

Forward plan reference number: FP/AB/604,
FP/AB/605, FP/AB/606 and FP/AB/609

Report title: Getting Building Fund funding decisions	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 27 January 2023	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the award of £654,744 Getting Building Fund (GBF) to four projects in accordance with the new GBF prioritised project pipeline.
- 1.2. All projects detailed in this report are seeking additional GBF funding to help mitigate the impact of cost increases experienced as a result of the COVID-19 pandemic, Brexit or current high inflation levels and to support delivery of the approved Business Case.
- 1.3. The Board has previously agreed that the four projects being considered in this report can retain their GBF funding allocations beyond March 2022 for a maximum period of 12 months, to 31 March 2023.
- 1.4. Decisions outlined in this report are dependent upon the Board agreeing the removal of the Swan Modular Housing Factory project from the GBF programme (as set out under Agenda Item 5).

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of an additional £118,182 GBF to Essex County Council for the Extension of full-fibre broadband rollout in Essex to reach rural and hard to reach premises project, subject to Government approval of the increase in GBF funding allocation.
 - 2.1.2. **Agree** the award of an additional £118,181 GBF to Essex County Council for the Tindal Square, Chelmsford project, subject to Government approval of the increase in GBF funding allocation.

Getting Building Fund funding decisions

- 2.1.3. **Agree** the award of an additional £118,181 GBF to Essex County Council for the Jaywick Market and Commercial Space project, subject to Government approval of the increase in GBF funding allocation.
- 2.1.4. **Agree** the award of an additional £300,200 GBF to Essex County Council for the Tendring Bikes and Cycle Infrastructure project, subject to receipt of S151 Officer sign off from Essex County Council and Government approval of the increase in GBF funding allocation.

3. Background

- 3.1. At the May 2022 meeting, the Board agreed that the Riding Sunbeams Solar Railways project be removed from the GBF programme due to insurmountable technical issues which meant that the project could not be delivered at this time. This released £2.5275m GBF for reallocation to alternative projects. In addition, in September 2022, the Board agreed the removal of the Laindon Place project from the GBF programme as it was unable to deliver in accordance with the Business Case within the required timeframe. This released a further £0.79m GBF for reallocation to alternative projects, bringing the total available for reallocation to £3.3175m.
- 3.2. As the Board are aware, following the removal of the Fast Track Business Solutions for the Hastings Manufacturing Sector project from the GBF programme and the subsequent reallocation of the funding to alternative projects, there was no pipeline remaining.
- 3.3. A new GBF prioritised project pipeline has now been agreed and this pipeline was used to reallocate the £3.3175m GBF returned to SELEP at the Accountability Board meeting on 25 November 2022.
- 3.4. Since the last Board meeting, SELEP have been advised that the Swan Modular Housing Factory project will no longer be delivered (as set out in Agenda Item 5) and therefore a further £4.53m GBF will be released for reallocation to alternative projects.
- 3.5. At this meeting, the Board are asked to consider the award of £2.481m of the available GBF to alternative projects, in accordance with the agreed pipeline. This report considers the award of £654,744 of the GBF funding, with the award of the remaining balance considered under Agenda Item 7.
- 3.6. In accordance with current Government expectations, the ability of each project to spend additional GBF funding awarded by 31 March 2023 was a key consideration when establishing the new GBF prioritised project pipeline and all projects considered in this report have committed to spending their full GBF allocation by this date.
- 3.7. If the Board agree the award of funding to the projects outlined in this report, delivery of the projects will be closely monitored and any risks with regard to spend of the GBF by the end of 2022/23 will be presented to the Board at the next meeting.
- 3.8. The recommendation of award of additional GBF funding to any of the projects outlined in this report is contingent upon receipt of Government approval for the increase in GBF funding allocation. Due to the contingent nature of the recommendations, if Government

Getting Building Fund funding decisions

approval is not forthcoming, the additional funding will not be awarded to the project(s) with no further Board decision required. The GBF funding will be released for reallocation to alternative projects and these funding decisions will be taken at a future Board meeting.

- 3.9. Change Requests detailing the additional GBF funding sought, any associated changes to the funding package for each project and any expected changes to project benefits have been submitted to Government for all projects set out in this report. A verbal update on the status of these Change Requests will be provided during the meeting. If Government approval is granted in advance of the Board meeting, the recommendations will be updated accordingly.

4. Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises

Project information

- 4.1. 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.
- 4.2. The GBF funding was awarded to extend the Superfast Essex rollout programme to reach additional rural areas, with a focus on upgrading business premises.
- 4.3. The Board approved the award of £1.82m GBF to support delivery of the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project in October 2020. The most recent quarterly reporting from Essex County Council indicates that none of this funding allocation has been drawn down to date, although it has been confirmed that expenditure has been incurred. It has been confirmed that the full GBF allocation has been contractually committed to deliver the project.
- 4.4. In November 2021, the Board agreed that, as an exception, the GBF funding allocation could be retained against the project beyond March 2022 for a maximum period of 12 months, to 31 March 2023. This exception was granted on the basis that the delay to project delivery was entirely as a result of the actions of a Government department (Broadband Delivery UK), rather than due to a delivery issue.
- 4.5. An additional £477,256 GBF funding was sought by Essex County Council to support delivery of the approved Business Case. However, following conversations at the Success Essex Board meeting on 31 October 2022, it was agreed to reduce the GBF funding ask to ensure that the three Success Essex projects identified as priorities could all receive additional GBF funding to support delivery. As a result of this decision, and subsequent approval by the Strategic Board, the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project was awarded £359,074 additional GBF funding at the Accountability Board meeting on 25 November 2022. At that time, Essex County Council committed to bridging the resultant funding gap to ensure that the project could be delivered in accordance with the agreed Business Case.

Getting Building Fund funding decisions

- 4.6. Subsequently, in December 2022, Strategic Board agreed the inclusion of the remaining balance sought by the project in the new GBF prioritised project pipeline. As the total GBF funding sought by all projects remaining on the GBF pipeline is below £4.53m (the balance currently available for reallocation), the Board are asked to agree the award of the remaining £118,182 additional GBF funding sought by the project at this meeting. The GBF award will replace the Essex County Council funding which was originally committed to bridge the funding gap which arose as a result of the decision taken by the Success Essex Board.
- 4.7. The updated funding package for the project is set out in Table 1 below.

Table 1: Updated funding package for the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project

Funding Source	Funding Package (as stated in November 2022) £m	Updated Funding Package £m
Getting Building Fund	2.179	2.297
Supplier Contribution	0.600	0.600
Essex County Council	0.118	0
Total	2.897	2.897

- 4.8. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 2 below.

Table 2: Overview of the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project

Existing GBF funding allocation: £2.179m	Total project cost as per approved Business Case: £2.420m
Additional GBF funding sought: £118,182	Total project cost as per application for additional GBF funding: £2.897m
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none">• Reducing economic disadvantage through improving internet connectivity.• Investment in rural superfast broadband connectivity will drive the more widespread commercial deployment of ultrafast broadband.• The extension of the superfast fibre broadband infrastructure will underpin the future rollout of improved mobile communications technology as the fibre network being installed will be available for use by 5G networks.• Creation of 300 jobs and safeguarding of 1,500 jobs.• Assisting 300 businesses and up to 3,000 learners.• Delivery of 1,500 new superfast/ultrafast broadband connections.	

- 4.9. Essex County Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission.
- 4.10. Delivery of the project, and spend of the original GBF funding allocation, is ongoing. Essex County Council have advised that work is expected to complete in January 2023 and have provided a commitment that the GBF funding will be spent in full by 31 March 2023.

Getting Building Fund funding decisions

4.11. Further information on the project can be found at Appendix B.

Reason for seeking additional GBF

- 4.12. Planning activities for the 1,500 premises supported by the GBF funding have now been completed. This involved carrying out full, intrusive surveys on all rural developments to fully assess the quality of existing infrastructure and to validate the deployment plans and costings. These surveys allow the supplier to know exactly what is required for the build and if there are any issues with the network, where repairs are needed.
- 4.13. The supplier has concluded that the survey results show that a significant number of rural deployments will cost more than expected due to the impacts of the COVID-19 pandemic, Brexit and current high inflation levels. 17.6% of the premises funded by the GBF funding will exceed the contractual cost cap.
- 4.14. The supplier has submitted cost breakdowns per premises explaining the rationale for the cost increase and requesting further funding to bridge the funding gap. Additional GBF funding has been sought to bridge this funding gap and to ensure that the full scope of the project as detailed in the approved Business Case can be delivered.
- 4.15. Whilst awaiting the outcome of the application for additional GBF funding, all premises have been retained in the delivery plan ensuring that delivery slots with contractors and booking of road permits with Essex Highways are maintained.

Additionality offered by the additional GBF funding

- 4.16. The additional GBF funding will allow gigabit broadband to be connected to 79 rural business premises and allow them to benefit from the growing digital economy and better compete in an economic environment that is more focused on online trading and digital customer engagement.
- 4.17. Additionally, 185 rural residences will benefit from a new gigabit capable broadband service, which is reported to be worth £217 per person per year. This gigabit connection will future proof broadband residents against increased connectivity requirements in the future, predictions for home office users are a connection of 250Mbps download, this investment will secure that. This planned infrastructure will ultimately allow residents to compete in the global market for remote workers.
- 4.18. At the time of the original GBF Business Case submission, the BCR was reported to be 31.2:1. Essex County Council have provided updated Value for Money calculations which demonstrate that the project continues to offer a BCR of 25.7:1 and therefore continues to offer High value for money.

Outstanding risks to project delivery

- 4.19. Delivery of the project has commenced and therefore the majority of risks have been mitigated or there are plans in place to mitigate the risk following receipt of additional GBF funding.

Getting Building Fund funding decisions

- 4.20. The high severity risks identified by Essex County Council in their application for additional GBF funding are as follows:
- 4.20.1. Inability to meet funding deadlines – delivery profiles have been established and these confirm delivery by the end of January 2023 mitigating this risk.
 - 4.20.2. Need to secure Highways Permits to enable delivery of the project – it has been confirmed that highways permits have been secured which will allow work to be completed within the agreed timescales thereby mitigating this risk.
 - 4.20.3. Difficulties in obtaining permission for delivery in multi-dwelling units – internal build to flats is reliant on securing landowner and resident permission. The supplier has a dedicated team which manage this engagement and who are actively engaging with all affected multi-dwelling units so as to mitigate this risk.

5. Tindal Square, Chelmsford

Project information

- 5.1. The Tindal Square project will create a new civic square of over 3,000 sqm that provides a destination space for arts, events and celebrations outside Shire Hall in Chelmsford city centre.
- 5.2. The project will create a public space where pedestrians will have priority and cyclists will be able to move through the space between identified gateway points giving care to more vulnerable users.
- 5.3. 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 will also provide a new accessible entrance to Shire Hall, which is a Grade 2* Listed Building.
- 5.4. The project will remove motorised traffic from this part of the City Centre, reducing carbon emissions and improving air quality, whilst introducing a shared pedestrian space with a key cycle connection route through the space.
- 5.5. The Board approved the award of £750,000 GBF in November 2020 to support delivery of the Tindal Square project. This funding was spent in full by 31 March 2022 in accordance with the GBF timeline originally specified by Government.
- 5.6. An additional £450,000 GBF funding was sought by Essex County Council to support delivery of the approved Business Case. However, following conversations at the Success Essex Board meeting on 31 October 2022, it was agreed to reduce the GBF funding ask to ensure that the three Success Essex projects identified as priorities could all receive additional GBF funding to support delivery. As a result of this decision, and subsequent approval by the Strategic Board, the Tindal Square project was awarded £331,819 additional GBF funding at the Accountability Board meeting on 25 November 2022. At that time, Chelmsford City Council (as delivery partner) committed to bridging the resultant

Getting Building Fund funding decisions

funding gap to ensure that the project can be delivered in accordance with the agreed Business Case.

5.7. Subsequently, in December 2022, Strategic Board agreed the inclusion of the remaining balance sought by the project in the new GBF prioritised project pipeline. As the total GBF funding sought by all projects remaining on the GBF pipeline is below £4.53m (the balance currently available for reallocation), the Board are asked to agree the award of the remaining £118,181 additional GBF funding sought by the project at this meeting. The GBF award will replace the Chelmsford City Council funding which was originally committed to bridge the funding gap which arose as a result of the decision taken by the Success Essex Board.

5.8. The updated funding package for the project is set out in Table 3 below.

Table 3: Updated funding package for the Tindal Square project

Funding Source	Funding Package (as stated in November 2022) £m	Updated Funding Package £m
Getting Building Fund	1.082	1.200
Community Infrastructure Levy	2.243	2.243
S106 Contributions	0.685	0.685
Chelmsford City Council Capital Programme	0.278	0.160
Total	4.288	4.288

5.9. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 4 below.

Table 4: Overview of the Tindal Square project

Existing GBF funding allocation: £1,081,819	Total project cost as per approved Business Case: £3.36m
Additional GBF funding sought: £118,181	Total project cost as per application for additional GBF funding: £4.288m
<p>Key project benefits as stated in the Business Case:</p> <ul style="list-style-type: none"> • Jobs – Indirectly supporting retail and food and beverage jobs in the centre by encouraging visits, increased footfall, events space and longer dwell time. • Footfall – As part of a wider improvement across the City Centre and linked to the retail development at Bond Street, the public realm programme will support increased footfall in the city centre, creating a quality environment where visitors will be likely to stay longer and support the retail and leisure offer of the City Centre. • New investment – creation of 4 new restaurants/shops in the Shire Hall building, creating an estimated 100 new jobs. • Construction jobs during build – 50 jobs supported for a 6 month period. • Creation of a new space for events – the City's first Festival of Arts and Culture in 2018 generated an economic impact of £1.1m supporting 16 FTE jobs. The project will add a further City Centre space for similar events in the coming years. • Reduction in motorised traffic and from this part of the City Centre, lowering carbon emissions and improving air quality. • Retaining a key link in the City Centre's cycle network to encourage increased cycling in the city centre. 	

- 5.10. Essex County Council have confirmed that the forecast project benefits remain unchanged from the original Business Case submission.
- 5.11. Delivery of the project is continuing onsite and it has been confirmed that all major utilities have now been diverted. In addition, the new paving is being installed and the ten tree pits have been completed.
- 5.12. Work is underway to remove the current steps outside the Shire Hall and to replace these with a new access ramp and ambulant steps.
- 5.13. It has been confirmed that the construction programme is due to complete in January 2023, and therefore the additional GBF funding will be spent in full by 31 March 2023 in accordance with the current expectations of Government.
- 5.14. Further information on the project is provided in Appendix C.

Reasons for seeking additional GBF

- 5.15. The project has experienced cost increases due to the impacts of the COVID-19 pandemic, Brexit and current high inflation levels. These cost increases have arisen as a result of the following factors:
- 5.15.1. Inflation rates have increased significantly during the construction period and there is scope within the construction contract for elements of these cost increases to be

Getting Building Fund funding decisions

passed onto Chelmsford City Council, as the client. Increased costs have been incurred in relation to fuel, site compound costs and materials.

- 5.15.2. Brexit related impacts including longer than expected lead in times for materials/equipment being imported from EU countries. In addition, the utility companies have suffered from a severely depleted workforce as a result of Brexit and COVID which has resulted in a delay in delivering required works. This has meant that construction programmes have been extended and additional costs incurred.
- 5.15.3. COVID-19 related impacts including delays to worldwide materials supplies due to ongoing lockdowns and implementation of additional safety measures needed to protect the workforce, including provision of an additional site office and increased cleaning.

Additionality offered by the additional GBF funding

- 5.16. In advance of the Accountability Board meeting in November 2022, Chelmsford City Council committed to bridging the funding gap on the Tindal Square project through provision of an additional financial contribution of £118,181. Provision of this funding would have ensured that the full project scope, as per the approved Business Case, could be delivered safeguarding the forecast project benefits and delivering maximum benefit to the City Centre.
- 5.17. The provision of additional GBF funding will allow the release of the funding committed by the funding committed by Chelmsford City Council, ensuring that this funding can be invested in alternative projects which will allow wider benefits to be realised in Chelmsford.

Outstanding risks to project delivery

- 5.18. The project is nearing completion and therefore the majority of the risks to project delivery have been mitigated. However, there is an ongoing risk associated with the availability of labour and extended lead-in times for remaining key materials and supplies.

Value for Money Exemption 1 as set out in the SELEP Assurance Framework

- 5.19. There is a requirement within the SELEP Assurance Framework for all projects to demonstrate a Benefit Cost Ratio (BCR) of at least 2:1 if funding is to be secured. However, 2 exemptions to this requirement are set out within the Assurance Framework.
- 5.20. If projects are to be considered for investment under Value for Money Exemption 1, all 5 of the following criteria must be met:
 - 5.20.1. the project has a Benefit Cost Ratio greater than 1.5:1, or the project benefits are notoriously difficult to appraise in monetary terms; and
 - 5.20.2. the funding sought from the SELEP Ltd is less than £2m; and

Getting Building Fund funding decisions

- 5.20.3. to conduct further quantified and monetised economic appraisal would be disproportionate to the capital funding ask; and
 - 5.20.4. there is an overwhelming strategic case (with minimal risk in the other cases of the Business Case); and
 - 5.20.5. there are qualitative benefits which, if monetised, would most likely increase the Benefit Cost Ratio above 2:1.
- 5.21. The Tindal Square, Chelmsford project applied this Value for Money exemption at the time of the award of the existing £750,000 GBF funding and have sought to continue their reliance on this exemption in relation to award of additional GBF funding. Continued compliance with the above criteria has been considered by the Independent Technical Evaluator as part of their assessment as set out below.

Outcome of ITE assessment

- 5.22. As the GBF funding ask for the project continues to be under £2m, Value for Money Exemption 1 has been applied appropriately by the scheme promoter. The scheme promoter has identified numerous benefits, including enabling the separate redevelopment of the Shire Hall, which has been vacant since 2012, and supporting the post-COVID-19 recovery of footfall in the city centre. Based on these factors they estimate a BCR or 'multiplier' of 3 to 1.
- 5.23. Cost increases have been described in detail and have occurred due to the impacts of Brexit, the COVID-19 pandemic and inflation. These factors have affected the cost and availability of materials and other needs of the scheme promoter, and without additional funding there will be a need to 'de-scope' the remainder of the scheme. There are no other acute barriers to delivery as mitigation is in place for remaining risks.
- 5.24. The strategic case for the Project is as before and exhibits very strong alignment with local, regional and national policy priorities. Public realm improvements are notoriously difficult to appraise in monetary terms and there are often a number of qualitative benefits attached to them.
- 5.25. Based on the information provided, the ITE is satisfied that the project continues to meet the requirements of Value for Money Exemption 1, as set out in the SELEP Assurance Framework.

6. Jaywick market and Commercial Space

Project information

- 6.1. The project involves the build of a commercial facility and vibrant local market on a gateway site in Jaywick Sands in response to a known undersupply of commercial space and a high level of credible demand for affordable light industrial, studio and basic office facilities within the area.

Getting Building Fund funding decisions

- 6.2. The intention was to construct 13 low-cost units offering 9,500sq ft lettable area and a covered local market of 20 affordable pitches. Following a redesign after the original GBF Business Case was submitted, a further 11 flexible units and a meeting/training room have been added. 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.
- 6.3. This project forms part of a programme of wider regeneration and will deliver an extensive range of positive social impacts to help alleviate the severe deprivation experienced by much of the Jaywick Sands community - including increased employment opportunities, increased training opportunities, a rise in skills and employability, pride in the area, a rise in aspiration especially amongst younger people and significantly improved health benefits through affordable access to fresh foods.
- 6.4. The Board approved the award of £1.972m GBF in November 2020 to support delivery of the Jaywick Market and Commercial Space project. The most recent quarterly reporting from Essex County Council indicates that £747,496 of this funding allocation has been drawn down to date, although it has been confirmed that significantly more expenditure has been incurred. It has been confirmed that the full GBF allocation has been contractually committed to deliver the project.
- 6.5. In November 2021, the Board agreed that the GBF funding allocation could be retained against the project beyond March 2022 for a maximum period of 6 months, to 30 September 2022. This extension was required due to concerns over the rising costs of materials and increasing volatility in the materials market prompting the need for a review of the design of the project.
- 6.6. Furthermore, in September 2022, the Board agreed that the GBF funding allocation could be retained against the project for a further period of 6 months, to 31 March 2023. This extension was requested due to delays in the construction process caused by the discovery of unexpected ground obstructions and contamination following the commencement of works onsite.
- 6.7. An additional £419,060 GBF funding was sought by Essex County Council to support delivery of the approved Business Case. However, following conversations at the Success Essex Board meeting on 31 October 2022, it was agreed to reduce the GBF funding ask to ensure that the three Success Essex projects identified as priorities could all receive additional GBF funding to support delivery. As a result of this decision, and subsequent approval by the Strategic Board, the Jaywick Market and Commercial Space project was awarded £300,879 additional GBF funding at the Accountability Board meeting on 25 November 2022. At that time, Tendring District Council (as delivery partner) committed to bridging the resultant funding gap to ensure that the project can be delivered in accordance with the agreed Business Case.
- 6.8. Subsequently, in December 2022, Strategic Board agreed the inclusion of the remaining balance sought by the project in the new GBF prioritised project pipeline. As the total GBF funding sought by all projects remaining on the GBF pipeline is below £4.53m (the balance currently available for reallocation), the Board are asked to agree the award of the

Getting Building Fund funding decisions

remaining £118,181 additional GBF funding sought by the project at this meeting. The GBF award will replace the Tendring District Council funding which was originally committed to bridge the funding gap which arose as a result of the decision taken by the Success Essex Board.

6.9. The updated funding package for the project is set out in Table 5 below.

Table 5: Updated funding package for the Jaywick Market and Commercial Space project

Funding Source	Funding Package (as stated in November 2022) £m	Updated Funding Package £m
Getting Building Fund	2.273	2.391
Essex County Council	2.005	2.005
Tendring District Council	0.548	0.430
Total	4.826	4.826

6.10. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 6 below.

Table 6: Overview of the Jaywick Market and Commercial Space project

Existing GBF funding allocation: £2.273m	Total project cost as per approved Business Case: £2.128m
Additional GBF funding sought: £118,181	Total project cost as per application for additional GBF funding: £4.826m
Key project benefits as stated in the Business Case: <ul style="list-style-type: none">• Keeping spend local by creating space for local independent businesses• Increased footfall through improved walkability of the area, incentivising active travel and improving health and wellbeing• Creating space for community events• 44 FTE jobs created• Increasing the job density within Jaywick Sands from 1 job per 14 residents to 1 job per 8 residents• 842sqm lettable floorspace (B1)• 3,700sqm Improved public realm, including community garden	

6.11. As indicated at Section 6.2 of this report, the benefits offered by the project have increased since submission of the approved Business Case.

6.12. Delivery of the project, and spend of the original GBF funding allocation, is ongoing. It has been confirmed that the steel frame for the main building has been constructed and the majority of the required groundworks in the area surrounding the building have now been completed.

6.13. Delivery of the project is continuing at pace, and it is expected that the project will be completed and the building open for use in March or April 2023. In addition, a commitment has been provided that the GBF funding will be spent in full prior to 31 March 2023 in accordance with current Government expectations.

Getting Building Fund funding decisions

6.14. Further information on the project can be found at Appendix D.

Reason for seeking additional GBF

- 6.15. Prior to commencing construction, a ground conditions survey was undertaken. The outcome of the survey was positive and gave a low risk of asbestos contamination. However, during the early stages of construction, significant contamination and a number of ground obstructions were discovered. These findings have resulted in the total project cost increasing by over £200,000.
- 6.16. Work has begun to excavate the car park area and further contamination has been found. The estimated additional cost associated with the management of the identified and potential further contamination is £450,000. Additional GBF funding was sought to help mitigate these cost increases.
- 6.17. It has subsequently been confirmed that the majority of the groundwork at the site has been completed and that less contamination than expected had been discovered. In addition, a more cost effective and environmentally friendly method of disposal for any contamination found has been identified and used.
- 6.18. The application for additional GBF funding requested that, if the full amount sought was not needed to help manage the contamination at the site, it be spent on delivering items which had been removed from the project scope due to the increasing costs. These items include roof solar panels, bin storage, café fit out, CCTV over the community garden area, internal signage and information technology and furniture required to make the meeting room a hybrid learning room.

Additionality offered by the additional GBF funding

- 6.19. The additional GBF funding will allow the project to deliver in accordance with the scope set out in the original Business Case and will allow delivery of the additional outputs set out within this report.
- 6.20. Completing delivery of the project and installing tenants in the building will enable regeneration, improve skills in the area and provide low-cost starter units for new and emerging local businesses which will reduce unemployment, bring income into the area and enable a full business support offer to be put in place to help them succeed.
- 6.21. It should be noted that, even with the additional GBF funding, there are some elements of the original project scope which will not be delivered due to the increase in total project cost. These elements do not impact on the ability of the project to complete and offer an important facility to the local area, however, inclusion of these elements would enhance the offer to future tenants and visitors to the site increasing footfall and income to the area.
- 6.22. At the time of the original GBF Business Case submission, the BCR was reported to be 5.1:1. In May 2022, an updated BCR was calculated which took into account the increase in total project cost reported following procurement of a construction contractor. At this time, the BCR reduced to 3.77:1.

Getting Building Fund funding decisions

- 6.23. An updated BCR calculation is set out in the application for additional GBF funding and this demonstrates that the project continues to offer a BCR of 3.45:1 and therefore continues to offer High value for money.

Outstanding risks to project delivery

- 6.24. A number of risks have been detailed in the application for additional GBF funding. Mitigation measures have been identified so as to minimise the impact of these risks should they materialise. The key risks are outlined below:
- 6.24.1. Additional funding not received – this will likely mean that the car park aspect of the project will need to be paused, re-designed and revised planning consent sought further delaying project delivery.
 - 6.24.2. Overspend on the current budget – this may result in the building not opening which will have a number of implications for the local area.
 - 6.24.3. Reduced demand for commercial space and market pitches at the site – this will likely mean that some units or market pitches remain vacant which will impact on the scale of benefits realised.
 - 6.24.4. Unexpected or worse than expected ground conditions or contamination – this risk has been realised for the site of the main building but, subsequent to submission of the application for additional GBF funding, it has been confirmed that less contamination than was feared has been found in the areas surrounding the building.

7. Tendring Bikes and Cycle Infrastructure

Project information

- 7.1. The Tendring Bikes and Cycle Infrastructure project aims to deliver a bespoke bike scheme and cycle network infrastructure within Jaywick Sands and Clacton. The project aims to tackle deprivation and inequality within one of the most deprived areas of the country.
- 7.2. The project will provide access to wider employment, training and up-skilling opportunities, support economic growth in Jaywick and address health inequalities by enabling and supporting active travel.
- 7.3. The Board approved the award of £2.3m GBF to support delivery of the Tendring Bikes and Cycle Infrastructure project in November 2020. The most recent quarterly reporting from Essex County Council indicates that £518,887 of this funding allocation has been drawn down to date, although it has been confirmed that further expenditure has been incurred.
- 7.4. In February 2022, the Board agreed that the GBF funding allocation could be retained against the project beyond March 2022 for a maximum period of 6 months, to 30 September 2022. This extension was required to allow time to make changes to the proposed cycle route in order to address local concerns.

Getting Building Fund funding decisions

- 7.5. Furthermore, in September 2022, the Board agreed that the GBF funding allocation could be retained against the project for a further period of 6 months, to 31 March 2023. This extension was requested due to the required redesign work taking significantly longer than expected to complete.
- 7.6. An additional £300,200 GBF funding has been sought by Essex County Council to support delivery of the approved Business Case. Due to other cost increases, there have been other changes to the funding package since the original GBF Business Case was agreed by the Board.
- 7.7. The updated funding package for the project is set out in Table 7 below.

Table 7: Updated funding package for the Tendring Bikes and Cycle Infrastructure project

Funding Source	Original Funding Package £	Updated Funding Package £
Getting Building Fund	2,300,000	2,600,200
Essex County Council/Active Essex	100,000	405,000
Total	2,400,000	3,005,200

- 7.8. An overview of the benefits expected to be realised as a result of the GBF investment is provided in Table 8 below.

Table 8: Overview of the Tendring Bikes and Cycle Infrastructure project

Existing GBF funding allocation: £2.300m	Total project cost as per approved Business Case: £2.400m
Additional GBF funding sought: £300,200	Total project cost as per application for additional GBF funding: £3.005m
Key project benefits as stated in the Business Case: <ul style="list-style-type: none"> • Increased cycle participation to level up inequalities • Increased sustainable active travel through cycling • Increased employability of local people and improved local economy, including access to employment, education and training opportunities • Increased fitness and physical health of inactive people • Increased mental wellbeing of inactive people and support to be job ready • Increased resilience, connectedness and social capital in local communities 	

- 7.9. Essex County Council have confirmed that the forecast project benefits will increase if additional GBF funding is awarded. As set out in Section 7.16, additional GBF funding has been sought to allow the purchase of a greater number of bicycles for inclusion in the loan scheme. These additional bikes will take the total number of bicycles purchased above the level indicated in the original Business Case and therefore additional benefits will be realised as the bikes can be made available to a wider number of people improving their health and access to employment and training opportunities.
- 7.10. Delivery of the project, and spend of the original GBF funding allocation, is ongoing. Essex County Council have advised that work on the cycling infrastructure is expected to complete

Getting Building Fund funding decisions

in February 2023. In addition, it has been confirmed that it will be possible for the new bikes to be purchased immediately following confirmation of the funding award and therefore a commitment that the GBF funding will be spent in full by 31 March 2023 has been provided.

7.11. Further information on the project can be found at Appendix E.

Reasons for seeking additional GBF

7.12. At the time of Business Case submission, it was intended that £1.7m of the GBF allocation would be used to deliver the cycle infrastructure, with the remaining £0.6m being used to purchase the required bikes.

7.13. The application for additional GBF funding indicates that the cycle infrastructure can be delivered within the available £1.7m budget but that fewer bikes than anticipated can be purchased for £0.6m. It is noted that bike availability has been severely affected by the COVID-19 pandemic and Brexit and that this has impacted on supply chain costs.

7.14. It was originally expected that up to 1,620 bikes could be purchased using the £0.6m GBF allocated, however, in reality the funding has only been sufficient to purchase 1,300 bikes (including GPS tracker, stand, helmet and lock).

7.15. The bike loan scheme has proved to be very popular and, after issuing the majority of the bikes, there remain in excess of 200 eligible applicants in Clacton and Jaywick who would benefit from a bike; the scheme remains open with further applications expected as interest in the scheme remains high. Unless additional funding is awarded, it will not be possible to provide bikes to all eligible applicants. In addition, some applicants with disabilities have requested adapted bikes as this would help them to ride more safely and would allow them to gain access to jobs and other opportunities. Furthermore, some applicants have requested e-bikes as this would expand the area available to them when seeking job and training opportunities.

7.16. If awarded, the additional GBF funding will be used to mitigate the cost increases experienced in purchasing the bikes to date and will allow additional bikes to be purchased ensuring that the scheme has a wider reach across the community. At the time of submitting the application for additional GBF funding, it was proposed that the funding would be spent as follows:

Table 9: Additional bikes expected to be purchased through additional GBF funding sought

Type of bike	Quantity of bikes	Per unit cost	Total
Standard	362	£600	£217,200
Adapted	10	£2,300	£23,000
E-bikes	50	£1,200	£60,000
Total	422		£300,200

7.17. The additional GBF funding would allow 102 additional bikes to be provided, taking the total up to 1,722 compared to the 1,620 forecast at the outset of the project.

Additionality offered by the additional GBF funding

Getting Building Fund funding decisions

- 7.18. If additional GBF funding is not awarded, it will not be possible for the project to be delivered in accordance with the scope set out in the original Business Case. The cycling infrastructure will be delivered as planned, however, due to increased costs, the number of bikes purchased for inclusion within the loan scheme will be lower than forecast.
- 7.19. The additional GBF funding will allow the purchase of a further 422 bikes (estimated based on costs provided in Table 9 above), which will bring the total number of bikes purchased to 1,722 compared to an original forecast of 1,600.
- 7.20. In addition to providing extra standard bikes, the GBF funding will allow the purchase of e-bikes and adapted bikes which will allow the project to reach a wider section of the community offering even greater access to jobs, training and other opportunities.

Outstanding risks to project delivery

- 7.21. Delivery of the project is well progressed, with delivery of the cycling infrastructure expected to complete in February 2023 and therefore the risks identified in the application for additional GBF funding relate to the purchase of the additional bikes. The identified risks are as follows:
 - 7.21.1. Extended lead in times for the new bikes – this risk has been mitigated through agreement with the cycle supplier to pre-order a bulk order of bikes for Pedal Power (the cycle loan scheme) through a consortium approach with other providers.
 - 7.21.2. Increasing costs of the selected standard bikes – a fixed price has been negotiated for further orders and therefore this risk has been mitigated.
 - 7.21.3. Increasing costs of the selected e-bike and adapted bikes – should this risk materialise, the options will be to either reduce the number of e/adapted bikes purchased or, if costs increase significantly, use of the funding to purchase standard bikes instead. Noting that this will impact on the breadth of the scheme and will adversely impact on certain sectors of the community.

Outcome of ITE assessment

- 7.22. At the time of the original GBF Business Case submission, the BCR was reported to be 2.12:1. The application form indicated that the award of additional GBF funding would have a marginal impact on the BCR offered by the project.
- 7.23. As the Board are aware, projects are required to demonstrate a BCR of at least 2:1 if they are to be considered for award of funding. In light of the proximity of the BCR to 2:1, the Strategic Board agreed that the project be included in the project pipeline but that a further review must be undertaken by the ITE to confirm that the project continues to meet the requirements of the SELEP Assurance Framework prior to the award of any further funding. The outcome of the ITE review is set out below.
- 7.24. The scope of the scheme remains the same regarding delivery of the Clacton to Jaywick Sands cycle route. It was initially expected that up to 1,620 bikes would be procured for use

Getting Building Fund funding decisions

in the loan scheme. However, due to increased supply chain costs only 1,300 have been procured and additional funding is being sought to increase the number of bikes by 422 to 1,722. This is intended to tackle inequality by improving access to jobs and opportunities.

- 7.25. It is proposed that the 422 new bikes will be broken down as follows: 362 standard bikes, 10 adapted bikes and 50 e-bikes. The additional GBF funding has been sought to increase bike availability in the community, including e-bikes and adapted bikes as per applicants' requests. E-bikes would allow people to travel longer distances and adapted bikes would allow people with disabilities to ride more safely and improve accessibility. Both would increase access to jobs and opportunities for those users.
- 7.26. There are no remaining barriers to project delivery if additional funding is awarded and monies can be spent by 31 March 2023. Mitigation is in place for the main remaining risks.
- 7.27. The scheme promoter has identified that the majority of benefits come from the enhanced infrastructure, which enables higher numbers of cycle trips, therefore the additional funding may not markedly increase benefits relative to costs.
- 7.28. The strategic case for the scheme is clear and reasonable in terms of opening up new jobs and opportunities in deprived areas by promoting active travel solutions. Though the scheme promoter estimated a BCR of 2.12:1 initially, it is considered that there is a Medium to Low certainty of achieving a ratio of at least 2:1, which would represent High value for money, if the additional funding is granted.
- 7.29. However, there may be an overriding strategic case for providing funding for adapted bikes, which are more accessible to people with disabilities. This would amount to £23,000 as per the breakdown in the additional funding application. This would ensure the scheme is inclusive of people with disabilities.

8. Next Steps

- 8.1. As set out in Section 3 of this report, the award of any additional GBF funding to any of the projects outlined in this report is contingent upon receipt of Government approval for the increase in GBF funding allocation.
- 8.2. If a response from Government is not received in advance of the Board meeting, steps will be taken to secure a response as quickly as possible following the meeting.
- 8.3. Following the approval of the award of additional GBF funding by the Board and Government, there will be a requirement to complete Variation Agreements which update the Service Level Agreements in place between the relevant Upper Tier Local Authorities, SELEP Ltd and Essex County Council (as the Accountable Body for SELEP). No funding will be issued to local partners until the relevant Variation Agreements have been completed. Release of the funding is also dependent upon the timely return of the GBF funding originally awarded to the Swan Modular Housing Factory project by Essex County Council.
- 8.4. In accordance with standard reporting processes, each project in receipt of additional GBF funding will be required to provide an update on delivery and spend of the GBF funding at

Getting Building Fund funding decisions

each subsequent Board meeting until delivery of the project has completed. Any risks with regard to spend of the GBF by the end of 2022/23 will be presented to the Board at the next meeting.

9. Financial Implications (Accountable Body comments)

9.1. Essex County Council as Accountable Body to SELEP, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant:

9.1.1. GBF was allocated through a grant determination from MHCLG (now Department of Levelling Up, Housing and Communications) via section 31 of the Local Government Act 2003; this is subject to the following condition:

The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.

9.2. The grant conditions do not impose an end date for use of the funding, albeit that it was the expectation of Government that all funding was defrayed by 31 March 2022.

9.3. All GBF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA.

9.4. The Agreements set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

9.5. Should the Board approve the award of GBF, a variation agreement will be put in place to the existing GBF service level agreement (SLA) in place between the Accountable Body, SELEP Ltd and Essex County Council.

9.6. The Accountable Body will not transfer GBF awarded by the Board until the variation agreements are complete and the funding associated with the Swan Modular Housing Project has been returned to the funds held by Essex County Council on behalf of SELEP.

10. Legal Implications (Accountable Body comments)

10.1. The terms set out in the grant conditions between the Accountable Body and Central Government for the Getting Building Fund will set out how the GBF is to be administered and used. If the recommendation to award funding to the projects is approved, a variation agreement will be put into place between the Accountable Body, SELEP Ltd and the lead authority.

11. Equality and Diversity Implications

11.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

Getting Building Fund funding decisions

- 11.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- 11.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
- 11.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3. In the course of the development of the project business case, the delivery of the project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

- 12.1. Appendix A – Report of the Independent Technical Evaluator
- 12.2. Appendix B – Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project information
- 12.3. Appendix C – Tindal Square, Chelmsford project information
- 12.4. Appendix D – Jaywick Market and Commercial Space project information
- 12.5. Appendix E – Tendring Bikes and Cycle Infrastructure project information

13. List of Background Papers

- 13.1. [Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises – application for additional GBF funding](#)
- 13.2. [Tindal Square – application for additional GBF funding](#)
- 13.3. [Jaywick Market and Commercial Space – application for additional GBF funding](#)
- 13.4. [Tendring Bikes and Cycle Infrastructure – application for additional GBF funding](#)

(Any request for background papers listed here should be made to the person named at the top of the report who will be able to help with any enquiries)

Getting Building Fund funding decisions

Role	Date
Accountable Body sign off Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	18/01/2023