



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Cabinet

6 February 2024

Report of: Councillor Richard Cleaver,
Cabinet Member for Property and
Public Engagement

Grantham Future High Streets Fund – Upper Floor Grants Scheme

Report Author

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Purpose of Report

This report requests Cabinet approval to award a maximum grant of £225,000 for the conversion of unutilised retail space into nine units of residential accommodation at 17 – 19 High Street, Grantham, NG31 6PN.

Recommendations

It is recommended Cabinet:

1. Approves a grant award of a maximum of £225,000 under the Grantham Future High Streets - Upper Floor Grants Scheme.
2. Delegates authority to the Deputy Chief Executive to sign and approve the legal agreement

Decision Information

Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Growth and our economy
Which wards are impacted?	Grantham St. Wulframs

1 Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, 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 Third party grants are offered to private owners to deliver capital works approved within the scheme. Grants are awarded at a rate of up to 50% per residential unit, to a maximum of £25,000. The award of this grant is within the budget allocated to this activity.
- 1.2 Legal Services Lincolnshire developed the Grant Funding Agreement and will undertake due diligence on the applicant and administer the legal agreement in order to minimise financial risk to the Council.

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

Legal and Governance

- 1.3 The Future High Streets Fund (FHSF) work programmes have been brought forward as a result of successful submissions and have regular input from legal professionals as appropriate with regard to land ownership, asset transfer, grant agreements and other areas. Projects adhere to Procurement and Financial Regulations.
- 1.4 The Combined Future High Streets Fund and High Street Heritage Action Zone Board can recommend the award of individual grants of £200,000 or less to the relevant Senior Officer to approve under their delegated authority. Grant awards of

£200,000 or more require Cabinet approval. Cabinet is therefore required to formally approve this grant award in accordance with the Council's Financial Regulations.

Completed by: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer

2 Background to the Report

- 2.1 In 2021, South Kesteven District Council was awarded £5.56 million funding through the Future High Streets Fund by the Department for Levelling Up, Housing and Communities (DLUHC). The funding allows the ambitions for Grantham town centre to be realised and intervenes directly in repurposing properties to deliver a more diverse high street offer that is fit for the future. Such an approach aligns with the Corporate Plan (2020 to 2023), as the Council seeks to establish best practice in supporting town centre environments and taking forward its approach to place-shaping within the main market towns across South Kesteven.
- 2.2 Finance and Economic Overview and Scrutiny Committee routinely receives updates on the Grantham Future High Streets Fund (FHSF), the most recent was on 15 January 2024 (see **Background Papers**).
- 2.3 This report focuses on the Upper Floor Grants Scheme which is one project under the Future High Streets Fund Programme. This scheme involves the delivery of a grant programme to support private landowners with the conversion of unused and underutilised upper floor retail space to residential accommodation.
- 2.4 When completed, this part of the programme will provide the blueprint for how future town centre living can be delivered. The individual projects will provide high quality, energy efficient conversions, expected to command higher than normal town centre rental values. It is envisaged the higher property return will encourage owners and investors into the market and the provision of an increased number of high-quality residential units will provide dedicated footfall and trade to town centre businesses.
- 2.5 The Upper Floor Grants Scheme awards grants at a rate of up to 50% per residential unit, to a maximum of £25,000. There is £566,100 available for this activity and, including this application, £516,100 has been allocated to 20 grant applicants. Elected Members have been regularly updated on progress on individual grant applications through the relevant Overview and Scrutiny Committee (see **background papers**).
- 2.6 The full criteria for the upper floor grants scheme was developed collaboratively by the Programme Manager with subject matter experts across the Council contributing. The grant guidance document is provided at **Appendix A**. In summary, the key aims of the grant are to:

- Develop high quality residential accommodation in the town centre - noting the grant will not fund the creation of bedsits.
 - Maximise the energy efficiency of the new units, applicants are encouraged to aim for an Energy Performance Certificate (EPC) Rating C.
 - Create space that accords with Department for Levelling Up, Housing and Communities (DLUHC) Technical Space Standards.
 - Preserve the historic character of the building for conversion and enhance the area.
- 2.7 The governance process flowchart for grant awards is shown at **Appendix B**. It is a two-fold process with an applicant submitting an expression of interest (EOI) outlining the proposed project, which if approved to proceed, leads to a Full Application process where the applicant provides detailed information including:
- How the project fully meets the required aims and outcomes of the grant
 - Confirmation the applicant has achieved all the required consents to deliver the project, including Planning Permission and Listed Buildings Consent, if the latter is required
 - Demonstration they have undertaken a procurement process in accordance with the Council's own procurement value levels.
- 2.8 Both the EOI and Full Application process involves the Programme Manager review of the application, followed by assessment by subject matter experts within the Council. The results of these reviews led to a recommendation for approval, as determined by the Programme Board. The Programme Board is comprised of: the Leader of the Council (Chair), Deputy Leader of the Council, Mayor of Grantham, Independent Member for St Wulfram's Ward, Chief Executive (Senior Responsible Owner), Chief Finance Officer (S151 Officer), Director of Growth and Culture and the Head of Economic Development & Inward Investment.
- 2.9 This process can be commenced at any time without the need to wait for Committee Meetings. The methodology ensures the grant application process is transparent whilst being subject to robust scrutiny by Officers and Programme Board Members.
- 2.10 Grant awards of £200,000 or more require Cabinet approval. It is for this reason why Cabinet's approval is being sought in this report due to the grant award level of up to £225,000 for the conversion of unutilised retail space into nine units of residential accommodation at 17 – 19 High Street, Grantham.
- 2.11 This specific request to Cabinet is the approval of a maximum level of grant at the set intervention rate (a maximum of £25,000 per unit or up to 50% of the costs per unit whichever is lesser). Should costs exceed the Quantity Surveyor Report estimate, no increase in grant will be considered.

- 2.12 The full scope of the project works has been defined and further information provided to Officers separately in the form of the full design and Quantity Surveyor report. All relevant planning consents have also been granted.
- 2.13 In light of the current programme spend deadline of 31 March 2024, it has been agreed the applicant can proceed to full application on the evidence of costings provided by the Quantity Surveyor Report, and they will be running the full tender in compliance with the grant procurement requirements as soon as they are able to do so.
- 2.14 Legal Services Lincolnshire developed the Grant Funding Agreement and will undertake due diligence on the applicant and administer the legal agreement. It is critical the grant awards are processed as quickly as possible, not only to meet the programme deadlines, also due to construction cost inflation meaning quotation validity periods are much shorter.

3 Key Considerations

- 3.1 In delivering under FHSF, the Council is committed to supporting a programme of monitoring and evidence that will last beyond the bid project.
- 3.2 The FHSF programme, including the Upper Floor Grants scheme, must be delivered by 2023/2024. Match funding may support delivery in later years, however all FHSF monies must be spent by March 2024. Whilst spent funding is not at risk, as funds are issued under a Section 31 grant of the Local Government Act 2003 (s31), there is pressure to deliver to spending profiles as agreed with the funder.

4 Other Options Considered

- 4.1 Significant progress has been made with the delivery of the FHSF. It remains key for the development and promotion of Grantham that the Upper Floor Grants Scheme is delivered. Therefore, the option to not award the grant funding is not recommended.

5 Reasons for the Recommendations

- 5.1 The FHSF will provide infrastructure improvements to help unlock the potential of Grantham and assist in the promotion of the town as a place to live, work and visit.

6 Consultation

- 6.1 The Finance and Economic Overview and Scrutiny Committee received a progress update on 15 January 2024 relating to the Future High Streets Fund Programme (FHSF), which included reference to all Upper Floor Grants Scheme applications.

- 6.2 Both the Expression of Interest and Full Application for 17 – 19 High Street have been circulated to the FHSF Programme Board for approval. The FHSF Programme Board gave in-principle approval to allocate a maximum £225,000 grant.

7 Background Papers

- 7.1 *Grantham Future High Streets Fund Update* – Report to Finance, Economic Development and Corporate Services, published 15 January 2024, available online at:

<https://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CIId=729&MIId=4540&Ver=4>

- 7.2 *Local Government Act 2003 - Section 31* – available online at:
[https://www.legislation.gov.uk/ukpga/2003/26/section/31/2003-09-18#:~:text=31Power%20to%20pay%20grant&text=\(1\)A%20Minister%20of%20the,to%20be%20incurred%20by%20it.](https://www.legislation.gov.uk/ukpga/2003/26/section/31/2003-09-18#:~:text=31Power%20to%20pay%20grant&text=(1)A%20Minister%20of%20the,to%20be%20incurred%20by%20it.)

8 Appendices

- 8.1 **Appendix A** - Future High Streets Fund Grant Application for Upper Floor Grant Scheme Guidance
- 8.2 **Appendix B** – Governance Process Flow Chart for Grant Awards