

ESG BUSINESS RELOCATION SUPPORT

Report By: ECONOMIC DEVELOPMENT MANAGER

Wards Affected

Central

Purpose

1. To consider the support given to business required to relocate from within the ESG redevelopment area.

Financial Implications

2. To be determined.

Background

3. The ESG area is a 100 acre redevelopment site to the North of the existing Hereford City Centre. Bounded by Edgar Street to the West, the Cardiff to Shrewsbury railway line to the North, Commercial road to the East and Newmarket and Blueschool Streets to the South. A map of the ESG area is attached at Appendix 1.
4. ESG Herefordshire Ltd is a joint venture company set up, following Cabinet approval on 15th July 2004, by Herefordshire Council and Advantage West Midlands (AWM) to coordinate the redevelopment of the site. Since its inception there has been close liaison between the ESG Company the Economic Development Service within Herefordshire Council, and AWM.
5. Both organisations have been co-ordinating jointly with regard to one of the most important issues connected with the ESG redevelopment, that of business relocations.
6. To progress the wider ESG scheme it is essential to relocate a number of businesses from their existing location to alternative locations. Whilst the total number of businesses to be relocated is estimated to be between 60 and 70, these relocations will not happen at the same time.
7. Given that businesses should be given as much certainty over relocation as possible, a decision has been taken to concentrate initially on those businesses affected by the first, infrastructure, phase of the ESG project. It is expected that businesses within this phase may be required to relocate by the end of 2010.
8. It is clearly understood that business relocations are very much a concern for those businesses affected by the ESG proposals and for their representative support agencies and indeed for the future health of the local economy. As a consequence ESG Herefordshire, Herefordshire Council, and AWM have agreed to jointly co-ordinate a response to this need.

Individual Business Support

9. Due to the diversity of businesses and business operations within the ESG area it is obviously necessary to consider each business on its own merits and own requirements. A programme of communication has been established with each

business, some have been engaged with more success than others. In the first instance each business within the ESG area was written to earlier this year informing them of the ESG proposals and the likelihood of the need to relocate.

10. Businesses were encouraged to contact either the Council's Economic Development Service or ESG Herefordshire to establish a direct line of communication. Since this request one to one meetings have been held with approximately 60% of the first phase businesses. The purpose of this set of meetings was to open negotiations on a personal basis, to provide businesses with a joint point of contact, and to begin to understand and establish individual business requirements.
11. As more certainty with regard timescales, relocation sites, routes of infrastructure, etc, has come forward this information has been communicated to ESG businesses.
12. Businesses within the first phase have recently been provided with details of potential relocation opportunities. An exercise was conducted whereby the details of empty commercial property within the city were sent to targeted businesses; the requirements of businesses were matched to specific units to demonstrate that suitable properties were currently available on the market.
13. Whilst the initial response to this communication has not been encouraging it is felt that this is a valuable method of informing businesses of the opportunities available to them and it is proposed to repeat this exercise on a quarterly basis to reflect the changing commercial property market and to continue to demonstrate that there is already a number of potentially suitable units available.
14. Two businesses have already successfully relocated from within the ESG area, both of these had assistance from ESG and Herefordshire Council. In both cases a degree of financial compensation has been agreed and in one case support for a change of use planning application on a relocation unit and negotiation and engagement with their agent was given.
15. The support open to both these companies is available to any of the other companies required to relocate. Businesses are being recommended to negotiate relocation and compensation by agreement as this approach brings certainty over compensation and timing, and allows businesses to better plan for any move. All businesses have been advised that they should engage with their own property and legal advisors to enable them to make an informed decision over relocation.

Strategic Support

16. In addition to engagement with businesses on an individual basis it has been necessary to review the wider strategic position with regard to land availability within the City and the relocation needs of the ESG businesses.
17. Herefordshire Council have commissioned a Relocation Study conducted by independent commercial property consultants Drivers Jonas. This study focused on the demand for employment land and premises that would be generated by the ESG proposals, and determined the level of supply of this land and property currently available within Hereford.
18. This study which is still in draft form compiled using a comprehensive business survey where approximately 80% of those businesses needing to relocate in the first phase responded to interviews. The purpose of the study is provide a robust planning document that can be used in planning applications and appeals to obtain permissions and defend employment land allocations. It is not an assessment of where businesses should relocate.

19. To provide assurance to businesses on relocation Herefordshire Council and ESG are developing a Relocation Framework that will document:
- What accommodation will be provided;
 - What financial and other assistance a business can expect to receive;
 - How businesses will be treated and what information they will be sent;
 - What, and when, action will be taken by the Council and ESG.
- This document is currently being drafted and will be completed by January 2009. It is currently envisaged that this will contain a number of guiding principles and flexible actions and that the document content will change over time to reflect the current position.
20. To back up the work of the Relocation Framework and Relocation Strategy, ESG have employed property surveyors Lambert Smith Hampton to establish potential compensation claims and relocation costs. This research is due to finish by the end of the year and will help establish what the overall cost of relocating businesses is expected to be. This work will help form the basis for compensation claims both through a negotiated process, and, if necessary, for any CPO process.
21. The Three Elms Trading Estate has been purchased by AWM to help facilitate relocations from within the ESG site. AWM will be submitting a planning application for new site infrastructure and approximately 50,000 to 60,000 sqft of employment units by the end of the year. If permission is gained then construction of these units is due to start in the next financial year for completion in 2010.

Communication

22. As mentioned above both ESG and Herefordshire Council have been in regular communication with affected businesses. This communication has ranged from community consultation events, specific business workshops, business only masterplan viewing days, email updates, direct mail outs, and numerous one-to-one meetings and telephone calls.
23. It is acknowledged that in the early stages of the development communication with businesses could have been improved. This has led to the formation of an internal project group who meet on a monthly basis and consists of representation from ESG, AWM and Herefordshire Council Economic Development and Property Services.
24. This has led to a more consistent message being delivered to businesses and ensures that businesses have more coordinated contact with ESG and the Council. This process will be further refined as the Relocation Framework is developed and adopted.

RECOMMENDATION

THAT;

- (a) The content of the report be noted.**

BACKGROUND PAPERS

- Appendix 1: Map of the ESG site

Appendix 1



Current Ordnance Survey Plan, (Approximate Study Area boundary shown in red, N.T.S)