

Market Town Investment Plans

Meeting: Cabinet

Meeting date: Thursday 16 December 2021

Report by: Cabinet member environment and economy;

Classification

Open

Decision type

Key

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

Bromyard Bringsty; Bromyard West; Kington; Ledbury North; Ledbury South; Ledbury West; Leominster East; Leominster North & Rural; Leominster South; Leominster West; Ross East; Ross North; Ross West;

Purpose

To approve the Market Town Investment Plan (MTIP) for each of Herefordshire's market towns. Through local engagement each MTIP identifies the vision for the future economic development of the town together with a programme of potential projects that support the delivery of the vision. To approve next steps in the development of business projects that have been identified and prioritised by stakeholders as part of the MTIP review process in order to seek the funding from the most appropriate source.

Recommendation(s)

That:

- a) **The market town investment plans (MTIPs) in appendices 1 to 5 to the report are approved and adopted as providing direction for the identification of future economic development projects in the market towns;**
- b) **The MTIPs be used to guide the council’s capital investment in market towns, which will support the economic recovery and development of the market towns; and**
- c) **The Director for Economy and Place, following consultation with the Section 151 officer and the Cabinet member for Environment and Economy is delegated authority to take all operational decisions required to implement the above recommendations.**

Alternative options

1. The council could decide not to approve the MTIPs. This option is not recommended due to the loss of an opportunity to both support the economic growth of the Herefordshire market towns, as well as the loss of development of employment land and potential loss to co-ordinate investment which could delay the council’s COVID-19 recovery plan and risks not meeting the objectives of the council’s County Plan.
2. The council could decide to not take forward the development of projects identified as potentially suitable for funding. However, this is not recommended as the need for additional employment land in the market towns, identified in the Core Strategy (2011 to 2031)¹ has not been met by the market. The projects identified by local stakeholders through the development of each MTIP offer the most likely schemes to start to meet the requirement for employment land in the market towns.

Key considerations

3. The market towns are a key part of the Herefordshire economy and have an important role to play in the economic development of the county. The County Plan 2020 to 2024 recognises the important role of the towns and states “*Our ambition is for Herefordshire to be an exemplar of 21st century rural living where market towns and rural communities are properly valued and recognised for the contributions they make to the success of the county*”². The Plan further states “*We want to emphasise the critical role the market towns and villages play in Herefordshire’s economy and we will ensure high quality employment land, business space and business support is made available throughout the county*”.
4. In support of this strategic aim, the council’s corporate Delivery Plan 2020 to 2022 includes the following action EC2.2: Develop & implement Market Town Economic Development Investment Plans for each of the five market towns

¹ Herefordshire Local Plan Core Strategy 2011 to 2031, adopted 16 October 2015

² Herefordshire Council County Plan 2020 to 2024, February 2020

(Leominster, Ross-on-Wye, Ledbury, Bromyard, Kington) to support recovery, growth and jobs.

5. In September 2020, the council commissioned Rose Regeneration to develop, through local engagement, 'bottom up' Market Town Economic Development Investment Plans for each of the five market towns: Leominster; Ross-on-Wye; Ledbury; Bromyard; and Kington.
6. The aim of the commission was to: *“develop a coherent set of investment plans through local engagement with market town councils and stakeholders to identify a longer term vision for the growth of the towns to enable sustainable economic development to meet the towns’ visions.”*³
7. Each MTIP is underpinned by an evidence base indicating the economic situation in each town, and is based on extensive local stakeholder engagement. Each MTIP identifies a wide range of potential pipeline projects to support economic development and delivery of each town’s vision. An indication of the impact of each potential project was analysed using the theory of change and, where appropriate, the MTIP identifies potential sources of funding, including: opportunities for external grant funding, institutional funding, or council funding. The MTIPs will, therefore, guide capital investment in market towns and support their economic recovery and development.
8. Overall, the development of the MTIPs has highlighted that there has been a long-term lack of investment in the five market towns with the suggestion that most require significant enhancement to infrastructure, public realm, shop front/ building etc. in creating the conditions for growth. Establishing a clear strategic rationale, local evidence base, and identification of prioritised projects with local stakeholders means the county is now well placed to seek support through future rounds of government funding, such as the Levelling up Funds, UK Shared Prosperity Funding or Future Towns Funding.
9. The council is committed to working with local partners to help take forward the projects, seeking the funds required including external grants and council funding. Subject to approval of the plans, the council will identify a lead member of the Economic Development Team to work with each town in identifying sources of, and applying for, potential grant funds to support the implementation of the MTIPs.
10. The MTIPs aim to increase the overall level of inward investment accessible to the market towns beyond that available through the council. This is achieved by these plans providing a firm foundation for parish and community-led applications for grants to funding bodies beyond the reach of the council. The vision and objectives in the plans will provide an evidence base and clear context for such grant schemes, showing how each project will contribute to the economic development of the town and improving the likelihood that such applications will succeed. The council is committed to using the MTIPs to support these parish and community-led grant applications.

³ CONSULTANCY AGREEMENT between HEREFORDSHIRE COUNCIL and ROSE REGENERATION LTD For the provision of Consultancy Services for Market Towns Investment Plans; 22 September 2020

11. A key aspect of economic development in the market towns is the availability of employment land. The table below shows a summary of the delivery of additional employment land in the market towns versus the requirement identified in the Core Strategy up to 2031.

Market Town	Additional employment land requirement	Additional employment land (sites over 1Ha)	Permission / planned development	Impacted by Nutrient Management Plan****
Leominster	10 Ha	None	None	Yes
Ross-on-Wye	10 Ha	None	10 Ha***	No
Ledbury	15 Ha	None	3 Ha**	No
Bromyard	5 Ha*	None	0.8 Ha**	Yes
Kington	Small scale employment and home working	N/A	None	Yes

Notes:

* A revised forecast requirement of 2 Ha was provided in the Bromyard Employment Land Study, June 2019

** Permission for the development of 3 Ha of employment land in the conditions for building 625 dwellings in Ledbury; 0.8 Ha of employment land including the erection of the first unit was included in conditions for the Porthouse Rise scheme – one unit was built but is still unused

*** Planning permission granted for 10 Ha of employment land at Hildersley – Ross Enterprise Park – site is not currently being developed

**** Any development in these market towns will have to demonstrate 'nutrient neutrality' which will add to the cost of any proposed scheme

12. In summary, in the period since 2011, there has been no significant (sites > 1 Ha) development of employment land in the market towns. However, there is an identified requirement for the period 2011 to 2031 of 40 Ha.
13. The council's capital programme includes an allocation for 'employment land and incubator space in market towns' (ELIS). The objective of the ELIS funding is to provide sufficient employment land and business premises to support business growth in the market towns.
14. The MTIPs have identified that in the majority of the towns there is a demand for additional employment land. For example, stakeholder feedback in Ross-on-Wye was that the lack of employment land is a significant barrier to growth, limiting business expansion and forcing existing or potentially new businesses to look elsewhere, often out of the county. As above, the Core Strategy has identified a clear need for additional employment land in the market town. However, the lack of almost any private sector led provision suggests there is a market failure in the commercial provision of these services.
15. Project definitions and initial draft business cases have been developed for projects identified through the MTIP process with the potential to deliver new employment land and business incubator space. However, further work is required to gather the evidence needed to develop Outline Business Cases and assess the feasibility and financial prospects of these projects.
16. At this stage, two of the projects from the MTIPs are likely to contribute to the ELIS economic objectives while having the potential to meet the ELIS capital requirements. Further feasibility studies will be required to assess their fit with the ELIS capital programme allocation i.e. the potential to generate an income to repay borrowing or generate land receipts:

- a. a potential mixed development on the council's Model Farm site in Ross-on-Wye (Appendix 1); and
 - b. the development of land in Ledbury currently owned by Heineken (Appendix 2).
17. The other identified projects are unlikely to be viable without grant support. Those that are likely to meet the requirements of government funding programmes will be developed in anticipation of calls for project applications.

Community impact

18. Herefordshire's market towns play a critical role in the county's economy as focal points for employment; for retail/ tourism/ leisure/culture; for business investment and growth; for housing and for access to services. The market towns often provide the key interface between the wider rural areas, access to employment and local services, and connectivity to and from Hereford.
19. The development of the MTIPs has been led by stakeholders in each of the market towns, supported by Rose Regeneration and the council. The MTIPs have identified a range of potential projects that are important to the economic development of the market towns.
20. The County Plan 2020 to 2024 states that: *"We shall also build new community facilities and bring forward new employment sites throughout the county. In making these investments we will continue to balance environmental, economic and community returns and will carry forward measures which further manage demand for our services."*
21. The current review of Herefordshire's Core Strategy is about to commission an employment land review. This will provide evidence for the economic policy direction of the revised Local Plan Core Strategy and determine the likely future demands for additional employment land provision in the county and how to ensure that employment proposals come forward. The ELIS projects are one potential component of meeting the future demand for employment land.

Environmental Impact

22. The Core Strategy 2011 to 2031 recognised that: *"Sustainable communities need economic growth to ensure they are active and thriving. Wealth underpins social and cultural activities and the conservation of our environment. Ensuring a strong and diverse economy will help give people in Herefordshire more opportunities for work within the county, which could reduce the number of people needing to travel outside the county, thus helping to reduce carbon emissions and increasing the prosperity of Herefordshire residents."*
23. Identifying potential economic development projects and schemes to develop employment land and incubation space locally in the market towns has the

potential to contribute to the reduction in the amount that people have to travel to work.

24. While this decision will not directly result in schemes being commissioned by the council, any future developments will be designed to deliver the council's environmental policy commitments and contribute to the environmental success measures in the County Plan.

Equality duty

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

25. The public sector equality duty (specific duty) requires the council to consider how the council can positively contribute to the advancement of equality and good relations, and demonstrate that the council are paying 'due regard' in decision making, in the design of policies and in the delivery of services. As this is a decision to adopt the MTIPs and assess the feasibility of the projects identified as potentially meeting the ELIS criteria, it is not believed that it will have an impact on the council's equality duty at this stage. An equality impact assessment (EqIA) has been carried out on the development of the MTIPs and is included in Appendix 6 and EqIAs will be carried out for any projects taken forward as part of the ELIS project.

Resource implications

26. The revenue costs identified below relate to the development of feasibility studies to support MTIP projects. A specific revenue allocation was made to the Economic Development base budget by Cabinet to support the development of projects⁴. This will be used to bring forward the proposed technical feasibility works which will be procured in line with the council's Contracts Procedure Rules.

⁴ Budget and Corporate Plan, Herefordshire Council Cabinet - Thursday 30 January 2020

Revenue cost of project	2019/20	2021/22	2022/23	Future Years	Total
	£000	£000	£000	£000	£000
<i>Business Case Development</i>		100,000	100,000		200,000
TOTAL		100,000	100,000		200,000

Revenue budget implications	2019/20	2021/22	2022/23	Future Years	Total
	£000	£000	£000	£000	£000
<i>Economy and Place</i>		100,000	100,000		200,000
TOTAL		100,000	100,000		200,000

Legal implications

27. The MTIPs are high level direction-setting documents and have no formal status. Any of the projects proposed in the MTIP will be subject to a further decision and therefore there are no legal implications arising from this report.

Risk management

28. The following are the primary risks in delivering this decision:

Risk / Opportunity	Mitigation
<p>There is a risk of reputational damage to the council as stakeholders may expect all projects identified as a priority to be funded by the council.</p> <p>However, funding available from the council generally, including for the MTIP projects, is constrained.</p> <p>The ELIS funding, for example, will be allocated on the condition that any projects funded will generate an income or capital receipt to repay the investment, or be successful in attracting grant /additional funding to fill any gap.</p>	<p>The purpose of the MTIPs has been clearly communicated at each stage, including the need for any ELIS funded projects to be able to generate a return to repay the investments. This is also clearly stated in the MTIPs.</p> <p>Regular stakeholder consultation sessions were held. Ward members attended each relevant market town stakeholders group.</p> <p>The fact that not all projects are suitable for capital spend was clearly communicated to the stakeholders.</p>

<p>Local stakeholders may not agree with the priorities identified in the plans</p>	<p>The MTIPs have identified a wide range of proposed projects to support the growth of each town through local engagement and consultation.</p> <p>Stakeholders were invited to moderated sessions to discuss and agree a prioritised list of projects.</p> <p>Final drafts of the reports have been shared with Town Councils.</p>
<p>Funding may not be available for identified schemes</p>	<p>The MTIP process has established an informed pipeline / prospectus of projects with a clear strategic rationale and evidence base to support future grant applications for government funding.</p> <p>While funding may not be immediately available for all the projects on the MTIPs, the plans are intended to support applications for current and future grant funding (as it becomes available). They are, therefore, intended to maximise the likelihood of successful grant applications in the future.</p> <p>Initial project descriptions have been drafted for each of the relevant ELIS capital projects. Further technical work and advice is required in order to develop the outline business cases and assess deliverability.</p>
<p>Phosphates risk in the County affecting the progression of certain projects.</p> <p>This is likely to affect North Herefordshire for 3 years.</p> <p>The main risk is that there will be a small increase in costs to obtain phosphate credits. The moratorium on planning permissions is expected to be lifted when the Integrated Wetlands mitigation scheme (phosphate credits) is in place at the end of 2021.</p>	<p>The council is working to mitigate the impact through the construction and management of integrated wetlands.</p> <p>It is anticipated that developments in the area will be able to buy 'phosphate credits' to contribute to the wetland scheme to ensure that the development maintains 'nutrient neutrality'. Schemes offering to contribute will then be considered for approval. The phosphate credit scheme is expected to be in place later in the year of 2021.</p>

There is, however, a more remote risk that the moratorium on planning will continue for longer than anticipated if the Integrated Wetland project is delayed.

The wetland project will be managed according to the council's project management regime in order to minimise the risk of delay.

29. These risks will be managed at a service level and added to relevant risk registers as required or escalated if appropriate and required.

Consultees

30. This proposal has been developed in conjunction with Economy and Place directorate teams, Property Services, and the Finance and Programme Management Office teams. Legal Services have also been consulted.
31. The Cabinet Member for Environment and Economy has been involved in the process and consulted on the report.
32. Stakeholders in the market towns have been consulted throughout the process of developing the MTIP documents, including Town Councils, Ward members, local business and organisation leaders and owners, land and business owners, as well as charities and other employment support agencies.
33. Political Group Consultation and full Council briefing has taken place and those that responded were supportive of the proposals.

Appendices

- Appendix 1 – Leominster Market Town Investment Plan
- Appendix 2 – Ross-on-Wye Market Town Investment Plan
- Appendix 3 – Ledbury Market Town Investment Plan
- Appendix 4 – Bromyard Market Town Investment Plan
- Appendix 5 – Kington Market Town Investment Plan
- Appendix 6 – Equality Impact Assessment

Background papers

None identified.

Please include a glossary of terms, abbreviations and acronyms used in this report.

ELIS	Employment Land and Incubation Space project
MTIP	Market Town Investment Plan
PMO	Project Management Office

