

Herefordshire Business Board (HBB)
Notes/Actions from the meeting held on
Monday 2 October 2023, 4.00 – 6.00 pm
Orphan's, 3 Arrow Close, Leominster HR6 0LD

Attendees

Chair: Frank Myers MBE (FM) **Present:** Abigail Appleton (AA), Christian Dangerfield (CD), David Williams (DW); Doug Barrat (DB); Gareth Williams (GW); Cllr Graham Biggs (GB); Helen Bowden (HB), James Newby (JN); John Reed (JR), Mark Pearce (MP); Nic Millington (NM); Paul Stevens (PS), Sharon Smith (SS); Stephen Eckley (SE)

In attendance: Roger Allonby (RA)

Apologies: Christine Snell, Cllr Jonathan Lester, Mark Pearce

Absent: Rachel Laver

Minutes: Jan Bailey

Action Log

Minute	Action	Responsibility
6.13	Set up working group to consider future remit, purpose and membership of HBB	FM
7.1	Circulate Councillors' Briefing Presentation to Board members	AA/JB
8.1	Update on Marches Forward Partnership for next HBB meeting	RA
8.2	Write to Shropshire Chamber regarding lack of Herefordshire representation on LSIP DW and JB to liaise on content for the above	FM DW/JB

	Action
<p>1. Welcome</p> <p>The Chair welcomed everyone to the meeting.</p> <p>The Chair thanked HB for her hospitality and for the interesting presentation on Orphan's history and business.</p>	
<p>2. Apologies for Absence and Declarations of Interest</p>	

Apologies and absences are as noted above. There were no new Declarations of Interest.

3. Minutes of the Last Meeting

The minutes of the meeting held on 24 July were agreed as a correct record.

4. Matters Arising (not covered elsewhere on the agenda)

There were no outstanding actions or matters arising from the last meeting.

5. Herefordshire Business Board's Approach to Sustainability

- 5.1** HB highlighted the importance of sustainable practices within businesses and asked HBB members to consider how this is reflected and championed by HBB.
- 5.2** In particular, HB advocated that HBB has a clear position, sustained messaging and a clear proposition and role with regard to sustainability.
- 5.3** It was agreed that, subject to any later discussions on today's Agenda regarding the future of HBB, a sub-group of the Board is established to look specifically at this issue.
- 5.4** GW mentioned the current Climate and Nature Partnership, of which he is a member. Although he said he is supportive of this group's aims, he was not confident that it had a plan as to how to reach the 2030 carbon neutral target.
- 5.5** RA advised that the discussion was pertinent to discussions taking place later in today's meeting regarding the future of the Economy and Place Board and how various other bodies engaged with it.
- 5.6** There were several comments on the importance of involving younger age groups in any future discussions.
- 5.7** NM indicated that there are several new initiatives in the county that seek to do this, including one called Hereford Herd aimed at creative individuals and organisations.
- 5.8** SS also mentioned her plan to put a new 'Young Chamber Group' in place, in association with the colleges.

5.9. The Chair indicated the possibility of legacy funding from the Marches LEP which could be used to support areas which the LEP has traditionally targeted, including the development of 'green' skills.

6. Herefordshire Economy and Place Board (HEPB) / Future Role of Herefordshire Business Board

6.1 RA provided a presentation on the HEPB, including its background, current situation and proposed way forward.

6.2 The way forward includes a proposal for a smaller, more focused HEPB made of up to eight representatives, chaired initially by the Leader of the Council (Jonathan Lester).

6.3 The proposed HEPB would coordinate the activities of thematic Boards/working groups, as follows:

- Herefordshire Business Board
- Herefordshire Skills Board
- Herefordshire Climate and Nature Partnership
- Community Partnership Board

6.4 RA/GB were keen to stress that the proposed structure would be non-hierarchical, based on the groups working together to create a delivery plan.

6.5 The Chair welcomed this concept. However, he expressed regret that the HBB had not been consulted about the proposed revised structure of the HEPB.

6.6 The Chair commented that HBB had been formed to support the LEP but that its stability was no longer clear as the LEP's future is now uncertain. He said that a strong HBB would be needed to take part in the HEPB and to provide a voice for Herefordshire businesses.

6.7 GB stressed that the current Herefordshire Council administration valued HBB and wanted to increase its influence, notwithstanding the future of the LEP.

6.8 Board members expressed their broad support for the proposed HEPB structure, particularly with regard to interconnectivity between the other forums.

6.9 The Chair referred to a paper circulated to Board members in advance of today's meeting entitled: "What is the Future of the Herefordshire Business Board" (attached as Appendix 1 to these notes). Within this, a recommendation is made to create a formal legal status for HBB (ideally in the form of a

Community Interest Company (CIC)). This, he said, would enable HBB to apply for grant and other funding in its own right. He asked for Board members' views on this report and its recommendations.

6.10 Although broadly in agreement with the proposal to establish HBB as a CIC, Board members expressed some concerns as to the costs and effort needed to establish this. They also asked for further information on the grants and funding the Business Board would hope to apply for if set up as a CIC.

6.11 RA/GB suggested a decision on whether to set up a CIC is deferred until after the future of the LEPs and any legacy funding is determined.

6.12 HB suggested that a decision on whether to set up as a CIC was premature until further discussion was held on the future remit of the HBB, its membership and purpose.

6.13 Members were in agreement with HB's comments. The Chair will set up a working group to clarify the future and purpose of HBB and asked members to send any further thoughts to him together with any expressions of interest in being part of the working group (HB indicated she would be happy to be included). RA/GB will be invited to attend these discussions.

FM

6.14 DB mooted the possibility of the December HBB meeting being utilised to explore this subject further (RA/GB not to be in attendance).

7. Stronger Towns Fund

7.1 AA provided an update on developments with the Stronger Town Fund:

- The Cycle Track at Halo Leisure (Holmer Road) has now opened and officially launched.
- A Councillors' briefing on the Stronger Towns Fund took place recently. The content of this to be circulated to HBB members.
- The focus for the next 18 months will be on keeping remaining projects on track with plans.
- Efforts are being made to develop a 'legacy' for the Stronger Towns Fund, including a workshop held recently to look at the visitor economy with project sponsors.
- PS advised that electric buses should be operational in Hereford by the end of October. A launch event will be held at the Courtyard.

AA/JB

8.	Horizon Scan	
8.1	RA advised that Herefordshire has joined the Marches Forward Partnership (with Shropshire, Monmouthshire and Powys). A further update will be provided at the December HBB meeting.	RA
8.2	DW advised that we are now entering the second phase of LSIP (Local Skills Investment Partnership). He expressed concern regarding the low level of Herefordshire representation within this Partnership, which he said he has already raised with Shropshire Chamber of Commerce. It was agreed that the Chair will also write to express these concerns. DW to liaise with JB regarding suggested content.	FM DW/JB
9.	NMITE	
9.1	JN advised that degree awarding powers had now been given to NMITE. This is a significant achievement as Herefordshire has never previously had a university with these powers.	
9.2	JN further advised that this year's intake of students was higher than anticipated at 55 students.	
9.3	JN indicated potential future pressure for student accommodation in the city. AA agreed stating that suitable private accommodation is difficult to find and there is a trend for students wanting to stay in purpose-built facilities. She said that there is a risk of undermining the colleges' ability to recruit if suitable accommodation isn't available in the future.	
10.	Sector Updates	
	Please see Appendix 2 below.	
11.	Any Other Business	
11.1	MP advised that many businesses hoping to move to the Enterprise Zone are currently lacking the capacity to do so due to the low availability of commercial loans.	
11.2	In response to a query from the Chair, GB advised that a business case is currently being developed in respect of the Ross Model Farm.	
12.	Date of Next Meeting	
	Monday 4 December, 2023, 4.00 – 6.00 pm Venue to be confirmed	

2024 Dates:

Monday 29 January
Monday 25 March
Monday 3 June
Monday 22 July
Monday 30 September
Monday 2 December

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Appendix1

What is the future of the Herefordshire Business Board?

The Chair of the Herefordshire Business Board (HBB) has commissioned the Herefordshire 2030 Group (H2030) to consider the future of the HBB in the light of the demobilisation of the Marches LEP, the creation of the Marches Forward Partnership and the development of the Herefordshire Economy and Place Board.

Context

Like many counties in Britain, Herefordshire is currently struggling with a number of unprecedented challenges. In Herefordshire, these challenges are compounded by significant structural changes in its economic architecture which will have a decisive impact on the county's long-term sustainability and viability.

In April 2023, the previous Herefordshire Council published a Big Economic Plan (BEP), which attempted to identify a credible strategy to address these challenges.

In its analysis ("Where's the Beef?")*** of the BEP, H2030 identified a number of possible refinements to the plan, particularly in the proposed Economy and Place Board, noting that "With sustained and focussed effort [to improve the plan]...a credible implementation programme with realistic hopes of success can be launched. Without it, we are likely to remain one of Britain's worst-performing counties on almost all measures."

In its presentation of the 6th September, the Council has updated its thinking on the shape and scope of the E & P Board with scope to further address the issues raised in the "Where's the Beef?" report, raising renewed concerns that it will be little more than a fig leaf for a status quo that has failed Herefordshire badly for more than 20 years. This latest modification was announced without consultation.

Current purpose of the HBB

HBB was established more than ten years ago as an **independent, business led** body that has a vital role in supporting enterprise and economic growth in Herefordshire. It brings together representatives from the private sector and lead contacts within key regeneration projects across the county."

Over recent years, the HBB has evolved into a highly collegiate body, drawing on significant voluntary contribution, experience and knowledge across the full spectrum of

Herefordshire's economic sectors and providing a powerful lobbying voice on the Marches LEP Board and in other areas of policy debate. It has no executive function and no detailed mandate on how to implement economic development.

Demobilisation of the Marches LEP

On 4th August 2023, the Government announced that "its sponsorship and core funding of LEPs will now cease. As private enterprises, LEPs may choose to continue operating but Government will now support Local Authorities to take on the LEPs' functions - namely, business representation, strategic economic planning and responsibility for the delivery of Government programmes where directed."

Following independent action by the Council, the directors of the Marches LEP Board (Herefordshire, Shropshire and Telford & Wrekin) have been left with no choice but to not continue operating as a tripartite structure and to unwind the MLEP by the end of FY 23/24. **Two years ago, perhaps recognising this direction of travel and recognising the ongoing need for an independent body which supports economic development, the Telford & Wrekin Business Board constituted itself as a Community Interest Company (CIC).**

The structure for the winding down of the LEP is an area of active discussion including a very important debate about how to ensure an effective legacy and equitable allocation of residual resources is deployed across all three areas.

Herefordshire's ongoing need for increased inward investment

H2030 has broken down the reasons for Herefordshire's chronic long-term economic underperformance in its "What the hell happened report?" *** published in 2021, noting that the county's per capita GVA gap with the rest of the UK (ex-London) represents an opportunity cost of £1 billion p.a., equivalent to 25% of our current total GVA of £4 billion GVA.

To close that gap, we estimate that Herefordshire needs to attract inward investment of £200-250 million for every one of the next ten years, compared to a historic run-rate of around £100 million p.a., in addition to developing a much stronger skills base and improving connectivity with our surrounding hinterland and the wider UK economy.

In the "Where's the Beef?" report, the point is made that "Without meaningful collaboration, continued long-term underperformance will be inevitable. The Council alone does not have the budget, staff, experience or track record to develop and deliver solutions, particularly given the scale of the challenges that we face as a county."

At the same time, it should be recognised that Herefordshire has achieved some notable successes in the context of inward investment in the last decades:

1. £90 million redevelopment of the Old Market
2. £Many million development of the Rotherwas Enterprise Zone
3. £45 million match-funded Hereford Stronger Towns Fund investment programme.

The development of a more formal private/public sector partnership, drawing on best practice from around the UK, could be the crucial missing link in reversing Herefordshire's chronic long-term underperformance.

H2030 recommendations to the Herefordshire Business Board

Drawing together the various moving parts identified above, we believe that, as an independent body considering its future purpose, the Chair and members of the HBB have three potential options:

1. **Disband.** Taking the view that the future of economic development delivery will have a different emphasis and focus going forward.
2. **No change.** Continue in its current format acknowledging the changing environment within which it operates but confident that the organisation is still relevant and has a contribution to make (note that the current administration of HBB is funded by the LEP).
3. **Restructure.** Work with the Council and other regeneration partners to build the capacity of the HBB, in line with the recommendations in the "Where's the Beef?" report.

Option 3 is recommended as the preferred way forward.

The next stage of development in this context is the development of a re-mobilisation plan involving:

The creation of a formal legal status for HBB, ideally in the form of a Community Interest Company (CIC)

Following the successful formation of the CIC, the following lists the immediate action plan

- Consider the current role and responsibilities of Board members
- Identify of the executive requirements for the delivery of the agenda of HBB
- Develop a resourcing and activity plan for HBB including consideration of the disbursement of resources linked to the current closure of MLEP
- Creation of an investment prospectus, comprising business cases for long-listed Town Fund, Market Town and other projects, potentially including strategically important private sector businesses.

Legal Documents

It is proposed to adopt Articles of Association identical to those of Telford BB. These are generic and happen to be identical to those of the Wye Valley River Festival CIC.

***** Supporting documents**

Background documents produced by the 2030 Group can be found here https://99percent.org/wp-content/uploads/2023/05/Herefordshire-2030-Group_Shining-A-Light-on-the-Big-Economic-Plan-1.pdf

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Appendix 2 – Sector Updates

Manufacturing

SE – written update

1. Noticeable issue in the sector with raising finance, raised in a recent ABPI note UK life science inward investment in freefall (abpi.org.uk), with a reduction in foreign direct investment. This has resulted in projects either delayed, cancelled, or partly run. This has flowed through and we have seen an unusual number of issues as a result with small and medium sized companies access to finance.
2. Input costs, the average this calendar year is still double digits and while we see some sights that this is easing the number is still high. While some will flow through the pricing in 2024 this will not cover the total increase.
3. Recruitment continues to be challenging although manageable, there is a clear market forces element, although some structural change with retirement early has slowed in 2023. While reduction in inflation will help 2024 staff costs there will be a focus on staff retention.
4. Some interesting proposals in the draft legislation regarding a single merged scheme of R&D tax incentives. This would reduce current claims where R&D is subcontracted where currently the sector is able to make a claim in the R&D Expenditure Credits scheme.
5. Positive reduction in energy costs with CY 2025 onward contracts.

JR

1. No change in the past two years, post-covid, Brexit, Ukraine, government changes – all impacting on the business and still extremely difficult conditions. Doesn't seem to be settling down – another year's 'rough ride' is anticipated.

Energy

1. Energy prices remain volatile.
2. Interested to hear PM Sunak's announcements regarding reduction of target for production of petrol/diesel vehicles.
3. Positive announcement from PM Sunak regarding increase of government support for heat pump installation. August was a record-breaking month for installations.
4. CS's letter utilised in discussions and continued lobbying around grid capacity.

Creative

1. Arts Council investment under national review, report due in March 2024. Outcome critical for Herefordshire.
2. Structural changes also at Arts Council – regional will become more important.
3. Cultural Contract Review – will affect cultural partnership strategic portfolio for 2026-29.
4. Skills – Shared Prosperity Funding (SPF) 23-24 includes capacity for research, including in creative businesses. Keen to encourage continued development of creative industries in the county.

Tourism

1. Herefordshire County Bid now up and running.

Education

1. DW – number of recruits up on last two years. Growth in trades, eg construction, catering, motor vehicle skills.
2. DW – witnessing lower level of qualifications on entry (reflecting national trend). College has to be able to offer capacity to deliver English and Maths skills to all those who failed to achieve GCSE grade 4 (C) or above.
3. AA – Picking up worrying trend of year 2 students leaving courses to take up employment in low skill jobs. Possible impact of cost of living crisis?
4. AA – Growth in interest in entrepreneurship. Investigating opportunities for networking for creative businesses, including students, and thinking about how to better link business and students.