



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Finance and Economic Overview and Scrutiny Committee

Thursday, 27 June 2024

Report of Councillor Richard Cleaver,
Portfolio Holder for Property and Public
Engagement

Grantham High Street Heritage Action Zone Completion Report

Report Author

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Purpose of Report

This report provides a final update on the completion of the High Street Heritage Action Zone programme, which came to an end on 31st March 2024. The programme was aimed at helping unlock the heritage potential of the town and assist in economic recovery within Grantham Town Centre.

Recommendations

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

1. **Reviews and endorses this report.**
2. **Is invited to share any comments they may have on this report with the 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Does the report contain any exempt or confidential information not for publication?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 opportunities
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 Grant spend and SKDC contribution across the four-year project was as detailed below.
- 1.2 The total public sector funding leveraged through the delivery of the programme was £307,734, and an additional £370,000 of third-party contributions were recorded for associated activity which was either delivered through the duration of the scheme or will be delivered over the next 12 months.
- 1.3 Further detail is given with the Background to the report (Paragraphs 2.35 – 2.48)
- 1.4 Services and materials relating to capital projects were procured and commissioned directly by the grant recipient. Grant recipients were contractually required to follow Historic England's procurement requirements for goods and services and provide evidence of this prior to receiving funding.

A grant clawback clause applies if a property which has received a grant is sold, otherwise disposed of, or significantly changed within three years of the final grant payment.

Completed by: Richard Wyles, Deputy Chief Executive and Section 151 Officer

Legal and Governance

- 1.5 The programme was overseen by the combined Future High Street Fund and High Street Heritage Action Zone Project Board (the Board), which includes Councillors, Senior Officers and Historic England.

- 1.6 Programme spend up to £200,000 was assessed by the Board which provides a recommendation for approval or otherwise by the relevant senior officer through their existing delegated powers under the scheme of delegation within the Council's constitution.
- 1.7 Programme spend of more than £200,000 was assessed by the Board and referred to Cabinet for recommendation to Historic England for approval.
- 1.8 Any project grant which resulted in a contribution from Historic England of £50,000 or more was referred to Historic England for formal approval.

Completed by: Mandy Braithwaite, Legal Executive

Risk and Mitigation

- 1.9 As the programme has completed, there is no further risk associated with its delivery.

Completed by: Tracey Elliott, Governance & Risk Officer

Health and Safety

- 1.10 Throughout the programme, contractors were responsible for maintaining appropriate health and safety on site and complied with all the relevant legislation. South Kesteven District Council was responsible for ensuring that appointed contractors provide evidence of Health and Safety competencies and supporting documents, including risk assessments safe systems of work and other relevant documents, as well as implementing contractor monitoring to provide assurance that works are undertaken in a safe and responsible manner.

Completed by: Phil Swinton, Health and Safety and Emergency Planning Manager

Diversity and Inclusion

- 1.11 Eligibility for the grant schemes was limited by the terms of the funding agreement with Historic England.
- 1.12 To be eligible for funding properties had to be located on High Street, Westgate, Market Place or Watergate, (with a priority on Westgate and Market Place) and must have been built prior to 1939.
- 1.13 Applicants must have had the legal ability to accept the grant funding, typically the property owner. Tenants with full maintaining leases were eligible to apply with the written permission of the property owner.

Is an Equality Impact Assessment required?

No

Climate Change

1.14 The programme encouraged the retention of as much original material as possible. While this is primarily to maintain the historic fabric of buildings, it also prevents unnecessary use of new resources.

2. Background to the Report

2.1 The delivery of the High Street Heritage Action Zone (HSHAZ) programme formally falls within the Economic Development function of the Council, and therefore under the remit of the Finance and Economic Overview and Scrutiny Committee (FEOSC).

2.2 Prior to the May 2023 the High Street Heritage Action Zone programme fell under the remit of the Culture and Leisure Overview and Scrutiny committee as a 'Heritage' programme. Given the prior involvement with the programme, updates have remained on the work plan of the Culture and Leisure OSC.

2.3 As a result this report was previously presented to the Culture and Leisure Overview and Scrutiny Committee 18th June 2024, the Committee agreed to accept the contents of the report for noting.

2.4 The HSHAZ Programme began in May 2020 and ran until March 31st 2024, during which time it delivered capital grant schemes for restoration of historic buildings and community consultation and engagement activity to celebrate and safeguard Grantham's town centre heritage.

2.5 For ease of reading the report has been separated into the following sections:

- Section 1: HSHAZ Successes
- Section 2: HSHAZ Challenges
- Section 3: HSHAZ Lessons Learnt
- Section 4: Financial Overview and Added Value
- Section 5: Cultural Programme

Section 1: High Street Heritage Action Zone Successes

2.6 The most successful element of the programme was the delivery of the capital programme which included the restoration of Westgate Hall, as well as the shop front regeneration scheme.

2.7 This element of the programme was responsible for the majority of the programme spend, and also generated considerable private sector investment in the scheme.

2.8 The works to Westgate Hall included significant repairs to the roof, and other works to prevent further water ingress into the building and rectify previous water

damage in the roof structure. In addition, three of the octagonal rooflights were reinstated, historically appropriate doors and other joinery were reinstated, and repairs were made to windows, including the installation of new glazing to the front arched windows.

- 2.9 The project was responsible for £300,000 of grant spend and generated £120,000 in private sector investment in the duration of the scheme.
- 2.10 As a result of the project works the building, which had been vacant for over five years, has secured a tenant, Mr Ade Adeshina who has confirmed that following fit out works Westgate Hall will open as a restaurant in 2025, which will create at least 15 jobs.
- 2.11 Further repair works and the fit-out works will be funded by the property owner and Mr Adeshina and are anticipated to be in the region of £200,000 – £250,000.
- 2.12 Seven properties benefited from shopfront reinstatement or repair grants across the four-year scheme.
- 2.13 The shopfront regeneration project was responsible for £306,206 of grant spend across the four-year programme and generated £187,734 in private sector investment.
- 2.14 Together the direct public sector investment leveraged through the HSHAZ capital grant scheme totalled £307,734, which was over three times the initial target for the programme and exceeded the Council's financial contribution to the scheme. While the increase in private sector investment was largely seen as the result of price inflation within the construction industry, it is also indicative of the willingness of Grantham town centre property owners to invest in the regeneration of the town centre.
- 2.15 Interpretation and engagement activity created through the scheme has proved popular. Including the development of the Grantham Trumps card game and the Trigge Library colouring book have proved popular and highlighted some of Grantham's lesser-known heritage gems.
- 2.16 During the programme delivery Grantham was nominated for both the Academy of Urbanism 'Great Town and Small City' award, and the Visa 'Talk of the Town – Rising Star' Award. In both instances the work delivered through the High Street Heritage Action Zone (amongst other projects) was cited as one of the reasons that the town became a finalist in both instances. While ultimately, both were awarded to other towns, achieving a place in the finals demonstrates the significance of the regeneration work being delivered in the town centre.

Section 2: High Street Heritage Action Zone Challenges

- 2.17 One of the most significant challenges with the delivery of the programme was the rigidity of delivery timescales and the inflexibility of spend between financial years.
- 2.18 The split of the grant funding across the four-year scheme was determined by Historic England's requirements and fixed when the grant was awarded in 2019. The programme mandated that 80% of the funding was allocated to the second and third years of delivery.
- 2.19 The scheme did not allow funding to be transferred between financial years, and as such any underspend within a financial year was lost.
- 2.20 This was a considerable challenge, particularly with regards to the delivery of capital projects in the second year of delivery, when property owners were hesitant to commit to significant project costs following the combined impacts of Covid-19, and the impact of inflation in the construction industry.
- 2.21 As a result, there was considerable underspend in the capital programme in the second year (2021/22).
- 2.22 While it was possible in some specific circumstances to negotiate exceptions, such as drawing down Historic England spend early against project delivery (such as with the Westgate Hall project) this process was protracted and could be utilised only in exceptional circumstances.
- 2.23 In 2022, Historic England changed their policy with regards to programme alterations, and as a result programmes no longer had the flexibility to reallocate funding from areas which were under performing to new projects. This limited the ability of the programme to utilise funding where projects delivered under budget, or where the delivery was unsuccessful, resulting in underspend.
- 2.24 Historic England recognise that the inability to transfer spend between years, and the reduction in flexibility and adaptability partway through the scheme proved a significant challenge to all projects and asked that this be reflected in the closure reports, so they are able to effectively pass on this feedback to the Treasury.
- 2.25 Another challenge in the programme was achieving the desired levels of community engagement throughout.
- 2.26 As a result, the community engagement strand of the programme delivery underperformed when compared to the capital programme. While those who did take part were very engaged and reported that they enjoyed and benefited from their involvement, despite widespread promotion attendance at community consultation events, or other activities was low, and this limited the effectiveness of consultation.

Section 3: Lessons Learnt

- 2.27 The HSHAZ was a great opportunity for learning, and some of the numerous lessons learned through the delivery of the programme are outlined in the formal Closure Report produced for Historic England, which has been included with this report as Appendix A.
- 2.28 In particular, the Committee's attention is drawn to the lessons learnt with regards to the Shopfront Regeneration Scheme.
- 2.29 A common criticism of the scheme has been that the majority of the funding for shopfront regeneration grants was awarded to one or two larger organisations within the town centre, and it was hard for independent property owners to access funding.
- 2.30 In some instances, this was due to the significant increase in cost of shopfront regeneration projects through the duration of the scheme, which made projects unviable for many independent property owners even with the grant support available.
- 2.31 All potential applicants were offered in person support in understanding the application process and completing the application. However, following a review of the scheme during the closure process, ways that any future scheme could be made more equitable and transparent for applicants were identified.
- 2.32 The HSHAZ Shopfront Regeneration scheme was an open programme, with no fixed deadlines for applications. Applications were accepted for projects up until the point that all grant funding had been allocated, essentially on a first come first served basis for eligible projects. This was in line with the operation of the previous shopfront scheme.
- 2.33 However, it is proposed that should it be possible to run a similar scheme again the grant programme be run in fixed application rounds rather than as an open programme. This would allow all applications to be assessed on merit against the other applications in that round.
- 2.34 This would not only provide a better assessment of value for money and enable more accurate forecasting of spend earlier in the year, but it would also remove the advantage for those organisations more familiar with applying for funding or with resource to develop projects more quickly.

Section 4: Financial Overview and Added Value

- 2.35 The original grant award from Historic England was £886,538. SKDC committed up to £375,660 in match funding to the scheme, with an overall funding ratio of

70% Historic England funding to 30% SKDC Match Funding.

- 2.36 Unfortunately, there was underspend in the delivery of the scheme resulting in the total grant received from Historic England being £672,719, and the total value of the Council's match funding being £284,652.
- 2.37 The majority of the underspend was linked to the capital grants programme. As was discussed previously in this report, there was underspend in the capital programme in the second year of the scheme, as projects which had been allocated funding were not able to complete within that year. This was largely due to unavoidable contractor or materials shortages but did have an ongoing impact on the delivery of the capital scheme.
- 2.38 In addition, there was an underspend of circa £62,000 in the final year of the capital programme as one of the projects (80 Westgate) was not able to complete as the result of unforeseen structural issues.
- 2.39 SKDC were able to continue supporting the delivery of the project by utilising retained underspend from the previous shopfront scheme, however, were not able to make a full claim to Historic England with respect of the HSHAZ programme.
- 2.40 There was also underspend in the community engagement programme as the result of the discontinuation of the Conduit Lane development project.
- 2.41 Historic England's restrictions prevented developing other projects which could utilise that funding within the financial year.
- 2.42 The final grant and match funding spend across the four-year programme was broken down as follows:

	2020/21	2021/22	2022/23	2023/24	Total
Historic England Grant	£ 117,513	£ 160,505	£ 326,568	£ 68,133	£ 672,719
SKDC Match Funding	£ 3,637	£ 38,301	£ 121,858	£ 120,857	£ 284,652

- 2.43 As has been previously reported in this document, the level of private sector investment leveraged as a result of the scheme was considerably greater than initially forecast.
- 2.44 This was primarily as the result of the increase in the overall cost of construction works and materials which was seen through the duration of the scheme.

2.45 The total value of private sector investment leveraged directly as match funding to the scheme was £307,734 which was broken down as follows:

Project	Total Eligible Costs (excluding VAT and Contingency)	Total Grant Paid	Property Owners Contribution	Intervention Rate
74 Westgate	£ 49,031.50	£ 32,500.00	£ 16,531.50	66%
1 Market Place	£ 71,893.00	£ 32,500.00	£ 39,393.00	45%
21-22 Market Place	£ 87,930.15	£ 50,000.00	£ 37,930.15	57%
17-18 High Street	£ 110,273.00	£ 69,560.00	£ 40,713.00	63%
5 Market Place	£ 20,387.00	£ 14,463.00	£ 5,924.00	71%
68 Westgate	£ 29,700.00	£ 18,880.00	£ 10,820.00	64%
	£ 113,575.00 (incomplete - £25092 delivered through HSHAZ)	£18,631	£ 6461	n/a
80 Westgate	£ 99,633.00	£ 69,672.00	£ 29,961.00	70%
Westgate Hall	£ 420,000.00	£300,000.00	£120,000.00	71%

2.46 In addition to the direct public sector match funding outlined above, Historic England requested that that indirect third-party funding also be recorded for the purposes of identifying strategic added value to the grant investment. This could either be investment made by third parties as a direct result of taking part in the scheme, but not as direct match funding to grant aided projects (for example, additional work which took place in buildings which had received funding, but which was not included in the eligible costs for the project) or other investments as a result of the development of work delivered through the scheme.

2.47 This figure could include both investments made during the scheme, and investments influenced by the scheme to be delivered over the next 12 months (until March 2025).

2.48 The total additional value achieved through the Grantham HSHAZ totals over £370,000 which includes:

- Westgate Hall fit out conservatively estimated at £200,000 – £250,000
- Private sector investment to shopfronts/ commercial properties (additional investment) between 2020-2024: £ 68,000
- Private sector investment to shopfronts/ commercial properties (additional investment) forecast spend for 2024/25: £74,000.
- Arts Fund grant to Grantham Museum Reimagined project: £18,600
- Woodland Trust grant to SKDC for street greening feasibility study: £10,000

Section 5: Cultural Programme

2.49 In addition to the main strand of the High Street Heritage Action Zone programme, an associated community developed and delivered Cultural Programme was run.

2.50 This programme secured an additional £90,000 in funding from Historic England and National Lottery Heritage Fund. SKDC did not make a financial contribution

to the project.

- 2.51 In line with Historic England's requirements for the funding, the Cultural Consortium members took responsibility for the development and delivery of the scheme, with the Council acting as a conduit for funding and administrative support, but not as lead partner in the delivery of activity.
- 2.52 The 'Cultural Consortium' group made up of Grantham Arts, Grantham Dramatic Society, Grantham Community Heritage Association (Grantham Museum), Chantry Dance, St Wulfram's Church, and supported by the National Trust.
- 2.53 The programme was of mixed success, some of the projects delivered including the 'Festival of Angels' exceeded the expected levels of engagement, whereas other organisations including the Grantham Museum struggled to deliver the programmes as initially planned, and as a result devised alternate projects which were less demanding to their organisational capacity, but which also delivered less.
- 2.54 In total, 723 people took part in events and activity delivered through the programme, over the delivery of nine projects, which included art/ craft workshops, dance performances, guided tours, and the creation of arts facilities in the town centre. Although attendance numbers were not recorded, it is estimated that an additional 2000 people visited the Festival of Angels exhibition.
- 2.55 Many of the groups found that they had a significant decline in their volunteer numbers following the pandemic and reported difficulties in volunteer recruitment throughout. This proved a major challenge to the delivery of the programme and did reduce the capacity of a number of the organisations which took part.
- 2.56 Several of the projects resulted in a legacy which will extend beyond the duration of the scheme, in particular funding from the programme supported Grantham Dramatic Society in making improvements to their Westgate Hub, creating a rehearsal and events space which in the future will be available to both themselves and other community groups.
- 2.57 Grantham Arts were able to utilise funding to purchase equipment, including a kiln, which will become a bookable resource for other artists in Grantham, as well as supporting the ongoing legacy of their professional and community arts activity, based at Grantham Museum.
- 2.58 Grantham Museum's funding purchased a new community cabinet, which will provide a permanent space in the museum for community groups, schools, businesses, local history groups and other local organisations to display the heritage which is important to them.

- 2.59 Discussions with other Heritage Action Zone Project Officers in the Midlands region revealed the delivery of the cultural programmes to be among the weakest elements of delivery for most schemes, but those which operated best utilised the Cultural Consortium as a commissioning body to direct the arts and cultural activities, rather than as the delivery body from the outset.
- 2.60 This was a key lesson learnt through this programme, and should a similar opportunity arise in the future, this would be the recommended method of delivery.
- 2.61 In line with Historic England's requirements for grant closure, a qualitative evaluation report was produced. This has been included as Appendix B of this report.

3. Key Considerations

- 3.1 The High Street Heritage Action Zone programme ran from 2020-2024, and delivery was impacted by major events including the Covid-19 Pandemic, and the national economic downturn, increased inflation and cost of living crisis.
- 3.2 Despite this, the programme succeeded in achieving the majority of its aims and outcomes identified in the original funding bid.
- 3.3 The project highlighted the importance of Grantham's historic environment as a key driver of the town's continued regeneration.
- 3.4 Although this funding stream has come to an end, SKDC officers will continue to pursue any available funding to support the regeneration of South Kesteven's town centres as appropriate. The lessons learnt through the delivery of this scheme will be valuable in influencing how any future programmes are developed and delivered.

4. Other Options Considered

- 4.1 As this report provides an overview of the scheme for the purposes of project closure, there are no other options to consider.

5. Reasons for the Recommendations

- 5.1 As a town centre regeneration programme delivered within by the Council's Economic Development team, the High Street Heritage Action Zone programme falls within the remit of The Finance and Economic Overview and Scrutiny Committee. The presentation and endorsement of this completion report will allow for both the celebration of the completion of the scheme, but also crucially allow for lessons learnt through the delivery of the scheme to be acknowledged and noted for consideration in the development and delivery of future schemes.

6. Background Papers

6.1 *Update on Heritage Action Zone shop front improvements in Grantham* – Report to Culture and Leisure Overview and Scrutiny Committee, 30th November 2023: (<https://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=727&MId=447>)

7. Appendices

7.1 Appendix A: 'Grantham High Street Heritage Action Zone Closure Report A: Objectives, Lessons Learnt and Feedback'

7.2 Appendix B: 'Grantham HSHAZ Cultural Programme Evaluation Report'