, optimise its public use and improve pedestrian access and enjoymentii. To consider the appropriate solution to integrate a cycle route east west across the spaceiii. To prevent rat running vehicle routes by closing the road to through trafficiv. To ensure the appropriate access point for servicing vehicles to the High Street, for the cathedral and Shire Hallv. To extend the space from the High Street to meet Shire Hall, to greet the cathedral, to connect with the library and retail market and to ease the way for people heading to the railway station up Duke Street and the university at the end of New Streetvi. To ensure there is no clutter, avoiding traffic related paraphernalia such as traffic signals and guardrail and posts, avoiding obstacles for ease of walking and accessibility for allvii. To ensure the future proofing of other development opportunities at the northern end of the High Street that may come forwardviii. To create a public realm design of high quality that makes a strong statement in this key City Centre locationix. To enable the space as a destination in its own right, for events, social gathering and celebratory space
<p>Have the project benefits changed since the original Business Case was approved by the Accountability Board? <i>If yes, please state the nature of these changes and the likely impact on the Value for Money offered by the project</i></p>	<p>No</p>

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.

The additional funding will ensure that the full public realm improvement scheme as per the original business case can be delivered. It is the full scheme, including the new access arrangements to the Shire Hall, that delivers the maximum benefits to the City Centre. At a time when the City Centre's footfall figures are still not back to pre COVID levels (as of April 2022 footfall was still 17% lower than in 2019, source: Town and Place AI) the delivery of the full public realm improvement scheme is a key part of the city's economic recovery plan.

Without the funding the original scheme will not be fully delivered due to inflationary cost increases/Brexit/Covid, despite the best efforts of the site team and project partners.



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
Getting Building Fund	0	0	0.75	0	0	0	0.75
Capital: Community Infrastructure Levy	0	0	1.955	0	0	0	1.955
Capital: S106	0	0.320	0.200	0	0	0	0.520
Capital: CCC Capital Programme	0.135	0	0	0	0	0	0.135
Total	0.135	0.320	2.905	0	0	0	3.36

Updated funding breakdown (including additional GBF funding request) (£m)							
Funding source	2019/20	2020/21	2021/22	2022/23	2023/24	2024 onwards	Total
Getting Building Fund	0	0	0.75	0.45	0	0	1.2
Capital: Community Infrastructure Levy	0	0	0	2.243	0	0	2.243
Capital: S106	0	0.320	0	0.365	0	0	0.685
Capital: CCC Programme	0.135	0	0	0.025	0	0	0.160
Total	0.135	0.320	0.75	3.083	0	0	4.288

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 Essex 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

Signature

Date



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

Senior Responsible Officer

Name

Signature

Date

TINDAL SQUARE: SELEP GBF Additional Funding Costs August 2022

Inflation				
Change in law - red diesel no longer allowed in construction vehicles or plant.	Change to law cost covered under contract and the responsibility of the Authority. However during this time, the cost of fuel has risen dramatically due to inflation.	Increase in fuel costs from Jan 2022 to Aug 2022. Jan 2022 - 149.01p/litre Aug 2022 - 183.74p/litre	£	17,087.16
Unit cost of compound and recovery of staff rates affected during the contract period by inflation. Contract allows for a capped 9% rate of inflation claim.	Weekly Site Compound costs	Maximum 9% claimed giving a revised total of £28,678.32 for weekly prelim rates versus an original sum of £26,310.39. Increase in costs = £2367.93 per week	£	113,660.64
Materials increase	All costs have increased worldwide. Existing highways projects in Essex have been revised at up on average to 32% increase on last year. Latest revised figures show an increase of 10-15% over and above that which is expected as a contingency for inflation.	Contract sum - £2,500,000 Plant / labour/materials = 1/3 split. Materials assumed to be £0.832m 15% interest (the 'over and above' expected rate of inflation) = £124,800	£	124,800.00
Brexit				
Materials availability	Lamp columns and lanterns manufactured in Italy. Materials cost increase plus increase in lead time from three weeks to twelve weeks and expected to increase.	Lamp columns - £152.11 (price increase) x 6 columns - £912.66 Decorative lighting - £22.39 x 52 units = £1164.28 Delay to programme - potentially four weeks, but currently two. £28,678.32 x 2 = £57,356	£	59,432.94
Statutory undertaker's availability	Workforce severely depleted following Brexit. Stats companies prioritising emergency works over planned works leading to severs delays to programme	BT are currently 13 weeks behind programme. Resequencing work has mitigated this to four weeks delay to wider scheme. £28,678.32 x 4 = £114,713.28	£	114,713.28
Statutory undertaker's availability	Workforce severely depleted following Brexit. Stats companies prioritising emergency works over planned works leading to severs delays to programme	Cadent gas non availability resulted in a re-design to allow for trees to be installed in alternative locations. The resulting relocation of trees has resulted in a Compensation Event of £54,336.22 plus the resulting additional design time (this excludes time delay as BT overtook the Cadent issue so it was concurrent)	£	64,336.22
Covid				
Granite slabs for paving	Delays due to Covid affecting worldwide supply. Likelihood of production issues. Cost to the scheme likely to be in the region of six weeks delay. Preliminaries cost per week : £28,678.32 x 6 = £172,069.92	Mitigation was to rent Riverside complex at an estimated cost of £1250 + VAT per month (minimum 52 weeks)	£	78,000.00
Fourth wave 2022	Fourth wave of Covid hit at the start of the Construction phase. Additional measures undertaken to protect the workforce.	Additional 24ft Office - £179.38 Additional vehicles to keep workforce separate - £1216.95 Cleaning - £150 Separate working areas (Supervisor required) - £1924.34 Signs - £22.54 Sanitation - £42.38 Separate changing facilities - £162.88	£	177,526.56
			TOTAL £	749,556.80