



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



# Finance and Economic Overview and Scrutiny Committee


15 January 2024

Report of Councillor Richard Cleaver,  
Leader of South Kesteven District  
Council

## Grantham Future High Streets Fund – November 2023 Update

### Report Author

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### Purpose of Report

To provide a further update on the Grantham Future High Streets Fund programme, as requested during the previous meeting of the Finance and Economic Overview and Scrutiny Committee.

### Recommendations

**It is recommended the Finance and Economic Overview and Scrutiny Committee:**

- 1) Considers the report and pass comments for feedback to the combined Grantham Heritage Action Zone and Future High Street Fund Programme Board.**
- 2) Adds an update on the Grantham Future High Streets Fund programme to the 20 February 2024 Work Programme.**

### Decision Information

Does the report contain any exempt or confidential information not for publication?	Yes - Appendix A, Paragraph 3 of Schedule 12A of the Local Government Act 1972 (commercially sensitive information)
What are the relevant corporate priorities?	Growth and our economy
Which wards are impacted?	Grantham St Wulfram's and Grantham St Vincent's

## Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### *Finance and Procurement*

- 1.1 The Department for Levelling Up, Housing and Communities (DLUHC) have paid £571,523 of the final year's capital funding allocation for the Future High Street Fund, with further payments to be made depending upon programme progress.
- 1.2 Engagement will continue with DLUHC to ensure they are aware of prospective spend and are in a position to forward further payments in a timely fashion. The capital budget is set out in **Table 1**, which shows actual spend for 2021-2022 and 2022-2023 as well as the 2023-2024 budget.

<b>Table 1: FHSF Capital Budget</b>				
	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>Total</b>
Capital	£39,382	£300,360	£5,216,398	£5,556,042

- 1.3 The capital programme runs until 31 March 2024, by which time all projects need to be completed and spend defrayed. The body of the report provides an update on a request being submitted to DLUHC to allow for an extension to the capital programme. Should this be approved, the programme spend deadline will be extended to September 2024, and the programme completion deadline to March 2025. The capital budget will be amended subject to extension approval.
- 1.4 For 2023-2024 and 2024-2025, the revenue budget contains funding to commission support to develop and deliver a model for self-financing of the Town Team beyond the lifespan of the Council's funding contribution. This revenue funding is illustrated in **Table 2**.

<b>Table 2: FHSF Revenue Budget</b>					
	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>Total</b>
Revenue	£5,000	£32,224	£155,459	£186,409	£379,092

- 1.5 The Council's funding is for the period to 31 March 2025.

Completed by: Alison Hall-Wright, Deputy Director (Finance and ICT) and Deputy S151 Officer

### ***Legal and Governance***

- 1.6 There are no significant legal and governance implications arising from this report which are not already referenced in the body of the report or appendices.

Completed by: Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer

### ***Risk and Mitigation***

- 1.7 Recent risks associated with abnormal inflation are being managed through usual project management processes, as well as with the funding body, DLUHC.

Completed by: Tracey Elliott (Governance & Risk Officer)

## **Background to the Report**

- 2.1 The Corporate Plan 2020-2023 includes regeneration of Grantham town centre as a key action. Since South Kesteven District Council's award of £5.56 million through the Government's Future High Streets Fund, regular update reports have been presented to Elected Members. This investment, matched by the Council's £379,092 funding contribution, will help the town centre to become fit for the future, ensuring it can evolve and adapt to changes in consumer demands and meet the needs of future generations as the town continues to grow.
- 2.2 On 19 September 2023, the Finance and Economic Overview and Scrutiny Committee were provided with an update on the Grantham Future High Streets Fund programme which highlighted rising costs in relation to construction and infrastructure works.
- 2.3 Committee Members requested for an additional update report to be presented to the November meeting due to the high level of risk to the delivery timeframe of the programme, particularly in relation to the Station Approach and Marketplace public realm projects and the strategic site acquisition. Additionally, a Member raised their concerns citing a lack of transparency around Grantham's Town Team. Correspondingly, since the launch event of the Grantham Town Team on 6 September 2023 another elected Member has expressed an increasing interest in the genesis of its composition. It is hoped the summary contained within the following update helps assuage some concerns while providing a route map going forward.

2.4 In keeping with previous updates and for ease of reading, the remainder of this background section focuses on programme updates, divided into five subsets:

- Subset One: Public realm projects
- Subset Two: Strategic site acquisition and Station Approach Masterplan
- Subset Three: Upper Floor Grants Programme
- Subset Four: Grantham Town Team
- Subset Five: A summary of engagement with the Department for Levelling Up, Housing and Communities (DLUHC).

Subset One: Public Realm Projects (Marketplace and Station Approach)

2.5 On 26 October 2023, a meeting was held between South Kesteven District Council and Lincolnshire County Council with the dual ambition of reaching an agreement regarding cost underwriting responsibility and an approach to the public realm (Station Approach and Marketplace) scheme designs.

2.6 Agreement was reached in proceeding with both public realm schemes; the Marketplace scheme (Scheme A) currently estimated at £1.8 million and a scaled-down Station Approach scheme currently estimated at £0.6 million. On further review, it was felt not incorporating the parking bay area in the Marketplace scheme would be a missed opportunity (i.e. the area where Prime Comfort, British Red Cross, Martin & Co and Reflect Recruitment front on to). To simplify matters, this was referred to as Scheme B.

2.7 Following a review of the Marketplace design and to ensure momentum, Lincolnshire County Council agreed they would enter into contract for the Marketplace and reduced Station Approach schemes. This commitment would be with the understanding that South Kesteven District Council would provide LCC with the funds to pay for these projects (including costs to date) up to the ceiling of £2,509,063.

2.8 The revised and final drawings for the Station Approach scheme have now been provided by Lincolnshire County Council for consideration by South Kesteven District Council (**Appendix A - Exempt**) with costings expected in the coming weeks. Lincolnshire County Council are currently assessing which Marketplace scheme (Scheme A or Scheme B) would be most advantageous to proceed with and at the time of writing this report the Council awaits their decision regarding this. The revised and final drawings and costings for the Marketplace scheme are expected to be provided by Lincolnshire County Council in late December 2023, for consideration by South Kesteven District Council.

2.9 The governance process of Lincolnshire County Council was shared at the meeting, for which it was agreed project funding would be approved through an Executive Key Decision. Following South Kesteven District Council's approvals process,

payment for the projects can then be made to Lincolnshire County Council prior to the programme's financial spend deadline of 31 March 2024.

- 2.10 Lincolnshire County Council are now progressing the workstreams (detailed above) and will provide a refined delivery timeframe once they have reviewed the position with their preferred contractors and with South Kesteven District Council.
- 2.11 As the project budget has changed significantly, this has been subject to both the Department for Levelling Up, Housing and Communities (DLUHC's) 'Project Adjustment Request (PAR)' process and their agreement to extend the programme period.
- 2.12 The PAR has now been submitted to DLUHC for consideration, in addition to a programme extension request. Should the programme extension request be approved, this would extend the programme spend period by six months from 1 April 2024 to 30 September 2024 and the delivery period by twelve months from 1 April 2024 to 1 April 2025.

#### Subset Two: Strategic Site Acquisition Programme Update

- 2.13 As was previously reported, the strategic site acquisition has been the most complex of the subsets. Legal advisers have stated due to the shortened timeframe, there is no prospect of acquiring the site utilising Compulsory Purchase powers.
- 2.14 Consideration has been made as to whether the project could be achievable in the context of an approval to the project extension request, however this is unfortunately not the case. Accordingly, a Project Adjustment Request (PAR) has been submitted to DLUHC to remove the strategic site acquisition from the Future High Streets Fund programme. The Council awaits a decision from DLUHC regarding this.

#### Subset Three: Upper Floor Grants Programme

- 2.15 An update on individual project progress since Committee's September 2023 meeting is set out in (**Appendix B**).
- 2.16 The very late withdrawals of both the application at St Peters Walk and at 40 Westgate, meant six grants remained available, although timing to complete them is now very tight.
- 2.17 Since the last meeting of the Committee, 9-10 High Street was identified as a potential alternative and Officers contacted the planning agents in respect of their project. They responded with details of the owners/developers who confirmed they would be interested in the grant. The applicant has planning permission for the conversion of eight units and have undertaken some clearance works at the site. The Commercial Director sent all documentation. An expression of interest (EOI) was provided and reviewed by the combined Heritage Action Zone and Grantham Future High Street Fund Programme Board (hereafter referred to as the Programme

Board), with a decision made to proceed to the full application stage. The applicant is aware only six grants are available. They have been encouraged to apply for the full eight grants in case there are any further withdrawals.

#### Subset Four: Grantham Town Team

- 2.18 Due to the passage of time, the following paragraphs detail the origin of the Grantham Town Team and a forward plan.
- 2.19 In terms of the timeline, based on the local knowledge of Officers, a suggested membership of the Grantham Town Team was drafted in 2021 and shared with the Programme Board, which included representation from: South Kesteven District Council, InvestSK Limited, businesses, Grantham town centre businesses, Lincolnshire County Council, residents, youth, sport & leisure and Grantham community organisations.
- 2.20 Elected Members were alerted of the intention to develop a Town Team at 3 May 2022 Finance, Economic Development, Corporate Services Overview and Scrutiny Committee.
- 2.21 Following a recruitment campaign, at 15 November 2022 Programme Board meeting, the commencement of the Grantham Engagement Manager was announced as 21 November 2022. The role was to be funded until 31 March 2025 by South Kesteven District Council's contribution to the Future High Street Fund programme. To inform their work going forward, a broad Town Team Action Plan Framework was developed by the Council's Economic Development Team, in discussion with the Director of Growth and Culture.
- 2.22 During 21 February 2023 Finance, Economic Development and Corporate Services Overview and Scrutiny Committee details were set out in a report as to why the Grantham Town Team was established and the activities they would be leading on. The draft action plan, which had received the Programme Board's approval was attached as an appendix to that report. For ease of reading, this is provided at **Appendix C**.
- 2.23 During 15 August 2023 Programme Board meeting, it was confirmed the Grantham Engagement Manager had been meeting with the proposed Town Team members to build momentum for the activities and work of the group and has received positive feedback. As a result of this activity, the formal launch of the Town Team would be taking place on 6 September 2023 at the Angel and Royal Hotel, High Street, Grantham.
- 2.24 Invites were sent to 24 organisations, 15 attended. This was in addition to nine Officers and three Councillors being in attendance.
- 2.25 The agenda included presentations delivered by Officers on the Future High Street Fund and Heritage Action Zone programmes, as well as external presenters including:
  - The National Trust talking about the opportunities of how the town and its surroundings can link to develop a wider offer.
  - Proposals for a brand for Grantham

- 2.26 On 31 August 2023, the Head of Economic Development left South Kesteven District Council after nearly six years working for InvestSK Limited and more latterly the Council, having decided now was the time to explore opportunities elsewhere.
- 2.27 In early September 2023, the Programme Support Officer left to take up a promotion with an internal consultancy firm.
- 2.28 Shortly afterwards, on 12 September 2023, having secured employment outside of the Council, the Grantham Engagement Manager tendered their resignation.
- 2.29 47 days later, the Future High Street Fund Programme Manager left the Council having secured a two-year fixed-term post at a district local authority across the border in Nottinghamshire.
- 2.30 Together, these roles represent the principal officers engaged in the delivery of the Future High Streets Fund programme and required ancillary projects, including the Grantham Town Team.
- 2.31 Four key roles (one permanent and three fixed term) leaving in such close proximity would naturally impact on progress. By way of mitigation, a recruitment campaign was quickly launched on 13 September for the post of Head of Economic Development & Inward Investment. Alice Atkins (the Council's Corporate Project Officer) was reassigned to lead on the contract management side of the Future High Street Fund Programme, with a focus on the delivery of public realm projects and the upper floor grants elements.
- 2.32 Following a successful internally-led recruitment campaign, Nick Hibberd will be taking up the Head of Economic Development & Inward Investment post on 8 January 2024.
- 2.33 The significant gaps in staffing levels and vacant Grantham Engagement Manager post, has led to a natural pause in the progress of the Grantham Town Team. As such, Members and Officers involved in the delivery of the project have been able to reflect on feedback received from Councillors, local stakeholders and the wider community with regards to the operation of the Town Team.
- 2.34 As a result of this feedback and as agreed by the Programme Board during its 14 November 2023 meeting, both the membership and the Terms of Reference of the Town Team requires considerable improvement, including a key qualifying criteria that members must be willing for their involvement in the Town Team to be in the public domain. The aim being to relaunch the Town Team early in the New Year, following the revised membership being approved by the Programme Board.
- 2.35 In the meantime, the Programme Board aims to meet prior to the festive break to draft and agree a Terms of Reference for the Town Team and criteria for membership. Following this, and the appointment of a new Grantham Engagement Manager, the Town Team will be relaunched in the new year.

### Subset Five: Department for Levelling Up, Housing and Communities

- 4.1 Monthly Officer meetings continue to take place with DLUHC Funding Delivery Managers to provide updates on progress and discuss issues.
- 4.2 A cycle of DLUHC programme Monitoring and Evaluation documents were submitted in November 2023. These reports are prepared by the Officer overseeing the contract management and signed off by the S151 Officer and Chief Executive as the programme's Senior Responsible Owner. At the time of writing this report, Officers await feedback from DLUHC on November's Monitoring and Evaluation submission.
- 4.3 Details on the Project Adjustment Request (PAR) submitted to DLUHC to adjust the budgets for the public realm projects and remove the strategic site acquisition from the Future High Streets Fund programme can be found earlier in the body of this report, along with the request for an extension. In financial terms, there are sufficient funds to maintain overall programme management for this six-month period, if required. The Council awaits a decision from DLUHC regarding these.
- 4.4 As reported in previous updates to elected Members, the Council are not the only grant recipient experiencing difficulties with programme delivery, particularly around costs. DLUHC have confirmed over half of programmes have submitted project change requests and are anticipating this percentage to rise.

### **Key Considerations**

- 5.1 The Programme Board typically meets quarterly and is comprised of eight individuals, as follows:
  - Chair - Leader of South Kesteven District Council
  - Deputy Leader and Cabinet Member for Finance and Economic Development
  - Mayor of Grantham
  - Chief Executive (Senior Responsible Owner – Future High Streets Fund)
  - Deputy Chief Executive and S151 Officer
  - Director of Growth and Culture (Senior Responsible Owner – High Street Heritage Action Zone)
  - Head of Economic Development
  - Representative of Historic England
- 5.2 Terms of Reference of the Programme Board are provided at **Appendix D**.
- 5.3 Grant awards of £200,000 or more require Cabinet approval. Based upon the scheme progress to date, only one of the upper floor conversion projects will be required to be referred to Cabinet.



- 5.4 In delivering under FHSF, the Council is committed to supporting a programme of monitoring and evidence which will last beyond the bid project.

## Other Options Considered

- 6.1 **Closing the programme and returning any unspent allocation received to DLUHC** - Significant progress has been made with the delivery of the FHSF in the preceding ten weeks since Members were last updated. Whilst there are future challenges anticipated, it remains key for the development and promotion of Grantham this programme is delivered. Therefore, closing the programme and returning any unspent allocation received to DLUHC has been discounted as an option, albeit there are highlighted programme delivery risks which may necessitate the return of part of the funding.
- 6.2 **Do nothing** – Value engineering has been undertaken and is reflected in the costs estimates which have been routinely shared through updates to Committee. Reducing the public realm schemes in particular any further, will not deliver the transformational change originally consulted on and fail to achieve the outputs and outcomes approved by Government.
- 6.3 **Do more** – To deliver the originally planned full package of public realm and infrastructure works exceeds the budget available. It is not deemed viable to secure or underwrite further funding in the time available. Further delay, risks breaching the funding deadline of 31 March 2024, risks construction costs increasing further and loss of appointing a contractor with resultant reputational damage to the Council. For these reasons, doing more was discounted as an option.

## Reasons for the Recommendations

- 7.1 This report provides Members of the Finance and Economic Overview and Scrutiny Committee with the opportunity to feedback comments within their scrutiny remit to the Programme Board and (if deemed appropriate) Cabinet. This includes suggestions for work programmes and items to considered.

## Background Papers

- 8.1 *Dissolution of InvestSK Limited* – Report to Companies Committee, published 7 October 2022, available online at:  
[https://moderngov.southkesteven.gov.uk/documents/s35766/Dissoultion%20of%20InvestSK%20Ltd.pdfvestSK%20Ltd.pdf%20\(southkesteven.gov.uk\)](https://moderngov.southkesteven.gov.uk/documents/s35766/Dissoultion%20of%20InvestSK%20Ltd.pdfvestSK%20Ltd.pdf%20(southkesteven.gov.uk))
- 8.2 *Grantham Future High Streets Fund* – Report to Finance, Economic Development, Corporate Service Overview and Scrutiny Committee, published 3 May 2022 and available online at:

<https://moderngov.southkesteven.gov.uk/documents/s34117/Report.pdf>

- 8.3 *Grantham Future High Streets Fund February 2023 Update* – Report to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee, published 21 February 2023, available online at:

<https://moderngov.southkesteven.gov.uk/documents/s36957/Grantham%20FHSF%20Update.pdf>

- 8.4 *Grantham Future High Streets Fund – September 2023 Update* - Report to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee, published 19 September 2023, available online at:

<https://moderngov.southkesteven.gov.uk/documents/s39048/Grantham%20FHSF%20September%202023%20Update.pdf>

## Appendices

- 9.1 **Appendix A – EXEMPT** - Revised and final drawings for the Station Approach scheme, provided by Lincolnshire County Council for consideration by South Kesteven District Council
- 9.2 **Appendix B** - An update on individual Upper Floor Grants project progress since Committee's September 2023 meeting
- 9.3 **Appendix C** – Grantham Town Team draft action plan
- 9.4 **Appendix D** - Programme Board Terms of Reference