

# Herefordshire LEADER 2014 - 2020

## Local Development Strategy

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The LEADER approach has been utilised in Herefordshire as a successful community-led initiative for a number of years through the delivery of the following programmes: LEADER II 1994-99, Herefordshire Rivers LEADER+ 2003-08 and VITAL Herefordshire LEADER 2009-13. Each programme has had a different focus but has proved an effective method for addressing social, environmental and economic issues in rural areas.

## 1. The Local Action Group

As part of the development process for the Local Development Strategy (LDS) a Herefordshire LEADER Transition Steering Group was set up in early April when the Defra Transition funding started. This forms in effect a Shadow Local Action Group (LAG), which will form the basis of the future LAG for the programme, should the submission be successful.

### 1.1 Membership

The Shadow LAG retained a number of members from the LEADER 2007-2013 programme, where the sectors or organisations represented were considered relevant to reflect the new Defra priorities, with the addition of a considerable number of new members from a range of organisations. The table below lists the organisations who have been involved with the development of this submission and how they relate to the 6 Defra priorities and local growth areas identified.

The new members are highlighted in red to demonstrate the significant changes in membership to reflect the new economic and business focus and other priority areas, especially farming, forestry, culture, heritage and tourism. The members representing those organisations have widespread knowledge and experience of their sector, both on the ground and from a strategic, county-wide point of view. They also have extensive networks which has enabled a joined-up approach to the development of the strategy, and ensured communication between and within the sectors has been effective in terms of engaging and consulting.

Organisation/Network	Thematic/strategic links	Status
NFU (National Farmers Union)	Farm productivity/ farm diversification/ land use/ food chain	Priv
CLA (Country Land and Business Association)	Support for owners of land, property and business in rural areas of England	Priv
Forestry Commission	Forestry and woodlands/regional strategic policy	Pub
Herefordshire & Ludlow College	Forestry and woodlands/ regional policy	Pub
Small Woods Association	Support for sustainability of small woodlands for timber production, access and wildlife	Vol
FSB (Federation of Small Businesses)	Small and micro businesses/self-employment Herefordshire Business Board member	Priv
Chamber of Commerce	Business support/ start-ups/ training	Priv/vol
WIRE (Women in Rural Enterprise)	Women in rural enterprise – support/training/start-ups	Priv
Herefordshire Council (Economic Development)	Economic development/ promotion of local business brand (Truffle Herefordshire) Facilitation of Herefordshire Business Board	Pub
Herefordshire Council (Rural Services)	Rural services, parish councils, village shops, community buildings	Pub
Visit Herefordshire	DMP for Herefordshire, county-wide support for tourism/ events and festivals/ accommodation providers	Vol
Herefordshire Churches Tourism Group (HCTG)	Churches tourism /Mortimer Tourism Association/ Food and Tourism Partnership	Vol
Bright Stripe	Creative businesses/ culture and arts/ sports development	Vol
Bulmer Foundation	Land use/ local food/ environmental sustainability Chair of Marches Rural Network (Marches LEP Task & Finish Group incl RFN, LNP, LAG reps)	Vol
Diocese of Hereford	Churches tourism/heritage/community use of churches – rural services LAG Chair (Transition)	Vol
Herefordshire Rural Hub	Farming/ land based sector/diversification/ small and micro	Priv/vol

	businesses Herefordshire Business Board member LAG Vice Chair (Transition)	
Herefordshire Council (Member)	Economic development/rural priorities Marches LEP representation - Chair of Funding Forum Enterprise Zone Board/LGA Herefordshire Business Board member	Pub
Rural and Farming Network	Chair of RFN (Herefordshire, Shropshire, Staffs) Rural Hub member, Marches Rural Network Local business – village farm shop	Priv
Herefordshire Council (Adult Well-being)	Third sector/community engagement/adult well-being Marches LEP Social Inclusion T & F Group	Pub
HVOSS (Herefordshire Voluntary Organisations Support Structure)	Community and voluntary sector support/ community transport/ social enterprises/ engagement of young people	Vol
Community First	Community and voluntary sector support/ social enterprises/ village halls	Vol
Herefordshire Nature Trust	Environment/biodiversity/land use/sustainability Wildlife tourism	Vol
Defra RDT	Rural government priorities - Defra	Pub
LAG Special Adviser	Business and marketing background/ culture and heritage. Cultural Consortium member/ LEADER 2007-13 LAG member	Vol

**Elections** – the steering group has been chaired by the previous LAG LEADER Chair, Wendy Coombey (Diocese of Hereford) for the 9 month period of Transition to ensure continuity and a level of LEADER experience for the development process, along with the Vice Chair, Cathy Meredith (Herefordshire Rural Hub). There will be a new Chair for the forthcoming programme (subject to a successful bid) to reflect the new economic focus on growth and jobs. The election process is outlined in the Terms of Reference (ToR) which have been developed for the new programme, and can be provided on request if required. Elections for the Chair and Vice Chair will be held annually with each nomination requiring a proposer by a LAG member, and where more than one member contests a position, an election will be decided by majority vote using a secret ballot at the meeting.

**Recruitment** – changes or additions to membership will be managed through an application process as outlined in the ToR. The **public:private membership** split of no more than 50% public will be maintained through regular monitoring of any membership changes by the Programme Team. Changes to membership would not be permitted if they result in total members from the public sector accounting for more than 50%. Due to the need for wide engagement with the private sector for this programme the aim would be to maintain the public representation to around a third, it is currently 30% which equates to 7 of the 23 membership organisations.

The role of the Shadow LAG has been to provide strategic direction and stakeholder engagement in the development of the LDS, as well as ensure strategic fit with the European Structural and Investment Framework (ESIF) through **links to the LEP** via the members; Cllr Roger Phillips who is current chair of the Marches LEP Funding Forum; Nick Read (Bulmer Foundation) who is current chair of the Marches LEP Rural Task and Finish Group, and Jenny Beard (Herefordshire Food Drink and Tourism Partnership) who is a key member of the Tourism LEP sub-group.

### 1.2 Structure and decision making process

Clear and transparent procedures are outlined in the LAG Terms of Reference (ToR) and LAG Member Protocols based on procedures used throughout the previous LEADER programme 2007-13. These procedures were recognised by audit and the Accountable Body as providing effective systems in terms of:

- Overall operating procedures;
- Changes to membership;
- Election of Chair and Vice-Chair;
- Declarations of Interest;
- Voting in the case of split decisions on project approvals;
- LAG member roles and responsibilities;

- Involvement in appraisal and approvals.

The role of the LAG will include the recommendation of approval of project applications following an independent appraisal particularly in relation to the overall direction of the LEADER programme. They will also need to raise awareness of the programme in line with the Communications and Publicity strategy, encouraging and facilitating good working partnerships between the various organisations and sectors involved to ensure the maximisation of resources and to avoid duplication of activity.

**Approval** - the LAG will, in effect, be the Approvals Panel and all funding decisions will go to a full LAG meeting. As the approval of projects is one of the major roles of LAG members, it is felt that all funding approval decisions should be made at full LAG meetings, rather than being delegated to a smaller approvals group. This process worked well with the previous LEADER programme, as LAG members were directly involved in all the funding decisions which led to a greater sense of ownership and involvement in the programme. It will be a requirement that at least 50% of votes are from partners who are **not** from public authorities. Also all decisions will require the approval of Defra either through attendance at meetings or by written procedure. A summary of the Appraisal Panel's discussion and recommendations will be provided to the LAG before any approval is given. The LAG may choose to recommend for approval, approve with conditions, recommend further development or reject an application.

In addition, in order to comply with the new transparency codes for decision making with the Accountable Body, Herefordshire Council, all LAG decisions relevant to offers of funding to 3<sup>rd</sup> parties will be ratified by the appropriate cabinet member of the council, through a straightforward recommendation and sign off process. All decisions that have been taken will have to be publicised to members of the public. Where a conflict of interest is noted then an alternative member will be found.

**Conflicts of Interest** - from time to time conflicts of interest do occur among LAG Members and members of Appraisal Panels who are directly involved in the delivery of the programme. This will be managed by the **Declaration of Interest Policy**, which outlines guidelines for declaring interests and which all LAG members, Appraisal Panel members and Accountable Body staff working on the programme must adhere to. The general principle is to declare the interest when involved in programme business and act at all times in good faith. Any LAG member who has sat on a project Appraisal Panel or who declares an interest in the project will not be able to vote on approval for that project. All declarations of interest and abstention on votes will be recorded in the official LAG minutes.

### 1.3 Local Action Group staff, numbers and job descriptions

The staffing of the new LEADER programme will be based on the structure of previous Herefordshire LEADER programmes comprising a full-time Programme Manager and a full-time Finance and Monitoring Officer, both employed by Herefordshire Council. Based on previous well performing programmes, it has been demonstrated that a small dedicated team of officers is better placed to embed the LEADER approach across all areas of project activity, balancing this with the need to follow EU requirements and national guidance. In particular, it is felt that dedicated officers with knowledge of the individual projects and the programme as a whole can better perform tasks such as processing project applications, facilitating appraisals, issuing Offer Letters and supporting successful applicants through the claims process adhering to publicity and procurement regulations, and carrying out project output and budget monitoring. All EU compliance issues will be covered. If the LDS is approved at the upper end of the indicative allocation some additional admin and monitoring support will also be factored into the final staff structure if budget allows. Due to the proposed LEADER programme covering the whole of the county of Herefordshire this provides excellent value for money in terms of overall management and administration costs of the programme, covering a total population of over 122,662. This structure resulted in the M & A for the Herefordshire LEADER 2009-13 programme totalling 16%, which is below the recommended 18% as set out in Defra's National Delivery Framework (NDF).

The team has many close functional links with other Council Teams including Rural Services, Economic Development and other European funded grant programmes. There are also strong links with a dedicated Project Development resource, Finance and accounting staff as well as an experienced European funding policy officer. The LEADER Team would also work closely with the proposed central Business Support Hub supported by the Marches LEP funding, in order to provide a co-ordinated and streamlined approach to wider business support and access to funding.

The Team is currently based at the main Council offices in Hereford City which, although outside the LEADER area, is well placed in terms of accessibility as it is central to Herefordshire and is therefore equidistant from the furthest parishes, and it has good physical access in terms of parking, disability access.

**Job descriptions** The **LEADER Programme Manager (HC7)** will be responsible for the overall management of the programme; dealing with general project enquiries; project development; supporting and advising the LAG; reporting information to Defra, the LAG and the Accountable Body; publicity; monitoring and evaluating the programme budget and outputs; countersigning claims and overseeing the implementation of the LDS. The **Monitoring Officer (HC6)** will be responsible for supporting Project Leads in terms of advice and guidance on how to comply with funding requirements; processing financial claims including checking invoices for eligibility; checking evidence of outputs; updating all required systems for monitoring of profiled spend, actual spend, milestones, outputs and asset register, including the new CAP-D IT system; assisting with submission of claims to Defra and facilitating the LAG.

The existing LEADER staff have many years' experience of managing and monitoring EU programmes, specialist EU funding knowledge, financial management, EU compliance issues in terms of claiming, publicity, procurement, audit, record keeping requirements etc. The Monitoring Officer has previous experience as a Senior Financial Manager for 20 years prior to working on EU programmes in 2005, and has been responsible for developing and implementing systems in line with EU requirements. The Programme Manager has worked previously as a Monitoring Officer on LEADER and other EU funds, providing a good knowledge of the operational side of financial claims processing and monitoring requirements, with an additional 9 years' experience as a Programme Manager working on two previous LEADER programmes in Herefordshire.

These two posts are supported by the Council's Grants and Programmes Manager within whose team the posts are situated.

This level of staffing will ensure that sufficient resources are available for implementing the objectives of the LDS, ensuring regular monitoring of outputs, budget commitments and spend in order to achieve targets and ensure that the required 70% of expenditure is committed to projects which directly benefit the rural economy. A mid-term evaluation and strategic overview will be carried out by the Programme Manager, to ensure the original objectives and aims of the programme are still valid in terms of strategic direction and how the funding is being targeted.

#### **1.4 Equal opportunities statement (the public sector equality duty)**

The LEADER Team will be hosted by Herefordshire Council, and therefore all programme activity will be in line with the Public Sector Equality Duty and Equality Act 2010 and associated policies .

The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society. It replaced previous anti-discrimination laws with a single Act, making the law easier to understand and strengthening protection in some situations. The general duty requires equality to be considered in decision-making, in the design of policies and in the delivery of services, and for these issues to be kept under review. Herefordshire Council, along with other local organisations, has signed up to Herefordshire's Equality and Human Rights Charter. Herefordshire Council also has an Equality and Diversity policy to enable it to meet its statutory duties. All LEADER activity including LAG representation, appraisal of projects and LAG decision-making will adhere to the Equality Duty and will aim to ensure that disadvantaged groups and people are actively encouraged to be involved at all levels of the Herefordshire LEADER programme, from managing and running projects to becoming LAG members or Panel members. The current LAG is fully inclusive in terms of gender as it is organisation represented it is up to the organisation to nominate their representative.

#### **1.5 Involvement of the community and consultation activity undertaken**

From April 2014, as previously described, a Shadow LAG was set up combining elements of the previous LAG where the sector representation was appropriate, with the engagement of new organisations to reflect the jobs and growth agenda and Defra priorities. Each of these new organisations has extensive networks of individuals and businesses engaged in economic activity on the ground in farming, forestry, tourism, food production, culture and support to rural businesses of all sectors. These networks have been used to gather information and help to develop the specific areas for prioritising the funding within the broad Defra priorities.

In addition to direct community and business consultation via these networks, a series of small working groups were set up to carry out SWOT analyses on the local area under each of the 6 Defra priorities.

A Farming and Forestry Group was set up as it was considered that it would be more effective to consider these two priorities together due to the level of crossover. For the Rural Tourism priority the 'Food, Drink and Tourism Partnership' group was used as this group has wide membership covering food, drink and tourism related private businesses, as well as strategic members from the county's tourism organisations. Also focus groups were held with a range of tourism businesses, as well as a questionnaire to establish what the major issues are for tourism businesses and how these could be addressed via LEADER funding.

Below outlines in more detail the meetings and consultation workshops that have taken place in order to develop the submission of the LDS.

- 4 April 2014 - first meeting of shadow LAG on new LEADER priorities and emphasis on economic agenda for developing LDS, good attendance from all new sectors.
- 9 April 2014 – Business Engagement workshop at the Walking with Offa Conference consulting with range of tourism businesses, accommodation providers, walking groups etc.
- 20 May 2014 – second meeting of shadow LAG to agree consultation methods and setting up working groups around each priority.
- 30 May 2014 – Rural Services Working Group identification of needs and opportunities, included Diocese of Hereford, Adult Well-being and Herefordshire Council's Rural Services Officer
- 3 June 2014 – Farming and Forestry Working Group carried out SWOT analysis, these two priorities were combined in terms of a working group due to the extent of crossover between them. Discussion included how LEADER could complement other Defra funding. Included NFU, CLA, Rural Hub, Forestry Commission, Hereford & Ludlow College, Small Woods Association.
- 10 June 2014 – Food, Drink and Tourism Partnership carried out SWOT analysis on priorities for the tourism, food and drink sectors using a recently established county-wide partnership group. Reps included the DMP Visit Herefordshire, Rural Hub, Duchy of Cornwall, Herefordshire Churches Tourism Group and the Bulmer Foundation.
- 11 June 2014 – Culture and Heritage Working Group carried out SWOT analysis. Reps included
- July 2014 – four focus groups were held with a range of tourism businesses and a proactive tourism association of 70+ members, including large self-caterers as this type of business has been identified as a growing area of tourism in the county.
- Business survey carried out of 275+ micro and small businesses including food and drink producers, heritage, attractions, activities, restaurants/pubs/inns, accommodation, camping/caravan, food and drink retail and catering companies (for weddings/events). Questions included customer research, unique selling points (USP), issues around broadband and mobile connectivity, marketing, number of staff employed and an outline of issues that are proving a barrier to the development or growth of their business.
- Direct engagement and call for initial project ideas via networks of NFU, CLA, Herefordshire Rural Hub, Small Woods Association and Visit Herefordshire.
- Submission of Project Ideas via initial outline form to capture planned activities and discussions with future project applicants.

**Stakeholder engagement** – the shadow LAG and working groups have ensured that all the relevant sectors have been directly involved in the development of the LDS as indicated by the range of organisations and sectors outlined above and through the membership of the LAG. This will ensure that LEADER activity will complement the wider strategic economic activity in the county, whether through the Marches LEP or other central government funding, particularly in the sectors of farming, forestry, tourism and small and micro business support. It is recognised that some areas cross over more than one priority but this has been taken into consideration during the development of this submission.

### **1.6 Training requirements**

The LAG staff are experienced in European requirements and compliance but will undertake any relevant training provided by Defra on the specific requirements of the new programme in line with EU regulations.

State aid will be particularly pertinent to this programme due to the level of economic activity, and training and advice in this area will be undertaken by LAG staff as appropriate.

It is important that the LAG have a good understanding of the priorities and specific requirements around eligibility of activity, so that they can use their contacts and extensive networks to help encourage development of innovative and sustainable projects in line with EU guidelines. Awareness raising sessions and training will be undertaken as appropriate to ensure that the LAG have sufficient knowledge and understanding, in order to oversee the implementation of the LDS.

Other training that will be undertaken includes specialist project appraisal training, as it is vital that panel members have sufficient understanding of how to assess the value for money and sustainability of projects put forward in line with LEADER requirements. Tracy Ricketts, Grants and Programmes Manager, delivered specialist appraisal training during the LEADER 2009 - 2013 programme for the Herefordshire LAG, as well as the Worcestershire LAG which was very well received, and the aim is for this to be continued for Herefordshire in the next programme.

## 2. The LAG Area

### 2.1 Map of the area – see Annex 1

### 2.2 Rural population, geography and infrastructure

To have maximum impact on the 6 Defra priorities, the proposed Herefordshire LEADER area will cover the whole of rural Herefordshire. The only areas excluded are those classified as `City and Town` - these areas are Hereford City and part of Hope End Ward (Greater Mathon and Colwall Chase parishes). The market towns of Ross-on-Wye and Leominster have been recently classified as rural hub towns by Defra, and are therefore included in the Herefordshire LEADER population.

The total **rural population covered is 120,662**, which includes 21,265 hub town population. These figures have been compiled from ONS Census 2011 data using NOMIS mapping guidance. See **Annex 1 for the map of the Herefordshire LEADER area**. Defra RDT advised that there was no requirement to resubmit the output areas as these have not changed since the original mapping submitted in May 2014.

Herefordshire is a predominantly rural county, with the **4th lowest population density** in England. It is situated in the south-west of the West Midlands region bordering Wales, and forms part of the Marches Local Enterprise Partnership (LEP) region, along with the county of Shropshire, Telford and Wrekin. The city of Hereford, in the middle of the county, is the centre for most facilities; other principal locations are the five market towns of Leominster, Ross-on-Wye, Ledbury, Bromyard and Kington. Herefordshire has beautiful unspoilt countryside; distinctive heritage; remote valleys and rivers. The River Wye divides the county, flowing east from the Welsh border through Hereford city before turning south into the Wye Valley Area of Outstanding Natural Beauty. The Malvern Hills AONB, rising to 400m, borders the east of county, and the south-west is dominated by the western reaches of the Black Mountains with altitudes of more than 600m.

Unlike other rural counties, which have large areas with no residents, Herefordshire's 82,700 homes and 183,477 residents are **scattered** across its 842 square miles – which poses a particular challenge for service delivery and access. Almost all its land area falls within the 25 per cent most deprived in England in terms of geographical barriers to services; the Golden Valley in the south-west and the Mortimer locality in the north-west are particularly affected. Compounding the physical access issue, access to broadband, mobile phone services and other service infrastructure is an issue for some residents and businesses in rural areas. With only four railway stations, the **transport** network is mainly comprised of rural 'C' or unclassified roads leading off single carriageway 'A' roads. The main road links, which all pass through Hereford, are the A49 trunk road (running from north to south), the A438 (east to west) and the A4103 towards Worcester.

### **Economic context**

In general the county has a relatively large proportion of employment in sectors that tend to attract **lower wages** such as 'wholesale and retail' and 'agriculture', which affects the overall productivity of the county (as measured by a low GVA). Self-employment is more common than nationally, particularly in 'agriculture',

'arts, entertainment and recreation, and other service activities' and 'construction'. Low wages and relatively high house prices mean that the affordability of housing is a key issue for the county – both to buy and rent, so there is consistently high demand for social housing. Some areas of Ross and Leominster are amongst the 25% most deprived in England and have become more deprived relative to other areas. Historically, Herefordshire has had a **narrow economic base**, dependent on food production and processing, rural resource management, administrative services and tourism, although Hereford and the market towns have diversified to some extent into specialised manufacturing and service sectors.

Despite the modern pressures, much of the traditional physical character of Herefordshire remains, particularly away from the larger towns and their nearby satellite villages. The economic structure is still strongly rooted in **land-based activity**, but the underlying social structure is changing. Much of the older rural society has disappeared, and there are new needs, demands and pressures emerging from communities which are undergoing change. For instance, **remote, sparsely populated areas** tend to have a fragile economy which is more vulnerable to unexpected and one off events such as flooding and animal disease.

**Access to services** is becoming more difficult with public transport under threat, local service provision being reduced or withdrawn, but the development of new technology solutions can be problematic due to broadband availability and line speeds. Demographics are changing with an **increasingly ageing population**; significant numbers of migrant workers, but with declining younger population and this has implications for both services and housing. Communities are also being undermined by the threatened loss of schools, together with the very real loss of shops, pubs and post offices. The census confirmed that immigration to Herefordshire had been significantly underestimated by official estimates during the last decade. This meant that there were several thousand more people living in the county than previously thought – particularly young adults (aged 25-34). There was little change to the county's overall age structure though – it still had a higher proportion of older residents than nationally (21% aged 65+ vs. 17%).

### **Employment types and sectors**

The rate of **self-employment** in Herefordshire (14% of all 16-74 year-olds) was amongst the highest 10% of local authorities across England and Wales (the national rate was 10%). The rate had grown slightly both nationally and locally since 2001.

**Part-time working** had increased slightly (15% of all 16-74 year-olds, up from 14%), but was no longer notably higher than nationally since rates had increased elsewhere. The number of people working at or from home increased disproportionately to the number of workers, up by a quarter over the decade to 15,600. At 17% of workers, Herefordshire has a relatively higher rate of **home-based working**; the rate for England was 11%.

Herefordshire's working residents were more likely than those across the country as a whole to work in **agriculture, forestry and fishing** (5% vs. 1% - the 11th highest rate in the country) and manufacturing (13% vs. 9% - amongst the highest 20%). They were *less* likely to be employed in financial and insurance activities (2% vs. 4%); information and communication (2% vs. 4%); and transport and storage (3% vs. 5%).

A relatively high proportion of residents worked in skilled trade occupations (16% - amongst the highest 10% of local authorities in the country), but a relatively *low* proportion worked in administrative and secretarial or professional occupations (10% and 15% respectively - both amongst the lowest 15% in the country).

Herefordshire's **economic output** is low compared to regionally and nationally when measured per head of population. In 2012 **GVA per head** was £15,300 compared to £17,400 in the West Midlands and £21,900 across England. Other measures of labour productivity show a similar picture.

This is partly a result of persistently lower wages in the county, with median weekly earnings of £387 in 2013. **Herefordshire's GVA** was £2,825 million in 2012 (provisional figure) a decrease of 4% on 2011. Regionally and nationally GVA increased between 2011 and 2012. The industries that contributed most to the local economy were 'public administration, education, health and other services' (20%), 'production' (18%) and 'distribution, transport and communication'<sup>2</sup> (17%) – together they made up over half of all economic output.



Wages are persistently low - the lowest average earnings in the West Midlands and in fact the second lowest earnings in Great Britain in 2013, after Blaenau Gwent. There is currently no robust evidence to explain why wages in Herefordshire do not seem to be increasing in line with regional and national trends. Possible explanations are the types of employment by industry sector in the county (high proportions in low value sectors), a high rate of self-employment and a wider gender pay gap (average female weekly earnings are a third lower than male's – the 15th widest gap of 143 local authorities in the country). Excluding the negative effects of the age structure and commuting, lower productivity is primarily a result of lower value added per hour worked, resulting from the type of industries in the county and low earnings.

In 2011 'production' and 'agriculture, forestry and fishing' accounted for a greater proportion of GVA in Herefordshire (18% and 10% respectively) than England (13% and 1% respectively). 'Business services', 'finance and insurance' and 'information and communication' on the other hand accounted for considerably less in Herefordshire (14% together) than they did across England (29%).

### **The labour market and social inclusion**

The overall **employment rate** increased over the last decade and was in the top twenty per cent nationally in 2011, although this hides a reduction since 2008. People accessing secondary mental health services were considerably less likely than the population as a whole to be in employment – their rate of employment was 66 percentage points lower. The picture was similar for those with a learning disability (59 percentage points lower). The last decade has seen an increase of 1,200 more working age residents (16-64) who are self-employed (+7 per cent) - in 2011 the county self-employment rate (15 per cent) was in the top five per cent nationally. There was a disproportionate increase in the number of people in the county working part-time (up to 30 hours) over the last decade, increasing by 23 per cent compared to just 6 per cent for full-time (3,900 and 2,600 more people respectively). In 2011 the rate of part-time working (21 per cent) was in the top ten per cent nationally. Nationally the proportion of people that are underemployed i.e. those wanting more hours, has increased considerably since 2008 for both people working full-time and part-time. Both the increase in part-time working and underemployment (reported nationally) can be attributed to the recession. The increase in part-time working is forecast to continue and may be partly increased by incentives under Universal Credit.

Around a fifth of households in Herefordshire live in **poverty**<sup>1</sup> (14,500 households), a similar proportion to nationally and regionally. Income deprivation mostly occurs in the urban areas of Herefordshire, including Hereford City, Leominster and Ross-on-Wye, but also to a lesser extent the market towns of Kington and Bromyard. Smaller pockets also occur in more rural areas. Rural households are also likely to face additional costs associated with transport and heating the home, which have increased at a higher rate than inflation – in 2013 minimum income requirements were estimated nationally to be at least 10 per cent higher for residents of villages than for the population as a whole. Pensioner couples had the greatest difference with income requirements being 25 per cent higher. Across the UK an increasing proportion of children live in poverty, although Herefordshire typically has lower rates of child poverty.

In 2013, 14 per cent of employers in the county had **vacancies**, twice as many as in 2011 (six per cent) and similar to the proportion across England (15 per cent) and the other Marches Local Enterprise Partnership (LEP) areas (Shropshire 12 per cent and Telford and Wrekin 13 per cent). The most common occupation of vacancies was elementary staff (18 per cent of all vacancies), followed by professionals (13 per cent), administrative/clerical staff (13 per cent) and caring, leisure and other services staff (12 per cent).

23 per cent of vacancies in the county were reported as being '**hard-to-fill**', the vast majority of which because of skills shortages. Across England 29 per cent of vacancies were hard-to-fill. Nine per cent of employers in the county reported that employees did not have the required skills to carry out their role - a lower rate than across England (15 per cent), Shropshire (14 per cent) and Telford and Wrekin (18 per cent). 'Technical or practical skills or job specific skills', 'planning and organisation skills' and 'team working skills' were the most common skills that needed improving. Relatively few employers in the

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<sup>1</sup> A household is considered to be in poverty if its net income (after housing costs and taxes) is less than 60% of the national average.

county recruited people straight from education - 22 per cent did so in the last 2-3 years compared to 27 per cent across England.

Increased housing provision and population growth is expected to mean increased demand for jobs by 2031 – uncertainty over economic conditions makes it difficult to predict how many jobs there will be to meet this demand, although regeneration projects in Hereford City have the potential to create thousands of new jobs. In 2012 the **number of business closures** was still higher than start-ups, meaning that the number of businesses operating in the county continued to decline.

Herefordshire still has a greater number of businesses per head of population than across England but a lack of recovery in business start-ups locally post-recession means this difference is getting smaller.

As with nationally the vast majority of businesses in the county are small. Business (local units) with fewer than 10 employees accounted for 86% of all businesses (85% across the Marches Local Enterprise Partnership and 83% across England). Although businesses with more than 10 or more employees accounted for just 14% of all businesses the number of people in employment in them accounted for 79% of all employment in the county in 2012.

The industries with the greatest number of small business are 'information and communication', agriculture', 'construction', 'professional, scientific and technical' and 'real estate' – all had more than 90% of businesses with fewer than ten employees. On the other hand 'human health and social work' and 'education' were the industries with fewest small businesses – both had less than 50% with fewer than ten employees.

In 2012 the number of business closures was still higher than start-ups, meaning that the number of businesses operating in the county continued to decline. Herefordshire still has a greater number of businesses per head of population than across England but a lack of recovery in business start-ups post-recession means this difference is getting smaller.

The majority of employment in Herefordshire is in Hereford City and the market towns (67%); with Hereford City accounting for 42% (47% with the addition of Hollington Ward which includes the Rotherwas Industrial Estate). Together the rural areas accounted for a third (33%) of employment. Note: Hollington Ward which contains the Rotherwas industrial estate is defined as rural here).

**Sources/studies referenced:**

- *Understanding Herefordshire 2014 – Ver. 1, May 2014*
- *Census data 2011*
- *Enterprising County: Economic Development Strategy for Herefordshire 2011-2016. This strategy has been informed by the State of Herefordshire Report 2010 (Chapter 3 – a local economic assessment for Herefordshire. The research that forms the local economic assessment has been supported by an Employer Survey which received feedback from 782 businesses in the county of various sizes and sectors.*
- *European Structural and Investment Funds Strategy (ESIF) 2014-20*
- *Strategic Economic Plan (SEP) March 2014*

It is against this overall economic and demographic context that the Herefordshire LEADER strategy has been developed.

### 3. The Strategy

**SWOT analyses of the local area per Defra priority** – as outlined under Section 1.5 a SWOT analysis was carried out by facilitated sector-led working groups for each of the Defra priorities, to direct the discussions and ensure the results were relevant for informing the proposed LEADER activity.

#### 3.1.1 Support for increasing farm productivity

<b>STRENGTHS</b>	<ol style="list-style-type: none"> <li>1. Quality of soil – very fertile, all types of crops can grow in Herefordshire</li> <li>2. Topography &amp; climate</li> <li>3. Lots of entrepreneurial &amp; innovative farmers/early adopters</li> <li>4. Heritage of farming in Herefordshire (see Farming Study 2002)</li> <li>5. Family culture</li> <li>6. Structure of Hereford livestock market – ability to draw in many businesses and farmers from outside the county</li> <li>7. Poultry and Fruit farming</li> <li>8. Sustainable production</li> <li>9. Access to markets e.g. Cargill, Bulmers, Tyrrells, S &amp; A, Chase Distillery, Westons</li> <li>10. Biodiversity</li> </ol>	<b>WEAKNESSES</b>	<ol style="list-style-type: none"> <li>1. Lack exact profile of farming enterprise sector.</li> <li>2. Traditionalists - hard to reach, entrenched attitudes</li> <li>3. Ability to understand and use new technology.</li> <li>4. Only one small abattoir</li> <li>5. Ageing population</li> <li>6. Broadband/IT – lack of support specific to farmers (e.g. Digital by Default)</li> <li>7. Farming/agriculture/local food – not totally joined up (raw crops) – not linked with local tourism markets</li> <li>8. No markets for smaller producers</li> <li>9. Ability to up-scale smaller producers</li> <li>10. Quality of marketing</li> <li>11. Knowledge Transfer process</li> </ol>
<b>OPPORTUNITIS</b>	<ol style="list-style-type: none"> <li>1. Precision technology for arable and livestock farming e.g. soil mapping</li> <li>2. Farming/Soil Champion (toolkit)</li> <li>3. Energy saving - including water management</li> <li>4. Horticulture – soft fruits and orchards</li> <li>5. Renewable energy technology</li> <li>6. Animal Health &amp; Welfare – improvements</li> <li>7. Research and development – outcomes not always being delivered locally</li> <li>8. Young people coming through academic farming routes can lead to more open attitudes</li> <li>9. Mentoring/champions</li> <li>10. Massive change – exciting times</li> <li>11. Scaling up smaller producers</li> <li>12. Using outcomes of benchmarking better</li> <li>13. Marketing support - Farm shops for e.g. Promoting Herefordshire brand/theme</li> </ol>	<b>THREATS</b>	<ol style="list-style-type: none"> <li>1. Climate change</li> <li>2. Biosecurity – Diseases such as T.B</li> <li>3. Conflict of land use for renewable energy technology</li> <li>4. Decline in dairy farming</li> <li>5. Water quality and quantity</li> <li>6. Managing rules and regulations</li> <li>7. Lack of basic labour</li> <li>8. Broadband access</li> <li>9. IT-capability to use/lack of bespoke support</li> <li>10. Red tape regarding employment leading to reluctance to employ (PAYE)</li> <li>11. Business advice and support – complex and overwhelming</li> <li>12. Period of massive change – changing landscape</li> <li>13. Farm shops – not always using local produce</li> </ol>

- **Sources/studies referenced**

Herefordshire NFU Survey 2013  
 Getting to the Heart of Horticulture Review 2011  
 Census data 2011

### 3.1.2 Support for micro and small enterprises and farm diversification

<b>STRENGTHS</b>	<ol style="list-style-type: none"> <li>1. High number of micro business start-ups – a culture of self-sufficiency</li> <li>2. Lots of entrepreneurial &amp; innovative farmers.</li> <li>3. High levels of self-employment</li> <li>4. Herefordshire landscape and countryside – tourism.</li> <li>5. Herefordshire climate, topography and soils – farming &amp; forestry.</li> <li>6. High number of creative businesses</li> </ol>	<b>WEAKNESSES</b>	<ol style="list-style-type: none"> <li>1. Business closures higher than start-ups</li> <li>2. Lack of access to finance (including grants).</li> <li>3. Lack exact profile of farming enterprise sector.</li> <li>4. Traditionalists - hard to reach, entrenched attitudes – farming.</li> <li>5. Weak business and community interaction &amp; involvement.</li> <li>6. Broadband and mobile coverage.</li> <li>7. Few markets for smaller producers – farming.</li> <li>8. Ability to up-scale smaller producers – farming.</li> <li>9. Quality of marketing</li> <li>10. Knowledge Transfer process</li> <li>11. Transport infrastructure</li> <li>12. Lowest wages in the UK</li> </ol>
<b>OPPORTUNITIS</b>	<ol style="list-style-type: none"> <li>1. Scaling up smaller producers – farming/ floriculture</li> <li>2. Support for existing and new small and micro businesses</li> <li>3. Marketing support for farm shops.</li> <li>4. Integrated marketing and PR approach to tourism.</li> <li>5. Outdoor activities &amp; camping – farm diversification &amp; tourism.</li> <li>6. Support for small creative industry businesses.</li> <li>7. Diversify, modernise and upgrade products ranges.</li> <li>8. Support for village shops and pubs</li> </ol>	<b>THREATS</b>	<ol style="list-style-type: none"> <li>1. Broadband and mobile coverage.</li> <li>2. IT-capability to use/lack of bespoke support.</li> <li>3. Red tape regarding employment - for micro businesses especially.</li> <li>4. Managing rules and regulations.</li> <li>5. Lack of basic labour – farming &amp; forestry.</li> <li>6. Business advice and support – complex and overwhelming.</li> <li>7. Period of massive change – changing landscape.</li> <li>8. Inherited weak business and community involvement - tourism.</li> <li>9. Biosecurity and climate change – farming &amp; forestry.</li> </ol>

#### **Sources/studies referenced:**

- Understanding Herefordshire 2014 – Ver. 1, May 2014
- Census data 2011
- Enterprising County: Economic Development Strategy for Herefordshire 2011-2016. This strategy has been informed by the State of Herefordshire Report 2010 (Chapter 3 – a local economic assessment for Herefordshire. The research that forms the local economic assessment has been supported by an Employer Survey which received feedback from 782 businesses in the county of various sizes and sectors.

### 3.1.3 Support for rural tourism

<p style="text-align: center;"><b>STRENGTHS</b></p>	<ol style="list-style-type: none"> <li>1. Herefordshire scenic countryside and landscapes, market towns and villages - distinctive and diverse.</li> <li>2. Food and drink produce – distinctive to locality and landscapes.</li> <li>3. Suitable all year round tourist destination and evidence suggests more desirable off peak.</li> <li>4. Country fairs and food/drink festivals are the most appealing.</li> <li>5. Perceived as place for couples and adults to visit.</li> <li>6. Gentle outdoor activities such as river walks and forest trails.</li> <li>7. Segment of visitors classified as ‘discoverers’ and independently minded.</li> <li>8. Tourism supplements income streams, creates employment and protects existing jobs.</li> <li>9. Community pride and involvement.</li> </ol>	<p style="text-align: center;"><b>WEAKNESSES</b></p>	<ol style="list-style-type: none"> <li>1. Herefordshire doesn’t give a clear reason for people to visit like other tourism destinations.</li> <li>2. Products and services not top of list for potential visitors.</li> <li>3. Broadband and mobile phone coverage.</li> <li>4. Inherited weak business and community interaction &amp; involvement.</li> <li>5. Low profile of quality visitor experience.</li> <li>6. Limited sharing of knowledge, consultation and ideas.</li> <li>7. Perceived as a ‘grey’ destination only</li> </ol>
<p style="text-align: center;"><b>OPPORTUNITIS</b></p>	<ol style="list-style-type: none"> <li>1. Raise profile of quality experience</li> <li>2. Extend stay of existing visits, increase return visits, convert day visits to overnight stays to increase economic growth.</li> <li>3. Harness passion and pride to develop a cohesive approach.</li> <li>4. Integrated marketing and PR approach.</li> <li>5. Support for exhibitions – new interpretative media and digital images.</li> <li>6. Support for wet weather facilities – interpretation centres, small scale food, farming &amp; rural life centres.</li> <li>7. Upgrade facilities to attract longer visitor experiences.</li> <li>8. Diversify and modernise, upgrade product range/s.</li> <li>9. Collaborative development of schemes and initiatives.</li> <li>10. Workshops and on line advice &amp; support forums.</li> </ol>	<p style="text-align: center;"><b>THREATS</b></p>	<ol style="list-style-type: none"> <li>1. Easier to maintain the status quo than to change.</li> <li>2. Legacy of the top down vested interest approach.</li> <li>3. Inherited over reliance on funding to achieve actions.</li> <li>4. Inherited weak business and community involvement.</li> <li>5. Broadband and mobile connectivity.</li> <li>6. Historical entrenched views limiting openness to change</li> <li>7. Localised ‘silo’ approach diminishing whole county initiatives</li> <li>8. Limited ‘buy-in’ due to strongly held, frequently poorly informed views</li> </ol>

### 3.1.4 Provision of rural services

<b>STRENGTHS</b>	<ol style="list-style-type: none"> <li>1. Capital assets in rural areas e.g. village shops, village halls, churches used for wider community use, pubs</li> <li>2. Allotments, community orchards, outdoor spaces</li> <li>3. Culture of self-reliance amongst rural communities</li> <li>4. Community groups and volunteers engaged in a wide range of activities supporting rural services, older people, running of community buildings, community shops etc</li> </ol>	<b>WEAKNESSES</b>	<ol style="list-style-type: none"> <li>1. Rural isolation</li> <li>2. Lack of village focal points due to closure of shops, pubs or lack of village hall/community building</li> <li>3. Lack of transport particularly in the more rurally isolated areas</li> <li>4. Broadband coverage – some parts of the county have no access to fast broadband and will not be covered by current Fastershire project which aims to cover 90% by 2016</li> <li>5. Parish Council engagement and representation</li> </ol>
<b>OPPORTUNITIS</b>	<ol style="list-style-type: none"> <li>1. Support for new village shops or improved facilities of existing shops (private or community)</li> <li>2. Development of community-owned pubs as a solution to pub closures</li> <li>3. Development of rural enterprises to help address rural service provision</li> <li>4. Community libraries</li> <li>5. Community energy schemes e.g. solar, hydro, woodfuel</li> <li>6. Good neighbour/village schemes</li> </ol>	<b>THREATS</b>	<ol style="list-style-type: none"> <li>1. Closure of village shops, pubs, post offices etc – which provide focal points for village life and places for people to meet, access services, provide advice/information, hold event etc</li> <li>2. Further reduction of rural transport services</li> </ol>

### 3.1.5 Support for cultural and heritage activity

<b>STRENGTHS</b>	<ol style="list-style-type: none"> <li>1. Small voluntary sector of arts organisations with paid staff which is strong and well-motivated for e.g. Arts Alive, Flicks, Dancefest, 2faced dance, Rural Media</li> <li>2. Artists – sole traders.</li> <li>3. Pool of loyal volunteers.</li> <li>4. Successful events and festivals, such as Leominster Festival, Ledbury Poetry, Borderlines Film Festival, Asparagus Festival.</li> <li>5. Herefordshire is an undiscovered, `hidden` county.</li> <li>6. Several HLF grants (Heritage Lottery Fund) available currently for projects to access.</li> <li>7. Lots of cultural/heritage buildings in Herefordshire such as churches, castles, historic houses.</li> <li>8. Herefordshire landscape is an asset – desirable location for visitors</li> </ol>	<b>WEAKNESSES</b>	<ol style="list-style-type: none"> <li>1. Limited pool of volunteers</li> <li>2. Creative industries don't often generate a full-time income and usually have a second job.</li> <li>3. Reluctance to collaborate in practice in the current economic climate/less funding (protectiveness/defensiveness).</li> <li>4. Arts and heritage sector cut to bone – little capacity/resources to collaborate – have to get on with the day job.</li> <li>5. Lack of broadband access.</li> <li>6. Poor marketing as a cultural county</li> <li>7. Heritage buildings in Herefordshire are not promoted effectively, disjointed</li> <li>8. Herefordshire landscape is not marketed effectively.</li> <li>9. Limited distribution of `What's on` guides for public e.g. Broad Sheep.</li> <li>10. Transport infrastructure.</li> <li>11. Lack of public facilities</li> </ol>
<b>OPPORTUNITIS</b>	<ol style="list-style-type: none"> <li>1. To jointly promote arts and heritage businesses</li> <li>2. Good practice mentoring &amp; support for volunteers/culture &amp; heritage staff in use of social media &amp; event management.</li> <li>3. Increase distribution of `What's on` guides e.g. Broad Sheep</li> <li>4. Celebrating Herefordshire landscape, heritage (castles etc).</li> <li>5. Support for small creative industry businesses e.g. `Design for Living` project.</li> <li>6. Exhibitions in heritage spaces.</li> <li>7. Small grants for cultural and heritage buildings (incl theatres and museums) to improve their facilities and accessibility , including toilets</li> <li>8. Localised broadband solutions</li> <li>9. Cross cutting tourism projects</li> <li>10. Tailored/bespoke visits to Herefordshire.</li> <li>11. Communities coming together to find solutions to services no longer provided by the council.</li> <li>12. Better promotion of festivals/events e.g. Leominster, h.Art, and linking into other major festivals e.g. Hay</li> </ol>	<b>THREATS</b>	<ol style="list-style-type: none"> <li>1. Too many visitors could change the flavour of Herefordshire and its landscape.</li> <li>2. Lack of Broadband coverage could affect ability to use social media etc.</li> <li>3. Match funding availability.</li> </ol>

#### Sources/studies referenced:

- Herefordshire Council's Creative Businesses Bi-annual survey – 2012
- Brightstripe Business Plan 2014-18

### 3.1.6 Support for increasing forestry productivity

<b>STRENGTHS</b>	<ol style="list-style-type: none"> <li>1. Very good conditions for growing quality timber in Herefordshire – soils, topography and climate</li> <li>2. Depth of management expertise</li> <li>3. A number of large/traditional woodland owners representing a certain critical mass</li> <li>4. Mechanised harvesting sector</li> <li>5. Size and diversity of processing sector</li> <li>6. Large number off-mains gas properties, ideal for wood-fuel</li> <li>7. Proximity to large markets</li> <li>8. Strong woodland culture heritage in managed woodlands</li> </ol>	<b>WEAKNESSES</b>	<ol style="list-style-type: none"> <li>1. Half of the Marches LEP woodlands, most of which falls in Herefordshire, is un-managed which means economic and biodiversity benefits are not being realised.</li> <li>2. Engagement with woodland owners – information/knowledge and `route to market` needed before management can be established.</li> <li>3. Diversity/complexity of ownership</li> <li>4. Loss of woodland management culture/knowledge amongst many owners such as farmers</li> <li>5. Size of woodlands</li> <li>6. Access into (smaller) woodlands</li> <li>7. Declining motor-manual contracting base</li> <li>8. Weak public profile compared to strong farming sector</li> <li>9. Ageing workforce within contracting sector</li> <li>10. Not keeping pace with technological changes/innovative ways of working</li> <li>11. Bureaucracy and regulations</li> <li>12. Skills training for new and existing labour force</li> <li>13. Reluctance for existing contractors to retrained due to loss of earnings</li> </ol>
<b>OPPORTUNITIES</b>	<ol style="list-style-type: none"> <li>1. Bringing un-managed woodland into management presents huge opportunities for creating jobs, growth of low carbon economy &amp; timber resource.</li> <li>2. Spare capacity within processing sector</li> <li>3. Additional volumes coming to market due to restructuring and plant health measures</li> <li>4. Expanding woodfuel and firewood markets – suited to the bulk of initial production from undermanaged woodlands</li> <li>5. Potential to expand into green oak frame market</li> <li>6. Focus grant and advisory support on key issues e.g. Owner engagement, access, woodland contractors (motor manual thinning)</li> <li>7. Link to Rural Tourism - `Glamping` Timber camping pods.</li> <li>8. Managing deer/venison processing and production – reduces disease and promotes resilience of woodland</li> <li>9. Woodland Champions</li> <li>10. Up-skilling a forestry workforce</li> </ol>	<b>THREATS</b>	<ol style="list-style-type: none"> <li>1. Reduction in processing sector if softwood supplies (e.g. Wales) reduce significantly due to competition (bioenergy) or policy (PAWS etc.)</li> <li>2. Excess volumes entering firewood/woodfuel markets and consequent reduction in values if Chalara (Ash Dieback) affects the area</li> <li>3. Poor resilience of Herefordshire woodlands to pests and diseases if under-management continues – affecting much wider issues like landscape, tourism etc.</li> <li>4. Declining contractor base and lack of skills</li> <li>5. Biosecurity – threat of T.B due to under management of deer</li> <li>6. Climate change</li> </ol>

**Sources/studies referenced:**

Marches Timber Study (2013)  
 Regional Forestry Economic Baseline (2009)

Heartwoods evaluation (2013)  
 Marches Ground Truthing Study (2014)  
 FC National Forest inventory report for Herefordshire



**3.2** The following sections will incorporate an outline of each of the six Defra priorities, how these relate to the **local priorities** identified under each area, the resulting **programmes of activity** and how the **activity aligns with the strategic priorities for the Marches LEP**.

### **3.2.1 Support for farm productivity**

In overall terms, the numbers working in land based industries, account for a much greater proportion than regionally and nationally. Due to the fluctuations in agricultural prices and the entrepreneurial spirit of Herefordshire's farmers, farming businesses in the county have a track record of diversifying into other crops such as soft fruits and other horticultural crops. The use of polytunnels has enabled farmers to grow an increasing range of fruits, improve quality, extend growing seasons and therefore seek to achieve import substitution.

This has been identified as a growth area in the Herefordshire Economic Development Strategy 2011-2016. It more specifically supports the **Marches LEP priorities**:-

- **Enhancing Competitiveness, Research and Innovation and Enabling Technology** - *Precision technology for arable and livestock farming, energy saving and renewable energy technology.*
- **Supporting the Environment** - *supporting energy saving and renewable energy technology. And activities in the natural environment that will lead to sustainable economic growth which will be delivered as part of an integrated approach to support better places for people to live, work and do business.*

### **Local Priorities**

In the context of the opportunities that will be provided through LEADER funding and taking into consideration the areas identified in the SWOT the local priorities for Herefordshire are to:-

- To increase farm productivity whilst supporting animal health and welfare improvements, including disease management.
- To support the overall well-being and ability to address the new challenges in farming, particularly for the ageing population in the more isolated upland areas of west Herefordshire.
- To support the use of precision farming, energy saving and environmental management techniques.
- To support innovation and promotion of good practice in farming.

### **Programme of activity**

LEADER funding will complement the national Defra schemes, such as the Farming and Forestry Productivity Scheme (FFPS) and other RDPE activity at LEP level. LEADER will help to support smaller scale activity in the areas of:

- **Improving livestock efficiency management** – to include scanning facilities, management software, close circuit TV, handling facilities and other appropriate technology that becomes available throughout the lifetime of the programme.
- **Management of TB** – support for the production of productivity plans including how farmers will manage their business within the parameters of the disease and its restrictions, surveillance equipment, general biosecurity measures and knowledge transfer.
- **Nutrient management** – to include peer to peer knowledge transfer on soils, soil management, resource efficiency, management and protection, soil sampling equipment, analysis and interpretation of the results.
- **Arable farming** – support for processing and marketing individual products to enable farmers to achieve innovation within the arable sector and therefore add value to their grains.
- **Precision farming** – extending the use of controlled traffic farming to avoid soil compaction, small-scale elements of precision technology (GPS) and how to use it effectively.
- **Energy efficiency** – projects or activities which reduce energy use on the farm, small scale elements of water storage kit and knowledge transfer in terms of using water supplies effectively.
- **Animal health and welfare** - such as cattle and sheep handling systems, weigh scales, activities to improve the health of livestock
- **Environmental management** – to support development of access facilities, hedge laying and other traditional farming skills (e.g. pollarding) where there is opportunity to promote the benefits to the wider public.

- **Farming awards and innovation** – promotion of farming/countryside awards such as Herefordshire countryside champion, and promotion of innovation such as new breeds, new varieties and study tours.

### 3.2.2 Support for micro and small enterprises and farm diversification

Herefordshire is rich in heritage, culture and enterprise. The agricultural heritage has shaped and influenced the distinctiveness of the county with land based industries a key part of the county's offer and has also led to the county having production based strength. Support for micro and small enterprises, together with land based activity, has been identified as a key growth area in the Herefordshire Economic Development Strategy 2011-2016.

The industries in the county have had a history in diversifying, often out of necessity as the key industries of agriculture and manufacturing meet the challenges of global change. The county has been able to maximise the trend in growth sectors such as tourism, food and drink, and creative industries that are wholly complementary to the character and nature of the county. Herefordshire predominantly consists of small or medium sized enterprises, with a strong entrepreneurial spirit that has seen companies corner international markets.

There is also a strong social enterprise sector where the business delivers services that support community well-being and other wider social and environmental benefits. Compared to national figures Herefordshire has a higher proportion of people who work from home which is consistent with the profile of high levels of self-employment. This is reflective of the growth of sole traders and family firms that have become highly successful though still deep rooted in their communities adding to the area's identity and uniqueness.

Many local businesses have been affected in recent times by the increase in internet shopping, although some have responded by developing a noticeable on-line presence. At the same time various solely internet businesses have also been set up and are trading successfully, especially with the development of superfast broadband in certain parts of the county. Although many of the main retail sectors are within Hereford City there is still some scope for LEADER to support retail activity in the market towns and parts of the rural areas with good access to broadband. It is anticipated that the coverage of broadband will increase during the lifetime of the LEADER programme and therefore provide opportunities for further support to businesses not currently geographically located to benefit from the current broadband coverage.

Wider support to businesses in terms of advice, guidance, business plans etc will be provided through a co-ordinated approach with the Marches LEP, through a central Business Hub. This Hub will provide a single point of entry for businesses who will undergo a general diagnostic by a Business Support Officer in terms of the level of need and support they require, and which of the various funds available for businesses would be most suitable, such as Business Enterprise Fund, Innovation grants, Start2Great, Apprenticeships etc. If it is considered that LEADER would be the most appropriate then the business will be signposted to the LEADER Team to develop the project further in line with the LEADER criteria. Although specific details are not known at this time LEADER would look to complement ERDF activity in the county, to ensure the maximisation of resources to businesses and to provide a clear demarcation between the two funds.

It more specifically supports the **Marches LEP priorities**:-

#### **Enhancing Competitiveness, Research and Innovation and Enabling Technology –**

- *Support for existing and new small and micro businesses*
- *Marketing support for farm shops*
- *Support for village shops and pubs*
- *Precision technology for arable and livestock farming, energy saving and renewable energy technology.*

**Skills and Employment** - *Support for existing and new small and micro businesses.*

#### **Local Priorities**

In the context of the opportunities that will be provided through LEADER funding and taking into consideration the areas identified in the SWOT the local priorities for Herefordshire are:-

- To enhance the economic growth and employment potential of new and existing micro and small businesses
- To support farm diversification where it will improve the economic performance of the business.
- To support the development of floriculture, horticulture and other diversification businesses in the county.

### **Programme of activity**

LEADER will help to support:-

- New and existing micro/small businesses with growing their business, entry into new markets, capital improvements that enhance efficiency, new product ranges, adding value to local products.
- Development of sustainable farm diversification projects such as farm-based recreation, bed and breakfast accommodation, farm shops, outdoor pursuits, commercial kitchens for extending food production
- Development and support to new and existing floriculture, horticulture and other non-agricultural crops.
- Development of new diversification initiatives through feasibility studies, capital improvements for farm shops such as fridges etc, and adding value to local products.

### **3.2.3 Support for Rural Tourism Employment**

Tourism, together with Food and Drink, has specifically been identified as growth areas in the Herefordshire Economic Development Strategy 2011-2016.

Tourism to Herefordshire is worth £411m to the local economy and is a major growth area for the county. Over 4.7 million visitors come per year, mainly short stays to take advantage of the outstanding countryside, rich heritage and cultural offer. This supports 8,480 jobs. A considerable number of historic buildings, including churches, castles and manor houses, provide a popular source of tourism amongst a range of visitors.

Visit Herefordshire and other local tourism associations, such as 'Mortimer Country' and the 'Golden Valley and Black Mountain Experience', help to promote tourism and develop the county as a visitor destination. Farming businesses have also diversified into areas such as bed and breakfast accommodation, camping and glamping with some supporting the activity market with paintballing, team building and other land based activities.

There is a continuing national interest in local food and drink production. Whilst visiting a rural destination visitor expectation is that hospitality includes local produce, flavours and tastes and in Herefordshire are a tourism attribute of the county. Campaigns such as the Flavours of Herefordshire Awards and the Flavours of Herefordshire Food Festival have raised the profile and opportunity of local producers to test and grow their market. There have also been some outstanding international (Chase Vodka) and national (including Wye Valley Brewery, Westons' Cider, Tyrrell's Crisps, The Homemade Scotch Egg Company, Rowlestone Dairy Ice Cream, Oliver's Perry, Gwatkin's Cider, Monkland Cheese Dairy, Bodenham Wines and Lulham Court Wines) awards to local producers which add to the perception of Herefordshire as a centre of food and drink excellence. Within the last two years there has been a rise in the number of smaller community based food fairs aimed at bringing residents and visitors closer to the producer and thus reduce food miles.

Herefordshire is perceived by large and small group visitors to be a central location in England for families and friends to meet for short breaks; to participate in both leisurely and active pursuits; and a starting point in which to appreciate a slower and more natural pace of life. With the focus on walking for health and well-being the Herefordshire Walking Festival; Mortimer Country Walking Festival; Mortimer Trail and Herefordshire Trail are all increasingly attracting day and short stay visitors (of all age groups) to the county. On the western border of the county with Gwent and Powys there has been and will continue to be considerable synergy with the Offa's Dyke National Footpath and Walking with Offa.

The county has a wealth of 'hidden gems' in terms of natural and created landscape; venerable trees; wildlife; geological and water features; creative artists, potters, 'makers', the heritage of buildings of faith (many which have stood as the heart of the community for over 1,000 years), literary and musical

connections ( Masefield, Kilvert, Elgar, Mike Oldfield, Phil Rickman). and food and drink. John Masefield described Herefordshire thus 'I know no land more full of bounty and beauty than this red land, so good for corn and hops .... and the great cattle and cider trees.....where nearly everyone lived on and by the land'. Herefordshire will never attract a mass market of visitors but offers opportunities to grow the visitor economy and jobs potential gradually and naturally with due respect for the physical and environmental impact on the county.

A recent business survey of food and tourism businesses (undertaken by the Herefordshire Food and Tourism Development partnership) indicated that 60% of businesses grow their client base through repeat and recommendation, 60% produce their own brochure/leaflet and 60% had their own website. Trip Advisor, Face book and Twitter are used by 25 -30% as a growing marketing tool. 90% indicated that the profile of Herefordshire as a 'destination' needed raising. The county has had no new tourism or food product themed campaigns to bring to market for several years and the 'stock' of Herefordshire images considerably out of date and of poor quality for digital use. There is considerable opportunity to develop a series of themes and reflections based on the hidden gems of the county (including food and drink), that best reflect through visual and virtual marketing (in the form of Apps), virtual and augmented reality interpretation on site that will enhance the visitor experience. There is a growing trend for small and exclusive overseas group travel visitors to the county with specific interests. New digital marketing would appeal to this marketing as well as to visitors who wish to restore their well-being and energy.

This area more specifically supports the **Marches LEP priorities:-**

#### **Enhancing Competitiveness, Research and Innovation and Enabling Technology –**

- *Better promotion of Herefordshire goods and local branding*
- *Development of routes to market for smaller producers, support for small producers to scale up*
- *Converting day visits to overnight stays*
- *Improving the quality of accommodation and facilities*
- *Integrated marketing and PR approach*
- *Support for exhibitions – new interpretative media and digital images*
- *Wet weather facilities – interpretation centres, support for small scale food, farming & rural life centres*
- *Diversify and modernise, upgrade product range/s*
- *Collaborative and partnership development of schemes and initiative*

#### **Skills and Employment**

- *Marketing, promotion and business management skills for tourism, arts and culture, and food and drink in Herefordshire to create new and innovative routes to market and sustainable jobs*
- *Create a working partnership with businesses, schools and training providers to deliver high quality work experiences and Apprenticeship opportunities within the hospitality industry. Responses to the recent business survey of food and tourism businesses (undertaken by the Herefordshire Food and Tourism Development partnership) indicated that lack of culinary and service skills with are an issue in staff recruitment.*
- *Enhance skills and quality of existing and new jobs leading to better paid jobs*

#### **Social Inclusion**

- *Getting communities involved, access to local food, activities for health and well-being, improving local knowledge and involvement.*

#### **Local Priorities**

In the context of the opportunities that will be provided through LEADER funding and taking into consideration the areas identified in the SWOT the local priorities for Herefordshire are:-

- Maximise the opportunities to enjoy Herefordshire's distinctive landscape, features and outdoor activities
- Enhance the quality and accessibility of promotional material and information for tourists
- Support the sustainable growth of new and existing tourism businesses
- Support joint marketing solutions, business networking and shared business knowledge amongst tourism businesses to help identify, promote and market their USP and maximise the tourism offer
- Extend the tourism season and capitalise on business tourism to increase potential income from visitors and the number of overnight stays

- Better promotion of Herefordshire goods and local branding, especially for farm shops, independent retailers through “Truffle”, as well as county branding including on product labelling, packaging, transport vehicles, promotional gifts, advertising, promotions and marketing, county social media initiative, competitions, branded print material with associated distribution campaigns, including developing a Herefordshire Hamper campaign.
- Support farming ambassador programmes and the infrastructure to enable farmers to open farms for tourism purposes

### **Programme of activity**

LEADER will help to support:

- Extending existing stays, encouraging repeat visits and converting day visits to overnight stays to increase economic growth by voucher downloads, offers, e-shots to purchased consumer database, downloadable attraction/things to do app, coherent web presence, consumer competitions and special offers, ‘packaging’ of visitor attractions and accommodation, including themed short stay packages and exclusive ‘money cannot buy’ experiences.
- Improvements to the visitor accommodation offer by encouraging b&bs, guest houses and pubs/inns to upgrade facilities to a minimum of 4 \*\*\*\* including accommodation for the disabled
- Specialist business advice to help improve accommodation i.e ‘Phil Spencer Special Agent’ approach, developing small accommodation standards, manual training, on-line training, instigating local standards group, developing specialist customer service standards (version of Welcome Training).
- Integrated marketing and PR with partner organisations, tourism associations/groups, wildlife and environmental organisations and transport – improving use of existing marketing facilities e.g. websites, social media etc, central co-ordinated management of marketing
- New interpretative media and digital images for showcasing all aspects of the heritage, landscape, culture and other distinctive Herefordshire features for new tourism marketing material, establishment of digital library including quality video footage.
- Innovative use of heritage buildings for tourism and promotion of these sites (e.g. accommodation pods used inside historic buildings with no impact on the heritage)
- Linking up of local food and drink suppliers with local tourism markets by a comprehensive on line resource/directory, social network, series of master classes, and research for a ‘mini hub’ distribution system.
- Development of routes to market for smaller producers, both locally for tourism and regionally/nationally through support at exhibitions and best practice case studies.
- Development of niche tourism markets around landscape, wildlife and heritage themes, including angling tourism.
- Support for outdoor activities including walking, cycling, horse-riding etc
- Development of guided tours and promotion of other local activities and related businesses.
- Events and festivals
- To extend tourism opportunities on farms such as open farm Sunday and the “Ask me I’m a farmer campaign” by improving infrastructure such as viewing platforms, washing facilities and toilets, to enable farms to be opened up to help educate the public about where their food comes from and how the countryside they are visiting is managed.

### **3.2.4 Provision of Rural Services**

Services have been declining in rural areas over recent times with some areas having limited access to shops, pubs, health services, schools and public transport options. Other increasingly important services such as poor broadband and mobile connectivity have been raised continually throughout the consultations with businesses, and are leading to difficulties amongst local communities, farmers and small businesses with accessing services, advice services and running effective businesses. Slow broadband speeds are particularly affecting the ability of businesses to update websites regularly, take online bookings, submit forms and documents online and market their services effectively.

Lack of superfast broadband was identified in market towns as well as businesses within a 5 mile radius of Hereford, though the areas of the Golden Valley and west Herefordshire close to the Welsh border were identified as the worst areas. Funding provision has been secured through the Fastershire project to help

90 per cent of homes and businesses to have access to fibre broadband by the end of 2016, though this will still leave a significant minority with poor access. It is outside the scope of LEADER to be able to address large infrastructure issues of this nature, apart from where communities have local schemes to share IT equipment. However poor connectivity will inevitably have an impact on the levels of economic growth in those areas and the ability for starting new businesses or growing existing ones.

Community buildings often provide a focal point for a variety of services and other activities to take place, and so innovative use of these spaces by services and businesses can help to bring vital services that might not be accessible otherwise, especially for those without private transport. Strong basic services enhance the resilience of rural communities to withstand and cope with ongoing social change, while also helping to reduce feelings of isolation and maintain well-being.

Community orchards, allotments and community smallholdings can also provide valuable opportunities for communities to be involved with local food production, such as making products from orchard fruits or selling local vegetables etc at village markets. These types of initiatives can kick start local businesses or social enterprises in rural areas as well as enhancing community cohesion, health and well-being.

Parish and town councils in rural areas can have a key role to play in the delivery of certain services to their local community, and in some areas an increasing level of services have been devolved down to this level. Services could include allotments, open spaces, community transport schemes and tourism activities, for example.

It more specifically supports the **Marches LEP priorities**:-

- **Supporting the shift towards a low carbon economy** – *Supporting community energy schemes eg. Solar, hydro. Woodfuel, greening community buildings,*
- **Social Inclusion** – *supporting access to services such as shops, pubs, libraries, community orchards/allotments, health and welfare advice and support. Note - LEADER would not duplicate projects under the wider EU funds which focus on getting people out of poverty through employment.*

#### **Local Priorities**

- Enabling the development of innovative and sustainable approaches to addressing the continuing decline in rural services, such as community-owned pubs and other co-operative solutions.
- Improved rural services and essential local businesses such as shops, post offices and pubs.
- Involvement of parish, town and parochial church councils in helping to deliver services to meet local needs.
- Better access to health and welfare advice and support locally, which in turn leads to less reliance on centralised health services and a net reduction of associated costs.
- Support for communities to reduce dependency on fossil fuels.

#### **Programme of activity**

LEADER will help to support:

- New or existing businesses of any sector to support village services including shops, post offices, pubs which have a direct impact on the local economy.
- Health and advice services, and schemes that support health and well-being of older or vulnerable adults – with the potential for parish councils and parochial church councils to work closer together to address issues around isolation and loneliness.
- Social enterprises, community groups, parochial church councils, parish and town councils which provide enterprising solutions to rural service delivery.
- Development of community-owned solutions to local, sustainable energy production, including greening community buildings.
- Improvements to infrastructure, such as community buildings, where an impact on the local economy can be demonstrated.
- Development or improvement of village shops and farm shops supporting Herefordshire's local food and drink distinctiveness, as well as providing a vital role in village life.

#### **3.2.5 Support for cultural and heritage activity**

There are over 500 creative businesses in Herefordshire; these are mainly sole traders or small companies making unique products. Designer crafts are particularly strong supported by an annual Contemporary

Crafts Fair that has a national reputation and h.Art week that includes open studios that reflects the range and spread of arts based businesses in the county. Other creative sectors that have a strong profile in the county are creative media and festivals that take place throughout the year.

This emphasis on creative industries supports the national figures collated through the Arts Council that this sector has major growth potential, expanding by almost 10% in 2012, outperforming all other economic sectors. Also arts and culture are increasingly important to local visitor economies, with £856 million expenditure by tourists attributable to the UK's cultural sector in 2011. Engagement with arts and culture is higher amongst people living in rural than urban areas which can also help to build and maintain positive social capital, helping to build strong, cohesive and sustainable communities.

Herefordshire has a high proportion of heritage features and buildings including churches, churchyards, castles, hill forts, medieval buildings, stone and timber-framed buildings. The distinctive landscape comprises a range of undulating farmland, well wooded plateau and valleys with upland areas in the west. Historic features comprise a range of artefacts over many periods, with many representing older periods of industrial activity.

This has been identified as a growth area in the Herefordshire Economic Development Strategy 2011-2016.

It more specifically supports the **Marches LEP priorities**:-

- **Enhancing Competitiveness, Research and Innovation and Enabling Technology** - *supporting innovative use of heritage buildings.*
- **Skills and Employment** –
  - *joint promotion of arts and heritage businesses (marketing arts and culture in Herefordshire to create jobs.*
  - *Support for small creative industry businesses e.g. `Design for Living` project.*

#### **Local Priorities**

- To support cultural and heritage activities with an economic impact on growth, creating jobs and generating income for local businesses
- Support for opportunities to jointly promote arts and heritage businesses
- Support for small creative industry businesses
- Support for improved marketing, especially through social media and other media
- Small scale funding to support small capital improvements for heritage and cultural buildings
- Support for projects with a tourism benefit

#### **Programme of Activity**

LEADER will help to support:

- Joint promotion of arts and heritage businesses to enhance their economic growth and create jobs
- Small scale grants to cultural and heritage organisations who will run initiatives which directly support the creation or safeguarding of jobs e.g. supporting creative businesses in reaching new markets.
- Small scale improvements to cultural and heritage buildings, such as museums, theatres and church buildings, to improve their facilities
- Better promotion of local festivals and events and links to tourism
- Enhanced distribution networks of promotional materials

#### **3.2.6 Support for increasing forestry productivity**

In the Herefordshire LEADER area there are 25,082 hectares of woodland, covering 12% of the land area. Around 47% of these woodlands are un/under-managed and are not realising their potential in providing jobs, economic activity, products, services and other benefits, yet the UK is the third biggest importer of timber after Japan and China. 85% of the woodland cover is non-Forestry Commission and principally privately owned.

Therefore bringing these woods back into management would lead to growth and employment opportunities in terms of expanding the woodfuel and firewood markets. This has specifically been identified as a growth area in the Herefordshire Economic Development Strategy 2011-2016.

The majority of woodland businesses are micro-enterprises. In many cases these lack capacity and are usually under-capitalised, both in skills and physical numbers of e.g. harvesting contractors. Most of the businesses who work in woodland management are not woodland owners. There is strong recent and local

evidence that small and targeted investments and interventions produce significant financial returns, increased employment and productivity in the sector. Through the LEADER approach, Local Action Groups (LAGs) have been given a crucial role in gearing funding into these micro-businesses and helping business planning.

Managed woodland provides a valuable low-carbon economic resource, but also produces benefits for biodiversity and improves the health and resilience of the woodlands themselves and, where publicly accessible, the well-being of the local population.

The [Government's Forestry and Woodland Policy Statement](#) (Jan 2013) clearly states the intention to get more woodlands into active sustainable management: moving from currently around 50% of woodland in management to 66% by 2018. It is widely recognised that one of the barriers to this is the under-capacity of the businesses working in the woods and the support for local markets. The policy statement flags the opportunity to pilot a Woodland Enterprise Zone approach in the Marches and there is a developing evidence base to support this (eg [Marches Timber Study](#)).

Led by the growth in wood fuel markets, there is a renaissance in the forest sector, with an industry-led marketing initiative [Grown in Britain](#). LEADER funding has an important role to play in supporting local businesses that work in managing local woodland and utilising local timber.

### **The case for investment**

Using the success of the RDPE [Heartwoods](#) project as a benchmark, it is estimated that a timber/woodfuel based project in this area could bring an additional 30,000 tonnes of timber to market, worth £500k “at stump”, and bring 600 hectares of previously undermanaged woodland into production. Such an intervention would create 20 jobs and save 3,000 tonnes of carbon.

It more specifically supports the **Marches LEP priorities**:-

- **Supporting the Shift Towards a low carbon economy** - *bringing un-managed woodland into management presents huge opportunities for creating jobs, growth of low carbon economy & timber resource.*
- **Supporting the Environment** - *expanding woodfuel and firewood markets, and better management of the woodlands to enhance long term sustainability and 2020 biodiversity gains, supporting Water Framework Directive by active woodland management or planting in Flood risk areas, supporting National Adaptation programme for Climate Change to ensure woods are robust and resilient to change by positive management.*
- **Skills and employment** – *support for new and existing micro and small forestry businesses*

### **Local Priorities**

- Bring under/unmanaged woodlands back into active management
- Encourage self-employment and increase the number of new businesses and jobs in forestry and woodland management
- Support the development of woodfuel supply chains
- Expand woodfuel and firewood markets
- Increased the uptake of new forestry technologies, including timber harvesting, extraction and processing equipment by businesses
- Add value to forest products
- Bring additional timber and venison to market
- Improve market information and timber buying/selling opportunities
- Encourage more tourism and recreational use of woodlands and wooded settings
- Support and help for a better trained and experienced work-force for the forestry industry

### **Programme of activity**

LEADER will help to achieve these local priorities by supporting the development and expansion of new and existing businesses involved in this sector, including: timber extraction and processing; transport, handling and storage facilities; woodfuel and biomass; and in the transport, handling, processing and marketing of venison, specifically:



- Bespoke business start-ups – complementing wider business support available with starter training package and tools/equipment.
- Provision of new forestry technologies, processing, mobilising and marketing of products, including venison.
- Timber harvesting, extraction and primary processing equipment – such as fuelwood chippers, log grabs, fuelwood log processors, fuelwood ‘separates’ (e.g. saw benches, elevators, billet bundlers, splitters etc), forestry-spec tractors, forwarders, forestry harvesters/processors, winches (including purpose-built forestry skidders), moisture meters, mobile sawmills, and others such as cone and grab crackers, horse logging.
- Venison handling, storage and processing – such as collection storage facilities, collection vehicles, extraction equipment, including winches, capstan winches, UTVs (Utility Terrain Vehicles) and processing plants (covered butchery equipment).
- Providing existing businesses with information on how to access woodland advisory services (management plans and woodland improvement plans).
- Supporting infrastructure, such as woodfuel stores, areas of hard standing and forest roads; and transport projects, such as chip blower lorries, hook bins, electronic tyre pressure management to reduce impact on woodlands.
- More resilient woods through diversification (of species management/new tree stock etc) and supporting local tree nurseries.
- Woodland champions – support and explore cluster/co-operation opportunities across Herefordshire.
- Development and promotion of woodland recreation and tourism including marketing cabin accommodation in woodlands/wooded settings e.g. glamping pods, tree houses, log cabins etc, such as Oaker Wood Leisure.
- Improved visitor infrastructure to support outdoor activities such as mountain biking, orienteering and aerial ropeways with, for example, woodland shelters and toilet facilities.
- Supporting the skills in forestry for the contractor/employee with short training courses in harvesting, establishment, biodiversity related programmes and other ‘small-scale’ woodland skills.
- Developing increased awareness and support on deer management for landowners and agents.
- Supporting specialist scoping surveys to ensure the right balance goes into the correct woodland management to benefit water, wildlife, cultural and historical aspects.
- Adding value to timber products and by-products.

### 3.3 Sustainability appraisal

In the development of the LDS, the group have been mindful how to ensure sustainable development principles will be considered through the delivery. The principles that are being adopted by Herefordshire are:-

- Financial governance
- Sustainable communities
- Environmental sustainability taking into consideration natural resource protection and enhancement
- Climate change and energy usage

These will be specifically integrated within the appraisal and approval process to ensure that projects that come forward and which are supported will be able to demonstrate that they are able to withstand that assessment.

In the delivery of the Programme, the team will act responsibly, such as only calling meetings where necessary, utilising the video conferencing facilities if that is more appropriate than attending meetings, use of ICT techniques rather than hard copy eg. Emails, web and social media, etc.

### 3.4 Proposed co-operation activity

The Herefordshire LEADER programme will work closely with the Shropshire LAGs within the Marches LEP area to identify common areas of activity and to develop co-operation projects that can achieve joint outcomes and economies of scale. For example tourism projects which can benefit the whole of the Marches LEP area in terms of economic growth and income generation for local businesses may be an area

of growth that could be explored further. In addition, co-operation projects will be explored with LAGs in the UK and EU through the RDPE network, providing they provide tangible benefits to Herefordshire in terms of growth of the local economy.

**Walking with Offa Phase II** - there are plans to continue with Phase II of the co-operation project carried out under the previous Herefordshire LEADER programme, Walking with Offa, which worked with five other LAGs, including the Shropshire Hills LAG and Shropshire Marches LAG as well as three Welsh LAGs. The project was developed under the Cross Border Memorandum of Understanding as an 'opportunity to **develop a more sustainable rural economy** based on the high quality natural and cultural assets of Offa's Dyke and the surrounding landscape'.

Targeted seasonal PR campaigns have helped to promote many of the hidden gems of Herefordshire and surrounding areas to a wider audience. Walking with Offa also provided support for local businesses, including accommodation providers, shops, pubs and restaurants, to help boost trade and drive the local economy.

A series of consultation workshops were held at the end of project Conference on 9<sup>th</sup> April with many local businesses attending from Herefordshire and Shropshire, which have identified some key areas for prioritisation of funding under the **Phase II** of the project which will support sustainable economic growth in the area. Specifically these include:

- Support to local businesses to enhance their tourism offer
- Development of new business and employment opportunities connected to walking, heritage and wildlife e.g. toolkit and grants for businesses to develop their own walking routes, pub walks, farm trails etc
- Linking with food and drink providers and event/activity organisers
- Support for collaborative marketing and promotion of walking festivals, events, businesses

**Brecon Beacons** - some initial discussions have been held with the Brecon Beacons National Park Authority about the potential for a co-operation project around sustainable tourism, local food and further development of the tourism Ambassador scheme.

## **Transnational projects**

The LEADER ethos supports the development of co-operation projects both nationally and transnationally where there is a tangible benefit to all participating areas. An approach was made from the Lot-et-Garonne region of France exploring the development of a project around agriculture and horticulture, and an initial meeting held to explore any potential areas for co-operation. We will continue to pursue this and any other potential projects with UK and EU LAGs in line with the economic priorities of the LEADER programme and ESIF.

## **4. Management and Administration**

### **4.1 Accountable Body (AB) arrangements**

The Accountable Body role will be provided by the unitary local authority Herefordshire Council who will carry out its responsibilities according to the National Operational Manual provided by Defra. Herefordshire Council has been the Accountable Body for a variety of different European funds over the last 15 years or so, including two well performing LEADER programmes (Herefordshire Rivers LEADER+ 2003-08 and VITAL Herefordshire 2009-13). The Council has a number of experienced staff, including the existing LEADER Programme Manager and Monitoring Officer, who have a wealth of expertise in direct management of European funded programmes since 2000 and 2005 respectively (See Section 1.4), in addition to the Grants and Programmes Manager and Team Manager who also have many years of experience in overseeing European programmes and audits, such as LEADER, ERDF Objective 2 and Interreg.

Close relationships have also been formed with the Strategic Finance Team, who provide experienced support for officers managing externally funded programmes. All claims are checked and verified by

accountancy staff and certified by the Head of Corporate Finance. As the VITAL Herefordshire LEADER Programme Team was based within the Regeneration Programmes Team at Herefordshire Council, this model will be used for the new LEADER programme 2015-20. Herefordshire Council will provide the accommodation for the team and will contribute the office space and associated premises costs as an 'in kind' contribution. All other equipment and associated administration costs will be budgeted for within the LEADER programme budget. Therefore, the AB arrangements clearly demonstrate sufficient European administrative and financial management expertise from within the LEADER Programme Team, wider Regeneration Team and relevant Council departments for the proposed future management of LEADER 2015-20.

## **4.2 Project development and assessment procedures**

Eligible and appropriate projects will be developed with the help and support of the Programme Manager, with assistance from the Council's Project Development Team where appropriate for community projects which have an economic impact. LAG members will help to generate interest in the programme through publicity via their networks and other partnerships. Initial enquiries will be made to the Programme Manager who will carry out an initial eligibility check to ensure that the project fits within the scope of the LDS, the European measures and priorities, the LEP's ESIF and operates within the eligible geographical area.

A bottom-up approach to funding can require a great deal of time and support in the initial stages of project development, especially for smaller businesses and organisations who may not have had much experience in applying for funding. Assistance can often be needed in areas such as gathering evidence of need, applying for match funding, writing a Business Plan, producing realistic costs, identifying realistic outputs, identifying risks and seeking complementarity with other projects.

Project development will be closely co-ordinated with officers working for the Marches LEP Business Hub, which will provide a single point of entry for wider business support, advice and ERDF/ESF funding. Projects will be signposted to the most appropriate source of funding either via the LEP or through LEADER. Projects will then be developed in line with the nationally provided Expression of Interest (EOI), Application Forms and Appraisal Guidance.

It is important to ensure that adequate **separation of responsibilities** is maintained in the areas of project development, project appraisal and project approval. LAG members cannot make decisions on any project where they have been involved in the development or appraisal of the project. Members of the Appraisal Panel cannot appraise projects where they have been involved in the development of the project. The LEADER Programme Manager will be present at the Appraisal Panel and LAG approval meeting to provide technical support and information but will take no part in the decision-making.

Considerable engagement and promotion of the proposed Herefordshire LEADER programme via the LAG member networks has already generated many project enquiries, with initial discussions being held with potential applicants. A basic Project Ideas form has been circulated, as well as an on-line form on the Herefordshire Council website, which has been used to capture project ideas and keep contact details on file. Subject to funding being secured, the applicants will be contacted to further develop their projects and aim for projects to start quickly from January 2015 onwards in order to achieve the proposed early spend profile encouraged by Defra.

### **Assessment and appraisal procedures**

The EOI stage will assess the level at which the project has demonstrated the need for the project, potential for economic growth directly or indirectly, a level of innovation, adequately addresses the LDS priorities and provides good value for money. There will be an opportunity for LAG members to input into the development of projects to identify areas of duplication and complementarity, and to advise where projects could work together to maximise resources.

Forms will be developed in line with Defra's National Operational guidance and projects will be supported individually to complete application forms as required. Applications must include; a detailed project

description, evidence of need and demand proposed economic growth benefits, consistency with the Herefordshire LDS and relevant European Measure/Policy priority, costs and match funding sources, milestones and outputs, management and monitoring arrangements, including who will be responsible for project management, financial control, output monitoring etc.

Once the Full Application has been submitted it will be sent for appraisal. Projects will be assessed by an Appraisal Panel. The Panel will be independent and composed of a minimum of 3 members including a representative from the relevant sector (such as farming, forestry, tourism, business etc), and other reps to include the Accountable Body and a LAG member. Occasionally additional appraisers may be needed if the project covers very specialist areas of knowledge not covered by the other appraisers. The LAG rep will officially chair the panel but will then not vote at approval. The Programme Manager will attend the panel to provide information as necessary but will not vote on the recommendation. Panel members will have appropriate professional experience/or qualification. A directory of appraisers with appropriate professional experience and/or qualifications will be kept and new appraisers recruited to the list in line with the economic focus.

Project applicants will be invited to attend the appraisal panel meeting to give a brief outline of their project and to answer any queries and clarifications from the panel members, depending on the level of funding requested, complexity of the project and any further issues that require clarification. The panel members will have previously assessed the written application against the Appraisal Form. Once the panel has discussed the project and completed the Appraisal Forms they will make a recommendation. This would be to approve the project, approve the project with any additional conditions or recommendations, reject the applicant or defer the application while further development is carried out.

The panel process is designed to bring a wider range of expertise to the appraisal process, allow applicants to explain their project and increase consistency and transparency in decision-making.

Applications will be appraised against Defra criteria in the National Delivery Framework and National Operational Guidance and the local criteria set out in the LDS. The assessment and appraisal process will adhere to the Public Sector Equality Duty and Equality Act 2010 as outlined previously. The issue of **State Aid** will be highlighted initially through the EOI stage by checking projects against criteria on State Aid rules and seeking further advice as required. Projects deeming to fall under State Aid will be dealt with accordingly in terms of declaration under 'de minimus' rules and retention of documents and capital assets for the required length of time.

#### **4.3 Claims and payments**

As the Accountable Body, Herefordshire Council will comply with the financial requirements of the new LEADER programme as laid out in the National Operational Guidance as advised by RPA and Defra. Herefordshire Council will provide overall responsibility for the financial accountability of the Herefordshire LEADER Programme 2014-2020.

The majority of the responsibilities for finance and administration will be carried out by the two full-time members of staff, with additional support from the Corporate Services, Retained Strategic Finance Team. It is primarily the responsibility of the Programme Manager in ensuring that rigorous systems are put in place to ensure compliance with programme requirements, particularly the strict EU regulations which guide the administration of the funding. However, the Monitoring Officer also has a role in making sure that projects comply with programme requirements as part of checking claims and monitoring general compliance.

All programme requirements will be passed on to projects through the issuing of funding agreements which the project must sign and return before commencing project activity. The funding agreement will contain terms and conditions which will ensure that the projects comply with all European and National programme guidance, especially in terms of financial claims, record-keeping, monitoring, publicity and procurement.

The Monitoring Officer will monitor and report budgetary information related to the individual projects to the Programme Manager, the LAG and the RPA, which will feed into the overall programme budget. The

Programme Manager will monitor and report on the programme budget to the LAG, the Accountable Body, the RPA and to LAG meetings as required.

Grant payments will be processed using the new CAP-D IT system once it comes on line during 2015, in line with guidance issued by the RPA. Until that point alternative systems will be used to recommend claims for payment using the previous system the Rural Online Database (ROD). The Monitoring Officer will be responsible for the checking of claims submitted by project deliverers by scrutinising evidence to ensure eligibility against the funding agreement, profiled expenditure, procurement and publicity guidance and that satisfactory progress has been evidenced.

A Claim for Payment Checklist (in line with National Operational Manual Guidance) will be used for ensuring compliance prior to recommending claims for payment, which is signed off by the Monitoring Officer when they are satisfied that all the requirements have been met. The Claim for Payment Checklist will also be countersigned by the Programme Manager who will do a spot check on each claim in order to perform a secondary level of checking, and will also sign to authorise the recommendation for payment to go ahead. Depending on the value of the claim a more senior Officer will certify the recommendation payment. Defra RDT will assess payment recommendations submitted on the CAP-D IT system and release for payment direct to project beneficiaries if successful.

The audit trail is ensured through clear guidance to the project by the Monitoring Officer about their responsibilities and the system of checking 100% of expenditure prior to recommending for payment. The project will hold all the necessary documents for audit such as original invoices/receipts to bank statement level and procurement evidence. A condition of the Funding Agreement will be that all projects must provide or keep all these documents until a specified time as set out in the Agreement.

The Monitoring Officer is responsible for identifying and reporting **irregularities** during the checking of claims. Due to 100% invoice checking, along with the checklist to monitor other areas such as procurement and publicity, most irregularities will be identified at this stage. In addition, the Monitoring Officer will undertake project monitoring visits as required by National Operational Manual Guidance.

The programme Management and Administration budget will be managed using Herefordshire Council's Agresso Financial System, which can provide evidence of defrayal of expenditure. A separate Cost Centre will be established for the programme to ensure costs are properly accounted for and to ensure a clear audit trail. The Monitoring Officer will monitor and reconcile income and expenditure on the programme cost centre and download regular reports which will form the basis of the financial claims to Defra. In addition, original hard copy evidence to bank statement level will be provided with all claims. Claims will be checked and signed by the appropriate Authorised Signatory.

The Monitoring Officer will be responsible for the maintenance of various financial spreadsheets related to project and programme expenditure. These will include an asset register, committed and profiled spend, project payments, details of all programme expenditure and income, and records of all grant applications.

The Monitoring Officer will be responsible for enabling access to relevant original documents that are held on the project files or by projects. Each project will be required to have a document retention policy to ensure that all the relevant financial and output evidence is retained for the purposes of audit, until a specified time as set out in the funding agreement. If access to documents held by the Accountable Body are required after such time as the programme has closed and programme staff potentially no longer employed, it will be the responsibility of the Accountable Body to ensure that the required documents are retained and accessible on demand, as required by the National Operational Manual. The Accountable Body will ensure that all programme procedures undergo internal audits as required by Defra, and ensure that all required evidence and records are made available for external audits by Defra, the RPA or EC Auditors as required.

#### **4.4 Communications and publicity**

All communications and publicity will be carried out in accordance with National Operational Manual guidance and Commission Regulations which set out rules for acknowledging EU funding and the use of the

EU logo. Information is available for project leads so that they can comply with these regulations. Other match funders should be recognised wherever possible. Adhering to our responsibilities under the public sector Equality Duty and Equality Act 2010 will also be a key requirement of all communications.

A programme of planned activity will be developed which will align with the national strategy for promoting LEADER. The Programme Team will be responsible for the actions to support this strategy. The work will be overseen by the Local Action Group and publicity and communications will be a standard agenda item at quarterly LAG meetings.

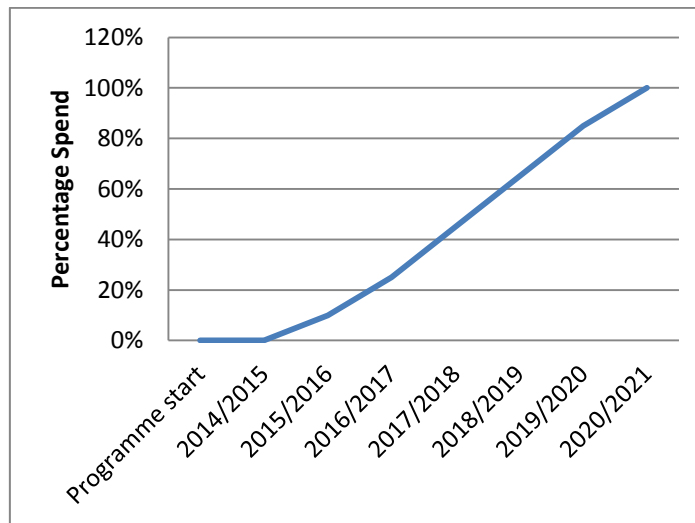
Methods particularly effective in targeting information that will be used include:

- Farming, Forestry, Tourism and Business Networks
- RDPE Network
- e Newsletters
- Press Releases
- Programme specific literature
- Herefordshire Council webpage
- Presentations
- Social Media
- Word of Mouth

## 5. Financial Plan

### 5.1 Expenditure for each year, by priority (see Financial Plan Annex 4)

### 5.2 Overall funding profile of the budget outlined in Annex 4



### 5.3 Use of grants, procurement or other type of financial support

All funding will be processed directly by the Programme Team, including any small grants so there will be no delegated grants schemes advocated.

Procurement of goods and services by all projects or the Programme Team will comply with the Procurement policy and financial standing orders of Herefordshire Council, and so all items will require at least 2 quotes if over £500, with expenditure over £10,000 requiring a tender specification and a minimum of 3 quotes.

Projects will require a level of match funding for projects, which must be from an eligible source and the level will vary depending on the intervention rate specified in the individual Measures. All procurement evidence will be submitted before claims are paid and kept on file for audit purposes.