



LOCAL PARTNERSHIPS

HEREFORDSHIRE COUNCIL

West Midlands Property Alliance

Using assets for growth



Introduction

Background

Herefordshire is a large rural County with a population of 180-190k distributed as follows:

- ▶ 1/3rd in Hereford
- ▶ 1/3rd in 5 market towns
- ▶ 1/3rd in hamlets/ villages.



Despite its rural location it is equidistant from Bristol, Cardiff and Birmingham with their 3 airports within a 90 minutes drive. With its low crime rates and good educational performance these form 3 important planks of the offer to Inward Investors.

The Economy is based on:

- ▶ High Value Manufacturing
- ▶ Food/ Drink and industries who form part of those industries supply chain
- ▶ Agriculture
- ▶ Market Gardening
- ▶ Defence and Security.

There is a mixture of small businesses (employing less than 10 staff) and multinationals (Heineken, Cargill Cadbury, Weston Cider, S A Davies)

It is an economy with low unemployment – 2.2%-2.4% – but is a low wage economy (75% of national average) with the latter another factor attracting inward investment and ensuring companies stay within the County.

The Council has been extremely successful in:

- ▶ Supporting small businesses
- ▶ Creating the conditions through Infrastructure development to enable businesses to grow
- ▶ Using its assets as a catalyst for development in the County.



1. Small business support

1.1 Background

The vast majority of businesses with Herefordshire employ less than 10 people bringing a tremendously diverse business base and avoiding a reliance on a limited number of large employers.

The Council have recognised that the future of these small businesses will be crucial to the longer term success of the local economy and has subsequently put in place a package of support aimed at encouraging private sector jobs and turnover growth.

Funding for this support is sourced from a variety of locations with EU finance through the European Regional Development Fund (ERDF) being a significant contributor, other sources include awards from the government Regional Growth Fund, as well as Council finance and Officer support.

This approach has enabled the Authority, working with partners from the Marches Local Enterprise Partnership, to construct a series of support ranging from capital equipment grants, building refurbishment schemes, assistance with the salaries of new graduates, start-up advice, and collaboration with Universities.

Below are some examples taken from the support programmes:

Redundant building grant scheme

The Council has pioneered a programme using Grant Aid to get vacant commercial opportunities back into use through the Redundant Building Grant (RBG) Scheme.

Herefordshire Council commenced the Redundant Building Grant scheme in 2003 with the aim of assisting existing and start-up businesses with their expansion plans by offering grant assistance to convert or, refurbish redundant buildings to satisfy their growing business needs.

To date, 46 businesses in Herefordshire have been assisted and plan to create and safeguard a total 470 full time positions, of which 356 positions have already been created and filled.

With a maximum grant offer of £100,000, not exceeding 30% of the conversion costs, the scheme has attracted over £8m in private sector investment into the county against a total grant award of £1.3m, a 1:6 ratio. The scheme offers exceptional value for money, not only by attracting private investment into the county but also by assisting new employment opportunities with an average cost per job created/ safeguarded of £2,900.

Other benefits include remediating brownfield sites, creating high quality work space, regenerating market towns, reduction in the number of empty properties and the retention and utilisation of historic buildings.

This scheme has assisted a variety of businesses and renovation projects, for example, a vacant pub have been refurbished to become a crèche, derelict farm building to retail and restaurant use and even a former chapel providing new office space.



Case study 1: A grant of over £43,000 assisted the conversion of a former radio tracking station at Kingstone to light industrial use for ETL Systems Ltd. The company specialises in the design & manufacture of electronic equipment for the satellite communication business, and had outgrown its premises in Hereford city. The grant helped the company to safeguard 16 jobs, and to expand and create 33 new jobs and their expansion continues to develop the site further.

Case study 2: Baileys Home & Garden, a retail and mail order company selling rustic lifestyle brands, had outgrown their former premises on the outskirts of Ross-on-Wye. A grant of £62,500 helped them to restore a range of redundant farm buildings into retail, office and despatch space allowing them to expand and create 14 new jobs.

Herefordshire Council has recently been awarded £3m from the Regional Growth Fund to continue the Scheme. Herefordshire Council will manage the scheme across two Local Enterprise Partnership areas, The Marches and Worcestershire.

Business enterprise fund

The Business Enterprise Fund is a capital grant scheme which aims to assist individuals to start-up a business and encourage existing businesses to invest in projects that will result in increased profitability through either efficiency savings, expansion and diversification of new products/services, into existing and new markets.

The objective of the scheme is to stimulate private sector investment by providing support for businesses that offer long term economic growth and the safeguarding or creation of new jobs.

The EU funded programme has grants available of up to £1,500 for individuals to start-up a business and £5,000 for existing businesses. The capital investment has to be match funded at least 50% by the business.

The funding can be used to purchase:

- ▶ Purchase of tools, equipment or plant
- ▶ Office Furniture and specialist ICT equipment
- ▶ Improvements to Property
- ▶ Creation of guest accommodation
- ▶ Energy efficient/renewable energy heating, lighting and power systems.

The grant fund is being delivered across Herefordshire, Shropshire, Telford & Wrekin and Staffordshire, with funds available until December 2014. In Herefordshire alone the grant scheme has already supported 41 businesses with £151,575 of grant funds awarded to help create 42 new jobs.

Examples of some of the projects funded in Herefordshire are:

1. Support to a Precision Engineering company to purchase a Co-ordinate measuring machine, which is used in the manufacture of precision parts for customers including Red Bull Formula 1 Team
2. Support to a corporate cleaning company to purchase jet cleaning equipment to clean wheelie/trade bins

- 
3. Support to a Defence Company to purchase a machine that tests technology aiming to identify and neutralise IED's (Improvised Explosive Device)
 4. Supported the purchase of 6 wire feed welders, which enabled the employment of semi-skilled welders to work on smaller projects.

Create

CREATE looks to overcome the barriers to growth and competitiveness experienced by SME's in predominantly rural areas. These barriers include geographic isolation, lack of infrastructure, lack of scale, poor joint working opportunities, and critically, lack of ICT expertise. Faster broadband and advancing ICT have the potential to overcome these barriers and transform the productivity of rural SME's.

Funded through the EU INTERREG Programme the scheme will target rural SME's and develop a bespoke action plan with businesses explaining how ICT improvements can transform the business. This action plan is supplemented by giving access to training, accreditation, and other forms of financial support.



1.2 Skylon Park (Hereford Enterprise Zone)

As a significant development opportunity on the southeast edge of Hereford this former munitions factory site was bought by Herefordshire Council from the MOD in the 1970's with the intention to utilise as an employment estate. Currently the site is home to over 125 individual businesses and approximately 2,500 people are employed across the Park.

There is considerable development land remaining within the Park so in 2011 Herefordshire Council and the Marches Local submitted a (successful) proposal to Government for Enterprise Zone status for the undeveloped land within the site. This proposal included circa 74 ha of land and provided significant opportunity for local company growth and attracting Inward Investment in the Defence and Security sector, in which Hereford has a particular locational advantage as the home of the UK Special Forces.

With previous Regional Development Agency support, and now Enterprise Zone status, the Council's role has been to advance the deliverability of the site through making investment in the site infrastructure and proactively marketing the locational and sectorial advantages the site benefits from. This has resulted in a number of projects undertaken over the past five years:

- ▶ A significant strategic Flood Alleviation Scheme
- ▶ A new road scheme linking the site with the A49 and wider Trunk Road network
- ▶ Land remediation and building demolition to bring forward development plots
- ▶ Provision of utilities, internal estate roads and other services to make plots development ready.

For the Council it has provided:

- ▶ The award of Enterprise Zone status
- ▶ A significant boost to the City profile and a degree of financial incentives available to businesses
- ▶ An additional of £1.5k p.a. of revenue
- ▶ A virtually fully let existing estate and considerable demand in new plots within the Enterprise Zone
- ▶ The potential use of additional 100 acres of Council owned land will provide capital receipts.



1.3 The Hereford Relief Road

Background

The A49 through the spine of the Marches is mostly rural single carriageway with frequent side roads and farm accesses, not to mention the congested urban sections through Hereford and around Shrewsbury. As a result journey times can be very slow and often unpredictable, with larger HGV's and agricultural machinery causing delays for the majority of traffic (especially cars).

A particular pinch point exists on the network in and around Hereford; the Herefordshire Local Plan (Core Strategy) proposes a western alignment for a new Hereford Relief Road. This will provide the necessary traffic capacity to enable the development of both the strategic housing and employment sites in the city and the ongoing development of the Enterprise Zone. Additionally it would provide the opportunity for the Highways Agency to adopt that route as an alternative to the existing A49 trunk road.

Major congestion on the A49 is currently impacting upon journey time and costs for commuters in the city; a significant blocker to full development of the Enterprise Zone and other employment sites. The road infrastructure scheme will reduce that congestion in conjunction with improving the environment in the immediate vicinity of certain junctions and without this project it is believed the Enterprise Zone cannot be developed to its full extent.

The first element of the Relief Road programmed to commence will be the south western link between the A49 and A465, this will provide transport improvements to the south of Hereford City and supports the delivery of the Hereford Enterprise Zone. The principle element of this package is new road infrastructure between the A465 and A49 linking the Hereford Enterprise Zone with access to South Wales, this is supported with accompanying sustainable transport measures in and around the urban fringe of Hereford City.

The Council are looking at a number of mechanisms to support the financing of the Relief Road including, but not limited to, support via the Marches Strategic Economic Plan ask of government, increased business rate receipts, CIL and other developer contributions, New Homes Bonus as well as the capital receipts from the sale of land assets.

Completion of the By-Pass by 2022 is now included within the Marches Strategic Economic Plan and the first phase is one of the priority projects for the LEP. It will:

- ▶ Enable 6500/7000 new houses to be built
- ▶ Create 3500 jobs
- ▶ For the Council generate £20-£30m in capital receipts from development of the land adjoining the By-Pass.

The city centre expansion

On Council-owned land a major retail development has been created which will create hundreds of jobs.

This has entailed moving the Cattle Market which was adjacent to the site into a more "fit for purpose" location.

£125m of private sector investment has been secured for the redevelopment channelled through a Council created Regeneration Company with British Land and private sector partners.



1.4 The Council's Asset Rationalisation Programme

The Council has embarked on a far-reaching programme which whilst rationalising its assets has, as a twin aim, helped to regenerate local economies.

- ▶ Locality asset mapping has been undertaken with the active involvement of all tiers of local government and third sector groups. Identified surplus public assets have been played into joint feasibility studies resulting in 9 multi-service offices being established in local market towns. A hallmark of this approach is that local people have been engaged in agreeing the future purpose of town centre assets before they are transferred. Harnessing the ability of Town and Parish Councils to generate funds and energy to safeguard the long term future of key assets, especially heritage buildings which have come to symbolise a place, has made a considerable difference and opened up possibilities that did not previously exist.
- ▶ As an example of this latent potential, in Ross-on-Wye the Town Council are examining the detail of a potential asset transfer from the County involving listed buildings and parks which are critical to the attraction of tourists to the town. New ideas are emerging as local people come together to recognise their responsibility to protect and preserve what is special about their town.
- ▶ In Ledbury, the Market Towns Initiative brought about a new partnership between local people and groups with the active support of the County Council. This partnership delivered over 50 small scale projects. This success led to the establishment of a new Development Trust established as a company limited by guarantee whose focus was and is on local young people; their skills and housing needs. The new Trust took ownership and responsibility for a boarded up former cottage hospital, turning it into 8 studios for local young entrepreneurs and 6 affordable flats for local young people. The project has won 4 prestigious awards, all the studios and flats are occupied and there is now a waiting list for any space that may fall vacant.
- ▶ Herefordshire County Council transferred ownership of a grade 2 listed former market hall, an iconic black and white timbered building dating back to 1633, to the Leominster Area Regeneration Company which subsequently became a Development Trust. This brought ownership, control and management into the hands of a highly motivated group of local activists. The Council supported the group to secure a £1m lottery grant for a refurbishment scheme which has been steered throughout on the basis of a close understanding of local grass-roots needs and commitment. This building is now a source of pride at the heart of the town centre as a base for local activities and space for small businesses.
- ▶ The County has played the lead role in Cultural, Sport and Leisure regeneration. In Leominster a Sports Centre, which attracted Sports England funding has been developed which 6 sports clubs now utilise. Museums and Theatres have been transferred to Trusts. The County's capital investment has wiped out existing subsidies and therefore reduced the Council's borrowing requirement. The enhancement of Sport, Leisure and Cultural facilities also generates significant additional income for the local economies.
- ▶ The Council's own Asset Rationalisation Programme has been far-reaching. On its formation in 1998 the Council inherited 27 principal Council buildings. This will be reduced to 6. In the market towns single integrated locations will house County and Town Council, library, leisure centre and customer access points. The Council is set to move its headquarters to new site which it will share with other Govt. agencies and departments and potentially other public sector agencies.

- ▶ The Council recognises the importance of excellent higher educational institutions to help stimulate growth. It is championing the creation of a University with private sector investment. The Council will be to allocate sites to kick-start the development. The Council has also supported the relocation of the College of Art and Design on to one site through land swaps.
- ▶ A review of agricultural smallholdings has led to selling of sites to create larger, more viable farms.
- ▶ Through the Capital Asset Pathfinder programme it has created with Worcestershire, who are the lead authority, a single joint purpose vehicle. It has also entered into a partnership with other West Midland Councils through a construction framework.

Summary

What is so notable about Herefordshire Council's achievements are:

- ▶ Their profound understanding of their economy
- ▶ Their championing both of small businesses and of larger companies to sustain growth in the economy
- ▶ Their imaginative use of their assets, both land and financial, to stimulate growth throughout their economy
- ▶ Their effective use of partnerships, with the private sector, the LEP and other public sector bodies to further their ambitions
- ▶ Their understanding that growth is also dependent on educational, leisure and cultural "infrastructure" so that Herefordshire remains an environment in which business will continue to be attracted and retained.



Local Partnerships is jointly owned by



Local Partnerships, the public sector delivery specialists

Local Partnerships, Local Government House, Smith Square, London SW1P 3HZ
020 7187 7379 | LPenquiries@local.gov.uk | @LP_localgov | localpartnerships.org.uk