

From: Barbara Cooper, Corporate Director, Growth, Environment and Transport

To: Roger Gough, Leader of Kent County Council

Subject: **Further Investment of Getting Building Funding in third-party projects**

Decision No: 21/00005

Electoral Division: All

Summary:

Getting Building Funding (GBF) was announced by Government on 10th June 2020. The funding is part of the Government's plan to deliver upgrades to local infrastructure, to boost skills and help fuel a green economic recovery by investing in shovel-ready housing and infrastructure projects, to create jobs, and to support economic recovery.

Kent County Council took decisions 20/00085 and 20/00086 in September 2020, which enables the investment of GBF into three Kent County Council-delivered projects and four third-party delivered projects within Kent.

Since decision 20/00086, one of these projects produced its fully costed business case, which has now been approved by the South East Local Enterprise Partnership. The full business case sought a lower amount of GBF to deliver the same benefits than was requested in the original Expression of Interest. £323,204 of GBF is therefore available to allocate to the next project on the GBF reserve pipeline. The next project on this reserve list is St George's Creative Hub project, and the project promoter is Gravesham Borough Council.

This key decision is required to enable a grant agreement to be entered into so that the Government funding may be secured for this project. Due to the terms and conditions of the Government's Getting Building Fund, this funding can only be spent on specific GBF projects.

Recommendation(s):

The Leader of the Council is asked to agree the proposed decision to:

- Agree that the Getting Building Funding (GBF) will be used to support the third-party project that the South East Local Enterprise Partnership's Strategic Board prioritised to receive GBF at its board meeting on 11 December 2020.
- That Kent County Council acts as the accountable body for third-party projects within Kent's geographical boundaries that are selected by the SELEP to receive GBF grant funding.
- Delegate to the Section 151 Officer the authority to sign on KCC's behalf a grant agreement or equivalent, where this is required to draw down funds following business case approval.

The proposed decision is shown at Appendix A.

1. Background

- 1.1 Getting Building Funding was announced by Government on 10th June 2020. The funding is part of the Government's plan to deliver upgrades to local infrastructure and to boost skills, help fuel a green economic recovery by investing in shovel-ready housing and infrastructure projects, to create jobs, and to support economic recovery.
- 1.2 Consequently, the South East Local Enterprise Partnership (SELEP), via the Kent and Medway Economic Partnership (KMEP), inviting local stakeholders (including KCC) to put forward shovel-ready scheme suggestions. The project promoters were asked to fill out an Expression of Interest form, setting out how much GBF would be required to deliver the project benefits.
- 1.3 All proposals were then submitted to Government, via SELEP, on 18th June 2020. The accumulated total of these SELEP proposals equalled £573m.
- 1.4 On 3rd July 2020, the Government informed the South East Local Enterprise Partnership (SELEP) that it would receive £85million of 'Getting Building Fund' (GBF) to deliver 'shovel-ready' schemes. GBF is capital grant funding.
- 1.5 The Government asked SELEP to prioritise its original scheme suggestions for inclusion within the £85m funding envelope. The SELEP Strategic Board met on 16th July 2020 to make its decision and agreed to endorse seven Kent-based schemes.
- 1.6 One of the schemes selected was the construction of a New Performing & Production Digital Arts Facility at North Kent College. The project promoter had originally sought £12,625,000 in their Expression of Interest dated July 2020.
- 1.7 SELEP's governance rules (set out in their assurance framework) state a full Green-Book business case with in-depth cost calculations must be produced and presented to the SELEP Accountability Board for their final sign-off before any capital funding can be transferred.
- 1.8 The business cases for the seven Kent based schemes have now been presented to the SELEP Accountability Board, and all successfully secured approval, and projects are under construction. The KCC decisions that relate to these projects are 20/00085 and 20/00086.
- 1.9 In moving from the Expression of Interest stage to the production of a full business case, North Kent College reduced their ask to £12,301,796. The project outcomes remain unchanged. £323,204 of GBF is therefore available to allocate to next project on the GBF reserve pipeline.

2. St George's Creative Hub

- 2.1 The next project on the KMEP reserve list, that could proceed within the funding available for reallocation, is St George's Creative Hub project, and the project

promoter is Gravesham Borough Council. The SELEP Strategic Board met on 11th December 2020 and endorsed this project's selection. The project promoters have now been asked to produce a full business case for the SELEP Accountability Board to consider on 12 February 2021.

- 2.2 The St George's Creative Hub will be constructed over two floors within a vacant retail/storage space, which adjoins a recently updated section of the existing shopping centre overlooking a courtyard area. The hub will include co-working space, studios, a gallery, and a café. The project is a vital development, to catalyse new economic activity and creative innovation within the heart of Gravesend town centre, which has been hard hit by a significant fall in activity since March and is busy redefining its role as a regional town, with potential to drive new growth opportunities.
- 2.3 The project is expected to produce 20 new jobs, safeguard 9 jobs, and support 10 construction jobs. In addition to the 471 sqm of new commercial floorspace, the project will improve 80 sqm of public realm.

3. Legal and Financial Implications

- 3.1 Subject to the necessary approvals being granted, SELEP requires Kent County Council to enter into a grant agreement with Essex County Council (which is SELEP's accountable body) for all schemes awarded GBF by SELEP within KCC's administrative boundary. The grant agreement gives Kent County Council the legal and financial responsibility for ensuring the proper use and administration of the funding in accordance with the terms and conditions. A back-to-back grant agreement between Kent County Council and the third-party project promoter would then be signed.
- 3.2 If Kent County Council were to choose to not enter into a grant agreement for the GBF project selected by the SELEP Strategic Board, the GBF funding could be either (i) retained by central government or (ii) reallocated to other projects by the SELEP Strategic Board.
- 3.3 The Government has specified that the GBF must be spent by 31 March 2022 or there is a potential that the funding will be clawed back. Appropriate project management oversight is being directed to the GBF projects to minimise this risk.

4. Policy Framework

- 4.1 The GBF investment will help Kent County Council to deliver against its objectives within Strategic Plan that was endorsed by County Council On 10 December 2020. Specifically, the capital grant investment will help deliver against these priority actions to help address the economic challenge:
 - Work with our partners to deliver essential support for local businesses
 - Promote Kent's key business sectors and visitor economy and promote confidence among visitors and residents that our county is 'open' within Government guidelines

- Seize the opportunities of the reversal of the ‘London pull effect’ on Kent’s economy and encourage and attract more London-based firms to consider relocating to Kent.
- Work with partners to enable the necessary physical, social and cultural infrastructure to make Kent an attractive place to live, work and invest in.
- Work with partners to support and reimagine Kent’s high streets and town centres as economic, social and cultural centres.
- Explore opportunities to maximise investment in building retrofit programmes, supporting the local retrofit industry
- Develop a pipeline of ‘shovel-ready’ infrastructure projects to act as a catalyst for the construction industry.

5. Conclusions

5.1 This key decision is required to enable grant agreements to be entered into so that additional Government funding may be secured for the St George’s Creative Hub project.

6. Recommendation(s)

The Leader of the Council is asked to agree the proposed decision to:

- Agree that the Getting Building Funding (GBF) will be used to support the third-party project that the South East Local Enterprise Partnership’s Strategic Board prioritised to receive GBF at its board meeting on 11 December 2020.
- That Kent County Council acts as the accountable body for third-party projects within Kent’s geographical boundaries that are selected by the SELEP to receive GBF grant funding.
- Delegate to the Section 151 Officer the authority to sign on KCC’s behalf a grant agreement or equivalent, where this is required to draw down funds following business case approval.

The proposed decision is shown at Appendix A.

Appendices and background documents:

- Appendix A – Proposed Record of Decision
- EqlA
- Information on the previous seven Kent-based GBF projects is available at:

GBF decision - 20/00086 - Investment of Getting Building Funding in Third-Party delivered projects

<https://democracy.kent.gov.uk/ieDecisionDetails.aspx?ID=2407>

GBF decision - 20/00085 - Investment of Getting Building Funding in KCC-delivered projects

<https://democracy.kent.gov.uk/ieDecisionDetails.aspx?Id=2393&EVT=103>

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