

GBF Prioritised Project Pipeline

Executive Summary

1. Overview

- 1.1. The Investment Panel (the Panel) is asked to consider and agree a new prioritised project pipeline for the remaining Getting Building Fund (GBF) funding. In accordance with the process agreed at the SELEP Strategic Board meeting on 7 July 2023, this pipeline will provide the opportunity for new shovel ready projects to seek GBF funding to support delivery.
- 1.2. It is intended that the new GBF prioritised project pipeline will be used to allocate the £2.049m GBF funding currently available for reinvestment as well as the reallocation of any further returned GBF funding and returned LGF funding following the exhaustion of the current LGF project pipeline.

2. Decisions: Investment Panel is recommended to:

- 2.1. **Agree** a new prioritised GBF project pipeline (an indicative pipeline is set out in Table 1).

3. Rationale for Decisions

- 3.1. Essex County Council (as the Accountable Body for SELEP) is holding £2.049m GBF funding which is not currently allocated to projects. This funding was returned to SELEP following the Accountability Board decision to remove the Swan Modular Housing Factory project from the GBF programme in January 2023. The GBF project pipeline, as agreed by the Board in October 2022, has been exhausted and therefore an alternative approach to reallocating this funding was established by the Strategic Board in July 2023. The agreed process has now been completed and the outcome is set out in this report for consideration by the Panel.
- 3.2. As the Panel are aware the GBF programme officially ended on 31 March 2022 and it is therefore important that the remaining GBF held within the SELEP Capital Programme is invested in appropriate projects at the earliest opportunity. The agreement of a new prioritised project pipeline at this meeting will allow the GBF funding decisions to be taken in January 2024, ensuring that full GBF spend is achieved by January 2025.
- 3.3. It is also important to note that the outcome of SELEP's Annual Performance Review with Government in 2022/23 identified a concern with regard to GBF spend continuing into 2023/24. Given that GBF spend will now be extending into 2024/25, it is critical that the ability to spend the GBF funding in a short timeframe is a key consideration when prioritising projects for receipt of the available funding.
- 3.4. The Panel should be mindful of the need to seek Government approval for the inclusion of any new projects in the GBF programme – regardless of whether the projects featured on the original GBF long list submitted to Government. The process is likely to be more time consuming for projects which did not feature on the original long list submission due to the need to secure ministerial approval, however, efforts will be made to engage Government officials at the earliest opportunity to ensure that these approvals do not delay the award and release of funding to prioritised projects.

Further Information

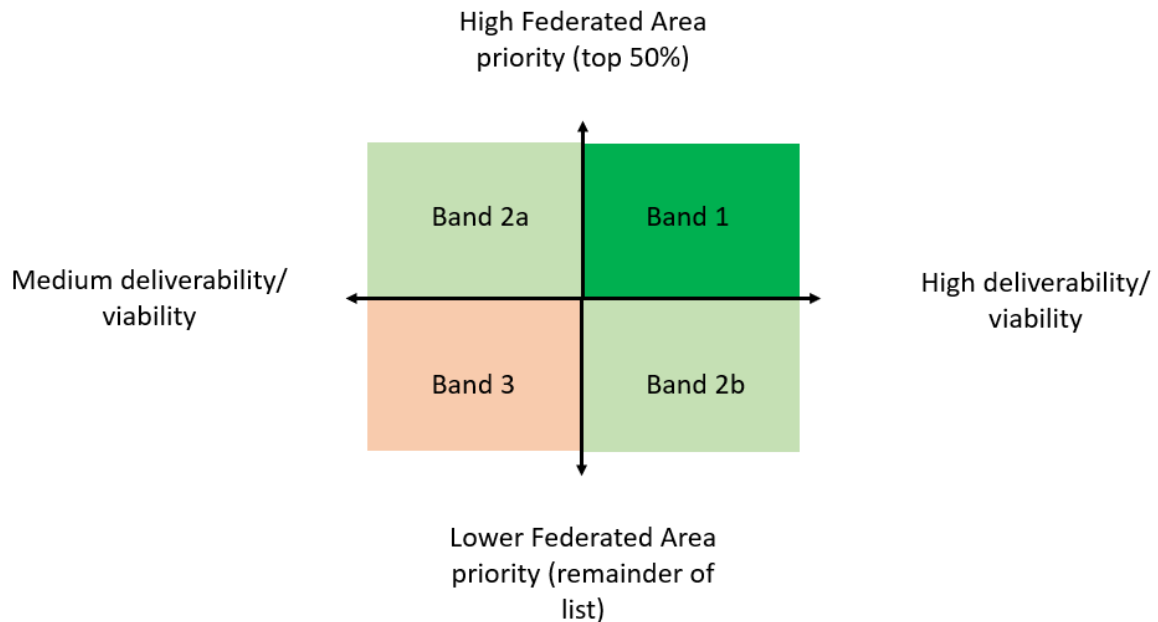


4. Decision 1: Agree a new prioritised GBF project pipeline

- 4.1. The original purpose of the GBF funding was to help support economic recovery following the COVID-19 pandemic. As a result, there was an expectation from Central Government that not only would the projects be subject to short delivery programmes but that the forecast project benefits would also be realised in the short-term.
- 4.2. In order to ensure that the reallocation of the funding remains in line with the vision set out by Government and that the remainder of the programme is deliverable within the appropriate timescales, the Strategic Board agreed the following criteria for projects seeking additional GBF funding:
 - 4.2.1. Projects must support the activities outlined in the SELEP Economic Recovery and Renewal Strategy.
 - 4.2.2. Projects must demonstrate that they are shovel ready and that they are subject to a short delivery programme, with full spend of the GBF funding to be achieved within 12 months of receipt of funding approval from the Accountability Board.
 - 4.2.3. There should be no barriers to delivery, such as outstanding permissions or consents. Any remaining barriers to delivery will render the project ineligible for receipt of GBF funding.
 - 4.2.4. Projects must demonstrate a robust need for investment with particular reference to the challenges created as a result of the COVID-19 pandemic.
 - 4.2.5. Project Business Cases must demonstrate High value for money or compliance with one of the exemptions outlined within the SELEP Assurance Framework.
 - 4.2.6. Projects must demonstrate that a full funding package is in place to support delivery.
 - 4.2.7. Business Cases must demonstrate that consideration has been given to the impact of high inflation and interest rates on forecast costs.
 - 4.2.8. No upper limit was placed on the amount of GBF funding which could be sought by projects.
 - 4.2.9. Projects which have previously been removed from the GBF programme cannot re-apply for funding.
- 4.3. Following an open call for projects which was led by the four SELEP Federated Boards, a total of 24 applications seeking a total of £12.809m investment were submitted. Each Federated Board undertook a local prioritisation process which considered the fit of the projects with both the GBF criteria agreed by the Strategic Board and with local economic priorities. Following the conclusion of this process, 15 projects seeking total GBF investment of £7.555m were put forward for consideration by SELEP, the Independent Technical Evaluator (ITE) and the Panel. The 15 prioritised projects are set out in Appendix B.
- 4.4. The approach to prioritisation seeks to reflect the Federated Board prioritisation of the projects, an assessment of each project against the criteria agreed by the Strategic Board (as set out at Section 4.2 of this report) and a review of each Business Case, which has sought to identify deliverability or value for money risks.
- 4.5. The projects have been divided into 4 bands – Band 1, 2a, 2b and 3 based on their Federated Area prioritisation and an assessment of their current deliverability (Figure 1). The assessment of all

projects has been supported by the ITE who has undertaken a standard two gate review (including an inter-gate conversation with each scheme promoter) of all new Business Cases produced.

Figure 1: Proposed banding of projects seeking GBF funding



- 4.6. Projects within Band 1 have been identified by Federated Boards as a high priority (i.e. within the top 50% of their prioritised list) with no identified deliverability or value for money risks. It should be noted that where a Value for Money exemption has been applied in lieu of calculating a Benefit Cost Ratio (BCR), this has not been considered to present a Value for Money risk as the ITE has confirmed that they are satisfied that the exemption has been applied correctly in each case.
- 4.7. Band 2a contains the remaining projects identified as a high priority by the Federated Boards, subject to the project's compliance with the criteria agreed by the Strategic Board and with the SELEP Assurance Framework. Deliverability, value for money or benefit realisation risks have been identified and therefore these projects present a higher risk than those in Band 1. All projects within Band 2a are considered to be deliverable but the identified risks should be taken into account when agreeing the inclusion of these projects in the GBF prioritised project pipeline.
- 4.8. The intention was that Band 2b would include projects which have been identified by Federated Boards as a lower priority (i.e. not within the top 50% of their prioritised list) but which have no identified deliverability or value for money risks. Following assessment of the Business Cases received, no projects have been placed in this band.
- 4.9. Band 3 contains those projects identified as a lower priority by Federated Boards, which have identified deliverability or value for money risks. All projects in this band have indicated that the GBF funding could be spent within 12 months of funding award as required, however, there are either identified delivery risks or risks to benefit realisation which should be considered when agreeing the prioritised project pipeline.
- 4.10. Projects within Band 1 have not been prioritised as there is sufficient funding to support delivery of all projects, however, projects in other bands have been prioritised due to the limited amount of GBF funding available for allocation at this time and the need to develop a prioritised project

pipeline for use should any further GBF funding be returned to SELEP prior to 31 March 2024.

- 4.11. Projects have initially been prioritised within each band based on the RAG rating applied against each of the criteria outlined above. If required, further prioritisation has been undertaken using the following criteria (as applicable in each case):
- 4.11.1. **Strength of the case for investment, including consideration of the Strategic Case** – it is important that the GBF funding is invested in projects which can demonstrate a robust need for investment and a strong strategic alignment with relevant local and national policy, including the SELEP Economic Recovery and Renewal Strategy. Those projects which can demonstrate a stronger case for investment have been prioritised over those where the case for investment is less well developed.
- 4.11.2. **Scale of benefits which will be realised through the GBF investment** – whilst acknowledging the different types of project and levels of GBF investment which have been sought through this funding round, an assessment of the scale of benefits which will be realised through the GBF investment has been made. Where required this assessment has been used to facilitate prioritisation – with those projects forecasting a greater scale of benefits being prioritised over those with a lower scale of benefits expected.
- 4.11.3. **Level of risk associated with achieving forecast benefits** – in addition to considering the scale of benefits which are expected to be realised as a result of the GBF investment, consideration has also been given to the level of risk associated with the realisation of the identified benefits. If there is an identified potential barrier to the realisation of the forecast project benefits, the affected projects have not been prioritised over those which offer a greater level of certainty of benefit realisation.
- 4.12. An indicative project pipeline is set out in Table 1, alongside a summary of the information used to prioritise the projects. This pipeline has been developed to facilitate a discussion amongst the Panel and is not necessarily intended to reflect the final prioritised list.

Table 1: Indicative GBF project pipeline

	Project name	Fed Area	Fed Area priority	GBF Ask	Cumulative total	Will GBF funding be spent within 12 months of award?	Is a full funding package in place (subject to award of GBF funding)?	Strength of case for requesting GBF funding	Has consideration been given to the impact of high inflation and interest rates on forecast costs?	Scale of project benefits forecast	Value for money offered by project	Can the project proceed without GBF funding?	Barriers to project delivery
Band 1	Tech Hub Flexible Workspace, Gravesend	KMEP	1	£370,000	£370,000	Green	Green	Green	Green	Green	VfM exemption	Green	Green
	Mercury Rising 2	SE	1	£500,000	£870,000	Green	Green	Green	Green	Green	VfM exemption	Green	Green
Band 2a	Innovation Hub: Diversification of Chatham Town Centre	KMEP	2	£300,000	£1,170,000	Green	Green	Green	Green	Green	VfM exemption	Reduced scope	Green
	Maidstone Business Suite Phase 2	KMEP	3	£300,000	£1,470,000	Green	Green	Green	Green	Green	VfM exemption	Delayed	Green
	The Victoria Centre, Southend	OSE	3	£600,000	£2,070,000	Green	Green	Green	Green	Green	VfM exemption	Green	Green
	Basilidon Boom	OSE	1	£300,000	£2,370,000	Green	Amber	Green	Green	Green	VfM exemption	Green	Green
	Camber Sands Welcome Centre	TES	1	£691,973	£3,061,973	Green	Green	Green	Green	Green	VfM exemption	Reduced scope	Green
	High Street Pop Up Parks, Southend	OSE	2	£276,045	£3,338,018	Green	Green	Green	Green	Green	VfM exemption	Reduced scope	Green
Band 3	Flightpath Phase 3	SE	2	£500,000	£3,838,018	Green	Green	Green	Green	Green	VfM exemption	Delayed	Green
	Enabling 5G in Dover and East Kent	KMEP	5	£465,000	£4,303,018	Green	Green	Green	Green	Green	VfM exemption	Green	Green
	No Use Empty (Residential), Southend	OSE	5	£1,000,000	£5,303,018	Green	Amber	Green	Green	Green	VfM exemption	Green	Green
	Renewable Heating Systems for the Creative Media Centre, Hastings	TES	2	£253,000	£5,556,018	Green	Green	Amber	Green	Green	VfM exemption	Green	Green
	No Use Empty (Commercial), South Essex	OSE	4	£1,100,000	£6,656,018	Green	Amber	Green	Green	Green	VfM exemption	Reduced scope	Green
	Tunbridge Wells Town Hall co-working space	KMEP	4	£400,000	£7,056,018	Green	Green	Green	Red	Green	VfM exemption	Delayed	Green
	A249 Bearsted Road Highway Improvement Scheme	KMEP	6	£500,000	£7,556,018	Green	Red	Green	Green	Amber	BCR calculated	Reduced scope	Green

Key

- Will GBF funding be spent within 12 months of award? – Projects which have indicated that full GBF spend will be achieved within 12 months have been ranked as Green. Any other response would have resulted in a Red RAG rating.
- Is a full funding package in place (subject to award of GBF funding)? – Projects which have demonstrated a full funding package have been ranked as Green. Projects where there are outstanding funding agreements have been flagged as Red and those projects where the funding package will be confirmed through delivery of the project have been ranked as Amber.
- Strength of case for requesting GBF funding – Projects which have demonstrated a strong Strategic Case and alignment with the SELEP Economic Recovery and Renewal Strategy have been ranked as Green. Those projects with a slightly weaker Strategic Case have been assessed as Amber.
- Has consideration been given to the impact of high inflation and interest rates on forecast costs? – If the Business Case provided confirmation that consideration had been given to these areas, the project was ranked as Green. If there was no evidence of consideration, a Red ranking was applied.
- Scale of project benefits forecast – Projects which have demonstrated a high level of benefits have been ranked as Green. Lower levels of benefits have been assessed as Amber.
- Value for money offered by project – All projects which correctly applied a Value for Money exemption, or which demonstrated a BCR in excess of 2:1 have been ranked as Green. Any other outcome of the Economic Case would have been assessed as Amber or Red.
- Can the project proceed without GBF funding? – Projects which are unable to proceed without GBF funding have been assigned a Green RAG rating as the GBF funding is essential to enable project delivery. Projects which are able to proceed without GBF funding (either at a reduced scale or after a delay) have been ranked as Amber.
- Barriers to project delivery – Projects which have demonstrated that there are no barriers to delivery have been ranked as Green. Any other response would have resulted in a Red RAG rating.



4.13. A full summary of the applications received is set out in the Getting Building Fund pipeline assessment spreadsheet (Appendix C).

4.14. As set out above, projects in Bands 2a and 3 have identified deliverability, value for money or benefit realisation risks. A brief summary of these risks is set out in Table 2 below on a project-by-project basis. Table 2 also explains the rationale for the current prioritisation.

Table 2: Identified project risks and rationale for current prioritisation

Project	RAG rating	Identified Risks/Rationale for prioritisation
Tech Hub Flexible Workspace Gravesend	Rationale for prioritisation	A strong strategic case has been presented for the project and the additionality offered by the GBF funding is clear. There are no barriers to delivery and the scheme promoter has indicated that delivery can be completed within 12 months of funding award as required.
Mercury Rising 2	Rationale for prioritisation	The Business Case demonstrates a robust need for investment to support the creative industries and evidence of demand for the proposed interventions. The benefits include facilitation of 8 jobs, 80 gross FTE jobs (indirect), support for 240 creative businesses and delivery of 135sqm of professional standard rehearsal and meeting space. A barrier to project delivery was originally identified, however, the scheme promoter has now confirmed that planning consent was granted on 17 November 2023.
Innovation Hub: Diversification of Chatham Town Centre	Can the project proceed without GBF funding?	The project is already in receipt of Future High Streets Fund funding and therefore project delivery will continue if GBF funding is not awarded. However, without the GBF funding, there will be a need to review the scope of the project and there is a likelihood that there will also be a reduction in quality which may impact upon the ability of the Hub to attract innovative businesses.
	Rationale for prioritisation	The project has been placed at the top of Band 2a by virtue of the RAG rating highlighting fewer deliverability or risks to benefit realisation than the other projects in the band (excluding The Victoria Centre, Southend, Basildon Boom and Maidstone Business Suite Phase 2). The project has been placed above The Victoria Centre and Maidstone Business Suite



		<p>in the pipeline due to the quantity of benefits which can be attributed to the GBF funding. The project has been placed above Basildon Boom due to the project offering a stronger case for investment.</p> <p>It should be noted that Medway Council have provided written confirmation that there will be no double-counting of benefits between the Future High Streets Fund and GBF (should funding be awarded).</p>
Maidstone Business Suite Phase 2	Can the project proceed without GBF funding?	The Business Case indicates that if GBF funding is not awarded, delivery of the project will need to be funded by Maidstone Borough Council. This will likely delay project delivery by at least 5 years.
	Rationale for prioritisation	Both the project and The Victoria Centre, Southend project have, at least in part, demonstrated that there is demand for the workspace which is the subject to the respective applications, however, the project has been placed second in Band 2a by virtue of forecasting a greater quantum of benefits.
The Victoria Centre, Southend	Scale of project benefits forecast	According to the Business Case, the project will facilitate the return of 279sqm of commercial space to effective use and will generate 25 jobs (11 of which are direct and 14 are indirect (net)). In comparison with other schemes, the scale of benefits has been assessed to be medium.
	Rationale for prioritisation	The project has been placed below Maidstone Business Suite Phase 2 due to a lower quantum of forecast project benefits being identified.
Basildon Boom	Strength of case for requesting GBF funding	A strategic case has been presented for the project, with a clear objective to address an under-supply of affordable and flexible office, co-working and leisure space in Basildon. However, whilst the Business Case contains discussion regarding the current state of the commercial and leisure space offer within Basildon, there is no direct evidence of demand for the available workspace. In addition, further work is needed to fully develop the operating model for the leisure space before its viability can be confirmed.



	Rationale for prioritisation	The project has been placed below the Innovation Hub, Maidstone Business Suite and The Victoria Centre projects due to the project having been assessed as offering a slightly weaker case for investment. This is primarily due to some elements of the operating model requiring further development.
Camber Sands Welcome Centre	Scale of project benefits forecast	A wide range of benefits which will be realised as a result of project delivery have been identified, including the creation of up to 2.5 FTE jobs, 13 construction jobs, 39sqm of commercial space, 23sqm of learning/teaching floorspace and it has been indicated that the project will support 9 businesses and will assist 91 learners. In comparison with other schemes, the scale of benefits has been assessed to be medium.
	Can the project proceed without GBF funding?	The project will proceed to delivery regardless of whether GBF funding is awarded. However, without GBF funding, the scope of the project will need to be reduced which will impact upon the scale of benefits which can be achieved.
	Rationale for prioritisation	The project has been placed fifth in Band 2a by virtue of the RAG rating applied, with more deliverability or benefit realisation risks identified compared to the remaining projects within the Band (with the exception of High Street Pop Up Parks Southend). A barrier to project delivery was originally identified, however, the scheme promoter has now confirmed that planning consent was granted on 16 November 2023.
High Street Pop Up Parks Southend	Strength of case for requesting GBF funding	The Business Case indicates that the project is seeking to revitalise key locations around Southend Town Centre through the provision of improved public realm, with a view to increasing footfall within the town centre resulting in increased viability and growth for local businesses. This project will play a part in seeking to reverse the decline of the High Street which has been exacerbated by the COVID-19 pandemic. Whilst the Strategic Case is understood, the proposed works present a more indirect



		<p>solution to the challenges faced than the majority of the projects presented for Investment Panel consideration. For that reason, the strength of case for requesting GBF funding has been assessed as medium.</p>
	Scale of project benefits forecast	<p>The Business Case outlines a wide range of benefits which are expected to be realised following project delivery. Whilst acknowledging the importance of these benefits to Southend Town Centre, the majority of the benefits have not been quantified, which makes it hard to assess the scale of impact that the project will have. In addition, it is noted that the majority of the expected project benefits fall outside the scope of those routinely monitored by Government. This may present a challenge, should GBF funding be awarded, in presenting a robust case to Government for inclusion of the project within the GBF programme.</p>
	Can the project proceed without GBF funding?	<p>If GBF funding is not awarded, it would be possible for a smaller scale scheme to be delivered using other funding which has been secured. However, the scope of the project would be reduced which would reduce the impact and offer fewer benefits.</p>
	Rationale for prioritisation	<p>The project has been placed sixth in Band 2a by virtue of the RAG rating applied, with more deliverability or benefit realisation risks identified compared to the remaining projects within the Band.</p>
Flightpath Phase 3	Can the project proceed without GBF funding?	<p>The Business Case indicates that if GBF funding is not awarded to support project delivery, it is unlikely that the proposed works will come forward for at least 2 years. However, there is an ongoing commitment from the site owner to deliver the planned works at a future date.</p>
	Rationale for prioritisation	<p>The project has been placed at the top of Band 3 by virtue of the RAG rating highlighting fewer deliverability or risks to benefit realisation than the other projects in the band (excluding Enabling 5G in Dover and East Kent).</p>



		The project has been placed above Enabling 5G in Dover and East Kent due to it offering a greater level of certainty with regard to realising the forecast project benefits.
Enabling 5G in Dover and East Kent	Scale of project benefits forecast	The project has the potential to bring forward significant benefits through facilitating a reduction in the frequency of required traffic management schemes, such as Dover TAP, by allowing live management of traffic heading to the Port of Dover. As it stands the Port of Dover are in high level negotiations with the Department for Transport and National Highways with regard to access to real time traffic data. If access cannot be agreed, there is a risk that the benefits will not be realised.
	Rationale for prioritisation	This project has been placed second in Band 3 due to concerns regarding the current ability of the project to achieve the forecast project outcomes. There is a risk that negotiations with the Department for Transport and National Highways with regard to access to real time traffic data could be protracted which would impact on the timescales for and ability to realise the forecast project benefits.
No Use Empty (Residential), Southend	Is a full funding package in place (subject to award of GBF funding)?	Private sector match funding has been identified within the Business Case. However, due to the nature of the project, this funding cannot be confirmed until the properties which are to be the subject of the loans have been identified. One of the criteria for the award of a No Use Empty loan is that a full funding package is in place. Therefore, whilst the criteria agreed by the Strategic Board cannot be met at this time, there is confidence that as the project progresses, no loans will be issued without meeting this criteria.
	Scale of project benefits forecast	The project is expected to facilitate creation of 12 FTE jobs (gross) and delivery of 36 housing units. Given the scale of GBF investment sought (£1.0m), the level of benefits expected to be realised has been assessed as medium.



	<p>Rationale for prioritisation</p>	<p>The project has been placed third in Band 3 by virtue of the RAG rating applied, with fewer significant deliverability or benefit realisation risks identified compared to the remaining projects within the Band (with the exclusion of Renewable Heating Systems for the Creative Media Centre, Hastings).</p> <p>The project has been placed above the Creative Media Centre project by virtue of it offering a stronger case for investment.</p> <p>It should be noted that due to the nature of the project there are currently a number of unknowns, including uncertainty regarding the full funding package and a lack of clarity regarding the requirements around planning consent. The scheme promoter has confirmed that prior to a No Use Empty loan being issued, the applicant must demonstrate that they have adequate match funding to support project delivery, that all required consents are in place and that robust quotes for the proposed works have been obtained. As a result, there is confidence that all identified concerns will be addressed prior to release of any funding by the scheme</p>
<p>Renewable Heating Systems for the Creative Media Centre, Hastings</p>	<p>Strength of case for requesting GBF funding</p>	<p>The Business Case identifies a number of challenges which are faced by the Creative Media Centre, including reduced occupancy since the COVID-19 pandemic, increased provision of similar workspace within Hastings Town Centre and increasing operating costs. The proposed works go some way to addressing these challenges and seek to put the building in a stronger position to compete with the wider market, however, there continue to be identified challenges which are outside the control of the scheme promoter which could continue to threaten the ongoing operation of the building – even if GBF investment is secured.</p>
	<p>Scale of project benefits forecast</p>	<p>The Business Case identifies a number of benefits which will be realised as a result of project delivery, including a reduction in greenhouse gas emissions, reduced running costs and support of up to 31 FTE jobs</p>



		(gross) within the building. In comparison with other schemes, the scale of benefits has been assessed to be medium.
	Rationale for prioritisation	The project has been placed fourth in Band 3 by virtue of the RAG rating applied, with fewer significant deliverability or benefit realisation risks identified compared to the remaining projects within the Band.
<p>No Use Empty (Commercial), South Essex</p>	<p>Is a full funding package in place (subject to award of GBF funding)?</p>	<p>Private sector match funding has been identified within the Business Case. However, due to the nature of the project, this funding cannot be confirmed until the properties which are to be the subject of the loans have been identified. One of the criteria for the award of a No Use Empty loan is that a full funding package is in place. Therefore, whilst the criteria agreed by the Strategic Board cannot be met at this time, there is confidence that as the project progresses, no loans will be used without meeting this criteria.</p>
	<p>Scale of project benefits forecast</p>	<p>The project is expected to facilitate creation of 15 jobs (construction and in businesses occupying new space), delivery of 28 new homes and construction of 2,000sqm of commercial floorspace. Given the scale of GBF investment sought (£1.1m), the level of benefits expected to be realised has been assessed as medium.</p>
	<p>Can the project proceed without GBF funding?</p>	<p>£1.2m GBF funding was awarded in November 2020 to support project delivery. This funding has been fully invested in loans but repayments against those loans will allow the funding to be reinvested in a new round of NUE loans. In addition, £1m GBF funding has been awarded to support project delivery. This funding has not yet been drawn down and therefore remains available to invest in identified loans.</p>
	<p>Rationale for prioritisation</p>	<p>The project has been placed fifth in Band 3 by virtue of the RAG rating applied, with fewer significant deliverability or benefit realisation risks identified compared to the remaining projects within the Band.</p> <p>As with the No Use Empty (Residential)</p>



		<p>project, it should be noted that due to the nature of the project there are currently a number of unknowns, including uncertainty regarding the full funding package and a lack of clarity regarding the requirements around planning consent. The scheme promoter has confirmed that prior to a No Use Empty loan being issued, the applicant must demonstrate that they have adequate match funding to support project delivery, that all required consents are in place and that robust quotes for the proposed works have been obtained. As a result, there is confidence that all identified concerns will be addressed prior to release of any funding by the scheme promoter should GBF funding be awarded.</p>
<p>Tunbridge Wells Town Hall co-working space</p>	<p>Has consideration been given to the impact of high inflation and interest rates on forecast costs?</p>	<p>The Strategic Board agreed that all Business Cases should consider the impact of high inflation and interest rates on forecast project costs in order to mitigate potential future cost increases which render the scheme unaffordable. There is no indication within the Business Case that consideration has been given to the impact of either inflation or interest rates on delivery of this project.</p>
	<p>Can the project proceed without GBF funding?</p>	<p>The Business Case indicates that without GBF funding delivery of the project will be delayed. If the GBF funding is not awarded, the responsibility for making the space fit for purpose would be placed on the workspace operator. This would make their investment more costly and would present a higher risk proposition for the market, making it harder to secure/retain an operator for the site.</p>
	<p>Rationale for prioritisation</p>	<p>The project has been placed sixth in Band 3 by virtue of the RAG rating applied, with more significant deliverability or benefit realisation risks identified compared to the remaining projects within the Band (excluding A249 Bearsted Road Highway Improvement Scheme).</p> <p>The project does not fully meet the criteria</p>



		<p>agreed by the Strategic Board as no evidence has been provided within the Business Case that consideration has been given to the impact of high inflation and interest rates on forecast project costs. Whilst the project has been retained on the pipeline, as it is considered deliverable, it is recommended that award of funding to this project is not considered until evidence has been provided that all identified Strategic Board requirements have been met.</p>
<p>A249 Bearsted Road Highway Improvement Scheme</p>	<p>Is a full funding package in place (subject to award of GBF funding)?</p>	<p>All funding sources required to deliver the project have been identified but the Business Case indicates that funding agreements with two parties still need to be signed before the full funding package can be confirmed.</p>
	<p>Scale of project benefits forecast</p>	<p>The Business Case lists a range of benefits that will be realised as a result of the project, although none of the benefits have been quantified which makes it difficult to assess their scale. A BCR of 14.9:1 for the overall scheme has been calculated which suggests a high scale of benefits. However, in relation to the GBF funding specifically, this is expected to enable delivery of some of the walking/cycling elements of the scheme and therefore the additional benefits realised as a result of the GBF funding have been assessed as being medium.</p>
	<p>Can the project proceed without GBF funding?</p>	<p>Delivery of the project will proceed without the GBF funding; however, an element of value engineering will need to take place to ensure that delivery is possible within the available budget. This is likely to impact on the walking/cycling elements of the project.</p>
	<p>Rationale for prioritisation</p>	<p>The project has been placed seventh in Band 3 by virtue of the RAG rating applied, with more significant deliverability or benefit realisation risks identified compared to the remaining projects within the Band.</p> <p>The project does not fully meet the criteria agreed by the Strategic Board as a full</p>



		confirmed funding package is not currently in place for the project. All other funding sources have been identified but there are two funding agreements which remain unsigned. Whilst the project has been retained on the pipeline, as it is considered deliverable, it is recommended that award of funding to this project is not considered until evidence has been provided that all identified Strategic Board requirements have been met.
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4.15. In the absence of any projects within Band 2b, it is recommended that the available GBF funding is awarded to projects in Band 1 and Band 2a. If the proposed project pipeline (as set out above) is agreed, the full GBF funding allocation sought will be awarded to the first 4 projects on the pipeline, with the fifth project potentially receiving a reduced GBF allocation (£579,232 compared to the £600,000 sought). It is noted within the Business Case that The Victoria Centre project is scalable if the full requested GBF allocation is not available. However, reducing the scope of the project would significantly reduce the impact of the scheme. In this scenario, discussions would be held with the scheme promoter to establish whether it remains viable to deliver the project at a reduced scope and the level of funding required to support this.

5. Next Steps

- 5.1. The award of the £2.049m GBF to the projects prioritised by the Panel will need to be considered for approval by the Accountability Board at their meeting on 12 January 2024.
- 5.2. Following the agreement of the GBF prioritised project pipeline by the Panel, all required Change Requests will be submitted to Government at the earliest opportunity with a view to securing required Government approval prior to consideration of the projects by the Accountability Board. If any Government approvals are outstanding, any decisions by the Accountability Board will need to be subject to receipt of Government approval.
- 5.3. The award of GBF funding to the prioritised projects will need to be formalised through the completion of Variation Agreements. These agreements, which facilitate the addition of the projects to the GBF Service Level Agreement, can only be progressed following receipt of both Accountability Board and Government approval.

6. Comments from the Accountable Body

- 6.1. The cancellation of some GBF projects during the 2022/23 financial year required the return of GBF funding to the Accountable Body to be reallocated to other Projects in accordance with the decisions of the Accountability Board. £2.049m of unallocated GBF funding continues to be held by the Accountable Body.
- 6.2. Essex County Council, as the Accountable Body for SELEP, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. GBF is a capital grant awarded by Government and 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.

- 6.3. Any decisions made by the SELEP Boards are required to be compliant with the condition for spend to be Capital and with the existing governance processes of SELEP until SELEP as a company is formally dissolved and any residual legacy issues are concluded or transitioned to the satisfaction of Essex County Council as the Accountable Body and Government.
- 6.4. Essex County Council is Accountable to DLUHC for ensuring that SELEP continues to operate in accordance with the agreed Assurance Framework; including decisions with respect to the allocation of funding. Any divergence from the Assurance Framework, in decision making by the Panel will require support from the Accountable Body and Government.
- 6.5. All funding allocated through this process will be subject to approval by the SELEP Accountability Board and awarded through a funding agreement with the Accountable Body that will set out the terms of use; the funding agreement will also include 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 Accountability Board.
- 6.6. Arrangements are being considered in respect to transferring Accountability for any GBF funding awarded through this process to be transferred to the Lead Local Authority Partner following closure of the SELEP.

7. Appendices, Supporting Documents and Previous Decisions

- 7.1. Appendix A: Getting Building Fund – development of new prioritised project pipeline process note
- 7.2. Appendix B: Outcome of Federated Board local prioritisation process
- 7.3. Appendix C: Completed Getting Building Fund pipeline assessment spreadsheet
- 7.4. Appendix D: Report of the Independent Technical Evaluator
- 7.5. For further information please contact SELEP Capital Programme Manager, Helen Dyer (Helen.Dyer@southeastlep.com)