

Appendix 1

InvestSK Board meeting 26th January 2021

Agenda item: 5

Future High Streets Fund

This paper has been prepared by Hatch Urban Solutions and Alan Baxter and provides Board members with an options analysis and recommendation for a revised Grantham Future High Streets Fund bid.

Grantham Future High Streets Fund Submission

Purpose of Paper

This paper outlines Grantham's progress in securing Future High Streets Fund funding and presents the consultancy team's suggested options for reconfiguring Grantham's bid to meet new MHCLG requirements.

Background

First announced as part of the government's Our Plan for the High Street at Budget 2018, the Future High Streets Fund is designed to renew and reshape town centres and high streets in a way that drives growth, improves experience and ensures future sustainability. This is to be done by providing co-funding to successful applicants to support transformative and structural changes to overcome challenges in their area. By August 2019, a total of 100 High Streets across the country had been invited to submit applications for the £1 billion available through the Future High Streets Fund.

Grantham submitted a bid in July 2020 with requested funding of **£8,061,845**. However, the process for securing funding has been long and delayed.

On 26 December 2020, £830 million of the Future High Streets Fund was allocated, with 15 areas awarded £255 million and a further 57 areas receiving provisional funding of £576 million. **28 areas were unsuccessful in their applications.**

Grantham is one of the 57 areas allocated provisional funding due to its strong business case and demonstration of value for money. However, Grantham's funding offer has been reduced to up to 69% of the original ask.

This means Grantham has the potential to secure **£5,558,818** from the Future High Streets Fund.

The funding deficit of **£2,483,027** needs to be found through the reconfiguration and/or partial scaling back of the Grantham FHSF Business Case.

Summary of Bid Submitted

Grantham has experienced town centre decline associated with changes in the way we shop and use our urban centres. Four interlinking local challenges are identified as having a particularly detrimental impact on the town centre:

The gateway to Grantham and poor accessibility – the station is poorly integrated with the rest of the town centre and offers significant potential for investment and ability to act as a gateway to the rest of the town centre.

A poor town centre experience – there are few activities beyond 5pm and an unwelcome feel due to poor pedestrian safety. There is currently low residential offer in the town centre which would help increase footfall and vibrancy.

Declining retail and low footfall – the centre of Grantham is fragmented and dispersed with no single ‘heart’ but instead zones of retail activity of varied quality and poor interconnections.

Town centre congestion – Grantham faces significant traffic management challenges with a high reliance on car journeys that lead to poor air quality.

All of this is evidence of a town centre struggling with a deteriorating investment climate and large viability gaps. As a result, the follow projects were selected for inclusion in the business case:

Proposed schemes from Business Case:

Project	Description
Station Approach Public Realm Improvements and Mixed-Use Development Stage 1	<p data-bbox="547 752 707 779"><u>Public Realm</u></p> <p data-bbox="547 808 1404 954">Improvements to the pedestrian route from the station to Westgate to make a more effective connection to the town centre. It includes the creation of a new pavement and public realm along Station Road, clear pedestrian routes through the 5-arm junction.</p> <p data-bbox="547 1043 847 1070"><u>Mixed Use Development</u></p> <p data-bbox="547 1099 1404 1518">The acquisition and transformation of the gateway to the town centre through a major mixed-use development scheme. Stage 1 includes the development of the existing site into residential apartments, frontage to Wharf Road with ground floor commercial spaces for businesses, cafés and other food and beverage uses, and enhanced accessibility and wayfinding for pedestrians. The redevelopment of the existing site will also enable the Council to move offices, providing new office premises creating an attractive frontage to Station Road, freeing up land on St Peter’s Hill for residential development. This intervention is part of the wider, longstanding ambition to regenerate the station approach.</p>
Conversion of Vacant Upper Floor Units to Residential	<p data-bbox="547 1552 1380 1653">Redevelopment of 25 vacant properties across the town centre, such as upper floors on Westgate, into residential space. This would encourage people to live in the centre of Grantham.</p>

Public Realm Improvements	<p><u>Marketplace</u></p> <p>Enhancements to the road and public realm in the Market Place through the tabling of the road to make a raised marketplace area and new cycling infrastructure. This would help to slow down or discourage car use in the Market Place and create a uniform character and identity for the area, particularly on market days and when the road is closed for events, and provide greater flexibility for other events. A more attractive market area could help to encourage footfall back to the north of the town centre and increase dwell time in the Market Place.</p> <p><u>St Peters Hill Gardens</u></p> <p>Reconfiguration of the Gardens and High Street outside the Museum and Guildhall on St Peters Hill to improve the public realm and pedestrian connectivity; increasing footfall and dwell time to support local businesses. This includes improvements to road, cycle infrastructure and bus and taxi lay-bys.</p>
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As a result of the project costs outlined above, Grantham requested £8,061,845 from the Future High Streets Fund.

Summary of Bid Offer

MHCLG’s FHSF offer to Grantham is **£2,483,027** less than the original request. In order to address this shortfall, SKDC is able to make changes to its proposal. Changes to the proposal include the scaling back or elimination of some or all projects, or alternatively to make up some or all of the shortfall through new public and/or private co-funding.

Deliverability is the key criteria by which a decision is made about how to scale back and/or eliminate projects from a bid. The revised proposal also needs to consider the Benefit to Cost Ratio (BCR) because the scaling back or elimination of projects will reduce the benefits as a result.

The table below outlines four options that could meet MHCLG’s provisional offer.

Proposed options:

Option description	Impact on cost	Impact on Benefit to Cost Ratio	Summary
(1) Original proposal with removal of St Peters Hill Gardens project and scaling back of Upper Floors (Suggested)	Cost reduction fully in line with requirement from MHCLG. Would require Upper Storey conversions to reduce from 25 to 22.	Discounted benefits would reduce because of the reduction in area based property uplift. Also there would be loss of direct property uplift related to 3 upper storey schemes.	Enables Grantham to keep important Station Approach scheme, while synergy with Heritage Action Zone around Market Square is retained. Maximises grant allocation for

		Initial modelling suggests that BCR remains healthy and well above 2:1 MHCLG benchmark	Grantham
(2) Scaling back or loss of Station Approach Mixed Use Development, but retain Station Approach public realm works and all other projects	Cost reduction in-line with MHCLG would be attainable (just). But in practise, difficult for us to see how this would be achieved	Would lose significant proportion of direct property value uplift, job creation and area based uplift. Initial modelling suggests that BCR above MHCLG benchmark of 2:1 would be difficult to achieve.	This proposal loses the regenerative impact that a comprehensive redevelopment of Station Approach would achieve.
(3) Proportionate Scaling back of all projects	Impossible to achieve required cost savings without some impact on Station Approach.	Difficult to assess how benefits would be affected but initial modelling suggests that BCR above MHCLG benchmark of 2:1 would be difficult to achieve.	This proposal offers the worst of all worlds. Given the time available, it would also be difficult and expensive to reconfigure.
(4) Larger Station Approach Scheme. Drop all other projects.	Cost reduction could probably be achieved, but would require significant design and cost work.	Initial modelling suggests that BCR above MHCLG benchmark of 2:1 would be difficult to achieve.	This would limit regeneration impact to one part of Grantham This would amount to a new project, and is therefore not permitted by MHCLG

Recommendation

Hatch and Alan Baxter recommend that Option 1 is chosen. This is because:

The required cost savings are achievable

A strong BCR is attainable despite the regrettable loss of the St Peters scheme

The remaining projects are able to demonstrate an impact across the Town Centre

The St Peters scheme could be reactivated at a later date when alternative funds become available.

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Hatch Urban Solutions

22/1/2021