



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Finance and Economic Overview and Scrutiny Committee

Thursday, 24 July 2025

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

Grantham Future High Street Fund Programme Update

Report Authors

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Purpose of Report

To provide an update regarding delivery of the Grantham Future High Street Fund (FHSF) projects.

Recommendations

The Committee is asked to:

note the report and progress on the Grantham Future High Street Fund Programme and to offer feedback to the FHSF board.

Decision Information

Does the report contain any exempt or confidential information not for publication?	Yes - Appendix A is exempted under Paragraph 3
What are the relevant corporate priorities?	Enabling economic opportunities
Which wards are impacted?	Grantham St Wulfram's; 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, 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 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 £5,512,899 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 and breaks down remaining grant funding allowance into contractually committed grant, allocated grant (contracts pending) and remaining unallocated budget for 2025-2026.

Table 1: FHSF Capital						
	2021-2024	2024-2025	2025-2026 (Contractually Committed grant)	2025-2026 (Allocated grant)	2025-2026 (Unallocated Budget)	Total
Capital	£481,131	£3,468,050	£500,705	663,103	400,000	£5,512,899

- 1.3 The unallocated budget comprises of remaining underspend within the programme. Officers are currently seeking approval from MHCLG to allocate this funding to complete additional works on existing projects (see paragraphs 2.17 – 2.21). The expenditure of the projects must meet the criteria of capital expenditure and be approved by MHCLG. In the event that no projects can be identified that meet the criteria or that will be contractually committed by 30th September 2025 then the unallocated budget will be returned to Government.
- 1.4 There is also a revenue budget which forms the Council's obligatory match funding to the Future High Streets Fund Programme. 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	£51,376	£205,715	£379,092

- 1.5 Following successful negotiations with MHCLG, an extension to the delivery timeframe for the programme has been agreed in order to facilitate the completion of outstanding projects and allow underspend to be utilised. MHCLG has approved an extension to 30st September 2025 for all remaining funds to be contractually committed, and extended the deadline for spend to 31st March 2026.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

- 1.7 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

Risk and Mitigation

- 1.8 The risks associated with cost increases are being managed through the usual project management processes as well as with the funding body MHCLG.
- 1.9 If MHCLG do not grant approval for the use of the remaining £400,000 of unallocated budget, there is a risk it will be returned to the funder. Officers are working with MHCLG to identify acceptable spend and ensure that all funding is contractually committed by the required deadline.

Completed by: Claire Saunders, High Street Heritage Action Zone Project Manager

2. Background to the Report

- 2.1. In 2021 South Kesteven District Council was awarded £5.56 Million by the Ministry of Housing, Communities and Local Government (MHCLG) through the Future High Street Fund (FHSF). In addition, the Council committed £379,092 of matched funding to the programme.
- 2.2. To support the delivery of this programme regular reports have been presented to Councillors since the funding was awarded in 2021. This report builds upon the most recent update provided to this Committee at its 18th February 2025 meeting (see Background Paper A)
- 2.3. In line with previous updates and for ease of reading, the remainder of this background section focuses on programme updates, divided into five subsets:

- Subset One: Approved Additional Programme
- Subset Two: Upper Floor Grants Programme
- Subset Three: Further Additional Spend
- Subset Four: Grantham Town Team update
- Subset Five: A summary of engagement with the (MHCLG)

Subset One: Approved Additional Programme

- 2.4. Following the completion of the public realm works in January 2025 to both Grantham Market Place and Station Approach, £882,695 of budget allocated to risk and contingency was released.
- 2.5. The Council applied to MHCLG to reallocate this funding through a formal Project Adjustment Request (PAR) process in February 2025.
- 2.6. MHCLG required that funding was spent on expanding previously completed and/or ongoing projects and emphasised that it could not be spent on entirely new projects.
- 2.7. This PAR was approved on 14th February 2025, and permitted use of the funds on the following projects: -
- Installation of Street Furniture including planters, benches, and cycle parking in the Market place and installation of power provision in Grantham Market Place and along Westgate for use by the market and during events
 - Capital improvements to Grantham Museum building to support the long-term aim of regaining the museum's collection, currently in the custodianship of Lincolnshire County Council
 - Replacement of bollards around Conduit Lane car park
 - Equipment to support the delivery of Grantham Market
 - Public realm improvements around the St Peter's Hill Green 'Cultural Quarter'.
 - Improvements to wayfinding and signage.
 - Associated staffing and administrative costs

MHCLG require that these works are contractually committed by 30th September 2025 and completed by the 31st March 2026.

- 2.8. Progress on projects is outlined in the table below:

Work Element	Budget	Progress
Market Place and Westgate Power and Street Furnishing	£ 400,000	Council officers are finalising details for contract for the manufacture and installation of street furniture and the implementation of power units in the Market Place and Westgate. Officers are working with M&E Engineer to confirm the requirements for power.
Grantham Museum	£161,705	The Council has entered contract with Lindum Construction to complete the work which includes installation of an upgraded heating system, installation of ventilation in the basement to facilitate collections storage, upgrades to the kitchen area and toilets, and plaster repairs to the upper floors
Markets	£ 60,000	FHSF Officers are working with the Market's Team to best utilise this spend to support the delivery and growth of Grantham's Market.
Wayfinding	£40,000	To facilitate manufacture and installation of wayfinding signage within the delivery deadlines set by MHCLG this package of works has been incorporated into a single contract along with the Street Furniture and Power provision. Final details are being agreed in advance of contract.
Conduit Lane car park bollards	£15,000	A contractor has been appointed for the works; officers are awaiting clarification on scheduled start and end date for replacement of Conduit Lane Car Park Bollards.
Cultural Quarter/ St Peter's Hill Green	£50,000	SKDC's street scene team are finalising a costed brief for improvements to the public realm areas of St Peter's Hill. MHCLG have confirmed that it is acceptable under the terms of the grant agreement for the work to be delivered by the Street Scene team.
FHSF Project Officer	£44,000	
Contingency/ Officer Salaries	£111,990	
Total	£882, 695	

- 2.9. Officers regularly update their MHCLG counterparts on the progress of these works.

Subset Two: Upper Floor Grants Programme

- 2.10 This grant programme allows owners of retail properties in the town centre to convert vacant and underused 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.
- 2.11 The total grant funding available for this project is £550,000. To fulfil the funding criteria, six full applications have been accepted which together will create 22 new residential units in the town centre. The accepted applications are:

- 9 units at 17-19 High Street
- 8 units at 9-10 High Street.
- 2 units at 45 High Street.
- 1 unit at 77-79 London Road.
- 1 unit at 81-83 London Road.
- 1 unit at Unit 4, 30 Westgate.

- 2.12 An update on individual project progress since the Committee's February 2025 meeting is set out in **Appendix A**.
- 2.13 Works have completed at two of the properties, with a third due to complete by the end of July 2025.
- 2.14 All units completed to date have been let, with the majority securing tenants within one month of completion.
- 2.15 Council Officers continue to work closely with applicants to progress the conversion works and Legal Services Lincolnshire to arrange signing and sealing of the grant funding agreements and relevant legal charges.

Subset Three: Further Additional Spend.

- 2.16 At the end of the financial year 2024/2025 an additional £400,000 of funding which had been provisionally allocated to projects was released and returned to the programme budget.
- 2.17 Officers have negotiated with MHCLG who have confirmed SKDC may use this funding for additional works subject to approval of projects via the formal PAR process.
- 2.18 MHCLG has stipulated that these additional funds must be contractually committed by 30th September 2025, and works must be completed by 31st March 2026. Furthermore, MHCLG has stated emphatically that any additional spend must expand or enhance existing projects and cannot be directed to new projects.
- 2.19 Officers are working to develop suitable options for additional works to make best use of this funding.

Subset Four: Town Team Update

- 2.20 An updated copy of the events calendar is appended to this report (Appendix B). The events calendar was approved by Cabinet at its meeting of 16 January 2025 (see background papers).
- 2.21 Several of the events have already taken place including the Whale and the Summer Festival.

The Whale Plastic Ocean Project

- 2.22 The Whale Plastic Ocean project took place over the 16, 17 and 18 May. Performances on Friday 16 May were for schools only with public performances on the Saturday and Sunday every half hour between 11am and 3.30pm. The Whale was delivered by a professional theatre company, Circo Rum Ba Ba, and as well as being visually impressive it is an educational interactive theatre experience for children and adults.
- 2.23 The total number of booked attendees over the three days was 598 but the event also generated footfall in the Marketplace with over 300 people visiting the Whale and interacting with staff. Local businesses were engaged and encouraged to take part in the project, and additional activities were secured around the town to complement The Whale. These included arts and craft activities, storytelling sessions, and a book signing by Hannah Gold who lives in the district and wrote the book "The Lost Whale".
- 2.24 The feedback received from those who attended or visited The Whale was extremely positive.

The Family Festival

- 2.25 The Family Festival took place on Friday 20 June and was designed to bring a creative and fun family friendly experience to the Marketplace and to promote the nighttime economy. Local bands and artists were featured from 4pm with the headline band, The RPJ Band playing a 90-minute slot from 7.30pm.
- 2.26 The event was ticketed with a maximum of 600 tickets being allocated to ensure the safety of those attending. Although the event was sold out in advance it was extremely disappointing that over 200 people who had claimed tickets did not attend. The learning from this is being taken forward in terms of how future events are ticketed and marketed.
- 2.27 Local businesses were successfully engaged and many outlets in the Marketplace opened earlier than usual and benefitted from additional trade. Although the number of attendees was disappointing the feedback from those who did was overwhelmingly positive.

Grantham in Bloom Competition

- 2.28 A total of 27 businesses have taken up this opportunity. 54 x 30-inch half whisky barrels have been provided to a mix of businesses across the town centre who have then been responsible for planting and maintaining them. This has improved the look of the town and resulted in positive comments on social media. The competition is due to be judged week commencing 28 July.

Subset five: Summary of Engagement with MHCLG

- 2.29 Officers continue to provide regular updates to MHCLG about the progress of projects being delivered through the released contingency spending.
- 2.30 In addition to the regular updates, Officers have undertaken a process of negotiation with MHCLG to secure programme extensions and permission to utilise underspend.
- 2.31 As reported to this Committee on the 18th February, officers submitted a PAR for authorisation to allocate £882,695 of unspent contingency funds to alternative projects (as outlined in paragraphs 2.4 – 2.9).
- 2.32 This PAR was approved by MHCLG on 14th February 2025.
- 2.33 On 24th March 2025, MHCLG wrote to all councils delivering active Future High Street Fund projects to invite them to apply for a 'Grace Period' to contractually commit any remaining funds and complete delivery of projects.
- 2.34 Officers submitted a formal request for a grace period on 28th March 2025.
- 2.35 On 9th April 2025, MHCLG formally confirmed the extension of a six-month grace period for contractually committing any remaining funds (to 30th September 2025) with delivery of projects to be completed by 31st March 2026.
- 2.36 Following the completion of end of financial year reconciliation for the programme, it became clear that £400,000 of funding which had been committed to projects (mainly to the public realm projects) which had not been drawn down by external delivery partners.
- 2.37 Officers conducted thorough investigations with external partners, and it was determined that this funding had not been spent as expected, as projects had delivered under budget.
- 2.38 Officers notified MHCLG of the additional underspend on 4th June 2025.
- 2.39 Following discussions between SKDC Officers and MHCLG, on 18th June 2025 it was confirmed that subject to the completion of a Project Adjustment Request,

MHCLG would allow SKDC to use the outstanding funding to deliver additional work or expand existing projects.

- 2.40 Additional works must comply with the existing delivery timeline.
- 2.41 SKDC officers are finalising plans for additional works and working towards the submission of the PAR.

3. Key Considerations

- 3.1. The original programme of projects as outlined in the Council's bid for funding through the Future High Street Fund have been completed, with the public realm schemes delivering considerably under budget.
- 3.2. Following completion of the works to the Marketplace and Station Approach, there was £882,695 of risk and contingency budget. The Future High Street Fund Project Board has finalised a programme of additional works was developed to utilise this funding, including enhancements to power provision and street furniture in the Market Place which was approved by MHCLG in February 2025. Due to the grant requirements of MHCLG this additional work must relate to the existing project delivery.
- 3.3. Further to this an additional £400,000 of underspend has been identified which was previously contractually committed. Negotiations with MHCLG are ongoing to approve the use of this budget to enhance existing project delivery.
- 3.4. MHCLG have confirmed that new projects will not be accepted for consideration at this stage in the programme delivery.
- 3.5. MHCLG has set a deadline of 30th September 2025 for all funds to be contractually committed. Any uncommitted funds after this date will be at risk of clawback by MHCLG.
- 3.6. 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 – February 2025 update.
[Grantham Future High Streets Fund Programme Update.pdf](#)
- 6.2. Grantham Town Centre Action Plan – 16 January 2025 Cabinet
[Grantham Town Centre Action Plan Cabinet Report.pdf](#)
[Appendix 3 - Proposed Events Programme 2025.pdf](#)

7. Appendices

- 7.1. Appendix A: Upper Floor Grants Project Progress Report (Restricted)
- 7.2. Appendix B: Updated Events Calendar