



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Finance, Economic Development and Corporate Services Overview and Scrutiny Committee

23 February 2021

Report of: Councillor Barry Dobson, Deputy Leader
and Cabinet Member for Growth and
Leisure



Future High Street Fund

Following the detailed Future High Street Fund report at Finance, Economic Development and Corporate Services Overview and Scrutiny Committee in June 2020, this report updates the final options for the capital projects to be supported by the in principle offer of up to £5,558,818.

The final submission date to Ministry of Housing, Communities and Local Government (MHCLG) is 26 February 2021.

Report Author

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Corporate Priority:	Decision type:	Wards:
Growth	Administrative	Grantham St Wulfram's

Reviewed by:	Jon Hinde, InvestSK Manager, InvestSK	10 February 2021
Approved by:	Karen Bradford, Chief Executive	11 February 2021
Signed off by:	Councillor Barry Dobson, Deputy Leader of the Council and Cabinet Member for Growth and Leisure	12 February 2021

Recommendation (s) to the decision maker (s)

- To update the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on the recent Cabinet decision to support the preferred option (identified as 'option 1') as the final proposed scheme for the Future High Street Fund in principle offer of £5,558,818.**

1 The Background to the Report

- 1.1 The final Future High Street Fund Business Case was reviewed by Finance, Economic Development and Corporate Services Overview and Scrutiny Committee in June 2020, approved at the Cabinet meeting in June 2020 and the Full Council in July 2020. The final bid was submitted to MHCLG at the end of July 2020.
- 1.2 In September 2020 MHCLG initiated a Further Clarification Stage, which focused on the Benefit Cost Ratio calculations within the business cases. All 100 Future High Street bidders were asked to review these in line with MHCLG updated guidance.
- 1.3 Grantham's Further Clarification Stage was submitted in October. At this stage the funding request remained £8,041,845.
- 1.4 On 26 December 2020, Grantham was offered an in-principle funding envelope of up to £5,558,818. This represents 69% of the original funding request.
- 1.5 The scheme was heavily oversubscribed. Only 15 areas were awarded their full funding request. 57 schemes, like Grantham received provisional funding of up to 69% of their original request and were asked to review their final schemes in light of the reduced offer. 28 applications were unsuccessful, receiving nothing.
- 1.6 MHCLG's review stage ends on 26 February 2021. During this time Grantham's Future High Street Fund scheme is to be reviewed and the final scheme elements confirmed. The competitive part of the process is now over and the funding is available as long as the final scheme still meets MCHLG requirements.
- 1.7 The options given by MHCLG for schemes receiving a reduced offer were:
 - a) additional co-funding is added to made up the 31% shortfall
 - b) a project is eliminated
 - c) some projects are scaled back.
- 1.8 With additional funding from MHCLG, the Future High Street Fund consultants were appointed to review options of how to achieve the £2.5m financial reduction in the scheme and still meet the MHCLG requirements.

2 Consultation and Feedback Received, Including Overview and Scrutiny

- 2.1 There is a short timescale to undertake this review with the announcement being made on Boxing Day. The consultants were appointed on 11 January 2021 and an InvestSK officer attended the MHCLG briefing, also on the 11 January 2021, outlining the requirements for this stage.
- 2.2 The consultant's options report was received on 22 January 2021 and InvestSK Board meeting reviewed all the options on 26 January 2021.
- 2.3 Cabinet met on 2 February 2021 and a report was presented outlining the consultant's options report. Cabinet approved to support the preferred Option 1.
- 2.4 No further consultation and feedback are proposed before the final submission deadline to MHCLG on 26 February 2021.

3 Available Options Considered

- 3.1 The full Options Paper submitted to the InvestSK Board on 26 January 2021 and Cabinet on 2 February 2021 is attached at Appendix 1. Appendix 2 is an accompanying location map.
- 3.2 Option 1 – Original proposal with removal of St Peters Hill Gardens project and scaling back of Upper Floors:
Station Approach Public Realm Improvements and Mixed-Use Development Stage 1, Conversion of Vacant Upper Floor Units to Residential, Public Realm Improvements to the Market Place, Removal of St Peter’s Hill Gardens project and a reduction in the number of conversions of vacant upper floor units to residential from 25 to 22.
- 3.3 Option 2 - Scaling back or loss of Station Approach Mixed Use Development but retain Station Approach public realm works and all other projects.
- 3.4 Option 3 - Proportionate Scaling back of all projects.
- 3.5 Option 4 - Larger Station Approach Scheme (Stage 1 and Stage 2 with Station Approach Road public realm). Drop all other projects.

4 Preferred Option

- 4.1 The preferred option recommended by the consultants, supported by InvestSK Board members and approved by Cabinet is Option 1.

5 Reasons for the Recommendation (s)

- 5.1 The recommendation supported by South Kesteven District Council Cabinet was to support and approve Option 1. While it is regrettable to lose St Peter’s Hill Gardens from the Future High Street Fund scheme it will achieve £2.4m of the £2.5m funding reduction needed.
- 5.2 It also ensures the remaining Future High Street Scheme maximises the regeneration impact for Grantham. Transforming a key gateway for visitors into Grantham at the station and routes into the town.
- 5.3 The upper floor conversions are only reduced by a small number, from 25 to 22.
- 5.4 The Market Place remains in the Future High Street Scheme, thus ensuring the impact on of the Heritage Action Zone funding around the Market Place is not affected.

6 Next Steps – Communication and Implementation of the Decision

- 6.1 The Cabinet decision will be made available through the usual democratic processes.
- 6.2 MHCLG’s final deadline for all revisions is 26 February 2021. This stage of the MHCLG assessment is not competitive and final decisions will be announced in March 2021.

7 Financial Implications

- 7.1 The amended financial implications for this project are detailed in Appendix 1. Clarification is being sought from MHCLG that the Council, as the accountable body, can transfer the grant associated with the public realm works on Lincolnshire County Council (LCC) assets to LCC to complete the works as this will remove any potential VAT implications.

- 7.2 The cost for a Future High Street Manager and Project Officer has been capitalised and apportioned against the project interventions.
- 7.3 The Council's contribution towards this project is £379,092 of revenue cost which includes the cost of a full time Town Centre Manager, the establishment of a Town Team (or equivalent) and administrative costs. A proportion of this is to cover administration and overheads of InvestSK as the delivery body for the Future High Street Scheme, estimated at £75,596. This is envisaged as being met from existing InvestSK budgets over the 4 years of the programme.
- 7.4 The revenue costs do not include funding for street greening, public art, seating, urban lighting or wayfinding; all of which have been deemed as high priorities within the consultation process. The Council could apply for external funding for these costs, but at the present time the funding for these elements remains unresolved.
- 7.5 There will be on-going maintenance costs associated with the public realm works; once these costs have been established, they will be included in future financial proposals.
- 7.6 It is expected that certain elements of the schemes will be delivered by third parties. As the Council will be the accountable body for the grant, it is important to ensure that robust governance arrangements are in place with those third parties to ensure there are no increases in costs.

Financial Implications reviewed by: Richard Wyles, Interim Director of Finance

8 Legal and Governance Implications

- 8.1 Remains unchanged from the decisions at Finance, Economic Development and Corporate Services Overview and Scrutiny Committee in June 2020 and SKDC Full Council in July 2020.

Legal Implications reviewed by: Shahin Ismail, Director of Law and Governance

9 Equality and Safeguarding Implications

- 9.1 Remains unchanged from the decisions at Finance, Economic Development and Corporate Services Overview and Scrutiny Committee in June 2020 and SKDC Full Council in July 2020.

10 Risk and Mitigation

- 10.1 Remains unchanged from the decisions at Finance, Economic Development and Corporate Services Overview and Scrutiny Committee in June 2020 and SKDC Full Council in July 2020.

11 Community Safety Implications

- 11.1 Remains unchanged from the decisions at Finance, Economic Development and Corporate Services Overview and Scrutiny Committee in June 2020 and SKDC Full Council in July 2020.

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

- 12.1 Remains unchanged from the decisions at Finance, Economic Development and Corporate Services Overview and Scrutiny Committee in June 2020 and SKDC Full Council in July 2020.

13 Other Implications (where significant)

13.1 Remains unchanged from the decisions at Finance, Economic Development and Corporate Services Overview and Scrutiny Committee in June 2020 and SKDC Full Council in July 2020.

14 Appendices

14.1 Appendix 1 – Options paper

14.2 Appendix 2 – Site Location Maps

Report Timeline:	Date of Publication on Forward Plan (if required)	10 February 2021
	Previously Considered by: Cabinet	2 February 2021
	Final Decision date	2 February 2021