



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Finance and Economic Overview and Scrutiny Committee

Tuesday, 18 February 2025

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

Grantham Future High Streets Fund – Programme Update

Report Author

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Purpose of Report

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

Recommendations

The Committee is recommended to:

- 1. Note the report and offer feedback to the Future High Street Programme Board**

Decision Information

| | |
|---|---|
| Does the report contain any exempt or confidential information not for publication? | Appendix A, Paragraph 3 of Schedule 12A of the Local Government Act 1972 (commercially sensitive information) |
| What are the relevant corporate priorities? | Enabling economic opportunities |
| Which wards are impacted? | Grantham St. Vincents; 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, 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 Grantham's Future High Street Programme which is a total of £5,556,042 funding received.
- 1.2 Engagement continues 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, committed spend for 2024-2025 and the remaining budget for 2024-2025.

| Table 1: FHSF Capital | | | | | |
|------------------------------|------------------|---|--|---|--------------|
| | 2021-2024 | 2024-2025 (Actual Spend) | 2024-2025 (Committed Spend) | 2024-2025 (Remaining Budget) | Total |
| Capital | £481,131 | £2,028,067 | £2,164,149 | £882,695 | £5,556,042 |

- 1.3 The remaining capital budget identified in the table above comprises of released risk and contingency from the public realm projects totalling of £882,695, which is currently uncommitted subject to negotiations with MHCLG.
- 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 committed spend for 2024-2025 and the budget for 2025-26.

| Table 2: FHSF Revenue | | | | |
|------------------------------|------------------|------------------|----------------|--------------|
| | 2021-2024 | 2024-2025 | 2025-26 | Total |
| Revenue | £122,000 | £102,456 | £154,636 | £379,092 |

- 1.5 The grant agreement with MHCLG will conclude in March 2025, however negotiations are currently ongoing with the department to allow the delivery of capital works to continue through the 2025-2026 financial year for works which are

contractually committed by 31st March 2025. This is to allow funding released from contingency and risk budgets to be utilised within the project.

Completed by: Paul Sutton, Interim Head of Finance (Deputy s151)

Legal and Governance

- 1.6 There are no significant 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

- 1.7 The 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 was matched by the Council's £379,092 funding contribution.

- 2.2 To support the delivery of this programme regular reports have been presented to Councillors since the Council was awarded the funding in 2021. This report builds upon the most recent update provided to this Committee at its 26 November 2024 meeting (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 combined budget of £4.2 million the public realm improvement projects to Grantham Market Place and Station Approach were completed last year with Market

Place completing in August 2024 and Station Approach completing in December 2024.

- 2.5 The carriageway in the Market Place has been raised to create a visually cohesive, single level space, reinstating it as the heart of the town centre and the junction at Station Approach has seen a full resurfacing of the carriageway with traffic signals upgraded.
- 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. Station Approach is now an easier junction for pedestrians to cross and has created a more welcoming environment into the town centre for visitors from the railway station.
- 2.7 The total spend for the completion of the works has been confirmed as £3.2 million. Following completion of the projects, budget which had been allocated to risk and contingency within the schemes has been released creating an identified underspend of £882,695.
- 2.8 Following discussions with MHCLG, the Future High Street Board has identified additional activities which are closely aligned to the existing projects and will provide enhanced outcomes and benefit Grantham. The proposed activities will enhance the public realm works completed to date, support place making and the resident and visitor experience in the town centre.
- 2.9 MHCLG have given clear instruction as to what additional works could be considered. While they will not permit the creation of new projects at this stage in the scheme, activities which add to and enhance the outcomes of existing works will be considered. Additionally, if the Council can contractually commit the underspend to relevant activities before March 2025, MHCLG have advised that there would be scope for actual spend and delivery to complete in 2025/2026. However, final approval has not yet been given.
- 2.10 Officers submitted a formal Project Adjustment Request (PAR) for the proposed additional works on 7 February 2025 and await MHCLG approval. MHCLG have acknowledged receipt of the submission and advised that they will respond within 20 days.

Subset Two: Conduit Lane Public Conveniences Refurbishment

- 2.11 MHCLG, through the Project Adjustment Request (PAR) process, approved the use of up to £190,000 of grant funding for delivery of a project to refurbish and reopen the Conduit Lane public conveniences. The project has resulted in the conveniences that had been previously closed to the public for over ten years being

reopened in January 2025. This funding was drawn from unutilised contingency allocations released following the completion of the Market Place project.

- 2.12 The works to renovate the male, female and disabled public toilets within the block, as well as the staff toilets available to the Markets team, started on site with the contractor Lindum on Monday 11 November 2024 and completed on Monday 27 January 2025.

Subset Three: Upper Floor Grants Programme

- 2.13 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. The grants provide 50% of the eligible costs of conversion, up to a maximum of £25,000 per unit created.
- 2.14 The total grant funding available for this project is £550,000. To fulfil the funding, six full applications have been accepted which together will create 22 new units within the town centre. The applications are as follows:
- 9 units at 17-19 High Street.
 - 2 units at 45 High Street.
 - 8 units at 9-10 High Street.
 - 1 unit at Unit 4, 30 Westgate.
 - 1 unit at 77-79 London Road.
 - 1 unit at 81-83 London Road.
- 2.15 An update on individual project progress since the Committee's November 2024 meeting is set out in **Appendix A**.
- 2.16 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 and a site visit will take place upon the completion of works.
- 2.17 Council Officers continue to work closely with Legal Services Lincolnshire to arrange signing and sealing of the grant funding agreements between SKDC and the applicants. Currently two out of the six grant funding agreements have been completed.

Subset Four: Grantham Town Team

- 2.18 There have been three formal meetings of the Town Team so far; these are supported by the Grantham Town Engagement Manager. The most recent meeting took place on 16 January 2025 and included a discussion on the proposed events

programme, with a view to testing the suitable event and activity proposals over the next 12 months.

- 2.19 The action plan for the Town Team was presented to the Finance and Economic Overview and Scrutiny Committee and Cabinet on 16 January 2025 and was approved (please see **Background Paper B**).
- 2.20 The Grantham Engagement Manager is progressing the events programme, and the Grantham Town Action Plan is in the process of being implemented.

Subset Five: Ministry of Housing, Communities and Local Government

- 2.21 Monthly Officer meetings continue to take place with MHCLG Funding Delivery Managers to provide updates on progress and discuss issues.
- 2.22 Officers have been engaging with MHCLG on the current underspend for the Programme, exploring the options for funding additionality works from the released risk and contingency. This has resulted in a formal Project Adjustment Request being submitted on 7th February. MHCLG must respond to the Council within 20 days for confirm if the additional works can be funded through the programme underspend identified.

3 Key Considerations

- 3.1 Following completion of the works to the Marketplace and Station Approach, there is approximately £882,695 of risk and contingency budget which has been released. The Future High Street Fund Project Board has finalised 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 considered.

6 Background Papers

- 6.1 **A** - Grantham Future High Streets Fund – November 2024 update - [Grantham Future High Streets Fund - Mid-Year Update.pdf](#)
- 6.2 **B** – Grantham Town Centre Action Plan – January 2025 - [Grantham Town Centre Action Plan Cabinet Report.pdf](#)

7 Appendices

- 7.1 **Appendix A** - An update on individual Upper Floor Grants project progress since Committee's November 2024 update.