

Hereford Enterprise Zone

Meeting: Connected Communities Scrutiny Committee

Meeting date: Wednesday 13 November 2024

Report by: Service Director Economy and Growth, Head of Economy and Regeneration

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

This report provides an overview of the of the development and key achievements of the Hereford Enterprise Zone as a basis to identify lessons learnt as the council now seeks to establish additional employment land across the wider county, such as the proposed development of Ross Enterprise Park.

Recommendation(s)

That:

- a) **The committee notes this report and;**
- b) **Prepare any questions and determines any other actions or recommendations it may seek to make.**

Alternative options

1. The Connected Communities Scrutiny Committee has agreed to assist (as per their Terms of Reference) with considering how the council can learn the lessons from the development of the Hereford Enterprise Zone to support the successful development of employment land across the wider county. There are no alternative options to those already agreed with the committee.

Key considerations

2. Skylon Park, Hereford Enterprise Zone (HEZ) was one of the first to be designated in England by government in 2011. It was selected initially through a local competition led by the former Marches Local Enterprise Partnership (LEP), which was latterly approved by government in achieving national recognition.
3. Enterprise Zones have been created to catalyse business growth. Under the original Government policy, Enterprise Zones were to benefit from:
 - a. Business rates discount up to £275,000 per business during the initial five year period of Enterprise Zone operation.
 - b. All business rates growth within the Zone for a period of at least 25 years will be retained by the local area to support the former LEP economic priorities and ensure the Enterprise Zone growth is reinvested locally.
 - c. Government help to develop radically simplified planning approaches for the Zone, using for example, Local Development Order powers.
 - d. Government support to ensure that superfast broadband is rolled out throughout the Zone achieved through generating the most supportive regulatory environment and if necessary public funding.
4. The Hereford Enterprise Zone covers approximately 110 acres of industrial land enveloping the existing Rotherwas Industrial Estate, already the largest such estate in the county. 80% is in Herefordshire Council ownership, 20% in local farming family trusts.
5. Rotherwas was used as a munitions factory in the first and second World Wars. The land is largely brownfield, often contaminated. The land is in close proximity to the River Wye to the West and North with consequent risk of flooding. Rotherwas faces constraints on the A49 trunk road north through the City. At the commencement of the Enterprise Zone Access road and utilities/services were largely absent, inadequate (particularly electricity capacity) or in the wrong places.

Approach

6. Priorities, governance and supporting strategies were worked on and established during 2012 and 2013. A cabinet decision was taken in January 2012 to approve the governance arrangements for the Enterprise Zone [Decision - Hereford Enterprise Zone Governance Arrangements - Herefordshire Council](#).
7. A specific (non-trading) limited company, Hereford Enterprise Zone Ltd was established to drive forward progress. This was considered the best way of accommodating and defining the various interests in the Enterprise Zone, integrating private sector experience with public sector resources, channelling these in a way to facilitate but not complicate activity, nor fetter the landowners in terms of the sales value of the land or decisions and conditions on sales of their land.
8. The Chair and other private sector representatives were recruited through an open process. The aim being to recruit Directors with the expertise, relevant interest, availability and experience to contribute to the matters of the company. The Council was represented politically through the Leader or relevant Cabinet/Councillor lead and Chief Executive or senior executive levels throughout.
9. A priority for the Enterprise Zone throughout its existence has been to create more higher paid jobs, through enabling the growth of businesses through the provision of serviced employment land. The company was given a specific role in promoting and marketing the Enterprise Zone

land, encouraging business enquiries to buy and develop land, dealing with them in real time, making recommendations for sales to landowners. A name, identity and image and separate web site presence were devised and established.

10. The Board imperative throughout has been to make investment decisions and transactions as easy and straightforward as possible, maximising certainty and speed of decision making for clients and investors. A placement statement (appendix 1) was established, setting out the type of business investors that the Enterprise Zone was seeking to attract (and those it wasn't). This included welcoming local businesses wishing to expand locally. The Board has used the Placement Statement as a benchmark in considering investment cases and making recommendations for sales to landowners.
11. A planning Local Development Order (LDO) was created which set a permissive approach to development at the HEZ securing external statutory consultee support for the approach putting outline planning permission in place for certain use classes. The submission process is free and executive only with a decision required within 28 days. The LDO had proven to be a key enabler, providing businesses with certainty of planning outcome and speed of approval for the relevant use classes.
12. Underpinning strategies and policies were devised and established to support the LDO's conditions and to help plan plot layouts and construction in particular an estate-wide flood mitigation strategy and an estate wide Travel Plan to promote sustainable means of transport. Streamlined sales and transactional arrangements were devised and put in place; including information packs on ground conditions and plot circumstances (access and utilities).
13. An internal council delegated disposal policy was agreed for sales decisions and template legal documents, Heads of Terms, contract and transfer of freehold were prepared all designed to streamline the formal sales process. Through a previous governance decision the delegation for land sales has been delegated to the Corporate Director for Economy and Environment in consultation with the Section 151 Officer. Whilst HEZ Ltd have been responsible for the promotion of sites and private sector interface, all land sales and financial decisions have been retained specifically by the council.
14. A core HEZ Ltd support team was put in place (no more than 3 Full Time Equivalents at any one time). This team defines annual delivery priorities. It has made recommendations on infrastructure and enabling projects and overseen their delivery. The team has created the profile and overseen marketing, profile and PR. The team identifies and then follows up sales leads; bring them to the Board and then onto the Council for decision. The small and efficient team has worked closely with and drawn on the services of a wide range of council teams such as Economic Development, Finance, Property, and Legal and adhered to all related council systems and processes.
15. Direct longstanding local experience had shown that general business interest was not being realised in terms of sales and development as the local market was inhibited by the extent and cost of the infrastructure improvements needed to make the land ready to be built upon. The core approach from 2013 has accordingly been to remediate, prepare and open up land to make it development ready. The Council established a capital programme to do so.
16. In addition to the principal role of marketing and facilitating the development out of the site by businesses, the Board has also identified and supported projects creating new assets at Skylon Park to help nurture local businesses. This includes the £7.7million Shell Store business incubation facility, the £9million Midlands Centre for Cyber Technology, and NMITE's £7million Skylon Campus.

Progress

17. In terms of infrastructure the requisite investigations and studies have been undertaken, necessary designs prepared and then infrastructure installed. This has included demolitions, site clearance, remediation, requisite plot raising (for flood mitigation), road access, and Surface Water Drainage networks. Utility capacities and frameworks have been reviewed and devised and networks commissioned and installed across the HEZ to provide the right capacity and easy connectivity on a plot by plot basis, including an ultrafast broadband network.
18. Cycleway/ walkways have been installed to improve accessibility and linkages to the Greenway connected to the City particularly along the Straight Mile and at the east of the site to open up West – East connections across the HEZ.
19. Over **60 acres** of land has been sold or developed. Over **60,000 sqm** of new workspace has been built and a further **17,000 sqm** of new workspace is committed to, facilitated by **44 successful LDO submissions**. Investment in land and buildings exceeds **£60million**.
20. The HEZ is home to over **100 businesses** which comprise both owner occupiers and tenants. Businesses have brought nearly **1500 jobs** on occupation, with a further **1100 jobs** in their specified growth plans. Many businesses have expanded onto the HEZ whilst retaining their existing premises, the bulk have moved and released premises which other businesses have then occupied; the HEZ has served to increase and free up the local industrial property market.
21. As above, substantial new assets have been created the [Shell Store](#), [Cyber Quarter](#) and [NMITE's specialist business campus](#).
22. We anticipate the HEZ to contribute a **minimum of £29 million** retained business rates income to the Council over its lifetime (up to 2037/38) and potentially upwards of **£40 million** if development continues at current pace. These funds will support a legacy of economic development activity across the county for many years to come.

Lessons Learnt

23. In reviewing lessons learnt for other possible employment land locations across the county, we need to consider that each location is different, and therefore unique in terms of its market appeal, its conditions and circumstances and consequent choices on the steps and measures that should be taken to see it successfully and fully developed out.
24. Business investor interest, and their representatives, thrive on certainty, consistency and responsiveness particularly more footloose enquirers.
25. Therefore, in developing other employment land sites across the county the following are areas we can learn from;
 - a. Understand the market interest/ demand in that location – both from local businesses looking to expand and in attracting new investment in the county.
 - b. Establish localised governance in terms of private sector and local stakeholder engagement to provide expertise and guidance. Establish clear terms of reference for any board or partnership.
 - c. Have a clear vision/ strategy for the development of the site/ enterprise park, including a clear placement strategy/ statement.

- d. Consider range of options for the development of the site, such as direct council management (with appropriate project board and project management structures), a separate company such as the Hereford Enterprise Zone Ltd, or a private sector development partner.
- e. Have a clear strategy for short and long term estate management, including for example whether to retain control and apply service charges?
- f. Ensure there is a simple, efficient and quick route to seeing through land disposals that provides confidence and assurity (such as delegated arrangements established on the Hereford Enterprise Zone).
- g. Ensure a dedicated resource (people and budget) is in place to lead development and delivery.
- h. Define/establish the demand for further direct intervention to support businesses e.g. creating assets for the rental market, incubation/networking centres etc.
- i. Marketing - Establish a strong identity and profile for the Enterprise Park, and related marketing strategy.

Community impact

- 26. The Herefordshire Council Plan 2024 to 2028 says *'We will create the conditions to deliver sustainable growth across the county; attracting inward investment, building business confidence, creating jobs, enabling housing development and provide the right infrastructure'*.
- 27. The Council Plan also says we will *'Develop employment land to unlock new business opportunities and generate local jobs'*.
- 28. The Connected Communities Scrutiny Committee's consideration of lessons learnt from the successful development of the Hereford Enterprise Zone will better enable the council to bring forward the required employment land in other parts of the county.

Environmental Impact

- 29. The council is committed to bringing forward developments to the highest possible environmental standards. Hereford Enterprise Zone established specific guidance for those developing buildings, which was considered as part of the planning application process [Sustainability-Assessment.pdf](#).
- 30. We will consider how similar guidance can be developed for other employment land sites.

Equality duty

- 31. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.

32. Due to the potential impact of this update report being low, a full Equality Impact Assessment is not required. However the following equality considerations should be taken into account when making a decision about this activity:
- a. This is a background report to the Connected Communities Scrutiny Committee in considering lessons learnt for the future development of employment land.
 - b. The Hereford Enterprise Zone has ensured that any and all new developments are fully accessible in meeting building regulations. The council will ensure that this is the case with any new employment land provision.
 - c. Where the council commences employment land developments elsewhere a detailed equality impact assessment will be undertaken for each.

Resource implications

33. As a background report for the Connected Communities Scrutiny Committee there are no direct resource implications to this paper.

Legal implications

34. Any legal implications are referenced within the relevant section of this report.

Risk management

35. As a background report for the Connected Communities Scrutiny Committee there are no direct resource implications to this paper. Although identifying lessons learnt from the development of the Hereford Enterprise Zone, will reduce the risks of other similar future developments.

Consultees

36. The Hereford Enterprise Zone Managing Director has supported the development of this paper, and will be in attendance at the Scrutiny Committee meeting.

Appendices

Appendix 1 – Hereford Enterprise Zone Placement Statement

Background papers

N/A

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published

Governance	Henry Merricks-Murgatroyd	Date 04/11/2024
Finance	Karen Morris	Date 30/10/2024

Legal	Sean O'Connor	Date 31/10/2024
Communications	Luenne Featherstone	Date 28/10/2024
Equality Duty	Harriet Yellin	Date 28/10/2024
Procurement	Click or tap here to enter text.	Date Click or tap to enter a date.
Risk	Jessica Karia	Date 29/10/2024

Approved by	Ross Cook	Date 05/11/2024
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[Note: Please remember to overwrite or delete the guidance highlighted in grey]

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