



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

**Finance, Economic Development,
Corporate Services Overview and
Scrutiny Committee**

3 May 2022

Report of: Councillor Kelham Cooke
The Leader of the Council



Grantham Future High Streets Fund

The report provides a programme overview and update on the progress of the Future High Streets Fund projects in Grantham following the award of £5.56 million by the government to deliver the programme in April 2021.

Report Author

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

Reviewed by:	Jon Hinde – Head of Economic Development	14 April 2022
Approved by:	Karen Bradford – Chief Executive	19 April 2022
Signed off by:	Councillor Kelham Cooke, Leader of the Council	20 April 2022

Recommendations to the decision makers

- 1. To note the progress made in the delivery of the Future High Streets Fund programme for Grantham.**
- 2. That an update report is considered within 12 months and that this be included in the Work Programme.**

1 The Background to the Report

- 1.1 The Future High Street Fund supports the Council's priority of driving growth of our economy, developing the District's four town centres, Bourne, Grantham, Market Deeping and Stamford and specifically the regeneration of Grantham town centre which is identified as a key action in the Corporate Plan (2020-2023).
- 1.2 The £830 million Future High Streets Fund (FHSF) is part of the Government's overall £3.6 billion Towns Fund and aims to renew and reshape town centres and high streets in a way that drives growth, improves experience and ensures future sustainability. South Kesteven District Council (SKDC) submitted a bid for £8,041,845 to deliver infrastructure improvements projects in Grantham.
- 1.3 As the overall FHSF was over-subscribed nationally the Ministry of Housing Local Government and Communities (MHCLG) capped the amount that SKDC could be awarded at 69% of the original funding request. Consequently, the bid projects were reviewed to meet the funding cap and following recommendation from both the consultants supporting the bid and the InvestSK Board, Council Cabinet approved the removal of the St Peter's Hill public realm project from the overall programme in February 2021. In the same month, both the Cabinet decision and the proposed final bid submission to MHCLG were reviewed by Finance, Economic Development and Corporate Services Overview and Scrutiny Committee. The Council's final submission was sent to the MHCLG on 24 February 2021.
- 1.4 Following review of the final submission by MHCLG, SKDC was notified that the FHSF bid was successful and an award of £5,556,042 was made on 1 April 2021 to deliver infrastructure investment projects in Grantham. A match contribution of £379,092 revenue funding from SKDC was allocated to develop town centre leadership and promotional activities over the programme period. The programme period runs until 31 March 2024, by which time all projects need to be completed and spend defrayed.
- 1.5 The confirmed funding package, including the SKDC match, enables the delivery of five individual projects, four specific infrastructure projects, programme management and the creation of a Town Team supported by an Engagement Manager. A summary of the projects to be delivered is set out below with a plan showing individual scheme locations at **Appendix A**:
- (A) Station Approach public realm – improved pedestrian and cycling access between Grantham Railway Station and the town centre (Station Road and 5-Arm Junction).
 - (B) Market Place public realm improvements to create an open event space as a focal point for the town.
 - (C) Strategic site acquisition to enable Station Approach Mixed-Use Development Stage 1.
 - (D) Delivery of a grant programme to support the conversion of unused and underutilised upper floor retail space to residential accommodation.
 - To create a Town Team comprising key stakeholders and representatives to help promote the town and provide leadership on the future of Grantham. The Town Team will be supported by a Grantham Engagement Manager (to be appointed).
- 1.6 The FHSF programme is administered by InvestSK in collaboration with key SKDC Officer colleagues and supported by delivery partners including Lincolnshire County Council.

Based upon anticipated programme delivery in 2021/2022, the first tranche of FHSF, amounting to £1,162,422 has been received by SKDC. Further details on the funding package is provided under the financial overview and implications sections of this report. The funding is now provided by the Department for Levelling Up, Housing and Communities (DLUHC) which succeeded MHCLG in September 2021.

1.7 A summary of the individual programme projects with programme progress is set out below.

1.8 **Programme Manager**

The first stage of programme delivery was the appointment of a Programme Manager, fully funded through the FHSF. Recruitment commenced in May 2021 and the Programme Manager started work in August 2021.

1.9 **Station Approach Public Realm**

This project will improve the pedestrian and cycling connectivity between the railway station and Grantham town centre. The aim is to create an improved and welcoming key gateway to the town along with encouraging the 1.4 million (pre-Pandemic) annual travellers using the railway station to visit the town centre. The existing footway on Station Road will be widened to enhance the pedestrian experience. Significant improvements will be made to the 5-arm junction creating a defined pedestrian and cycling route across the A52 toward Westgate. Subject to detailed design and updated costing the scheme will benefit from planting, the inclusion of heritage lighting columns and upgraded traffic signalling.

Lincolnshire County Council (LCC) and the London North Eastern Railway (LNER) have joint responsibility for the management and maintenance of Station Road. Cooperation and agreement to deliver the improvements on Station Road is required between these stakeholders. Separately to the FHSF, LNER independently completed an improvement programme to the station car parks and Station Road during 2021 which has already improved the area. This work has delivered some of the aims of the Station Approach project and consideration will be given to improving cycling connectivity to enhance the scheme further.

1.10 **Market Place Public Realm**

This project will raise the current road height of the Market Place to deliver a single level structured, cohesive space, capable of delivering a regular programme of town centre events. When not in use, the Market Place will function as a central urban open space for the town, resuming its historic function as a market place. This improvement will re-establish the Market Place as the heart of the town and a gathering point for residents and visitors. As a public highway, the management and maintenance of the Market Place is the responsibility of LCC. Delivery of the project will therefore require close liaison with the Highways Team at LCC.

1.11 **Public Realm Projects Progress**

Significant progress has been made with the development of the two public realm projects at Station Approach and Market Place. The delivery of the public realm is dependent upon the cooperation and support of Lincolnshire County Council's Highways team and with respect to Station Approach, LNER. The Programme Manager has actively engaged with both organisations and LCC have drafted a provisional delivery programme which

indicates proposed completion of the Market Place in the Autumn of 2023 and Station Approach by December 2023.

LCC have completed the recruitment of a highways design and delivery team to support the public realm projects, including a delivery project manager. Detailed design and costing for both schemes has commenced with a progress report scheduled to be taken to the next Future High Streets Fund Project Board on the 18th May 2022.

One of the key issues is the County Council decision to not close Conduit Lane which will potentially remain an active junction. This could have an impact upon the design, materials used and extent to which the Market Place can be developed for use as an event space. Members will be kept updated as this aspect progresses.

Following a joint meeting, LNER have indicated that they are supportive of the scheme and are willing to work with LCC to assist with delivery of it.

1.12 **Station Approach Mixed-Use Development Stage 1 – Strategic Site Acquisition**

It has been a long-standing ambition of the Council to regenerate the historic industrial area between Wharf Road and the railway station. The area has the potential to deliver a mixed-use scheme comprising commercial, leisure and residential uses thereby improving the quality of the built environment in the Station Road and Wharf Road area and enhancing the gateway link between the town centre and railway station. As a first phase of what could be a wider area of regeneration, the FHSF provides funding to acquire a strategic site in its existing use. The acquisition of the site may necessitate the use of certain local authority powers to support a greater certainty of delivery as set out at **Appendix B**.

Separately to the FHSF, SKDC have been approached by London and Continental Railways (LCR), the development delivery arm of the Department for Transport. LCR have a track record of delivering regeneration projects nationally, especially around railway stations and rail infrastructure. LCR are reviewing the opportunities around Grantham station, on land owned by Network Rail (NR) as well as in private ownership and are interested in considering the strategic site as part of a much wider potential regeneration area. A Memorandum of Understanding has been agreed between LCR, NR and SKDC to consider this opportunity further and LCR have funded and are currently progressing a concept design and feasibility study of the area.

LCR have been in contact with the owners of the strategic site. At this stage, the owners have indicated a willingness to discuss the possibility of moving from their existing site only if suitable alternative premises are provided for them to relocate to.

1.13 **Upper Floor Grants**

This project will support the conversion of underutilised upper floor accommodation in the principal retail areas of Grantham to create high quality accommodation. The grant will fund 50% of the conversion costs, up to a maximum of £25,000 per unit created. The funding provided means that a minimum of 22 new units can be created.

The full criteria for the upper floor grants scheme has been collaboratively developed by the Programme Manager with subject matter experts across SKDC. The key grant scheme document is provided at **Appendix C**. In summary, the key aims of the grant are:

- To develop high quality residential accommodation in the town centre, the grant will not fund the creation of bedsits.

- To maximise the energy efficiency of the new units, applicants are encouraged to aim for an Energy Performance Certificate (EPC) Rating C.
- To create space that accords with DLUHC's Technical Space Standards.
- To preserve the historic character of the building for conversion and enhance the area.

It is acknowledged that there are limitations in achieving these aims within the context of converting buildings generally, the Conservation Area status and large amount of Listed Buildings within the grant scheme area. These factors may hinder owners' ability to deliver all the proposed outcomes. However, applicants will need to state how they have used all reasonable endeavours to meet the criteria as much as the conversion opportunity allows. The grant scheme was launched in February 2022 and has attracted four Expressions of Interest which could potentially deliver 18 new residential units.

1.14 **Town Team**

The final project is to develop a Town Team formed from a wide-ranging group of Grantham stakeholders including business, community, political and resident representatives. This was a key request of SKDC during the development of the FHSF bid. The purpose of the group is to:

- Act as the Champions of Grantham, promoting the town internally and externally
- Provide new ideas and concepts of how Grantham can develop in the future
- Support the development of a continuous programme of events and promotional activities
- Provide a sounding board for new policy and strategy to develop and regenerate Grantham
- Assist with generating funding and sponsorship for events and promotional activities

The group will be supported by an Engagement Manager for the duration of the programme period who will be responsible for the delivery of an agreed activity plan. This aspect of the programme is funded by the SKDC match contribution.

Consideration of the development of the Town Team concept, Action Plan and potential membership is in progress. At this stage a smaller group of key Grantham stakeholders have supported work to develop a branding concept for Grantham, utilising the Welcome Back Fund. Membership of the Town Team can be fluid depending upon areas of interest and specialisms to support individual projects.

Financial Overview

- 1.15 The FHSF programme funding runs from the date of award 1 April 2021 until 31 March 2024. The overall programme funding is £5,556,042 with an additional revenue match from SKDC of £379,092 and an anticipated private sector match (the 50% owner contribution to the Upper Floor Grants) of £550,000, the latter could be larger depending upon the level of owner contribution. The programme has been compressed from an originally proposed four-year delivery period to three years. The Year 1 funding was not received until June 2021 and the Programme Manager not appointed until August 2021. The individual project budgets are set out in **Appendix D**.

- 1.16 The programme funding profile as proposed in the final submission to MHCLG in February 2021 and confirmed in the payment award letter on 2 June 2021 is set out in the table below.

	2021-22	2022-23	2023-24	Total (£)
Capital (£)	1,161,422	1,193,682	3,200,939	5,556,042

- 1.17 Programme funding has been confirmed and the Council has received the full 2021-22 allocation of £1,161,422. To support the Government's Spending Review process SKDC was asked to evaluate projected spend for subsequent years and it was concluded that the majority of the delivery programme and therefore spend, will not occur until the last year of the project (2023/2024). The Year 1 allocation has been found to be sufficient to cover the projected programme costs, including the Upper Floor grant funding required to take the project through 2021/2022 and 2022/2023. This position was reported to DLUHC in September 2021 and reviewed again in the first DLUHC progress report in early February 2022. The budget profile has been revised as illustrated below:

	2021-22	2022-23	2023-24	Total (£)
Capital (£)	38,143	1,070,287	4,447,612	5,556,042

- 1.18 This amends the total projected spend for 2021/2022 and 2022/2023 to £1,108,430, leaving £52,992 from the Year 1 allocation already received. These changes have occurred because of revised programme delivery. Aside from the risks noted, the budget remains on track to deliver the full FHSF programme.
- 1.20 The FHSF bid included an SKDC match contribution of £379,092. This funding will support the employment of an Engagement Manager, town centre promotional activities, including events. The original FHSF programme was scheduled to be a four-year duration, which following confirmation of the FHSF award, was condensed to three years. The Town Team is yet to be fully formed nor has the Engagement Manager been recruited. This, coupled with the shortened delivery programme duration, means the SKDC contribution requires re-profiling. It is key to note that the FHSF only allows limited spend to be made on areas defined by Government as "beautification", including street furniture, public art, lighting and planting. The FHSF delivers essentially hard infrastructure projects and the re-profiling of the SKDC contribution allows the opportunity to review the spend and consider enhancements to the schemes through "beautification". A public art project and prominent building lighting have been suggested previously as potential programmes.

2 Consultation and Feedback Received, Including Overview and Scrutiny

- 2.1 This report is being presented to the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee to update Members on the progress of the Grantham FHSF programme.

3 Available Options Considered

- 3.1 Option 1: The programme could be closed and unspent allocation received, returned to DLUHC.
- 3.2 Option 2: Continue to deliver the project as per the draft delivery programme at **Appendix E**.

4 Preferred Option

- 4.1 Option 2: Continue to deliver the project as per the draft delivery programme at **Appendix E**.

5 Reasons for the Recommendation

- 5.1 The FHSF will provide infrastructure improvements to help unlock the potential of the town and assist in supporting the economic recovery within Grantham Town Centre. The reason for the recommendation is to ensure Members are aware of the FHSF programme, its contents and any known implications arising.

6 Next Steps – Communication and Implementation of the Decision

- 6.1 The Draft Delivery Programme is set out in **Appendix E**. This is subject to review following review by the LCC delivery team and the results of the LCR feasibility study and resulting next steps.
- 6.2 The Programme Manager will continue to work with potential development partner LCR and delivery partner LCC to progress the regeneration of the Station Approach area and delivery of the public realm projects.
- 6.3 Expressions of Interest from the Upper Floor Grants will be assessed and progressed for Board decision, as will the recruitment of the Project Coordinator to support the grants process.
- 6.4 In addition to working with the evolving Town Team, recruitment will commence for an Engagement Manager and an Action Plan needs to be developed for delivery.

7 Financial Implications

- 7.1 The financial implications are set in the report and provide Members with information with respect to the overall project costs. The original funding bid was approved by Council on 16 July 2020. Section 1.17 provides details of the funding profile for each financial year.
- 7.2 There are conditions to the grants which will need to be adhered to in order to ensure that the funding levels are maintained.
- 7.3 The currently budgeted 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 it is estimated that one-off match funding of £80,000 would be required.

Financial Implications reviewed by: Richard Wyles, Chief Finance Officer.

8 Legal and Governance Implications

- 8.1 The management case within the Future High Street bid set out the governance structures and management procedures involved in the delivery of the scheme.
- 8.2 Key project decisions will be taken by the joint Future High Streets Fund/Heritage Action Zone Project Board comprising the Chief Executive (Senior Responsible Owner), project officers, Head of Economic Development, Director of Growth and Culture and SKDC Portfolio holders, including the Leader of South Kesteven District Council, Deputy Leader and Cabinet Member for Culture and Visitor Economy.
- 8.3 DLUHC require progress reports including output and outcome reporting, financial updates (verified by the S151 Officer). Officers are awaiting confirmation of the regular reporting

schedule from DLUHC. The first submission was made by the DLUHC deadlines, the next phase are scheduled to be completed by the 1st June 2022.

- 8.4 A process for formally agreeing the Upper Floor Grants awards has been devised and agreed by the Joint FHSF/Heritage Action Zone Board in February 2022 and is attached as a workflow at **Appendix F**.
- 8.5 Formal grant awards will be made by the Council's Legal Team using documentation to be drafted by external legal consultants through the Legal Services Lincolnshire framework.
- 8.6 Legal processes necessary to deliver the scheme will be referred to Legal Services Lincolnshire to seek specialist external support.

Legal Implications reviewed by: Graham Watts, Head of Democratic Services and Deputy Monitoring Officer

9 Equality and Safeguarding Implications

- 9.1 In terms of programme delivery, the FHSF will provide equality of opportunity and no individual or groups are disadvantaged or discriminated against because of race, sex, disability, religion or belief, sexual orientation, gender reassignment, maternity and pregnancy, marriage or civil partnership, age, or social inequality.
- 9.2 Formation of a Town Team for Grantham will be from a wide stakeholder background, ensuring that a representative voice will be heard to support future plans for the town.
- 9.3 The design of the public realm improvements will consider use and accessibility issues to ensure that the proposed improvements enhance the visitor experience for all users of the town centre.

10 Risk and Mitigation

- 10.1 The day-to-day administration of the FHSF is supported by the FHSF Programme Manager. Governance and management arrangements have been developed in line with SKDC criteria.
- 10.2 The Risk Assessment identifies the risks and impacts across the programme and proposed mitigation. The Risk Assessment will be regularly reviewed by the FHSF Project Board and as part of the programme monitoring arrangements. Risk assessments are reviewed on a regular basis by DLUHC.
- 10.3 For each risk identified, mitigation and control measures have been identified to reduce the risk to an appropriate level and are being implemented. A copy of the Risk Assessment is available on request.

11 Community Safety Implications

- 11.1 In conjunction with the HAZ programme, the FHSF programme is intended to lead to Grantham becoming a more engaging and welcoming town. An important element of the programme is the delivery of an improved gateway access from the railway station to the town centre. Additionally, the creation of a single level Market Place suitable for the provision of high-quality events intended to attract visitors, including during the evening, leading to greater footfall and wider engagement.
- 11.2 New residential development in the Station Approach area and the conversion of disused upper floors in the town centre will provide additional residential space encouraging

increased use of the town centre as well as encouraging the evolution of a town centre living/working community.

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

- 12.1 Whilst there are identified limitations the upper floor grants project is aiming for new units created to achieve an EPC C, but, which as a minimum, must include energy efficiency measures. Encouraging reuse and repurposing of existing buildings within the town reduces the impact of embodied carbon within those structures.
- 12.2 The redevelopment proposals of the strategic site and if deliverable, the wider LCR aspirations will replace older, less energy efficient buildings, with more energy efficient new homes and other commercial buildings. Development partners will be encouraged to make these as energy efficient as possible such as considering the use of highly efficient modular technology and if feasible, sustainable heating solutions as well as high quality greening.
- 12.3 In terms of the public realm improvement projects the keys aims of this part of the programme is to encourage walking and cycling. Street lighting and traffic signalling solutions can be designed with more energy efficient alternatives, wherever possible. The public realm improvements afford possibilities for further greening of the town. The FHSF is limited in that it cannot comprehensively deliver improvements referred to as "beautification", which includes greening. However, in conjunction with available funding, such as from the Woodland Trust, positive steps can be made to deliver green infrastructure.
- 12.4 It is envisaged that the Town Team will provide a sounding board for new policy and strategy impacting upon Grantham and champion the town generally. As part of this, it is anticipated that the team will encourage and support further measures to enhance carbon reduction such as working with LCC to explore increasing and improving cycle lanes and pedestrianisation as well as considering possibilities for further greening in the town.

13 Background Papers

- 13.1 Future High Streets Fund Bid. Finance, Economic Development and Corporate Services Overview and Scrutiny Committee.

14 Appendices

- 14.1 Appendix A - Future High Streets Fund Programme Area (Exempt)
- 14.2 Appendix B - Strategic Site (Exempt)
- 14.3 Appendix C – Upper Floor Grant Scheme
- 14.4 Appendix D – Programme Project Budget (Exempt)
- 14.5 Appendix E – Draft FHSF Delivery Programme 1st April 2021 - 31st March 2024 (Exempt)
- 14.6 Appendix F - FHSF and HAZ Grant Funding Decision Making Process