



Hereford Enterprise Zone Retained Business Rates – Herefordshire Growth Programme

Decision maker: Cabinet Member for Economy and Growth

Decision date: 20 August 2025

Report by: Corporate Director for Economy and Environment

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

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

(All Wards);

Purpose

To approve the expenditure of retained business rates from the Hereford Enterprise Zone held in the Enterprise Zone Business Rates Growth Reserve, to deliver a county-wide business growth, skills and the inward investment programme.

Recommendation(s)

That:

- a) To approve the expenditure of up to £1.4 million of retained business rates from the Hereford Enterprise Zone (held in the Enterprise Zone Business Rates Growth Reserve) to implement a county wide economic development programme to enable growth.**

- b) To delegate to the Director for Growth all operational decisions related to the implementation of the programme, including the commitment of expenditure from the approved funds.**

Alternative options

1. To not approve the expenditure of the retained business rates – the funds would remain in a council reserve and not benefit the growth of the local economy. This option is not recommended.
2. To focus the funding on further investment on the Hereford Enterprise Zone only – the Enterprise Zone has benefitted from significant council and public investment, successfully supporting the growth of Hereford. If only targeted at the Enterprise Zone the retained funds cannot be utilised to support the economic development of all of the county, as per the government intention and original council decision to form the Enterprise Zone. This option is not recommended.

Key considerations

3. A key benefit of a government designated Enterprise Zone is that the council is able to retain 100% of business rates generated in the specified area for a defined period (50% of business rates collected in all other areas are retained by government). The rates retention scheme has been in existence at the Hereford Enterprise Zone since 1 April 2023 and is due to continue until 31 March 2038.
4. Whilst the Enterprise Zone has been in existence for a number of years, there is a time lag between generating significant new funds for reinvestment, as land is remediated, sold and developed. The Valuation Office has also had a significant backlog in valuing buildings for rates payments following the impact of Covid. To date the retained business rate income has met the operational costs of Hereford Enterprise Zone.
5. Given the scale of development now in place, the former Hereford Enterprise Zone Ltd Board undertook a review of current and projected retained business rates income from the Hereford Enterprise Zone in May 2024. Based on the most conservative scenario (currently completed buildings paying rates) it is anticipated that the Hereford Enterprise Zone will generate c£1.1 million of additional income per year up until the end of 2038, subject to changes to economic circumstances and any changes government may make to business rates policies.
6. From the balance of income from 2023/24 and 2024/25 there is currently a reserve available of circa £1.4m available to support economic development activity. The decision now seeks approval to utilise these funds to support the economic growth of the county.
7. The proposed programme will include three key elements (please also see the business case in Appendix 1);
 - I. Skills Programme – The availability of a skilled workforce is critical to enabling growth, creating more better paid jobs, both in meeting the current and future plans of existing local industry, but also to attract new businesses to locate in the county. The skills programme will include activities such as creating a dedicated employment skills officer to support businesses to plan their workforce need and to liaise with the colleges and training providers. A Herefordshire skills boost programme funding to support local employers to

upskill their workforce, benefitting the employer and the resident. Bursaries to enable local people to seek higher education opportunities in the county.

- II. Business Growth Programme - Establishing a range of interventions to support businesses in key growth sectors to become more productive through innovation and automation, creating more better paid jobs. The programme will include activities such as scale up support for high growth, or potential high growth businesses in target sectors. A Research & Development (R&D) innovation fund to enable investment in automation, AI, and innovation improving productivity. Business hubs/ co-working space in hubs in the market towns. Cyber/ digital growth accelerator programme. Tourism marketing to grow our visitor economy, and to continue the management and delivery of a high-quality business environment on the Hereford Enterprise Zone.
 - III. Inward Investment - The county's first ever Inward Investment programme will raise awareness of Herefordshire's opportunities, seeking investment from businesses looking for a place to locate in the UK, attract developers to support the growth of the county, and attract private investors. The programme will include activities such as targeting businesses to locate in the county, establishing a development prospectus to attract investment, and to seeking to attract the workforce that we need.
8. Subject to the approval of this decision, the following programmes will be further developed. Where the council is seeking third party services, these will be procured in accordance with the Contract Procedure Rules.

Community impact

- 8. The proposed programme will deliver skills, business growth and inward investment support across Herefordshire, in delivering the [Economic Plan](#), creating more better paid jobs, and enabling local people to benefit from these opportunities.
- 9. The Herefordshire Council Plan 2024 - 2028 states 'We will create the conditions to deliver sustainable growth across the county; attracting inward investment, building business confidence, creating jobs, enabling housing development along with providing the right infrastructure'.
- 10. The Plan goes on to say that the council will
 - a. Develop employment land to unlock new business opportunities and generate local jobs, support market towns and Hereford city to be vibrant hubs through working with residents, local organisations and businesses.
 - b. Support residents to access skills development, training and employment opportunities.
 - c. Work with our partners and businesses to facilitate growth across the county.
- 11. The proposed programme will enable the council to meet all of these priorities.

Environmental Impact

- 12. A key focus of the economic development programme will be to support businesses reduce their carbon impact, through providing access to advice as to how they can become more

efficient and reduce energy costs. The county is also well placed to benefit from new green economy opportunities related to renewable energy and retrofit.

Equality duty

13. The Economic Development programme will support residents across the county to improve their skills and access employment opportunities. At this stage, the details of the proposed elements of each area are being developed. For example, the funding will initially be utilised to establish a skills development post to work with employers, and commission a skills strategy. Once this is in place it will provide the basis to bring forward targeted interventions. We will undertake equality impact assessments for each support service, grant scheme or business space that will be established through the funding.
14. The proposed growth and skills programmes will complement existing programmes, such as the Growth Hub business support services, the UK Shared Prosperity and Rural Prosperity grant fund, and the government's recently launched Connect to Work programme to support disabled people into work.
15. Due to the potential impact of this decision being low, a full Equality Impact Assessment is not required at this stage. However the following equality considerations should be taken into account when making a decision about this activity/project:
 - a. The development of each service, grant scheme or business space will consider the needs of all of the county's communities and how these can be met.
 - b. An Equality Impact Assessment will be undertaken for each support service, grant scheme or business space provision as they are being developed.

Resource implications

16. From the balance of income from 2023/24 and 2024/25 there is currently a reserve available of circa £1.4 million available to support economic development activity. The total value of business rates due is collected by the council, paid to the Government and redistributed back to the council via a formula grant mechanism. Business rates income collected by the council is accounted for separately from the council's Revenue Budget in the Collection Fund. The Revenue Budget includes a fixed amount, estimated as part of the budget setting process, which is transferred from amounts collected in the Collection Fund.
17. This means that if there is over or under collection of business rates income, the council's Revenue Budget is protected in that financial year. The council is responsible for maintaining a balance in the Collection Fund to manage movements in collection. The value of Business rates income included in the council's Revenue Budget is estimated based on historic information including: the number and size of businesses and the value of reliefs available to the businesses in the county.
18. Whilst the budgeted value of Business Rates income is set in advance of the financial year, the actual amount is not confirmed until September of the following financial year and this results in a timing difference between the period in which income was due and the period in which income is accounted for. The additional retained income from the Hereford Enterprise Zone is held in the Enterprise Zone Business Rates Growth Reserve.

19. This decision seeks approval to spend the funds currently held in the Enterprise Zone Business Rates Growth Reserve. As additional funds are added to the reserve going forward, separate Cabinet Member decisions will be brought forward to seek approval to spend.

Revenue or Capital cost of project (indicate R or C)	2025/26	2026/27	Future Years	Total
Economic Development Programme (R)	£757,000	£643,000		£1,400,000
TOTAL	£757,000	£643,000		£1,400,000

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2025/26	2026/27	Future Years	Total
Enterprise Zone Business Rates Growth Reserve	£757,000	£643,000		£1,400,000
TOTAL				

Revenue budget implications	2025/26	2026/27	Future Years	Total
Income from retained business rates held in the Enterprise Zone Business Rates Growth Reserve. As such no council revenue implications.	£757,000	£643,000		£1,400,000
TOTAL	£757,000	£643,000		£1,400,000

Legal implications

20. There are no specific legal implications within this report.

Risk management

21. The following are consider risks to the proposed programme;

Risk / opportunity	Mitigation
Government has committed to reviewing business rates policies which may impact future income.	The decision relates to the expenditure of retained rates that have already been paid and collected and held in the Enterprise Zone Business Rates Growth Reserve. Separate governance decisions will be brought forward to seek approval to spend further funds as they are collected and become available to further support the local economy.
Businesses generating the income on the Hereford Enterprise Zone cease trading or relocate.	As above, this decision seeks to spend only those funds that have already been collected and are available within the dedicated reserve.
There is a lack of take-up of the new services being offered.	The Herefordshire Business Growth Board will oversee the development and implementation of the programme, to ensure that the proposed activities meet the needs of the private sector. Activities will be reviewed should take-up be low, and new activities brought forward where required.
Economic downturn or market instability – Wider economic conditions may impact business growth, inward investment, and the effectiveness of the programme.	Regular monitoring of economic trends and adaptability in programme delivery to ensure responsiveness to changing market conditions.
Measuring impact and return on investment – There is a risk that the programme may not achieve the anticipated economic growth or business retention outcomes	Establish clear performance metrics, with regular evaluation and reporting to ensure transparency and effectiveness

‘The risks identified in this report have been appropriately recorded on the relevant risk register and escalated in line with the Council’s Risk Management Strategy. Governance and monitoring arrangements, including oversight by the Herefordshire Business Growth Board and the Director for Growth, are in place to ensure these risks are actively managed throughout the programme’s delivery.’

Consultees

A political group consultation will be held on the 21st July 2025. Overall there was widespread support from all local political groups for a countywide economic development programme to support the growth of the economy. In particular, there was support for establishing a Herefordshire Skills Strategy, a focus on working with employers to develop workplace skills, maximising opportunities from apprenticeships, and to support the creation of more better paid jobs. Cllrs requested an indicative breakdown of budget against the proposed activities which has been circulated following the political group consultation. Cllrs sought confirmation that future income over and above the initial £1.4m of retained business rates would also be utilised to support economic growth. The Green Party

asked that some of the available funds be utilised to continue to support the maintenance of the current Hereford Enterprise Zone estate. Cllrs sought assurance that while some funds are understandably targeted at local strengths in cyber and defence, other funds would support all sectors in particular creative industries, tourism, construction/ retrofit, and green economy opportunities. Assurance was provided that beyond the cyber and security ring fenced funds, the remaining grant and skills development programmes would be open to all.

Appendices

Appendix 1 - Herefordshire Growth Programme Business Case

Background papers

None

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 28/03/2025
Finance	Judith Tranmer	Date 27/03/2025
Legal	Sean O'Connor	Date 27/03/2025
Communications	Luenne Featherstone	Date 21/03/2025
Equality Duty	Harriet Yellin	Date 03/04/2025
Procurement	Nina Beric	Date 27/07/2025
Risk	Paige McInerney	Date 03/04/2025

Approved by	Click or tap here to enter text.	Date Click or tap to enter a date.
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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.