



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Finance and Economic Overview and Scrutiny Committee

8 May 2024

Report of Councillor Ashley Baxter,
Leader of South Kesteven District
Council

Grantham Future High Streets Fund – May 2024 Update

Report Author

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Purpose of Report

To update the Committee regarding the Grantham Future High Streets Fund programme.

Recommendations

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

- 1) Notes the report.**
- 2) Offers feedback to the Future High Street Fund Programme Board.**

Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Enabling Economic Opportunity

Which wards are impacted? Grantham St Wulfram's and Grantham St Vincent's

1. 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 to the Council, with further payments to be made depending upon programme progress. The funding allocations for each financial year are set out in **(Appendix A)**.
- 1.2 Engagement will continue with DLUHC to ensure that 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 2021-2024 and the budget for 2024-2025.

Table 1: FHSF Capital

	2021-2024	2024-2025	Total
Capital	£481,131	£5,074,911	£5,556,042

- 1.3 The capital programme runs until 31 March 2025, by which time all projects need to be completed and spend defrayed. To be eligible for funding, all projects must be committed and under contract by September 2024. The capital budget has been amended to reflect the approval of this programme extension.
- 1.4 There is also a revenue budget to the programme that forms the Council's obligatory match funding to the Future High Streets Fund programme, which aims to develop and deliver a model for self-financing of the Town Team beyond the lifespan of the Council's funding contribution. This revenue budget is illustrated in **Table 2**, which shows actual spend for periods 2021-2024 and the budget for 2024-2025.

Table 2: FHSF Revenue			
	2021-2024	2024-2025	Total
Revenue	£122,000	£257,092	£379,092

Completed by: Alison Hall-Wright, Director of Housing and Deputy S151 Officer

Legal and Governance

1.5 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: Mandy Braithwaite, Legal Executive

Risk and Mitigation

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

Completed by: Tracey Elliott, Governance and Risk Officer

2. Background to the Report

2.1 The Corporate Plan 2024-27 highlights Enabling Economic Opportunity as one of five priorities of The Council. The delivery of the £5.56 million Future High Streets Fund programme in Grantham is highlighted as a key element of the delivery of this priority over the next 12 months. 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. To support the delivery of this programme regular reports have been presented to elected Members since the Council was awarded the funding in 2021.

2.2 On 15 January 2024, the Finance and Economic Overview and Scrutiny Committee was provided with an update on the Grantham Future High Streets Fund programme (see **Background Paper A**).

2.3 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 (Market Place and Station Approach)
- Subset Two: Conduit Lane Toilet Refurbishment
- 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 (Market Place and Station Approach)

- 2.4 At the beginning of the year, Lincolnshire County Council completed detailed designs for both the Market Place and Station Approach schemes and a report recommending approval of the designs was heard at Lincolnshire County Council's Highway and Transport Scrutiny Committee on 4 March 2024.
- 2.5 Both schemes were formally approved by the Leader of Lincolnshire County Council via a key decision on 3 April 2024.
- 2.6 Following the receipt of the key decision, Lincolnshire County Council awarded the contract for the Market Place scheme to Taylor Woodrow with works currently scheduled to start on 7 May 2024.
- 2.7 As the project budget has changed significantly from the original bid for funding, 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.
- 2.8 The submitted PAR has now been approved by DLUHC, as well as a programme extension request. This has extended 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.
- 2.9 Officers from both South Kesteven District Council and Lincolnshire County Council attend regular fortnightly project update meetings to ensure momentum. The regular attendees include the Council's Head of Economic Development and FHSF Project Officer as well as members of the Lincolnshire County Council's Major Schemes Team within their Place Directorate.

Subset Two: Conduit Lane Public Conveniences Refurbishment

- 2.10 Following the removal of the Strategic Site Acquisition project, the Conduit Lane Toilet Refurbishment was identified as a project to which the Council could reallocate Future High Streets Fund monies in order to develop the facilities in the town centre to promote the town and market offer. This capital project will complete the necessary renovations required to reopen the Conduit Lane public conveniences which, have been closed to the public for over ten years.
- 2.11 DLUHC, through the PAR process has approved the use of up to £90,000 for delivery of this project.
- 2.12 The Properties Team at the Council will deliver this project.

Subset Three: Upper Floor Grants Programme

2.13 An update on individual project progress since the Committee's January 2024 meeting is set out in **Appendix B**.

2.13 Three full applications have been submitted so far as follows:

- Buckminster Estates for the creation of 9 units at 17-19 High Street.
- Piggot and Hall for the creation of 2 units at 45 High Street.
- Melbourne Holdings for the creation of 8 units at 9-10 High Street.

2.14 Council Officers are reviewing the submitted full applications and are working with Legal Services Lincolnshire to prepare the funding agreements.

2.15 To comply with Subsidy Control Regulations, to further support their applications and to demonstrate a need for funding, the applicants have been asked to provide a viability appraisal conducted by a third party RICS accredited surveyor. This process is ongoing.

Subset Four: Grantham Town Team

2.16 A report was presented to the then Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 21 February 2023, which set out the purpose of the Grantham Town (**Background paper B**).

2.17 Whilst significant gaps in staffing levels, particularly the Grantham Engagement Manager vacancy, had led to a natural pause in the progress of the Grantham Town Team, this post was filled in February 2024 and therefore work had begun to re-establish the Grantham Town Team, led by the newly appointed Head of Economic Development. Unfortunately, through personal reasons, the newly appointed Grantham Engagement Manager has tendered his resignation. A new recruitment process will now be undertaken.

Subset Five: Department for Levelling Up, Housing and Communities

2.18 Monthly Officer meetings continue to take place with DLUHC Funding Delivery Managers to provide updates on progress and discuss issues.

2.19 A cycle of DLUHC programme Monitoring and Evaluation documents were submitted in November 2023. At the time of writing this report, Officers are preparing May 2024's Monitoring and Evaluation submission. These reports are prepared by the Officer overseeing the contract management and signed off by the S151 Officer and by the Chief Executive as the programme's Senior Responsible Owner.

- 2.20 The Council has received approval from DLUHC for the Project Adjustment Request (PAR) submitted to adjust the budgets for the public realm projects and remove the strategic site acquisition from the Future High Streets Fund programme, along with the request for an extension.
- 2.21 As reported in previous updates to elected Members, the Council is not the only grant recipient experiencing difficulties with programme delivery, particularly around costs. DLUHC has confirmed over 50% of programmes have submitted project change requests and are anticipating this percentage to rise.

3. Key Considerations

- 3.1 Following the completion of the Grantham High Street Heritage Action Zone programme in March 2024 there has been an alteration in membership of the previously reported Future High Streets Programme Board, because a representative of Historic England will no longer sit on the board.
- 3.2 Grant awards of £200,000 or more require Cabinet approval. Based on progress to date, no further applicants of the upper floor conversion projects will need to be referred to Cabinet.
- 3.3 In delivering under FHSF, the Council is committed to supporting a programme of monitoring and evidence which will last beyond the bid project.

4. Other Options Considered

- 4.1 An alternative would be to close the programme and return any unspent allocation to DLUHC - Significant progress has been made with the delivery of the FHSF in the sixteen weeks since Members were last updated. There is considerably less risk to the delivery of the scheme following the key decision from Lincolnshire County Council to approve the public realm works to the Market Place, and contractors being appointed for this element of the project works.
- 4.2 Whilst future challenges are anticipated, it remains key for the development and promotion of Grantham that this programme is delivered. Therefore, closing the programme and returning any unspent allocation received to DLUHC has been discounted as an option, although there are programme delivery risks which may necessitate the return of part of the funding.

5. Reasons for the Recommendations

- 5.1 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 (where appropriate) Cabinet. This includes suggestions for work programmes and items to be considered.

6. Background Papers

A - [Grantham Future High Streets Fund – January 2024 update](#)

B - [Grantham Future High Streets Fund - February 2023 update *Grantham FHSF Update.pdf \(southkesteven.gov.uk\)*](#)

7. Appendices

7.1 **Appendix A** – Funding allocations.

7.2 **Appendix B** - An update on individual Upper Floor Grants project progress since Committee's January 2024 meeting.