

Shaping Our Place 2026

Local Development Framework

Core Strategy

Policy Direction Paper

Rural Economy / Diversification

January 2010



## CORE STRATEGY POLICY DEVELOPMENT

Core Policy Area (s): Rural Economy / Diversification

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### Preferred Policy Direction

To support the designation of the majority of Herefordshire as a Rural Regeneration Zone in the regional plan, the preferred approach is to develop a criteria based policy promoting rural regeneration of appropriate scale and form which respects the environmental quality of the area which will:

- Promote new or extensions to existing employment land in or adjoining settlements and the provision of enterprise centres in the Rural Service Centres (where possible utilising brownfield land before greenfield land);
- Promote a wide range of farm diversification projects including equine enterprises, renewable energy, employment uses in rural buildings and green tourism;
- Recognise the economic benefits of utilising Herefordshire's natural and historic environment as an asset to be valued, conserved and enhanced;
- Protect existing facilities and services in Rural Service Centres and smaller settlements to meet the day-to-day needs of local communities;
- Promote a range of business types, particularly knowledge based and creative industries and environmental technologies to improve the economic viability of villages and their rural hinterlands;
- Promote the development of live/work schemes; and
- Promote integrated and sustainable transport provision.

New shops in villages will be encouraged where they are of appropriate scale and would not threaten the viability of nearby centres. Existing facilities will be protected with a criteria based policy. Farm shops will be encouraged where they utilise existing buildings, are small in scale and cause no unacceptable impact on nearby village shops or the character of the area. The rural area policies will be detailed in the Market Towns and Rural Areas Plan. Also see rural areas section of the 'Retail and Access to Services' policy direction.

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## **1.0 Introduction**

- 1.1 This report provides background information and evidence to support the policy directions that will form part of the Core Strategy Place Shaping Paper. The full policy wording will form part of the pre-submission Core Strategy.
- 1.2 The Core Strategy will set out the vision and objectives for the Herefordshire Local Development Framework (LDF), together with the 'place shaping policies' at a strategic level, explaining how the county as a whole is expected to develop up to 2026.
- 1.3 The remainder of this report seeks to address the following questions:
- What is the current situation (issue)?
  - What is the national, regional and local policy framework?
  - What is the available evidence base indicating?
  - What can the Core Strategy do?
  - What were the results / indications for the Developing Options Consultation?
  - What further consultation has taken place?
  - What conclusions can be drawn?
  - What happens next?

## **2.0 The need for the policy.**

- 2.1 The county of Herefordshire, by nature, is a rural county and therefore the rural economy accounts for a large proportion of the Gross Value Added (GVA – a measure of economic value) for Herefordshire. Although most sectors of employment are located within Hereford City, the exceptions to this are agriculture, hunting, forestry and construction where more than 50% of employees are within the rural wards. There is also a considerable proportion of manufacturing jobs (43%) that are within the rural wards.
- 2.2 Agriculture itself accounts for 7% of the total GVA for Herefordshire, this is compared to just 1% for England and the West Midlands, highlighting the

relative importance of the industry to Herefordshire's economy. It is therefore important to have a policy which helps to support this rural economy and diversification within rural areas.

### **3.0 The policy framework**

#### **PPS4 Planning for Prosperous Economies, December 2009.**

3.1 In late December 2009, the Government issued the new Planning Policy Statement 4: Planning for Sustainable Economies, which brings together a number of existing planning policy statements covering economic development topics. This new PPS replaces:

- PPG4: Industrial, commercial development and small firms, 1992;
- PPG5: Simplified Planning Zones, 1992;
- PPS6: Planning for town centres, 2005 and Consultation Draft PPS6, 2008;
- PPS7: Sustainable development in rural areas, as far as it relates to economic development;
- Paragraphs 53, 54 and Annex D of PPG13: Transport.

3.2 The policies in this new statement implement a number of recommendations arising from the Matthew Taylor, 2008, review of rural housing and economic development to ensure that rural communities can take advantage of economic opportunities and new ways of working whilst ensuring continued strong protection for the countryside. Policy EC6 details specifics for the local planning approach to planning for economic development in rural areas, this includes:

- Identify local service centres and locate most new development in or on the edge of existing settlements where employment, housing, services and other facilities can be provided close together;
- Support the conversion and re-use of appropriately located existing buildings in the countryside for economic development;
- Seek to remedy any identified deficiencies in local shopping and other facilities to serve people's day-to-day needs and help address social exclusion;
- Provide criteria for planning applications for farm diversification, and support diversification for business purposes that are consistent in their scale and environmental impact with their rural location, this

includes providing for a range of suitably located recreational and leisure facilities, including equine enterprises, and the needs of training and breeding businesses that maintain environmental quality and countryside character.

3.3 Policy EC12 details specifics for determining planning applications for economic development in rural areas, it states that local planning authorities should:

- Support development which enhances the vitality and viability of market towns and other rural service centres;
- Support small-scale economic development where it provides the most sustainable option in villages, or other locations, that are remote from local service centres, recognising that a site may be an acceptable location for development even though it may not be readily accessible by public transport;
- Take account of the impact on the supply of employment sites and premises and the economic, social and environment sustainability of the area, when considering planning applications involving the loss of economic activity;
- Approve planning applications for the conversion and re-use of existing buildings in the countryside for economic development where benefits outweigh the harm in terms of:
  - potential impact on the countryside, landscapes and wildlife,
  - local economic and social needs and opportunities,
  - settlement patterns and the level of accessibility to service centres, markets and housing,
  - the need to conserve, or the desirability of conserving, heritage assets.

3.4 Policy EC13 gives the criteria that should be considered when determining planning applications affecting shops and services in local centres and villages, this includes:

- Take into account the importance of the shop, leisure facility or service to the local community or the economic base of the area if the proposal would result in its loss or change of use;

- Refuse planning applications which fail to protect existing facilities which provide for people's day-to day needs;
- Respond positively to planning applications for the conversion or extension of shops which are designed to improve their viability;
- Respond positively to planning applications for farm shops which meet a demand for local produce in a sustainable way and contribute to the rural economy, as long as they do not adversely affect easily accessible convenience shopping.

### **West Midlands Regional Spatial Strategy (RSS)**

3.5 The adopted RSS states that the overall vision for the West Midlands is:

*“one of an economically successful, outward looking and adaptable Region, which is rich in culture and environment, where all people, working together, are able to meet their aspirations and needs without prejudicing the quality of life of future generations.”*

3.6 Four major challenges are identified for the Region:

- Urban Renaissance – developing the MUAs in such a way that they can increasingly meet their own economic and social needs in order to counter the unsustainable outward movement of people and jobs facilitated by previous strategies;
- Rural Renaissance – addressing more effectively the major changes which are challenging the traditional roles of rural areas and the countryside;
- Diversifying and modernising the Region's economy – ensuring that opportunities for growth are linked to meeting needs and that they help reduce social exclusion; and
- Modernising the transport infrastructure of the West Midlands – supporting the sustainable development of the Region.

3.7 The objectives that provide a context for the policies in the Strategy, include the following:

- to secure the regeneration of the rural areas of the Region;
- to support the cities and towns of the Region to meet their local and sub-regional development needs;

- to support the diversification and modernisation of the Region's economy while ensuring that opportunities for growth are linked to meeting needs and reducing social exclusion.
- 3.8 Most of Herefordshire is within a Rural Regeneration Zone (RRZ) as identified in the spatial strategy. The RRZ will be the primary focus for rural regeneration in the West Midlands. Local authorities should work with the RRZ Partnership Board to identify initiatives which have spatial implications and to develop policies in their development plans to facilitate those initiatives. In particular, emphasis will be given to measures that include the following:
- supporting existing businesses and attracting appropriate new economic activity;
  - strengthening the range and quality of services available to residents through the establishment of a network of rural service centres; and
  - improving accessibility to jobs and services.
- 3.9 Policy RR1: Rural Renaissance states that rural areas, particularly those remote from the MUAs, should be regenerated through the diversification of the rural economy.
- 3.10 Policies PA14 and PA15 deal specifically with economic development and the rural economy, and agriculture and farm diversification, respectively, where they promote the support of sustainable diversification and the development of the rural economy through the growth of existing businesses and the creation of new enterprise, priority will be given to economic activity with strong links to the rural area.
- 3.11 Policy PA15 also has priority to recognise the continuing importance of the agricultural sector in the Region, and there should be positive policies to promote agriculture and farm diversification through the development of innovative business schemes including sustainable tourism and environmentally sustainable farming.

### Rural Regeneration Zone Implementation Plan 2007-2010

- 3.12 Almost all of Herefordshire (except for Hereford itself) lies within the Rural Regeneration Zone. This is the only rural area in the country that has been designated by the Regional Development Agency (Advantage West Midlands) as a key area for investment alongside the region's most deprived urban areas. The Vision is that:

*“By 2020, the Rural Regeneration Zone will be a connected rural area with a strong economy, a healthy environment and a rich quality of life for all”*

- 3.13 A key strategic objective for the plan period is to develop a strong, diverse and sustainable rural economy. The challenge for the Zone is to invest in activity that supports the diversification of the economy towards higher waged, knowledge intensive employment, whilst continuing to develop the more robust aspects of the existing economies of Food and Farming, Tourism and Creative Industries.

### Living Working Countryside: the Taylor Review of Rural Economy and Affordable Housing

- 3.14 Matthew Taylor undertook a review of how we nurture a living, working countryside. Within the review he spells out a vision of a living, working sustainable countryside. It explains how this vision can be delivered; how to get there; and how it can be done. Throughout the course of the review it was clear to Matthew Taylor that over-zealous or ill thought through restriction of development in rural areas has already had unintended consequences in holding back rural economies. He identified that the right balance of housing and employment opportunities are crucial for all communities to be sustainable.
- 3.15 Within chapter 4: Living, Working Rural Economies, he promotes a positive approach to rural economic development, and to nurture these economies there is a need to move away from excessively restrictive and inflexible planning practices, to safeguard employment space and support small and home-based business growth, including using redundant agricultural buildings where appropriate. Within this chapter Matthew Taylor identified a number of points, including:

- That particular attention should be given to home-based work, since this is a highly significant factor in rural economies, with approximately one in five people in rural communities working from home;
- Creating and maintaining strong rural economies is critical to supporting sustainable and vibrant rural communities – with important social, economic, employment and environmental benefits;
- Agriculture still has a vital role to play in rural areas, indeed its importance is again on the rise in the face of climate change and rising food prices. Farmer and land managers face new challenges and opportunities for diversification and developing new products, which means that agriculture will continue to play an important role in the rural economy in the future;
- Rural areas are characterised by higher proportions of small and micro-businesses, self-employment and home based work;
- Planning has a crucial role to play in supporting rural economic development. Blockages within the planning system are currently hampering economic growth. Removing these blockages can increase the availability of premises, help new firms to start and many others to grow;
- A significant barrier to growth is the availability of suitable business premises. The planning system has a key role here to protect existing employment sites and premises, and ensure supply meets existing and future need;
- Ensuring an appropriate supply of land and workspace for small and home-based business, would help them to grow, create local and better paid jobs, and so increase the sustainability of rural communities;
- Live/work properties offer another potential solution to make use of scarce land allocated for development in rural areas by providing homes and employment space on the same site, and to combine some of the benefits of working from home with the facilities and connections that can come from working in a business community.

3.16 In order to better support rural economies, a key set of barriers concerning planning policy and practice must be overcome. These challenges comprise:

- To promote all business in all rural areas subject to local impacts to enhance the sustainability of these communities;
- To ensure and maintain good supply of sites and premises including a flexible approach to the conversion of farm buildings and farm diversification; and
- To better support small and home-based business.

### **Herefordshire Economic Development Strategy, 2006**

- 3.17 The purpose of the strategy is to address the key economic challenges facing Herefordshire and set a course to improve economic performance, specifically in achieving higher incomes and addressing social exclusion. The vision is:

*“Herefordshire is a place where people, businesses and an outstanding natural environment will together bring about a sustainable prosperity and well-being for all.”*

- 3.18 To achieve the vision and meet the challenges, five themes will drive forward activities and programmes. These are:

#### *Sustainable development*

Agricultural is still by far the most dominant land use in the county and it is already starting to set the standard for progressive resource management. Key objectives are to establish and promote Herefordshire as the leading county for sustainable development knowledge and education, and to incorporate this knowledge into local policy and business support.

#### *Business and Enterprise*

Diversification of the business base has already started specifically in environmental technology, food and drink, health and care, creative industries and tourism sectors. However, key objectives will be to increase the business birth rate in the county, both through diversification and entrepreneurship, and support these and other indigenous businesses in their development and in the use of sustainable working practices.

### *Communications and infrastructure*

In rural areas, continuing improvements in ICT infrastructure and digital connectivity will be pursued and a 'virtual business centre' network to link small/micro business will be promoted.

### *Inclusion and community cohesion*

Key objectives of this theme are to create greater opportunities for resident older people and 'incomers' to contribute economically and to the community in its widest sense.

## **Community Strategy**

- 3.19 The Community Strategy<sup>1</sup> sets out the county's aspirations up until 2020 and its vision is that:

*"Herefordshire will be a place where, organisations and businesses working together within an outstanding natural environment will bring about sustainable prosperity and well being for all."*

- 3.20 The key issues relevant to rural development and diversification which were identified in partnership with local people are: business diversification and enterprise, improved skills and training opportunities, a safe and pleasant environment to live and work in, and better pay.

- 3.21 Five guiding principles, within the Community Strategy, aim to work towards the county becoming more sustainable and address these key issues. These principles are to:

- Realise the potential of Herefordshire, its people and communities
- Integrate sustainability into all our actions
- Ensure an equal inclusive society
- Build on the achievement of partnership working and ensure continual improvement
- Protect and improve Herefordshire's distinctive environment

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<sup>1</sup> The Herefordshire Partnership, The Community Strategy for Herefordshire "A Sustainable Future for the County", 2006

- 3.22 The Community Strategy has themes, the relevant one to the rural economy and diversification is: “Improving business, learning and employment opportunities in Herefordshire enabling sustainable prosperity for all.”
- 3.23 The Local Area Agreement (LAA)<sup>2</sup> is agreed through partnership working and aims to demonstrate how the county’s priorities will be addressed to aid a better life. It has the same themes as the Community Strategy with an additional theme on the environment following the decision to split the combined theme “safer and stronger communities”. The priorities relevant for the rural economy under these themes in the LAA are to: improve the availability of sustainable services and facilities and access to them; increase the economic potential of the county, with particular regards to higher skilled and better paid jobs; and improve access to integrated public and community transport, reduce traffic congestion and encourage alternatives to car use.

#### **Herefordshire Unitary Development Plan, 2007**

- 3.24 Until the Core Strategy is adopted the Council is in the process of saving appropriate UDP policies. This process of saving policies has identified that the relevant policies relating to the Rural economy and diversification include:
- E9 – Home Based businesses
  - E10 – Employment proposals within or adjacent to main villages
  - E11 – Employment in the smaller settlements and open countryside
  - E12 – Farm Diversification
  - E13 – Agricultural and forestry development
  - HBA12 – Re-use of rural buildings
  - RST13 – Rural and farm tourism development
  - RST14 – Static caravans, chalets, camping and touring caravan sites

Of these eight policies all have been saved<sup>3</sup>, with the exception of policy E9 – home based businesses which was identified to be a repetition of policy PA14 of the WMRSS.

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<sup>2</sup> The Herefordshire Partnership Herefordshire Story of Place Local Area Agreement 2008-2011

<sup>3</sup> 15<sup>th</sup> May 2009 Planning Committee Report, Herefordshire UDP Saved Policies

#### 4.0 Evidence base

- 4.1 Drivers Jonas LLP was appointed by Herefordshire Council in September 2007 to prepare an employment land study for Herefordshire. The Council requires a comprehensive study and report on employment land requirements for the period up to 2026, having regard to the Regional Spatial Strategy (RSS) Phase 2 Review options for the county, along with the need for the diversification of the Herefordshire economy.
- 4.2 The study indicates that overall, there is a good quantity of existing employment land supply within Herefordshire when compared against forecast minimum requirements using a small area forecasting technique, (Para 9.56). Supply is not evenly distributed across the county and areas of the county would benefit from increases in the quality and quantity of employment land opportunities. It also suggests that most new employment growth should be directed to the areas where we will see housing development, but recognises that opportunities for rural regeneration will provide benefits for the economy and may find demand accelerating with increase remote working etc...
- 4.3 The relevant recommendations and policy considerations, provided by the study, for the rural economy and diversification are as follows:
- Emphasis on promoting appropriate proposals for diversification / and regeneration;
  - There doesn't appear to be a need to allocate small sites in the rural areas;
  - The role of former military sites in the county, is recognised, and of these Moreton may have a role in meeting needs for Warehousing & Distribution particularly if rail links adjoining the site can provide alternatives to road transport;
  - The study also recognises the opportunities for growth in remote areas through home working and live/work, which may have benefits for the rural economy;
  - A general policy to promote/guide expansion of existing employment uses in rural areas; and

- A policy to promote rural diversification and the business, re-use of rural buildings in the first instance.

## **5.0 What can the Core Strategy do?**

- 5.1 The Core Strategy, Vision and Objective Background Paper, January 2010<sup>4</sup> sets the vision for the county as seeking "...sustainable development fostering a high quality of life for those who live, work and visit here...interdependence of social progress, economic prosperity and environmental quality with the aim of increasing the county's self-reliance and resilience." A policy on Rural Economy and diversification should relate to this in order to address the key issues, also set out in the January 2010 paper, of "provision/access to important services/facilities", "diversifying the economy", "regeneration of the county", and "promoting tourism and culture".
- 5.2 Four objectives – 6, 7, 8, and 9 of the emerging Core Strategy relate to the rural economy and diversification. The economic prosperity objectives, objective 6, "to provide more local, better paid job opportunities...to strengthen the economy...and enabling existing businesses to grow and diversify," and objectives 7 & 8 "to improve the economic viability of Hereford (wider centre regeneration), the market towns, villages and their rural hinterlands by facilitating employment generation and diversification..."
- 5.3 Any potential policy criteria or site allocation would need to help achieve these objectives and address the key issues.

## **6.0 Developing Options Consultation Results and Sustainability Appraisal**

- 6.1 The Developing Options consultation was undertaken in summer 2008. This paper contained a number of possible policy options for consideration with regards to the rural economy and diversification.

Q34 How should we encourage the diversification of the rural economy?

1. Limit in rural areas to farm diversification and small employment sites; or

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<sup>4</sup> The Core Strategy Developing the Vision and Objective background paper January 2010 is available at

[http://www.herefordshire.gov.uk/docs/Vision\\_and\\_Objectives\\_January\\_2010\(1\).pdf](http://www.herefordshire.gov.uk/docs/Vision_and_Objectives_January_2010(1).pdf)

2. Provide a criteria based policy to enable new employment opportunities

6.2 As can be seen below the most favoured option was option 1.

Number of respondents 428

Option 1: 66%

Option 2: 34%

Number of no opinion / answer not provided – 45

6.3 The Sustainability Appraisal<sup>5</sup> showed that both options are considered to be moving towards sustainability. In terms of Habitat Regulation Assessment<sup>6</sup> it was considered difficult to assess the HRA impacts of option 1, but option 2 highlighted pressures on water supply levels, and quality and air quality.

6.4 Q35 How should we protect our rural facilities?

1. Develop more robust criteria based policies to protect and/or increase the provision of small-scale, rural services/facilities, including retail in adjoining settlements;
2. Identify particular settlements outside of the market towns and Hereford as local service centres and use criteria based policies to promote/protect facilities/services; or
3. Do nothing and allow market forces to prevail.

6.5 There was support for both options 1 and 2, and a very clear lack of support for option 3. As can be seen below the most favoured option was option 1.

Option 1: Number of respondents 684

Yes: 95%

No: 5%

Number of no opinion / answer not provided: 298

Option 2: Number of respondents 448

Yes: 69%

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<sup>5</sup> Core Strategy Developing Options Paper Sustainability Appraisal June 2008 (amended March 2009)

<sup>6</sup> Core Strategy Habitat Regulation Assessment June 2008 (amended March 2009)

No: 31%

Number of no opinion / answer not provided: 534

Option 3: Number of respondents 490

Yes: 20%

No: 80%

Number of no opinion / answer not provided: 492

- 6.6 The Sustainability Appraisal<sup>7</sup> showed that options 1 and 2 were considered to be moving towards sustainability, and option 3 as moving away from sustainability. In terms of Habitat Regulation Assessment<sup>8</sup> it was highlighted that option 1 affected water quality, and that air quality was affected by all options.
- 6.7 There were 240 additional comments<sup>9</sup> on the “development in rural areas” section that suggested improvements to the options. The comments that relate to the rural economy and diversification included:
- Protect the countryside and local distinctiveness by preventing large scale development in unsustainable rural locations and promote brownfield land use;
  - Protect local rural facilities and local food produce, and encourage rural/farm shops in good locations;
  - Promote the economy and encourage local business;
  - Encourage diversification and support farmers; and
  - Promote traditional rural qualities and agricultural practices.
- 6.8 A summary of the responses from the key stakeholders can be found in Appendix 1.
- 6.9 The Developing options consultation responses did not identify any distinctive reasonable alternative options to those already consulted upon.

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<sup>7</sup> Core Strategy Developing Options Paper Sustainability Appraisal June 2008 (amended March 2009)

<sup>8</sup> Core Strategy Habitat Regulation Assessment June 2008 (amended March 2009)

<sup>9</sup> Core Strategy Developing Options Analysis Schedules March 2009

6.10 No clear alternatives from the SA or HRA assessment process were identified, for any of the options within the two questions above.

## **7.0 Further consultation to be undertaken**

7.1 The established preferred policy direction for the Core Strategy will be available for consultation within the Place Shaping Paper in January 2010.

7.2 It is proposed to consult the following organisations in developing draft policy wording; Wye Valley AONB, Malvern Hills AONB, West Midlands Regional Assembly, English Heritage, Natural England, Campaign to Protect Rural England, National Farmers Union, Advantage West Midlands, Federation of Small Businesses, Herefordshire Chamber of Commerce, Rural Community Council for Hereford & Worcester together with involvement of the council's Development Management, Economic Development sections and Herefordshire Partnership.

## **8.0 Conclusion**

8.1 The consultation responses would suggest that the policy direction on the rural economy and diversification should consider the following:

1. protect the countryside and maintain its local distinctiveness;
2. protect local rural facilities and support traditional agricultural practices;
3. promote local rural economy and encourage new business; and
4. develop a policy that supports a wide range of farm diversification projects.

8.2 The Employment Land Study identified that rural diversification and regeneration should be promoted and rural economy growth through live/work units and home-working should be recognised and enhanced. It also identifies that there isn't necessarily a need to allocate strategic or small scale employment sites within the rural areas as these should be concentrated to main urban areas where significant housing development is to be allocated.

## **9.0 Way forward**

9.1 Further consultation will be undertaken with the groups and bodies indicated within section 7 to assist in the formulation of the specific criteria to be contained within the rural development and diversification Core Policy.

- 9.2 Whilst Herefordshire Council needs to demonstrate that there are clear mechanisms for monitoring the outcomes of policies (including rural economy and diversification policies) within its Core Strategy, it is not possible within this report to propose indicators as the policy criteria is yet to be decided.
- 9.3 The impact of the rural economy and diversification policies will be closely monitored however, to ensure that they are having the desired effect of supporting the rural economy and diversification projects. The results will be collected from the details on planning applications and will be included in the Annual Monitoring Report.
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## **Appendix 1**

Summary of responses from stakeholders:

### *West Midlands Regional Assembly*

The approach to service provision for rural areas and access to these facilities should be directly related to the development of the settlement hierarchy and reflect the need to create a balanced network of service centres. As the Core Strategy progresses to Preferred Options stage it would be advisable for it to take account of emerging research on critical rural services being developed as part of the Regional Spatial Strategy phase 3 revision.

### *English Heritage*

The Core Strategy will need to balance the needs of diversifying the rural economy with protecting and enhancing the quality of the rural landscape and its settlements. A criteria based policy to aid the diversification of the rural economy and capitalising on the county's strengths must reflect this environmental imperative and establish a robust policy framework for ensuring that new activities respect the environmental quality of the area but also seek to enhance it.

### *Natural England*

Need to develop policy through Development Plan Documents.

### *Campaign to Protect Rural England*

Small businesses that need to be in rural areas encompass much more than just farming.

### *National Farmers Union*

A new policy option should be developed that supports a wide range of farm diversification projects and also fosters and supports a wide range of new rural businesses.

### *Wye Valley AONB*

Within the Areas of Outstanding Natural Beauty there are opportunities for rural diversification both within settlements and on farms in terms of scale, numbers, mix, etc. . . within smaller settlements, in order to support local communities and provide for sustainable communities – economically, socially and environmentally.