

Agenda Item No:	15	
Committee:	Cabinet	
Date:	9 January 2020	
Report Title:	March Future High Street Fund Update	

CONFIDENTIAL - This item includes EXEMPT INFORMATION which is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act, 1972 (as amended). The confidential information is included as confidential appendices.

1 Purpose / Summary

- The purpose of this report is to update Cabinet on the Future High Street Fund application for the town of March, including the process to date and next steps.

2 Key issues

- The government is committed to helping local high streets evolve and adapt to the changing high street experience. They have created a Future High Street Fund with over £1 billion of funding now available.
- March was successful in its Expression of Interest (EoI) for the Future High Streets Fund, being one of 50 town centres nationally to be initially shortlisted. Councils were only permitted to submit one application per district/county and March was considered to have the best chance of success in this particular process.
- External expertise was required to produce the full business case required by the Ministry of Housing, Communities and Local Government (MHCLG). Using £150k received from central government as part of the Future High Street Fund process, a consortium of consultants was appointed, led by Hatch Regeneris.
- The report attached details the work undertaken to date and the planned next steps. Two versions of the report are attached. Appendix A is a version of the report that excludes confidential information. Appendix B (confidential appendix) is the full version of the report which includes confidential information.
- Further updates will be provided to March Town Council and FDC Cabinet members as the work progresses.

3 Recommendations

- Cabinet members are requested to note and approve the progression of the project to date and the planned next steps.

Wards Affected	All Fenland Wards
Forward Plan Reference	
Portfolio Holder(s)	Cllr Chris Boden - Leader of the Council Cllr Jan French - Deputy Leader of the Council

Report Originator(s)	Paul Medd - Chief Executive Peter Catchpole - Corporate Director Carol Pilson - Corporate Director Phil Hughes - Head of Leisure Services Justin Wingfield - Head of Economic Growth and Assets Jo Blackmore - Executive Officer
Contact Officer(s)	Paul Medd - Chief Executive Peter Catchpole - Corporate Director Carol Pilson - Corporate Director Natasha Hawden - Corporate Support Officer Phil Hughes - Head of Leisure Services Justin Wingfield - Head of Economic Growth and Assets Jo Blackmore - Executive Officer
Background Paper	Appendix A - March Future High Street Fund report produced by Hatch Regeneris and We Made That (excluding confidential information) Appendix B (confidential) - March Future High Street Fund report produced by Hatch Regeneris and We Made That (including confidential information)



HATCH
REGENERIS

WE MADE THAT

March Future High Street Fund

A Draft Report by Hatch Regeneris
and We Made That
December 2019

Fenland District Council

March Future High Street Fund

This report contains the expression of the professional opinion of Hatch Regeneris (the trading name of Hatch Associates UK). It is based upon information available at the time of its preparation. The quality of the information, conclusions and estimates contained in the report is consistent with the intended level of accuracy as set out in this report, as well as the circumstances and constraints under which this report was prepared.

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December 2019

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1. March's Future High Street Fund

- 1.1 High streets and town centres lie at the heart of our communities and local economies, creating jobs, nurturing small businesses and injecting billions of pounds into our economy. But the way we shop and the way that communities use their high streets and town centres is changing: we are shopping more online, making fewer big shopping trips and shopping 'little and more often'. This changes the nature of what makes a high street successful.
- 1.2 March was successful in its Expression of Interest (EoI) for the Future High Streets Fund (FHSF), being one of 50 town centres nationally to be shortlisted. Now a full business case is required by MHCLG to access funding for the town centre. To develop the full business case, a consortium of consultants were appointed through a competitive process. This consortium includes Hatch Regeneris, We Made That, Urban Movement, PRD and Stockdale.

Future High Street Fund

- 1.3 The government is committed to helping local high streets evolve and adapt to these changes. We want to see thriving places created where the community feels engaged, and vibrant town centres where people live, shop, use services, and spend their leisure time.
- 1.4 The government has created a £675m FHSF to help local areas make their high streets and town centres fit for the future. It will support places by co-funding transformative, structural changes to overcome challenges in their area. And it will support wider economic growth within local areas, delivering investment and growth across regions in England to deliver our modern Industrial Strategy.
- 1.5 After the initial EoI phase, 50 town centres have been shortlisted across England, with an aim of bringing forward co-funding towards capital projects that bring transformative change.
- 1.6 An additional 50 towns have now been announced by the government, with a combined £1 billion of funding now available. A further round of funding has recently been announced (50 more town centres)
- 1.7 Shortlisted towns have now been invited into the second phase of the application process, receiving £150,000 to support the development of detailed project proposals that can be submitted for capital funding. These project proposals and associated business cases will set out how March town centre can be developed going forward to create a more sustainable town centre environment.
- 1.8 Although March has been shortlisted, it should be noted that FHSF remains a competitive process and that there is no guarantee of capital funding for the schemes developed through their business cases. The amount of capital grant, if any, will be determined by the Secretary of State on the advice of the Investment Panel and may not represent the full amount sought by the authority.

Business Case Guidance

- 1.9 Business cases will initially be assessed against a number of gateway criteria. All gateway criteria are pass/ fail. If a business case does not meet any of these criteria it will be deemed to be ineligible for funding and will not be assessed further by the department. Business cases that pass all of these gateway criteria will then be assessed by MHCLG.

- 1.10 Business cases will be assessed against three main criteria: Value for Money (the economic case), the Strategic fit of projects (the strategic case) and their deliverability (covering the commercial, financial and management cases). Each of these has a weighting which will be used to calculate final scores for each business case, as detailed below

Table 1.1 Future High Street Fund Assessment Criteria

Assessment Criteria	Weighting
Value for Money <ul style="list-style-type: none"> • Land Value Uplift • Transport Benefits • <i>Wider (skills, tourism, inward investment)</i> 	50%
Strategic Fit of the Proposal <ul style="list-style-type: none"> • Meet the Objectives of Future High Street Fund • Evidence the local need for investment • Show local support for the proposals 	20%
Deliverability Made up of commercial, financial & management cases	30%

- 1.11 It should be noted that no more than 5% of funding should be directed towards superficial changes to the high street but should be projects should renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability.
- 1.12 A key part of the assessment criteria is meeting the Value for Money assessment. This will assess the economic impacts and scheme costs to ensure that schemes represent a good return on investment. **We will need to demonstrate a central benefit:cost ratio of at least 2:1 to be considered for the scheme.**
- 1.13 The primary form of benefits that can be included in the Value for Money assessment is land value uplift, which measures the change in value of a piece of land between its old use, and its new use following the intervention. This is a key consideration, especially when selecting projects which are taken forward as part of the FHSF process.

Recent Guidance from MHCLG

Please refer to Appendix A

Timescales

- 1.14 In line with expectations from MHCLG, we are working towards the following timescales as part of our submission:
- 15th Jan 2020 Draft Business Case Submission
 - April 2020 Final Business Case Submission
 - Summer 2020 Successful bids announced
 - 2020/21 – 2023/24 Delivery Period

2. Recent Performance of March Town Centre

- 2.1 Fenland and its four Market Towns are in North Cambridgeshire, but unfortunately do not benefit from the high economic wealth, benefits and vibrancy of the southern Cambridgeshire towns situated closer to Cambridge.
- 2.2 The recently published Cambridgeshire and Peterborough Independent Economic Review (CPIER) notes the critical importance of market towns. But it also warns that: “many of the market towns are in danger of stagnation, as economic activity drifts towards larger centres”. It recognises the challenges faced in March – “an increasing preference among the young to live in urban environments; online shopping replacing the traditional high street; and a declining importance in arable land ownership for economic power”.
- 2.3 The Growing Fenland report identified March as being ‘a town with many and strengths’, but with a need to ‘improve the town centre, keep hold of learners and workers, and build the right homes in the right places to continue to prosper’.
- 2.4 Some of the latest statistical evidence highlights some of the challenges being faced in March’s economy:
- March’s exhibited weak population growth relative to Fenland and England and it is increasingly getting older.
 - There has been no employment growth in March over the last four years. Employment in the town is largely concentrated in lower value sectors, including the public sector, retail and arts & entertainment.
 - March experienced a relatively low level of business growth between 2016 and 2019 (5%). The construction sector is the largest in March, with a relatively small representation in other sectors. There has been a marked decline in the number of retail and wholesale businesses over the last four years.
 - Deprivation levels in March are high, along with the rest of Fenland. Skills deprivation appears to be a concern, with a relatively low proportion of residents with degree-level qualifications and a high proportion of residents with no qualifications.
 - There is a net daily outflow of 219 workers from March, primarily to Huntingdonshire and Cambridge.
- 2.5 Further statistical evidence is provided in Appendix B.
- 2.6 The March Area Transport Study is also looking to improve transport connections within March. It is looking to identify potential transport interventions to address some of the existing capacity and safety problems in the town centre whilst mitigating for future growth in demand for travel resulting from increases in housing and employment opportunities. The study identifies a number of schemes which could benefit March’s current transport offer, which have been incorporated into the development of projects.

3. Approach to Identifying Projects

Please refer to Appendix A

4. Next Steps

Please refer to Appendix A

Appendix A - Confidential Information

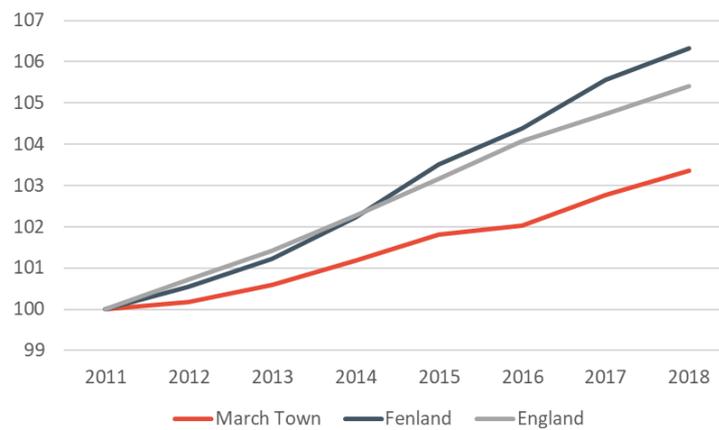
This section has been kept confidential as it contains commercially sensitive information

Appendix B - March Town Centre Profile

Demography

B.1 As of 2018, the population of March is 23,087 people. The figure below compares trends in population across March, Fenland and England between 2011 and 2018. March's population grew slower than Fenland throughout the period. Fenland's population grew in line with the rest of England and exhibited faster growth since 2015.

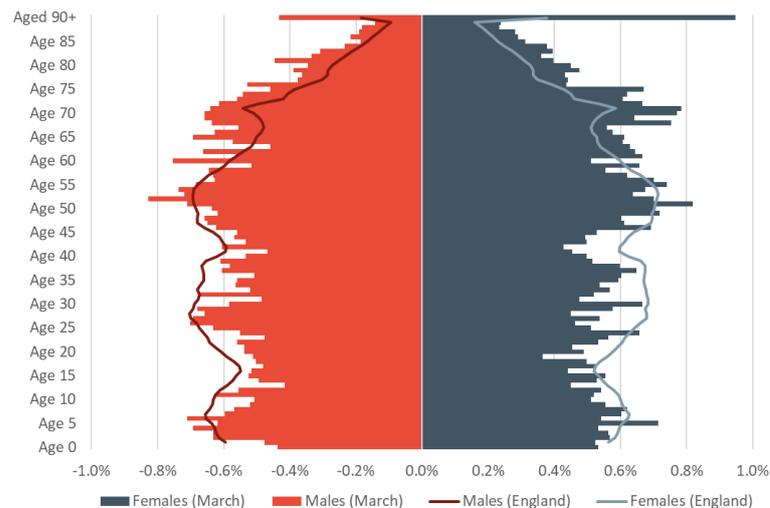
Figure B.1 Population Growth in March, Fenland and England, 2011-2018 (Index 2011 = 100)



Source: Population Estimates, ONS, 2019

B.2 The age profile presented in the figure below shows that the population of March is predominantly older. Compared to England, March has relatively larger concentrations of residents over 60 and lower densities of younger, especially female, residents.

Figure B.2 Population pyramid for March, 2018

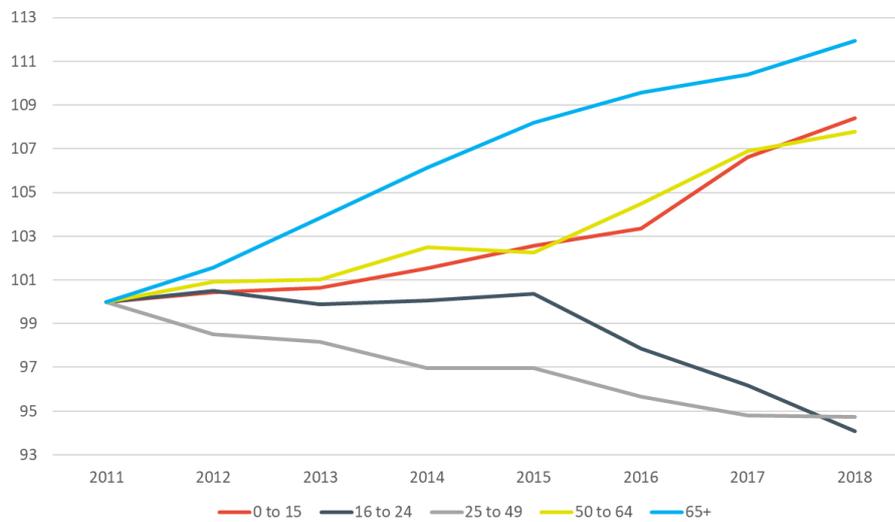


Source: Population Estimates, ONS, 2019

B.3 Figure A.3 reveals that March has an overall aging population. The 65+ age group is the fastest growing, whilst the population aged 25-49 has been declining. A similar decline is

noticed amongst those aged 16-24, which has accelerated since 2015. The 0-15 and 50-64 age groups exhibit similar trends over the period.

Figure B.3 Population size change by age group, 2011-2018 (Index 2011 = 100)

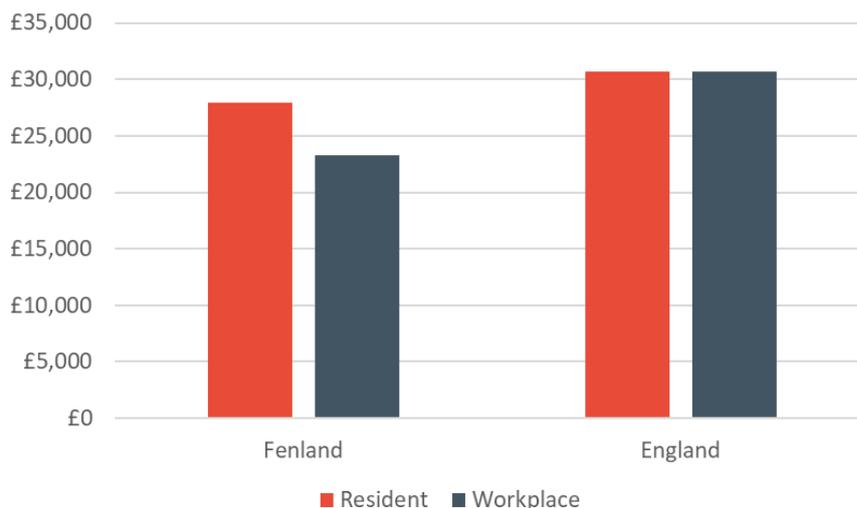


Source: Population Estimates, ONS, 2019

Incomes

B.4 The figure below shows that resident earnings are higher than workplace earnings in Fenland, whilst both are lower compared to pay levels in England. The average resident in Fenland earns about £27,976 per year, which is £2,685 lower than resident earnings across England. The annual earnings of the average worker in Fenland is £23,279, a difference of £7,388 from the rest of England.

Figure B.4 Average annual gross pay for Fenland and England, 2019



Source: Annual Survey of Hours and Earnings, ONS, 2019

Employment

- B.5 Employment in March remained at 8,000 people between 2015 and 2018.
- B.6 As shown in the table below, the largest employment sectors in March are: manufacturing (11%); retail (10%); public administration & defence (10%); health (10%); education (9%); and business administration & support services (8%).
- B.7 At 50%, manufacturing, along with the professional, scientific & technical sector, noted the largest employment growth since 2015, whilst business administration & support services noted the largest contraction (-40%). Substantial employment growth was also recorded for the transport & storage (25%) and arts, entertainment, recreation & other services (20%) sectors.
- B.8 The location quotient is used to compare March's specialisms relative to Fenland. The proportion of employment in public administration & defence is 3 times larger compared to that of Fenland. March also exhibits a higher degree of specialisation in property (1.8), mining, quarrying & utilities (1.5), accommodation & food services (1.4) and arts, entertainment, recreation & other services (1.4). Agriculture, forestry & fishing and wholesale are relatively insignificant sectors in terms of employment sector specialisation.

Table B.1 Employment by broad industrial group in March, 2018

Industry	2018	% in 2018	LQ (compared to Fenland)	Change since 2015
Agriculture, forestry & fishing	300	4%	0.5	n/a
Mining, quarrying & utilities	125	2%	1.5	0%
Manufacturing	900	11%	0.7	50%
Construction	400	5%	1.1	-20%
Motor trades	175	2%	1.0	0%
Wholesale	250	3%	0.5	-17%
Retail	800	10%	1.3	-11%
Transport & storage	500	6%	0.8	25%
Accommodation & food services	450	6%	1.4	-10%
Information & communication	50	1%	0.7	-33%
Financial & insurance	50	1%	0.7	0%
Property	175	2%	1.8	-13%
Professional, scientific & technical	300	4%	0.8	50%
Business administration & support services	600	8%	0.8	-40%
Public administration & defence	800	10%	3.0	-11%
Education	700	9%	1.1	0%
Health	800	10%	1.0	14%
Arts, entertainment, recreation & other services	300	4%	1.4	20%
Total	8,000	100%	-	0%

Source: Business Register and Employment Survey, ONS, 2019

Business

- B.9 In March, 700 businesses are recorded in 2019, which is an increase of 35 businesses (5% growth) compared to 2016.
- B.10 As shown in the table below, most businesses are to be found in the construction sector (22%). Agriculture, forestry & fishing and professional, scientific & technical respectively

account for about 9% of businesses in March, followed by business administration & support services (8%). The latter noted the highest business growth since 2016 (22%), with health (20%) and construction (15%) following. Notable contractions in business counts are noticed for retail (-22%) and wholesale (-20%).

Table B.2 Business Data			
Industry	2019	% in 2019	Change since 2016
Agriculture, forestry & fishing	60	9%	9%
Mining, quarrying & utilities	10	1%	0%
Manufacturing	40	6%	0%
Construction	155	22%	15%
Motor trades	35	5%	0%
Wholesale	20	3%	-20%
Retail	35	5%	-22%
Transport & storage (inc postal)	45	6%	0%
Accommodation & food services	50	7%	0%
Information & communication	25	4%	0%
Financial & insurance	10	1%	0%
Property	10	1%	0%
Professional, scientific & technical	60	9%	9%
Business administration & support services	55	8%	22%
Public administration & defence	5	1%	0%
Education	10	1%	0%
Health	30	4%	20%
Arts, entertainment, recreation & other services	50	7%	0%
Total	700	100%	5%

Source: UK Business Counts, ONS, 2019

Economic Activity

- B.11 According to the 2011 Census, there were 10,772 economically active people in March, which approximately represents 67% of the town's residents aged 16-74. The respective economic activity rate for Fenland is higher at about 69%.

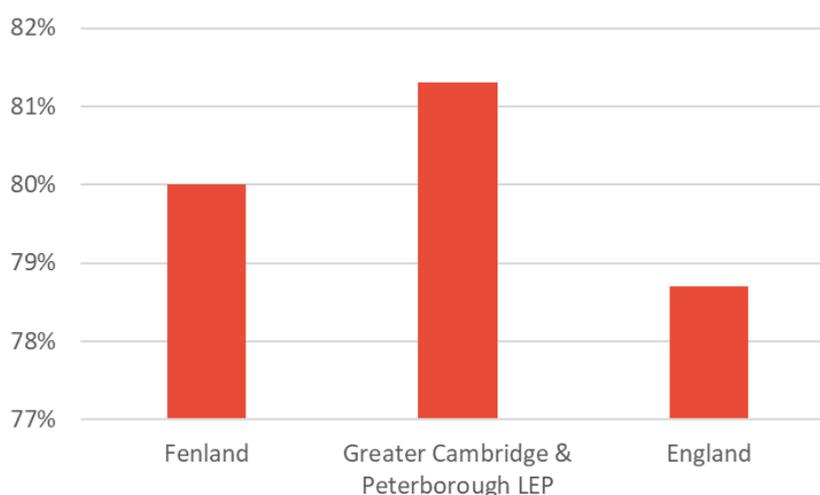
Figure B.5 Economic activity rate (%) in March and Fenland, 2011



Source: Census 2011, ONS, 2019

B.12 According to annual population survey data, in Fenland, the rate of economically active population aged 16-64 is 80%, which is about 1% lower than the rate noted for the Greater Cambridge & Peterborough LEP. These rates are higher than the rest of England, for which the economic activity rate is 79%.

Figure B.6 Economic activity rate (%) in Fenland and comparators, 2018



Source: Annual Population Survey, ONS, 2019

B.13 Between November 2018 and October 2019, in March an average of 247 people claimed benefits. On average, this represents approximately 2.3% of the economically active population of March over that period and it is broadly in par with the rate for Fenland (2.5%). Although, the proportion of claimants is higher in March compared to the Greater Cambridge and Peterborough LEP (1.9%), it is about 1% lower relative to the rest of England.

Table B.3 Claimants of benefits in March and Comparators, 2019

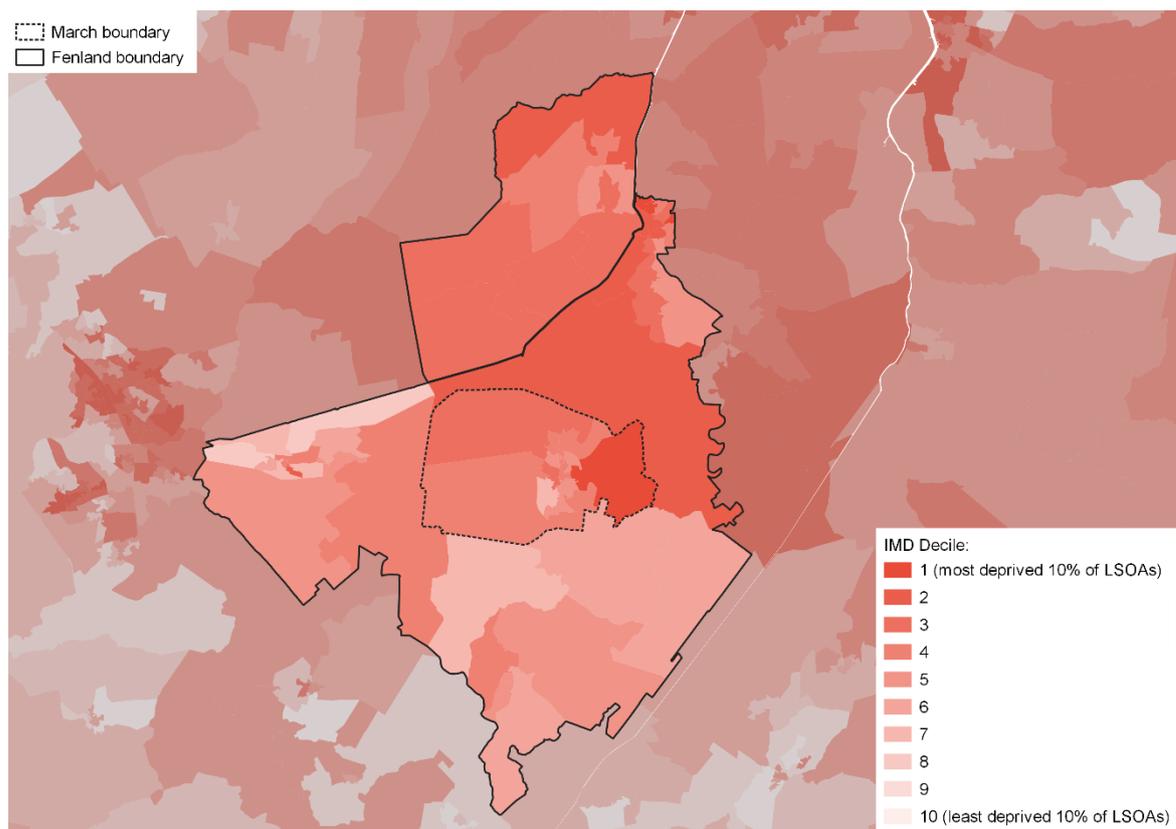
	Count	% of economically active residents (aged 16+)
March	247	2.3%
Fenland	1,250	2.5%
Greater Cambridge & Peterborough LEP	16,390	1.9%
England	903,214	3.2%

Source: Claimant Count, ONS, 2019

Deprivation

B.14 The map below shows the Index of Multiple Deprivation (2019) for the town of March and the wider Fenland District. March appears to exhibit higher deprivation levels, relative the rest of England. However, this appears to be in line with the pattern observed across the Fenland, with about 78% of lower super output areas (LSOAs) in the district being between the 10% and 50% most deprived in England.

Figure B.7 Index of Multiple Deprivation (IMD) in March and Fenland, 2019



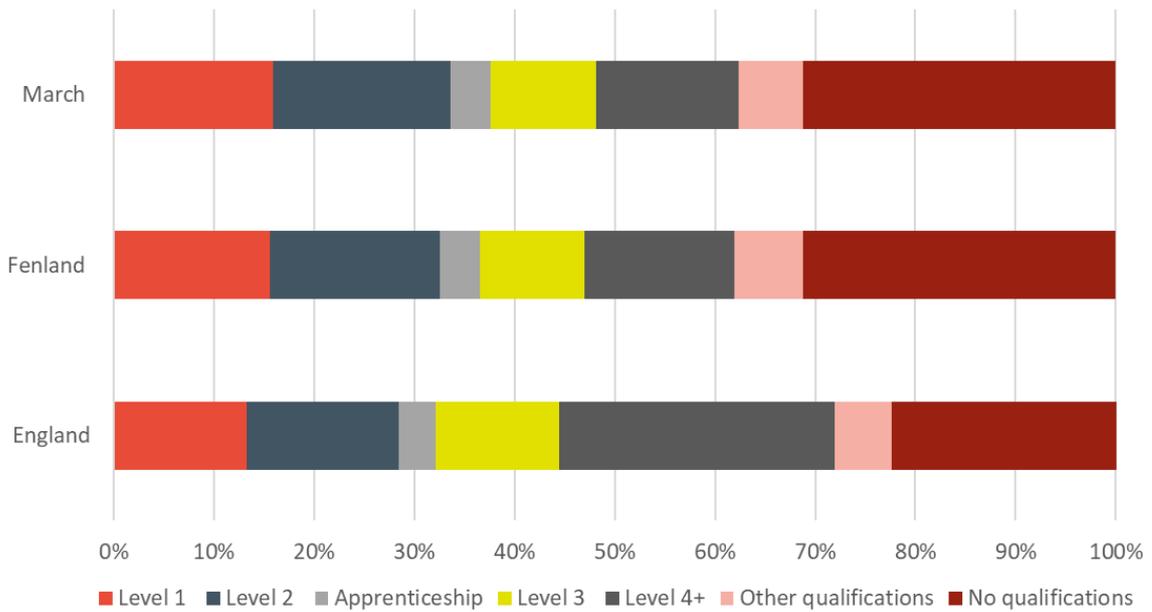
Source: Index of Multiple Deprivation (IMD) 2019, Ministry of Housing, Communities and Local Government, 2019

- B.15 Specifically, in March, only one out of the twelve LSOAs performs above average in terms of overall deprivation, as it is amongst the 30% least deprived in England. Of the remaining, one LSOA is amongst the 10% most deprived, two are amongst the 30% most deprived, whilst about 66% (8 out of 12) LSOAs fall within the 40% and 50% most deprived LSOAs.

Skills

- B.16 The skills profile of residents aged 16+ in March is in line with that of the wider Fenland district. The residents of March and Fenland tend to have low skill levels. Approximately 34% of residents have Level 1 or Level 2 qualifications, which is 1% higher compared to the rest of Fenland. In both cases, about 31% of residents have no qualifications, which is a significantly higher percentage compared to England (23%). Moreover, those with Level 4+ qualifications make up 14% and 15% of March's and Fenland's residents respectively, which is substantially lower relative to England (27%).

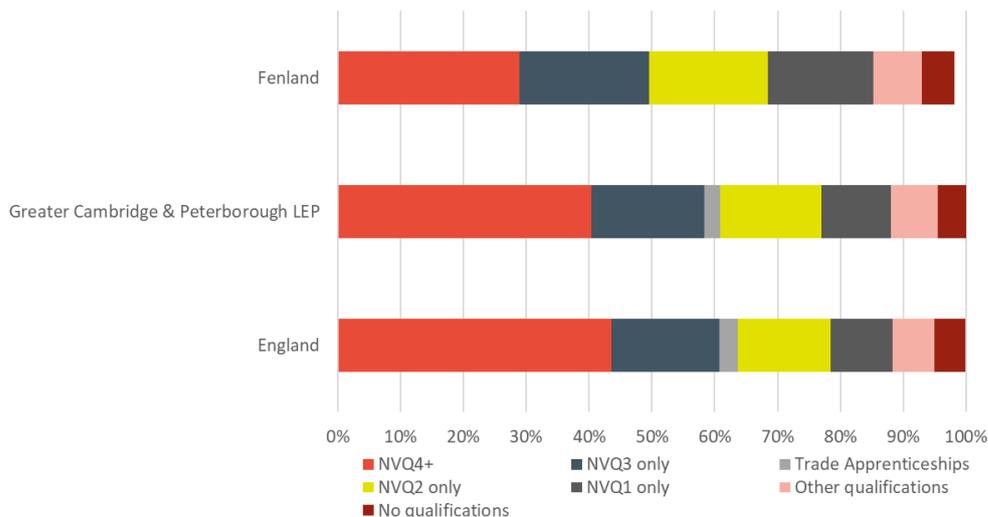
Figure B.8 Qualifications of residents in March, Fenland and England, 2011



Source: Census 2011, ONS, 2019

B.17 Recent data from the annual population survey confirm some of the above trends. The proportion of economically active residents with NVQ4+ is significantly lower in Fenland (29%) compared to Greater Cambridge and Peterborough LEP (40%) and England (44%). Fenland residents are more likely to hold NVQ3 (21%), NVQ2 (19%) and NVQ1 (17%) qualifications, relative to comparator areas. The proportion of those with no qualifications, whilst comparable across areas, tends to be slightly higher in Fenland than in the Cambridge and Peterborough LEP.

Figure B.9 Qualifications of economically active residents in Fenland and comparators, 2018

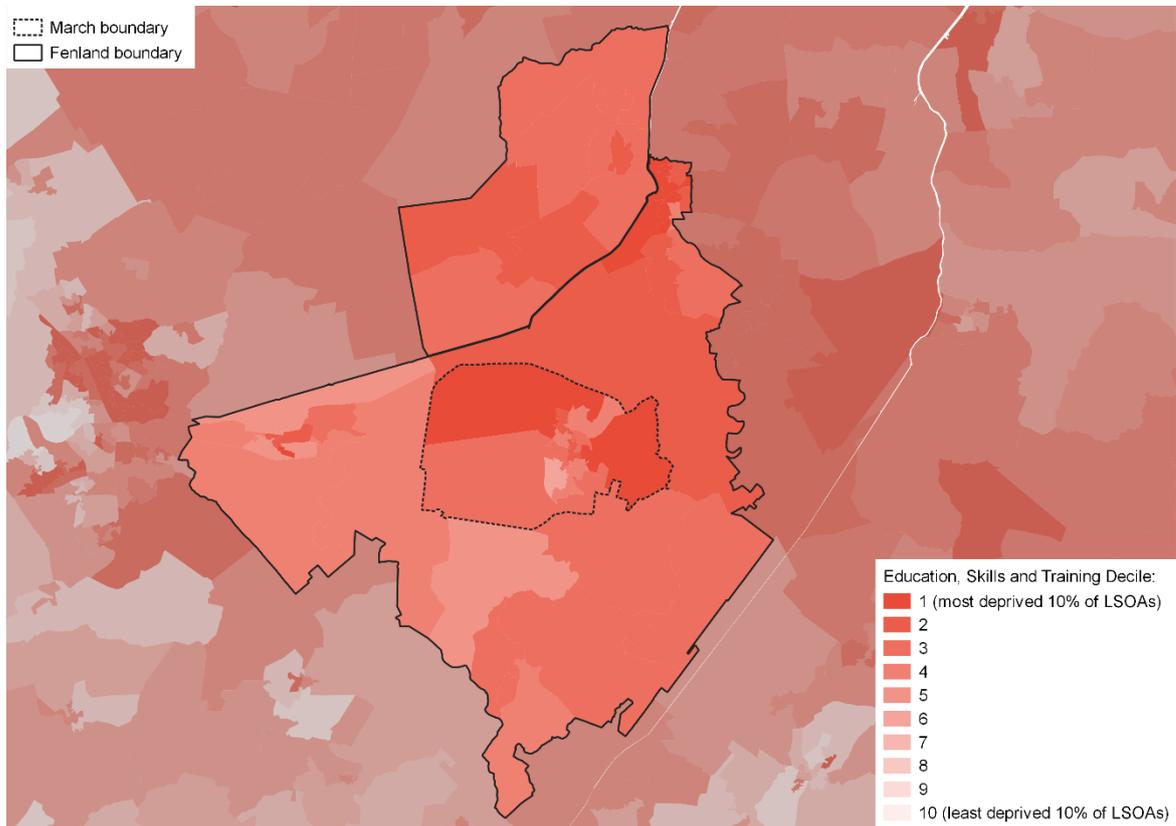


Source: Annual Population Survey, ONS, 2019

Note: No trade apprenticeship data is available for Fenland.

B.18 The map below shows maps the education, skills and training sub-component of the IMD for March and Fenland, which confirms the prevalence of low skill levels in Fenland: 71% of LSOAs in the district fall between the 10% and 30% most skilled deprived areas in England. In March seven out of the twelve LSOAs fall within that range, whilst four are amongst the 40% most skilled deprived in England. One LSOA falls in the sixth decile of the index, making its performance marginally above average.

Figure B.10 Education, skills and training deprivation in March and Fenland, 2019

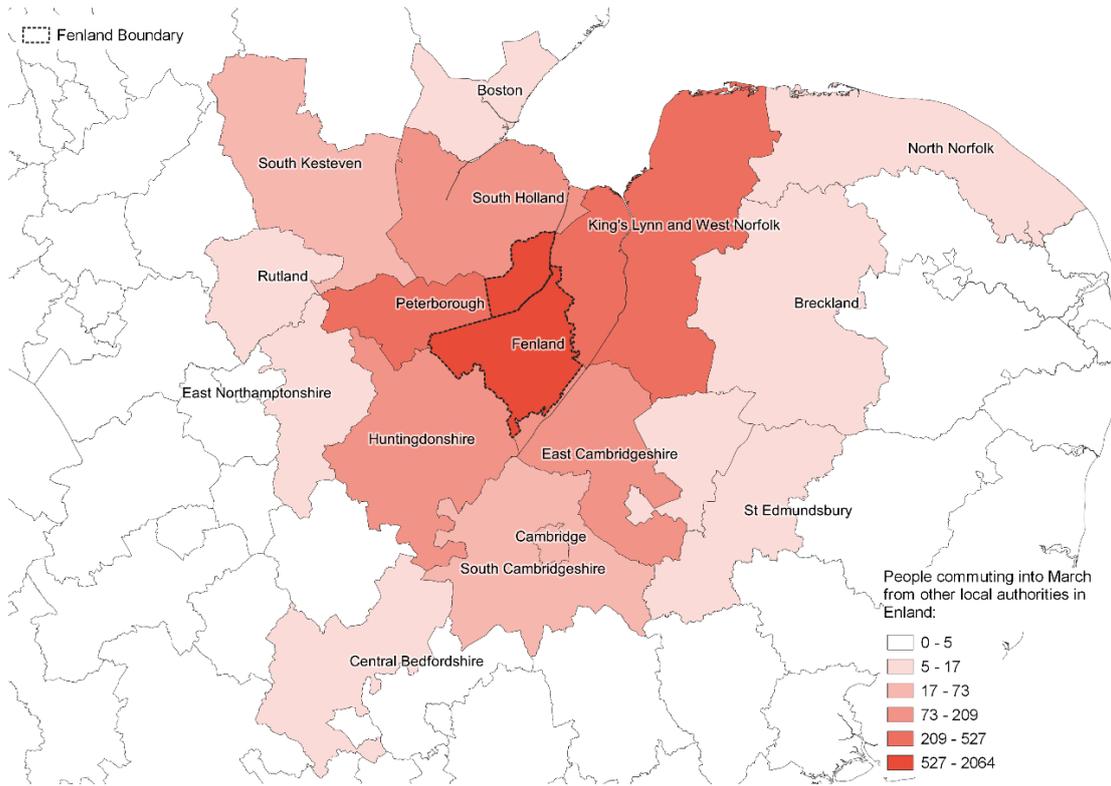


Source: Index of Multiple Deprivation 2019, Ministry of Housing, Communities and Local Government, 2019

Commuting

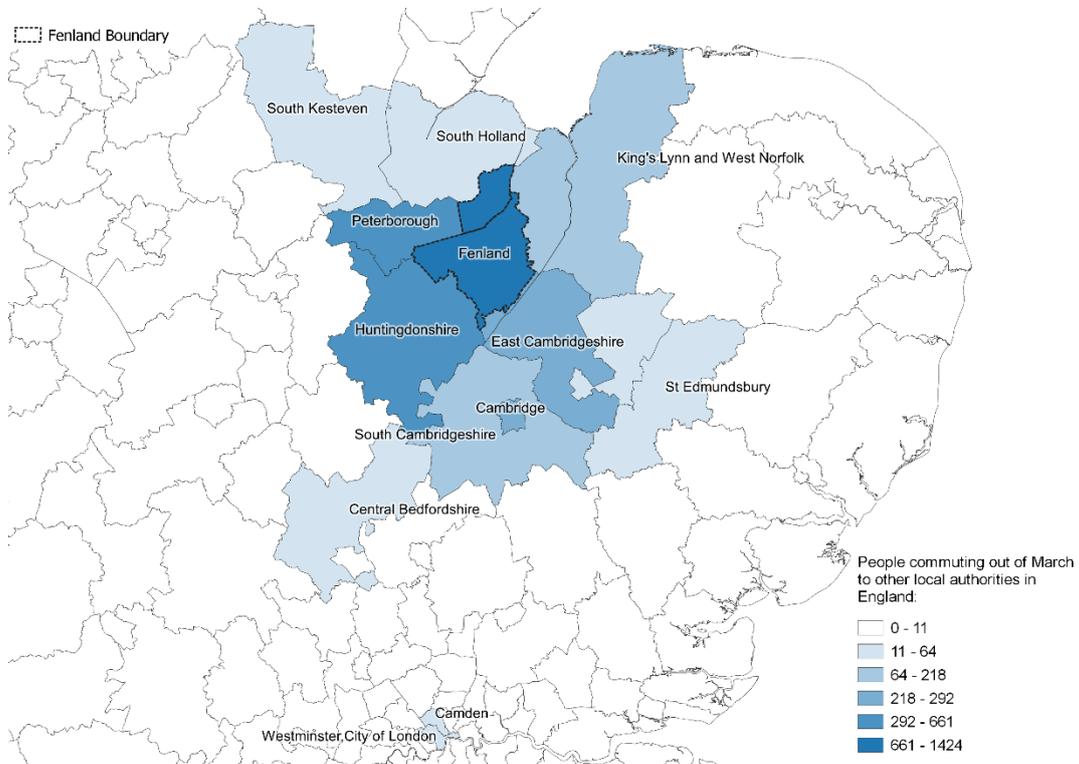
B.19 A total of 3,991 people commute to work in March, whilst overall 4,210 commute out of the town for work, resulting in a net population outflow of 219.

Figure B.11 Commuter inflows to March from local authorities in England, 2011



Source: Origin Destination, Census 2011, ONS, 2019

Figure B.12 Commuter Outflows from March to local authorities in England, 2011



Source: Origin Destination, Census 2011, ONS, 2019

B.20 The table below shows the origin and destination locations, for which more than 10 commuters are recorded. The main locations from where there is a net inflow of commuters into March include the rest of Fenland (640 people), King's Lynn and West Norfolk (229) and South Holland (132). Conversely, the largest net commuter outflows from March are to Huntingdonshire (386 people), Cambridge (223), South Cambridgeshire (153) and Peterborough (134).

Table B.4 Top origin destinations for March, 2011

Commuter Inflows		Commuter Outflows		
	March (Place of Work)	March (Place of Residence)		
Place of residence	(Rest of) Fenland	2,064	1,424	(Rest of) Fenland
	Peterborough	527	661	Peterborough
	King's Lynn and West Norfolk	426	567	Huntingdonshire
	East Cambridgeshire	209	292	East Cambridgeshire
	South Holland	196	260	Cambridge
	Huntingdonshire	181	218	South Cambridgeshire
	South Kesteven	73	197	King's Lynn and West Norfolk
	South Cambridgeshire	65	64	South Holland
	Cambridge	37	36	South Kesteven
	Breckland	17	33	Westminster, City of London
	Forest Heath	13	26	Central Bedfordshire
	East Northamptonshire	12	25	Forest Heath
	St Edmundsbury	12	19	Camden
	Boston	11	17	St Edmundsbury
North Norfolk	10	11	East Northamptonshire	

Place of work



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