



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Finance and Economic Overview and Scrutiny Committee

26 November 2024

Report of Councillor Ashley Baxter,
Leader of the Council and Cabinet
Member for Finance, HR and Economic
Development

Grantham Future High Streets Fund – Mid-Year Update

Report Author

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Purpose of Report

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

Recommendations

That 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information not for publication?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 Ministry of Housing, Communities and Local Government (MHCLG) have paid the entirety of the capital funding allocation for the Future High Street Fund to the council. This makes the total amount of funding received for the Programme £5,556,042. The funding allocations for each financial year are set out in **Appendix A**.
- 1.2 Engagement will continue with MHCLG to report actual, and forecast spend for the remainder of the Programme. The capital budget is set out below in **Table 1**, which shows actual spend for 2021-2024, 2024-2025 and the remaining budget for 2024-2025.

Table 1: FHSF Capital

	2021-2024	2024-2025	2024-2025	Total
Capital	£481,131	£ 1,762,169	£3,312,741	£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.
- 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 below in **Table 2**, which shows actual spend for 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: Paul Sutton, Interim Head of Finance (Deputy s151)

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: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer

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, MHCLG.

Completed by: Tracey Elliott, Governance & Risk Officer

2 Background to the Report

- 2.1 In 2021, South Kesteven District Council was awarded £5.56 million of funding through the Future High Streets Fund (FHSF). This funding, matched by the Council's £379,092 funding contribution, will help the town centre become fit for the future, ensuring that it can evolve and adapt to changes in consumer demands and meet the needs of future generations. Such an approach aligns with the Corporate Plan (2024 to 2027), as the Council seeks to enable economic opportunity as one of their five priorities.

- 2.2 To support the delivery of this programme regular reports have been presented to elected Members since the Council was awarded the funding in 2021. This report therefore builds upon the most recent update received by elected Members on 8 May 2024 to the Finance and Economic Overview and Scrutiny Committee (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 Ministry of Housing, Communities and Local Government

Subset One: Public Realm Projects (Market Place and Station Approach)

- 2.4 With a budget of £1.8 million, the project to revitalise the Market Place in order to reinstate it as the heart of the town centre included raising the carriageway to the same level as the existing York stone paved areas. The carriageway was to be paved in matching York Stone to create a visually cohesive, single level space and the edges of the carriageway to be lined with granite sets to outline the road for drivers and pedestrians.

- 2.5 Works started on 7 May 2024 with the contractor Taylor Woodrow and concluded on 13 September 2024.
- 2.6 Following the completion of the works, Market Place is now a flexible space which will become a destination for community events and activities as well as specialist markets. Two SKDC events have already utilised the new space on Market Place including the Lincolnshire Day celebrations and the Festival of Community on 19 October 2024.
- 2.7 The completion of the works under the forecast budget has allowed for the release of circa £426,000 funding. Confirmation of the final value of this is awaited from LCC Highways, following their negotiation of compensation events with Taylor Woodrow. In anticipation, Officers are developing a programme of additional works, including street furniture and improving power supplies to the market place to fully utilise this funding and will seek to agree proposals with MHCLG.



Image 1: Market Place before the works



Image 2: Market Place after the works

- 2.8 With a budget of £2.3 million, the Station Approach project will see major changes to the centre of Grantham's Station Road/ A607 Junction. The works will include resurfacing of the carriageway and upgraded traffic signals, making the junction easier for pedestrians to cross and creating a more welcoming environment into the town centre for visitors from the railway station.
- 2.9 On 5 August 2024, following the Council's approval, Lincolnshire County Council amended Taylor Woodrow's contract for the Market Place to include the Station Approach works.
- 2.10 Works started on 19 August 2024 and are anticipated to last a duration of 16 weeks, concluding in December 2024. The first phase of works completed on schedule. While the completion of phase two was marginally delayed as the result of bad weather, it is not anticipated that this will impact the final completion date for the programme. At the time of writing this report the works are in construction phase 3, which sees temporary traffic signals to take traffic coming from Harlaxton Road around the traffic island at the top of Harlaxton Road while works are carried out at this location. Phase 4 is anticipated to begin on 11 November 2024.
- 2.11 The indicative dates for all the construction phases can be seen below, in **table 3**. Please note that phase 5 involves overnight closures of the full junction to complete resurfacing works. There will be no overnight closure between 29 November and 6 December due to a Highways England embargo on any closures using the A1 as a diversion route. These will be weekday closures only.

Table 3: Key dates for Station Approach

Station Approach Mobilisation	12-Aug-24	19-Aug-24
Station Approach Construction Start Date	19-Aug-24	19-Aug-24
Station Approach Construction Phase 1	19-Aug-24	26-Sep-24
Station Approach Construction Phase 2	27-Sep-24	18-Oct-24
Station Approach Construction Phase 3	28-Oct-24	11-Nov-24
Station Approach Construction Phase 4	11-Nov-24	25-Nov-24
Station Approach Construction Phase 5	9-Nov-24	20-Dec-24
Station Approach Construction End Date	31-Dec-24	31-Dec-24

2.12 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, 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

2.13 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.

2.14 This will see the completion of renovations to male, female and disabled public toilets within the block, as well as the staff toilets available to the Markets team.

2.15 MHCLG, through the Project Adjustment Request (PAR) process has approved the use of up to £190,000 of grant funding for delivery of this project. This funding is being drawn from unutilised contingency allocations which have been released following the completion of the Market Place project.

2.16 The Properties Team at the Council will deliver this project and have awarded the contract for the works to Lindum Group. Works started on 11 November 2024 and are anticipated to take between 8 to 10 weeks.

Subset Three: Upper Floor Grants Programme

2.17 This grant programme allows owners of retail properties within the town centre to convert vacant and underutilised upper floor space into high-quality residential units, addressing the economic waste of underutilised floorspace and the creation of vibrant town centre living.

2.18 The grants will provide 50% of the eligible costs of conversion, up to a maximum of £25,000 per unit created. The total grant funding available is £550,000 so at the

maximum grant per unit a minimum of 22 new units within the town centre will be created.

- 2.19 All 22 grants have now been allocated to applicants to the full programme value of £550,000.
- 2.20 An update on individual project progress since the Committee's May 2024 meeting is set out in **Appendix B**.
- 2.21 Six full applications have been submitted 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.
 - MD Properties for the creation of 1 unit at 77-79 London Road.
 - MD Properties for the creation of 1 unit at 81-83 London Road.
 - Mr Yew Loong Wong for the creation of 1 unit at Unit 4, 30 Westgate.

- 2.22 Officers have instructed Legal Services Lincolnshire to send out the funding agreements to the above applications for review and signature.
- 2.23 To comply with Subsidy Control Regulations, to further support their applications and to demonstrate a need for funding, the applicants have supplied a viability appraisal conducted by a third party RICS accredited surveyor.

Subset Four: Grantham Town Team

- 2.24 The newly appointed Grantham Engagement Manager joined the Council on 22 July 2024 and work begun to re-establish the Grantham Town Team.
- 2.25 Among the first actions of the Grantham Engagement Manager was to bring a report on delivered and proposed measures to support footfall in Grantham town centre to this committee (17th September 2024) which is included as Background Paper B. An update on Grantham Town Team, who met on 19 September 2024, will be presented to the Finance and Economic Overview and Scrutiny Committee on 26 November 2024 in a separate report.

Subset Five: A summary of engagement with the Ministry of Housing, Communities and Local Government

- 2.26 Monthly Officer meetings continue to take place with MHCLG Funding Delivery Managers to provide updates on progress and discuss issues.
- 2.27 A cycle of MHCLG programme Monitoring and Evaluation documents were submitted in May 2024. At the time of writing this report, Officers are preparing November 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.

2.28 Council Officers are discussing any potential underspend with MHCLG on the programme and as reported in previous updates to elected Members, the Council is not the only grant recipient experiencing difficulties with programme delivery, particularly around costs. MHCLG has confirmed over 50% of programmes have submitted project change requests and are anticipating this percentage to rise.

3 Key Considerations

3.1 Following completion of the works to the Market Place, there is approximately £426,000 of contingency budget which has been released. Officers are finalising a programme of additional works to utilise this funding, including enhancements to power provision and street furniture in the market place. Due to the grant requirements of MHCLG this additional work must relate to the existing project delivery.

3.2 In delivering under FHSF, the Council is committed to supporting a programme of six- monthly reporting which includes financial monitoring, footfall reporting and evidencing outputs such as private sector financial contributions. As part of the grant agreement the Council is committed to continue to provide MHCLG with such information as they require beyond the initial project timeframe.

4 Other Options Considered

4.1 **An alternative would be to complete the programme as currently scheduled and return any unspent allocation to MHCLG.** This would not allow for any additional works to be completed to public realm areas and will be a missed opportunity to further improve the amenity of the spaces. Therefore, completing the programme and returning any unspent allocation received to MHCLG 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

- 6.1 Grantham Future High Streets Fund – May 2024 update - [FINAL FHSF FEOSC Report - 8th May 2024.pdf \(southkesteven.gov.uk\)](#)
- 6.2 Grantham Town Centre Footfall Report - September 2024 - [Footfall Final Version.pdf](#)

7 Appendices

- 7.1 **Appendix A** – MHCLG FHSF Grant Payment Schedule.
- 7.2 **Appendix B** - An update on individual Upper Floor Grants project progress since Committee's May 2024 update.