

Public Document Pack

EAST HERTFORDSHIRE DISTRICT COUNCIL

NOTICE IS HEREBY GIVEN that a meeting of East Hertfordshire District Council will be held in the Council Chamber, Wallfields, Hertford on Wednesday 29th January, 2020 at 7.00 pm, for the purpose of transacting the business set out in the Agenda below, and you are hereby summoned to attend.

Dated this 21 January 2020

Jonathan Geall
Head of Housing and
Health *and*
Acting Head of Legal
and Democratic Services

Note: Prayers will be said before the meeting commences. Those Members who do not wish to participate will be invited to enter the Chamber at their conclusion

AGENDA

1. Chairman's Announcements

To receive any announcements.

2. Apologies for Absence

To receive any Members' apologies for absence.

3. Declarations of Interest

To receive any Members' declarations of interest.

4. Appointment of Section 151 Officer (Pages 7 - 10)
5. Executive Report - 21 January 2020 (Pages 11 - 12)
6. Bishop's Stortford High School Site (BISH6) Masterplanning Framework (Pages 13 - 46)
7. East of Manor Links (BISH9) Masterplanning Framework (Pages 47 - 82)
8. South of Hertford (HERT5) Masterplanning Framework (Pages 83 - 124)
9. Bircherley Green – Hertford Town Centre Urban Design Strategy Update (Pages 125 - 244)
10. Corporate Plan 2020/21

The report will follow, to enable any comments received from Executive Members to be incorporated.

11. Budget and Medium Term Financial Plan 2020/21 (Pages 245 - 304)
12. Capital Strategy 2020 Onwards (Pages 305 - 338)
13. Treasury Management Strategy 2019/20 (Pages 339 - 390)
14. Exclusion of Press and Public

That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the discussion of the exempt appendix to the following item (Millstream 30 Year Business Plan – 2020/21) and of the exempt report and appendix to the following item (Old River Lane Investment Opportunity) on the grounds that it would be likely to involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the said Act

(information relating to the financial or business affairs of any particular person, including the authority holding that information).

15. Millstream 30 Year Business Plan 2020/21 and Council Cashflows
(Pages 391 - 432)

16. Old River Lane Investment Opportunity (Pages 433 - 464)

DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.
2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.
3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.
4. It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

Public Attendance

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If you think a meeting you plan to attend could be very busy, you can check if the extra space will be available by emailing democraticservices@eastherts.gov.uk or calling the Council on 01279 655261 and asking to speak to Democratic Services.

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Everyone is welcome to record meetings of the Council and its Committees using whatever, non-disruptive, methods you think are suitable, which may include social media of any kind, such as tweeting, blogging or Facebook. However, oral reporting or commentary is prohibited. If you have any questions about this please contact Democratic Services (members of the press should contact the Press Office). Please note that the Chairman of the meeting has the discretion to halt any recording for a number of reasons, including disruption caused by the filming or the nature of the business being conducted. Anyone filming a meeting should focus only on those actively participating and be sensitive to the rights of minors, vulnerable adults and those members of the public who have not consented to being filmed.

Implementing paperless meetings will save East Herts Council approximately £50,000 each year in printing and distribution costs of agenda packs for councillors and officers.

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Visit <https://www.eastherts.gov.uk/article/35542/Political-Structure> for details.

The Council is moving to a paperless policy in respect of Agendas at Committee meetings. From 1 September 2019, the Council will no longer be providing spare copies of Agendas for the Public at Committee Meetings. The mod.gov app is available to download for free from app stores for electronic devices.

East Herts Council Report

Council

Date of Meeting: 29 January 2020

Report by: Jonathan Geall, Acting Head of Legal and Democratic Services

Report title: Appointment of Section 151 Officer

Ward(s) affected: All

Summary

In accordance with section 151 of the Local Government act 1972, Bob Palmer to be confirmed as the Council's interim Chief Financial Officer/Section 151 Officer.

RECOMMENDATIONS FOR COUNCIL:

(a)That the appointment of Bob Palmer as the Council's Chief Financial Officer and Section 151 Officer be approved.

1.0 Proposal(s)

1.1 That the appointment of Bob Palmer for six months commencing 17 December 2019 as Chief Financial Officer/Section 151 Officer be confirmed.

1.2

2.0 Background

2.1 Under section 151 of the Local Government Act 1972, the Council has a duty to appoint a Chief Financial Officer ("S.151 Officer).

2.2 As a result of the departure of Isabel Brittain, during the period prior to expiry of her notice, the Chief Executive has appointed Bob Palmer to the role of S.151 Officer,

on an interim basis for six months. The six month appointment commenced on 17 December 2019 and will end on 16 June 2020.

- 2.3 Part 2, Chapter 10 of the Council's Constitution provides, at Item 2j, that the Council will engage designated chief officers. The posts listed include the Chief Financial (s 151 Officer). The appointment of the Chief Financial Officer is to be carried out by the Chief Executive, and ratified by Council.

3.0 Reason(s)

- 3.1 To comply with the requirements of section 151 of the Local Government Act 1972.

4.0 Options

- 4.1 None.

5.0 Risks

- 5.1 The Council would act unlawfully by not appointing an Officer to the post of s.151 Officer.

6.0 Implications/Consultations

- 6.1 The Executive Member for Financial Sustainability has been consulted.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

The costs of the interim appointment will be met primarily from salary savings arising from vacant posts in the Strategic Finance and Property Service. Any shortfall in funding will be met from reserves.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Yes, as indicated above.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 None

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East Herts Council Report

Council

Date of Meeting: 29 January 2020

Report by: Leader of the Council

Report title: Executive Report

Ward(s) affected: All

Summary

This report confirms the recommendations to Council made by the Executive at its meeting on 21 January 2020.

RECOMMENDATIONS FOR COUNCIL:

- (a) To receive the record of decisions of the Executive, and, if available, the Minutes of the Executive's meeting on 21 January 2020.**

1.0 Background

1.1 Since the last meeting of the Council, the Executive has considered and supported a number of recommendations to Council for its meeting on 29 January 2020.

1.2 The reports relating to all items on which recommendations were made to Council for its meeting on 29 January 2020 are included in full on this agenda.

1.3 The decision sheet and Minutes from that meeting, when available, may be viewed at [Executive](#) 21 January 2020.

2.0 Background papers, appendices and other relevant material

2.1 Decision Record and Minutes of Executive meeting of 21

January 2020 – to be published as soon as practical.

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East Herts Council Report

Council

Date of Meeting: 29 January 2020

Report by: Cllr Haysey, Leader of the Council

**Report title: Bishop's Stortford High School Site Masterplan
Concept Document**

Ward(s) affected: All

Summary

- To enable Members to consider the Masterplan Concept Document for the Bishop's Stortford High School Site.

RECOMMENDATIONS FOR COUNCIL:

- (a) The Masterplan Concept Document for the Bishop's Stortford High School Site, as detailed at Appendix A to this report, be agreed as a material consideration for Development Management purposes.**

1.0 Proposal(s)

- 1.1 The Masterplan Concept Document sets a vision and series of objectives for the future development of the Bishop's Stortford High School Site on London Road, Bishop's Stortford. The Document reflects the policy requirements of Policy BISH6 of the East Herts District Plan, 2018 and it is therefore recommended that the Masterplan Concept Document be agreed as a material consideration for Development Management purposes.

2.0 Background

- 2.1 The East Herts Approach to Master Planning was first presented to the District Planning Executive Panel in September 2017 (and agreed by Council on the 18th October 2017). The report set out a series of steps that describe the various stages involved and processes expected for each of the District Plan strategic allocations. Whilst not a one-size-fits-all approach, the process is based upon a collaborative approach to identifying and resolving issues, creating a vision for what the site aspires to achieve, testing design options and consulting upon preferred solutions. The output of this process is a masterplan framework or masterplan which is presented to members for consideration.
- 2.2 In order to embed the Masterplanning process in the District Plan, Policy DES1: Masterplanning requires all 'significant' development proposals to prepare a masterplan setting out the quantum and distribution of land uses; access; sustainable high quality design and layout principles; necessary infrastructure; the relationship between the site and other adjacent and nearby land uses; landscape and heritage assets and other relevant matters. Furthermore, the masterplan should be collaboratively prepared and informed by public participation. Finally, Policy DES1 states that in order to ensure sites are planned and delivered comprehensively, any application for development on part of the site will be assessed against its contribution to the masterplan as a whole.
- 2.3 For each of the strategic sites allocated in the emerging District Plan, a Steering Group has been, or will be established. This will comprise East Herts councillors, town and parish councillors, representatives of the local community and other interested groups where appropriate. The Steering Group is a sounding board for key issues and depending upon specific circumstances, for discussing detailed design elements whilst preparing the planning application through to when construction is underway.

3.0 Considerations

- 3.1 The land at The Bishop's Stortford High School Site is a strategic allocation within the adopted District Plan under Policy BISH6.
- 3.2 Policy BISH6 sets out the proposed land uses and other policy requirements as well as a requirement that a masterplan is produced in a collaborative manner with stakeholders. The site allocation is for around 150 homes, which takes into account the need to set aside part of the site for the provision of open space on the western part of the site as well as the expansion of the Thorley Hill Primary School which is on land adjacent to the site.
- 3.3 The development of the site will follow the relocation of the Bishop's Stortford High School campus to land south of Whittington Way, as part of the wider development of the Bishop's Stortford South site (granted permission in March 2019). The school relocation has been granted permission by the County Council and Reserved Matters details are currently being considered by County Council officers.
- 3.4 The Masterplan Concept Document (provided in **Appendix A**) describes the steps taken to consider the physical context of the site, including an analysis of the surrounding design, urban form and density of properties in the vicinity of the site. It then looks at the particular characteristics of the site and explores the opportunities arising from these characteristics such as connections with existing residential areas and embracing existing trees and landscape to shape the developable area of the site.
- 3.5 The Document sets out a vision for the delivery of 223 homes. This vision has been developed through undertaking a detailed analysis of the constraints and opportunities of the site, through discussions with the local community and key stakeholders including local ward members, the Town Council and Civic Federation at a public exhibition and through the Steering Group process.

- 3.6 Section 2 of the Masterplan Concept Document describes the steps taken to consider the physical context of the site, including an analysis of the surrounding design, urban form and density of properties in the vicinity of the site. It then looks at the particular characteristics of the site and explores the opportunities arising from these characteristics such as connections with existing residential areas and embracing existing trees and landscape to shape the developable area of the site.
- 3.7 Section 3 of the Masterplan Concept Document includes a summary of the community engagement that has taken place and how the comments received have been taken into account. 1,300 newsletters were delivered to neighbouring residents, with 38 responses received through this process. 147 residents attended an exhibition in July, 67 of which completed feedback forms (62 at the event and 5 using a freepost address). The key concerns raised by residents included traffic impacts and the need for investment in community infrastructure such as doctors' surgeries. This section illustrates how the illustrative masterplan has evolved through the engagement process.
- 3.8 The Masterplan Concept Document then looks at the design concepts and principles that have been applied to the overall scheme proposal in Section 4. These principles respond to the identified opportunities and constraints, and key concerns raised during the public engagement. These principles include accessibility, safety and security, a relationship with surrounding residential areas, density, parking and servicing and height and scale, links and connections.
- 3.9 The Masterplan Concept Document also includes an illustrative landscape design, which has evolved through discussions with the Council's Landscape Officer and Urban Design Officer. Furthermore, the Masterplan Concept Document includes illustrative elevational designs, looking at materials and features which take reference from surrounding residential areas.
- 3.10 An illustrative dwelling mix and tenure is provided, which has been the subject of pre-application discussions with the

Council's Housing Officers. The document sets out that all homes will meet accessibility standards and the layout will facilitate legibility for those with visual and aural impairment through soft and hard landscaping, lighting and materials. The document further sets out how the site will be managed and maintained in the future through a landscape management plan, and how safety and security will be achieved through design and access measures.

- 3.11 The Masterplan Concept Document sets out how the application will address sustainability in terms of energy and emissions; how sustainable drainage features will be integrated into the design to manage surface water drainage requirements, which take account of uplifts for climate change resilience; how water consumption and waste will be managed; and how each home will benefit from fibre to the premises broadband connections and how electric vehicle charging will be provided in a configuration to be determined at the detailed planning stage.
- 3.12 The matter of most debate at each of the Steering Group Meetings has been the impact of the development on the local highway network, in particular because the proposal is for an increased number of new homes above those which are allocated in the District Plan policy. The Concept Document therefore includes a sub-section on transport and access principles, which looks at the policy requirements of maximising sustainable transport options and walking and cycling routes into and through the development site. Detailed work is ongoing on highways matters and will form a part of the application.
- 3.13 Section 5 of the document concludes with an illustrative masterplan layout which brings together all the above elements.
- 3.14 An application is anticipated this winter. The application will be an Outline Application with the majority of matters reserved apart from the main access point into the site.

Engagement

- 3.15 There have been a number of Steering Group and Officer Meetings throughout 2019. The Steering Group initially comprised local ward members who met in February and July. More recently, the Steering Group also included representatives from the Bishop's Stortford Town Council and Civic Federation who made valuable contributions to the discussion at a meeting in October. Furthermore, a public exhibition was held in July, hosted at the school. Approximately 1,300 homes and businesses from the surrounding area, were sent a newsletter and invitation to the exhibition. The leaflet distribution area was agreed with officers in consultation with members.
- 3.16 In addition to the Steering Group Meetings, several pre-application meetings have taken place with officers of the Council and County Council focusing on issues such as highways, education, landscape and design.

Conclusions

- 3.17 It is the view of Officers that the Masterplan Concept Document provides a sound basis upon which to move forward to prepare the detailed application stages. It provides a framework for the main issues of significance in relation to the proposal, whilst providing enough flexibility that further detail can be agreed at appropriate stages at a later date. Officers will continue to work with the applicant and other stakeholders to ensure that the best design possible is achieved on this site.
- 3.18 The Masterplan Concept Document contains a vision and series of objectives that reflect the requirements of Policy BISH6, and with appropriate design tools, these ambitions will be achieved on the site. It is therefore recommended that the Masterplan Concept Document as detailed at Appendix A, be agreed as a material consideration for Development Management purposes¹.

4.0 Options

- 4.1 The District Plan requires strategic sites to undertake a masterplanning process.

5.0 Risks

- 5.1 If a scheme comes forward without going through the masterplanning process, it would be contrary to the District Plan.

6.0 Implications/Consultations

- 6.1 The masterplanning process includes public engagement and steering group meetings with members and local representatives.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

Bishop's Stortford: All Saints, Central, Meads, Silverleys and South

7.0 Background papers, appendices and other relevant material

- 7.1 East Herts District Plan October 2018 – Chapter 5 - Bishop's Stortford, <https://www.eastherts.gov.uk/districtplan>
- 7.2 Appendix A: The Bishop's Stortford High School Site Masterplan Concept Document

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¹ A material consideration is a matter that should be taken into account in deciding a planning application or on an appeal against a planning decision.



the bishop's stortford high school



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1.0 introduction

1.1 Overview

The Bishop's Stortford High School is seeking Outline Planning Permission, from East Herts District Council, for the demolition of all existing buildings and the redevelopment of the site to provide up to 223 dwellings, with associated access, parking, and landscaping, and vehicular access to the Thorley Hill Primary School. This Outline Application is for Access only, with all other matters being reserved.

This Masterplan Document has been prepared in line with the requirements of Policy BISH6 Part III of the Adopted East Herts District Plan which states that a Masterplan will be collaboratively prepared involving site promoters, landowners, Council and other key stakeholders.

We acknowledge and welcome the increasing necessity for high quality design in new developments, set down within the National Planning Policy Framework and associated design guidance. The high standard of design which this masterplan embodies is essential to the positive contribution that the development will provide, both to the local character and to the community.

The design and development standards set down within East Herts District Council policies and guidance have been responded to and developed within our planning and architectural proposals. We have also been directed by our detailed appraisal of the local context and the established development pattern and character, with insight from a comprehensive Professional Team across a range of disciplines. In particular, the following consultants have contributed:

- Architectural Consultant: [DHA Architecture](#)
- Planning Consultant: [Lambert Smith Hampton](#)
- Transport Consultant: [Pell Frischmann](#)
- Environmental Consultant: [Daedalus](#)
- Arboricultural Consultant: [Pell Frischmann](#)
- Community Consultant: [MPC](#)

The masterplan has been informed through a public exhibition and feedback from local residents and stakeholders, and the scheme has been presented to the Member's at the District Council's Steering Group for the Bishop's Stortford School Site throughout the evolution of the project from inception.

In the following chapters we set down our design strategy, detailing the urban design, landscape design, architectural approach and access principles for the scheme, and describe the way in which the form of the site and the open space areas provide a legible and positive experience of the development, enhanced by a consistent architectural style and materials palette.

The design team has strived to create a sensitively considered scheme and high quality built environment that aims to meet local and national aspirations for sustainability and character.



1.2 The Vision

“Create a new environment which enhances both the landscape and the built character of the neighbourhood, delivering sustainable development for Bishop's Stortford...”

We aspire to create a thriving, flourishing place, where residents engage with the locality, are keen to connect with each other and with the area, and are inspired to look after and maintain the high quality of their surroundings.

To achieve a successful development, the design team has sought to understand the site and how it relates to London Road, as well as the wider Bishop's Stortford area. Technical studies have been undertaken to support this analysis, including assessment of the landscape, visual setting, the character of the area in built form and spaces, movement and access, and sustainability.

Engagement has also taken place with a number of key stakeholders in order to understand the needs and aspirations of the town in relation to its potential for growth.

This knowledge guided the evolution of the development layout, landscape strategy, access principles, architectural design, and eventually the new place. The new development will create buildings and spaces which will enrich the character of Bishop's Stortford and the wider area, including the green link, new housing, the streets and public realm.

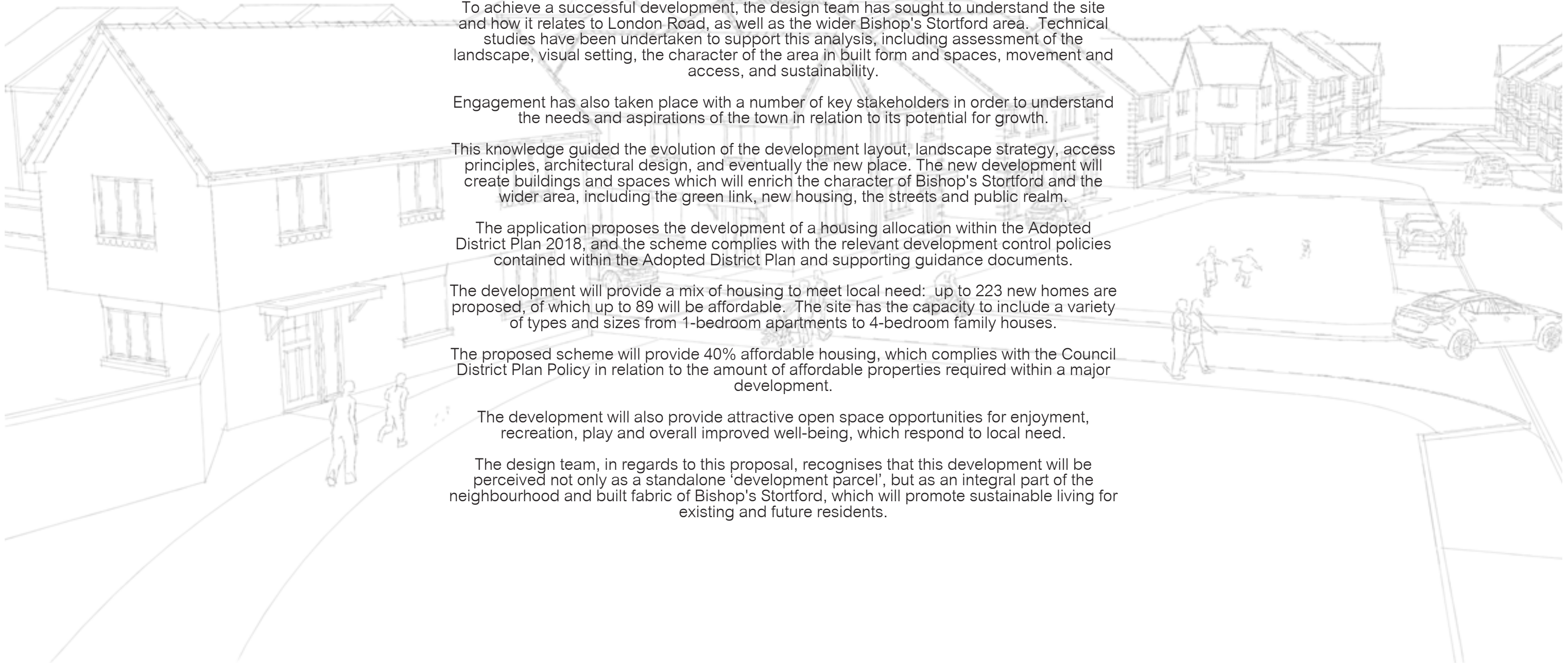
The application proposes the development of a housing allocation within the Adopted District Plan 2018, and the scheme complies with the relevant development control policies contained within the Adopted District Plan and supporting guidance documents.

The development will provide a mix of housing to meet local need: up to 223 new homes are proposed, of which up to 89 will be affordable. The site has the capacity to include a variety of types and sizes from 1-bedroom apartments to 4-bedroom family houses.

The proposed scheme will provide 40% affordable housing, which complies with the Council District Plan Policy in relation to the amount of affordable properties required within a major development.

The development will also provide attractive open space opportunities for enjoyment, recreation, play and overall improved well-being, which respond to local need.

The design team, in regards to this proposal, recognises that this development will be perceived not only as a standalone 'development parcel', but as an integral part of the neighbourhood and built fabric of Bishop's Stortford, which will promote sustainable living for existing and future residents.



1.3 Site Location and Boundary



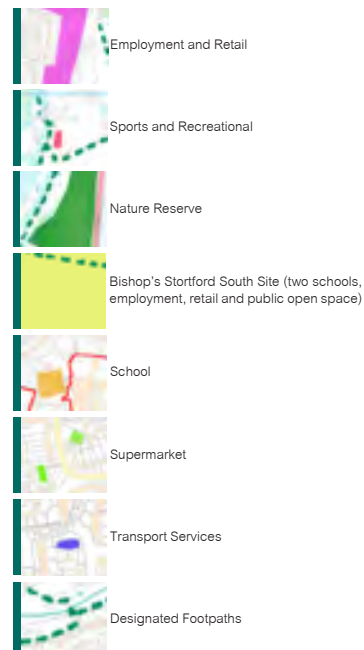
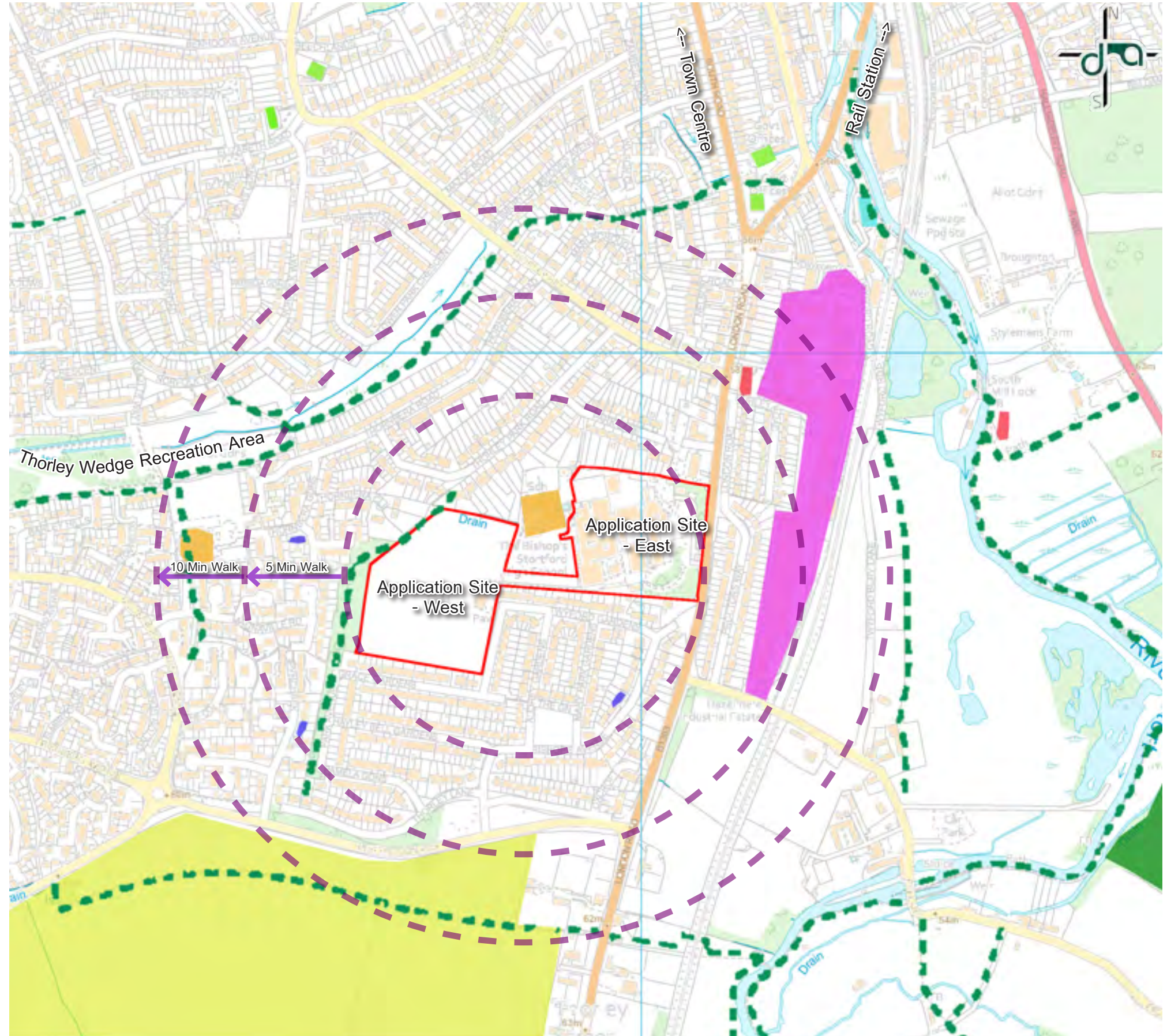
2.0 site context

2.1 Site Context Analysis

A thorough analysis of the physical context of this part of Bishop's Stortford and the residential areas surrounding the development site has been undertaken by the consultant team. The context of the site is shown opposite. The application site is accessed off London Road, a historic north-south route connecting Harlow and Saffron Walden. This neighbourhood to the south of the settlement is an established residential area which lies approx. 1.2km south of Bishop's Stortford railway station and approx. 1.3km south of Bishop's Stortford town centre. A supermarket, local centre and health centre complex lies approx. 1km to the west.

This area is particularly well served by public footpath routes and green spaces, highlighted by the green dash, both around the southern and eastern edges of the settlement (incorporating the Southern Country Park and the River Stort navigation) as well as through the core of the residential area ('Thorley Wedge'). The neighbourhood also includes some industrial/warehousing premises along its eastern boundary, as well as primary schools, public houses and places of worship which serve the local community.

This part of Bishop's Stortford shows evidence of the southward expansion of the town during the inter-war and post-war periods: the application site lies between 1930s-era development to the north and 1950s-era development to the south, as well as a 1960s estate to the west and late 20th century infill apartments to the immediate north. These areas are illustrated overleaf.



2.2 Site Context of Southern Bishop's Stortford

Analysing where the application site is situated within the local context is an important factor to consider in order to produce a considerate and well integrated masterplan, that not only responds to the immediate context, but also provides opportunities for the existing neighbourhood to utilise. Different streets and environments around the application site, as highlighted in the map and subsequent pages, gives an interpretation into the character of this particular area, and highlights the individual elements the masterplan should respond to.

The map opposite displays some key streets and residential environments that provide an insight into the close relationship related to the application boundary and inform the character of the immediate area. The masterplan aims to respond to these areas and more detail is found on the following page.



Ref.1 - London Road/Mitre Gardens Area



Urban Form: Typical inter-war semi-detached villas set regularly along a slip road parallel to the principal movement corridor; further south the dwellings back onto the main road. Recent 3-storey apartment blocks address the main road at an oblique angle behind tree frontages.

Design & Materials: Hipped-roof 'villas' in brick and pebble-dash/render, with simple storm porches and relatively small casement windows. The apartments show general historic-vernacular features including contrasting brick banding, rendered 3-storey bays and eave-line gables.

Landscape & Open Space: This part of London Road is partially lined by mature trees, as the character of the town transitions from the countryside edge to the built-up area. This transition is reinforced by the neatly trimmed hedgerow which separates the slip road from the main road further from the settlement edge.

Car Parking: The streetside parking and converted front gardens to the semi-detached villas make the parked cars prominent in the street scene, and reduce the green frontage space. The apartments have a rear car park.



Ref.3 - Magnaville Road Area



Urban Form: Dating from a slightly later period, this estate is made distinctive by its geometric arrangement of dwellings set around more sinuous road alignments, generally culs-de-sac. The perimeter blocks are less clearly defined with several maisonette buildings surrounded by semi-public/communal grassed space.

Design & Materials: Three basic building forms have been used throughout this estate: a deep gable-fronted type, a type with a front projection with a long catslide roof, and a maisonette type. White boarding is a common infill material.

Landscape & Open Space: The communal spaces are generally grassed without planting or beds; however the streets (particularly the culs-de-sac) incorporate street trees, in islands and verges.

Car Parking: Cars have generally been designed into the layout in this area: including a mixture of garages, car ports and driveways. However the grouped parking creates some large areas of hardstanding.



Ref.2 - Twyford Gardens/Grace Gardens/Audrey Gardens Area



Urban Form: Perimeter block estate of post-war housing, generally semi-detached shallow-depth dwellings with minimal gaps between. Corner buildings are angled creating additional frontage space for landscaping but smaller rear gardens.

Design & Materials: Simple building forms with minimal detailing in brick and render, originally with inset porches but generally now extended forward. Casement windows have wider proportions than the earlier dwellings. Several dwellings incorporate an interesting pattern of small square windows.

Landscape & Open Space: These streets tend to include a number of street trees as part of their character. Front gardens, where not converted to parking, are commonly hedged. A small grassed green in this area creates an attractive community resource (shown on page 12).

Car Parking: Streetside parking and converted front gardens (with some later garages) make the parked cars prominent in the street scene, and reduce the green frontage space.



Ref.4 - Thorley Park Road/Park Lane Area



Urban Form: To the north of the application site, these streets are from a similar era to the London Road/Mitre Gardens area (ref.3); there is some regularity to the street scenes, and a strong building line along longer straighter corridors. Park Lane is unusual for this area in that it is a cul-de-sac, although a footpath connects the street to London Road.

Design & Materials: There are two common housetypes evident to this area: a detached building form with a barn-hipped front gable and splay bay, and a semi-detached building form with paired bay, distinctive arched inset porches and hipped roofs. Render and pebble-dash are commonly used, and the large-format windows differentiate these buildings from those along London Road/Mitre Gardens.

Landscape & Open Space: The higher proportion of street trees give an 'avenue' character to these streets, and the front gardens that remain generally include hedged frontages.

Car Parking: Spaces between and in front of the original dwellings have been converted for garages and driveways.



2.3 Landscape and Environment

- The site lies towards the south-eastern edge of the settlement. The character of London Road in particular, transitions from a rural setting into a more built urban form.
- The neighbourhood benefits from a variety of mature open space opportunities nearby: including the River Stott and surrounding countryside, and the Thorley Wedge which comprises a swathe of green space running through the residential areas.
- Smaller green spaces also contribute to the character of specific areas, including The Green and the wooded footpath corridor which runs along the western boundary of the application site.
- The site itself, whilst accommodating a secondary school is also characterised by mature landscaping along the eastern boundary adjacent to London Road. This creates a distinctive environment when entering the site from London Road.

Ref.5 - London Road Green Corridor



Ref.8 - Public Footpath through Wooded Corridor



Ref.6 - River Stott & Southeastern Open Space



Ref.9 - Thorley Wedge



Ref.7 - The Green



2.4 Characteristics of the Site

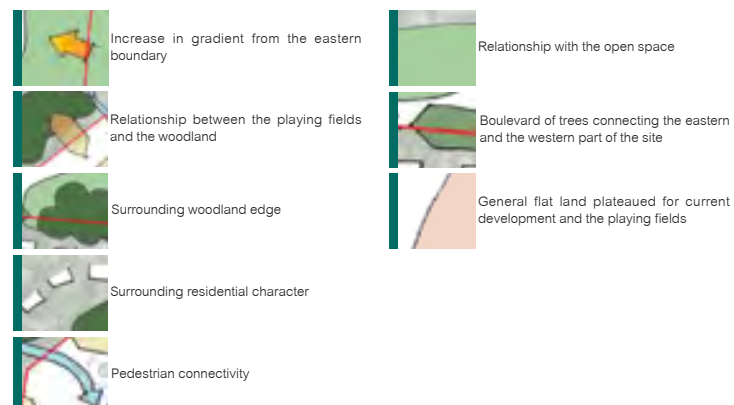
The site is 6.94Ha in area and is presently occupied by the Bishop's Stortford High School, including approximately 0.16ha of land subject to a land swap with Thorley Hill Primary School.

The site consists of two distinct land parcels linked via an access road. The eastern parcel which includes the entrance to the site, is characterised by a significant coverage of circa 1960's buildings of varying scale and height; areas of hard standing in the form of car parking; playground and a verdant green landscaped frontage which accommodates varying level differences. The western parcel includes a 2-storey building and playing fields.

- The site has significant level differences at the eastern boundary where the access connects to London Road. Current access routes are located between trees and within landscaped areas allowing a comfortable access gradient.
- Playing fields are bound by woodland back drop, creating an impermeable visual screen.
- Woodland Edge is native and unmanaged, providing an attractive natural habitat.
- Undefined boundaries allow pedestrian connectivity through the site. Access into the woodland areas is via informal trodden pathways and access from Twyford Gardens is via a school gate.
- The playing fields of Thorley Hill Primary School bisect the site which creates the eastern and western parcels with the playing fields creating a sense of openness between the two large parcels.
- A strong line of boulevard trees connects the two land parcels which are distinctive in their alignments and positioning to the site.
- The eastern land parcel has a good proportion of levelled land which was likely to have been done to accommodate the school and its hard surfaced play areas. The western parcel has some level differences but is flat enough to have been used for playing fields.



Key:



2.5 Design Constraints and Opportunities




- Following the Context and Site Appraisal shown in the previous page, the Concept Plan was formed based on the site constraints and relevant opportunities, shown opposite. The urban form and character of the surrounding areas identified a mixture of housing styles and layouts, but with rigid and linear streets to the east and south east and more natural curving streets to the north and west, where natural landscaped areas appear to have influenced street patterns, as shown in the townscape character of the surrounding area map below.
- Taking influence from this, the eastern part of the concept plan is more of a regimented shape and provides more linear streets with key focal points along the way, whilst also providing the opportunity for dwellings to surveillance areas of public open space and also provide secure back to back development in perimeter blocks and against existing residential boundaries.
- The access location will remain unchanged but its design in terms of gradient and alignment requires careful consideration to minimise tree loss. A sinuous road alignment to reduce the change in topography is required and this approach reinforces the character to roads seen west of the site. The design approach for the western side of the site recognises the opportunity for pedestrian connections throughout. An area of public open space is located adjacent to Grove Gardens with the new dwellings and those of Grace Gardens surrounding it, creating a new central space for an integrated community.
- A green landscaped corridor incorporating pedestrian connections and new streets radiates out from this space, which in turn has intersecting arcing streets which are a response to the shape of the site and the general townscape west of the site.



Townscape Character of the Surrounding Area



Key:

-  More formalised perimeter blocks
-  Outward looking development
-  Access route aligned to respond to levels
-  Open space at core of new and existing neighbourhood
-  Radiating green corridor
-  Arcing routes as a response to adjacent townscape

Page 32 3.0 community engagement

3.1 Statement of Community Involvement

The redevelopment of the Bishop's Stortford High School site has been publicised and consulted with local residents and stakeholders over the last 15 years. This has been through planning applications, appeals and District Plan promotion.

Since the allocation of the School site in the District Plan in July 2018, the applicant has engaged with the District Council through pre-application discussions. This has included two steering group meetings with District Council Ward members on 13th February and 1st July 2019.

On the 10th July 2019 a public exhibition was held at the school, with a preview session for East Hertfordshire District Councillors and Bishop's Stortford Town Councillors to view the exhibition material before the exhibition was open to the general public from 4pm to 8pm.

A report of the public exhibition was prepared by Meeting Places Communications (MPC).

- A public exhibition was held at The Bishop's Stortford High School (TBSHS) on London Road, Bishop's Stortford on Wednesday 10 July between 4pm and 8pm for local residents and businesses to view and provide their feedback on the proposals to develop a residential housing scheme on the current school site. A preview session was organised for East Hertfordshire District Councillors and Bishop's Stortford Town Councillors to view the exhibition materials immediately beforehand between 3pm – 4pm.
- Prior to the event, invitations were delivered to approximately 1,300 addresses in a radius surrounding the site that was agreed with planning officers at East Herts District Council. Local Councillors also received a personalised invitation to the exhibition. A map outlining the delivery area is outlined below. As well as the area shown in the highlighted area, all addresses along Pig Lane also received an invitation to the exhibition.
- In the newsletter, residents were encouraged to provide feedback on any issues they believe should be considered in regard to redevelopment of the TBSHS site. Of the 1,300 newsletters delivered, 38 were returned. This equates to a written response rate of 2.92%.
- Of those that provided feedback, a high number of residents stated they live in close proximity to TBSHS. In their comments, residents said consideration should be given to the impact new housing would have on traffic in the local area. Several respondents stated a new traffic network would be needed to ensure congestion does become a significant issue in and around London Road. Further questions were asked about the impact the development would have on green space, and how much investment would be required in infrastructure projects, such as a doctor's surgery, to meet the needs of the subsequent population increase.
- 147 residents attended the consultation, a turnout of 11.3%. At the event, 62 completed feedback forms were completed. A further five forms were completed and delivered using the Freepost. In total, 67 feedback forms were completed, equating a written response rate of 45.57%.
- Respondents identified a number of key aspects of the scheme were important to them. These included issues as the provisions for open green space, and assurances traffic in the local area will not be increased by the construction of new homes. Whilst a number of residents expressed concern that the subsequent population increase could have on congestion, particularly around London Road, there was an appreciation these plans have to be progressed to deliver the new TBSHS campus. With regard to the new school site, respondents spoke positively over TBSHS' ambitions to expand and enhance their activities and offer enriched sporting facilities for community use.
- While some residents registered their opposition to the provision of new homes of the current school site and subsequent impact on existing infrastructure and transportation services, a majority of respondents stated they were supportive of the principle for the development. This is demonstrated by the fact that 62.1% of respondents stated they supported the emerging proposals for the current school site.

The comments raised through the public exhibition have been taken into account in progressing and developing the concept of the Masterplan.

Community Involvement Zone



Community Engagement Photos



3.2 Illustrative Masterplan Evolution

The following set of plans show how the illustrative masterplan has changed and evolved, taking into account comments made through the steering groups and public exhibition.



4.0 design concept & principles

4.1 Development Principles

Through the analysis of the site, the masterplan begins to implement key elements that respond to the existing context and form the principles of the proposed scheme. The illustrative layout shown opposite explains the thought process and considerations made and goes further to explain how the key principles have responded to particular considerations.

- 1 Alignment of access road considered to reduce impact on adjacent group of trees.
- 2 Development designed to respond to the natural site levels.
- 3 Provide active dwelling frontage onto public open space and to address site frontage.
- 4 Secure perimeter block development
- 5 Core of development provides a nodal square where routes and pedestrian linkages intersect.
- 6 Apartment Buildings located near the school entrance to create a gateway into the residential area, to create separation from school activity.
- 7 School secondary access point.
- 8 Turn houses to back on to northern boundary to create secure back to back relationship.
- 9 Respect the privacy of adjacent houses. Secure rear garden to rear garden relationship.
- 10 Road and adjacent pedestrian footway link to separated housing areas.
- 11 Allow existing neighbours to overlook new public open space and benefit from the outlook.
- 12 Locate public open space to south eastern corner of site so that it can benefit existing neighbours and allow for connection through site, linking up with existing pedestrian desire lines.
- 13 Dwellings designed to actively police and overlook public open space.
- 14 Respect rear privacy of existing neighbours by providing a landscaped buffer to the southern boundary and by flanking new buildings onto this buffer.
- 15 Turn dwellings to face onto adjacent open space and woodlands to improve usability of the space and safety, whilst also creating an attractive outlook for the properties.
- 16 Create a wide landscaped corridor through the site, linking existing properties and existing desire lines. Directional views created to link public space and play areas.



4.2 Development Character

The factors identified within this evaluation of the neighbourhood and of the application site itself have been carefully considered and the important factors incorporated into the evolving scheme. The locality and the policy context call for an imaginative layout and a high standard of design, materials and landscaping which respond positively to the local context. The preliminary layout approach shown opposite received comments on the proposals which have been incorporated into the illustrative application layout:

- 1 A pedestrian link to London Road has now been shown, which will probably take the form of stepped access given the levels here.
- 2 The footpath connections to the primary school have been more clearly shown on the layout.
- 3 A turning space for vehicles has now been illustrated.
- 4 A physical buffer incorporating landscaping between dwellings and the primary school premises could be provided.
- 5 A footpath connection to the Public Right of Way is included in this location.
- 6 Dwellings have been reconsidered to provide a corner turning vista building facing the site and gardens.
- 7 The pedestrian link from Grace Gardens/Twyford Gardens to the amenity space has been improved.
- 8 The car parking alongside the amenity space has been relocated, to reduce its impact on the character of the space.



4.3 Illustrative Landscape Design

The landscape design, as a key consideration made from the analysis of the site, provides an attractive residential setting, which is in keeping with its surroundings and ensures that any potentially adverse landscape and visual impacts are appropriately mitigated. The site contains good quality trees in which should be retained to enhance the area along with the introduction of new trees to enforce a strong landscape connection between residents and nature. Further considerations made are as follows:

- The landscape strategy will form an extension to the green infrastructure currently in Bishop's Stortford, integrating it with the landscaping within the development.
- Pockets of landscaping have been created throughout the development providing a softer edge to the new built form.
- The tree lined boulevard which connects the eastern and western parcels ensures that the green buffer between the back gardens along Twyford Gardens and the new development is maintained.
- Pedestrian focused access into the site is met with an open area of green space and tree planting, providing a sense of arrival and visual amenity.
- Plot frontages will be detailed with a mixture of hard and soft landscape materials.
- Layout designed sensitively around existing trees within and adjacent to the site with particular regard to TPO'd trees. Several trees within a group TPO will be removed in order to create a safe access into the site and this has been discussed at pre-application stage with replacement and supplementary tree planting proposed.
- Current habitats and ecology will be given the opportunity to integrate with the proposed landscape with strong and consistent connections throughout the site. Easy access for residents to open space is a key feature of the site and promotes a quality space for people to enjoy.
- Numerous health and well-being attributes are linked with good levels of landscaping and open space, in which this masterplan actively promotes and focuses on a strong green connection throughout.
- Open space locations are located strategically around the site to fully integrate with the surrounding context and provide well surveillanced and good quality, usable spaces for all.



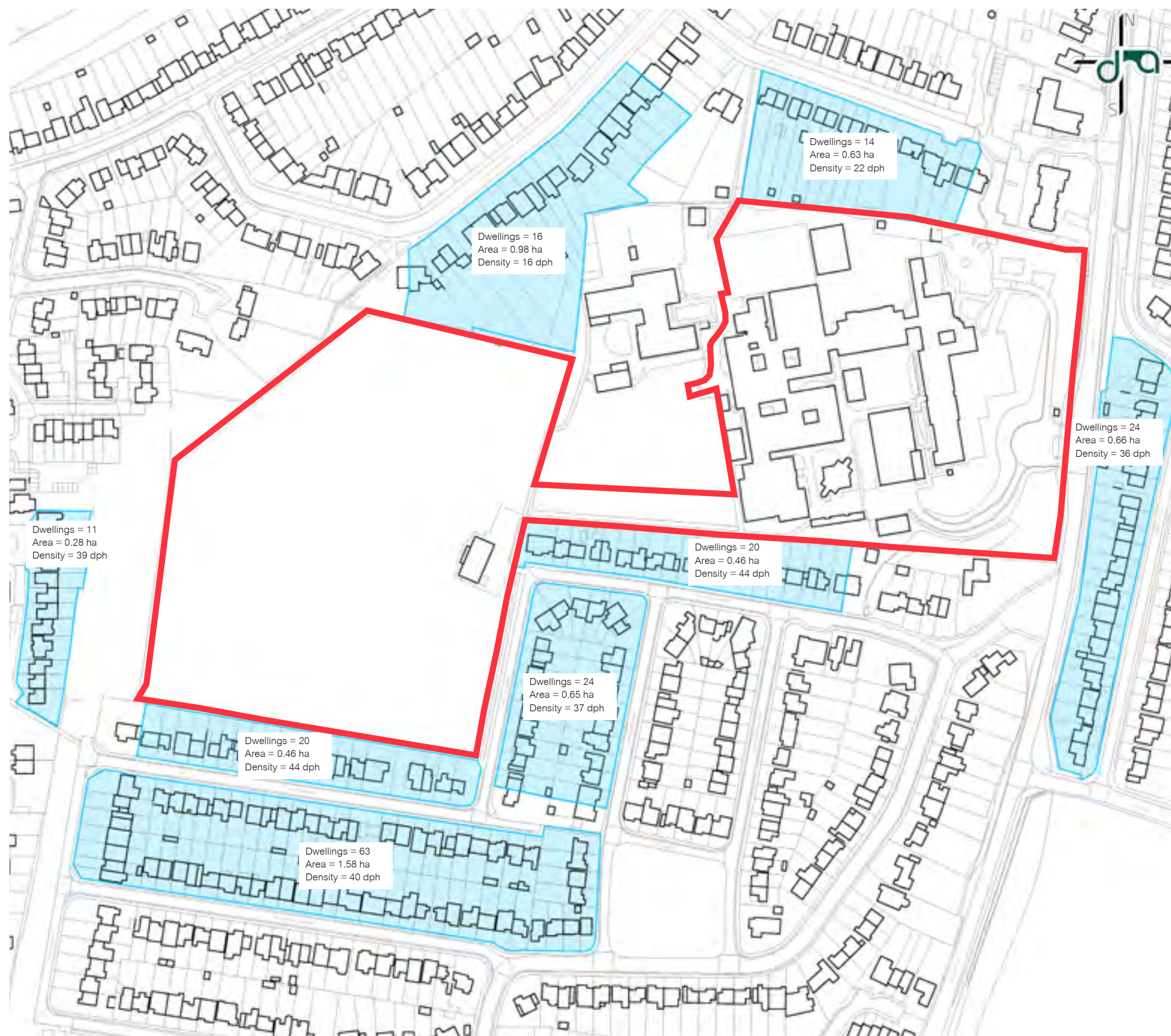
4.4 Surrounding Density

- The number of proposed dwellings and density of the proposed scheme has been very much based on the density of development from the surrounding area, taking account the suburban character of this part of Bishop's Stortford. The density also takes into account the constraints and opportunities of the site itself, and an opportunity provide an efficient use of the site.
- The adopted Neighbourhood Plan (2017) for the area, suggests that both the application site and adjoining Thorley Hill Primary school could accommodate up to 250 dwellings. This is a larger site within the Neighbourhood Plan as it includes the primary school, but would achieve a similar density to the current proposals.
- There was also an appeal decision in 2010 on the site, where the appeal inspector raised no objections to the High School site being developed for 220 dwellings. This appeal had a smaller site area to the existing application.

In comparison:

- The density of the 223 dwellings proposed is 33.57 dwellings per hectare, based on a site area of 6.94 hectares.
- The typical density of the surrounding area ranges from 36 to 44 dwellings per hectare with some pockets of lower density dwellings located around the northern and western edges of application site (see ref 20 opposite)
- The density of the 250 dwellings proposed in the Adopted Neighbourhood Plan is 30.83 dwellings per hectare, based on a site area of 8.11 hectares.
- The density of the 220 dwellings proposed in the 2010 appeal scheme at the High School is 33.08 dwellings per hectare, based on a site area of 6.65 hectares.
- The density of 150 dwellings proposed within the Adopted District Plan for the site is 23.14 dwellings per hectare, based on a site area of 6.48 hectares. This figure of 150 dwellings was based upon the primary school being expanded so in effect, applies to a smaller residential area than is currently proposed. The primary school expansion is no longer required.

It is considered that the proposed density of 33.57 dwellings per hectare is low density, characteristic of the suburban character of the area and comparable to density levels that have been previously considered appropriate on the site.



4.5 Illustrative Design



4.6 Height and Scale

The importance of considering how the proposed scheme integrates with the surrounding context is of key significance and so the heights of different areas of the masterplan have been highlighted to showcase how the issues of height and prominence have been addressed. The taller elements have been strategically placed around the masterplan to address key views and create attractive vistas, more so the information detailed below:

- The height and scale of the buildings have been considered through the site analysis and have evolved during the design stages of the Pre-Application process.
- The 3-storey apartment buildings are illustrated to create entrance features on vistas in key locations on the site, whilst providing active surveillance on wider areas of public open space.
- All of the houses are illustrated at 2-storey in height, with a traditional pitched gable end roof. Their footprints vary in dimensions with some short terraces, semis and detached houses, but are representative of that of the surrounding scale.



Illustrative 3 storey apartments (A-A)

Illustrative 2 storey dwellings (B-B)

Key:



4.7 Illustrative Elevational Design & Principles

In this context, a very appropriate design approach for these new homes is to maintain a traditional character which draws from the locality, as shown opposite, and to adopt an elevational palette which makes the experience of the new development cohesive and established in the neighbourhood.

Although the design of the buildings is subject to the detail of a Reserved Matters Application, it is suggested that late Edwardian/early Victorian influences should be used on this site, which has its inspirational origins from the town. The following page details example materials to be considered for the proposed dwellings.



Illustrative Street Scene

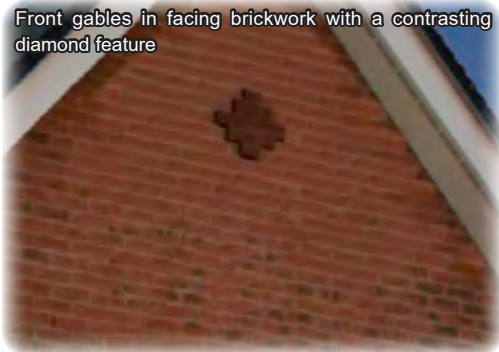


Illustrative Street Scene



4.7 Illustrative Elevational Design & Principles continued

Front gables in facing brickwork with a contrasting diamond feature



Front gables hanging



Feature gauged arch brick headers



Softer textured main facing brick



Casement windows with stone cills



Projecting bay windows



Porch canopy with feature gallow brackets



Smooth feature contrasting brick



Grey roof tiles



Feature brick detailing



CGI showing 2 storey housing along with landscaping





4.8 Site Information and Stewardship

Illustrative Dwelling Mix

The proposed scheme aims to provide a range of homes of varying sizes, to accommodate people at all life stages with the intention to create a strong sense of community. The added benefit of providing a high percentage of affordable homes (mentioned below) allows the opportunity to provide entry level/starter homes for young families, as well as accommodate larger homes for growing families to attain a balance of residents of varying ages. The added benefits to the site because of this create a consistent output of homes that are similar in size and do no favour a particular resident and therefore promotes the site in regards to its neutrality. Key information is as follows:

- The illustrative dwelling mix is summarised in the table below. A total of up to 223 dwellings is anticipated, of which up to 89 will be affordable (40%). The illustrative housing mix provides a good balanced approach to the scheme with a focus towards two and three bed houses, with some apartments and four bed properties.
- The proposed mix will therefore provide a range of properties that will integrate well with the surrounding existing community.

Illustrative Dwelling Mix Table

PRIVATE HOMES	No.	AFFORDABLE HOMES: RENTAL	No.	AFFORDABLE HOMES: SHARED OWNERSHIP	No.
1-bed apartment	2	1-bed apartment	21	1-bed apartment	8
2-bed apartment	-	2-bed apartment	18	2-bed apartment	6
2-bed house	30	2-bed house	14	2-bed house	4
3-bed house	81	3-bed house	14	3-bed house	4
4-bed house	21	4-bed house	-	4-bed house	-
Total	134	Total	67	Total	22
TOTAL DWELLINGS					223

Accessibility

All homes will meet accessibility standards including access to the dwellings and circulation space, as well as:

- Routes will be planned to give sufficient aural and tactile information, supplemented by appropriate lighting design and visual clues to help people with sight impairment.
- Obstacles and hazards to movement will be avoided.
- The hard and soft landscaping will reinforce the route to the principal accesses, creating an attractive and accessible approach and distinguishing the entrance from the facade as a whole and utilising the same unsegregated access for all groups of people. Materials will be chosen for their slip resistance and unbound surfaces will be avoided.
- The layout has been prepared so that at Reserved Matters stage, all units can be designed to meet the standards of Part M(4) Category 2: accessible and adaptable dwellings with approximately 10% will be designed to meet the standards of Part M(4) Category 3: wheelchair accessible dwellings. This will be approved by the National House-Building Council, which includes the requirement for level thresholds to front doors and accessible internal arrangements.

Site Stewardship and Landscape Management

The long term management and maintenance tasks and responsibilities of the public open space will be set out in a Landscape Management Plan which will be submitted to clear conditions alongside the detailed landscape proposals.

The overall aims of the Landscape Management Plan will be:

- To maintain the long term landscape contribution of the existing hedgerows and public realm corridors;
- To explain the purpose of each planting treatment;
- To ensure the successful establishment and long term health of all plant stock;
- To ensure play features and SuDS elements remain in a safe, working condition with minimal impact on root systems of existing trees;
- To maintain planting areas in an attractive and safe condition.
- To ensure use of good horticultural practices and best health & safety practices at all times.

Years 1-5

It is intended that the implementation of the management regime will help to fulfil the design objectives over the first 5 years. Management objectives should be reviewed on an annual basis to ensure that they are being achieved and maintenance operations should be refined over the period to respond to improvements in equipment and horticultural aids and to suit changes in the growing needs of plant stock and in local site conditions.

Years 5+

The Landscape Maintenance Contractor responsible for the site in the long term (years 5+) following the plan period should keep to the spirit of the original design objectives whilst responding in a sensitive and practical way to any issues which may arise in future years. The management plan should be reviewed and adjusted accordingly to ensure the design objectives are maintained in the longer term.

Safety & Security

The high quality of design applied to this development will be an important factor in encouraging residents to have a sense of ownership and responsibility towards their locality, and contributing to the local sense of community:

- Carefully considered surface treatments and strong landscaping principles will establish 'ownership' of the spaces, and make clear the expected modes of behaviour within each space; as well as increasing the possibility that an intruder's presence will attract attention.
- Active frontages will address, overlook and passively police the public realm, and front doors to the dwellings address will address these spaces, so that they feel safe for residents and visitors.
- Gardens will be made secure and defensible and ensure that they cannot be accessed directly from the public realm.
- The movement structure and access spaces will be carefully planned in order to maximise their quality and vitality, whilst minimising concealment and opportunities for crime. Pedestrian routes will utilise the same spaces as the vehicular routes, being well overlooked and as short and straight as possible.
- Car parking is a particular concern in respect of security and crime, and proximity to and visibility from the owner's individual dwelling will be maintained, as described in Parking and Servicing chapter of this document.
- The existing vehicle access to the school from Park Lane will be designated for pedestrian and cycle access only, which will present an improvement on the existing situation in terms of pedestrian and cycle amenity and access to the school. This improvement adds to the safety and security of the children at the primary school and enables the proposed scheme to provide a well considered scheme catering to these factors.
- In addition, more physical methods of reducing crime and improving security will be incorporated into the proposals at detailed design stage, by means of secure walls, fences, gates, doors, windows and other measures.

Energy and Emissions

The proposals for the school respond directly to the requirements, aspirations and targets described within the East Herts District Plan, adopted in 2018, which themselves align broadly with the approach found within the National Planning Policy Framework. This section of the Masterplan summarises a more comprehensive description of the approach to sustainable design and construction which can be found in the Energy and Sustainability Statement completed by Daedalus Environmental Limited.

The Energy Hierarchy underpins the entire approach to building performance for this development, where the proposals include using a combination of the following:

- Carefully considered layout to create a balance of increased solar gain whilst minimising overheating risk
- A highly efficient thermal 'envelope' to minimise the level of imported energy onto the site, reducing energy demands
- The provision of high efficiency heating systems to maximise the efficiency within which any imported energy is used
- The application of renewable energy systems only where required to meet the energy and emissions requirements of the District Plan

This approach is designed to create energy efficient homes in the most appropriate, cost efficient way.

Climate Resilience

A number of key climate trends for the area have been identified and subsequently addressed by the design team. In particular, this part of England will experience the following changes in climate:

- Increased summer air temperatures
- Increased variability in rainfall throughout the year and an increased risk of drought conditions
- Greater intensity of rainfall events
- Warmer winters

As a result, greater focus will be paid to the design of the development and individual houses to address the key risk of overheating, through improved materials specification, glazing performance, building integrated design features, and so forth. Street trees will also play a key role in adapting the site to a changed climate, creating comfortable micro-climates whilst providing a range of other benefits such as CO2 sequestration, building cooling, food growing opportunities, biodiversity enhancements and reduction in ambient noise levels. This will be coupled with a comprehensive, integrated SUDS strategy which anticipates the increase in frequency and intensity of storm events, providing onsite storage for a 1 in 100 year storm plus a 40% allowance for climate change.

Flood Risk Assessment and Drainage

SuDS can improve the quality of life in developments by making them more vibrant, visually attractive, sustainable and more resilient to change, by improving urban air quality, regulating building temperatures, reducing noise and delivering recreation and education opportunities. SuDS design should maximise the use of the available space by delivering efficient drainage together with other functions to help meet the objectives of the site. The SuDS design should, as much as possible, be based around the following:

- Using surface water runoff as a resource;
- Managing rainwater close to where it falls;
- Managing runoff on the surface;
- Allowing rainfall to soak into the ground;
- Promoting evapotranspiration;
- Slowing and storing runoff to mimic natural runoff characteristics;
- Reducing contamination of runoff through pollution prevention and controlling the runoff at source; and
- Treating runoff to reduce the risk of urban contaminants causing environmental pollution.

The main conclusions from a flood risk perspective, with regards to the Bishop's Stortford High School Site are:

- The site is situated within Flood Zone 1, an area with low probability of flooding from fluvial and/or tidal sources;
- The mapping indicates that most of the site and the proposed building area generally has a 'very low' risk of surface water flooding;
- There is generally considered to be a low risk of flooding from all other sources;
- It is recommended that infiltration techniques are considered in the disposal of surface water runoff. Infiltration tests in accordance BRE 365 will need to be carried out in order to determine suitability;
- If the infiltration rate is deemed to be insufficient for dealing with the surface water runoff from the proposed buildings, it is recommended that the surface water drainage connect to the existing drainage system;
- The proposed buildings provide the opportunity to utilise SuDS at the site. Different SuDS options should be considered such as rainwater harvesting or water butts; and
- Any increases in external hardstanding areas should be constructed using a permeable surface. This could either allow for infiltration (if infiltration rates allow) or connect into the existing site drainage via a porous sub-base.

This FRA has provided an overview of flood risk on the site. The proposed development has the potential to provide betterment in terms of post development surface water runoff through the use of SuDS techniques.

Water Consumption

Water efficiency becomes increasingly important in a changing climate with diminishing water resources. This is particularly the case in a county like Hertfordshire which is located in one of the driest regions of the country while the residents are amongst the highest water users nationally.

The East Hertfordshire District Plan 2018 has the specific targets for water efficiency standards of 110l/person/day, and specific water efficiency targets are also driven by the higher standards described within Part G of the Building Regulations, which pertain to sanitation, hot water safety and water efficiency, where the 'enhanced' target matches the council's 110l figure.

The approach will be based on the Water Hierarchy, above. Fixtures, appliances and fittings will be specified which considerably reduce potable water use down to this target level, from a national average of around 150l/person/day.

Sustainable Waste Management

All buildings will be provided with sufficient and designated space for waste and recyclables storage, both internally within kitchens/utilities but also externally. Access to the external areas will be designed to be sufficiently easy to enable the segregation of waste streams into the different receptacles provided and collected by the council whilst being sensitively located and designed to have minimal or zero impact on the streetscape.

The combination of these two elements will help foster the higher levels of recycling which are sought by the planning authority.

Sustainable Transport and Connectivity

The site is well positioned to provide connection into existing pedestrian routes and footpaths and to enable connection between the development and the centre of Bishop's Stortford on foot and by bicycle. However, in enabling the transition to ultra low and zero emissions vehicles, the development itself – in line with the requirements of the District Plan – will provide a range of electric charging facilities, in a configuration to be determined in due course, for the occupants of the site.

The highest broadband speeds will be facilitated through fibre to the property in every home. This is essential in ensuring that people remain informed and connected, and are able to access a range of services effectively. Moreover, it also facilitates greater home working, which can help minimise transport issues.

4.9 Transport, Access and Principles

To ensure that the transport aspects of the development are consistent with the current sustainability agenda, policy has been reviewed at all levels – national, regional and local. At a national level the Government's National Planning Policy Framework (NPPF), provides high level guidance for local councils. At the heart of the NPPF is a presumption in favour of sustainable development, and it notes that 'the purpose of the planning system is to contribute to the achievement of sustainable development'.

Key policy guidance at all levels has been identified within the transport assessment report, ensuring that the development proposals meet this guidance with regards to transport. The site lies in an accessible location that lends itself to sustainable travel, and the development proposals will seek to encourage travel by sustainable modes. Parking at the proposed development will be provided in accordance with the vehicle parking standards outlined.

Vehicular Access

- London Road, which forms a section of the B1383, is a two-way single carriageway which runs in a north-south direction to the immediate east of the site and operates with a 30mph speed limit. London Road connects with the centre of Bishops Stortford to the north of the site and the A1184 to the south. The A1184 forms a section of the Bishops Stortford ring road, which links with the A120 and which in turn connects with Junction 8 of the M11.
- The site is therefore considered to be very well connected to the local, regional and strategic highway network.
- Vehicular access (shown below) to the site is proposed from London Road. It is proposed to retain and improve the existing priority junction to provide access to the development. More information can be found in the Transport Assessment report conducted by Pell Frischmann.
- It has been demonstrated that appropriate visibility splays for a 30mph road can be provided (i.e.... a 2.4m 'x' distance and a 43m 'y' distance). The access has been designed to accommodate the movements of an appropriately sized refuse vehicle and to account for buses stopping at the bus stop to the north of the access.

Site Access



Walking and Cycling Accessibility

Pedestrian and cycle access to the site is currently made primarily from London Road via the existing site access. A secondary pedestrian-only access into the site is also provided from Twyford Gardens / Grace Gardens, to the south of the existing main school site. There are continuous footways on both sides of London Road, which provide continuous walking connections between the site and the centre of Bishops Stortford. All footways within the immediate vicinity of the site are considered to be of a relatively high quality, with tactile paving and dropped kerbs provided as appropriate.

There are no dedicated cycle routes in the immediate vicinity of the site, although a series of recreational cycle routes, such as the Riverside Trail, are provided to and from the centre of Bishops Stortford. In the immediate vicinity of the site, cyclists would be required to travel on the main carriageway alongside general traffic, although the width of the carriageway of London Road and the topography of the area surrounding the site are considered to provide appropriate cycling conditions. The proposed scheme aims to address the following key points:

- The existing pedestrian / cycle access to the site from London Road will be retained, with pedestrian and cycle connections from London Road improved as appropriate. Provision for pedestrians has been incorporated into the design of the site access junction to connect the external footways with the internal footway network within the site.
- The existing pedestrian access from Twyford Gardens / Grace Gardens will also be retained and upgraded to provide improved pedestrian access to / from the south of the site.

Thorley Hill Primary School

- The Thorley Hill Primary School, which is located to the immediate north of the site, will be retained. Access to the Thorley Hill Primary School is currently made via Park Lane in the form of a vehicular access with a segregated footway. As part of the proposed development, vehicular access to the school will be provided through the proposed residential development.
- Servicing and deliveries associated with the school would also be undertaken through the new site access from London Road. Swept path analysis has been undertaken to demonstrate that the site and the school can accommodate a large refuse vehicle, with an extension to the existing turning head proposed in order to facilitate this arrangement.
- The existing vehicle access to the school from Park Lane will be designated for pedestrian and cycle access only, which will present an improvement on the existing situation in terms of pedestrian and cycle amenity and access to the school.

Public Transport Provision

- It was agreed during pre-application discussions with HCC that the existing bus stops located to the immediate east of the site provided sufficient public transport provision for the proposed development, and that a bus service serving the internal layout of the site would not be required. The existing bus stops on London Road are within 400m of the majority of the site, and provide regular services to Bishops Stortford town centre and the railway station.

Car and Cycle Parking

- Car and cycle parking for the proposed development will be provided in accordance with the EHDC adopted parking standards.

Use Class	Description	Maximum Parking Standards	Cycle Parking Standards
C3 – Residential	1 bedroom dwellings	1.5	1 1/2 space per unit if no garage or shed provided
	2 bedroom dwellings	2	
	3 bedroom dwellings	2.5	
	4 bedroom dwellings	3	

Source: East Hertfordshire District Council (2018)

- Overall, the illustrative Masterplan suggests a total of 520 parking spaces to be provided for the overall 223 dwellings which is approximately made up of the following:
 - 412 allocated parking spaces to the houses
 - 77 communal spaces for apartment residents
 - 31 visitors' spaces

Access Consultation

- The transport analysis for the proposed development, including the site access arrangements, the study area and methodology of the technical assessments, have been informed and agreed through a series of pre-application scoping discussions with HCC Highways Officers.
- The proposed residential site access arrangements were presented as part of the scoping submission to HCC Highways and were subsequently agreed as suitable during the pre-application meetings held. It was also agreed during pre-application discussions with HCC that the existing bus stops located to the immediate east of the site access provided sufficient public transport provision for the proposed development, and that a bus service serving the internal layout of the site would not be required.

Turning head design



5.0 conclusion

5.1 Summary

The design team responsible for this illustrative masterplan aspires to create attractive places that will stand the test of time. The objective is to create new developments which make a positive contribution to the existing setting - places in which future occupants are able to integrate into the existing wider community.

The illustrative masterplan providing up to 223 new homes has been planned positively in order to embody high quality and inclusive design, following a considered appraisal of the identity of Bishop's Stortford and the site's setting, and will provide a neighbourhood which is landscape led in this sensitive location.

The illustrative masterplan set out to achieve the following:

- Following the principles of best practice in urban design, landscape, movement and sustainability.
- Contributing to overcoming the region's significant shortfall in housing land supply in a situation where there is very considerable housing need.
- Offering a mix of housing which responds to local need and context.
- Creating a scheme that promotes attractive and sustainable place-making objectives and which complies with relevant development control policies within the Adopted District Plan (2018).
- Ensuring a good residential environment, with the creation of significant areas of public open space, within a managed landscaped environment.
- Integrating with the neighbouring pattern of residential development.

These proposals represent high quality, contextual design, of which Hertfordshire County Council, the Local Planning Authority and the residents of Bishop's Stortford can be rightfully proud.





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East Herts Council Report

Council

Date of Meeting: 29 January 2020

Report by: Cllr Haysey, Leader of the Council

Report title: East of Manor Links, Bishop's Stortford Master Plan Document

Ward(s) affected: All

Summary

- To enable Members to consider the Masterplanning Framework for the East of Manor Links site, Bishop's Stortford.

RECOMMENDATIONS FOR COUNCIL:

(a) The Master Plan Document for the East of Manor Links site, Bishop's Stortford, as detailed at Appendix A to this report, be agreed as a material consideration for Development Management purposes.

1.0 Proposal(s)

- 1.1 The Master Plan Document sets a vision and series of objectives for the future development of the East of Manor Links site in Bishop's Stortford. The Document reflects the policy requirements of Policy BISH9 of the East Herts District Plan, 2018 and it is therefore recommended that the Master Plan Document be agreed as a material consideration for Development Management purposes.

2.0 Background

- 2.1 The East Herts Approach to Master Planning was first presented to the District Planning Executive Panel in September 2017 (and agreed by Council on the 18th October 2017). The report set out a series of steps that describe the various stages involved and processes expected for each of the District Plan strategic allocations. Whilst not a one-size-fits-all approach, the process is based upon a collaborative approach to identifying and resolving issues, creating a vision for what the site aspires to achieve, testing design options and consulting upon preferred solutions. The output of this process is a masterplan framework or masterplan which is presented to members for consideration.
- 2.2 In order to embed the Masterplanning process in the District Plan, Policy DES1: Masterplanning requires all 'significant' development proposals to prepare a masterplan setting out the quantum and distribution of land uses; access; sustainable high quality design and layout principles; necessary infrastructure; the relationship between the site and other adjacent and nearby land uses; landscape and heritage assets and other relevant matters. Furthermore, the masterplan should be collaboratively prepared and informed by public participation. Finally, Policy DES1 states that in order to ensure sites are planned and delivered comprehensively, any application for development on part of the site will be assessed against its contribution to the masterplan as a whole.
- 2.3 The masterplan should therefore provide sufficient information to inform the preparation of detailed aspects of the site at the planning application stage. The level of detail required for the masterplan will depend upon the likely form of delivery of the site. For example, where delivery is expected by one party who has been involved throughout the Plan-making stages, a masterplan framework may be prepared, which provides key parameters and aspirations which form the basis of detailed design determined through a planning application process at a later stage. If it is likely that the site will be delivered by a

number of developers who have not been involved in the Plan-making process, more detail will be needed in the masterplan in order to provide certainty on key matters so that future parties are very clear on what the site is expected to achieve.

- 2.4 For each of the strategic sites allocated in the emerging District Plan, a Steering Group has been, or will be established. This will comprise East Herts councillors, town and parish councillors, representatives of the local community and other interested groups where appropriate. The Steering Group is a sounding board for key issues and depending upon specific circumstances, for discussing detailed design elements whilst preparing the planning application through to when construction is underway.

3.0 Considerations

- 3.1 The land at East of Manor Links, Bishop's Stortford is a strategic allocation within the adopted District Plan under Policy BISH9.
- 3.2 Policy BISH9 sets out the proposed land uses and other policy requirements as well as a requirement that a masterplan is produced in a collaborative manner with stakeholders. The site allocation is for around 50 homes on land no longer used by the golf course. The site is 2.14 hectares in size comprising overgrown shrubs and some notable trees. The site is located to the east of Manor Links and to the south of Cecil Close (off Manor Links).
- 3.3 Manor Links is a single access residential road which joins the A1250 Dunmow Road to the north at the junction of Dunmow Road, Manor Links and Parsonage Lane. Properties on the eastern side of Manor Links are mostly single storey bungalows, except at its southern end where two storey houses are grouped around a small landscaped roundabout. Properties in Cecil Close are two storeys.
- 3.4 Section 1 of the Master Plan Document (provided in Essential Reference Paper 'A') introduces the applicant team, while Section 2 looks at the planning policy context. The Document

refers to guidance that will inform the final design, including Building for Life 12 and Hertfordshire's Building Futures toolkit on sustainable design.

- 3.5 Section 3 of the Document includes an appraisal of the local context of the site, looking at proximity to services such as schools and public transport for example. These are illustrated in plan form, showing approximate walking distances from the centre of the site to these facilities.
- 3.6 Section 4 comprises a site appraisal of various design considerations, including topography, landscape and ecology, surrounding built form, access and accessibility. The Document considers the relationship between existing properties in Manor Links to the west and Cecil Close to the north, where the properties adjoining the site are between 30 and 40 metres away from the edge of the proposed site. Again, these considerations are presented in plan form.
- 3.7 Section 5 continues the design considerations of the site. It takes the site considerations and explores opportunities to take advantage of existing landscaping features, enhancing these through additional planting and a variety of green spaces which have multi-functional purposes such for wildlife, for play and for sustainable drainage systems. The Document explains that such spaces will be maintained by a private management company.
- 3.8 The Document describes the access routes into the site and sets principles for parking provision for vehicles and bikes, and for inclusive accessibility throughout the site for pedestrians and cyclists, including off-site improvements such as the creation of a new pedestrian crossing point on Dunmow Road to the west of the current roundabout. Again, the Document explains that communal spaces (shared surfaces, external lighting, sub-station and parking management for visitor spaces) will be maintained by the private management company.
- 3.9 Section 6 of the Document sets the design aspirations for the site. It comprises an appraisal of the local character, looking at materials, colour palette, mass and scale of nearby properties. Inspired by the local vernacular, the site proposes a traditional

style and appearance of properties. The Document sets out how properties will be designed to seek energy reductions above and beyond current building regulations, will provide on-plot electric vehicle charging points and measures to reduce water usage and manage surface water.

- 3.10 Section 7 of the Document describes how the collaborative process has informed the evolution of the site's design. Here, the Document sets the vision for the site; for the delivery of a variety of high-quality traditional style homes of efficient, sustainable methods of construction set in an attractive landscape-led development where streets are inclusive and well connected. A series of plans illustrate how the applicant's thoughts have evolved through the consideration of the site's constraints and opportunities, and as a result of public engagement.
- 3.11 Section 8 of the Document sets out the concept masterplan which illustrates key development principles such as the location of single storey homes, the retention of a central tree belt, the location of a sustainable drainage feature, shared surfaces, views, feature corners and pedestrian links. These key principles are listed and illustrated in plan form on page 19 of the Document.
- 3.12 The vision has been developed through undertaking a detailed analysis of the constraints and opportunities of the site, through discussions with the local community at a public exhibition and through the Steering Group process which included key stakeholders such as local ward members, the Town Council and Civic Federation. Two Steering Group meetings have been held where members debated a number of key concerns and ambitions for the site. Section 9 of the Document summarises the public engagement event and the responses received.
- 3.13 One of the key areas of concern raised is the potential impact of the development on the local highway network, particularly during school drop off and pick up times, when parents use Manor Links as a short stay car park. Another key area of

concern is the potential for airport related parking and the need to ensure the site layout is designed to prohibit this. The Document therefore includes a highway strategy which will be supported through technical work alongside the forthcoming planning application. Pre-application discussions have been undertaken with the highway authority and will continue through the creation of detailed plans.

- 3.14 The Document concludes in Section 10 with an illustrative layout of the site and sketch illustrations of street elevations showing the proposed materials and palette in context.
- 3.15 An application is anticipated to be submitted early in 2020. The application will be in full providing all details on design, layout, housing mix and highway mitigation among other elements.

Engagement

- 3.16 There have been two Steering Group and Officer Meetings in October and December 2019. The Steering Group comprised local ward members and representatives from Bishop's Stortford Town Council and Civic Federation as well as a resident of Manor Links, who all made valuable contributions to the discussions. Furthermore, a public exhibition was held in November, hosted at the Bishop's Stortford Football Club. Approximately 120 homes from the surrounding area were sent a newsletter and invitation to the exhibition. The leaflet distribution area was agreed with officers in consultation with members.
- 3.17 In addition to the Steering Group Meetings, several pre-application meetings have taken place with officers of the Council and County Council focusing on issues such as highways, education, landscape and design.

Conclusions

- 3.18 It is the view of Officers that the Master Plan Document provides a sound basis upon which to move forward to prepare the detailed application stages. It provides a framework for the main issues of significance in relation to the proposal, whilst providing enough flexibility that further detail can agreed at

appropriate stages at a later date. Officers will continue to work with the applicant and other stakeholders to ensure that the best design possible is achieved on this site.

- 3.19 The Master Plan Document contains a vision and series of objectives that reflect the requirements of Policy BISH9, and with appropriate design tools, these ambitions will be achieved on the site. It is therefore recommended that the Masterplan Concept Document as detailed at Essential Reference Paper 'B', be agreed as a material consideration for Development Management purposes¹.

4.0 Options

- 4.1 The District Plan requires strategic sites to undertake a masterplanning process.

5.0 Risks

- 5.1 If a scheme comes forward without going through the masterplanning process, it would be contrary to the District Plan.

6.0 Implications/Consultations

- 6.1 The masterplanning process includes public engagement and steering group meetings with members and local representatives. This is explained above in more detail.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

Bishop's Stortford: All Saints, Central, Meads, Silverleys and South

7.0 Background papers, appendices and other relevant material

7.1 East Herts District Plan October 2018 – Chapter 5 - Bishop's Stortford, <https://www.eastherts.gov.uk/districtplan>

7.2 ERPA: East of Manor Links Master Plan Document

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¹ A material consideration is a matter that should be taken into account in deciding a planning application or on an appeal against a planning decision.

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L A N D E A S T O F M A N O R L I N K S
BISHOP'S STORTFORD

MASTER PLAN DOCUMENT

DECEMBER 2019

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 STONEBOND
PROPERTIES
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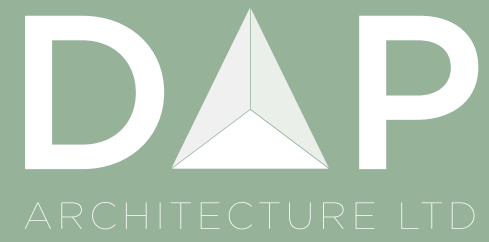
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LAND EAST OF MANOR LINKS BISHOP'S STORTFORD



This masterplan document has been collaboratively developed to ensure the delivery of high quality design. It presents a site and context appraisal, assessment of relevant policies, vision for the development of the site, and design principles that will guide a planning application and ensure best use is made of this sustainable site in accordance with recommended design guidance.



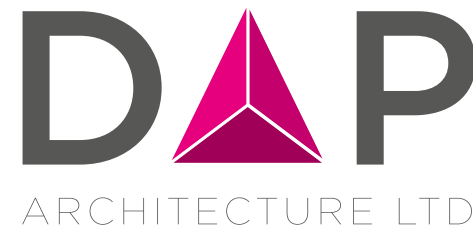
DAPA Project No: 1313
Doc No. 600
Rev. 11
Doc Name: Master Plan Document
Issue Date: December 2019
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DESIGN TEAM

DAP Architecture

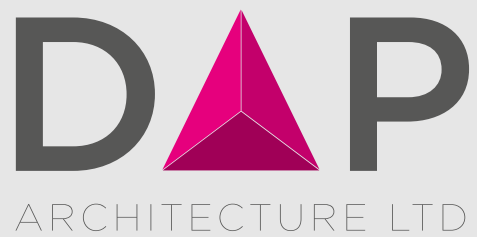
DAP Architecture is a chartered architectural and interior design practice whose reputation for design excellence and innovation has grown steadily since our formation in early 2011. During this time, we have completed many design-led projects across the UK. These range from housing, commercial, education and mixed-use developments to urban regeneration and master planning.

Working from offices in London, Chelmsford and Birmingham, our dedicated and enthusiastic team thrive on new creative challenges. The driving force behind our success is our architectural insight and innovative approach, which is always appreciated by clients. A 'can-do' attitude permeates the entire practice. Inquiring and adventurous mind-set are the hallmarks behind every DAPA project.

JB Planning Associates

JB Planning Associates is a leading independent multidisciplinary consultancy, providing expert advice to developers, landowners and private individuals on all matters connected with planning, urban design, property, land and development. The Practice is based in Hertfordshire, but our work covers many parts of the UK.

JBPA have established a diverse client base with a variety of projects across the country including the successful promotion of strategic development opportunities and land allocations through Local Plans, the preparation and submission of major planning applications and appeals, and small and medium scale residential and mixed-use developments.





STONEBOND PROPERTIES

“Stonebond Properties, established over 40 years ago, have secured an enviable reputation as the regions premier house builder. Our approach to development focuses on the creation of quality properties with an individual sense of place. In the pursuit of this goal we utilise sustainable materials and employ expert local tradespeople who are managed by our dedicated in-house team that lead projects from inception to completion. This ensures that we deliver a quality finished product.

Our financially secure business is owned and privately funded by the Cherry Family who founded Countryside Properties. Stonebond has a history of obtaining planning permission for development where others have failed and key to this success is a highly skilled Management Team with over 100 years combined experience in delivering residential projects across the South East of England.

Our attention to detail is reflected in our commitment to customer service during and after our houses are built. Our aim at Stonebond is for the purchase of a new home to be as straightforward as possible – and our knowledgeable team are readily accessible to ensure the whole process is a pleasure from start to finish.”

Chris Weedon Managing Director



NATIONAL + LOCAL PLAN POLICY

The National Planning Policy Framework (NPPF), 2019

Relevant national planning policy is set out in the National Planning Policy Framework (NPPF), which was published in March 2012, and recently updated in February 2019. The purpose of the planning system is to contribute to the achievement of sustainable development, with emphasis on three key objectives: social, economic and environmental. At the heart of the NPPF is a presumption in favour of sustainable development, as set out in Paragraph 11.

Section 12 of the NPPF address design matters, with Paragraph 124 explaining that “good design is a key aspect of sustainable development, creates better places in which to live and work and helps make development acceptable to communities.” Paragraph 127 further details design objectives that new development is expected to meet:

- a) function well and add to the overall quality of the area, not just for the short term but over the lifetime of the development;
- b) visually attractive as a result of good architecture, layout and appropriate and effective landscaping;
- c) sympathetic to local character and history, while not preventing or discouraging appropriate innovation or change;
- d) establish or maintain a strong sense of place;
- e) optimise the potential of the site to accommodate and sustain an appropriate amount and mix of development;
- f) create places that are safe, inclusive and accessible and which promote health and well-being.

East Herts Local Plan, 2018

‘Land east of Manor Links’ is allocated in the adopted East Herts District Plan (October 2018) with an estimated site capacity of around 50 dwellings.

The policy requirements for bringing forward this site for development is set out in Policy BISH9 and the site is expected to contribute to the Council’s 5 year housing land supply (2017–2022). The other policy requirements relate to the following:

- A range of dwelling types and mix (in accordance with Policy HOU1), including provision of bungalows to the rear of Manor Links
- 40% affordable housing (in accordance with Policy HOU3)
- Access arrangements onto Manor Links, wider strategic and local highways mitigation measures, including improvements to Dunmow Road at the entrance to Manor Links
- Sustainable transport measures which encourage walking and cycling through the site, including the provision of a new pedestrian crossing point on Dunmow Road
- Responding to the existing landform, incorporating existing landscaping within new streets, paths and spaces, creating quality local green infrastructure which maximises opportunities presented by existing landscape features including watercourses, to create net gains to biodiversity through additional planting and measures
- Public amenity green space and play areas
- Sustainable drainage and provision for flood mitigation
- Necessary utilities, including integrated communications infrastructure to facilitate home-working, and upgrades to the localised sewerage network in order to serve the proposed development
- The delivery of all other necessary on-site and appropriate off-site infrastructure
- Other policy provisions of the District Plan, Bishop’s Stortford Town Council’s Neighbourhood Plan for All Saints, Central, South and parts of Thorley Wards and relevant matters, as appropriate.

Neighbourhood Plan, 2016

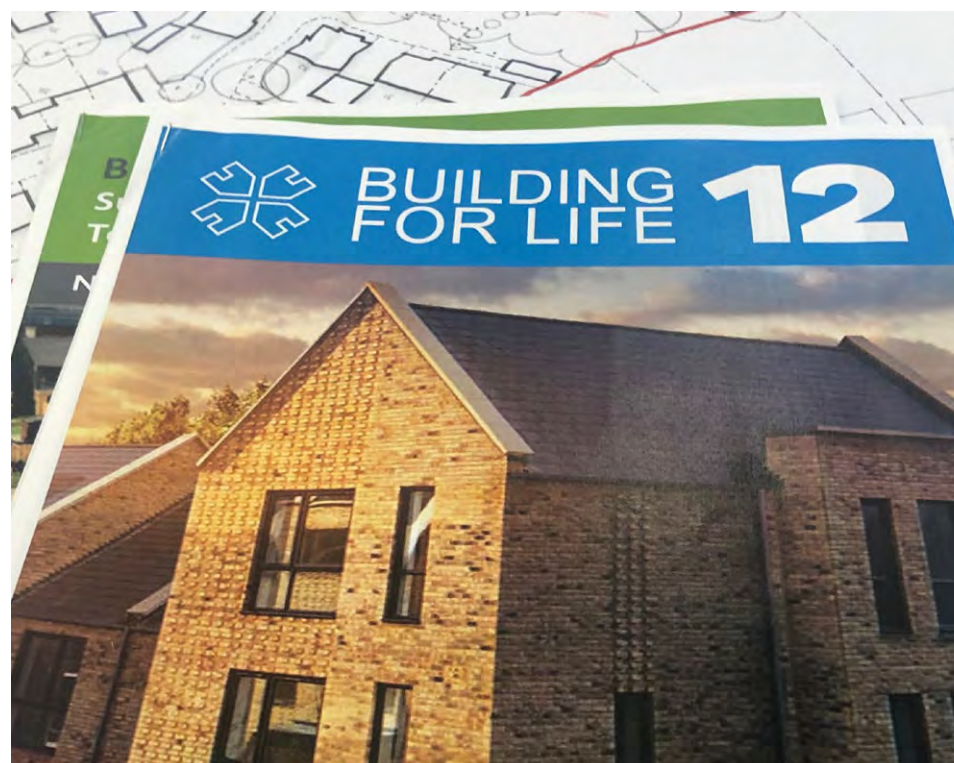
As noted above, there are further provisions in the ‘Made’ Neighbourhood Plan (2016) which are relevant to the master planning of the site. Policy BSEM2 identifies that:

- Housing is to be no higher than two liveable storeys with styles and palettes to complement the local landscape and adjacent development.
- Properties immediately adjacent to Manor Links should be a single liveable storey to meet community needs and to form a smooth transition to the adjacent Green Belt.
- The design and layout of the site must include open spaces to enable social interaction; be sympathetic to wildlife and maintain natural ditches and culvert; and preserve the route of the disused railway line to protect wildlife.
- The access point to the site must be selected following appropriate traffic modelling to ascertain the safest route.



Site allocation plan.

DESIGN GUIDANCE



Master Plan Process

Policy DES1 within the adopted District Plan requires all 'significant' development proposals to prepare a Masterplan setting out the following;

- Establish vision / aspiration for the site
- Quantum and distribution of land uses
- Access
- Sustainable high-quality design and layout principles
- Infrastructure
- Relationship between the site and other adjacent land uses
- Landscape and heritage assets

Other relevant matters

Building For Life: Edition 12

Integrating into neighbourhood

- Connections
- Facilities + services
- Public Transport
- Meeting local housing requires

Creating a place

- Character
- Creating well defined streets and spaces

Street & home

- Streets for all
- Car parking
- Public and private spaces
- External storage and amenity space
- Working with the site + its context
- Easy to find your way around

Building Futures: Sustainable Design Tool-kit

Development at all scales brings change to the environment we interact with and rely upon. This change has the capacity to make a sustainable and positive contribution, both today and over the lifetime of the development.

The Sustainable Design Tool-kit has been used at the initial stages of the design and planning process alongside relevant national and local planning policy, and in conjunction with any relevant provisions, standards, targets or other requirements set out in policy and legislation.

The Sustainable Design Toolkit achieves this by providing a framework of questions and guidance to provoke thought at the early concept stage of development schemes, can structure design and pre-application discussions between stakeholders, and informs design decisions.

LOCAL AMENITIES + ACCESSIBILITY

Sustainable Location

- SPAR supermarket is only a 12-minute walk from the site
- Nag's Head pub is located within 10-minutes walking distance
- High Street is only 1.3-miles to the west of the site and consists of a wide range of local facilities and services

Public Transport + Accessibility

- Bus stops are easily accessible along Dunmow Road, which provide a regular service to the High Street and surrounding areas
- Bishop's Stortford Railway Station is located only a 6-minute cycle ride from the site and offers direct journeys to London Liverpool Street in just under an hour every 15-minutes
- Site is easily accessible via car directly from the M11
- Given the site's close proximity to local schools, existing vehicle drop-off issues will not be increased as residents are able to walk or cycle

Education Facilities

- Summercroft Primary School and Birchwood High School are both located only a 10-minute walk from the site
- Hockerill College is located within 15-minute walking distance

Green Recreation Space

- Castle Gardens offers acres of green spaces, an adventure playground, skate park and sports facilities
- Bishop's Stortford Football Club is located within 15-walking distance



Bishop's Stortford High Street.



Parsonage Playing Field.



Bishop's Stortford railway station.



Bus stop along Dunmow Road.



Summercroft Primary School.



Birchwood High School.



DESIGN CONSIDERATIONS

Current Site Use

The 2.14 ha / 5.29 acre site lies on the east of Bishop's Stortford. Currently unused land, comprising of overgrown shrubbery and a few trees. It is located to the east of Manor Links and west of Bishop's Stortford Golf Club.

Topography

- Existing site topography is relatively flat with slight fall from north to south

Landscape and Ecology

- A Tree survey has been undertaken to determine the category (to BS5837) and associated root protection areas of good quality trees to be retained
- Preliminary ecological investigations have revealed no evidence of protected species using the site
- Opportunities exist to provide enhanced landscaping to soften the development and provide wildlife corridors
- Opportunity to improve surface water drainage through the use of SuDS, and create features of visual and ecological interest
- Opportunity for biodiversity improvements on site and adjacent golf course

Sensitive Receptors

- Surrounding urban grain consists of a range of built form
- No listed buildings or other heritage assets within the site's surroundings
- Manor Links predominately consists of single-storey bungalows with large rear gardens. Those bungalows adjacent to the site are located 30-40m away from the site's boundary

Access + Accessibility

- Existing access points already established along Manor Links
- Easy walking distance to bus stops along A1250 via Manor Links or Brooke Gardens





LANDSCAPE STRATEGY

Landscape + Amenity

- To create a landscape-led development, with attractive green spaces and native planting to enhance the character of the site
- Cluster of existing mature trees within the centre of the site retained to create a natural focal feature of the development
- Areas of landscaped amenity or Swales proposed at key locations to provide attractive vistas through the site
- Informal Children's play space for social interaction between residents and visitors, passively overlooked as recommended by 'Secured by Design'
- Opportunity for improved outlook with views at 1st floor over adjacent golf course

Ecology

- Opportunities for biodiversity improvements to enhance landscaping to soften the development and encourage wildlife corridors via central corridor and along site boundaries

Sustainable Drainage Systems (SuDs)

- Opportunity to incorporate a variety of natural sustainable drainage systems to mitigate the potential threat of flooding that will naturally form part of a comprehensive landscaping strategy
- Permeable block paving and porous driveways will be used throughout the site to mitigate any additional surface water discharge from the development
- The site benefits from naturally draining via gravity into an adjacent ditch located upon the site's southern boundary in which surface water could naturally discharge. Foul drainage will connect with the local public sewer network along Manor Links

Maintenance + Management

- An independent private management company will maintain all publicly assessable open spaces, SuDs and drainage features and landscaped boundary features



HIGHWAYS STRATEGY

Accessibility

- The site is located within a very sustainable location within close proximity to local amenities and transport links making the site easily accessible by various modes of transport both public and private
- Improved network of cycle and footpath links in and around the site with 2no. potential existing access points along Manor Links
- Opportunity for pedestrian crossing points at Manor Links/Dunmow Road Junction to be upgraded
- Inclusive development that gives access to all users no matter their capability

Parking Provision

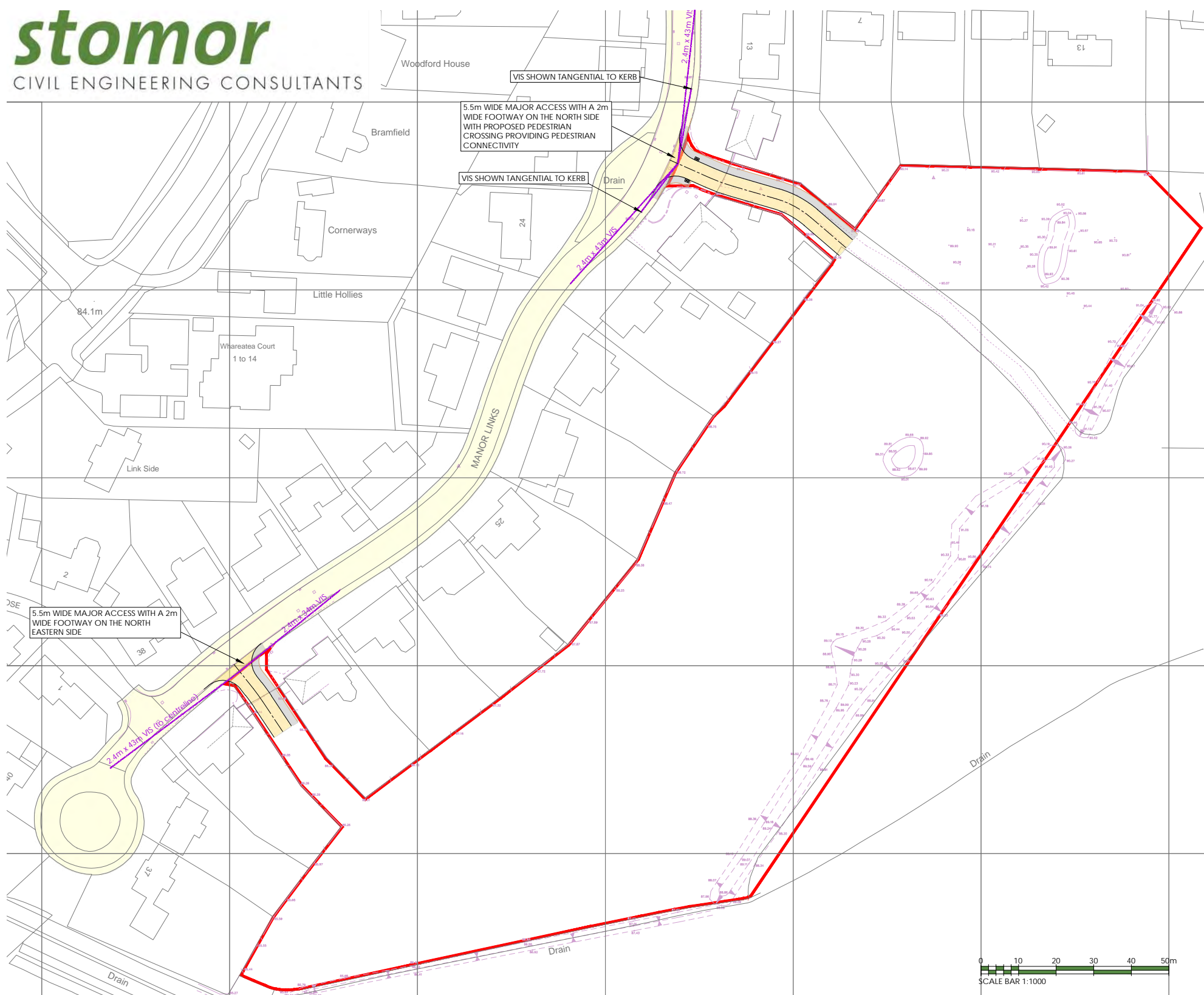
- On-plot parking behind or beside principal building frontages to minimise impact on public realm
- Maisonettes served by small parking courts, overlooked with high levels of natural surveillance

Cycle Provision

- All garages to include cycle and refuse storage
- All dwellings without garages to be provided with external cycle store

Maintenance + Management

- An independent private management company will maintain all shared surfaces, external lighting, sub-station and parking management for visitor spaces



LOCAL CHARACTER ASSESSMENT

Local Material Palette

- The surrounding character varies greatly in both architectural style and scale and massing with a range of building typologies
- Manor Links predominately consists of buff and brown brickwork with plain concrete roof tiles, while other areas of Bishop's Stortford generally consist of red facing brick, white render and clay roof tile
- The investigation into a suitable material palette will play an important part of the design process, whereby samples of different types of brick and cladding finishes will be ordered to ensure the chosen materials will complement the local area



Plain tile roof finish.



Blended buff brick.



Typical large bungalow along Manor Links.



Typical 2-storey property along Manor Links.



Typical traditional property along Parsonage Lane.



Typical 2-storey property along Manor Links.



Typical rustic property along Birchwood Mews.



Typical 1970's style property along Parsonage Lane.

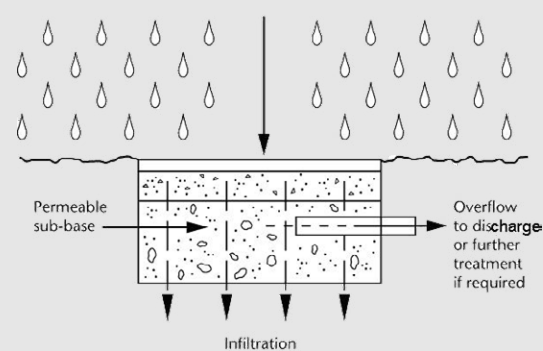
DESIGN ASPIRATIONS

Appearance

- Attractive traditional style development in-keeping with local vernacular while having individual sense of place and character
- High-quality material palette which respects local character while being robust, easily maintainable and will age gracefully

Sustainability

- Stonebond seek energy reductions above and beyond current Building Regulations
- Building Fabric-First approach, with high performance thermal insulation to significantly reduce the heating energy demand with increased air tightness in the building envelope
- Electric vehicle charging points for all properties with on-plot parking
- Maximising the controlled use of passive solar energy in the layout and orientation of buildings and windows
- Maximising the use of passive ventilation with large patio doors
- Using energy-efficient window glazing and frames
- Installing energy-efficient lighting and appliances, including washing machines and dishwashers
- Water butt rainwater harvesting with all plots with private amenity
- Dual and low flush toilets
- Flow restriction on piped water supplies to sinks, basins, showers and aerated taps
- SuDs alleviate flood risk by reducing and improve the quality of the built environment, by moderating flows and filtering surface run-off



Page 73

SuDs permeable paving system.



Sketch Illustration from golf course.



Bay window detailing.



Glazing / brick detail.

Exemplar architectural detailing.

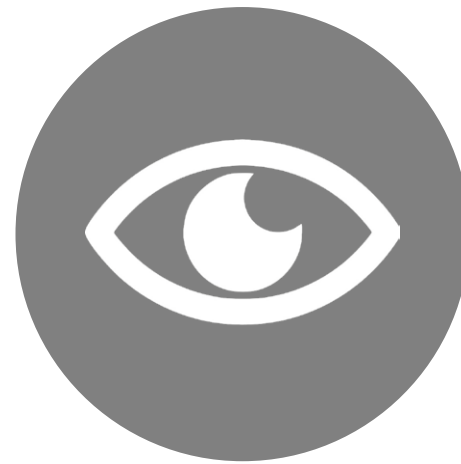
Our vision for the delivery of a variety of high-quality traditional style homes of efficient, sustainable methods of construction set in an attractive landscape-led development where streets are inclusive and well connected.



Master Plan Process

Policy DES1 within the adopted District Plan requires all 'significant' development proposals to prepare a Masterplan setting out the

- Establish vision / aspiration for the site
- Quantum and distribution of land uses
- Access
- Sustainable high-quality design and layout principles
- Infrastructure
- Relationship between the site and other adjacent land uses
- Landscape and heritage assets
- Other relevant matters



Strategic Brief

- Creation of a sustainable new development, close to local amenities and public transport links
- Density appropriate to an edge of settlement location that makes efficient use of land
- Policy compliant 40% affordable housing, tenure-blind and pepper-potted in parcels throughout the site
- To create an attractive landscape-led development, with green open-spaces which enhances character of the site
- To provide a range of housing typologies to meet local need, including maisonettes, bungalows and houses
- High-quality residential development of in-keeping architectural design with sustainable modern methods of construction



Residential User Requirements

- Layout to meet national and local planning policies and design guidance
- To meet or exceed NDSS housing standards
- To provide sustainable, well-ventilated and efficient new homes to provide a healthy living environment
- To provide an inclusive development that gives access to all users no matter their capability
- To provide well designed private and shared amenity for residents and visitors to enjoy safely and securely
- To provide Council's expectation of accessible M42 and M43 category adaptable dwellings

Green Infrastructure / Drainage



Landscape-led development responds to existing landforms, creating quality green infrastructure. Existing mature trees to be retained where possible to soften impact of development along boundaries while acting as an **ecological corridor** within centre of the site. Entrance vistas end with attractive landscaped areas of open-space or SuDS features.

Accessibility / Connectivity

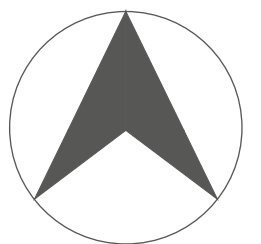


Site is served by **two access points** along Manor Links, which split the site into two developable areas. 5.5m wide **shared surfaces** with permeable block paving will create defined access routes for pedestrians, cyclists and vehicles. Pedestrian / cycle links through centre of the site will connect each parcel.

Storey-Heights / Frontages / Outlook











Proposed dwellings backing onto the eastern boundary can be enjoyed on a **single liveable storey**, with a selection featuring dormer windows in the roof to break up street-scenes, stepping up to 2-storey houses. Frontages provide **high levels of surveillance** and security to the principle access route and central focal greens. Views from the golf course have informed a looser arrangement with a broken frontage and landscaping to create a **high-quality soft edge** to the development.



DESIGN DEVELOPMENT



- | | | |
|--|--|--|
|  SuDs features |  Access Road |  Built frontages |
|  Existing mature tree |  Shared Surface |  Single liveable storey dwellings |
| |  Pedestrian link (informal) |  Up to 2-storey dwellings |



CONCEPT MASTER PLAN

Amount

- Creation of an attractive new sustainable development, close to local amenities and public transport links within landscaped setting
- Density appropriate to an edge of settlement location that makes efficient use of land
- Range of housing typologies to meet local need, including maisonettes, bungalows and houses
- Policy compliant 40% affordable housing, tenure-blind and pepper-potted in parcels throughout the site

Layout

- Establishes clear, legible and permeable layout to enhance the character of the site and sit comfortably within surrounding context
- Orientation of dwellings ensures adequate levels of daylight + privacy
- Opportunity for improved outlook with views at 1st floor over adjacent golf course

Accessibility + Parking

- Improved network of cycle and footpath links in and around the site with 2no. potential existing access points along Manor Links
- On-plot parking behind or beside principal building frontages to minimise impact on public realm. Maisonettes served by small parking courts, overlooked with high levels of natural surveillance
- Inclusive development that gives access to all users no matter their capability

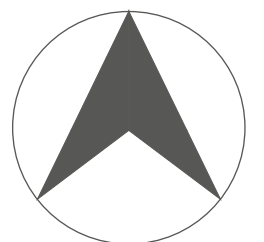
Amenity

- To create a landscape-led development, with attractive green spaces to provide attractive vistas on arrival

- Informal Children's play space for social interaction between residents and visitors, passively overlooked as recommended by 'Secured by Design'



- SuDs features
- Existing mature tree
- Access Road
- Shared Surface
- Pedestrian link (informal)
- Built frontages
- Single liveable storey dwellings
- Up to 2-storey dwellings



Concept master plan.

PUBLIC EXHIBITION EVENT

Landscape + Amenity

A public exhibition was held at Bishop's Stortford Football Club, Dunmow Road between 4pm to 8pm on Thursday 7th November 2019 to obtain public opinion on the emerging Masterplan proposals for land East of Manor Links. The venue was chosen as it is close to the application site and also easily accessible to the local community. The event was advertised through a letter posted to all residential properties on the following roads in the vicinity of the site:

- Shortcroft
- Mayes Close
- Cecil Close
- Manor Links
- Norris Close
- Brooke Gardens

Invitation letters were also sent to Members of the Manor Links Steering Group, East Herts District Council Ward Councillors, and to all Members of Bishop Stortford Town Council.

The event was well attended by between 50 and 60 people. Exhibitions boards were on show and representatives of Stonebond and their consultant team were available to answer questions. The exhibition boards were also uploaded to a website (www.stonebondltd-planning.com) which was launched the day after the event.

A feedback form was prepared for the event and responses were requested by midday on Friday 22nd November 2019. In total, 31 forms were returned.



FEEDBACK

Summary

The following provides a summary of the key messages raised in the feedback received:

Positives

- Support for landscape-led approach incorporating mature trees within centre of the site
- Incorporation of small natural play area seen as benefit
- Traditional design favoured over modern approach
- Proposed bungalows welcomed

Concerns

- Building heights
- Potential impact upon road network and parking issues in Manor Links
- Surface water drainage
- Integration of affordable housing

Our Response

The feedback received has been most useful in vindicating the general approach taken to the masterplan, notably the support for the landscape led approach and use of traditional design. Changes were made to the proposals in response to concerns raised over building heights with 2.5-storey dwellings removed from the emerging layout. Dwellings proposed adjacent to existing bungalows on Manor Links will be single liveable storey, with a selection featuring dormers in the front roofs so to add character to the street-scene and achieve a balance with the two storey dwellings opposite within the development. With the windows at the front, there would not be any sense of overlooking at the rear.

The technical matters raised include potential impacts on surface water drainage and on the local road network are being addressed in liaison with statutory consultees through the planning application process. Parking pressures within the development will be carefully managed by sufficient provision of on-plot parking and unauthorised parking controlled through the management company.



QUESTIONNAIRE

Thank you for your comments. The questionnaire is now closed.

OUR VISION

ILLUSTRATIVE SITE LAYOUT

Summary

The illustrative site layout demonstrates how the site can be efficiently developed in accordance with the design principles of the concept masterplan. The layout embraces the landscape-led approach incorporating attractive landscaped areas as key entrance vistas, and a larger swathe of green open space in the centre of the site featuring retained mature trees.

A range of traditionally designed house types and sizes are incorporated to meet local needs, from starter 1 bedroom dwellings to 4 bedroom family homes. A policy compliant level (40%) of affordable housing is pepper-potted through out the site, and a sensitive approach taken to boundaries with existing dwellings. This includes the incorporation of bungalows and chalet bungalows (with dormers limited to the front roofs) along the boundary with existing bungalows on Manor Links.

The proposed dwellings are orientated to achieve good levels of daylight, privacy for new and existing residents, and provide high levels of surveillance to public areas and parking courts. Permeability throughout the development is achieved by two access points, shared surfaces and a pedestrian/cycle link through the centre of the site.

It is considered that this layout delivers on the vision to achieve a high-quality traditional style development set in an attractive landscape-led development where streets are inclusive and well connected.



SKETCH ILLUSTRATIONS





East Herts Council

Council

Date of Meeting: 29 January 2020

**Report by: Cllr Haysey, Leader of the Council and Cllr Goodeve,
Executive Member for Planning and Growth**

**Report title: Mangrove Road (HERT5), Hertford, Masterplanning
Framework**

Ward(s) affected: All

Summary

- To enable Members to consider the Masterplanning Framework for Mangrove Road (HERT5), Hertford.

RECOMMENDATIONS FOR COUNCIL:

- (a) That the Masterplanning Framework for the Mangrove Road (HERT5) site, Hertford, as detailed at Appendix 'A' to this report, be agreed as a material consideration for Development Management purposes.**

1.0 Proposal(s)

- 1.1 The Masterplanning Framework sets a vision for the future development of the Mangrove Road strategic allocation, Hertford. The Document reflects the policy requirements of policies HERT5 and DES1 of the East Herts District Plan, 2018 and it is therefore recommended that the Masterplanning Framework be agreed as a material consideration for Development Management purposes.

2.0 Background

- 2.1 The East Herts approach to Masterplanning was first presented to the District Planning Executive Panel in September 2017 (and agreed by Council on the 18th October 2017). The report sets out a series of steps that describe the various stages involved and processes expected for each of the District Plan strategic allocations. Whilst not a one-size-fits-all approach, the process is based upon a collaborative approach to identifying and resolving issues, creating a vision for what the site aspires to achieve, testing design options and consulting upon preferred solutions. The output of this process is a masterplan framework or masterplan which is presented to members for consideration.
- 2.2 In order to embed the Masterplanning process in the District Plan, Policy DES1: Masterplanning requires all 'significant' development proposals to prepare a masterplan setting out the quantum and distribution of land uses; access; sustainable high quality design and layout principles; necessary infrastructure; the relationship between the site and other adjacent and nearby land uses; landscape and heritage assets and other relevant matters. Furthermore, the masterplan should be collaboratively prepared and informed by public participation. Finally, Policy DES1 states that in order to ensure sites are planned and delivered comprehensively, any application for development on part of the site will be assessed against its contribution to the masterplan as a whole.
- 2.3 The masterplan should therefore provide sufficient information to inform the preparation of detailed aspects of the site at the planning application stage. The level of detail required for the masterplan will depend upon the likely form of delivery of the site. For example, where delivery is expected by one party who has been involved throughout the Plan-making stages, a masterplan framework may be prepared, which provides key parameters and aspirations which form the basis of detailed design determined through a planning application process at a later stage.

2.4 For each of the strategic sites allocated in the District Plan, a Steering Group has been, or will be established. This will comprise East Herts councillors, town and parish councillors, representatives of the local community and other interested groups where appropriate. The Steering Group is a sounding board for key issues and depending upon specific circumstances, for discussing detailed design elements whilst preparing the planning application through to when construction is underway. In respect of the HERT5 allocation, Shaping Hertford is the appropriate Steering Group for progressing this Masterplan Framework.

3.0 Considerations

3.1 The land at Mangrove Road, Hertford is a strategic allocation within the adopted East Herts District Plan under Policy HERT5.

3.2 Policy HERT5 sets out the proposed land uses and other policy requirements as well as a requirement that a masterplan is produced in a collaborative manner with stakeholders. The policy allocates the site for around 50 dwellings.

3.3 The site covers a total area of 4.87 hectares with the developable area covering 2.67 hectares of the eastern part of the site. The western part of the site remains within the Green Belt; by limiting development to the eastern half of the site only, the Hertford Green Finger is preserved between HERT5 and Hagsdell Stream including the higher and lower level tree belts.

3.4 In terms of site-specific matters, as a smaller site of around 50 dwellings, its only requirement in terms of community facilities is to provide a play area within the site and the upgrade of the pedestrian and cycle way along Mangrove Road to Simon Balle School. It will contribute towards other local provision through S.106 agreement/s in due course through the planning application process.

3.5 It will also be expected to meet all other relevant HERT5 policy criteria, addressing issues such as transport (both locally and wider/strategically); access; and, wider opportunities to link into

pedestrian, cycleway and bridleway networks.

3.6 The Masterplanning Framework document found at Appendix A sets out a vision and framework to address these matters, the sections can be summarised as follows:

- Following an introduction, page 5 sets out the vision for the site with particular emphasis upon high quality design, landscaping, and green infrastructure links to the Green Finger to the west of the site.
- Pages 6-11 identify and summarise the background and contextual information influencing the site; this includes the site's location in Hertford, the planning policy context and historic built environment.
- Pages 12-16 provide an analysis of the existing site itself, and identify the opportunities and constraints, and the potential landscape aspirations that have influenced the framework.
- Pages 13-20 summarises the consultation and engagement stages undertaken and how this influenced the masterplan framework as a whole. There is more detailed information on the engagement on this masterplan found at paragraph 3.8-3.14 in this report.
- Pages 21-23 present the final Masterplan Framework as a collective result of the previous sections and the engagement and consultation. Page 23 displays the final Masterplan Framework building on the framework presented at the previous Shaping Hertford meeting (page 21).
- Pages 24-30, the final section of the framework, focuses upon design and landscape aspirations of the site taking inspiration from the immediate area to the site.

3.7 Policies DES1 and HERT5 in the District Plan identifies collaborative preparation and public participation as a key element of masterplanning. Below is a detailed summary of the engagement undertaken during the masterplan process.

Engagement:

- 3.8 Throughout the Plan-making stage a number of meetings have been held with officers to discuss a wide variety of matters. Following the Plan-making stage, Officers have met regularly with CALA Homes and other parties as programmed in the Planning Performance Agreement. These initial discussions have helped to inform the Masterplanning Framework.
- 3.9 As noted in paragraph 2.4 (above), every strategic site is expected to engage with a Steering Group and in the case of HERT5 'Shaping Hertford' was recognised as the appropriate group to enable the site to discuss detailed matters. This group comprises Officers from East Herts and Hertfordshire County Council, a number of Executive Members and local ward councillors, as well as representatives from Hertford Civic Society and Oak Grove Residents Association alongside other community representatives specific to the HERT5 site as well.
- 3.10 Two meetings with Shaping Hertford took place in total, the first on 2nd September 2019 where initial, broad masterplan ideas and details on the vision and design aspirations were presented and then discussed. After the presentation, wider issues were discussed such as highways congestion and speed, alongside detailed site-specific matters such as potential overlooking of neighbours, the retention of trees and the management of the open space.
- 3.11 Following this, a public consultation event was undertaken on 16th October 2019. The exhibition was publicised by way of individual leaflets delivered to 1,484 residential households and 30 businesses. The evening itself saw a total of 127 people attend the event, feedback was received in various mediums as noted on page 18 of the Masterplan Framework. As well as answering closed-questions, the most common representations and issues raised related to access, traffic, the speed limit and other local amenities. After this the most common topics related to green space and ecology.
- 3.12 CALA Homes also met with those residents of Ashbourne Gardens who's residence are located immediately adjacent to

the sites northern boundary, recognising that this site boundary had particular sensitivities to the development of this site – the treatment of the boundary was discussed with the residents. The discussions and outcomes of this meeting are highlighted on page 19 of the Masterplan Framework.

- 3.13 The second and final Shaping Hertford Meeting took place on 19th November 2019 where further details were discussed and an updated masterplan was presented. Discussion centred around the use, ownership and access to the green finger to the west of the site; as well questions that related to the landscaping of the site and the retention of trees generally.
- 3.14 Some of the themes and topics discussed cannot necessarily be addressed comprehensively through the masterplan process. Where this is the case, officers and the developers will continue to work through the planning application process on these issues.

Conclusions

- 3.15 It is the view of Officers that the Mangrove Road Masterplanning Framework provides a sound basis upon which to move forward to prepare a detailed planning application. When considered against District Plan policies DES1 and HERT5, the document provides a framework that addresses the necessary requirements and main issues of significance in relation to the site. It simultaneously provides the necessary flexibility to allow further details to develop within the framework's vision up to, and through, the planning application stage.
- 3.16 The engagement and collaborative requirements of a masterplan set out in policies DES1 and HERT5 have been comprehensively fulfilled by the Masterplanning Framework. Officers will continue to work with the applicant and other stakeholders to ensure that the best possible outcomes are achieved on this site.
- 3.17 The Master Plan Document contains a vision and series of objectives that reflect the requirements of Policy HERT5, and

with appropriate implementation, particularly in regards to sustainable design and landscaping, these ambitions will be achieved on the site. It is therefore recommended that the Masterplanning Framework as detailed at Essential Reference Paper 'A', be agreed as a material consideration for Development Management purposes¹.

4.0 Options

4.1 The District Plan requires strategic sites to undertake a masterplanning process.

5.0 Risks

5.1 As the masterplanning process is a policy requirement within the District Plan, the Council needs to ensure that officers and members are engaged fully in the process and see the masterplans through the democratic reporting process.

6.0 Implications/Consultations

6.1 The masterplanning process includes public engagement and steering group meetings with members and local representatives.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

Hertford Castle Ward

7.0 Background papers, appendices and other relevant material

7.1 East Herts District Plan October 2018 – Chapter 7 - Hertford,
<https://www.eastherts.gov.uk/districtplan>

7.2 Appendix A: Mangrove Road Masterplanning Framework

Contact Member

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¹ A material consideration is a matter that should be taken into account in deciding a planning application or on an appeal against a planning decision.

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MANGROVE ROAD

HERTFORD

MASTERPLANNING FRAMEWORK



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Introduction

This Masterplanning Framework Document has been prepared on behalf of CALA Homes (North Home Counties) Limited in support of proposals for a high-quality residential development located to the south of Hertford; on a parcel of land situated to the west of Mangrove Road which has been allocated for housing within the East Herts District Plan 2018 (EHDP).

The Framework has been prepared in accordance with East Herts District Council's masterplanning process, as set out in Policy DES1 of the EHDP. It has been collaboratively prepared by CALA Homes (North Home Counties) Limited in consultation with key stakeholders and following public participation.

In accordance with the provisions of Policy DES1, this document has been prepared in consultation with the local community following a comprehensive design process involving an appraisal of the site and its opportunities and constraints. The Framework illustrates how the scheme has evolved through the masterplanning process in response to discussions with local stakeholders.

The Masterplan provides the framework for creating a high-quality and sustainable development that seeks to achieve the Council's objectives for the site as set out in Policy HERT5 of the EHDP. It provides the key design and layout principles and indicates the distribution of development, its relationship with surrounding development and access provisions. It further provides the approach to landscaping, street hierarchy, green connections and amenity space including the retention of the Hertford Green Finger area.



Image 1 - Bird's eye view of the HERT5 site.

02 Vision

As a design team, we aspire to deliver the very best in quality and design and to deliver an exemplary residential development that will enhance the local area and provide beautiful places to live. Our design ethos is shaped by the desire to create homes and communities that reflect and enhance their setting and meet the needs of modern family life. The Masterplanning Framework will seek to achieve these aspirations and shape the development to;

Our Vision

Our vision is to deliver the very best in quality and design to create an exemplary residential development on the southern side of Hertford that will enhance the local area and provide beautiful places to live. Our design ethos is shaped by the desire to create homes and communities that reflect and enhance their setting and meet the needs of modern family life. The Masterplanning process seeks to achieve these aspirations and shape the development. Key elements include:

High Quality Design and Character

- Create a development that is sensitive to the surrounding townscape character.
- Variety of building types to create character areas that complement each other.
- Creation of a residential square that will provide an arrival space.
- Creation of an entrance green on the eastern edge of the site.
- Retention of existing high-grade trees where possible to maintain the site's verdant character.
- Key buildings at strategic locations.
- Dual aspect buildings on key corner plots.
- Suitable palette of materials to respect the character of the area.
- High levels of natural surveillance.
- Attractive public realm created through the careful use of surface treatment and paving, street tree planting, soft landscaping and high quality street furniture.
- Respect sensitive boundaries with neighbouring properties.

Sustainability and Housing

- A fabric first approach to energy conservation.
- A range of dwelling types to meet housing need.
- Provision of affordable housing.
- On-plot parking for houses to minimise impact on public realm.
- Apartments served by parking court.
- Secure and weatherproof means of cycle parking provision for all units.

Movement and Connections

- Create an integrated street hierarchy to help define character areas.
- Policy compliant car and cycle parking standards.
- Pedestrian routes that provide connectivity to the wider community including a green route providing access from Mangrove Road to the Green Finger open space.
- Delivering access arrangements and appropriate local highways mitigation measures with contributions towards wider strategic measures.
- Activate the residential frontage along this part of Mangrove Drive to help influence drivers' behaviour and act as a traffic calming measure.
- Sustainable transport measures, through improvements to the existing walking and cycling networks in the locality and through new provision – providing links with the adjoining area and the town centre.
- Upgraded pedestrian and cycle way along Mangrove Road.

Landscaping and Green Infrastructure

- Landscape-led approach at harmony with the existing verdant environment.
- Public amenity greenspace buffer through retention of existing treed area between the built development on the eastern portion of the site and the open space occupying the western portion of the site to allow for the preservation of the Hertford Green Finger – which will remain in the Green Belt.
- Network of multi-functional green spaces consisting of natural and semi-natural features.
- Enhance access to green spaces through new links including provision of a green route along the southern edge of the site which utilises the existing tree belt.
- Public open space within the site, including the provision of a play area and opportunities for outdoor health and fitness activities.
- Naturalistic play features.
- Retention and reinforcement of mature trees and hedgerows around the site perimeter wherever possible.
- Sustainable Drainage Systems (SuDs) that are designed to integrate harmoniously with the surrounding landscape.
- Ensure measures are in place to allow adequate future maintenance and management of open space areas.

Built Heritage

- Development that is compatible with, and complements, the nearby Grade I Balls Park and its Grade II Registered Garden.
- A built form that respects the character of the Hertford Conservation Area in which the site is located.

Wildlife

- Biodiversity enhancement through retention of existing habitat including the Green Finger open space and provision of new green infrastructure.
- Ecological buffer along the southern edge of the site utilising the existing tree belt.
- SuDs which are designed to enhance ecology.

Site Location

The site is a 15 minute walk from Hertford Town Centre and the attractive and vibrant retail areas on The Wash and St Andrew Street.

There are frequent main line railway services into London Kings Cross (1 change) or Moorgate from Hertford North Station which is an approximate 30 minutes walk (10 mins cycle) from the site. Hertford East Station is an approximate 15 minutes walk from the site and this provides regular main line services into London Liverpool Street.

Vehicular connectivity to the site is good with direct access to the A414 which connects with the A10 to the east and provides links to Cambridge and London. To the west, the A10 connects with the A1(M) between Welwyn Garden City and Hatfield.

To the east of the site lies Balls Park which is a Grade I listed building set within a Grade II listed park and garden.

The site is also within the Hertford Conservation Area.

Image 2 - Key Diagram for Hertford (taken from East Herts District Plan 2018)



- Site allocations
- Proposed number of new homes
- Railway station
- Improvements to A414 in combination with bypass
- Existing built up areas
- Green Belt
- Green space (remains in Green Belt)
- HERT5 site allocation

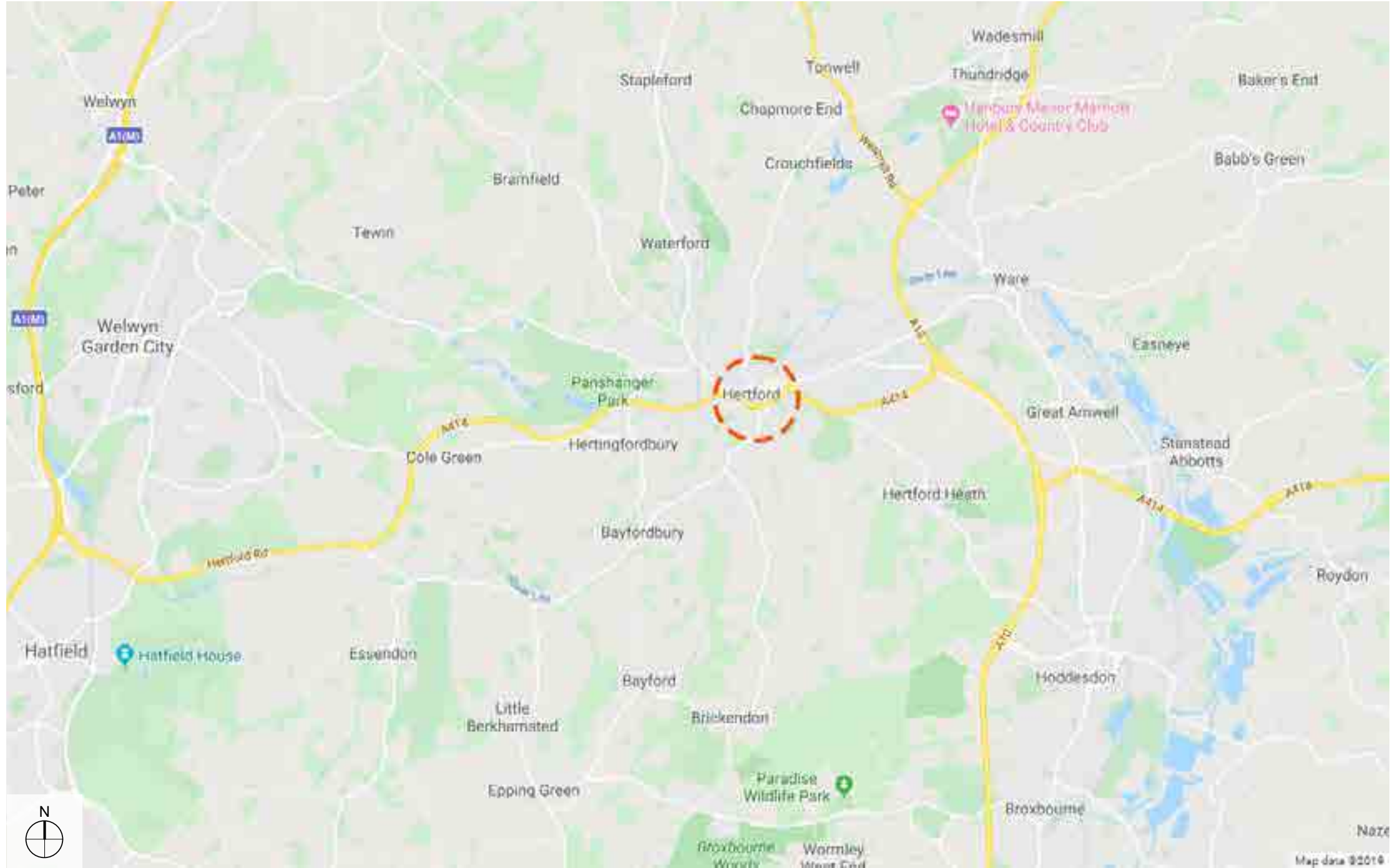


Image 3 - Location of Hertford (base image taken from Google Maps)



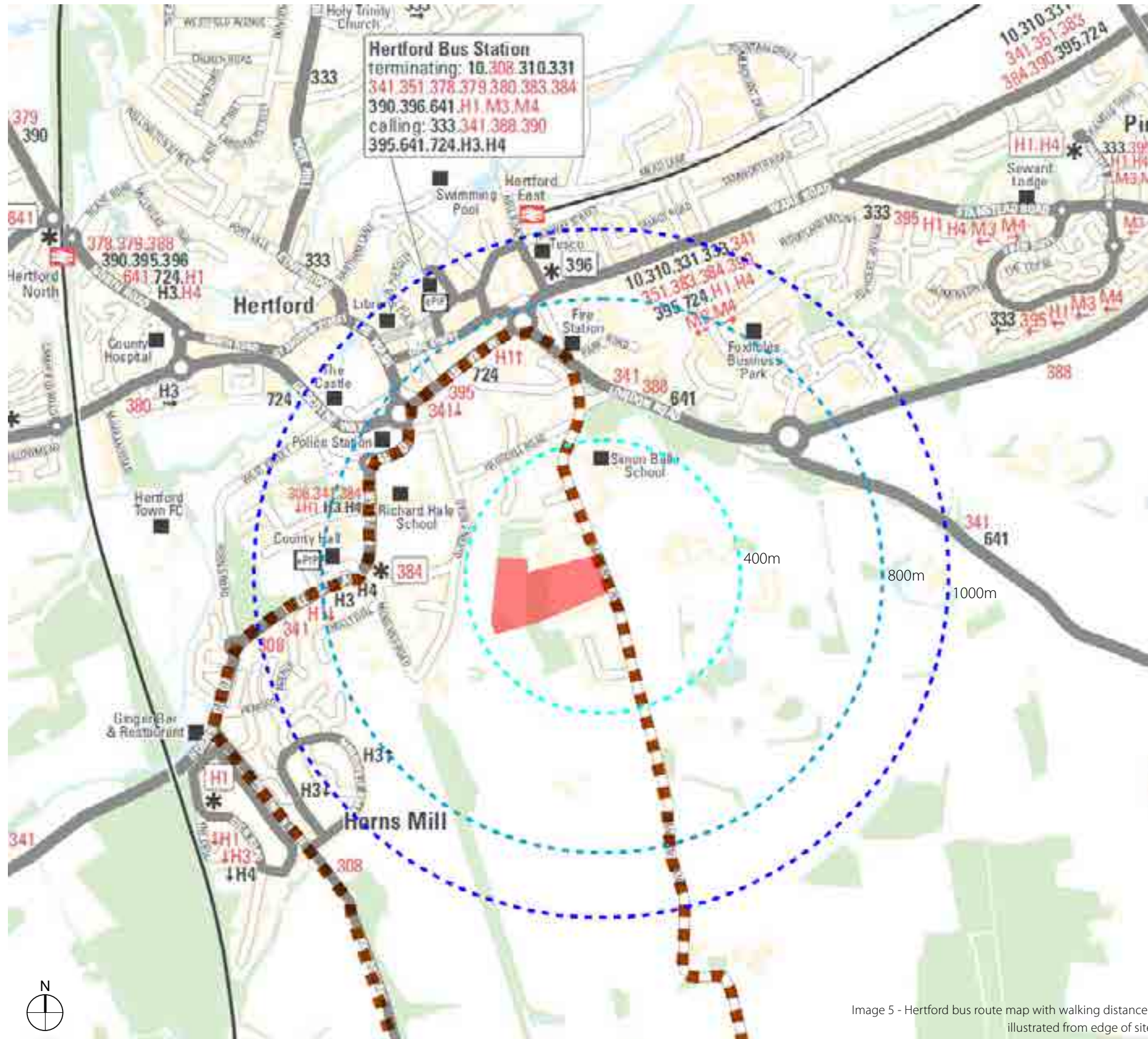
Image 4- Aerial photo of the surrounding context around the HERT5 allocation.

Movement and Connections

This map highlights the location of the site in relation to the surrounding movement network and the accessibility to the public transport services.

The Hertford South Circular Cycle Route passes the site along the Mangrove Road Frontage which connects with Ware Road approximately 800m to the north.

A variety of regular bus services are within easy walking distance and Hertford East Railway station is approximately 1km directly north of the site.



- Key**
- HERT5 site allocation
 - Hertford Cycle Route - Section of the Hertford South Circular
 - 400m travel radii
 - 800m travel radii
 - 1000m travel radii

Hertford

- Bus routes generally at least hourly between 0800 and 1800, Mondays to Fridays
- Bus routes less than above
- Bus route terminus
- Direction of travel
- National Rail station
- Electronic Passenger Information Point

PLEASE NOTE:
 This map is for information purposes only and does not constitute a contract. The Hertford South Circular Cycle Route is a route for information purposes only and is not a legal route. The Hertford South Circular Cycle Route is a route for information purposes only and is not a legal route. The Hertford South Circular Cycle Route is a route for information purposes only and is not a legal route.

Image 5 - Hertford bus route map with walking distances illustrated from edge of site

05 Planning Policy

The site is allocated for residential development in the East Herts District Plan 2018 under reference 'HERTS - South of Hertford'.

Policy HERT5 identifies the following provisions and issues to be addressed by the development:

- A range of dwelling type and mix, in accordance with the provisions of Policy HOU1 (Type and Mix of Housing).
- Affordable Housing in accordance with Policy HOU3 (Affordable Housing).
- Demonstration of the extent of the mineral that may be present and the likelihood of prior extraction in an environmentally acceptable way has been fully considered.
- Development that is compatible with, and complements, the character of local heritage assets and designations, including, inter alia, the adjacent Grade I Balls Park and its Grade II Registered Garden.
- Necessary new utilities including, inter alia: integrated communications infrastructure to facilitate home working.
- Access arrangements and appropriate local (with contributions towards wider, strategic) highways mitigation measures.
- Encouragement of sustainable transport measures, both through improvements to the existing walking and cycling networks in the locality and through new provision, which should also provide links with the adjoining area and the town centre (including, inter alia, an upgraded pedestrian and cycle way along Mangrove Road to Simon Balle School), and enhanced passenger transport services.
- Landscaping and planting, both within the site and peripheral, which responds to the existing landscape and complements development, as appropriate.
- Public open space within the site, including the provision of a play area and opportunities for outdoor health and fitness activities, as well as space for wildlife.
- Quality local green infrastructure through the site including opportunities for preserving and enhancing on-site assets, maximising opportunities to link into existing assets and enhance biodiversity. This should include, but not be limited to, the provision of a public amenity greenspace buffer (which will remain in the Green Belt) between the development and Hagsdell Stream to allow for the preservation of that part of the Hertford Green Finger. This shall include the existing treed area at the higher level, the tree belt at the lower level, and the sloped area of land between them leading towards Hagsdell Stream, and should also provide for public pedestrian access from Mangrove Road along with the protection of any public rights of way and other public access routes running through or on the boundaries of the site.
- The delivery of all other necessary on-site and appropriate off-site infrastructure; and
- Other policy provisions of the District Plan and relevant matters, as appropriate.



- Key
- Simon Balle School
 - Balls Park and Gardens (boundary as per Historic England List Entry No: 1000523)
 - Important Open Space (taken from Hertford Conservation Area Appraisal)
 - ▬ Public Footpath
 - ▬ Bridleways
 - ➔ Pedestrian Movement Link
 - ➔ Potential Public Access to Western Open Space

Image 6 - HERT5 Site location overlaid onto Google aerial

Hertford's Green Fingers

Hertford is shaped by four rivers with their associated wetland which penetrate the built-up areas. They extend beyond the boundaries of the town as homogeneous areas of high-quality landscape, each with its own common form and character. These 'green fingers' are areas of undeveloped land are bounded on either side by the radiating urban development.

Hertford Civic Society published its first Green Fingers Report in 1976 advocating measures to protect these green fingers. Subsequently the local planning authority adopted the green finger concept which has been carried through to the most recent 2018 plan, identifying the boundaries of four fingers with a view to giving special consideration to any proposals for changes within these boundaries.

The green fingers represent environmental assets for the benefit of local people. They are also important ecologically as they help to support a range of flora and fauna. It is the Council's objective to ensure their continued existence and this is recognised through their designation as Local Green Spaces and through the objectives of Policies CFLR1 and CFLR2 of the East Herts District Plan 2018.

The HERT5 site is fairly unique in that it incorporates part of one of the town's Green Fingers and provides an opportunity for access into this area, which incorporates Hagsdell Stream, to be improved through the formation of new links. As well as improved accessibility, the development will seek to enhance the Green Finger's amenity and wildlife value, in accordance with the objectives of paragraph III(j) of Policy HERT5 of the East Herts District Plan 2018.

The existing treed area located between the built development area on the eastern portion of the site and the open space occupying the western portion of the site will be retained to allow for the preservation of the Green Finger – which will remain in the Green Belt.

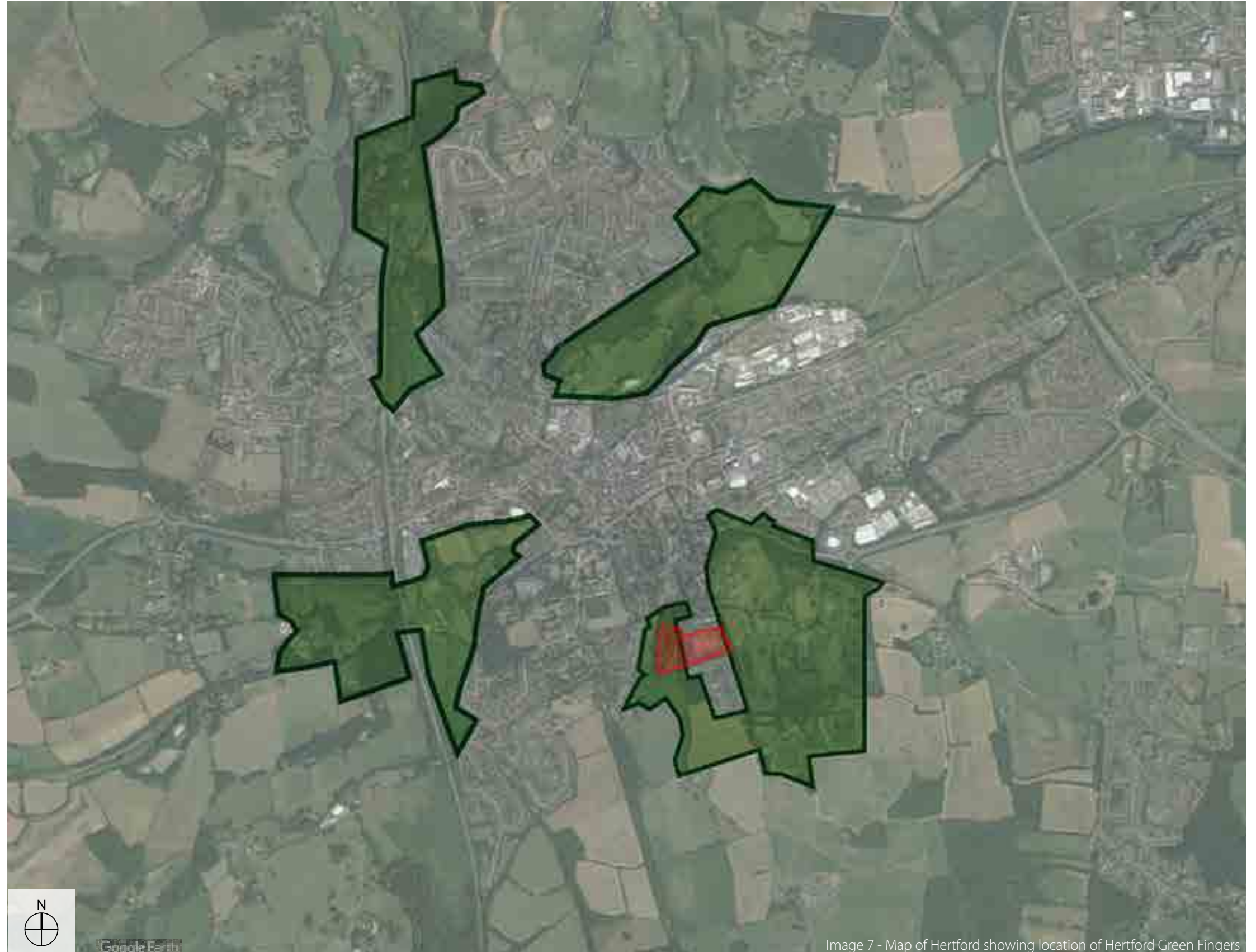


Image 7 - Map of Hertford showing location of Hertford Green Fingers

Key

- HERT5 site allocation
- Hertford Green Fingers (East Herts District Plan Online Mapping 2018)

07 Built Heritage

The site is located within the Hertford Conservation Area and is close to the Grade I Balls Park and its Grade II registered gardens. CALA has commissioned a Heritage Consultant who will assist in the development of the layout and prepare a Heritage Statement that will accompany the planning application submission.

The extent of the Conservation Area and notable features contained within it are shown within Image 8.

New buildings will be designed to respect the site's historical setting and heritage assets. The proposed development will respond to the scale, massing and appearance of the existing surrounding development, ensuring that the site suitably integrates with its context (further detail on local context is provided in sections 10 Local Context & 12 Immediate Surrounding Context and images shown in sections 11 & 13).

Key

- HERT5 site allocation
- Adopted conservation area boundary: local policies BH5-BH6 particularly apply
- SAM Scheduled Ancient Monument and Areas of Archaeological significance: Local policies BH1 - BH3 particularly apply
- Individually listed buildings/structures: NPP policies apply
- Other individual listed features: NPP policies apply
- + Walls/railings/boundary kerb marker
- † Tombstone
- P Pump
- Dr Drum 'statue'
- WM War Memorial
- M Memorial
- TK Telephone Kiosk
- G Gate
- FB Footbridge
- F Folly
- Fn Fountain
- Gz Gazebo
- SL Street Lamp
- R Listed buildings 'at risk' or other curtilages listed buildings/structures in need of repair/refurbishment
- Important buildings in the curtilages of Listed buildings: NPP policies apply
- Unlisted buildings to be protected from demolition
- Other distinctive features to be protected from demolition within parameters of existing legislation: (includes features within the curtilage of listed buildings and walls/railings above the specified heights)
- + Walls/railings
- † Tombstones
- M Memorial
- LB Pillar Letter Box
- B Bridge
- C Chimney
- SL Street Lamp
- Bd Bollard
- BM Historic Boundary Plaque Marker
- UB Historic Utility Box?
- A4 Selected features on unlisted buildings where additional controls are proposed subject to further consideration and notification (by Article 4 Direction) (see text for exact locational detail)
- Important open spaces to be protected
- Important water features to be protected
- + General location of important trees/hedgerows to be protected within parameters of legislation
- WS Wildlife sites to be protected: Local policies Env14 and Env16 particularly apply
- HPG Historic Parks and Gardens to be protected: Local policy BH16 particularly applies
- A Selected important views to be protected
- ▲ Proposed enhancements
- RD Potential area for redevelopment
- HERT 5 Allocated housing site

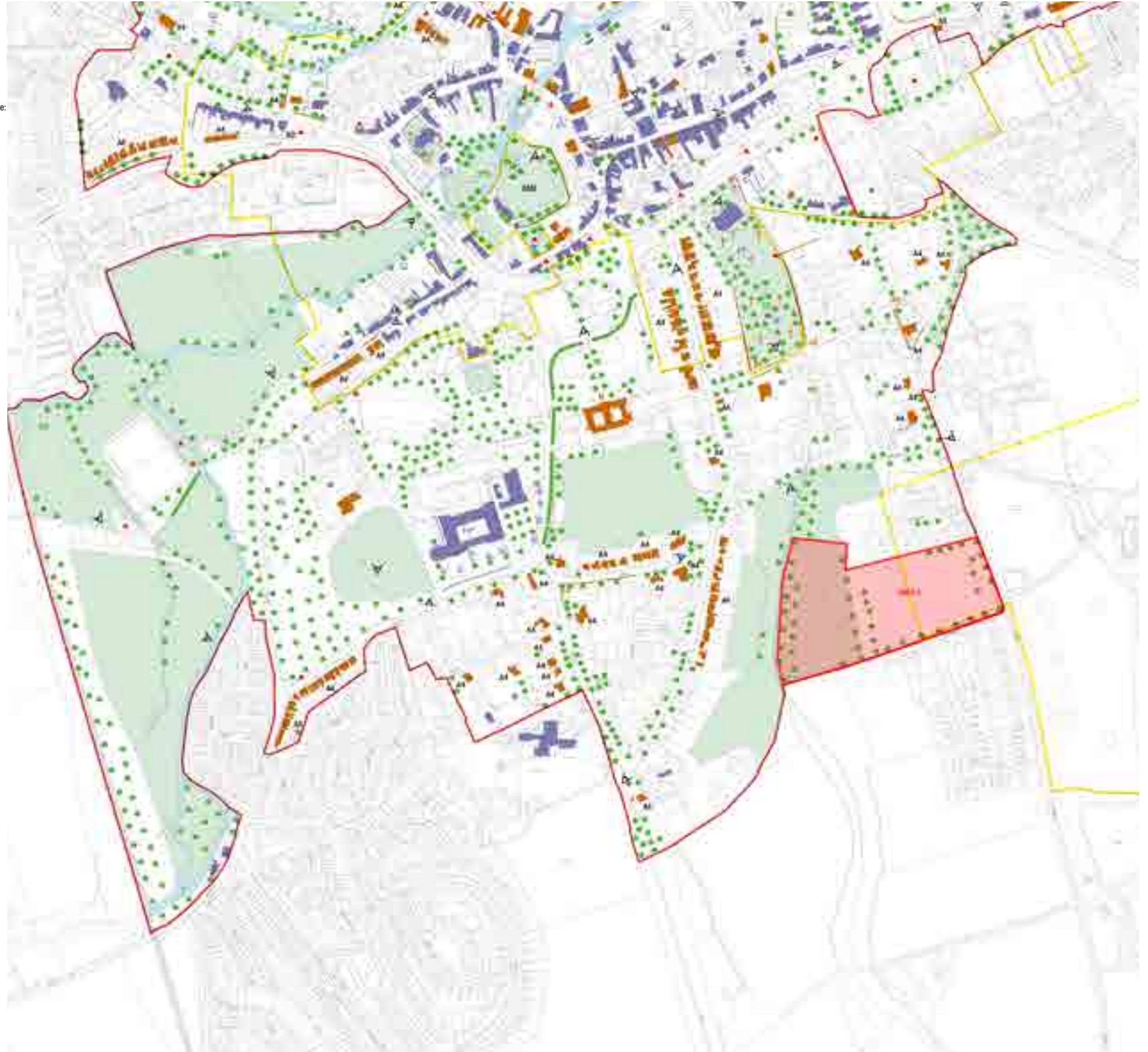


Image 8 - Hertford Conservation Area Appraisal and Management Plan

Site Analysis

Location and Site Context

The aerial image and photographs in Section 08 provide a snapshot of the immediate surrounding environment and the distinctive, verdant character of the site. A variety of semi-mature and mature trees provide a strong green edge to the western and southern boundary with a particularly impressive line of Beech trees which separate the HERT5 development area to the east and the area of green space to the west.



Image 9 - Bird's eye view of the HERT5 site with photo locations.

09 Site Photographs



Site Analysis

Existing Site

Ecology

Initial surveys have been undertaken and further surveys are still taking place. These have influenced the location of buffer zones on the eastern, southern and western sides of the site and the pulling back of development from these areas.

The proposal will seek to provide a net gain in biodiversity across the site with the provision of new and replacement habitats.

Full Ecological Surveys and Reports will be submitted alongside the planning application.

Tree Survey

A Tree Survey covering the extent of the site has been undertaken. This records the individual and groups of trees on the site and categorises them into four groups depending on the quality of the tree and its impact on the surrounding streetscene. The Tree Survey will influence the positioning of the development of the site.

Discussions have been held with our Arboricultural Consultant and the Councils Tree and Landscape Officer to discuss the results of the Survey and which trees could be removed on the site to facilitate the development. Engagement with Officers will continue as the proposals progress.

High quality tree specimens will be retained wherever possible and incorporated into the development as part of the over-arching landscaping masterplan. Extensive new tree planting will also take place as part of the development of the site.



- Key
- HERT5 Site Allocation
 - Location of Existing Site Access
 - Existing Trees - Category A
 - Existing Trees - Category B
 - Existing Trees - Category C
 - Existing Trees - Category U
 - Existing Trees - Survey to be Finalised
 - Existing Trees - Tree Group
 - Existing Trees - Root Protection Areas
 - Topographic Levels
 - Hagsdell Stream
 - Surrounding Buildings
 - Direction of Slope
 - Dis-used Sports Surface with Base Intact

Image 10 - Topography and location of trees on the site.

11 Opportunities and Constraints

Following the physical and policy analysis of the site, this diagram has been prepared to illustrate the main opportunities and constraints which has influenced the development of the Masterplanning Framework.



- Key
- HERT5 Site Allocation
 - ← Mangrove Road
 - ← Mangrove Drive
 - ← Private Drives
 - Existing Residential Buildings and Primary Frontage
 - Open Boundary
 - Sensitive Side Relationship with Sole Window to Primary Room
 - Location of Existing Site Access
 - * Existing Trees
 - Root Protection Areas
 - Open Green Space
 - 50.0 Topographic Levels
 - Hagsdell Stream
 - Direction of Slope
 - Location of Potential Additional Site Access
 - Opportunity to Create Entrance Green
 - Opportunity to Create Residential Square
 - Dwellings to Provide Positive Frontage to Eastern and Southern Green Edge
 - Dwellings to Provide Positive Frontage to New Link Road
 - Dwellings to Provide Positive Frontage to Western Open Space
 - * Opportunity to Create Key Frontages
 - 2 Storey Heights

Image 11 - Opportunities and Constraints Diagram

Landscape Concept

This diagram has been prepared to set out the landscape design aspirations which will influence the development of the Masterplanning Framework.

The verdant setting of the site presents a unique opportunity to deliver a landscape led masterplan which will create a residential development that is responsive to its natural environment. A program of landscape management will ensure the retained trees and vegetation will provide a series of delightful spaces where people will be able to relax socialise and develop a sense of community. New tree and landscape planting will enhance the existing vegetation and promote biodiversity. Recreational facilities will be incorporated in an organic way so that small areas of play are incorporated and that they are at one with nature.

The key landscape features will include but not limited to:-

- A tree lined frontage to Mangrove Road
- A green landscaped space immediately beyond the Mangrove Road Frontage
- A transition space between the entrance and the residential street
- A tree lined residential street
- A landscaped edge to the southern boundary incorporating incidental play opportunities
- Access to the open space to the west beyond the line of Beech trees
- Enhanced shrub and tree planting



- Key
- HERT5 Site Allocation
 - Location of New Pedestrian and Vehicular Access
 - Retaining Existing Vegetation and Ecology
 - Ecological Buffer
 - Entrance Greens
 - Residential Square
 - Treelined Thoroughfare (including Semi-Mature Trees within the Public Domain)
 - Green Links
 - Green Route in Open Space
 - Positive Frontages Overlooking Public Areas
 - Rear Gardens
 - Primary Landscape and Activity Routes
 - Vehicular Accesses into Site from Mangrove Road
 - Pedestrian Access to the Site to Wider Community and Landscape
 - Local Play Areas

Image 12 - Landscape Strategy Diagram

13 Consultation

As part of the masterplanning process, consultations have been held with various statutory bodies and the public to discuss the development of the masterplan for the site. To date the following consultations have taken place.

Pre-Application meeting with East Herts District Council planning officers

At this meeting, which took place on 22nd May 2019, the principle of the masterplan was discussed and the masterplanning process agreed including the presentation to the Shaping Hertford Steering Group.

Shaping Hertford Steering Group Meeting

Masterplan concept drawings were presented to the Shaping Hertford Steering Group on the 2nd September 2019. At this meeting the following items were discussed:

- The principle of the masterplan
- Overlooking concerns to dwellings along Mangrove Drive and along the northern boundary to Ashbourne Gardens
- The design, use and management of the open space and Hagsdell stream in the western part of the site
- Vehicular traffic and speeds along Mangrove Road; The management of the vegetation and trees along Mangrove Road and
- Dwelling numbers

Second Pre-Application meeting with East Herts District Council planning officers

A second pre-app meeting took place on 29th July 2019 to discuss scoping findings, the masterplan process and timeframes.



Image 13 - Initial masterplan concept drawing presented at the Shaping Hertford Steering Group Meeting

Public Consultation

A public consultation event was held at Hertford Cricket Club on the 16th October 2019 in which 127 people attended the exhibition.

At this exhibition attendees were asked to complete a feedback form with five questions. As of 28th October 2019, we have received:

- 34 feedback forms
- 19 feedback forms were filled in at the exhibition
- 15 have been received by post

In addition to the feedback forms 26 post-it notes with additional comments were placed on the proposed masterplan board at the exhibition.



Images 14 & 15 - Photographs taken at Public Consultation Event



Image 16 - Masterplan Layout shown at Public Consultation Event

Consultation with residents at Ashbourne Gardens

A private meeting was held between CALA homes and those residents living along the northern boundary of the site in Ashbourne Gardens on the 1st November 2019. Its purpose was to discuss proposed options of how the masterplan would relate primarily to numbers 12 - 23 Ashbourne Gardens (see adjacent Images 19 - 21). At this meeting, the topics discussed included the treatment of the northern boundary and the back to back distances to the existing dwellings.

Feedback from all the above consultation events has helped the design team develop the masterplan.

Development Design Team Workshop

On the 7th November 2019, following the Public Consultation Event, the Development Design Team gathered to review the feedback received.

Letters sent to Aldwyck Housing residents in Ashbourne Gardens

On the 14th November 2019, CALA sent letters to the residents of Aldwyck House at Ashbourne Gardens. CALA have yet to receive a response back.



Image 17 - Option 3

Second Shaping Hertford Steering Group Meeting

A revised masterplan was presented to the Shaping Hertford Steering Group on the 19th November 2019. At this meeting we discussed the following items:

- The principle of the masterplan
- Overlooking concerns to dwellings along the northern boundary to Ashbourne Gardens
- The design, use and management of the open space and Hagsdell stream in the western part of the site
- Removal of category C & U trees on the development site on the proposed layout
- Management of construction traffic
- The provision of a formal play area
- Access along Mangrove Road and how this reduces vehicular speeds along the road and
- Dwelling numbers, types and height

Third Pre-Application meeting with East Herts District Council planning officers

A revised masterplan was presented to the planners on the 5th December 2019. At this meeting the team discussed the following items:

- Boundary treatment along the northern perimeter to Ashbourne Gardens
- Sustainability
- The design, use and management of the open space and Hagsdell stream in the western part of the site
- Tree frontage along Mangrove Road and access through them
- Proposed building heights
- The location of the play area and
- Dwelling numbers

This plan was presented to the last Shaping Hertford Steering Group Meeting and has subsequently been updated following comments received from Council officers and Stakeholders. The final Masterplan is presented on page 23.



Image 18 - Revised illustrative masterplan presented at the second Shaping Hertford Steering Group Meeting

1 Design Principles

Final Masterplan

Following the second Shaping Hertford presentation, a few further minor changes to the final masterplan were incorporated to take account of comments raised at the meeting. This is the final masterplan which is explained as follows.

The masterplanning process is underpinned by a clear and concise response to the opportunities and constraints of the site and to ensure the proposed development will make a positive contribution to the existing character of the neighbourhood. The following design principles are the 'golden thread' to the masterplan.

1. The retention of a verdant frontage which maintains the rural character to Mangrove Road
2. A simple legible and coherent movement strategy that is easy to navigate
3. Landscape and Ecology – The primary street will lead into the site with an arrival space with houses that will 'frame the space'. Roads, streets and paths will incorporate trees, verges and landscaping to integrate the housing area with the surrounding development. A green route along the southern boundary and along the line of Beech trees will promote biodiversity and create an opportunity for informal play. The fringes of the development will combine existing tree and hedge planting with new tree, hedge and shrub planting to create a 'leafy green' character offsetting new low density detached housing
4. Public Open Spaces – The large area to the west of the line of beech trees will be retained as open space. Appropriate footpath links will ensure the space will remain accessible to not only the future residents of the development but also to the surrounding community as required by the HERT5 policy
5. Layout - Dwellings will be designed to overlook roads, footpaths and open spaces providing natural surveillance and active frontages to all areas in the best practice of secure by design philosophy. The built form will include focal buildings in key locations and buildings designed to 'turn the corner'. Density will be fairly consistent throughout the extent of the site. A key aim will be to avoid a development dominated by cars by ensuring that parking can be accommodated on plot or within off-road parking courts
6. Building Heights - The maximum height of buildings will be 3 1/2 storeys with the majority being between 2 – 2 1/2 storey
7. Frontages - Respond to their respective locations. The emphasis will be on subtle variation to ensure that the development as a whole maintains a cohesive identity
8. Living Conditions - The residents health and well-being will benefit with the provision of good living conditions that will include suitable amenity spaces and appropriate separation distances between developments

Final Masterplan



- Key
- HERT5 Site Allocation
 - Retained existing vegetation and ecology
 - Primary route
 - Residential road (shared surfaces)
 - Private Drives
 - Creation of green pedestrian route along southern boundary
 - Creation of green pedestrian route meandering through open space
 - N Location of new vehicular and pedestrian access
 - Retention of existing vehicular access
 - Potential location of new vehicular access
 - Tree lined route (including semi-mature trees within the public domain)
 - Entrance Green
 - Creation of residential square
 - Building frontage
 - Location of key buildings
 - Potential location of local play areas

Landscape Strategy

The development layout will seek to conserve the site's existing perimeter hedges and trees where possible. A robust and thorough survey has been undertaken along with detailed discussions with the Local Authority's Tree Officer with a view to retain as many trees as possible that are in good condition and have sufficient life expectancy.

The existing landscape features will be reinforced by high quality landscaping and the introduction of new hedgerow and tree planting in and around the built form (Policy DES3). This strategy of proposed vegetation will assist in enhancing existing landscape features and help assimilate the new development into the existing environment and also the wider landscape.

The landscape proposals include the following:

- Existing trees to the boundaries will be protected and managed to enable them to reach their full life expectancy.
- Where required, additional native tree and shrub planting will take place to provide a buffer around the edge of the site; forming a transitional area between the development proposals and existing vegetation.
- Access from Mangrove Road will be carefully considered given the existing vegetation and it is intended to provide a natural greenspace of high quality forming a focal point to the frontage of the development that is adjacent to the access points.
- All areas of greenspace within the site will be well

overlooked by properties to ensure that they are attractive and safe to use.

- The site opens up access to the beautiful, large and impressive woodland to the west of the site. Access will be carefully considered and management of this area will enable the woodland to be utilised whilst fully respecting existing eco-habitats.
- The design of the publicly accessible open space will provide the following benefits:
 - Encourage biodiversity
 - Landscape and sustainability benefits;
 - Create amenity value
 - Enhance existing hedges and trees with additional landscape elements to provide a mix of habitats.

Views of the site are localised due to topography, built form and vegetation. However, there are a number of short and medium distance views from the site to the countryside to the west. Views into the site will be minimal due to the existing vegetation along the buffers to the edge of the site; due consideration will be given to design, scale, form, layout and landscaping which will minimise the visual impact of the development (Policy DES2).

SuDS and wildflower areas



Play area



Street trees



Boundary native tree and shrub planting



Design Aspirations

Local Context

These images are provided to illustrate the architectural character of the outlying area of the site which will provide a key to the detailed development of the residential buildings once the Masterplanning Framework is approved. The site falls within the boundary of the Hertford Conservation Area. Mangrove Road is incorporated within Area 4 (as identified by the Hertford Conservation Area Appraisal and Management Plan) which includes All Saints Church, Queens Road, Mangrove Road, Highfield Road and Morgans Road. These are highlighted on the adjacent plan.



Image 20 - Aerial of the HERT5 site with photo locations.



Immediate Surrounding Context

These images are provided to illustrate the architectural character of the immediate area surrounding the site, providing reference into the detailed development of the residential buildings once the Masterplanning Framework is approved. The areas include the residential developments along Mangrove Road, Ashbourne Gardens and Mangrove Drive.



Image 21 - Aerial of the HERT5 site with photo locations.



For many, the name CALA is synonymous with home.

CALA make homes that people love to live in and are proud to have earned an excellent reputation with customers.

CALA build on principles of exceptional design and quality. From stylish waterfront apartments to rural retreats, CALA homes offer true value.

Properties with a sense of place

For CALA, the design of a home doesn't stop at the door. CALA are passionate about sustainable and inclusive communities. CALA homes look good together, mature well over time and sit well within their surrounds.

At Mangrove Road, the Masterplanning Framework will provide the strategic blueprint for the detailed design stage which will create;

- A landscape led approach through the provision of an exceptional quality landscape framework.
- The development of a cohesive character which makes a positive response to the Hertford Conservation Area and the setting of Grade I Balls Park and its Grade II registered gardens.
- The delivery of open market and affordable housing to meet local needs.
- Fully accessible dwellings built to the highest standards.
- An integrated network of public open spaces.
- A comprehensive SuDS strategy.
- An imaginative play provision within the landscaped setting.
- Policy compliant car parking and cycle storage.
- A highly legible road, cycle and footway network incorporating shared surfaces.
- Design and construction methods which will deliver energy efficient housing to meet best practice.
- High speed broadband through FTTP provision subject to existing infrastructure.



Image 22 - Photo of completed CALA development Balls Park, Hertford



Image 23 - Photo of completed CALA development Sopwith Grange, Duxford



Image 24 - Photo of completed CALA development Comic Meadows, Pirton



East Herts Council

Council

Date of Meeting: 29 January 2020

Report by: Cllr Haysey, Leader of the Council

Report title: Hertford Town Centre Urban Design Strategy Update

Reports: Hertford Town Centre Retail Health Check (The Retail Group), October 2019, and Bircherley Green Property Market Report, (AspinalVerdi), October 2019

Ward(s) affected: All Hertford: Bengo, Castle, Kingsmead, Sele

Summary

- To enable Members to consider the findings of the Hertford Town Centre Urban Design Strategy Update reports: Hertford Town Centre Retail Health Check (The Retail Group), October 2019, and Bircherley Green Property Market Report, (AspinalVerdi), October 2019.

RECOMMENDATIONS FOR COUNCIL:

- (a) That the findings of the Hertford Town Centre Urban Design Strategy Update reports: Hertford Town Centre Retail Health Check (The Retail Group), October 2019, and Bircherley Green Property Market Report, (AspinalVerdi), October 2019, be noted; and**
- (b) The Hertford Town Centre Urban Design Strategy Update reports: Hertford Town Centre Retail Health Check (The Retail Group), October 2019, and Bircherley Green Property Market Report, (AspinalVerdi), October 2019, be**

- agreed as material considerations in respect of informing Development Management decisions taken regarding Bircherley Green, or other Hertford Town Centre sites, as appropriate; and,**
- (c) The Council works in partnership with Hertford Town Council and Hertfordshire County Council, and other key stakeholders to agree the appropriate mechanism to support the improvement of economic/retail performance and environmental conditions within Hertford Town Centre, including reviewing the membership of the HUDS Steering Group.**

1.0 Proposal(s)

- 1.1 The purpose of this report is to advise Council of the completion of the focussed Hertford Town Centre Retail Health Check and Bircherley Green Property Market Report, which are both intended to provide an updated understanding of current market conditions in Hertford.
- 1.2 The results may serve, in terms of retail and economic issues, to influence both the emerging development proposals for the Bircherley Green site and any other site proposals that may come forward for consideration involving Hertford town centre sites and initiatives in the future.

2.0 Background

- 2.1 Members will be aware that the Hertford Town Centre Urban Design Strategy (HUDS) was completed in 2016. This had the aim of identifying Hertford's future role as a successful market town and made recommendations for proposals that would improve the town centre for both economic and aesthetic purposes, to maximise its attractiveness to users and visitors alike.
- 2.2 When published, the main report contained the key findings, but was in turn supported by a number of

evidence strands. Two elements of the overall evidence base were concerned with economic issues and comprised 'Retail Needs and Opportunities in Hertford Town Centre' (The Retail Group) August 2015, and 'Viability Report Hertford Town Centre' (AspinalVerdi) August 2015. These reports established that the concepts within the overall HUDS work for both the town centre generally, and Bircherley Green specifically, were both viable and likely to engender a healthy economic outcome going forward.

- 2.3 Since the completion of the HUDS work, applications were received by the Council for two separate development proposals for the Bircherley Green site, one of which was approved (subject to S.106) and the other was withdrawn prior to determination.
- 2.4 Subsequent to that withdrawal (for which the then developers, Wrenbridge, cited economic viability issues as the reason), the site was sold to new owners, Chase New Homes.
- 2.5 Since that time, the Council has been proactively engaging all three layers of local government, traders, representatives of the local community and the new site owners, and a Steering Group has been set up with these representatives to discuss emerging proposals and issues regarding the Bircherley Green site.
- 2.6 Prior to setting up the Steering Group, given the changes in retail that have occurred since the HUDS work was completed, both nationally and locally, it was considered prudent to seek a refresh of the underpinning economic evidence in order to inform the Council's position as any new proposals for the Bircherley Green site came forward, or for any other applicable sites.
- 2.7 The update work has now been completed and the two reports (Hertford Town Centre Retail Health Check (The Retail Group), October 2019, and Bircherley Green Property Market Report, (AspinalVerdi), October 2019)

are attached at Appendix A and Appendix B, respectively. It should be noted that, while several key initiatives and works have been carried out in the town centre through the auspices of the HUDS Steering Group, which involves all three layers of local government working together in partnership, this report concerns two focussed elements of updated evidence solely related to economic matters (that supported the HUDS work) and does not extend to wider issues within the overarching strategy.

3.0 Considerations

- 3.1 In respect of the Hertford Town Centre Retail Health Check (The Retail Group), October 2019, report, this has reached a number of overall conclusions around the functioning of the town's retail environment. It is noted that the study has included the most comprehensive survey of town centre businesses ever taken in Hertford.
- 3.2 1. The first key finding is that, after probing performance in a variety of ways, many of the town centre businesses in Hertford are currently struggling and the future is likely to be challenging. The closure of Bircherley Green and its car park are cited as part of this situation.
- 3.3 2. The vacant Bircherley Green Shopping Centre was viewed as broadcasting a very visible and major sign of decline and stagnation, causing negative PR for the town. If no large or anchor status shops and/or food and beverage (F&B) operators are reinstated in a replacement scheme (or elsewhere in the town centre) Hertford's role and reputation as a place to visit and shop will permanently reduce going forward.
- 3.4 3. While the lack of perceived action and mitigating actions from the district and town councils to help the town centre thrive was documented, suggestions were also made regarding how both councils can help improve the retail experience, environment and footfall through

better working together, clearer focus and additional resource. An interim town centre manager role was suggested with a given focus on proactive business development, footfall generation and positive PR creation.

- 3.5 4. Despite negative current performance, there are considered to be many positive indicators in respect of the town centre's future prospects and success going forward. In addition to presenting a retail environment rich in history and heritage, with the quality of many well preserved and maintained shop fascias and building fronts, the town centre is also considered to have improved in many ways since the previous study was completed 4 years ago.
- 3.6 Excluding Bircherley Green, across the town centre as a whole, vacancies are lower than the national average. Several new independent stores have opened, and four units were being actively refurbished in the town centre at the time of the survey.
- 3.7 The report therefore considers that the town has many strengths to build on going forward, and Hertford will be in a strong position to when the economy improves.
- 3.8 5. The report also indicates that in the immediate short term Hertford needs visible, proactive and targeted support and intervention, via an action plan that clearly identifies appropriate and deliverable actions to quickly and visibly improve the town centre. This will need the support and participation of a number of stakeholders, including the district and town councils, retailers / operators and other local stakeholders such as commerce and tourism.
- 3.9 The plan will need to focus on actions that can be delivered immediately/in the short term (next 3 –6 months) as well as medium term (6 –24 months).
- 3.10 6. In respect of Bircherley Green specifically, the report

suggests that any new scheme will require flexibility in its units to future-proof the town centre, so that when target retailers (several suggested in the study) are in a position to expand, Hertford will be ideally placed to take advantage. In addition to suggesting potential retailers, who are considered likely to trade well in the town, given the consultants' research understanding of the Hertford customer profile, recommendations are made regarding size and numbers of retail units.

- 3.11 The Bircherley Green Property Market Report, (AspinalVerdi), October 2019, considered the market for both commercial and residential property in relation to the Bircherley Green site. Through analysis of supply and demand, it looked to identify viable opportunities for redevelopment of the site.
- 3.12 While analysis showed there to be some demand for commercial property at the site, with interest from a handful of potential occupiers, responses were generally cautious. This is particularly relevant in the retail sectors, which the market review indicated are undergoing difficulties.
- 3.13 The, then, political uncertainty was identified as contributing to subdued market sentiments, particularly in the comparison and convenience retail sectors. Likewise, with Brexit unresolved, the ambiguous relationship with the EU has created a new set of longer-term challenges. Thus, occupier hesitance is not necessarily attributed to the Bircherley Green site in particular, but a generic and seemingly nationwide caution.
- 3.14 The recommendation from almost all of the commercial sectors was for flexibility. This referred to both the physical flexibility of units to be able to accommodate various types of units and the potential for operators/occupiers to be transient in the short-term whilst the perception of Bircherley Green is re-

established. Further, lease/term flexibility was also encouraged.

- 3.15 Hoteliers have also expressed an interest in the site and such a use would also prove encouraging for both leisure and retail operators who could benefit from a transient tourist trade on the site.
- 3.16 In terms of office space, there was found to be unlikely to be sufficient demand to support the provision of a large amount of office floorspace in the Bircherley Green development.
- 3.17 Conversely, the analysis shows that there is likely to be a significant opportunity for residential development at Bircherley Green, with demand for flatted accommodation in the town centre, which is likely to be viable.
- 3.18 Also, residential development was considered likely to reduce the concerns and risks expressed by some commercial operators and thus encourage such uses back to the site. The residential element could also deliver retirement living as part of a scheme, with positive responses from a number of operators willing to consider development in this location.

Submission of Planning Application

- 3.19 It should be noted that an application (3/19/2614/FUL) for:

Mixed use re-development comprising partial demolition of existing buildings and replacement with upto 3479.40 square metres of commercial floorspace (Use Classes A1-A4, B1, D1 & D2), an 86-bed hotel (Use Class C1), upto 100 residential apartments (use class C3), alterations to an existing car park, new bus station facilities and associated works and improvements at Bircherley Green Shopping Centre, Hertford

was received by the Council on 23rd December.

- 3.20 While (at the time of writing) the application had yet to be validated, the submission does demonstrate the intention of the site owners (Chase New Homes) to bring forward development containing commercial uses in this key town centre location.

Conclusions

- 3.21 It is the view of Officers that the Hertford Town Centre Retail Health Check (The Retail Group), October 2019, and Bircherley Green Property Market Report, (AspinalVerdi), October 2019 reports provide detailed updated information which refresh the studies carried out in 2016. As such, they are a useful resource to inform the consideration of future planning applications at Bircherley Green or elsewhere in the town centre, where appropriate.
- 3.22 Therefore, it is recommended that both reports should be agreed as material considerations for Development Management purposes¹.
- 3.23 Likewise, the reports make suggestions for consideration by the Council, along with Hertford Town Council, regarding initiatives seeking to improve the economic/retail performance and environmental conditions of the town.
- 3.24 It is therefore recommended that the Council should also continue to work with both Hertford Town Council and Hertfordshire County Council, through the HUDS Steering Group, initially, to identify mechanisms to support the improvement of economic/retail performance and environmental conditions within Hertford Town Centre. This should likewise serve to inform considerations in the context of the wider remit of the overarching HUDS work.

4.0 Options

- 4.1 The only other option open to the Council would be to choose not to agree the reports as material considerations for Development Management purposes.

However, that approach would lessen the weight that could be given to them.

5.0 Risks

- 5.1 The risk of not having carried out the refresh of the studies is that the Council would have been less informed in terms of the operating market in its consideration of any schemes for Hertford Town Centre (and Bircherley Green in particular) at Development Management Committee.

6.0 Implications/Consultations

- 6.1 The consultants carried out a directed consultation with Hertford town centre traders as part of the research behind the Update reports.

Community Safety

Not applicable

Data Protection

Not applicable

Equalities

Not applicable

Environmental Sustainability

Not applicable

Financial

None currently specifically identified, but may emerge through any initiatives identified via the HUDS Steering Group in due course

Health and Safety

Not applicable

Human Resources

None currently specifically identified, but may emerge through any initiatives identified via the HUDS Steering Group in due course

Human Rights

Not applicable

Legal

Not applicable

Specific Wards

Hertford: Bengo, Castle, Kingsmead, Sele

7.0 Background papers, appendices and other relevant material

- 7.1 East Hertford Town Centre Urban Design Strategy, February 2016 District Planning Executive Panel – 25 February 2016:
<http://democracy.eastherts.gov.uk/documents/g2839/Public%20reports%20pack%2025th-Feb-2016%2019.00%20District%20Planning%20Executive%20Panel.pdf?T=10&J=6>
- 7.2 Appendix A: Hertford Town Centre Retail Health Check (The Retail Group), October 2019
- 7.3 Appendix B: Bircherley Green Property Market Report, (AspinalVerdi), October 2019

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¹ A material consideration is a matter that should be taken into account in deciding a planning application or on an appeal against a planning decision.

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Hertford Town Centre Retail Health Check

Final study report prepared on behalf of



October 2019

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1.0 Introduction to The Retail Group

1.1 Experience and Credentials

The Retail Group is a specialist retail management consultancy that provides informed solutions about consumers' future needs for a wide range of retail and property clients. The philosophy of our business is "to improve our clients' business through our understanding of shoppers, their shopping habits, businesses and the skills of retailing".

For retail property clients and local authorities, we offer objective and carefully researched retail strategies based on detailed awareness and analysis of national and local retail markets. We ensure that proposed developments target and satisfy the future needs and aspirations of all local consumers.

Our clients appreciate the down-to-earth approach to researching individual centres and our ability to clearly state the reasons for trading in a particular location. Our retail strategies encompass all town centre operators including multiple businesses, independents, service, catering and leisure operators.

We have defined future town centre strategies for over 250 locations covering all sizes and types, from market towns like Morpeth and Frome, to sub-regional towns like Ashford and Livingston, to regional destinations such as Birmingham and Bluewater. Our consumer oriented methodology and approach also enables us to work on iconic locations like Wembley, Greenwich Peninsula and Spitalfields.

Locations we have worked near Hertford include Cambridge, St Albans, Luton, Hemel Hempstead, Biggleswade, Stevenage, Letchworth Garden City, Welwyn Garden City and Enfield.

2 Project Background and Objectives

2.1 Project Background and Approach

In 2015 The Retail Group undertook a health-check of Hertford Town Centre, as part of an overall team led by Tibbalds Planning & Urban Design, who in turn had been tasked with delivering an Urban Design Strategy for the town centre.

The Retail Group report identified that Hertford was generally in good health, trading well and had lots of opportunities to improve and extend its retail offer and consumer experience.

At the time, the intention was that many of the town centre opportunities would be realised through the redevelopment of the Bircherley Green Shopping Centre, the town centre's main retail anchor.

The developers behind the scheme (Wrenbridge) have since pulled out of the scheme and sold their interest to Chase New Homes Ltd.

East Herts Council has asked Tibbalds to review the 2015 study and ascertain the current position in Hertford in regards the town centre's retail opportunity.

2.2 Project Objectives and Approach

- Assess the current retail health of Hertford Town Centre
- Identify opportunities to improve the retail appeal of the town centre
- Assess potential likely demand from businesses for Hertford

As with the previous study, two key areas of research have been undertaken; an in depth survey of Hertford's town centre businesses and an objective review of the town centre offer from the perspective of consumers.

3.0 Operator Survey

3.1 Overview

A bespoke questionnaire was developed.

The survey area is as shown opposite.

138 surveys were handed out across the extended town centre area on Wednesday 7 August and Thursday 8 August. 93 completed surveys were collected the same day

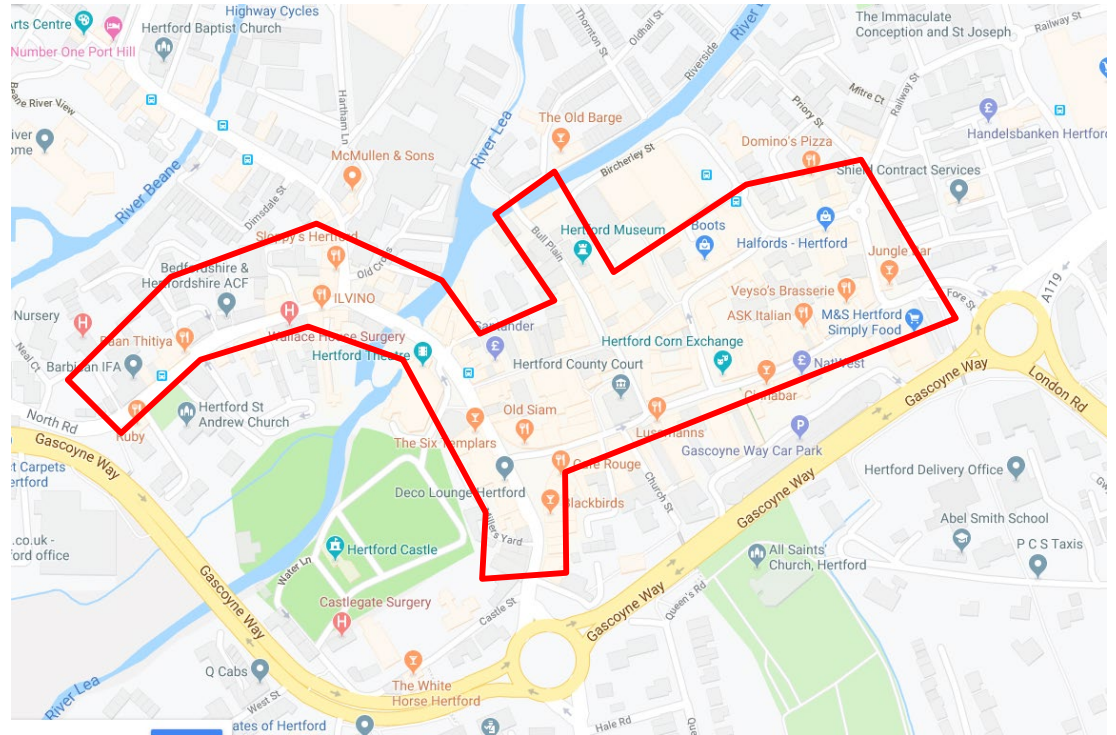
In addition Hertford Town Council also very kindly subsequently emailed the survey to town centre businesses.

A further 14 surveys have subsequently been received by email and post.

This is a fabulous response, producing an **excellent dataset of 107 respondents** for robust analysis and interpretation.

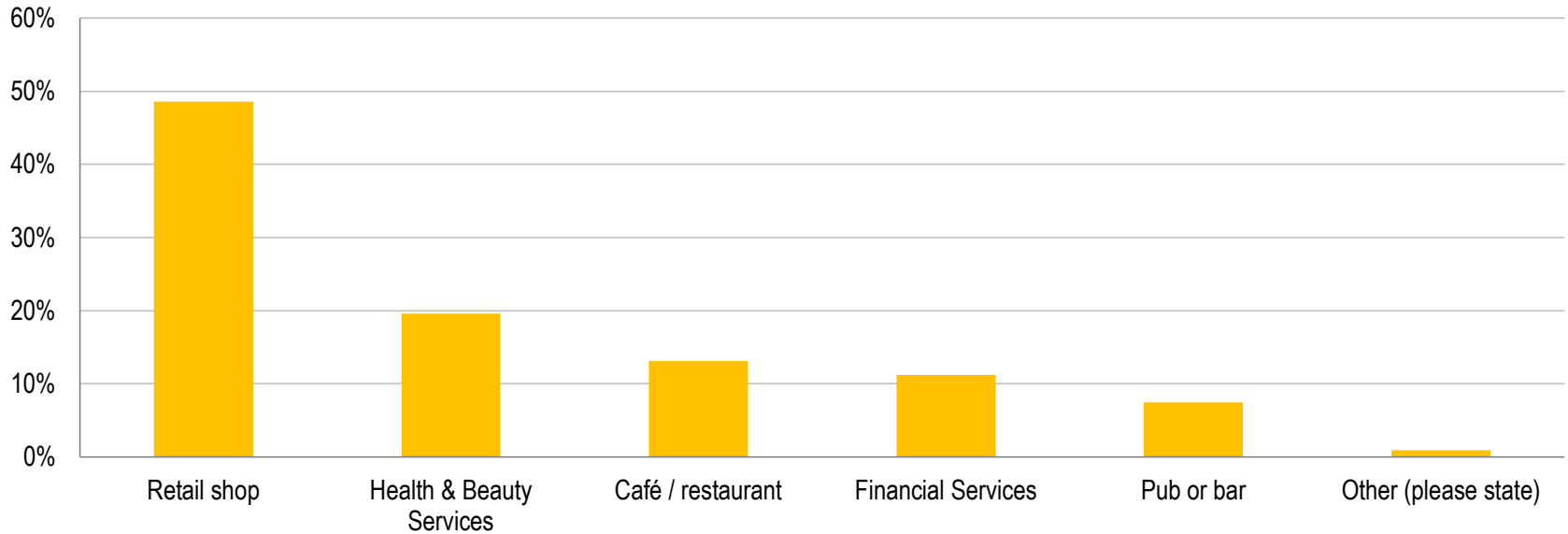
This represents circa half of the current active retail businesses in the town centre.

There were many negative references to the closure of Bircherley Green Shopping Centre expressed during the undertaking of the survey according to the field researcher.



Operator Survey

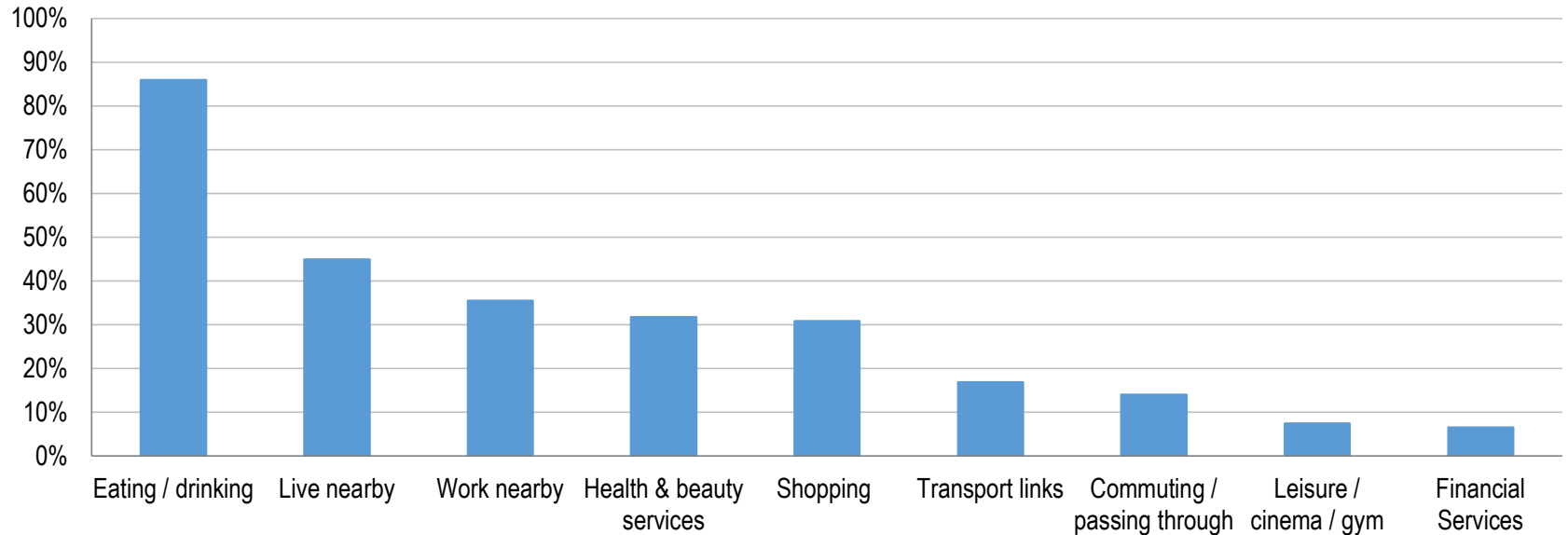
3.2 Type of Business



The majority of respondents were businesses, followed by service operators (health & beauty as well as financial) followed by food and beverage operators. It should be noted however that this was a daytime survey and therefore does not necessarily reflect the higher proportion of food & beverage (F&B) operators trading in the town centre as a whole.

3.0 Operator Survey

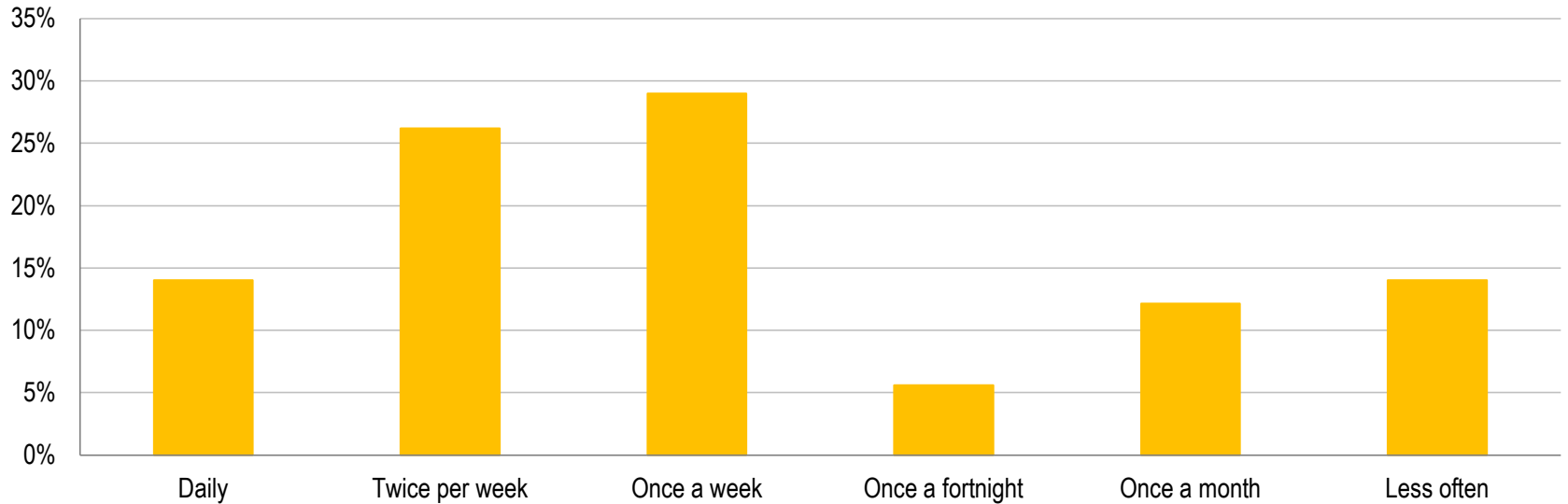
3.3 Main Reason for Customers to Visit



The strong eating and drinking offer in the town centre is clearly recognised as a major generator of visits. This is followed by an element of local consumers including residents and workers. Interestingly the health & beauty offer is seen as a slightly larger draw than the retail offer. Finally the good public transport links get a mention, along with the leisure offer and financial services bringing up the rear.

Operator Survey

3.4 Customer Visit Frequency



According to businesses, consumers are visiting Hertford on a frequent basis with two thirds of businesses saying their consumers are visiting at least once a week or indeed more often. Approximately a quarter of businesses say their consumers are visiting less frequently than monthly.

3.0 Operator Survey

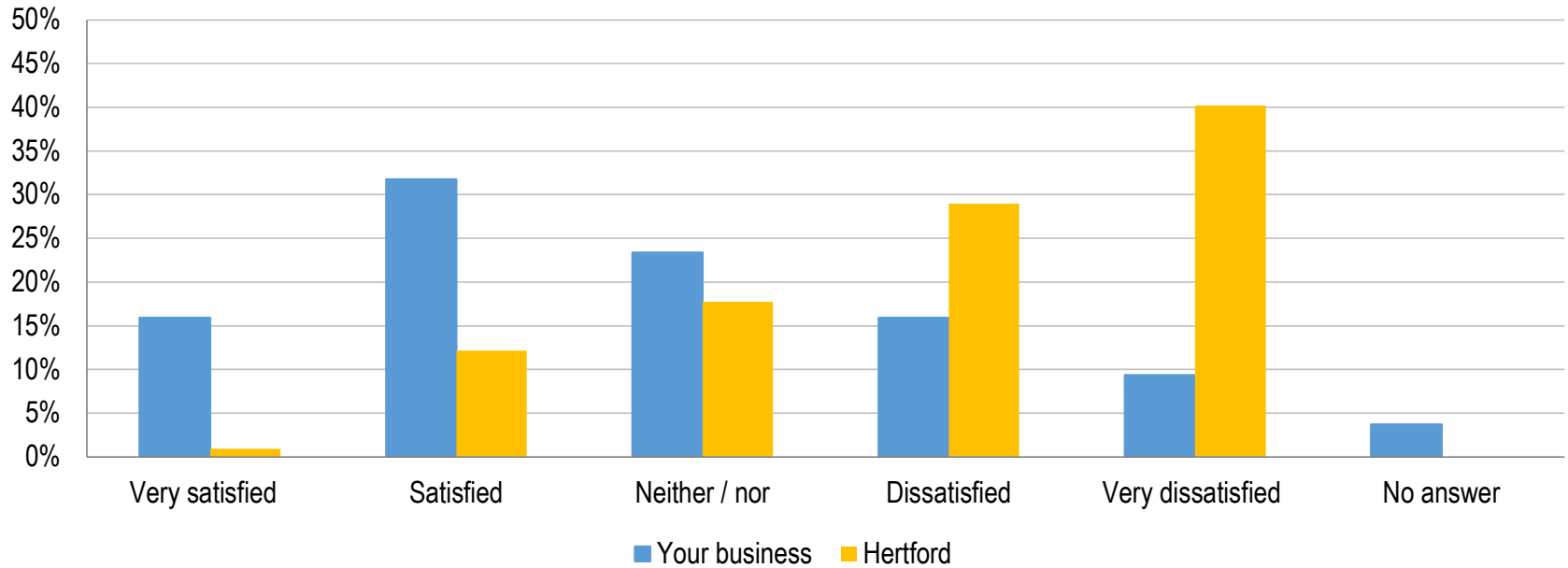
3.5 Average Transaction Values



Businesses report a pretty even spread of Average Transaction Values, covering low price items as well as high.

Operator Survey

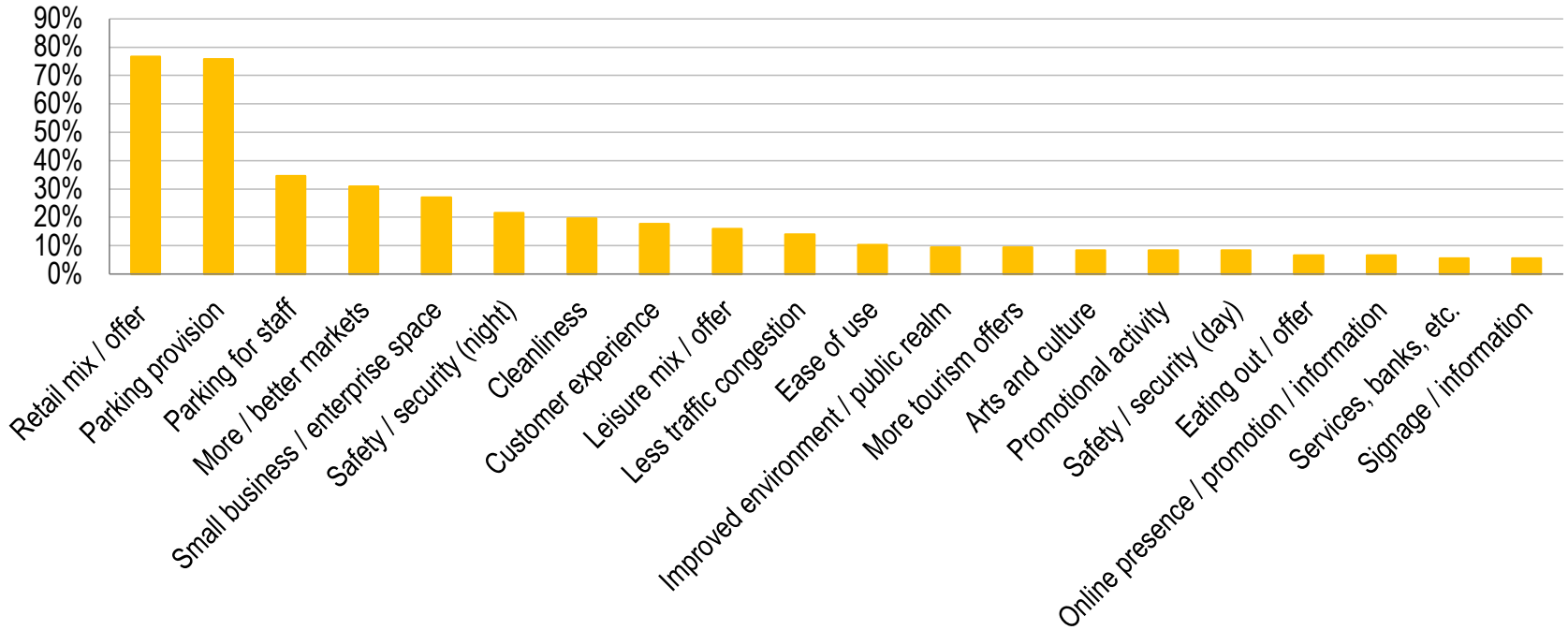
3.6 Satisfaction Levels



This question clearly identifies that all is not well in Hertford Town Centre. Whilst the majority of businesses are satisfied with the performance of their shops / outlets, they are also unsatisfied with the performance of the town centre. Nearly half are very dissatisfied. This is a significant finding and one of the lowest satisfaction responses we have ever received for a market town of a similar size to Hertford.

3.0 Operator Survey

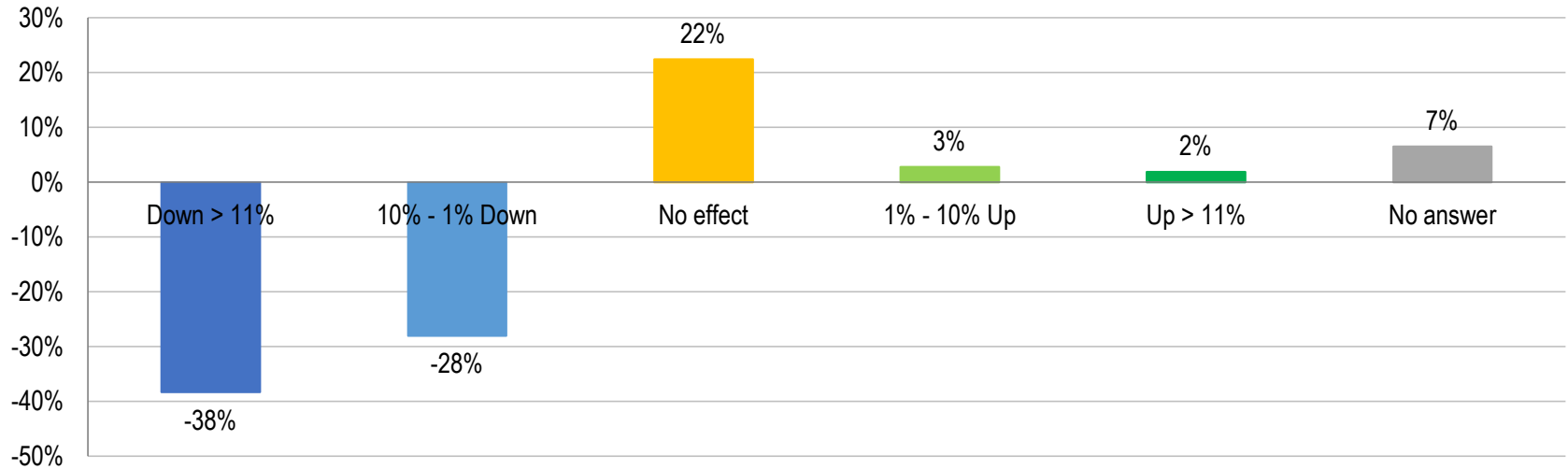
3.7 Town Centre Priority Improvement Areas



Whilst there are lots of improvements wanted, two dominate, and both are likely to be influenced by the closure of the Bircherley Green Shopping Centre, i.e. improve the retail mix (including leisure, tourism and arts & culture) as well as car parking. Many of the other improvements sought relate to a better consumer experience (safe, cleaner, ease of use etc) or an improved environment (public realm, less traffic congestion). A final consistent theme wanted by respondents was more events that generate footfall (e.g. markets, promotion, online information, better signage etc). Improved food & beverage (f&b) offer is not a requirement.

Operator Survey

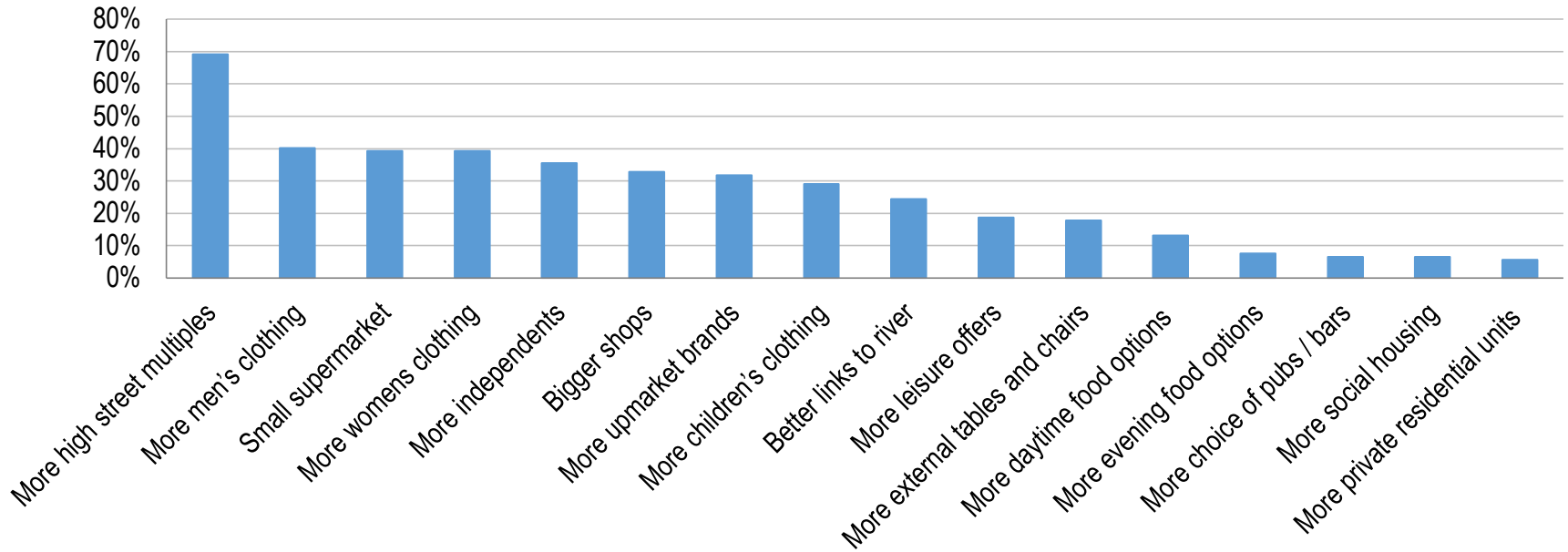
3.8 Affect on Footfall from Bircherley Green Shopping Centre car park closing



The closure of Bircherley Green and its car park facility is believed by businesses to have a significant impact on reducing footfall levels across the town centre. Over two thirds of respondents believe it has caused a drop, with most of these respondents believing it has reduced footfall levels in excess of 10%.

3.0 Operator Survey

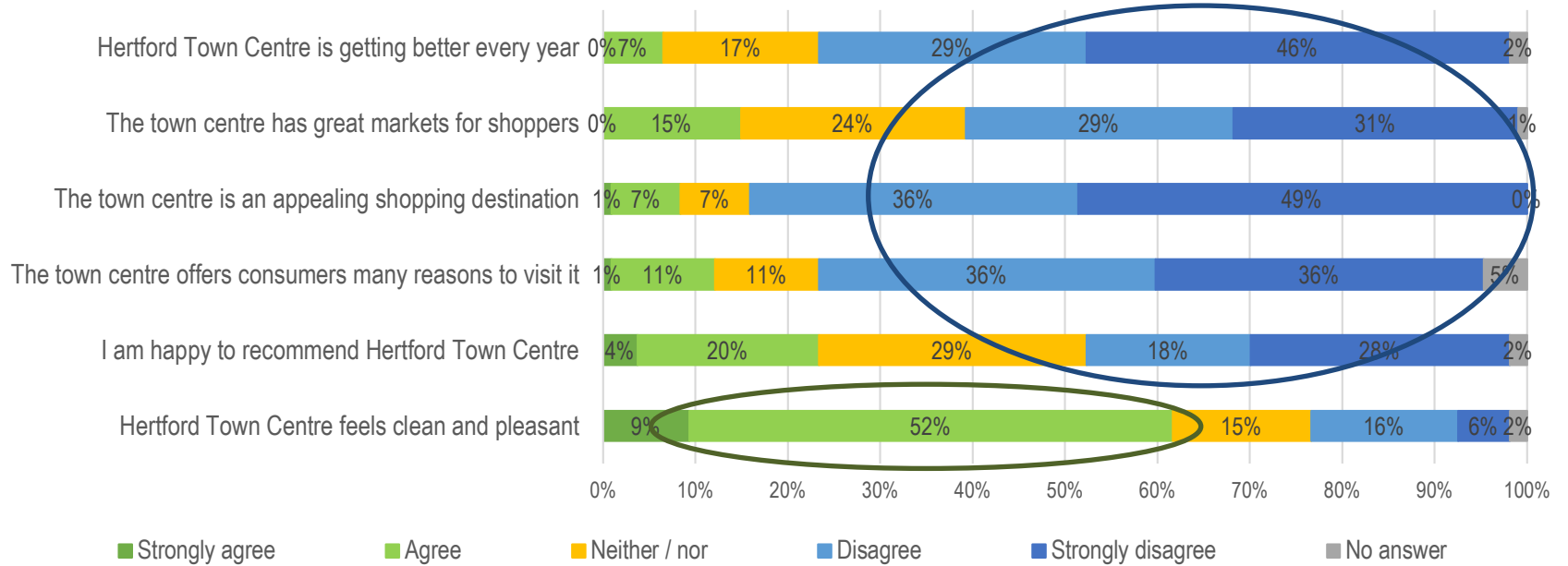
3.9 Preferred Content for Bircherley Green Centre



In regards respondents' preferred content for the new scheme, there were many credible suggestions and answers. Respondents want more layers of retail offer to underpin, expand and improve Hertford's appeal. This includes more high street multiples, men's / women's clothing, more food (grocery, daytime and evening), bigger shops, more upmarket shops, more leisure and better use of the river. The requirement for additional food & beverage offer is limited, particularly for any evening offers.

Operator Survey

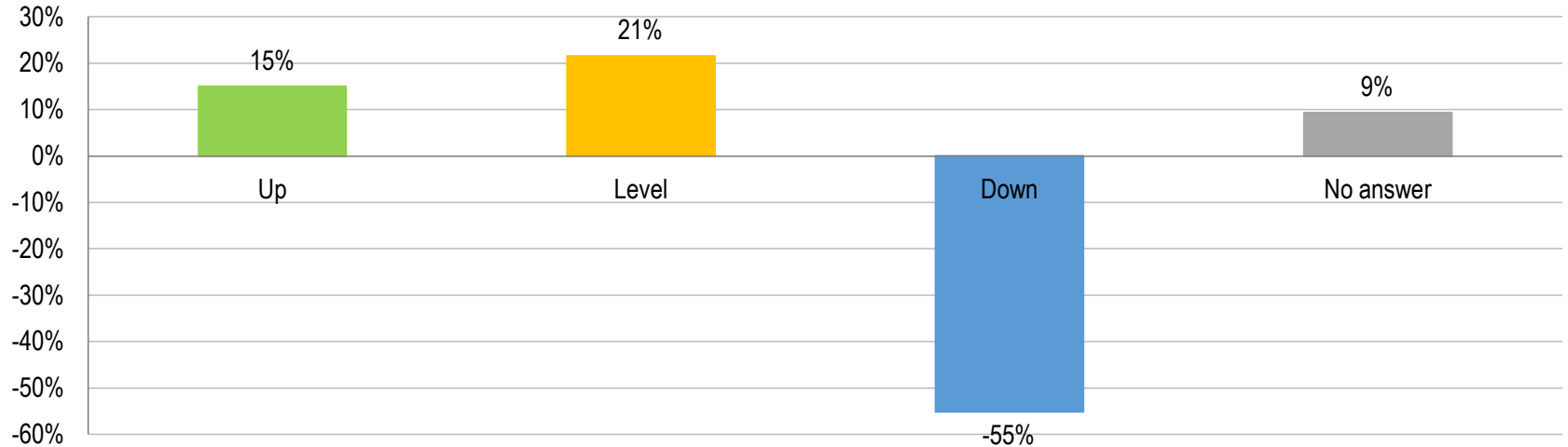
3.10 Views and Opinions



In regards general views and opinions about the town centre, this question captured quite negative responses. Respondents didn't feel the markets offer was good, nor agreed that the town centre was improving each year, nor had many reasons to visit it or was an appealing destination. The good news is that a few businesses would recommend it and most felt it was clean and pleasant. Whilst the tone of the response is clearly negative it does identify aspects for the town to improve.

3.0 Operator Survey

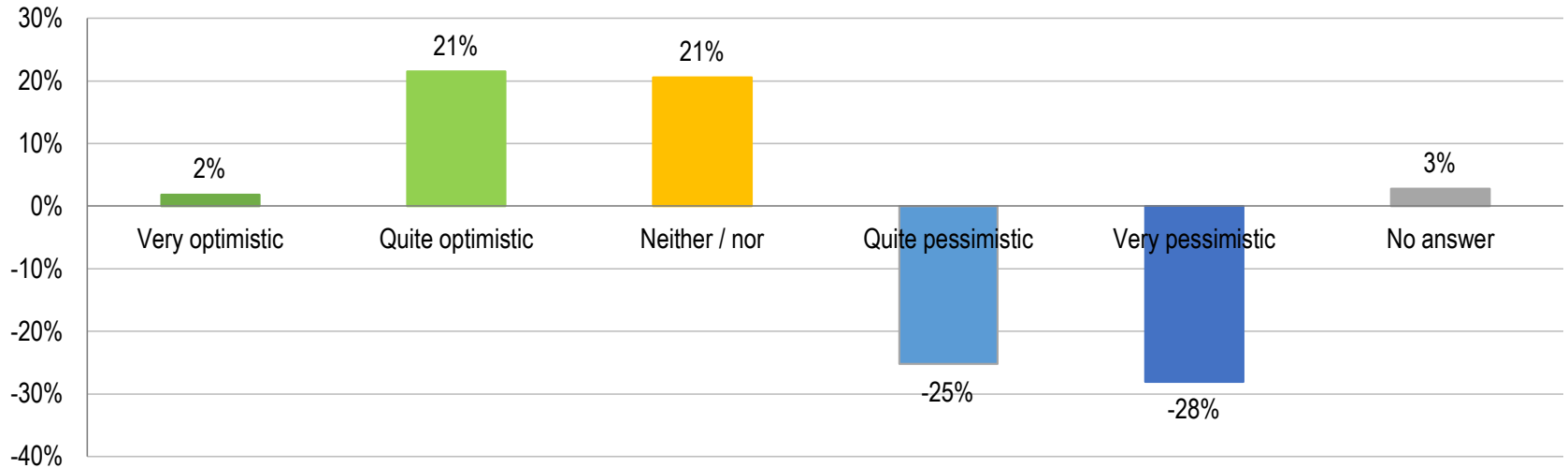
3.11 Year on Year Performance



Unfortunately and perhaps as expected (given the answers to the preceding questions), most businesses report poor year on year performance, with the majority of respondents saying they are down year on year. Encouragingly however a fifth report level performance and circa 15% report improving performance.

Operator Survey

3.12 Future Optimism



Looking to the future, currently Hertford does not present a positive picture. The majority of businesses (53%) expect performance in Hertford Town Centre to decline further. The biggest single response was from those that were very pessimistic.

3.0 Operator Survey

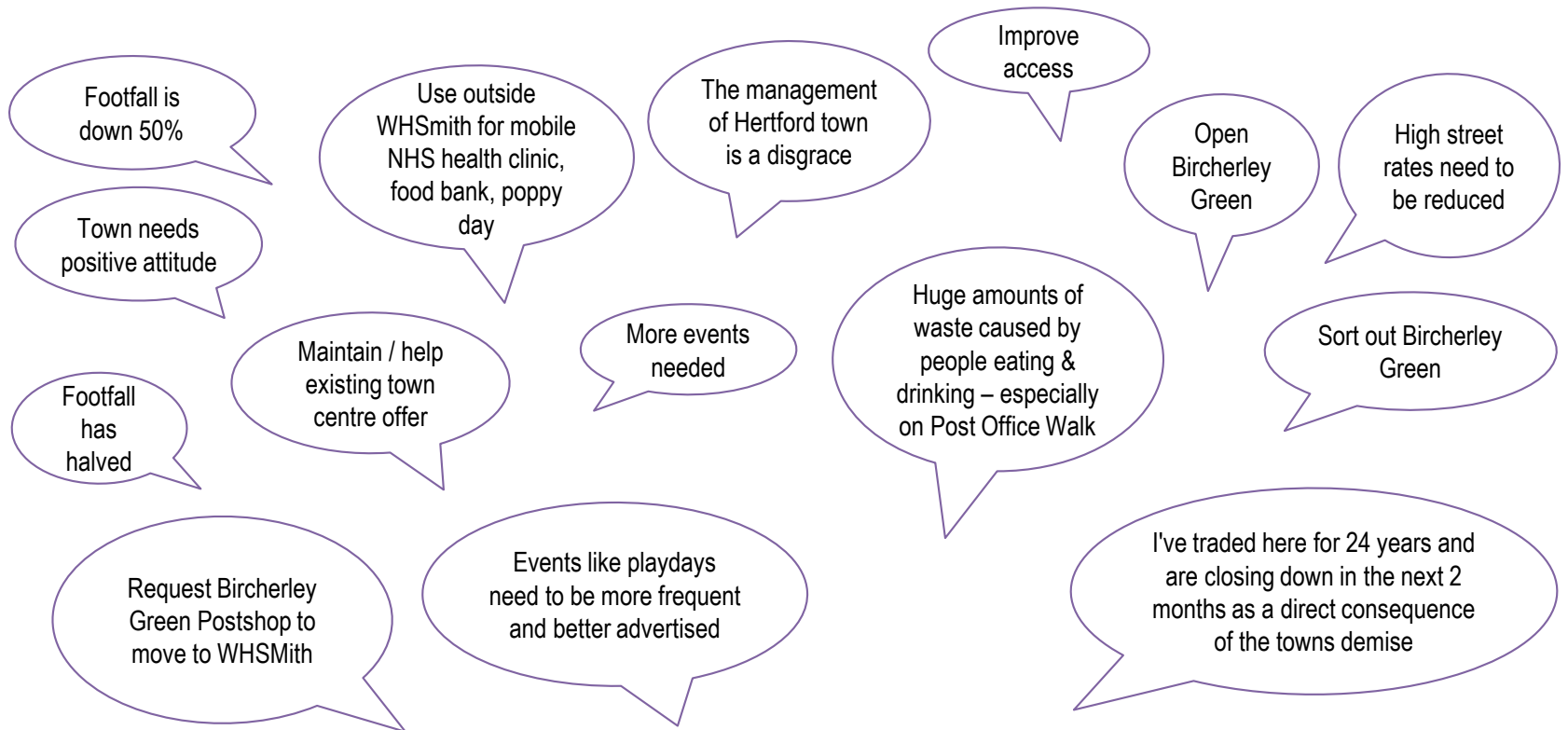
3.13 Miscellaneous

In regards additional brands / businesses wanted, these include (mentioned by two or more responses):

Operator wanted		Operator wanted	
Boots	22	High street brands	3
Waitrose	15	M+S	3
Superdrug	12	Primark	3
Next	10	Asda	2
Zara	7	Card Factory	2
Top Shop/Man	6	Clothes shops	2
H+M	5	Debenhams	2
New Look	5	JD Sport	2
John Lewis	4	TK Maxx	2
Nando's	4	Wagamama	2
River Island	4	White Company	2
Better / bigger markets	3		

3 Operator Survey

3.14 Miscellaneous Comments from Respondents



3.0 Operator Survey Summary

3.15 Operator Survey Summary

The findings of the operator survey can be summarised as follows:

Positives and Opportunities	Negatives and Issues
Hertford offers an established mix of business categories	The retail offer is seen as weak, and not a major trip generator
Strong F&B and service provision driving visits	Limited multi-purpose destination appeal
Satisfaction with business performance is good	Decreasing footfall
Broad range of Average Transaction Values (ATV's)	Poor satisfaction with town performance
Businesses are clear about improvements required	Trading is challenging for many and outlook is the same
Minority of businesses are doing ok and are positive about the future	Many retailers have negative views about the town centre as a place to trade
	The closure of Bircherley Green is believed by retailers to have caused many negative effects

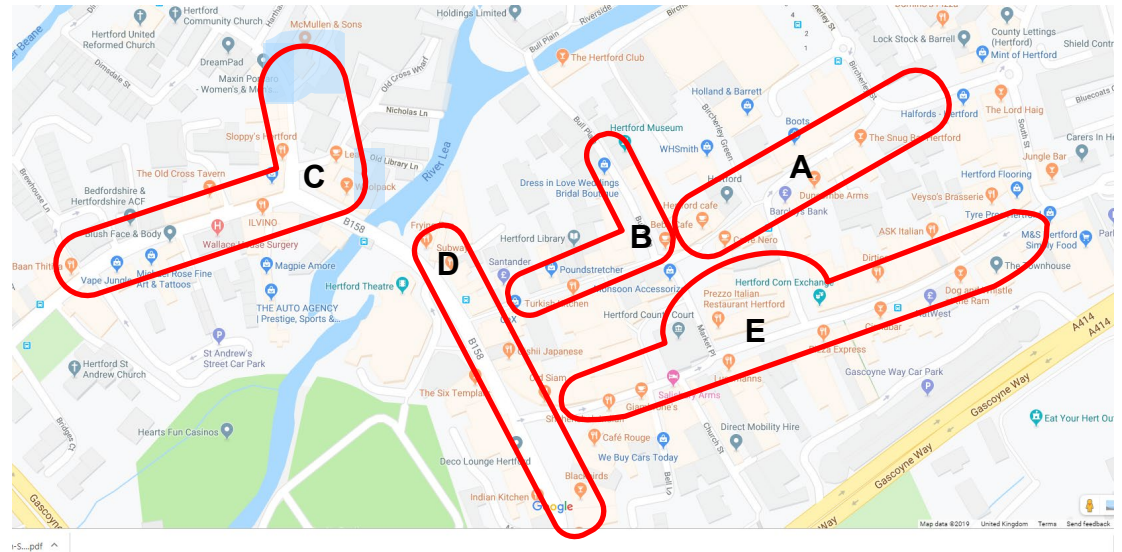
4 Retail Review

4.1 Introduction

A review of the Hertford Town Centre offer has been undertaken from the perspective of the consumer.

The purpose of the review is to assess the offer in terms of the retail mix, width and depth of the offer, layout, retail standards, vitality and overall retail experience.

The assessment has been undertaken by zones for ease of reference, as shown on the map opposite.



	Convenience		Comparison		F&B		Service		Vac		Misc		Total
A Railway Street	2	6%	9	26%	10	29%	13	37%	1	3%	0	0%	35
B Bull Plain / Maidenhead Street	3	7%	12	28%	7	16%	18	42%	2	5%	3	7%	43
C St Andrew Street / Old Cross	4	8%	9	17%	9	17%	16	31%	4	8%	10	19%	52
D The Wash / Parliament Square	1	3%	1	3%	15	45%	7	21%	4	12%	7	21%	33
E Fore Street	7	9%	12	16%	24	31%	27	35%	3	4%	4	5%	77
Totals	17	7%	43	18%	65	27%	81	34%	14	6%	24	10%	240

4.0 Retail Review

A. Railway Street

Railway Street and Maidenhead Street form the main east west shopping street and daytime commercial heart of the town centre.

The mix is dominated by 13 service businesses (mainly financial), as well as 10 F&B operators (mainly daytime / pubs and bars). Other than the empty units in the former Bircherley Green Shopping Centre, there is only one vacant unit on Railway Street.

Bircherley Green Shopping Centre closed eight months ago as part of it's redevelopment plans.

Unfortunately the development has now stalled and this very visible and empty shopping centre is a blight on the town centre. The loss of Waitrose, Boots, New Look and Superdrug have had a significant affect in reducing the retail appeal of Hertford Town Centre.

The pedestrian environment is pleasant, streetscaping good and the offer appealing, with several good quality independent operators. The physical environment has improved since the previous study was undertaken (notwithstanding the visibly empty shopping centre of course).



4 Retail Review

B. Bull Plain / Maidenhead Street

This is another location which has clearly improved in terms of the public realm and street management since our last study was undertaken. The paving stones have been replaced, businesses are no longer trading externally on pallets and the no-car restrictions in Maidenhead Street are being enforced.

The mix is again dominated by service businesses, followed by comparison businesses and F&B operators such as £Stretcher, F Hinds, Accessorise, Costa Coffee. The street has only two vacant units.

Bull Plain in particular provides a very positive, pleasant, well maintained vibrant retail offer. Maidenhead Street contains most of Hertford's multiple operators although feels somewhat dominated by charity operators.



4.0 Retail Review

C St Andrew / Old Cross

Although on the other side of the River Lea, this area is very much integral to Hertford's Town Centre offer. The quality and heritage of many of the shops and building fronts is very impressive.

The mix is dominated by health and beauty operators as well as good quality independent restaurants (e.g. Baan Thitiya, Il Vino and Old Cross Tavern).

There are also some very good examples of independent fashion stores, e.g. Women's Society.

The area has historically accommodated antiques and collectables traders, although these have declined in number with only two left.

St Andrews / Old Cross presents an attractive and vibrant retail experience and is a key element of Hertford's retail appeal and reputation as a county town. The service offer here is outstanding!



4 Retail Review

D The Wash / Parliament Square

For much of its offer, this location has a pleasant feel to it, although it can feel car-dominated at certain times of the day. Along with Fore Street, it's the heart of Hertford's evening offer, with several pubs, bars, restaurants, cafes and of course, Hertford's main theatre.

Several of the units near the river would benefit from TLC in terms of several shop fronts, fascia and internal fitouts. It also feels very 'fast food', with several takeaway food options including a fish and chip shop as well as a kebab shop.

The rest of the F&B offer is better quality F&B, along with several non-retail uses. Curiously, there are four adjoining empty units to the south of Parliament Square (all closed in the last 2-3 years). This would suggest either a redevelopment scheme is underway or potentially the town centre boundary is shrinking to the south west?



4.0 Retail Review

E Fore Street

Fore Street provides Hertford's secondary retail spine as well as anchors Hertford's Night Time economy. The street is in good health and contains 24 food and beverage operators, many of which are high quality independent operators. The service offer is fabulous, with 27 operators, mostly financial services and health and beauty. Only three out of 77 units are vacant.

There are some examples of original shopfronts (e.g. Salisbury Arms and Hertford Beauty Clinic) to the west of the street near to the war memorial. Several units such as Unico and the Dog & Whistle are also double fronted, adding to the credibility and gravitas of the offer.

M&S anchors the convenience offer on Fore Street, trading from a Simply Food unit at the eastern end of the street.

The streetscape is wide, well maintained and easy to use.

Many market and country towns would give their right arm to have such a strong, vibrant and distinctive asset as Fore Street.



5. Conclusions

Whilst we have not been tasked with identifying recommendations, we are able to draw a number of conclusions, these include:-

5.1 Many town centre businesses in Hertford are currently struggling

This project has included the most comprehensive survey of town centre businesses ever undertaken in Hertford. The survey probed performance in a variety of ways and it is a clear finding that many operators are currently struggling in the town centre.

Footfall is down, performance is down for many, and the future prognosis is viewed by some as 'more of the same' or challenging. This is likely to be down to a number of factors, the general economic malaise caused by the uncertainty of Brexit, the pressures on the economy from several years of austerity and growth of online shopping. It is also likely to be a direct affect of the closure of the Bircherley Green Shopping Centre and main shopper car park. Speaking of which ...

5.2 The vacant Bircherley Green Shopping Centre is broadcasting a very visible and major sign of decline and stagnation

Losing the main town centre convenience store, several high street chains and other daytime cafes, parking and shopper facilities has reduced the retail appeal and reputation of Hertford Town Centre as a place to shop. Given that there are is currently no public timescale for the shops to reopen, this is causing lasting ripples of concern and negative PR for the town centre.

If no large or anchor status shops and / or F&B operators are reinstated in the scheme (or elsewhere in the town centre) this will permanently reduce Hertford's role and reputation as a place to visit and shop going forward.

5.3 There is a perceived lack of council activity in regards helping the town centre

Many respondents in the survey provided additional comments in regards the lack of any perceived action and mitigating actions from the district and town councils to help the town centre thrive. They are typically seen as reactive, unconcerned and ineffective in regards managing the town centre offer.

Retailers want to see a better and stronger retail offer for sure, but they also want to see a better retail experience, better environment and more activity that generates footfall, such as bigger market, more visiting markets, more events and better promotion of the offer. These are all aspects that the district and town council can help to improve through better working together, clearer focus and additional resource.

There would be many benefits if an interim town centre manager with high level strategic and management experience could be appointed or contracted (part time basis), with a given focus on proactive business development, footfall generation and positive PR creation.

5.0 Conclusions cont'd.

5.4 Many positive indicators of potential remain

Despite the negative current performance, it's not all doom and gloom; there are actually many positive indicators in regards to Hertford Town Centre's future prospects and success going forward.

The town centre on the whole presents a very positive and rewarding retail experience. The service and F&B offers are very good, with a range of successful recognised multiple as well as independent operators leading the way. Both have a strong mid-market focus, which suggests they appeal to an affluent customer base. Whilst the shopper and catchment profiles have not been analysed, there are indicators of a mid market customer base.

The town centre presents a retail environment rich in history and heritage, with the quality of many well preserved and maintained shop fascias and building fronts combining to provide a memorable retail place. Its historic role and reputation as a county town would also seem to reinforce this.

The town centre has improved in many ways since our last study was completed 4 years ago. Vacancies are lower than the national average across the town centre as a whole, not including of course the closed shopping centre. There have been several new independent stores open, and four units are currently being actively refurbished in the town centre.

Hertford has many strengths to build on going forward, and when the economy eventually starts to improve, Hertford will be in a strong position to benefit from this.

5.5 Hertford needs a clear and visible Improvement Action Plan

The poor existing performance of operators and expressed lack of hope in regards future prospects would indicate Hertford needs visible, proactive and targeted support and intervention urgently.

The town centre needs an action plan that clearly identifies the appropriate and deliverable actions that can be undertaken to quickly and visibly improve the town centre in the minds eye of shoppers and retailers.

The plan will need to focus on actions that of course increase footfall and improve performance. This will need the support and participation of a number of stakeholders, including the district and town councils, retailers / operators and other local stakeholders such as commerce and tourism.

The plan will need to focus on actions that can be delivered immediately / in the short term (next 3 – 6 months) as well as medium term (6 – 24 months).

5.6 Future Bircherley Green Scheme does need retail, but with flexibility built in

The future Bircherley Green scheme needs to provide a small food store, e.g. Little Waitrose / Tesco Express / Sainsbury Local, as well as a Boots Chemist and or Superdrug. These will act as anchors and footfall drivers. They will require circa 5,000 sqft. each. Units of this size would mean the convenience store can optimise its trading hours, operating from a net area that would enable it to trade all day on Sundays and extended hours in the week i.e. store will have option to trade from 08.00 to 22.00 everyday if demand exists.

In addition, there would be benefit for the town centre as a whole in providing a range of additional retail units of circa 1,500 – 2,000 sqft. to accommodate a variety of other uses such as additional convenience goods, e.g. deli, chocolatier, baker and or frozen food specialist, as well as services and comparison retailers, per the examples opposite. The size ranges identified are typical industry standard sizes for these types of retailers. As such they are likely to have shop layouts and fit out packages that are readily applicable for this size of store, which can aid the decision process.

We recommend the new scheme provides for up to 10 – 12 units of this size. This will provide the development with critical mass and help it to be effective as Hertford Town Centre's future heart. Having this number of units will also enable Hertford to maintain its current position in the local retail hierarchy. Furthermore it will help to counterbalance the perceived dominance of food and beverage outlets in Hertford Town Centre.

Indicative and suitable comparison uses include men's / women's clothing (e.g. Fatface, White Co, Crew Clothing), fashion accessories / gifts (e.g. Oliver Bonas), cards (e.g. Smiggle) and small household / lifestyle accessories (e.g. Flying Tiger).

Whilst we are aware that these retailers do not have published requirements for Hertford Town Centre, or that they may not be recognised as being on major expansion or site acquisition mode / opening lots of shops, many retailers are interested in locations that offer a strong trading potential and will consider suitable opportunities. Based on the research completed and our understanding of the Hertford customer profile, the retailers mentioned are likely to trade well in Hertford. Presented with the right information they may well be interested in the future.

It will be important therefore for the new scheme to have flexibility built in to its retail and leisure / convenience provision. It may well be in the short term, that other meanwhile uses will be necessary for the retail units e.g. pop up shops, galleries or children's play and community spaces.

Having flexible space incorporated within the scheme future-proofs the town centre, so that when the target retailers suggested above are in a position to expand, Hertford will be ideally placed to take advantage of this.

Appendix – List of Respondents

Survey Respondents

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Albany Radio	Cinnabar	Halfords	Leaf Café	Roberto Gerrards	The Frying Pan
Anytime Fitness Hertford	Clock Cards	Helping Hands	Lloyds Pharmacy	Ruby Room	The Hummingbird
Ashwood Properties	County Care Cobblers	Hertford Coffee Lab	Lock Stock + Barrell	Sage Ward Estates	The Practitioner
Ask Italian	Designer Eyes	Hertford Picture Framing	Lord Haig	Saks Hair	The Six Templars
Azir	Dils Indian	Hertfordshire Physiotherapy	Love Flowers	Santander	The Sugar Smith
Baan Thitiya	Dirty's	Holland + Barrett	Magpie Amore	Scope	The Womens Society
Bebo Café	Dog + Whistle	Honey Lane Antiques	Margetts	Shaken Cow	The Woolpack
Belles + Shears	Edinburgh Woollen Mill	HSBC	Maxin Porcaro	Shepards	Thomas Childs
Beyond Beauty	EE	Irons Dry Cleaners	Mint of Hertford	Simply Homes	Tierney Salons
BHS	F.Hinds	Isabel Hospice	Monsoon / Accessorize	Specsavers	Tom Ashley
Blush	Fakin It	Issi	Mr Bransons	Spoons Kitchens	Toni + Guy
Boots	Five + Dime	Jewel of Hearts	Natural Health	ST Andrews Pharmacy	Tui
Boots Opticians	Flooring Shop	Keech Hospice Care	Natwest	Steven Oates	Turkish Kitchen
Botsford + Sons	Fore Street Employment Agency	Kids Connection	Paul Martin	Swappy Snaps	Vape Jungle
Café Nero	Frankie + Olive	Kings Group	Photography by Louise	Swords - Auctioneers	Well Pharmacy
Castle Flooring	Fred + Ginger	Ladbrokes	Post + Packing	The Beauty Room	WHSmith
Cavavin	Giambrones	Lance James Jewellers	Pound Stretcher	The Classic Barber	William Hill
CEX	Greggs	Lanes Estate Agents	Retail Therapy	The Duncombe Arms	



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Property Market
Report

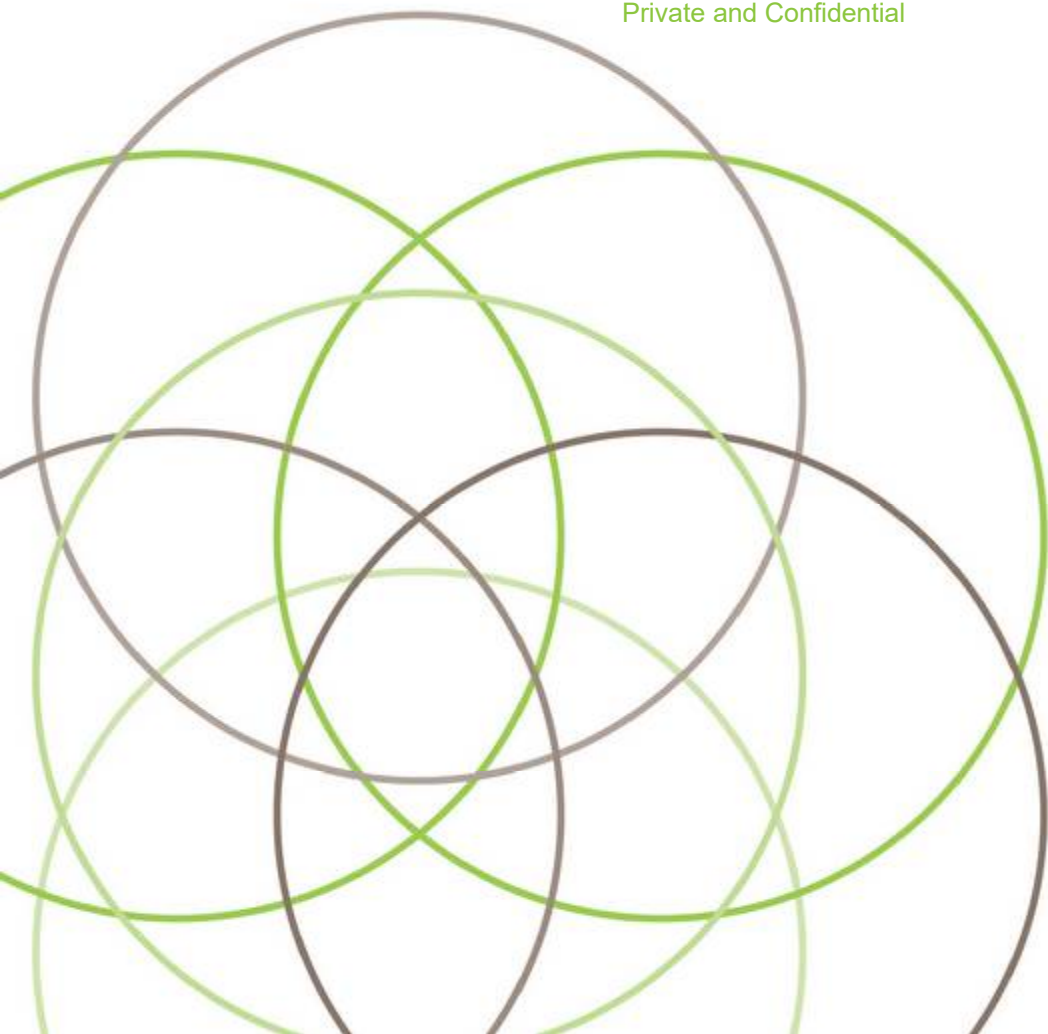
Bircherley Green Site,
Hertford Town Centre

East Herts District Council



October 2019

Private and Confidential



Quality Assurance

Date

October 2019

Version

Final

Filename and path

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Hertford_Tibbalds_EHDC_Reports\190815 Bircherley Green, Hertford_Property
Market Report_v1.docx

Checked by



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Appendices

Appendix 1 – Commercial Consultation Summary

Appendix 2 – Residential Comparable Data

1 Introduction

- 1.1 AspinallVerdi have been appointed by East Herts District Council (as sub-consultants to Tibbalds Planning & Urban Design) to undertake property market analysis in respect of the proposed redevelopment of Bircherley Green Shopping Centre in Hertford Town Centre.
- 1.2 In 2015, AspinallVerdi were commissioned to undertake market analysis and viability assessments as part of a wider urban design strategy for three designated sites in Hertford town centre, one of which being the Bircherley Green Shopping Centre. The site has since been subject to a large mixed-use planning application which was granted consent in early 2018. The consented scheme included over 4,000 sqm of retail space, an 86-bed hotel, 70no. residential flats and associated car parking.
- 1.3 The Applicant, Diageo Pension Trust LTD, began clearing works and demolition in August 2018 however later withdrew from the site in June 2019, stating that they no longer intended to build out the permitted scheme. In July 2019, it was announced that Diageo Pension Trust LTD had sold the site to locally-based developer, Chase New Homes LTD. The new owner has been consulting with the Council but has not yet submitted a new planning application
- 1.4 At the time of our assessment, the site remains vacant and boarded-off to prevent public access. There is increasing urgency from the local populous and political parties for the site to return to active use.
- 1.5 The purpose of this report is to provide an updated review of the commercial and residential markets in Hertford to assist in determining the suitability of any future proposals. This includes a review of the most appropriate and sustainable commercial uses, as well as the types and sizes of residential accommodation which could be delivered as part of future redevelopment plans. Through this research we will also form opinions on the sales values, rents and yields achievable by commercial and residential development in this location.
- 1.6 Following this report, and once prospective development options have been considered, we will use the market knowledge to test the viability of the site. We will use the cost and value inputs derived through this process to appraise the prospective development proposals, allowing us to provide a commercially robust understanding of the financial dynamics of the potential development options.

AVL Previous Assessment (2015)

- 1.7 AspinallVerdi previously undertook property market research and viability assessments in respect of the Bircherley Green site in 2015. This was prior to the submission of the aforementioned planning application by the former owners, Diageo Pension Trust.
- 1.8 Our commercial market assessment identified an opportunity for a new hotel in the town centre to support local tourism and help support the evening economy. Further, with the awareness of Waitrose's ambitions to relocate away from Bircherley Green, our assessment revealed there to be potential for a large, higher-value foodstore operator in the town centre.
- 1.9 We also identified there to be potential for a leisure-led scheme, anchored by a cinema operator and complimented by surrounding food and beverage offerings. It was anticipated this would also strengthen Hertford's evening economy.
- 1.10 Our residential market assessment revealed there to be demand for flatted accommodation and townhouses in the town centre. Hertford's demographic also suggested there was potential for a retirement / care home operator to occupy space in the town centre.
- 1.11 From our analysis, we formed three potential development options in order to test the viability. These were as follows:
- Option 1: Foodstore
 - Option 2: Cinema
 - Option 3: Refurbishment
- 1.12 All three options generated a positive residual land value, with Option 1 (Foodstore) generating the highest return.
- 1.13 This report will follow a similar structure to our previous assessment, providing an assessment of the commercial and residential property markets of Hertford to inform prospective development options.

Report Structure

- 1.14 We begin by providing a background and contextual overview of the site and its relevant planning history. This ensures that the market analysis is informed by the notable events which have passed since the time of our last assessment.
- 1.15 Chapter 3 then considers the market for commercial property. We provide a summary of each commercial sector before reviewing the rents, yields, supply and demand characteristics specific to Hertford Town Centre. We have also undertaken consultations with commercial agents and prospective occupiers to ascertain whether there are any

existing or future requirements which could be delivered at the Bircherley Green site, and to gain their insight into the site's commercial prospects. This will help determine the most viable uses the site can accommodate.

- 1.16 In Chapter 4 of this report, we study the market for residential property. We review achieved sales values and asking prices for residential property in the surrounding area. This provides us with an understanding of the values different housing typologies could achieve in the town centre. We have also undertaken consultations with locally-based agents to determine the level and nature of demand for different residential typologies in Hertford town centre.
- 1.17 As part of our residential market review, and on the basis of the conclusions drawn from our 2015 report, we have considered the market for retirement accommodation in Hertford. We have again reviewed asking prices and achieved values before consulting a range of operators to determine the suitability and demand for retirement accommodation in this particular location.
- 1.18 We conclude by summarising our analysis and providing recommendations of which uses are likely to be viable and deliverable as part of the site's redevelopment. This knowledge will be used to help inform the uses proposed as part of any future redevelopment. Our conclusions will also inform the value and cost input assumptions when we later test the viability of the elected options.

Limitations

- 1.19 We have approached a range of operators and agents as part of our research to gain an insight into local demand characteristics and the prospects for both commercial and residential uses in this location. These consultations have been undertaken on a strictly confidential basis, and their views and opinions have been shared on this understanding. Accordingly, the comments and observations cited in this report should be treated as being commercially sensitive and must not be used for any other purpose(s) outside the scope of works contained within this report.

2 Background & Context

- 2.1 Hertford is the county town of Hertfordshire, located approximately 20 miles north of London and 6-miles east of Welwyn Garden City. It is located immediately west of the A10 and east of Junction 4 of the A1(M). Hertford also benefits from two railway stations; Hertford North Station provides access to London Moorgate in around 50 minutes, and Hertford East which runs services to Liverpool Street within a similar timeframe.
- 2.2 The Bircherley Green site is located in the heart of the town centre, approximately a quarter of a mile south-west of Hertford East train station and directly south of the River Lea. This is shown in Figure 2-1 below.

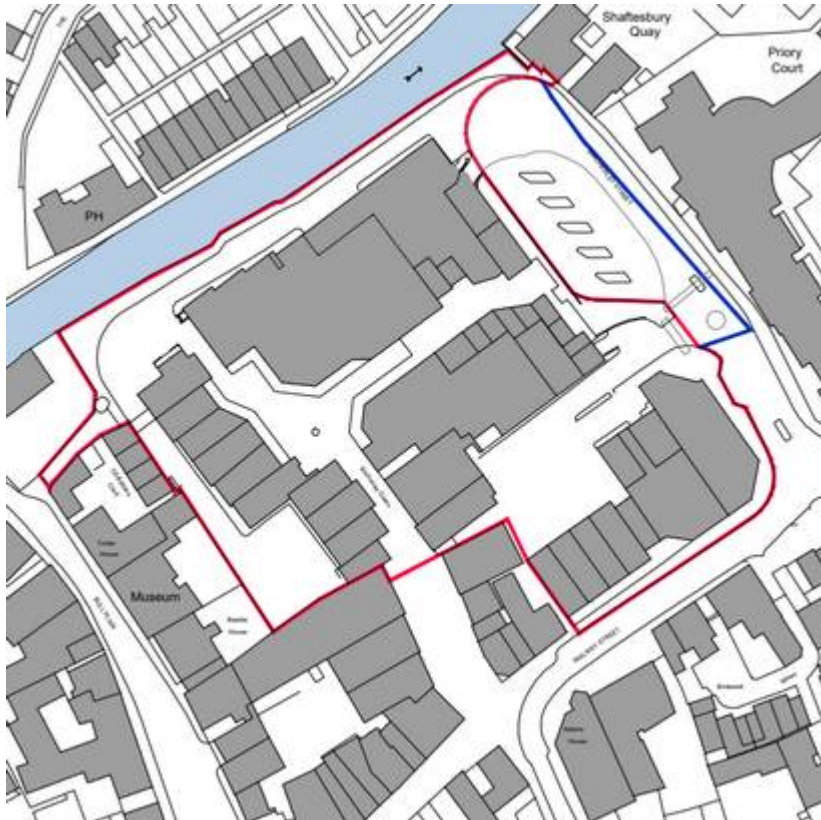
Figure 2-1 – Bircherley Green Site Location



Source: Google MyMaps, 2019.

- 2.3 The site extends to 1.02 hectares (2.52 acres) and is predominantly occupied by the former Bircherley Green Shopping Centre; a purpose-built, 1980's retail development. The site boundary is shown in Figure 2-2 overleaf.

Figure 2-2 – Bircherley Green Site Boundary



Source: Corstorphine & Wright Architects, 2016.

- 2.4 Until 2017, the site was in active use and occupied by a variety of local and national retailers. Waitrose were the anchor tenant with over 2,300 sqm of space, however in September 2017 they closed the Hertford store. There were also some sporadic office uses integrated amongst the retail units, which were a mix of comparison & convenience operators.
- 2.5 The remainder of the site is comprised of a multi-storey car park and a bus station. The bus station, which runs parallel to the north-eastern boundary, is the only part of the site which remains in operation. The multi-storey car park and retail units are all vacant, and the site's entrances have been boarded to prevent public access.
- 2.6 In February 2017, a planning application (REF: 3/17/0392/FUL) was submitted by Diageo Pension Trust LTD in respect of the site which proposed the following:

Mixed-use redevelopment, including partial demolition of existing buildings, to provide up to 4,694 sqm retail floorspace (Use Classes A1 to A5), an 86-bed hotel (Use Class C1), 70 residential flats (Use Class C3), Refurbishment of existing car park to provide 143 pay and display, 40 residential, 5 car club (total of 188) parking spaces, enhancement of bus station facilities, new public realm and landscaping to riverside, and associated works and improvements.

- 2.7 The proposed scheme was separated into two phases; the first concerned the development of the hotel in the south-east corner of the site, and the second phase involved the proposed commercial units, flats and other ancillary uses. In January 2018, the scheme was granted consent subject to several planning conditions. The Applicant subsequently proceeded with site clearing and demolition works in August 2018.
- 2.8 Diageo Pension Trust LTD then submitted a revised application in November 2018 (REF: 3/18/2210/FUL) which sought approval for revisions to the second phase of development ('Building B'). This involved the addition of 1,471 sqm of office space by reducing the amount of residential and retail space originally proposed in the consented scheme:
- Mixed-use redevelopment, including partial demolition of existing buildings, to provide up to 4,602.5 sqm retail floorspace (Use Classes A1 to A5), an 86-bed hotel (Use Class C1), 56 residential flats (Use Class C3), 1,471 sqm office floorspace (Use Class B1a), alterations and refurbishment to an existing car park to provide 143 pay and display, 14 office, 26 residential and 5 car club (total of 188) parking spaces, enhancement of bus station facilities, new public realm and landscaping to riverside, and associated works and improvements - Amendment to Planning Permission Ref 3/17/0392/FUL approved on 5th January 2018 (Revisions to Building B).*
- 2.9 Although a report to the Council's Development Management Committee had been published with a recommendation of approval, the Applicant withdrew the revised application on 10 June 2019.
- 2.10 On 28 June 2019, the Applicant withdrew from operations at the site and confirmed they no longer held intentions of building out the consented scheme. A month later, it was announced that Diageo Pension Trust LTD had sold the site to locally-based developer, Chase New Homes LTD. The new owners have since undertaken initial consultations with the Council, however at the time of our assessment no further applications have been submitted in respect of the site.

3 Commercial Market Analysis

- 3.1 In this section, we review the commercial market in Hertford. This has been carried out to gain an understanding of the uses which could be delivered at the Bircherley Green site. We have analysed the supply and demand of the commercial market sectors, helping to establish the opportunities there may be for redevelopment of the site. We also provide an insight into the rents, yields and sales values which could be achieved by commercial development in this location. Going forward, this research will be used to assess the viability of prospective development options.
- 3.2 In the following sections we break the commercial market down into sectors, dealing with each in turn. We initially provide an overview of each market by highlighting relevant trends for each sector. Where available, we then look at the availability of stock and recent transactions in the Hertford market. As well as providing an understanding of the type, size and quality of units in Hertford, this analysis also looks at achieved rents and the level at which available space is currently being marketed.
- 3.3 We then provide commentary on demand for each type of use, drawing upon any relevant information gathered from consultation with potential occupiers and agents. We have approached a range of prospective operators who may have a requirement for the town centre and this site in particular. This provides an understanding of the level of demand, as well as an insight into typical unit requirements they may have for such a site (floorspace, rents and terms etc.). Similarly, we have approached local agents to discuss the commercial market sentiment, their perspective on the site's prospects and also any known operator requirements for Hertford town centre.
- 3.4 At the end of each section, we provide a summary of our findings and make recommendations based on the data collated. We conclude our findings at the end of the chapter.
- 3.5 As stated in the introduction to this report, occupiers and agents have spoken to us in confidence regarding the site. The information they have supplied us with should be treated as strictly confidential, as in some cases comments have been made 'off the record'.

Retail

- 3.6 We have separated the following section to differentiate between the convenience and comparison retail markets in Hertford. For convenience retail, we have focused our analysis on smaller-scale stores (e.g. local / express-style) as opposed to large foodstores or hypermarkets. Whilst the site is capable of accommodating a larger format supermarket, we would envisage this being surplus to requirements given the proximity

of the Tesco and Sainsbury's superstores. For comparison retail, we have taken a more inclusive approach and have considered the potential for various different operators.

Convenience Retail Market Overview

- 3.7 In recent years, development of large-format stores by the 'Big Four' (Tesco, Sainsbury's, Morrisons and Asda) effectively stopped as they moved their focus to the smaller, express-style supermarkets in city centres. These were often found in employment areas, transport hubs or high-density urban neighbourhoods where there would be high levels of footfall. However, this trend has recently slowed as the cost of running smaller stores has increased and there is more competition from other supermarkets in urban locations. In 2016, Tesco announced the closure of 18 Express stores and 12 Metro stores. Morrisons also announced the closure of 10 smaller stores.
- 3.8 The focus of convenience retail has shifted to the discount market. In 2018, Sainsbury's and ASDA announced their potential merger (although this was ultimately blocked by the Competition and Markets Authority in April 2019), and Tesco announced its opening of a discount subsidiary, Jacks. Tesco is expected to utilise poorly performing metro stores and existing floorspace which is not yet fitted out for the new Jacks stores. This is expected to be roughly 30-40 stores.¹
- 3.9 The focus on the discount market has been driven by the expansion of chains such as Aldi and Lidl which, in contrast to the major supermarkets, have experienced significant growth. Aldi is growing at a rate of 0.7% a year and Lidl 0.5%, while the big four are experiencing market share erosion with Tesco (-0.6%), Sainsbury's (-0.4%) and Morrisons (-0.1%) losing ground. ASDA remained flat on the previous year.²
- 3.10 This trend is expected to continue in 2019 as discount stores such as Lidl and Aldi are expanding into the upper-end of the market through the introduction of premium ranges which are growing at rate of approximately 20% a year.³ The latter have recently announced their ambition to open a new store each week, with upwards of £1bn due to be invested.⁴
- 3.11 This is putting a squeeze on more upmarket rivals such as Waitrose and Marks & Spencer. In November 2018 The Sunday Times reported that a number of operators were in decline:
- Sainsbury's have underperformed those of competitors for 18 months despite its strong presence in the convenience store market.
 - M&S's food sales has declined by 2.9%.

¹ CBRE, 2018. *The Property Perspective, H2 2018*.

² CBRE, 2019. *The Property Perspective, H1 2019*.

³ Sunday Times, November 2018. *My other supermarket is a Lidl*.

⁴ BBC News, 2019. *Aldi plans to open a new supermarket each week*.

- Waitrose is cutting costs and removing lower margin products from their stores in an attempt to rebuild profit which fell by £172m in 2017.

Hertford Convenience Retail Market

- 3.12 There are three convenience retailers present in Hertford; Sainsbury's, Tesco and Marks & Spencer, as shown in Figure 3-1 below.

Figure 3-1 – Hertford Convenience Retail



Source: Google MyMaps, 2019.

- 3.13 Convenience retail representation in Hertford is fairly strong given the size of the town, with Tesco & Sainsbury's accounting for over 76,000 sqft alone. It is notable that the two main budget operators, Aldi and Lidl, do not yet have space in the town, however the latter has recently obtained planning permission for a site south of the town centre along Gascoyne Way.
- 3.14 We have looked to identify rental deals involving retail units in Hertford. There are none listed on CoStar⁵ for convenience retail space within the past 2 years. We have therefore looked to comparison retail units for evidence of rents, as this provides a benchmark to indicate where rents for convenience uses may sit. With the exception of one transaction,

⁵ CoStar is a commercial property database which records data obtained from lease transactions, sales, listings, demolitions and tenants.

there is a lack of recent evidence, with majority deals dating back to 2017. This evidence indicates that larger comparison units (1,000 – 5,000 sqft) have achieved between £15 - £30 psf.

- 3.15 We have also looked to identify any available units which could be suitable for convenience retail. Our search revealed only two retail units currently listed in Hertford which are detailed in Table 3-1 below.

Table 3-1 – Current Hertford Retail Listings

Address	Size (sqft)	Asking Rent (p.a.)	Asking Rent psf	Note
84-86 Fore Street, Hertford, SG14 1AA	2,562	£50,000	£19.51	Mid-terrace, masonry-built building with ground floor retail unit and hotel accommodation on the upper floors. Formerly a post office. The space has been listed for 35 months.
46-48 St Andrew Street, Hertford, SG14 1JA	1,330	£34,000	£25.56	Ground floor unit which can be either office or retail uses with access to further office uses on the first and second floors. Listed for less than 1 month.

Source: CoStar, 2019.

- 3.16 The two listings identified evidence rents of between £19 - £26 psf, which are consistent with the rents achieved from completed transactions. This suggests that retail rents have remained stable over the past few years. Further, the lack of available evidence indicates that there is a low turnover of units in Hertford with occupiers remaining in-situ for longer terms.
- 3.17 We have looked to identify investment sales of convenience retail units in Hertford, however we were unable to identify any transactions with tenants in-situ. We have therefore relied on evidence from Knight Frank, who indicate that foodstores are currently achieving yields of 4.75%.⁶

Hertford Convenience Retail Demand

- 3.18 Due to the location of the Bircherley Green site and its former use as a shopping centre, there is likely to be some demand for convenience retail space. Whilst there are two large supermarkets on the periphery of the town centre, the Marks & Spencer Simply Food on Fore Street is the only 'smaller-scale' convenience retailer representation in the town centre. This unit is smaller by comparison to the other two operators, however still provides over 8,000 sqft of convenience retail space. Further, the store is located at the

⁶ Knight Frank, 2019. *Yield Guide: February 2019*.

eastern end of the town-centre, and there are no convenience retail operators located along the main commercial concentrations on Railway Street, Maidenhead Street & Bull Plain.

- 3.19 We contacted several convenience operators including Tesco, Sainsbury's, Waitrose, Budgens, Londis, Co-op, and Aldi to ascertain their requirements and general interest in the site. General requirements for smaller convenience retail operators are as follows:
- Freehold sites or long leaseholds
 - Units of 3,000 – 5,000 sqft
 - Within town centres of large settlement boundaries
 - Catchment populations exceeding 10,000.
- 3.20 Budgens are typically interested in smaller stores of 2,000 – 3,000 sqft however do also require anywhere from 6 – 12 parking spaces, depending on the nature of the store and specific location. Whilst Budgens are currently considering sites across the south-east, they did not confirm whether they would be interested in the Bircherley Green site specifically.
- 3.21 Other operators expressed tentative interest subject to the inclusion of other uses as part of the site's redevelopment. For example, in consultations with Tesco recently, we have been made aware that they are focussing on sites closer to communities as they are finding that customers would rather shop closer to home than travel significant distances. Accordingly, if residential uses are to be provided this could encourage interest from convenience operators. Similarly, if office or business uses are delivered, then a small foodstore could also benefit from a proximate workforce and lunchtime trade.
- 3.22 We were later informed by Tesco that, despite their general requirements remaining the same, the Bircherley Green site is unlikely to be of interest given their existing presence in Hertford.
- 3.23 We are aware that Lidl have an active requirement for a site in Hertford. We have contacted Lidl but they have yet to respond. From past dealings with Lidl, we expect that this site would provide sufficient visibility, although their typical site access requirements may be a deterrent. We find that they typically want strong roadside locations which benefit from a steady flow of passing motorists.
- 3.24 We approached Waitrose to enquire about their interest in returning to Hertford / the Bircherley Green site, but they did not respond. We are aware that Waitrose have recently closed their store in Stevenage Old Town after over 40 years of trading on the High Street, deeming the store / location to be commercially unsustainable.⁷

⁷ The Comet, 2019. *Date set for closure of Waitrose in Stevenage High Street.*

- 3.25 From our consultations with local agents, it was not envisaged that another large supermarket would be suitable at the site given the size of the Tesco & Sainsbury's on the periphery of the town centre. They supported that interest from convenience operators is likely to be dependent on other uses which could generate a regular flow of consumers, such as residential or office uses. None of the agents were acting on behalf of any convenience retailers who had active requirements in Hertford.
- 3.26 If other uses can be used as a catalyst to generate demand, requirements are likely to range from 2,000 sqft to 5,000 sqft. Certain operators are likely to require parking spaces within reasonable proximity of the store / complex. We would anticipate rents could be in the region of £20 - £25 psf for new-build convenience retail space in this location.

Comparison Retail Market Overview

- 3.27 In recent years, the comparison retail sector has experienced difficulty due to the growth of online shopping and e-commerce. At the end of 2018, e-commerce accounted for 20% of all retail sales. This has been of particular significance to high-street retail, where other than in city-centre locations or established shopping centres, the sector has generally struggled as consumer confidence has fallen.
- 3.28 CBRE reported that UK high streets faced a particularly difficult year, with rising vacancies and a lack of investment placing downward pressure on regional rents. Average prime rents outside of London fell by 4.4%, and the second half of 2018 saw yields weaken as aptitude for investment, depreciation of rents and increasing vacancies resulted in negative market sentiment.
- 3.29 The demise of high street retail has been further exacerbated by the political uncertainty associated with Brexit. Reduced economic output and abrasive supply chains have been cited as potential impacts which are anticipated to further weaken comparison retail sectors. Additionally, retailer costs have increased hitting a ten-year high. Rising wages, business rates, commodity prices and pension contributions are anticipated to intensify retailer concerns.⁸
- 3.30 Occupational metrics were described as volatile in Q2 2019, with profit margins becoming increasingly pressurised in competitive pricing markets. These effects were said to be further compounded by the rising costs and continued political uncertainty. It is anticipated that further financial distress and administrations will be reported in the second half of the year.⁹ Comparison retailers including Boots, Wilko, Cotswold Outdoor, Monsoon and New Look join larger groups such as House of Fraser & Arcadia Group to have reported financial difficulties over the past two years.

⁸ Deloitte, 2019. *Retail Trends 2019, Retail Re-invented*.

⁹ Cushman & Wakefield, 2019. *Retail Market Snapshot, Q2 2019*.

3.31 Accordingly, market commentators are expecting to see the introduction of new store services and innovative retail models to redefine shopping experiences for consumers and encourage high street spend. This includes retailers providing services outside of the confines of their regular income streams (e.g. high street fashion retailers providing in-store cosmetic services, entertainment and cafes). However, with the terms of the UK's withdrawal from the EU still undecided, consumer confidence remains low and operators are proceeding with increased caution.

Hertford Comparison Retail Market

- 3.32 Prior to its closure, Bircherley Green was considered an anchor of Hertford Town Centre and contained most of Hertford's recognisable operators, including New Look, Superdrug and Boots. Other service goods at Bircherley Green including nail salons, mobile phone repairs, hairdressers and barbers were well used and popular, although the unit sizes were considered small and the design of the centre were considered detached from the rest of the comparison retail offering in the town centre.¹⁰
- 3.33 Hertford Town Centre is dominated by comparison retailers, including a range of national and local independent traders. The main concentrations are located along Maidenhead Street, Market Street, Railway Street and Fore Street, with most independent traders located in the secondary shopping frontage along Old Cross and Parliament Square.
- 3.34 In terms of overall volume, comparison retail representation in Hertford is considered strong. These units trade with a higher sales density than those located outside of the town centre in locations such as Madford Retail Park, where units generally trade with lower turnover densities than high-street shops due to the larger floorspaces. The combined sales density for Hertford, inclusive of Madford Retail Park, was estimated at £3,003 psm net in the 2013 retail study.¹¹ We would expect this figure to have since increased given the growth anticipated in Hertford. Policy HERT1 stipulates that Hertford will accommodate a minimum of 950no. new homes over the plan period; 650no. by 2022 and a further 300no. by 2027.
- 3.35 As identified earlier, there is a lack of recent evidence for comparison retail lease transactions in Hertford. The evidence identified dating back to 2017 supports rents of between £15 - £30 psf. Similarly, current asking prices for comparison retail spaces range from £17 - £25 psf, suggesting that all retail rents in Hertford have remained consistent over the past few years.
- 3.36 We identified two retail units listed to let at the time of our assessment; one located on Bull Plain and the other on Railway Street. The former is a 940 sqft unit previously used

¹⁰ The Retail Group, 2015. *Retail Needs & Opportunities in Hertford Town Centre*. (p. 6)

¹¹ Nathaniel Lichfield & Partners, 2013. *East Herts Retail & Town Centres Study Update*. (p. 14)

as a tattoo parlour with an advertised rent of £20.74 psf. This unit is shown to have a let agreed but no further details provided. The latter, a fashion retailer arranged over three floors, is listed for a rent of £17.67 psf.

Hertford Comparison Retail Demand

- 3.37 The occupants of the former retail units at Bircherley Green were effectively 'bought out' of their premises / leases to allow Diageo Pension Trust to obtain vacant possession of the site. The vacation of these occupiers is not considered to be associated with declining trade or insufficient demand, but to allow the former Applicant to secure vacant possession of the site. Accordingly, we would anticipate that, once redeveloped, the central, accessible location of Bircherley Green to present an attractive prospect to comparison retail occupiers.
- 3.38 We have approached a range of comparison retailers to discuss the site along with demand characteristics and typical unit requirements. A full list of those contacted can be found in Appendix 1.
- 3.39 Our consultations have revealed that, like convenience retail, demand is influenced by the complimentary uses provided on the site elsewhere. For instance, uses that will encourage consumers to remain in the vicinity of the site such as food & beverage or leisure operators are likely to increase demand for comparison retail space. Further, the provision, proximity and price of parking is also likely to influence the level of demand.
- 3.40 Given the amount of retail space proposed in the extant permission, we would also expect demand and rents to be influenced by the position of the units. Rents will also vary subject to the exposure to passing pedestrian trade. A concern with the former shopping centre was that the design meant many of the internally-facing units lacked integration with the rest of the town centre. Thus, in order to maximise the rental potential of future retail units at the Bircherley Green site, consideration should be given to the exposure and integration amongst the existing retail offering, particularly along Railway Street & Bull Plain.
- 3.41 A number of retailers (Fat Face, Paul, Superdrug, Paul Clothing Co, Waterstones) dismissed Hertford as a prospective location due to the size of the town and its demographic, suggesting it does not suit their typical consumer profile. These operators are generally prioritising space in larger towns such as Welwyn Garden City or Bishops Stortford, as these towns have larger and more diverse consumer catchments which in turn lowers risk exposure.
- 3.42 Lakeland in particular were concerned about the decline of town centre trade and the rise of e-commerce. They noted parking charges and poor journey times in town centres as reasons as to why consumers are being deflected to out of town retail parks and

reducing demand from retail operators for town centre locations. They did not have a requirement for Hertford at this time.

- 3.43 Local commercial agents generally shared similar opinions to the occupiers consulted, suggesting there could be some interest in the site from comparison retailers subject to the inclusion of other commercial uses. Further, it was anticipated that in the short-term, occupiers would need to be incentivised by favourable lease terms to encourage take-up whilst the site re-establishes its presence as a retail centre. It was considered highly unlikely that the volume of commercial space proposed as part of the previous application would be let immediately, and instead agents anticipated there would be significant void periods and vacancies before such a quantum of space was fully occupied.
- 3.44 One agent noted that it is not necessarily the town centre, however more so a national retail trend which has caused occupier confidence to drop and thus a hesitant approach to retail / high-street take up. He stated that the philosophy of retail needed to change; moving away from established national chains and to smaller independent occupiers who take space on lesser lease terms, sometimes on turnover rents. Encouraging smaller occupiers on favourable lease terms helps regenerate town-centres by re-establishing high-street spend for locally-based businesses and gradually increasing footfall over a longer period of time.
- 3.45 Accordingly, agents advised that any commercial space provided at the Bircherley Green site was designed to be flexible and accommodate a variety of different uses. It was deemed unlikely that a national occupier would take space immediately, and instead it may be a series of more transient occupiers on flexible terms which help re-establish the Bircherley Green site as a prosperous retail area.

Retail Conclusions

- 3.46 Based on the former use of the site and existing offering in the town centre, we anticipate there to be some demand for both convenience and comparison retail uses. However, this demand is likely to be dependent upon the nature of the scheme, density of the proposals and the variety of ancillary uses. We would anticipate there to be more interest from comparison retailers than convenience. It is unlikely that more than one convenience operator would want to occupy the site given the proximity of existing convenience retailers in Hertford (e.g. Tesco).
- 3.47 For both convenience and comparison space, we would recommend flexibility. We typically find that requirements for this type of space range from 1,000 sqft – 5,000 sqft. If units at the larger end of this range were included in the plan, this space should be

flexible so it can be subdivided or used for A3/4 uses, for example. Given the uncertainty over the level of demand, this would provide the best chance of the space being let.

- 3.48 We expect that retail space could achieve rents of £18 - £20 psf and a yield of 7.00%.¹² However, rents and lease terms may need to be similarly flexible in the short term to encourage take up and help re-establish Bircherley Green as an anchor in the town centre.

Leisure

- 3.49 The leisure sector is undergoing a substantial period of change, notably by the prioritisation of consumer experience over consumption. This has been well documented through the rising prominence of environments and activities which differ from conventional leisure offerings.
- 3.50 This section reviews the market trends in the leisure sector and analyses the suitability of such uses as part of the redevelopment of Bircherley Green. We have separated this section to firstly cover the food & beverage market and then the rise of leisure activities as part of town centre / retail schemes.

Restaurants, Bars & Cafes

- 3.51 The food & beverage (F&B) industry has also been subject to difficulties, with a number of high-profile Company Voluntary Arrangements (CVAs) and closures within the casual dining sector that have hit the industry last year. Byron Burger and Prezzo have announced CVAs. Jamie's Italian has also recently collapsed. Change in demand for healthy eating, the importance of brand image, and a desire for a new kind of dining experience have driven growth in independent boutique outlets.¹³
- 3.52 Operators are moving towards smaller spaces to minimise their capital expenditure, rent and rates liabilities, and backing up their sales through takeaway delivery often supported by food delivery companies such as Deliveroo and Uber Eats.¹⁴
- 3.53 Concurrently, the sector has seen a rise in experience-seeking consumers, with diners choosing innovative independent restaurants over larger, chain style operators. The cultivation of new and inventive dining environments is central to ensuring repeat business and maintain customer bases.¹⁵ This increased diversity of restaurant operators has led to more competition in the market, which provides some explanation as to why the larger chain operators have experienced difficulties. The Restaurant Group

¹² Knight Frank, 2019. *Prospects for Secondary Commercial Property*.

¹³ CBRE, 2019. *The Property Perspective*.

¹⁴ Property Week, 2019. *Fluid opportunities on the horizon for casual dining in 2019*.

¹⁵ Legal & General, 2018. *2018 The Future of Leisure*. (p. 25)

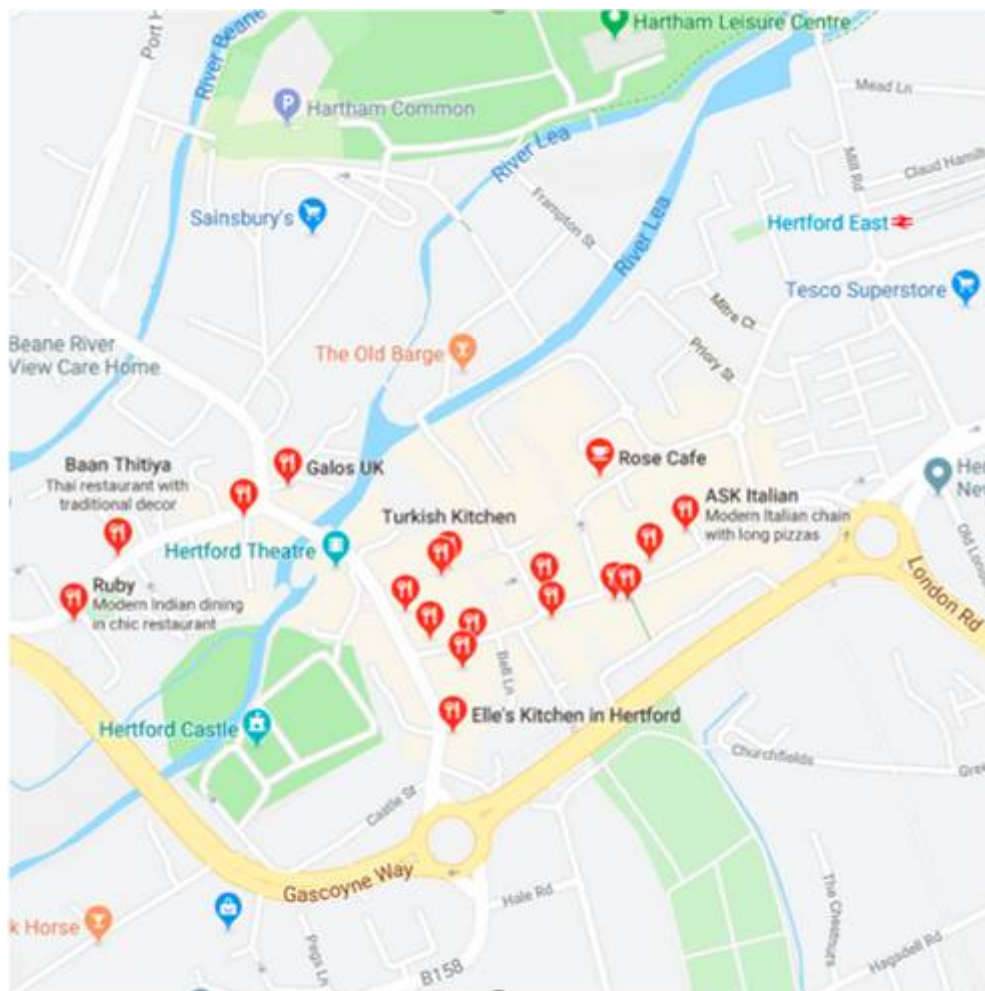
noted that whilst the number of customers hasn't decreased, the increase in competition has led to a fall in profits.¹⁶

- 3.54 It is anticipated that difficulties may continue within this sector. Brexit uncertainty may lead to a decline in consumer confidence and increase import costs, whilst the Living Wage will substantially increase operational costs. It is also unclear how Brexit will impact a sector which relies heavily on an EU workforce. These factors may potentially lead to a slowing in acquisitions. It is expected that this impact will also be felt most strongly in secondary markets.¹⁷

Hertford F&B Market

- 3.55 Figure 3-2 displays the location of restaurants in Hertford.

Figure 3-2 - Hertford Restaurants



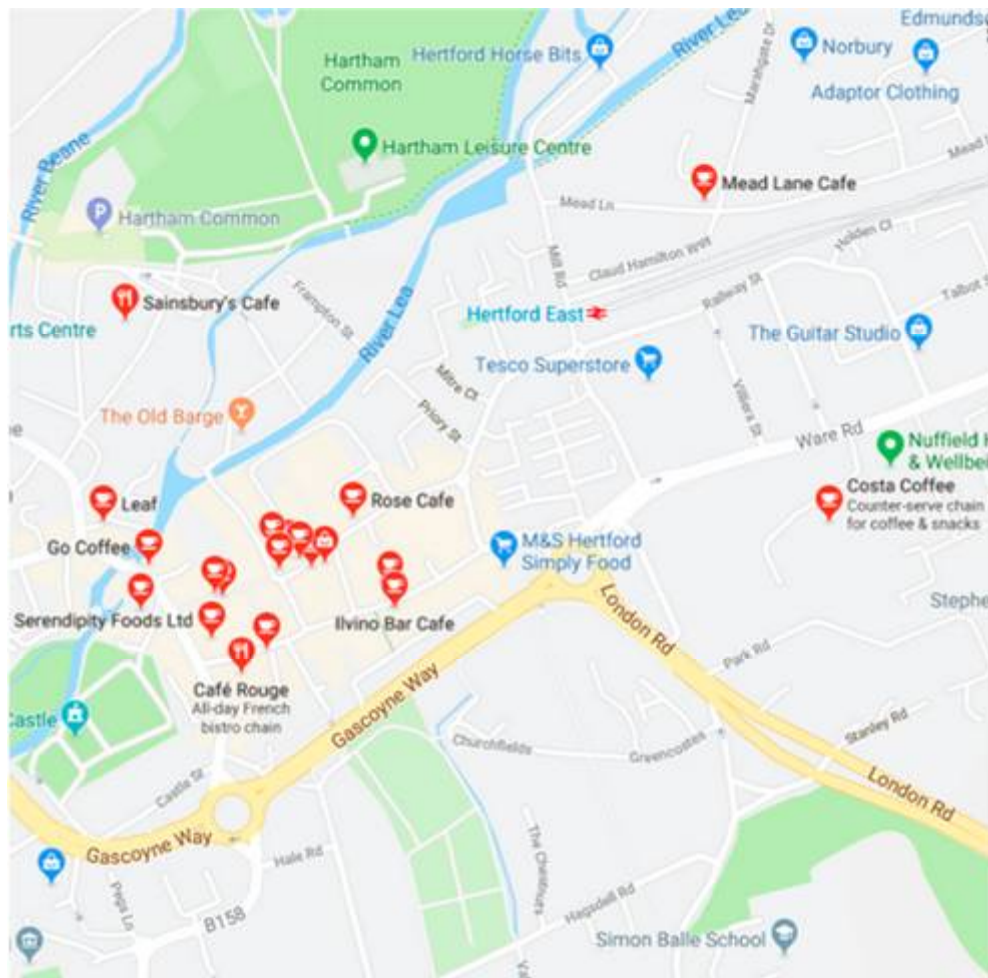
Source: Google Maps, 2019

¹⁶ Legal & General, 2018. *2018 The Future of Leisure*. (p. 22)

¹⁷ Savills, 2017. *UK Commercial Leisure: Q1 2017*.

- 3.56 There are a wide variety of restaurants in Hertford. These range from independent businesses to national chains such as Prezzo Italian and Café Rouge. Although there is a strong offering, the majority are concentrated in the town centre with the exception of some take-away style restaurants on the periphery.
- 3.57 Similarly, there are a number of existing cafes and coffee shops in the town centre, as shown in Figure 3-3. Cafes are predominantly smaller independent businesses, although national brands such as Costa Coffee and Caffè Nero are represented. Starbucks formerly occupied space at Bircherley Green but have not since relocated in the town.

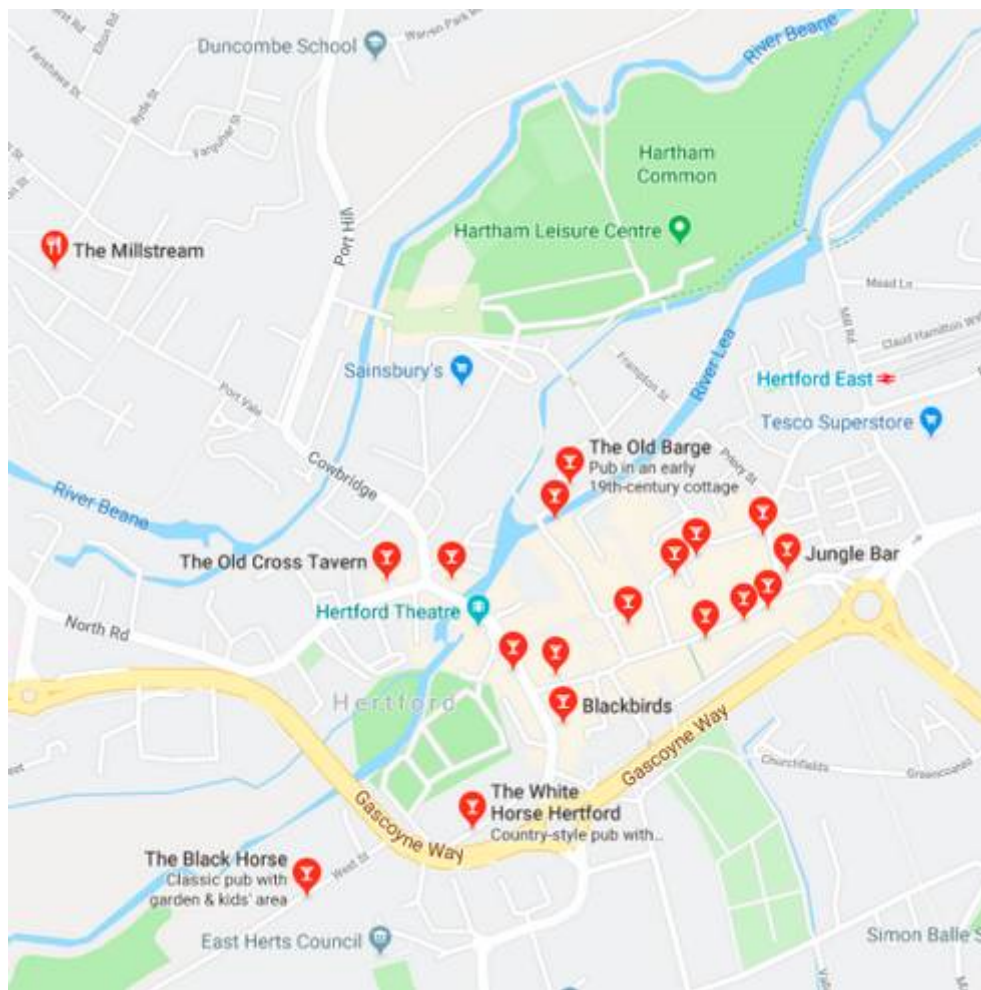
Figure 3-3 – Hertford Cafes



Source: Google Maps, 2019

- 3.58 Hertford's nightlife and evening economy has grown during the past 5–10 years, with agents noting that the period between April and September each year is particularly prosperous for the bars and pubs within the town centre. Hertford has a reasonable presence of existing pubs and bars, as shown in Figure 3-4 overleaf.

Figure 3-4 – Hertford Pubs



Source: Google Maps, 2019

3.59 We have searched property databases for transactions involving sales of F&B units. We have only been able to identify one transaction involving the investment sale of the unit. This unit is located at 17 Fore St, SG14 1DH and is occupied by Prezzo. This 5,639 sqft unit sold on October 2017 for £1,450,000. No details are provided on the rent, term or yield on this unit. We have therefore considered evidence published by Knight Frank on investment yields. This indicates that for secondary / tertiary locations, yields of 10% or more are currently being achieved in this sector.¹⁸

Food & Beverage Demand

3.60 Given the challenges faced by town centre markets in general, we are finding that most national restaurant and café operators have slowed or halted acquisitions. That said,

¹⁸ Knight Frank, 2019. *Yield Guide: February 2019*.

demand in Hertford has typically concentrated in the town centre and the Bircherley Green site therefore provides an attractive central / riverside location for F&B uses.

- 3.61 We are finding that pub operators are typically focussing on either strong town-centre locations, or on standalone sites close to major roads. Roadside sites offer strong visibility to passing motorists whilst town-centre locations benefit from high footfall. We anticipate that there may be some interest in a food and beverage operator although the unit would have to be well exposed to pedestrian footfall to maximise the potential for passing trade.
- 3.62 Interest in the site may however depend on the nature of the other uses that come forward. Should a large quantum of housing be delivered, or a hotel for example, these may help to attract other businesses incentivised by an influx of proximate consumers. It may be the case that an increased population generates a more active year-round evening economy to attract food & beverage operators. Similarly, with the inclusion of office space and weekday consumers, a small café, sandwich bar or coffee shop may prove to be a viable offering.
- 3.63 We contacted a range of F&B occupiers including restaurants, pubs and cafes. A summary of those contacted can be found in Appendix 1.
- 3.64 The Restaurant Group, which includes brands such as Wagamama's, Frankie & Benny's, Garfunkel's and Joe's Kitchen, confirmed that Hertford was too small for any of their brands. It is noted that The Restaurant Group have recently announced that they will exit at least 50% of their 352 leisure sites, which is consistent with trend identified earlier that larger operators are experiencing difficulties.¹⁹
- 3.65 Giggling Squid, a Thai restaurant, confirmed a long-standing interest in Hertford but stated that they wanted to 'avoid the changing nature of Fore Street'. Their requirements are likely to be for c. 4,000 sqft of predominantly ground floor space with a strong frontage and good accessibility. Leases are typically taken on 20-year terms and their preference is for lower rents over the entire term as opposed to initial incentives.
- 3.66 Greene King replied to say they are not currently considering town centre sites, and therefore do not hold an interest in the Bircherley Green site at present. Similarly, Fullers replied to say that a pub within a shopping / retail centre is unlikely to be of interest, instead preferring freehold units with large amounts of outside trading space.
- 3.67 We did not receive replies from Marston's, Mitchells & Butlers, or Youngs.
- 3.68 We received a reply from Stonegate PLC, who represent brands such as Slug & Lettuce, Be At One, and Yates. They confirmed they have recently bid to acquire Ei Group PLC and therefore attentions are likely to focus on merging businesses as opposed to single

¹⁹ CoStar, 2019. *The Restaurant Group to vacate 175 sites as soon as possible.*

site acquisitions. Regardless, they confirmed that they typically look to acquire shell condition sites and require large capital contributions.

- 3.69 Agents anticipated there could be some interest from F&B operators in acquiring space on the northern side of the site along the boundary of the River Lea, however none of the agents disclosed any current operator requirements for Hertford town centre. One agent also noted that there is possibly a restricted covenant across the Bircherley Green site from the local brewer, McMullen & Sons. We were informed this is likely to prevent any interest from other pubs / bars in the Bircherley Green site.

Leisure Activities

- 3.70 Whilst drinking and dining remain popular, consumers now seek to combine this with other concepts and leisure activities. Leisure offerings are consequently becoming more diverse and creative to meet the immersive needs of the evolving, experience-seeking consumer.
- 3.71 Historic leisure uses were typically associated with out-of-town locations, where larger units and cheaper rents could mean that diverse leisure complexes could be accommodated. These typically included a variety of activities such as cinemas, bowling alleys, arcades and casual dining restaurant chains. More recently, the emergence of the sector in town centres has meant that leisure concepts are becoming increasingly common anchor tenants for retail districts and promenades.
- 3.72 Competitive socialising venues have expanded rapidly and provide innovative competition to typical, stagnant leisure concepts (i.e. out-of-town bowling, cinema complexes, arcades etc.). This growth has been attributed to the advancement of technology and change in consumer profiles / preferences. However, these activities are typically associated with larger towns and cities, or established shopping centres (e.g. Westfield / intu shopping centres) where large and diverse catchment populations reside.
- 3.73 As competitive socialising venues significantly increase dwell times in otherwise transient locations, other commercial sectors are benefitting from this sectoral emergence. They have also been commended for creating a sense of place and providing diversity to evening economies. Popular examples include urban mini golf, bar & game (electronic darts, ping pong), virtual reality gaming and against the clock experiences (escape rooms, tv gameshow concepts). Many of these operations also incorporate a food and beverage offer; particularly alcohol sales in urban areas, which help further increase consumer dwell times.
- 3.74 Further, the number of fitness facilities across the UK has been increasing in towns and shopping centres. The 2019 State of the UK Fitness Industry Report revealed that the sector continued to strengthen, with increased facilities and memberships driving up the

total market value of the sector. In the 12 months leading up to 31st March 2019, the number of facilities across the UK grew to over 7,250 with 215 new facilities opening since March 2018.²⁰

- 3.75 Gyms in urban locations are generally smaller, with some operators requiring as little as 2,000 sqft. These units typically focus on shorter fitness classes rather than the provision of large gym floors and extensive equipment.

Hertford Leisure Activity Market

- 3.76 The current leisure market across Hertford is relatively inactive, particularly in the town centre. Hartham Leisure Centre is located north of the town centre on the south side of Hartham Common. The centre is managed in partnership with East Herts District Council and provides typical fitness and leisure facilities such as a gym, swimming pool, sports pitches and tennis courts.
- 3.77 There is also an Anytime Fitness gym located within 50 metres of the south-east corner of the site which provides 24hr access to a variety of fitness equipment, exercise rooms and specialised classes. This space was leased in June 2017 and was advertised at £14.53 psf (c. 4,800 sqft).
- 3.78 The Hertford Theatre is located within 200m west of the Bircherley Green site and has previously screened smaller independent films as well as live theatre shows. It has been noted that neither of the previously submitted schemes for Bircherley Green included provision of a cinema. However, the Council has committed to redevelop the Hertford Theatre site to upgrade the cinema facilities to include multiple screens that will show the latest cinematic releases, as well as other enhanced arts spaces. Accordingly, we have not considered the potential for a cinema in the Bircherley Green site to prevent potential competition to the Council's ambitions.
- 3.79 Other typical leisure activities are located in other centres within the district. Outside of East Herts, Harlow has a bowling alley, escape room and two Cineworld Cinemas (one in the town centre and one at a retail park). Hatfield, Welwyn Garden City and Stevenage have reasonable leisure offers, providing cinemas (multiplex in Hatfield), gyms and leisure centres.

Leisure Activity Demand

- 3.80 Given the volume of the commercial space proposed in the extant permission, is it unlikely a number of competitive socialising venues will hold interest in Hertford. For example, urban golf operators typically require 15,000 – 20,000 sqft and table tennis

²⁰ Leisure DB, 2019. *2019 State of the UK Fitness Industry Report*.

operators can require up to 15,000 sqft. Some operations, such as escape rooms and axe throwing have lesser unit requirements of 5,000 -10,000 sqft, however this may still be too large relative to the total capacity of commercial space and priority of retail units in the town centre.²¹ Regardless, we have approached a variety of operators including axe throwing, VR & gaming, table tennis, darts, bowling and escape rooms.

- 3.81 We received replies from PureGym & The Gym Group who both expressed interest in Hertford as a potential location. Their requirements were similar in nature, with PureGym interested in Hertford as a location for their 'small-box' format of c. 6,000 – 8,000 sqft and The Gym Group stipulating c. 8,000 sqft on a single level. The Gym Group did also state their requirement for 60 – 70 free parking spaces which members can use for 24 hours a day, 7 days a week.
- 3.82 Hollywood Bowl expressed a tentative interest in Hertford, however this is subject to the inclusion of a cinema complex on site. With the Council's ambitions to regenerate the Hertford Theatre, we believe Hollywood Bowl's interest is unlikely to be upheld without the presence of a cinema or large leisure complex on site.
- 3.83 We did not receive replies from the other operators approached. A full copy of those contacted can be found in Appendix 1.

Leisure Conclusions

- 3.84 The macro-trend driving the leisure market is the increased priority of consumer experience. The sector is attracting 150% more discretionary spend than retail and is growing twice as fast.²² Alongside this, leisure experiences have diverted from one-stop events to journeys with multiple activities; combining the cinema with meals, or trips to the gym with coffee.
- 3.85 Our research combined with agents' commentary suggests there is some demand for restaurants, pubs and coffee shops in Hertford Town Centre, however there is some apprehension over the possible competition from the established town centre offering. It is likely that interest will come from smaller, independent F&B operators as opposed to larger national chains, many of whom are consolidating operations or not actively seeking to acquire individual sites (e.g. The Restaurant Group / Stonegate PLC).
- 3.86 Depending on the nature of other uses, there may be some opportunity to attract smaller businesses to provide a café or small restaurant to support the local population. If a hotel is brought forward, there may be potential to include a food and beverage offering to cater for local visitor trade.

²¹ Legal & General, 2018. *2018 The Future of Leisure*. (p. 36)

²² Legal & General, 2018. *2018 The Future of Leisure*. (p. 2)

- 3.87 Our previous report highlighted the potential for a cinema operator to occupy the Bircherley Green site, however in light of the Council's intentions to improve the Hertford Theatre, we have not approached operators at this time. We did not receive replies from other similar leisure operators including escape rooms and competitive socialising brands.
- 3.88 There may be potential for a gym to occupy the Bircherley Green site, with two operators expressing interest in Hertford as a location. Both stipulated fairly sizeable unit requirements of c. 6,000 – 8,000 sqft and may also require free on-site parking.
- 3.89 We would again recommend unit flexibility to allow for reconfiguration and space optimisation. Leisure uses offer the opportunity for landlords to fill underutilised space or in reallocating units which come back to market, even on a temporary or meanwhile basis. Savills note that the best way to attract both retail and leisure occupiers is to offer flexible terms including affordable or below market rent, turnover terms, contributions to fit-out and rent-free periods. Further, more innovative approaches such as the provision of spaces that can be leased on hourly or daily bases may also help secure and retain occupiers.²³
- 3.90 The curation of flexible retail and leisure units could therefore provide opportunities for meanwhile uses or short-term occupation to reinvigorate the Bircherley Green site in the early stages.

Hotel

Overview

- 3.91 In recent years, the hotel property market has been strong. It has experienced significant investment and growth. However, in 2019, it is expected that this may slow due to the uncertainty around the UK's departure from Europe. Whilst the weak pound has encouraged buoyant leisure travel, Hoteliers are expecting a difficult year.
- 3.92 PWC anticipate that the weak pound will also maintain strong inward investment. Investment has led to an increase in stock across the UK with 40,000 new rooms delivered throughout 2018-19. It is expected that this supply will lead to lower occupancy in certain areas, as demand has not increased in conjunction with supply.²⁴
- 3.93 Savills again highlight the resilience of the market, noting that this is partly due to the weak pound making the UK attractive to foreign tourists. This trend is expected to

²³ Savills, 2019. *Curating retail and leisure: Getting it right.*

²⁴ PWC, 2019. *UK Hotels Forecast: 2019.*

continue as Brexit is unlikely to deter attraction to the UK as a tourist destination. UK residents are also expected to increasingly choose domestic holidays, which will again bolster the hotel market. However, Brexit is likely to have an impact on the business-travel market, particularly at the higher-end market. Savills note that the investment market will increasingly look to regional cities. This is due to investors looking to higher-yielding property, as well as fewer opportunities in London. ²⁵

- 3.94 The market has been increasingly focussed on the budget end of the sector, with increases in the number of rooms from brands such as Travelodge, Ibis and Premier Inn. Savills note that budget transactions represented 28% of investment sales in 2018. By comparison, in 2007, this sector represented only 11.2%. ²⁶
- 3.95 This sector has experienced a number of challenges in recent years. Introduction of the Living Wage in 2016 and increased business rates in 2017 have led to shrinking margins. It is expected that Brexit may have an impact on access to staff. Currently, 34% of staff are EU nationals. ²⁷
- 3.96 Knight Frank report that Local Authorities are increasingly investing in commercial property, with hotels in particular proving to be popular. In 2018, Councils invested £93m into the sector, representing a 183% increase on 2017. This is an effective way to use low interest central government loans to secure a secure, long-term income. Six out of seven transactions in 2018 involved either Travelodge or Premier Inn. These transacted for an average of £99,000 per room and represented yields of between 4.5% and 6%. ²⁸
- 3.97 The budget / roadside hotel sector is dominated by the big chains such as Travelodge and Premier Inn. There is some flexibility as to whether developments are freehold or leasehold, but often hotels are developed in partnership with developers as part of a wider mixed-use commercial or retail park scheme. Rents are generally £3,000 – £3,500 per bedroom.
- 3.98 Most new hotels are developed using a Management Contracting business model whereby the developer / investor takes the risk and the hotel chain operates the hotel for a fee. Due to the expensive fit-out, the viability is often only achieved for the developer by the hotel bringing footfall and vitality to a wider scheme.

Hertford Market

- 3.99 There are five main hotels located around the Bircherley Green site. The locations of these hotels are shown in Figure 3-5 overleaf.

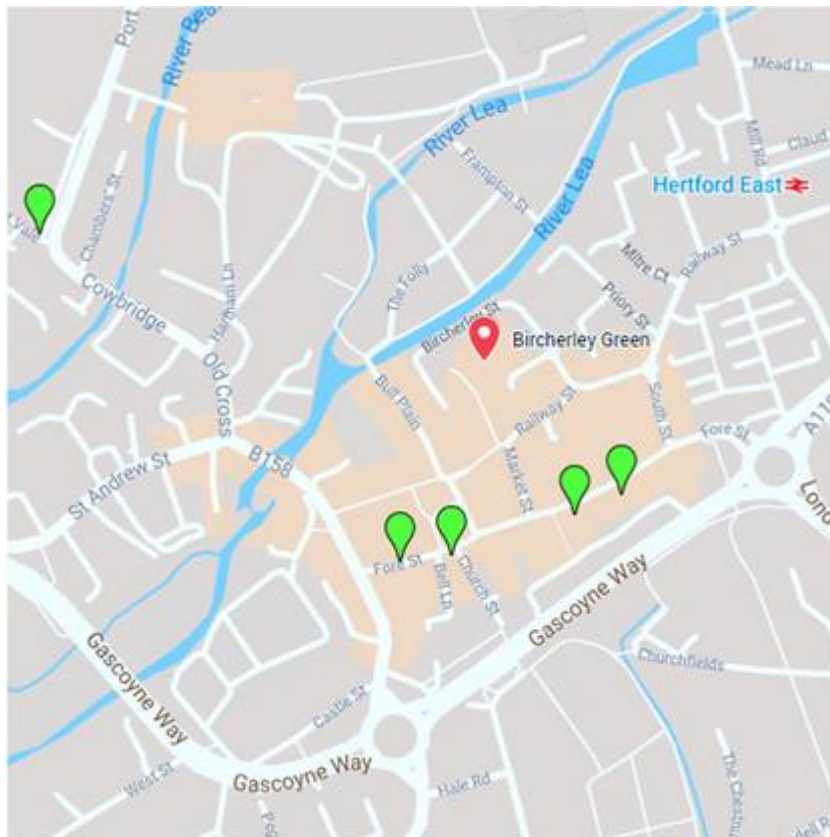
²⁵ Savills, 2019. *UK Hotel Investment*.

²⁶ Savills, 2019. *UK Hotel Investment*.

²⁷ Savills, 2019. *UK Hotel Investment*.

²⁸ Knight Frank, 2019. *UK Hotel Capital Markets Investment Review*

Figure 3-5 – Hotel Locations



Source: Google MyMaps, 2019.

- 3.100 The hotels present in Hertford range in styles from traditional inns to smaller boutique, bread and breakfast style offerings. These are all located in the town centre or closer to major roads. It is notable that there are no major chains present in Hertford, however we understand that Premier Inn were interested in operating the hotel proposed in Phase 1 of the extant permission.
- 3.101 To understand the values which could be achieved by this use, we have looked to identify comparable transactions. There are no deals recorded in Hertford so we have extended our search radius to cover the whole Hertfordshire District. The evidence identified is presented in Table 3-2.

Table 3-2 - Hotel Transactions

Address	Deal Date	No. Rooms	Sale Price	NIY (%)	Price / Room
Travelodge, Comet Way Hatfield, AL10 0XR	01/10/2018	120	£12,250,000	4.25%	£102,083
Travelodge Cheshunt Hotel	20/01/2018	100	£9,650,000	-	£96,500

Park Plaza, Great Cambridge Rd Waltham Cross, EN8 8DY						
H2O Development - Premier Inn 99 Church St Rickmansworth, WD3 1JE	13/11/2018	88	£14,100,000	4.25%	£160,227	
Travelodge, 51/57 St Peters Street, St Albans, AL2 3DH	17/05/2019	130	£24,425,000	4.38%	£187,885	

Source: CoStar, 2019

- 3.102 This indicates that hotels in wider Hertfordshire area have transacted for between £96,500 and £187,885 per room. The H20 scheme in Rickmansworth is a brand-new development close to Watford. We would expect this location to be slightly stronger to Hertford, where we would expect a hotel development to achieve closer to the Travelodge comparables in Cheshunt & Hatfield in Table 3-2. The third Travelodge in St Albans is currently being redeveloped and is expected to complete in Q3 2020.

Demand

- 3.103 We have recently contacted Travelodge and Ibis who both expressed an interested in acquiring a Hertford location. This was prior to Diageo withdrawing from the site and both operators were aware of the plans for Premier Inn to occupy the proposed hotel.
- 3.104 Travelodge confirmed they have an active requirement in Hertford for a 95no. bed hotel with a bar & café. They have expressed an interest in acquiring a lease interest at the Bircherley Green site and requested to be kept updated as circumstances progress.
- 3.105 Ibis stated previously that they are interested in being kept up to date with opportunities in Hertford. They highlighted a lack of available rooms or an established hotel brand in Hertford currently and suggested that this could present an opportunity for them. They did not provide details of specific requirements, but requested that we keep them updated with any opportunities. They have not replied to our latest email regarding Bircherley Green.
- 3.106 Moxy Hotels have confirmed there is insufficient market demand in Hertford. Their agent confirmed that requirements are generally for 150 – 225 rooms in major city centres or tourist locations.
- 3.107 We did not receive replies from Easy Hotel or Holiday Inn.

Conclusion

- 3.108 There may be an opportunity to bring forward a hotel as part of the Bircherley Green redevelopment. We are aware of interest in Hertford from Travelodge and Ibis. However, to understand what type of hotel could be delivered, this use would need to be tested further with the market. Interest to date has been tentative, and operators would need further details on what areas of the site may be available and how many rooms could be suitable, for example.
- 3.109 Hotels are likely to work well in conjunction with a proximate leisure offering, with food and beverage operators in particular. Travelodge expressed their interest in the site along with a café and / or bar on site.
- 3.110 If a hotel were included as part of the masterplan, we expect that this could achieve a capital value of approximately £100,000 - £125,000 per room at a yield of 4.25%.

Offices

Overview

- 3.111 In this section we consider the potential for office uses as part of Bircherley Green's redevelopment. We have researched this sector as c. 1,400 sqm of office space was proposed as part of the November 2018 application which the Council intended to approve. We therefore anticipate that future proposals could include the provision of office space.
- 3.112 The announcement of Brexit has caused a substantial amount of uncertainty in the national office market. Cushman and Wakefield described 2016 as, 'one of the most turbulent years over the last decade'. Moving into 2019, together with soft economic growth, the prolonged uncertainty of Brexit is expected to result in a slight fall in UK office investment and occupier activity as decision makers opt to 'wait and see'.²⁹
- 3.113 Although there is uncertainty in the market, there is also a lack of higher-quality office space throughout the UK. Grade A space in particular is in short supply. The demand for new, high quality space has also increased, partly due to companies using high-quality workspaces to attract and retain talent, and partly due to occupiers being able to use new space in a more intensive manner.
- 3.114 Nationally, demand is being driven by flexible workspace providers who in 2018 took more office space than any other part of the business services sector. This sector is expected to continue to grow in 2019.

²⁹ CBRE, 2019. *Real Estate Market Outlook 2019*.

- 3.115 The strong fundamentals of UK real estate continue to attract global investors and yields remain relatively stable for office stock. However, the level of investment has fallen. In 2018 office investment fell to 37% below the 5-year average.³⁰
- 3.116 In most instances, new office stock is being developed on a pre-let basis as these offer the greatest certainty to developers. Speculative space is typically only being delivered in the strongest locations. However, this trend is also partially because of funding shortfalls. Due to nervousness over Brexit, developers are often unable to fund speculative development. Lenders will only fund new development in most cities when it includes an element of space being pre-let to lower the risk exposure.³¹
- 3.117 Glenny report that in the North London and Hertfordshire office market, take-up in 2018 fell below trend levels in the first 3 quarters of the year. Over the same period, supply increased and in Q3 2018 was 40% higher than the lowest point in 2017. Although supply increased and take-up fell, Glenny report that rents remained fairly stable throughout 2017 and 2018.³²
- 3.118 There was a slow start to 2019 in the North London and Hertfordshire office market. Glenny report that less than 20,000 sqft of office space was let in Q1. All of this floorspace comprised smaller units of less than 5,000 sqft. Across this area, there is also a reasonable availability of Grade A stock - 367,800 sqft space was available in Q1, which equated to 35% of the overall stock in North London and Hertfordshire.³³

Hertford Market

- 3.119 Hertford is not an overly active office market, with low transaction volumes and reduced demand. It is unlikely that businesses would look at Hertford favourably over other, more prominent business locations within the district.
- 3.120 Table 3-3 displays the transactional evidence we have identified for office space since the start of 2017.

Table 3-3 - Office Transactions

Address	Deal Date	Size (sqft)	Rent per Annum	Rent psf	Note
8-14 Bull Plain Hertford, SG14 1DT	Aug 2018	2,800	£36,400	£13.00	Small high-street unit. Void of 20 months.
30-34 Parliament Sq	July 2018	506	£4,665	£9.22	Small high-street office. Rent achieved

³⁰ Cushman & Wakefield, 2018. *Office Quarterly Market Snapshot Q4 2018*.

³¹ Cushman & Wakefield, 2016. *UK Regional Offices Q4 2016*.

³² Glenny, 2018. *Glenny Databook Q3 2018*.

³³ Glenny, 2019. *Glenny Databook Q1 2019*.

Hertford, SG14 1EZ						was 30% lower than asking.
4 John Tate Rd - Harforde Court Hertford, SG13 7NW	April 2018	3,236	£46,016	£14.22		Located at Foxholes Business Park. Void of 19 months. Achieved rent below asking. 5-year term
10-14 Bull Plain Hertford, SG14 1DT	Oct 2017	974	£12,662	£13.00		Small high-street unit. Void of 11 months and let on 3-year term.
44 Fore St Hertford, SG14 1AW	Oct 2017	703	£7,030	£10.00		Smaller high-street unit. 7-Month void and leased at 5-year term.
4-6 St Andrew St - Saxon House Hertford, SG14 1JA	Aug 2017	3,459	£60,532	£16.36		High-street office unit leased on 10-year term. 7-month void and 6-month rent free.
John Tate Rd - Building E1-E2 Hertford, SG13 7NN	Aug 2017	2,947	£94,186	£29.67		Business-park unit at Foxholes estate. Achieved £10 psf above asking rent. 5-month rent free. Void of 63 months.
32 St Andrew St Hertford, SG14 1JA	Mar 2017	995	£19,900	£20.10		This unit let within 2 months of being marketed.
John Tate Rd - Harforde Court Hertford, SG13 7NW	Feb 2017	1,874	£12,050	£6.50		Business park unit at Foxholes Estate. Built in the 90s and was marketed for 4 months before being let.

Source: CoStar, 2019

- 3.121 Table 3-3 shows that there have been very few recent transactions for office space in Hertford. None of these transactions involve space exceeding 3,500 sqft. It is also notable how long it has taken units to let – many of these transactions involve lengthy voids and landlords are then offering rent-free periods on units to attract and incentivise occupiers. Rents range from £6.50 psf to £32 psf, although the spaces which have let have ranged in both size and quality.
- 3.122 We have also looked to identify units which are currently advertised. This evidence is shown in Table 3-4 overleaf.

Table 3-4 – Office Asking Rents

Address	Size (sqft)	Asking Rent (p/a)	Asking Rent (psf)	Note
Prince of Wales House - 3 Bluecoats Ave Hertford, SG14 1PB	240	£7,200	£29.66	Small office in Grade II listed, red brick building. Town-centre location. This unit has been on the market for 18 months.
The Chase, Foxholes Business Park - John Tate Rd Hertford, SG13 7NN	1,887 <hr/> 3,582	£42,457 <hr/> £80,595	£22.50 <hr/> £22.50	Detached two-storey campus office building located in a modern business park. The units have been listed for 6 months.
Harforde Court, Foxholes Business Park - 1-4 John Tate Rd Hertford, SG13 7NW	1,610 <hr/> 1,608 <hr/> 1,610 <hr/> 1,608	£24,150 <hr/> £24,120 <hr/> £24,150 <hr/> £24,120	£15.00 <hr/> £15.00 <hr/> £15.00 <hr/> £15.00	Air-conditioned units with roller shutters in prominent location at Foxholes Business Park. These units have all been on the market for 34 months.
Stag House - Old London Rd Hertford, SG13 7LA	4,148 <hr/> 2,500	£76,738 <hr/> £43,500	£18.50 <hr/> £17.40	Detached red-bricked building with 88 parking spaces. Offers air-conditioned, open plan space serviced by two passenger lifts. The larger unit has been on the market for 64 months, and the smaller unit for less than 1 month.

Source: CoStar, 2019

- 3.123 Table 3-4 shows that space is currently advertised at four locations across Hertford. Asking rents range between £15 psf and £30 psf for properties of various sizes and quality. In line with the evidence from achieved deals, many of the available units have been marketed for long periods without letting. The extreme example is the 4,148 sqft of space available at Stag House which has not let in over 5 years. We understand that Stag House has experienced particular difficulty in letting space since its construction in the late 1980's.
- 3.124 In addition to rental transactions, we have looked to identify investment sales. We have only been able to identify two transactions as shown in Table 3-5.

Table 3-5 – Office Investment Transactions

Address	Deal Date	Size (sqft)	Sale Price	Yield	Note
Building E1-E2, Foxholes Business Park, John Tate Rd Hertford, SG13 7NN	Nov 2017	12,555	£3,700,000	6.65%	Multi-let property generating a passing rent of £262,059 per annum. Well-presented building with high-quality interior. Rents at circa £21 psf.
The Rotunda, 1 Old London Rd Hertford, SG13 7LA	July 2017	976	£19,520	5.10%	Investment sale of building let to 4 businesses. Purchaser will achieve vacant possession in 2021 for redevelopment.

Source: CoStar, 2019

- 3.125 The evidence set out in Table 3-5 is slightly dated, with both transactions occurring in 2017. The Rotunda site also sold with the potential for redevelopment. This example may not appropriately reflect office yields, as the purchaser may factor in development hope value and bid more for the site.
- 3.126 Given that we have only a single comparable and this is slightly dated, we have also considered the CBRE Investment Yields factsheet for January 2019. This indicates that for new office space in secondary locations, yields of 6.5% would be expected. This suggests that the 6.5% achieved by the unit at Foxholes Business park is reasonable.

Demand

- 3.127 Our analysis has shown there to be limited demand for office space within Hertford. There have been very few transactions and these all involve relatively small amounts of space. Additionally, these units have generally experienced significant voids before being let. Demand is predominantly from smaller local businesses rather than larger national businesses. These types of operator will look to stronger, more established locations in Hertfordshire such as the business parks at Welwyn Garden City or Hatfield.
- 3.128 We approached commercial agents operating in Hertfordshire about the office market in Hertford. The following comments / observations were made:
- The office market in Hertford was described as 'weak', with occupiers generally preferring locations along the M1 corridor such as Watford, St Albans or Welwyn Garden City. One agent noted that there is always office stock available in Hertford, supporting that the market is not particularly active.

- Agents reported the majority of office stock is being taken by occupiers with smaller requirements, typically between 1,000 – 2,000 sqft.
 - None of the agents disclosed any active requirements for office occupiers in Hertford. Agents anticipated that incentives would be required in order to attract 'larger occupiers', defined as those requiring upwards of 3,000 sqft.
 - Tenancies and lease terms are becoming more flexible, with maximum terms being between 3 – 5 years with either a break clause or rent-free period.
- 3.129 Agents also noted that a rent of c. £18.50 psf would be the limit of what could be realistically achievable for town centre office space. This was based on the availability of space elsewhere in more prominent business locations and also on recent offers at Stag House. Whilst there is a small presence of offices in the town centre, agents anticipated that the preference would be to pay lower rates at more established business parks.
- 3.130 It was suggested by one agent that a business centre might be an appropriate use of space at the Bircherley Green site. This could provide smaller, multi-let spaces including workshops and conference rooms for locally-based businesses to occupy and expand operations. In doing so, it was envisaged that this would bring longer-term employment and consumers to the area which would help attract other commercial occupiers.

Conclusion

- 3.131 From our market review, it is unclear whether there would be sufficient demand to make the development of large amounts of office space viable at the Bircherley Green site, although a smaller portion may prove to be appropriate.
- 3.132 There have been very few office transactions in Hertford, and the deals that have transacted involved smaller units. There has been no take-up of more substantial-sized offices and we are not aware of any larger requirements. The market is currently driven by smaller local businesses rather than larger businesses. That said, even demand for smaller space is also relatively weak. This means that delivering a large amount of office space would represent a substantial risk. Although small amounts of space could let, we expect that it could take a long time to let any building of significant size.
- 3.133 This was supported in our agent consultation where it was anticipated that if a major office requirement were to come forward, occupiers are likely to favour existing and established spaces such as Foxholes Business Park or Stag House. It was not anticipated that newly refurbished office spaces in the town centre would be able to provide any additional benefit or competition to the existing stock.
- 3.134 Based on the current market, it is unclear as to whether a developer would take the risk of bringing forward new office space. This is due to the lack of demand and because current rents would likely make significant office development financially unviable. We

anticipate that the maximum rent which space could achieved in the town centre would be £17 - £19 psf, although tenants may need to be incentivised in order to occupy space to begin with.

Community Facilities

- 3.135 The East Herts District Plan recognises that new development will result in increased demand for local services & community facilities.
- 3.136 The former Applicant was in correspondence with the NHS regarding the potential inclusion of a healthcare unit at the Bircherley Green site. Our understanding is that interest existed for a GP surgery (c. 780 sqft) and a mental health trust (c. 500 – 600 sqft) which were originally envisaged to occupy two separate units.
- 3.137 We contacted the NHS who confirmed that interest still remains in the site for both functions, however their preference would be to consolidate operations into single unit of c. 1,800 sqft.
- 3.138 However, we were informed that timescales are a crucial determinant in their interest in the site. Current lease arrangements mean that both facilities would need to secure new premises by 2022 at the latest. The preferred timescales would be to occupy a new unit within the next 18 – 24 months.
- 3.139 A pharmacy / healthcare retailer on site would be favourable, however not a prerequisite.

Summary

- 3.140 Our commercial market assessment has been undertaken to determine the uses which are likely to be viable and deliverable as part of the Bircherley Green site redevelopment. Our findings are summarised in Table 3-6 below.

Table 3-6 – Commercial Market Summary

Market Sector	Summary
Convenience Retail	<ul style="list-style-type: none"> Some demand for convenience retail, however not likely to be viable for more than one smaller-style store. Stores of c. 2,000 – 5,000 sqft with customer parking likely. Will be more attractive to operators if there is a proximate consumer base; either residential units, retirement accommodation or office space / nearby workforce.
Comparison Retail	<ul style="list-style-type: none"> Likely to be some remaining demand despite sectoral difficulties. Location and previous uses of the site mean the area is still considered to have comparison retail potential.

	<ul style="list-style-type: none"> • Location of the units likely to encourage competition from occupiers wanting to benefit from the optimum exposure and prominent positions. • One agent recommended flexibility in the short term to allow for a more variable and changeable comparison retail offering. Adamant the perception needs to change from relying on national occupiers who take space on long lease terms. Instead, space should be provided to allow for more transient uses to re-establish the area as a retail centre. • However, it was envisaged that proposals with large volumes of retail space could take significant periods of time prior to full occupation. Hence, flexibility lease terms (e.g. turnover rents) were encouraged to help generate occupation.
Leisure	<ul style="list-style-type: none"> • Some demand from F&B operators in the town centre, units likely to be c. 5,000 – 8,000 sqft with either incentives or reduced rents offered in the short term. • If a substantial amount of residential use is delivered, then there may be an increased market for such uses. Demand could be from both locally-based businesses or established national chains, however the former seem the more likely occupier based on current sectoral trends. • Similarly, if an anchor tenant such as a hotel or leisure operator is to be present on site, there is likely to be potential for ancillary food and beverage uses. • Two gym operators confirmed interest and requirements for Hertford. Unit size is likely to be c. 6,000 – 8,000 sqft. Proximity to Anytime Fitness may prevent taking larger units. • Hollywood Bowl expressed interest in Hertford as a location but subject to inclusion of a cinema complex to feed off. This seems unlikely based on the plans to regenerate the Hertford Theatre. • Innovative leisure activities could contribute to redevelopment / regeneration of the Bircherley Green site. Flexibility again recommended to allow for pop-up style events or occupiers for short-term periods.
Hotel	<ul style="list-style-type: none"> • Multiple occupiers have expressed interest for this use. Requirements likely to be for 80 – 100 rooms. • Interest from budget operators – Travelodge confirmed interest, aware of Ibis interest in Hertford from previous consultations. • Demand for this use should be tested further as the development options progress.
Offices	<ul style="list-style-type: none"> • We expect low demand for this use. • Rents and yields are unlikely to make this space viable.

	<ul style="list-style-type: none">• Delivery of a large amount of office space would involve significant risk as there is no clear demand from larger operators.• The market is driven by smaller local businesses, but take-up of smaller units is slow and it is unclear that there is a need for more space of this type.• Agent suggested that a local business centre could be an appropriate alternative, providing flexible space for local businesses / entrepreneurs to develop their operations, expand and generate local employment opportunities. Viability may still be a concern.
Community Facilities	<ul style="list-style-type: none">• Interest from the NHS in a combined GP surgery and mental health unit of c. 1,800 sqft. Entirely dependent on timescales.• Would need to occupy the unit by 2022 latest, but ideally within the next 18 – 24 months.• Interest not contingent upon other uses, however a pharmaceutical operator would be beneficial.

Source: AVL, 2019.

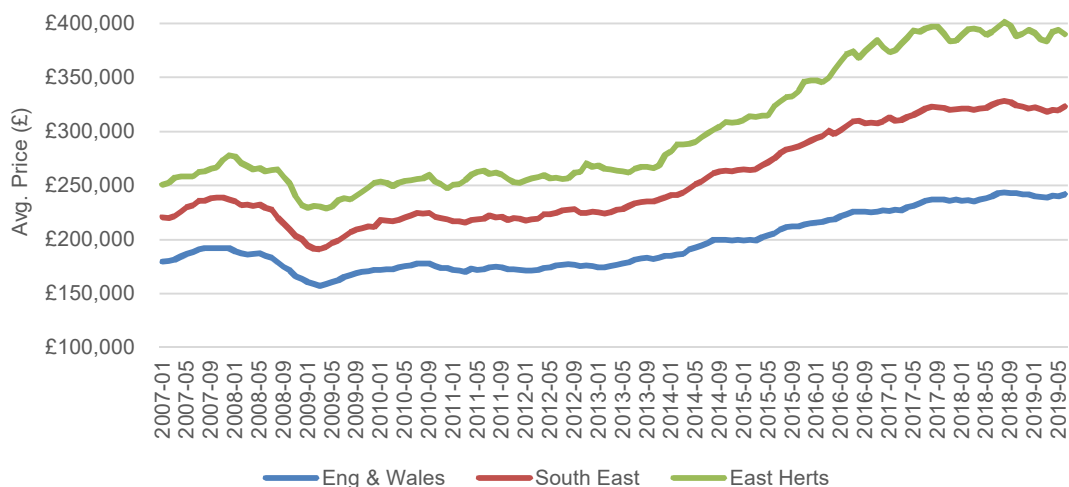
4 Residential Market Analysis

- 4.1 This chapter considers the residential market in Hertford, assessing current supply and demand of both housing and flatted accommodation in the areas surrounding the Bircherley Green site. We have reviewed the achieved values and asking prices for new-build accommodation in Hertford, focussing on typologies which are most likely suited to the Bircherley Green site. The prospective values will later be used to inform the value inputs of the residential elements for viability purposes.
- 4.2 We have separated our analysis into three sections, allowing us to determine the most appropriate types and mix of residential use across the subject site. As the 2017 planning consent involved the provision of solely flatted accommodation, we have focused our research on new-build flatted schemes in Hertford. However, we have also considered data for terraced, semi-detached and detached housing to allow these typologies to be considered and incorporated if appropriate. We end by considering retirement living accommodation in Hertford, including a summary of our operator consultations.

National & Regional Market Contexts

- 4.3 Since the Global Financial Crisis, national property markets have been in a period of growth. The strong level of demand, which is particularly acute in the south-east, has led to an imbalance in the market with demand outstripping supply. The supply constraints have led to average prices rising at significant rates. Figure 4-1 shows the average property prices (new and re-sales) for all property types in England & Wales, the South-East, and East Hertfordshire.

Figure 4-1 – Average Residential Property Prices



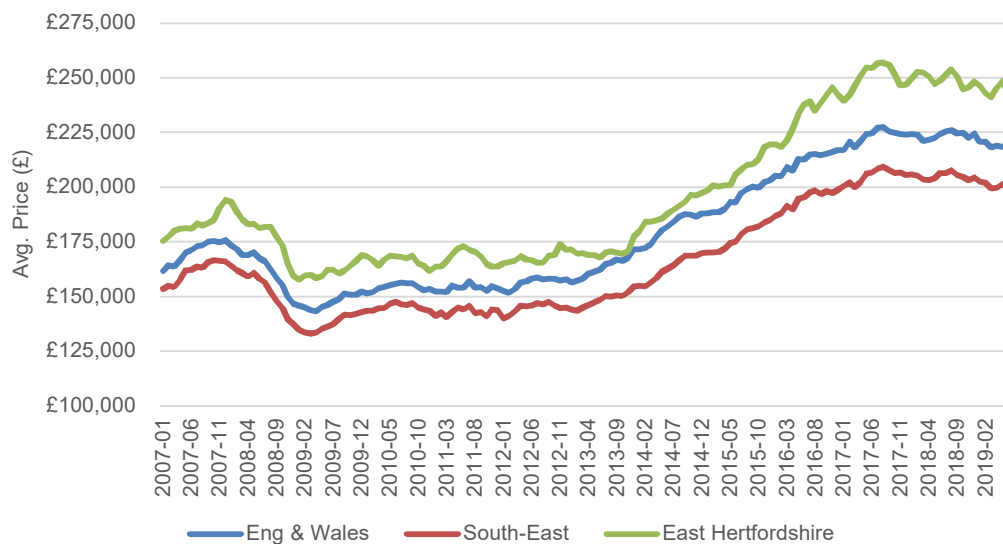
Source: Land Registry, 2019.

4.4 Since the lowest point of the market in 2009, East Hertfordshire has seen prices rise by almost double, outstripping the average growth in England and Wales. However, since late 2016, average prices in the district have behaved more erratically than the more consistent regional and national averages. As of June 2019, Land Registry data shows the average price for all property types in East Hertfordshire to be £389,736.

Flatted Accommodation

4.5 Prices for flatted accommodation in East Hertfordshire have behaved in similar fashion to other property types, generally outperforming the national and regional averages and with more erratic fluctuations over the past three years. As of June 2019, the average price for a flat in East Hertfordshire District is £242,182.

Figure 4-2 – Average Flatted Accommodation Prices



Source: Land Registry, 2019.

Sold Values

4.6 To provide a detailed insight into the values achieved by new-build flatted accommodation in Hertford, we have obtained data from individual transactions which have completed since January 2017. Our search identified 28no. flats from four different schemes in Hertford as summarised in Table 4-1.

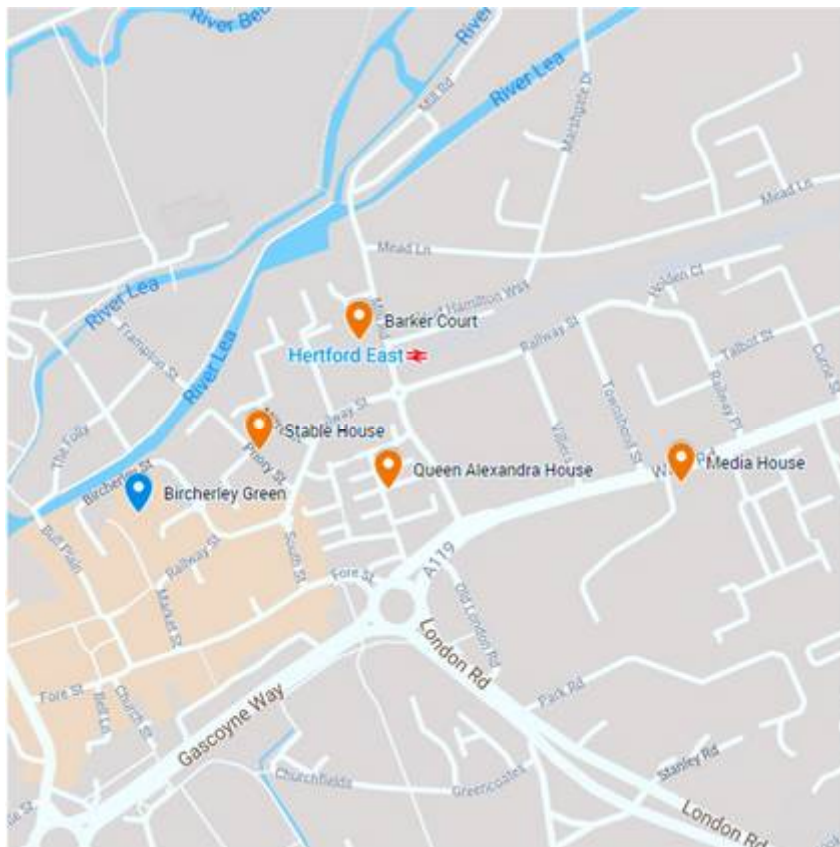
Table 4-1 – New-Build Flats Transaction Summary

Scheme	No. Sold	Beds	Avg. Size	Avg. Price	£ / sqft
Stable House	3	1	416	£264,333	£651

Barker Court	11	2	760	£366,716	£483
Media House	11	n/a	971	£464,818	£485
Queen Alexandra House	3	1	499	£311,667	£623

Source: Land Registry, 2019.

Figure 4-3 – New-Build Scheme Locations



Source: Google MyMaps, 2019.

- 4.7 Stable House is a collection of 1- and 2-bedroom flats formed from the conversion of a former office on Priory Street. The three transactions recorded are all small 1-bedroom flats with internal sizes of 269, 484 and 495 sqft respectively. We would anticipate that the flats have been formed under permitted development rights, which would remove the necessity for the units to meet the national minimum space standards. This would also explain the higher-than-average price / sqft when compared to the other schemes identified.
- 4.8 Barker Court is part of the Station Gate development by Hemingford Estates. The gated development consists of two blocks of flats (Barker Court & Railway Street – 22no. units in total) and 6no. townhouses. Barker Court is located opposite Hertford East station and approximately a third of a mile north-east of the Bircherley Green site.

Figure 4-4 – Barker Court



Source: Rightmove, 2019.

- 4.9 Sales at Barker Court began in June 2018, with the most recent transaction completing in February 2019. Achieved values range from £318,000 - £495,000 with an average of £483 psf. As shown in Figure 4-4, the units are finished to a high standard and some come with private external space / balconies.
- 4.10 Media House, by LW Developments, is a block of 14no. flats formed from the conversion of a former art-deco style office block. Sales began in late 2016, with the most recent flat completing in September 2017. Units come with designated parking and sizes range from 560 – 1,152 sqft.

Figure 4-5 – Media House





Source: OnTheMarket, 2019.

- 4.11 Media House is located furthest from the Bircherley Green site and achieved an average value of £485 psf - similar to the units sold at Barker Court.
- 4.12 Queen Alexandra House is a conversion of a Grade II listed Edwardian school, Christs Hospital School, located in the heart of the town centre. The 6no. flats have been finished to a high specification, with tall vaulted ceilings and generously-sized windows. The flats identified from the recorded transaction data range from 463 – 517 sqft.

Figure 4-6 – Queen Alexandra House



Source: Zoopla, 2019.

- 4.13 Achieved prices at Queen Alexandra House range from £265,000 - £375,000 – all of which are 1-bedroom units. The average price of £623 psf suggests there is a premium for new-build conversions.

- 4.14 Of the schemes identified, we believe Barker Court provides the most reliable indication of what could be achieved at the Bircherley Green site. Whilst Stable House & Queen Alexandra House are located marginally closer to the subject site, they are both conversions of former buildings. Barker Court provides recent and compelling evidence of prices achieved for entirely new-build flatted accommodation in the town centre.
- 4.15 Further new-build flatted transactions recorded in Hertford during the past 12-months include retirement living flats which are reviewed later in the chapter.
- 4.16 To further substantiate the new-build achieved value data, we have researched current asking prices for new-build flatted accommodation in Hertford.

Asking Prices

- 4.17 Our review of current new-build listings revealed 14no. flats within a mile of the Bircherley Green site. These are summarised in Table 4-2 below.

Table 4-2 – New-Build Flats Asking Prices

Development	No. Beds	Size	Asking Price	£/sqft	Notes
The Hertford Brewery	2	1,964	£749,950	£382	Conversion of former brewery. High-specification, split-level apartments. Four-bed unit is the top floor penthouse.
	2	2,002	£749,950	£374	
	4	2,735	£1,100,000	£402	
Railway Street	1	764	£350,000	£458	The second block in the Station Gate development. Opposite Hertford East Station. Help-to-Buy available on select units.
	2	818	£405,000	£495	
	2	818	£405,000	£495	
	2	904	£435,000	£481	
	2	904	£435,000	£481	



	2	980	£450,000	£459	
	2	1,163	£495,000	£426	
	2	1,184	£500,000	£422	
Stable House	1	269	£200,000	£743	Conversion of former office space into flats. Two-beds come with allocated parking.
	1	269	£200,000	£743	
	2	n/a	£285,000	n/a	



Source: Rightmove & Steven Oates, 2019.

- 4.18 Table 4-2 shows that current new-build asking prices range from £200,000 - £350,000 for 1-bedroom flats and £285,000 - £749,950 for 2-bedroom flats. We identified a single 4-bedroom penthouse apartment unit which was listed for £1,100,000 (£402 psf).
- 4.19 Like the developments identified from the completed transactions, all schemes are located north of Gascoyne Way (A414) and within close proximity of the Town Centre and subject site. These listings are therefore considered to be a reliable indication of the values which could be achieved at Bircherley Green.
- 4.20 The Stable House development continues to have higher-than-average prices / sqft which are again attributed to the smaller sized units. The headline asking prices, ranging from £200,000 - £285,000, are considerably lower when compared to units from other schemes with the same number of bedrooms.
- 4.21 For entirely new-build accommodation, the Railway Street scheme is likely to provide the most reliable indication of what flatted development could prospectively achieve at Bircherley Green. Despite providing highly convenient access to Hertford East train station, we would not expect the location to command a premium upon typical town-centre values. The average asking price at Railway Street equates to £465 psf - £18 psf less than the average value achieved at Barker Court.

Flatted Summary

- 4.22 Our review of new-build flats has identified a number of comparable developments including a mix of entirely new-build schemes, conversions from former commercial uses and permitted developments. All the schemes identified are located north of Gascoyne Way and close to the town centre, therefore providing reliable comparable evidence.

- 4.23 We have relied on the evidence from entirely new-build developments to inform our prospective assumptions on the size of new build flats. This is because the sizes of conversions are more variable and to some extent, will be informed by the layout and footprint of the existing building being converted.
- 4.24 We note that converted flats can achieve a premium upon typical new-build accommodation, however we do not anticipate any that existing buildings currently occupying the Bircherley Green site will remain as part of future schemes.
- 4.25 Table 4-3 below details our assumptions of prospective sales values for different unit types.

Table 4-3 – Prospective Flatted Sales Values

Unit Type	Size (sqm)	Size (sqft)	Sales Values	£ / sqft
1-Bed	50	538	£270,000	£502
2-Bed	70	753	£370,000	£491
3-Bed	86	926	£430,000	£465

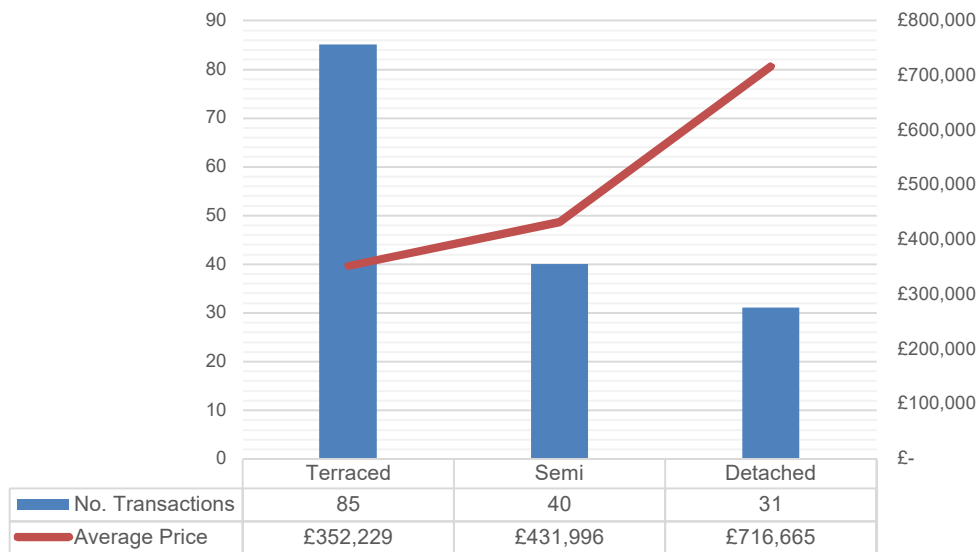
Source: AVL, 2019.

- 4.26 Once the prospective scheme(s) has been developed, we will be able to determine more specific unit prices based on individual characteristics of the units and ancillary development. For example, we would anticipate northerly facing units along the canal / river to achieve a premium upon those facing the commercial areas along the east and western boundaries of the proposal site. Further, the provision of private external space and allocated parking are also likely to influence the final prices adopted. Accordingly, the prices and sizes determined above are subject to change and should be used for indicative purposes only.

Housing

- 4.27 This section considers the housing market in Hertford, incorporating terraced, semi-detached and detached properties within reasonable proximity of the Bircherley Green Site. Figure 4-7 shows the number of housing transactions in Hertford by typology since January 2019 and corresponding average price (across East Herts) as of June 2019. Please note that this data incorporates both new-build and resale values.

Figure 4-7 – Housing Transactions since January 2019



Source: Land Registry, 2019.

4.28 Figure 4-7 indicates that terraced properties are the most popular house type in Hertford, accounting for 55% of all transactions since January 2019. The average price achieved for a terraced house in East Hertfordshire of £352,229 is marginally higher than some of the 1-bedroom new-build flats identified in the previous section, suggesting resale houses are likely to compete in the same price bracket as new-build flats. However, the data above does not consider the size of the units, and a more accurate comparison would be undertaken on a price / sqft basis.

Sold Values

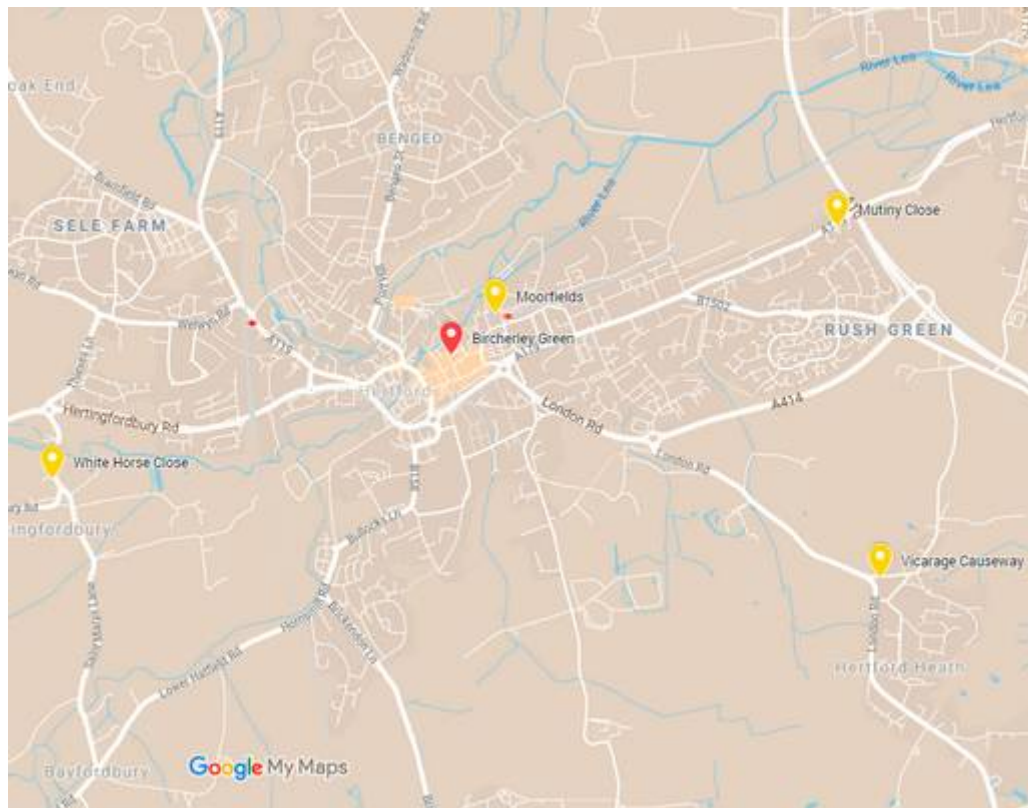
4.29 Table 4-4 shows a summary of the prices recorded on Land Registry for different new-build house types. In total, we identified 17no. transactions in Hertford which completed since January 2017. A full list of the transactions identified can be found in Appendix 2.

Table 4-4 – Land Registry Average Prices by Type

Type	No. Sold	Avg. Size	Avg. Price	Avg. £ / sqft
Terrace	6	2,393	£910,138	£400
Semi	8	1,125	£492,468	£442
Detached	3	1,371	£786,333	£580

Source: Land Registry, 2019.

Figure 4-8 – New Build Housing Locations



Source: Google MyMaps, 2019.

- 4.30 We would typically expect terraced housing to have smaller internal areas and lower prices when compared to semi-detached and detached properties. The elevated average size and price of the terraced properties identified in Table 4-4 is explained by the inclusion of four transactions from the White Horse Close development.
- 4.31 Located approximately 1-mile west of the site, the scheme consists of 8no. 5-bed terraced houses and a single 2-bed apartment. The terraces average internal sizes of c. 2,900 sqft.

Figure 4-9 – White Horse Close





Source: Rightmove, 2019.

- 4.32 As shown in Figure 4-9, the White Horse Close terraces have been finished to an exceptionally high standard. The properties have been designed to appeal to the upper-end of the market by including premium features such as a 32ft open-plan kitchen / diner, granite kitchen worktops, reception room with woodburning stove, dressing rooms accessible from the master bedroom and secure underground parking.
- 4.33 When the White Horse Close properties are removed from consideration, the average size of terraced properties transacted in Hertford decreases to 1,302 sqft. Similarly, the average price decreases to £632,913. However, both the average size and price remain higher than the 8no. semi-detached properties in the sample.
- 4.34 Six of the eight semi-detached transactions were recorded at Mutiny Close, a development of townhouses located within 1.5-miles north-east of the Bircherley Green site. Sales began in late 2017 with the most recent property completing in March 2018. Further details are shown in Figure 4-10 below.

Figure 4-10 – Mutiny Close





Source: OnTheMarket, 2019.

- 4.35 The transactions identified at Mutiny Close were all four-bedroom townhouse-style properties with net internal areas of 1,227 sqft. Properties came with private rear gardens, en-suite bathrooms to master bedrooms and allocated off-street parking for two cars. Prices ranged from £514,950 - £529,950, equating to an average of £428 psf.
- 4.36 There is a distinct difference between the condition, layout and overall quality of the Mutiny Close townhouses compared to the White Horse Close terraces. We would anticipate new build housing at Bircherley Green to achieve values akin to Mutiny Close. The properties are also considerably smaller and would appeal to a broader market of buyers.
- 4.37 Three detached new-build houses were identified which completed in May / June 2017. These are located on Vicarage Causeway in Hertford Heath, approximately 2 miles south-east of the Bircherley Green site. We were unable to identify any information or particulars to determine the specification or layout of the units.

Figure 4-11 – Vicarage Causeway Properties







Source: Google Maps, 2019.

Asking Prices

4.38 We have also considered asking prices for new-build housing in Hertford to substantiate our findings from the completed transactions. At the time of our assessment (August 2019), there were 8no. houses listed for sale. These are summarised in Table 4-5 below.

Table 4-5 – New Build Housing Asking Prices

Address	Type	Beds	Price	Size	£ / sqft	
Carriage Court	Detached	4	£750,000	n/a	n/a	
		4	£595,000	n/a	n/a	
	Townhouse	4	£575,000	n/a	n/a	
		3	£495,000	n/a	n/a	
Station Court	Townhouse	3	£725,000	1,673	£433	
		4	£750,000	1,798	£417	
The Hertford Brewery	Townhouse	4	£999,950	3,057	£327	
Priory Street	Terraced Mews House	2	£350,000	495	£707	

Source: Rightmove, 2019.

4.39 The majority of current listings are townhouse-style, three-storey terraced or semi-detached dwellings. Of the schemes identified above, we would anticipate that Station Court would provide the most reliable indication for average prices of brand-new build housing at the subject site.

4.40 Carriage Court and The Hertford Brewery are more reliable comparables in determining values for converted housing, having both formerly been commercial uses. However, as identified in our analysis of flatted accommodation, we do not anticipate any of the existing buildings at the Bircherley Green site to be retained for conversion.

Housing Summary

- 4.41 In contrast to our analysis of the flatted schemes, the majority of new-build housing is located further from the subject site and outside of the town centre. This suggests that there is more demand for flatted accommodation in central locations and a preference for housing to be on the periphery of the local centre.
- 4.42 We have relied on the data from brand-new developments to inform our prospective assumptions on the size of new build housing. This is because it is generally more common for existing buildings to be converted into flatted accommodation as opposed to multi-storey houses. Regardless, the suitability of any housing provision at the Bircherley Green site is questioned, as the evidence suggests that there would be more demand for flatted accommodation.
- 4.43 Table 4-6 below details our assumptions of prospective sales values for housing.

Table 4-6 – House Sales Values

Unit Type	Size (sqm)	Size (sqft)	Sales Values	£ / sqft
2-Bed House	79	850	£450,000	£529
3-Bed House	102	1,098	£500,000	£455
4-Bed House	115	1,238	£550,000	£444
5-Bed House	128	1,378	£600,000	£435

Source: AVL, 2019.

- 4.44 As per our flatted value assumptions, the prices and sizes determined in Table 4-6 should be considered as indicative and based on general assumptions from our market research. The provision of private external space and off-street parking is typically expected with all new-build housing which may prove to be unfeasible at the Bircherley Green site. Regardless, should a housing scheme be considered, we will review the values applied above in light of the individual characteristics of the units.

Retirement Accommodation

- 4.45 Our review of new-build accommodation in Hertford has also revealed a number of transactions for retirement properties and housing schemes for the elderly.
- 4.46 The subject site is located adjacent to Bircherley Court, a 70no. unit assisted living scheme built in 2011 and operated by Network Homes. Given this proximity, additional retirement / assisted living facilities may be surplus to requirements at the Bircherley Green site. Regardless, we have briefly considered the potential for retirement

accommodation based on the current demographic in Hertford and responses from retirement operators.

Sold Values

- 4.47 Land Registry has recorded 18no. transactions from a McCarthy & Stone retirement living scheme located approximately half a mile south-west of the subject site, as shown in Figure 4-12 below.

Figure 4-12 – McCarthy & Stone Scheme Location



Source: Google MyMaps, 2019.

- 4.48 The development is split into two separate blocks; Isabella House and Edward House. The former is a retirement living development of 24no. flats available for residents over the age of 60. The latter is a retirement living PLUS (assisted living) facility of 58no. flats for residents over the age of 70.
- 4.49 The residential units within each block are all of similar formats, with minor variations to size and layout subject to the position of the dwelling within the building. They are all finished to a similar standard, with most 2-Bedroom units featuring private balconies.

Figure 4-13 – Typical Isabella & Edward House Floorplans



Source: McCarthy & Stone, 2019.

4.50 Table 4-7 summarises the 18no. transactions recorded at the scheme since 2018.

Table 4-7 – Retirement Flat Transactions

Block	Beds	No. Sales	Avg. Size	Avg. Price	Avg. £ / sqft
Isabella	1	4	565	£356,238	£630
House	2	8	803	£483,344	£602
Edward	1	5	601	£397,490	£661
House	2	1	958	£567,500	£592

Source: Land Registry, 2019.

4.51 Apartments in both blocks sold from June - August 2018, with further phases of development in both blocks currently listed for sale (see following section). One-bedroom flats achieved between £330,000 - £514,950 and two-bedrooms from £369,950 - £567,500. The values achieved varied subject to the size of the units and provision of private outside space.

Asking Prices

4.52 At the time of our report in September 2019, there were 37no. units listed for sale – 35no. at Edward House and the remaining 2no. at Isabella House. The listing prices are summarised in Table 4-8 overleaf.

Table 4-8 – McCarthy & Stone Asking Prices

Block	Beds	No. Listed	Price Range	Avg. Price
Edward House	1	15	£299,950 - £395,000	£360,653
	2	20	£399,950 - £560,000	£517,498
Isabella House	1	1	£374,950	n/a
	2	1	£399,950	n/a

Source: McCarthy & Stone, 2019.

- 4.53 The asking prices are broadly consistent with the values recorded from completed transactions, suggesting demand has remained consistent since the first sales phase.

Retirement Living Summary

- 4.54 Given the proximity of Bircherley Green to the existing Bircherley Court assisted living facility, further accommodation for the elderly may be surplus to requirements in this specific area. However, should there be substantial demand for such housing, we would the prices achieved by the units sold at Edward & Isabella House to provide a strong indication on what prospective values for retirement living accommodation at Bircherley Green.
- 4.55 Accordingly, we anticipate the following prices could be achieved for retirement units at the Bircherley Green site. These are subject to the overall design, specification and additional features / services on-site.

Table 4-9 – Prospective Retirement Living Values

Unit Type	Size (sqm)	Size (sqft)	Sales Values	£ / sqft
1-Bed	50	538	£350,000	£650
2-Bed	70	753	£475,000	£630

Source: AVL, 2019.

- 4.56 We approached a range of retirement living operators to ascertain their requirements and gauge their interest in Hertford. A summary of their responses is summarised in Table 4-10 overleaf.

Table 4-10 – Retirement Living Operator Responses

Operator	Comments
ExtraCare	Delivery model is typically based on sites of over 6 acres which can accommodate in excess of 250 apartments. Bircherley Green therefore not suitable.
Churchill Retirement Living	Confirmed Hertford as a target town amongst others in Hertfordshire, including Hatfield and Welwyn Garden City. Sites are typically 0.4 acres minimum and able to accommodate 35 – 65 1- & 2-bed units.
Raven Audley Court	Site is likely to be of interest, have a minimum capital value threshold of c. £450 psf to meet their build costs.
LNT Care Developments	The site is not suitable for LNT's requirements. Sites are generally a minimum of 1 acre and on the periphery of town centres.
Carebase	Confirmed the site is of potential interest. Typically require 65 – 70 beds divided across 3 or 4 storeys. Plot sizes are typically 1 acre which includes a communal garden.

Source: AVL, 2019.

Residential Summary

4.57 Our residential market assessment has been undertaken to determine the most appropriate typologies which could be provided at the Bircherley Green site along with prospective sizes and values. Our findings are summarised as follows:

- Flatted development is more popular than housing in the town centre. Terraced, semi-detached and detached properties tend to be located on the perimeter of the town centre. If any housing were to be provided, our research suggests the most appropriate and popular form would be 2 or 3-bedroom terraces / mews type houses.
- Agents noted that residential accommodation converted from former commercial spaces was popular in Hertford. Schemes formed from permitted development had been equally as sought-after as brand new-build flats. However, agents did not anticipate that the existing buildings at the Bircherley Green site would be suitable for conversion and anticipated that entirely new-build accommodation would be more attractive.

- Agents noted a higher proportion of young professional buyers seeking flats close to the train station. It was noted that a high number of buyers commute into London and therefore want a property which allows easy access to the train station(s).
- Townhouse style dwellings are also popular in Hertford although generally outside of the town centre. These are generally terraced or semi-detached properties split over three stories and come with private rear gardens and designated parking.
- Several retirement living operators expressed an interest in Hertford with recent sales evidence suggesting flats can achieve between £325,000 - £550,000.

5 Conclusion

- 5.1 This report has considered the market for both commercial and residential property in relation to the Bircherley Green site. Through analysis of supply and demand, we have looked to identify viable opportunities for redevelopment of the site.
- 5.2 Our analysis has shown there to be some demand for commercial property at the site, however the responses from prospective occupiers have generally been cautious. This is particularly relevant in the retail sectors, which our market review indicated are undergoing difficulties. Whilst we have identified a handful of occupiers with interest in Hertford and the Bircherley Green site, the responses were not overwhelmingly in favour of the site's prospects at present.
- 5.3 It is acknowledged that current political uncertainty has contributed to subdued market sentiments, particularly in the comparison and convenience retail sectors. With the precise terms of the UK's withdrawal from the EU still undefined, the ambiguous relationship with the EU has created a new set of longer-term challenges. Retailers will need to give further consideration to the future of trade, imports, supply chains, labour costs, product standards and insurance programmes. Thus, occupier hesitance is not necessarily attributed to the Bircherley Green site in particular, but a generic and seemingly nationwide caution.
- 5.4 Tentative interest was expressed from a number of operators subject to the inclusion of other uses. For example, convenience retailers acknowledged the site would be more favourable if a portion of residential floorspace was to be delivered. Similarly, food and beverage operators are likely to view the site's prospects more positively if a hotel or leisure uses are included which encourage footfall and consumer dwell times.
- 5.5 Other consultations revealed that Hertford is not of interest due to its demographic, and that operators would prefer to establish themselves in larger centres within the district with a greater and more diverse catchment population in order to reduce risk exposure. This was particularly relevant for comparison retail operators, which is a market sector which has been subject to particular difficulty over the past few years.
- 5.6 The overarching trend to the leisure sectors is that consumers are increasingly seeking new experiences and are prioritising this over consumption. Further, leisure operators have attained an increasing responsibility in the vitality of town centres and retail areas as consumers look to combine activities (e.g. shopping with lunch, gym with coffee, leisure activities with nightlife). Thus, there may be some potential to accommodate innovative leisure activities which encourage footfall and dwell time at Bircherley Green, thus improving the site's prospects to other commercial operators.

- 5.7 We have identified potential for leisure operators to occupy the Bircherley Green site; Giggling Squid, a Thai restaurant, confirmed a long-standing interest in Hertford and we also received positive responses from two gym operators. There is unlikely to be interest from a bowling operator at Bircherley Green as the response received indicates that any interest would be subject to the inclusion of a cinema complex on site.
- 5.8 The recommendation from almost all of the commercial sectors was flexibility. This refers to the physical flexibility of units to be able to accommodate various types of units and the potential for operators / occupiers to be transient in the short-term whilst the perception of Bircherley Green is re-established. Further, lease / term flexibility was also encouraged, allowing prospective occupiers to obtain different sizes / types of space for variable amounts of times and on unconventional lease terms (i.e. turnover rents). This was supported in our agent consultations which indicated that favourable occupier terms may be required in the short term in order to re-establish the reputation of Bircherley Green as a prosperous commercial centre.
- 5.9 Hoteliers have also expressed an interest in the site and such a use would also prove encouraging for both leisure and retail operators who could benefit from a transient tourist trade on the site. Requirements are likely to site between 80 – 100 beds and may again encourage other commercial uses to come forward.
- 5.10 In terms of office space, we find that there is unlikely to be sufficient demand to support the provision of a large amount of office floorspace. The market in the area is generally weak, and larger occupiers will typically look to successful business parks elsewhere. This is coupled by the fact that current rents and yields are unlikely to make development or high-quality refurbishment viable. In general, we are of the view that office development presents a significant unknown and there is no guarantee that new space would be occupied if it were provided.
- 5.11 It was proposed by one agent that the most successful type of office-style space could be a business centre / flexible working space which could be used by locally-based businesses. In doing so, it was envisaged it would allow businesses to grow and generate locally-based employment in the town centre, which could then further encourage other ancillary uses (i.e. lunchtime cafes, convenience retail, after work leisure etc.).
- 5.12 Our analysis has shown that there is likely to be a significant opportunity for development of residential uses at the Bircherley Green site. We find that there is demand for flatted accommodation in the town centre. Based on current values, we expect that this use would be viable. Further, residential development is likely to reduce

the concerns and risk expressed by some commercial operators and thus encourage such uses back to the site.

- 5.13 We have also found that there may also be an opportunity to deliver retirement living as part of the masterplan. We have had positive responses from a number of operators who are willing to consider development in this location.

Appendix 1 – Commercial Consultation Summary

Convenience Retail

Company	Brand	Summary
Tesco's	Tesco's	<ul style="list-style-type: none"> • Not of interest due to existing presence in Hertford
Booker Retail	Budgens	<ul style="list-style-type: none"> • Typically interested in smaller format stores • 2,000 - 3,000 sqft with 6 - 12 parking spaces • No comment on specific interest in BG site.
	Londis	
Aldi	Aldi	<ul style="list-style-type: none"> • Aldi have just acquired space at former Which? Office on Gascoyne Way. Considered BG site but not of interest.
Lidl	Lidl	<ul style="list-style-type: none"> • No reply.
Sainsbury's	Sainsburys	<ul style="list-style-type: none"> • No reply.
Waitrose	Waitrose	<ul style="list-style-type: none"> • No reply.
The Co-operative	The Co-operative	<ul style="list-style-type: none"> • No reply.

Comparison Retail

Company	Brand	Summary
Lakeland	Lakeland	• Comprehensive reply - not of interest due to rise of e-commerce. Grave concerns over the future of retail.
River Island	Mint Velvet	• No requirements in Hertford, too small a market for consideration.
Seasalt	Seasalt	• No requirements in Hertford at present. • Towns in the vicinity which are perceived to be a higher priority. • Interested in hearing how things progress with the site.
Robert Dyas	Robert Dyas	• Passed on enquiry to property team. Awaiting reply.
GCW	Fat Face	• Confirmed that none of their clients hold active requirements for Hertford.
	Paul	
	Superdrug	
	Crew Clothing Co.	
	Waterstones	
White Stuff	White Stuff	• No reply.
CWM	L'Occitane	• No reply.
	Aesop	
	Charles Tyrwhitt	
	Phase Eight	
	Body Shop	
	Waterstones	
	Whittard	
Temptation Gifts	Temptation Gifts	• No reply.
Joules	Joules	• No reply.
Barker Proudlove	Flannels	• No reply.
	Yours Clothing	
	Peacocks	
Colliers	Oliver Bonas	• No reply.
	Sweaty Betty	• No reply.
Savills	Hotter	• No reply.
JD Sport	JD Sport	• No reply.
Mountain Warehouse	Mountain Warehouse	• No reply.
Walgreens Boots Alliance	Boots	• No reply.

Leisure / Fitness

Company	Brand	Summary
The Gym Group	The Gym Group	<ul style="list-style-type: none"> • Would consider opening in Hertford • Units of c. 8,000 sqft on one level • Access to 60-70 car parking spaces, free of charge and accessible 24/7 • Prominent frontage on busy thoroughfare.
PureGym	PureGym	<ul style="list-style-type: none"> • Active requirement for small-box format in Hertford (6 - 8,000 sqft)
Montagu Evans	Hollywood Bowl	<ul style="list-style-type: none"> • Agent confirmed that interest would depend on the inclusion of a multiplex cinema.
NRG Gym	NRG Gym	<ul style="list-style-type: none"> • No reply.
Clue HQ	Clue HQ	<ul style="list-style-type: none"> • No reply.
Escape Hunt	Escape Hunt	<ul style="list-style-type: none"> • No reply.
Flight Club	Flight Club	<ul style="list-style-type: none"> • No reply.
Whistle Punks	Whistle Punks	<ul style="list-style-type: none"> • No reply.
VRX Gaming	VRX Gaming	<ul style="list-style-type: none"> • No reply.

Food & Beverage

Company	Brand	Summary
The Restaurant Group	Wagamama	<ul style="list-style-type: none"> Hertford is considered too small for any of their brands.
	Frankie & Benny's	
	Brunning & Price	
	Chiquito	
	Coast to Coast	
	Firejacks	
	Garfunkel's	
Joes Kitchen		
Giggling Squid	Giggling Squid	<ul style="list-style-type: none"> Hertford is of interest, has been in consideration for a while but wanted to avoid changing nature of units on Fore St. Replied to ascertain specific requirements.
Fullers	Fullers	<ul style="list-style-type: none"> Location within a retail centre is not of interest, would prefer a site with large outside space.
Greene King	Greene King	<ul style="list-style-type: none"> Greene King are not currently considering town centre sites.
Colliers	Slug & Lettuce	<ul style="list-style-type: none"> Stonegate (owner of S&L) announced its intention to buy Ei Group PLC. Focus is likely to be on merging the businesses as opposed to single site acquisitions. Generally speaking, they are looking for shell condition sites with large capital contributions.
MKR Property	Cote Brasserie	<ul style="list-style-type: none"> No reply.
	GBK	
	Honest Burgers	
Leith & Andrews	Black Sheep Coffee	<ul style="list-style-type: none"> No reply.
Mitchells & Butlers	Mitchells & Butlers	<ul style="list-style-type: none"> No reply.
DMR Property	Nando's	<ul style="list-style-type: none"> No reply.
Cote Restaurants	Cote Restaurants	<ul style="list-style-type: none"> No reply.
Patisserie Valerie	Patisserie Valerie	<ul style="list-style-type: none"> No reply.
Carluccio's	Carlucci's	<ul style="list-style-type: none"> No reply.
Casual Dining Group	Café Rouge	<ul style="list-style-type: none"> No reply.
	Bella Italia	
	Las Iguanas	
Montagu Evans	La Tasca	<ul style="list-style-type: none"> No reply.

Hotel		
Company	Brand	Summary
Wright Silverwood	Travelodge	<ul style="list-style-type: none"> • Confirmed requirements for a 95 bed hotel with bar & café • Would be interested in acquiring a lease interest at the BG site • Requested to be updated as plans progress
EJ Hales	Moxy Hotels	<ul style="list-style-type: none"> • Insufficient market demand for Moxy Hotel in Hertford • Generally require 150 - 226 rooms in major city centres or tourist locations • Freehold or long leasehold purchases. No leasehold sites. • All sites re new-build
Accor	Ibis	<ul style="list-style-type: none"> • No reply.
EasyHotel	EasyHotel	<ul style="list-style-type: none"> • No reply.

Retirement Living / Care Homes	
Company	Summary
Carebase	<ul style="list-style-type: none"> • Site is of potential interest • Would typically require anywhere from 65 - 70 beds • Divided across 3 / 4 storeys • Typically 1 acre plot including garden space.
Churchills	<ul style="list-style-type: none"> • Confirmed the site is of interest • Sites which can accommodate 25 - 65 1 and 2 bed apartments typically of interest • Regular shape between 0.4 - 2 acres • With or without planning permission • Within half a mile of shops or amenities
ExtraCare	<ul style="list-style-type: none"> • ExtraCare model is based on 250+ apartments over 6 acre site.
Raven Audley Court Retirement Villages	<ul style="list-style-type: none"> • Looking into the site, would need values of c. £450 psf to be viable given construction costs.
LNT Care Developments	<ul style="list-style-type: none"> • Site not suitable; LNT have 3 set layouts, none of which cannot be accommodated at BG site • Generally require a min of 1 acre which is level & regular shape • In or on periphery of towns and settlements with min, population of 10,000 • Good transport links • Easy access to local amenities • No conversions or extensions
Castleoak	<ul style="list-style-type: none"> • No reply.
Barchester	<ul style="list-style-type: none"> • No reply.
McCarthy and Stone	<ul style="list-style-type: none"> • No reply.
Bupa Care Homes	<ul style="list-style-type: none"> • No reply.
Castlemead	<ul style="list-style-type: none"> • No reply.
Audley Retirement Living	<ul style="list-style-type: none"> • No reply.

Appendix 2 – Residential Comparable Data

New Build Flatted Transactions

Address		Date Sold	Beds	Price	SQM	SQFT	Price / SQFT
1	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	28/06/2018		£ 364,950	53	570	£ 639.72
11	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	23/07/2018		£ 360,000	53	570	£ 631.04
15	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	10/08/2018		£ 330,000	51	549	£ 601.14
17	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	29/06/2018		£ 510,450	73	786	£ 649.62
18	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	29/06/2018		£ 517,950	77	829	£ 624.92
19	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	13/07/2018		£ 523,450	77	829	£ 631.56
20	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	03/08/2018		£ 425,000	77	829	£ 512.78
22	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	03/08/2018		£ 509,950	72	775	£ 658.00
23	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	03/08/2018		£ 520,000	72	775	£ 670.97
4	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	29/06/2018		£ 369,950	72	775	£ 477.35
5	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	13/07/2018		£ 370,000	53	570	£ 648.57
9	ISABELLA HOUSE HALE ROAD HERTFORD SG13 8EN	17/08/2018		£ 490,000	77	829	£ 591.20
10	EDWARD HOUSE PEGS LANE HERTFORD SG13 8FQ	30/08/2018		£ 380,000	54	581	£ 653.76
16	EDWARD HOUSE PEGS LANE HERTFORD SG13 8FQ	31/08/2018		£ 362,500	59	635	£ 570.80
24	EDWARD HOUSE PEGS LANE HERTFORD SG13 8FQ	28/08/2018		£ 355,000	54	581	£ 610.75
37	EDWARD HOUSE PEGS LANE HERTFORD SG13 8FQ	28/08/2018		£ 375,000	54	581	£ 645.16
56	EDWARD HOUSE PEGS LANE HERTFORD SG13 8FQ	29/08/2018		£ 567,500	89	958	£ 592.39
8	EDWARD HOUSE PEGS LANE HERTFORD SG13 8FQ	31/08/2018		£ 514,950	58	624	£ 824.83
3	STABLE HOUSE PRIORY STREET HERTFORD SG14 1FP	14/12/2018		£ 300,000	46	495	£ 605.89
6	STABLE HOUSE PRIORY STREET HERTFORD SG14 1FP	18/01/2019		£ 200,000	25	269	£ 743.22
5	STABLE HOUSE PRIORY STREET HERTFORD SG14 1FP	12/04/2019		£ 293,000	45	484	£ 604.90
1	BARKER COURT MILL ROAD HERTFORD SG14 1GF	04/07/2018	2	£ 318,000	60	646	£ 492.39
12	BARKER COURT MILL ROAD HERTFORD SG14 1GF	06/07/2018	2	£ 400,000	77	829	£ 482.61
13	BARKER COURT MILL ROAD HERTFORD SG14 1GF	15/06/2018	2	£ 495,000	97	1,044	£ 474.09
2	BARKER COURT MILL ROAD HERTFORD SG14 1GF	28/09/2018	2	£ 330,000	63	678	£ 486.63
3	BARKER COURT MILL ROAD HERTFORD SG14 1GF	17/08/2018	2	£ 328,000	62	667	£ 491.49
4	BARKER COURT MILL ROAD HERTFORD SG14 1GF	13/02/2019	2	£ 365,875	69	743	£ 492.62
5	BARKER COURT MILL ROAD HERTFORD SG14 1GF	11/12/2018	2	£ 325,000	67	721	£ 450.65
6	BARKER COURT MILL ROAD HERTFORD SG14 1GF	28/09/2018	2	£ 370,000	70	753	£ 491.06
7	BARKER COURT MILL ROAD HERTFORD SG14 1GF	16/07/2018	2	£ 350,000	68	732	£ 478.18
8	BARKER COURT MILL ROAD HERTFORD SG14 1GF	03/08/2018	2	£ 400,000	77	829	£ 482.61
9	BARKER COURT MILL ROAD HERTFORD SG14 1GF	26/11/2018	2	£ 352,000	67	721	£ 488.09
FLAT 5	MEDIA HOUSE 40 WARE ROAD HERTFORD SG13 7AB	17/03/2017		£ 490,000	94	1,012	£ 484.28

FLAT 1	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	14/09/2017		£ 473,000	83	893	£	529.44
FLAT 10	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	09/06/2017		£ 480,000	95	1,023	£	469.40
FLAT 11	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	10/03/2017		£ 480,000	88	947	£	506.74
FLAT 12	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	24/03/2017		£ 480,000	94	1,012	£	474.40
FLAT 14	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	12/07/2017		£ 475,000	94	1,012	£	469.46
FLAT 2	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	16/12/2016		£ 480,000	105	1,130	£	424.70
FLAT 3	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	16/12/2016		£ 490,000	107	1,152	£	425.44
FLAT 6	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	16/12/2016		£ 320,000	52	560	£	571.71
FLAT 7	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	07/04/2017		£ 480,000	90	969	£	495.48
FLAT 8	MEDIA HOUSE, 40	WARE ROAD	HERTFORD	SG13 7AB	20/06/2017		£ 465,000	90	969	£	480.00
FLAT 1	QUEEN ALEXANDRA HOUSE, 2	BLUECOATS AVENUE	HERTFORD	SG14 1PB	17/05/2017	1	£ 265,000	43	463	£	572.54
FLAT 3	QUEEN ALEXANDRA HOUSE, 2	BLUECOATS AVENUE	HERTFORD	SG14 1PB	28/04/2017	1	£ 295,000	48	517	£	570.97
FLAT 5	QUEEN ALEXANDRA HOUSE, 2	BLUECOATS AVENUE	HERTFORD	SG14 1PB	26/05/2017	1	£ 375,000	48	517	£	725.81

New Build House Transactions									
Address				Type	Date	SQM	SQFT	Price	£ / SQFT
3	MOORFIELDS	HERTFORD	SG14 1FJ	Terrace	23/11/2018	158	1,701	£ 820,825	£ 482.64
7A	NORTH ROAD	HERTFORD	SG14 1LN	Terrace	22/11/2018	84	904	£ 445,000	£ 492.16
2	WHITE HORSE CLOSE	HERTFORD	SG14 2FJ	Terrace	18/12/2018	273	2,939	£ 940,000	£ 319.89
4	WHITE HORSE CLOSE	HERTFORD	SG14 2FJ	Terrace	19/10/2018	273	2,939	£ 1,040,000	£ 353.92
6	WHITE HORSE CLOSE	HERTFORD	SG14 2FJ	Terrace	14/03/2019	273	2,939	£ 1,045,000	£ 355.62
9	WHITE HORSE CLOSE	HERTFORD	SG14 2FJ	Terrace	20/12/2018	273	2,939	£ 1,170,000	£ 398.16
1	MUTINY CLOSE	HERTFORD	SG13 7AS	Semi	13/12/2017	114	1,227	£ 529,950	£ 431.88
2	MUTINY CLOSE	HERTFORD	SG13 7AS	Semi	16/03/2018	114	1,227	£ 514,995	£ 419.69
13	MUTINY CLOSE	HERTFORD	SG13 7AS	Semi	08/12/2017	114	1,227	£ 529,950	£ 431.88
14	MUTINY CLOSE	HERTFORD	SG13 7AS	Semi	08/12/2017	114	1,227	£ 529,950	£ 431.88
15	MUTINY CLOSE	HERTFORD	SG13 7AS	Semi	15/12/2017	114	1,227	£ 514,950	£ 419.65
16	MUTINY CLOSE	HERTFORD	SG13 7AS	Semi	24/11/2017	114	1,227	£ 529,950	£ 431.88
23	LONDON ROAD	HERTFORD	SG13 7RL	Semi	20/12/2017	76	818	£ 395,000	£ 482.85
23A	LONDON ROAD	HERTFORD	SG13 7RL	Semi	15/12/2017	76	818	£ 395,000	£ 482.85
10	VICARAGE CAUSEWAY	HERTFORD HEATH	SG13 7RT	Detached	26/05/2017	152	1,636	£ 850,000	£ 519.52
12	VICARAGE CAUSEWAY	HERTFORD HEATH	SG13 7RT	Detached	06/06/2017	115	1,238	£ 755,000	£ 609.93
14	VICARAGE CAUSEWAY	HERTFORD HEATH	SG13 7RT	Detached	12/05/2017	115	1,238	£ 754,000	£ 609.12

New Build Retirement Living Transactions

Address		Date Sold	Beds	Price	SQM	SQFT	£ / SQFT
10	EDWARD HOUSE HERTFORD SG13 8FQ	30/08/2018	1	£ 380,000	54	581.3	£ 653.76
16	EDWARD HOUSE HERTFORD SG13 8FQ	31/08/2018	1	£ 362,500	59	635.1	£ 570.80
24	EDWARD HOUSE HERTFORD SG13 8FQ	28/08/2018	1	£ 355,000	54	581.3	£ 610.75
37	EDWARD HOUSE HERTFORD SG13 8FQ	28/08/2018	1	£ 375,000	54	581.3	£ 645.16
8	EDWARD HOUSE HERTFORD SG13 8FQ	31/08/2018	2	£ 514,950	58	624.3	£ 824.83
56	EDWARD HOUSE HERTFORD SG13 8FQ	29/08/2018	2	£ 567,500	89	958	£ 592.39
1	ISABELLA HOUSE HERTFORD SG13 8EN	28/06/2018	1	£ 364,950	53	570.5	£ 639.72
11	ISABELLA HOUSE HERTFORD SG13 8EN	23/07/2018	1	£ 360,000	53	570.5	£ 631.04
15	ISABELLA HOUSE HERTFORD SG13 8EN	10/08/2018	1	£ 330,000	51	549	£ 601.14
5	ISABELLA HOUSE HERTFORD SG13 8EN	13/07/2018	1	£ 370,000	53	570.5	£ 648.57
17	ISABELLA HOUSE HERTFORD SG13 8EN	29/06/2018	2	£ 510,450	73	785.8	£ 649.62
18	ISABELLA HOUSE HERTFORD SG13 8EN	29/06/2018	2	£ 517,950	77	828.8	£ 624.92
19	ISABELLA HOUSE HERTFORD SG13 8EN	13/07/2018	2	£ 523,450	77	828.8	£ 631.56
20	ISABELLA HOUSE HERTFORD SG13 8EN	03/08/2018	2	£ 425,000	77	828.8	£ 512.78
22	ISABELLA HOUSE HERTFORD SG13 8EN	03/08/2018	2	£ 509,950	72	775	£ 658.00
23	ISABELLA HOUSE HERTFORD SG13 8EN	03/08/2018	2	£ 520,000	72	775	£ 670.97
4	ISABELLA HOUSE HERTFORD SG13 8EN	29/06/2018	2	£ 369,950	72	775	£ 477.35
9	ISABELLA HOUSE HERTFORD SG13 8EN	17/08/2018	2	£ 490,000	77	828.8	£ 591.20

New Build Retirement Living Asking Prices

		Address			Beds	Price
25	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 375,000
4	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 374,950
5	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 364,950
12	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 385,000
14	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 374,950
15	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 299,950
17	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 355,000
26	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 355,000
27	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 355,000
28	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 355,000
29	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 355,000
30	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 355,000
39	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 355,000
40	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 355,000
11	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	1	£ 395,000
18	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 399,950
33	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 525,000
49	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 505,000
7	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 510,000
23	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 505,000
21	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 525,000
22	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 525,000
36	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 505,000
31	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 505,000
32	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 525,000
34	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 525,000
35	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 525,000
44	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 515,000
46	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 525,000
47	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 525,000
51	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 560,000
52	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 535,000
53	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 540,000
54	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 530,000
55	EDWARD HOUSE	PEGS LANE	HERTFORD	SG13 8FQ	2	£ 540,000
13	ISABELLA HOUSE	HALE ROAD	HERTFORD	SG13 8EN	1	£ 374,950
2	ISABELLA HOUSE	HALE ROAD	HERTFORD	SG13 8EN	2	£ 399,950

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East Herts Council Report

Performance Audit and Governance Oversight Committee

Executive

Council

Dates of Meetings:

PAGO 14th January 2020

Executive 21st January 2020

Council 29th January 2020

Report by: Councillor Geoff Williamson, Deputy Leader & Executive Member for Financial Sustainability

Report title: SUSTAINABLE MEDIUM TERM FINANCIAL PLAN 2020/21 – 2023/24

Ward(s) affected: ALL

Summary

- The report sets out proposals on the following:
 - the Medium Term Financial Plan 2020/21 – 2023/24
 - the 2020/21 to 2023/24 Capital Programme
 - the 2020/21 Schedule of Charges.
- All decisions and recommendations will be considered within the national context of continued financial uncertainty and risk for local government. Going forward questions remain over the total funding for local government and how this will be shared between authorities.

RECOMMENDATIONS FOR COUNCIL:

that:

- a. the East Herts share of Council Tax for a band D in 2020/21 be set at £174.09;**
- b. the updated position on the Medium Term Financial Plan and Budget for 2020/21 including the budget pressures and risks be approved;**
- c. the new savings and income generating proposals for 2020/21 onwards as shown in Appendix 'B' be approved;**
- d. the Capital Programme as set out in Appendix 'C' be implemented;**
- e. the schedule of charges set out in Appendix 'D', each with an average increase of 2.5% for 2020/21, be approved; and**
- f. that authority to determine the most appropriate amendments to car parking charges to achieve the increased income included in the MTFP be delegated to the Head of Operations acting in consultation with the Head of Strategic Finance and Property and the Executive Member for Environmental Sustainability.**

1.0 Proposal(s)

- 1.1 The report sets out proposals for East Herts Council's element of the Council Tax for 2020/21 and a balanced four year Medium Term Financial Plan which members of the Executive were asked to consider and, with or without amendment, endorse for consideration by the Council.

2.0 Background

- 2.1 This report sets out the council's approach to setting a sustainable budget for 2020/21 and the revenue and

capital budget proposals for the four years commencing 2020/21.

- 2.2 Throughout the past few months the Finance team has engaged with members and senior officers to discuss the issues and opportunities that this year's budget setting process presents.
- 2.3 The principal objective of the process was to consider previous and current budget decisions the Council has made and then ensure that they are both robust and able to deliver a sustainable Medium Term Financial Plan.
- 2.4 Some of the key issues discussed included the longer term national financial outlook and the impact this will have on local budgets and the ability to produce income streams for a future balanced budget.
- 2.5 The budget is built around the proposed new corporate principles, presented elsewhere on this agenda, which are sustainability, economic growth, engagement and digital by design. This underpins the organisation's direction of travel.
- 2.6 The report sets out the proposals and outcomes that officers have arrived at to ensure that East Herts Council maintains a sustainable budget position for the future.
- 2.7 Budget efficiencies required over the next four years, in addition to those approved in previous years, are projected to be in excess of £2m based on the outcomes of a number of government initiatives including the Business Rate Retention Policy and Fairer Funding Regime. This will present a significant challenge for the council.

2.8 The report contains the following sections and Appendices:

Background Report Sections	
2.9	Budget Components
2.18	Budget Pressures and Risks
2.19	2020/21 Budget Preparation and Engagement
2.20	Reserves
2.21	Capital
2.23	Schedule of fees & charges

Appendices	
A	Medium Term Financial Plan (MTFP)
B	Savings Proposals
C	Capital
D	Schedule of charges
E	Reserves

2.9 Budget Components

2.9.1 The council's revenue budget consists of five major 'building blocks' as follows:

Net Cost of Services

Corporate Budgets

Contributions
to/from Reserves

Sources of External
Funding

Council Tax

- 2.9.2 **Net Cost of Services:** these are the direct costs incurred by the council in delivering services, less any specific income generated. Any use of reserves to fund these services is included in the Contributions to/from Reserves.
- 2.9.3 **Corporate Budgets:** these are the costs incurred and income received by the council that are not service specific, for example, Pension Fund deficit contributions, interest income and payments. Also included in this heading are the Contingency and New Homes Bonus Priority Spend budgets which are not allocated to specific services at the beginning of the financial year.
- 2.9.4 **Contributions to/from Reserves:** this represents funding within the revenue budget from Earmarked Reserves which has been allocated to fund specific purposes. The impact of the use of Reserves is a reduction in the total income demand on Council Taxpayers. Reserves are, however, a finite source of funding and their use should represent value for money.
- 2.9.5 **Sources of External Funding:** these income budgets are general and non-service specific income sources. They include funding from Central Government and Non-Domestic Rates income (also known as Business Rates).
- 2.9.6 **Council Tax:** this income is also a general and non-service specific source of income. Only once budgets for the other 'building blocks' have been established can the amount required from Council Tax be

calculated, known as the 'Demand on the Collection Fund'.

2.10

Net Cost of Services

The Net Cost of Services is the total cost of all the services delivered by the council net of any specific income streams. The total cost of services for 2020/21 will be capped at £16.1m as part of the cash limit budget process. This decision allows Heads of Service to work within their own service delivery requirements and service plans to make the best use of the resources available. This revised budget includes modelled pay inflation of 2.75%. The breakdown of these costs for the Medium Term Financial Plan is set out in the following table:

Table 1 - Net Cost of Services

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Chief Executive Department	383	392	402	412
Communications, Strategy & Policy	1,109	1,138	1,268	1,299
Human Resources	537	549	561	573
Strategic Finance & Property	1,925	1,988	2,185	2,439
Democratic & Legal Services	1,254	1,280	1,307	1,335
Housing & Health	2,768	2,819	2,883	2,997
Planning	918	974	1,032	1,091
Operations	4,032	4,169	3,774	3,641
Revenues & Benefits	748	805	887	970
Business & Technology	2,417	2,302	2,422	2,541
Net Cost of Services	16,091	16,416	16,721	17,298

2.11

Corporate Budgets

Corporate budgets are those that cannot be directly attributed to specific services and are costs to the authority as a whole. Income collected from Millstream Property Investment Ltd the council's wholly owned company and from the investments made by the Financial Sustainability Committee are also included in this budget within the 'Corporate Income' line. A breakdown of these proposed income streams/costs for 2020/21 onwards is set out below:

Table 2 – Corporate Budgets

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Fees & Charges	(40)	(150)	(200)	(250)
NHB to Parish and Towns	708	252	143	0
Interest Payments	207	233	483	733
Investment Income	(800)	(600)	(600)	(600)
Pension Fund deficit contribution	715	734	754	976
Corporate Saving proposals *	(200)	(400)	(600)	(800)
Corporate Income*	(300)	(600)	(900)	(1,200)
Total	290	(531)	(920)	(1,141)

* see Table 7 below for more details

2.12

Contributions to/from Reserves

The budget process invariably includes items that are not annually re-occurring and that require financing from the council's reserves, an example of this is the Elections Reserve which is only used to fund election costs in election year but a contribution is made to it every year. The proposed Reserve contributions are summarised in the table below for 2020/21 onwards. See appendix A for more detail.

Table 3 – Reserves Contributions

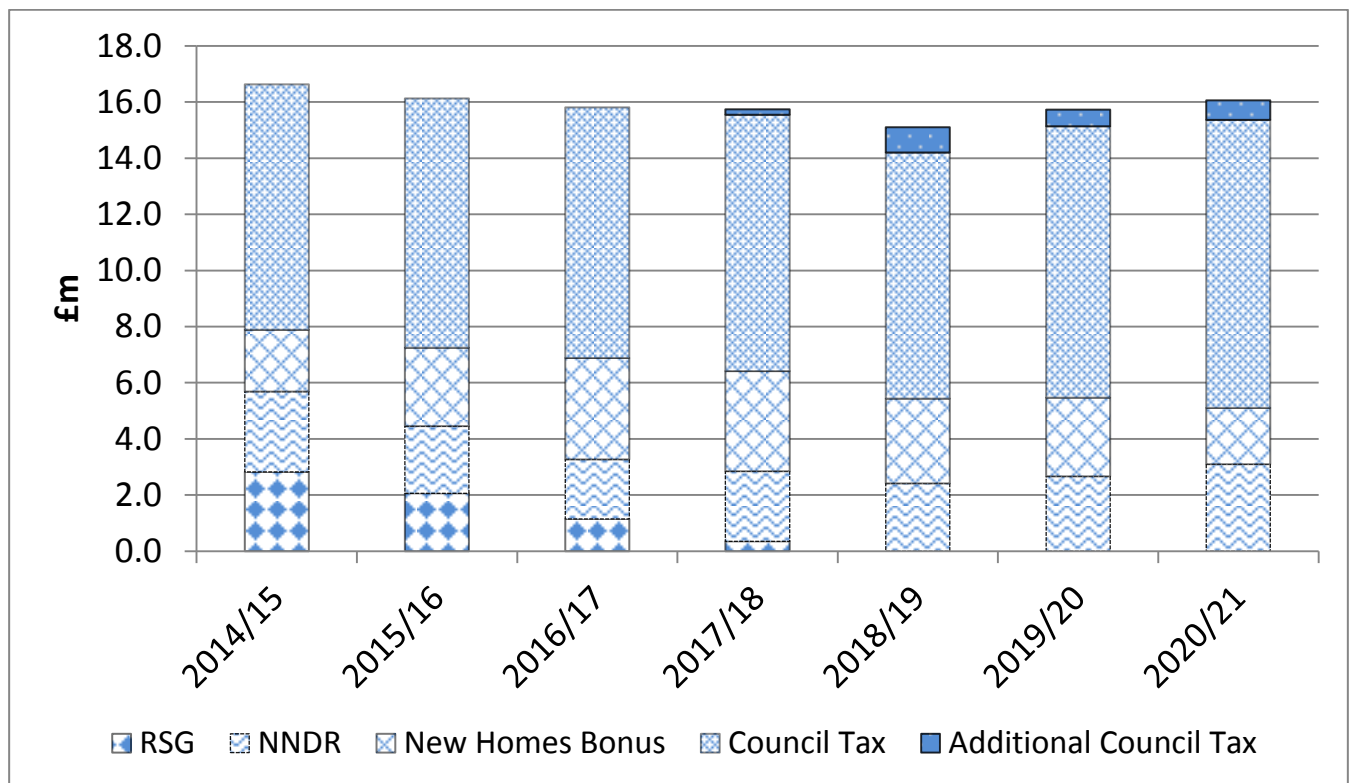
	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Contributions to Reserves	1,645	797	580	151
Contributions from Reserves	(913)	(499)	(223)	(273)
Net Reserves Movement	732	298	357	(122)

2.13

**Sources of External
Funding**

The graph below shows the external sources of funding available to East Herts Council over the last 6 years and the projected available for 2020/21. The information demonstrates the reduction in centrally allocated grants and the increasing importance of income from local taxation. In periods shown in the graph, Council Tax funding has grown from 53% of total funding to 68% of total funding.

Table 4 East Herts Core Spending Power



Key

RSG – Revenue Support Grant

NNDR - National and Non-Domestic Rates

NHB – New Homes Bonus

Council Tax

Additional Council Tax - annual uplift of council tax

The previous Medium Term Financial Plans have built in a £5 increase in Band D equivalent Council Tax throughout the life of the plan. This ensures that Council Tax income is kept in line with the government’s expectations. This equates to a band D charge of £174.09 for 2020/21.

2.14 New Homes Bonus

- 2.14.1 In 2010 Central Government announced the introduction of the New Homes Bonus scheme (NHB) with the aim of encouraging local authorities to grant planning permission for housing developments.
- 2.14.2 The Government agreed to match council tax raised on each new house for 6 years, this was subsequently reduced to 4 years and a national baseline of 0.4% additional housing before NHB was available was introduced from 2018/19.
- 2.14.3 The NHB is not ring-fenced which gives the council flexibility on how to utilise the funding, however, NHB funding is not a guaranteed funding source for East Herts Council; the Spending Review 2019 statement highlighted this uncertainty and confirmed that legacy payments will be honoured but the scheme for 2020/21 is still for discussion with ministers. It is likely the New Homes Bonus Grant will cease to exist from 2023/24 so has been removed from the Medium Term Financial Plan.

2.15

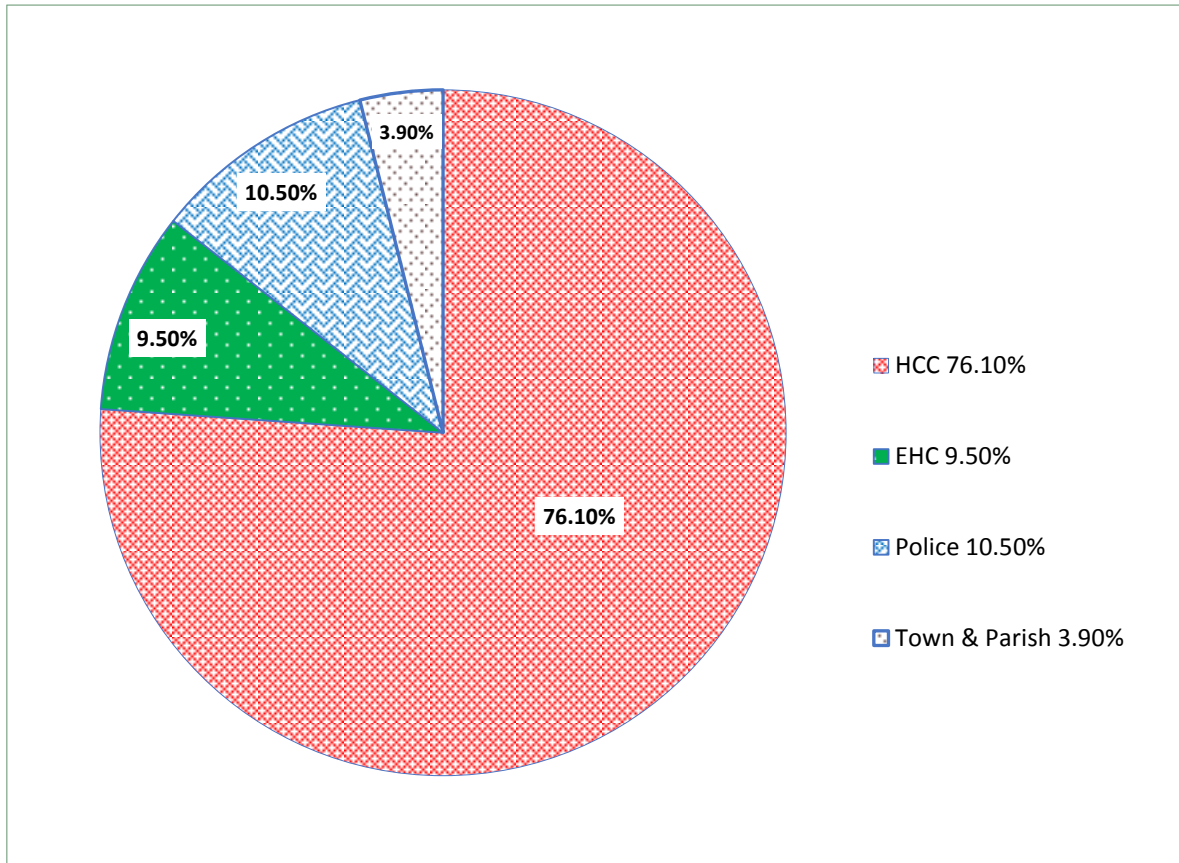


Council Tax

Council Tax is a local tax on domestic properties which East Herts collects on behalf of Hertfordshire County Council, Hertfordshire Police and also Town and Parish Councils. The split of this collection for

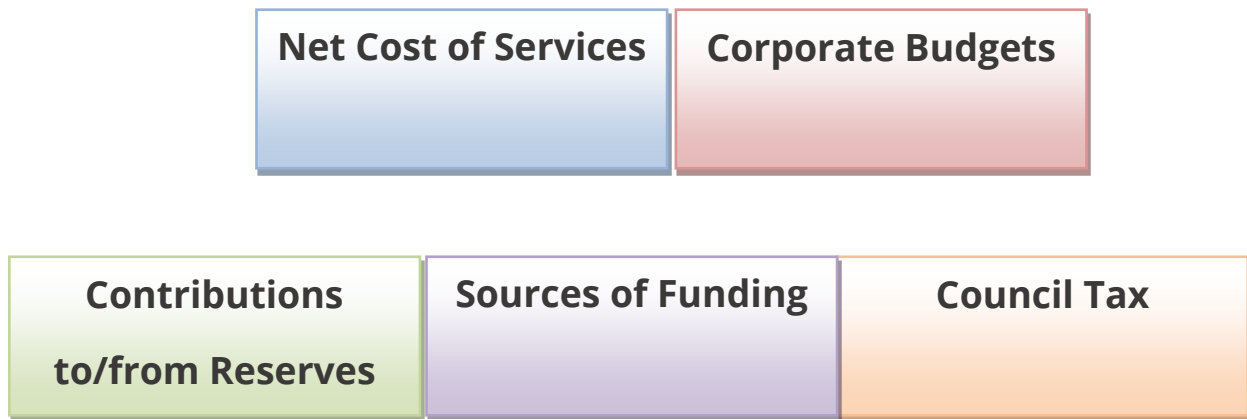
2019/20 is set out in the table below:

Table 5 – 2019/20 Council Tax Split



2.16 In setting the 2019/20 budget and onwards it was agreed that East Herts will increase its share of the Council Tax by £5 per year, the maximum increase allowed in any year without a referendum. This level of increase will be built into the Medium Term Financial Plan on an ongoing basis to mitigate the effects of the potential reductions from the Fairer Funding regime and changes to the Business Rates Retention scheme.

2.17 Consolidating the 5 Building Blocks of the budget



2.17.1 These five blocks make up the overall budget summary for 2020/21 as set out below:

Table 6 – Budget Summary

	Revised Budget 2020/21
	£000
Net Cost of Services	16,091
Corporate Budgets	290
Contributions to Reserves	732
Total Expenditure	17,113
Sources of Funding	(6,256)
Council Tax	(10,667)
Revised Budget Gap	190

2.18 Budget Pressures and Risks

2.18.1 The Council's Medium Term Financial Plan is a complex model subject to many factors and the forecasts are by necessity subject to continuous review and refinement to reflect the latest information as it emerges.

- 2.18.2 Specific service issues are monitored by the Heads of Service who are responsible for identifying pressures and opportunities that will impact on service delivery and have financial implications.
- 2.18.3 The following issues have been reviewed and items included as a provision in the Medium Term Financial Plan only where the financial impact is assessed as being quantifiable and unavoidable. Where the financial impact is unclear or subject to significant uncertainty, specific provision may not be made but will be included as financial risks that, if costs materialise in year, will be met from the available reserves or balances.
- 2.18.4 Pay Awards / NJC Pay review
- 2.18.5 In recent years the government's public sector pay cap has been followed when negotiating local government pay awards. This has been necessary as the government has assumed the same pay restraint will be followed by local government when determining annual local government spending limits and finance settlements.
- 2.18.6 In line with previous information, a salary increase of 2.75% has been assumed within the Medium Term Financial Plan budget planning process.
- 2.18.7 Inflation and Growth
- 2.18.8 Provision for inflation has been made in the MTFP for all contractual uplift costs based on terms and conditions set out in contractual agreements and for inflation on business rates in respect of council owned properties.

2.19 2020/21 Budget Preparation and Engagement

2.19.1 During October 2019, Members and Officers were encouraged to participate in a number of budget engagement workshops to look at the authority's Medium Term Financial Plan and to explore both money saving and money making opportunities to bridge the funding gaps in future years . These workshops looked at prioritising competing calls on expenditure in the future and exploring alternative income streams. The results feed into the 2020/21 Medium Term Financial Plan budget setting process.

2.19.2 The Budget Gap and Savings Proposals

2.19.3 An initial review of the Medium Term Financial Plan set out a funding gap of £1.037m attributable to 2020/21. The work carried out by officers has found solutions to some of the early year budget gaps especially in 2020/21. So, the budget has been re-evaluated and a summary of the budget gap and the required budget savings is shown on Table 7.

Table 7 – Budget Gap

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Budget gap @30.10.18	538	607	509	0
Revised Service and Funding Pressures	499	1,267	1,122	2,059
Budget gap as at 01.11.19	1,037	1,874	1,631	2,059
Additional Net Cost of Services changes	(106)	0	0	0
Budget Outturn realignment	(241)	0	0	0
Additional Millstream Income	(100)	(200)	(300)	(400)
Financial Sustainability Income	(200)	(400)	(600)	(800)
Car parking income	(200)	(400)	(600)	(800)
Revised Annual Budget Gap	<u>190</u>	<u>874</u>	<u>131</u>	<u>59</u>
Cumulative Budget Gap	<u>190</u>	<u>1,064</u>	<u>1,195</u>	<u>1,254</u>

2.19.4 The budget paper for 2019/20 presented at Council on the 19th December 2018 detailed a number of potential savings projects that were investigated throughout 2019/20.

2.19.5 A Financial Sustainability Strategy 2019-25 (agreed by Council at its meeting on 5th March 2019) was adopted by the authority to be used as the key methodology for delivering the Medium Term Financial Plan 2020 onwards. This strategy is delivered by the Financial Sustainability Committee which considers various initiatives and manages an action plan on how the authority could raise income or reduce expenditure whilst still maintaining an expected level of service and not compromising the delivery of statutory services.

An additional £200k income is expected to be delivered per annum.

2.19.6 The directors of Millstream, the council's wholly owned company, have been asked to bring forward annual business plans to deliver an additional £100k income each year for the life of the Medium Term Financial Plan. The company's business plan for 2020/21 onwards will be considered at full Council on 29th January 2020 with revised business plan being brought to Council each year with proposals to ensure the level of income required by the council.

2.19.7 Car park charging has not increased for 6 years. It is proposed that a target of a minimum of £200k per annum is included within the budget report.

2.19.8 Table 7 shows the current budget position. 2020/21 has a budget gap of £190k that will need to be funded from savings. Appendix 'B' provides a number of potential solutions to this funding gap.

2.19.9 PAGO are requested to review these savings and recommend them to the Executive for consideration and onward transmission to Council for approval.

2.20 Reserves

2.20.1 The reserves are an important part of the budget setting process, there are minimum requirements set out for General Fund Reserves, however authorities are also expected to maintain a level of Earmarked Reserves to fund one-off projects and initiatives. The emphasis for this Medium Term Financial Plan is to ensure the longevity of the

council's funding and provide investment funding for future income-generating initiatives.

2.20.2 Table 3 in paragraph 2.12 sets out the proposed contributions to and from reserves over the next four years. It is anticipated that the New Homes Bonus Grant will cease to exist from 2023/24 so has been removed from the Medium Term Financial Plan.

2.20.3 It is essential for the Medium Term planning that reliance on reserves for ongoing costs is removed and that the funding is used for more appropriate investment purposes. Re-occurring items that have previously been funded through reserves in the MTFP have now been included in the revenue budget on an ongoing basis.

2.21 Capital Programme

2.21.1 The Capital Programme for 2020/21 to 2023/24 is included in this report at Appendix C.

2.21.2 The forecast outturn for the 2019/20 capital programme is £15.4m.

2.21.3 The details of any changes in planned expenditure for the Capital Programme are monitored and reported quarterly to Executive within the Budget Monitoring report.

2.21.4 Any slippage on significant capital projects during 2019/20 will be considered at the end of the financial year

2.21.5 The capital programme for 2020/21 onwards contains a number of newly agreed capital

schemes and also the rolling schemes agreed in previous years.

2.21.6 Currently the review of the Capital programme is undertaken as part of the quarterly budget monitoring report. Any additions to the programme require a funding request to be made through the appropriate governance process. This process is defined by the value of the capital bid.

2.21.7 As any of these schemes are agreed and the funding requirements become more definite these schemes will be included in the capital programme presented within the quarterly budget monitoring report.

2.21.8 The complete proposed capital programme can be found in Appendix C including schemes already approved in previous years.

2.21.9 Prudential Code Implications

2.21.10 The council is required under the Local Government Act 2003 to 'have regard' to the requirements of the CIPFA Prudential Code which requires that certain performance indicators and limits known as Prudential Indicators are calculated.

2.21.11 The Prudential Indicators must be approved by Council before the beginning of each financial year. Their purpose is to help the council ensure that its capital investment plans are affordable, prudent and sustainable.

2.21.12 It is recommended that the capital programme being proposed in this budget report is affordable,

prudent and sustainable. The Treasury Management Strategy for 2020/21 will address any funding requirements for future years.

2.22 IT update

2.22.1 The ICT Partnership Strategy 2019/20 – 2021/22 was adopted by Council on 18th December 2019 and the Medium Term Financial Plan has been updated to include the revenue and capital investments set out in that Strategy.

2.23 2020/21 Revenue Schedule of Fees & Charges

2.23.1 The proposed schedule of charges are set out within **Appendix D**.

2.23.2 Table 8 below shows the impact of the changes proposed in the schedule of charges to the 2020/21 budget.

Table 8 – Fees & Charges

SERVICE	2019/20 budget	Impact of proposed average 2.5% charges increase	2020/21 budget
	£	£	£
Hertford Theatre	158,500	4,000	162,500
Clinical Waste	50,850	1,300	52,150
Domestic Waste	82,600	2,100	84,700
Commercial Waste	769,250	19,400	788,650
Env Health Promotions	2,050	50	2,100
Env Health Licences	24,350	600	24,950
Taxi Licensing	148,500	3,750	152,250
Development Management	129,150	3,300	132,450
Legal Fees	32,300	800	33,100
Markets	12,000	300	12,300
Residents Parking	138,000	3,500	141,500
Parking - Season Tickets	32,550	800	33,350
	1,580,100	39,900	1,620,000

2.23.3 The fees and charges included in **Appendix D** have increased by an average of 2.5%, the estimated impact of this increase is additional income of £39.9k in 2020/21.

3.0 Reason(s)

- 3.1 The council is required to set a balanced budget in advance of the beginning of each financial year in accordance with the provision of the Local Government

Finance Act 1992.

4.0 Options

- 4.1 The budget process included consultation and discussion around alternative savings options. This paper presents the recommended options.

5.0 Risks

- 5.1 The Budget report considers emerging risks to the funding the council receives and sets out the mitigation of those risks.
- 5.2 Section 25 of the Local Government Act 2003 requires the Statutory Section 151 Officer (Head of Strategic Finance & Property) to give advice to the Council on the levels of reserves held and the robustness of the budgets at the time Council makes its decision on the budget proposals.
- 5.3 It is the advice of the Head of Strategic Finance and Property that these budget proposals are prudent, sensible and robust. In determining the budget proposals:
- funding sources have been extensively modelled
 - the MTFP model and assumptions have been considered and refreshed
 - the council's Earmarked and General Reserves have been reviewed
 - the revenue impact of the capital programme has been considered
 - the key financial risks facing the council have been identified and assessed
 - the budget proposals meet the requirements of the Local Government Finance Act 1992 for a balanced revenue position.
- 5.4 Throughout this report attention has been drawn to the uncertainty of the local government funding regime and the potential impact on East Herts. The assumptions made in the preparation of this report and the MTFP are

based on the best information available at the time.

6.0 Implications/Consultations

Consultation was undertaken with staff and members to assist in these budget options.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

All financial implications are included in this report.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

All statutory requirements have been considered in preparing this report

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 None, other than as listed at paragraph 2.8.

Contact Member

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Report Author

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REVENUE BUDGET - MEDIUM TERM FINANCIAL PLAN

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000

Net Cost of Services	16,091	16,416	16,721	17,298
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Corporate Budgets

Fees & Charges Annual Review	(40)	(150)	(200)	(250)
NHB Grants to Town & Parish Councils	708	252	143	-
Interest Payments	207	233	483	733
Interest & Investment Income	(800)	(600)	(600)	(600)
Pension Fund Deficit Contribution	715	734	754	976
Savings proposals	(500)	(1,000)	(1,500)	(2,000)
Total corporate budgets	290	(531)	(920)	(1,141)

Reserves

Contributions to Earmarked Reserves	42	42	151	151
Contributions from Earmarked Reserves	(817)	(403)	(223)	(273)
Use of General Reserve	(96)	(96)	-	-
New Homes Bonus Priority Spend	1,603	755	429	-
Total reserves	732	298	357	(122)

Funding

NDR	(3,124)	(2,786)	(2,840)	(2,894)
(Surplus)/Deficit on Collection Fund	(300)	(100)	100	200
New Homes Bonus	(2,832)	(1,008)	(572)	-
Total Funding	(6,256)	(3,894)	(3,312)	(2,694)

Demand on Collection Fund	(10,667)	(11,225)	(11,651)	(12,087)
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Budget gap	190	1,064	1,195	1,254
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Council Taxbase	61,272	62,681	63,294	63,921
Council Tax at Band D (£)	174.09	179.09	184.09	189.09

Percentage Increase in Council Tax	2.96%	2.87%	2.79%	2.72%
£ increase in Council Tax	£5.0	£5.0	£5.0	£5.0

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Appendix B

Savings Proposals

	2020/21 £'000	2021/22 £'000	Comments
Projected budget gap	190	874	
Savings options			
PCSO - reduce funding over 2 years	(44)	(44)	This efficiency equates to a reduction of three FTE PCSOs. The council has liaised closely with the Chief Inspector for East Herts Police and although a reduction in funding has not been welcomed, the Chief Inspector understands the need for public sector organisations to work together to deliver efficiencies. This efficiency is being proposed within the context of a 14.6% increase in Hertfordshire Police's council tax precept in 2019/20; the overall Police budget in the county now includes £84m of council tax precepts.
Citizens Advice Services / Community Voluntary Services (CVS) - £20k reduction over 2 years	(10)	(10)	Both Citizens Advice Services and CVS are key partners of the council. While reductions have not been welcomed, through discussion with both agencies, this profile of efficiencies is now proposed. The cumulative £20k efficiency, achieved in 2021/22, represents around 10% of the council's contribution to both organisations in 2019/20.
Remove member refreshments	(12)		
Improve recycling rates (5%)	(40)		Improve recycling communications to reduce waste going into residual (black) bins (income from materials).

Improved income levels for trade waste	(25)		Attain approx. 20 more business customers for trade waste collection
Review customer services as part of the joint waste contract	(20)		Investigate cost and quality of aligning waste customer service interactions with North Herts
Implement phase 2 of accommodation review	(25)		
Additional savings to be identified	(15)		
Option for Green Waste charging		(400)	Option to explore charging for the garden waste service
New Projected gap	(1)	420	

Cumulative Income Generation

Description	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Financial Sustainability	(200)	(400)	(600)	(800)
Millstream additional income	(100)	(200)	(300)	(400)
Car Parking income	(200)	(400)	(600)	(800)
Total	(500)	(1,000)	(1,500)	(2,000)

CAPITAL PROGRAMME 2020/21 TO 2023/24

APPROVED SCHEMES	2020/21 Original Budget £000	2021/22 Original Budget £000	2022/23 Original Budget £000	2023/24 Original Budget £000
Head of Strategic Finance & Property				
Investment in operational assets	250	250	250	250
LED Lighting Upgrades	210	60		
Car Park Resurfacing	155	410		
Improve, maintain & renew structures along rivers and watercourses	48	48	48	48
Land Management Asset Register & Associated Works	50	50	50	50
Northgate End, MSCP, Residential and Commercial	15,900	0	0	0
Arts Centre - ORL	250	9,000	10,000	10,250
Repayment of Loan	6,000	0	0	0
Financial Sustainability	5,000	0	0	0
Total Strategic Finance & Property	27,863	9,818	10,348	10,598
Head of Shared Business & Technology Services				
Rolling programme to be utilised on ICT projects subject to ITSG review	803	450	450	450
Total Head of Shared Business & Technology Services	803	450	450	450
Head of Operations				
Leisure Facilities Strategy				
Grange Paddocks Leisure Centre	14,354	5,759	0	0
Bridge Works	250			
Hartham Leisure Centre	6,484	0	0	0
Leisure Facilities Sustainability	1,000	0	0	0
Fixtures Fittings and Equipment (Both Centres)		2,150		
Hartham pool filtration works	420			
Ward Freman	881	0	0	0
Hertford Theatre	1,000	9,700	8,700	0
Open Space Improvements at the Wash, Hertford	0	0	50	0
Folly View Open Space Improvements, Hertford	0	15	0	0
Cannons Mill Lane Open Space improvements, Bishops Stortford	0	0	30	0
Replacement play equipment across the district (in response to the Condition Audit to be reviewed in 2018/19)	50	50	50	50
Castle Park - HLF - Delivery Phase	1,400	600	0	0
Total Head of Operations	25,839	18,274	8,830	50
Head of Housing & Health				
Decent Home Grants	120	120	120	120
Community Capital Grants	80	80	80	80
Energy Grants	20	20	20	20
Castle Weir Micro Hydro Scheme	0	192	0	0
Total Health & Housing	220	412	220	220

CAPITAL PROGRAMME 2020/21 TO 2023/24

APPROVED SCHEMES	2020/21 Original Budget £000	2021/22 Original Budget £000	2022/23 Original Budget £000	2023/24 Original Budget £000
Head of Planning & Building Control				
Historic Building Grants	20	20	20	20
Total Head of Planning & Building Control	20	20	20	20
TOTAL	54,745	28,974	19,868	11,338
Millstream Property Company	Funding to be approved annually, see separate report.			
Capital Loan (10 x properties per annum)	3,623	2,935	1,092	0
			0	0
Total Millstream Property Company	3,623	2,935	1,092	0
Strategic Finance & Property	27,863	9,818	10,348	10,598
Shared Business & Technology Services	803	450	450	450
Operations	25,839	18,274	8,830	50
Housing & Health	220	412	220	220
Planning & Building Control	20	20	20	20
Millstream Property Company	3,623	2,935	1,092	0
TOTAL	58,368	31,909	20,960	11,338



Housing and Health

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

Environmental Health Licences

Animal licences - Grant or renewal cost of one licensable activity	Cost Recovery	Every 1 to 3 years	346.45	355.10	OS
Animal licences - Grant or renewal cost per additional licensable activity	Cost Recovery	Every 1 to 3 years	220.38	225.90	OS
Animal licences - Additional annual inspection fee for the hiring of horses, where a renewal inspection is not due (invoiced annually after each inspection)	Cost Recovery	Every 1 to 3 years	191.68	196.50	OS
Animal licences - Minor variation of a current licence (no site visit)	Cost Recovery	per variation	31.47	32.30	OS
Animal licences - Variation of a current licence (involving site visit)	Cost Recovery	per variation	191.68	196.50	OS
Animal licences - Re-evaluation of a licenced premises star rating	Cost Recovery	per inspection	191.68	196.50	OS
Animal licences - Re-evaluation of a licenced premises star rating per additional licensable activity	Cost Recovery	per inspection	191.68	196.50	OS
Animal licences - Additional charge for businesses found to be operating without a valid licence	Cost Recovery	per premises	47.15	48.30	OS
Zoos - New Licence (excl. vet fees)	Cost Recovery	per 4 year registration	2,214.00	2,269.35	OS
Zoos - Year 3 renewal licence inspection (excl. vet fees)	Cost Recovery	per inspection	1,711.80	1,754.60	OS
Zoos - Year 6 renewal licence inspection (excl. vet fees)	Cost Recovery	per 6 years	1,711.80	1,754.60	OS
Zoos - Transfer of Licence	Cost Recovery	per transfer	869.20	890.90	OS
Dangerous Wild Animals (excl. vet fees)	Cost Recovery	per 2 years	271.60	278.40	OS
Registration for Skin Piercing (Static/Home Business)	Cost Recovery	per business	217.30	222.70	OS
Registration for Skin Piercing (Person)	Cost Recovery	per person or premises	136.30	139.70	OS
Registration for Peripatetic Skin Piercing	Cost Recovery	per business	217.30	222.70	OS
Update to an existing Skin Piercing registration	Cost Recovery	per update	136.30	139.70	OS
Street Trading: Occasional Registered Charity (up to one month)	Cost Recovery	per month	64.00	65.60	OS
Street Trading: Occasional (up to one month)	Cost Recovery	per month	125.80	129.00	OS
Street Trading: Peripatatic (e.g. ice cream van)	Cost Recovery	per annum	362.80	371.90	OS
Street Trading: Static (e.g. burger van)	Cost Recovery	per annum	368.50	377.70	OS
Additional Licence fee for second reminder letter	Cost Recovery	per letter	25.60	26.20	OS
Additional Licence fee for chasing applications after the expiry of current licence	Cost Recovery	per licence	55.20	56.60	OS
Replacement of any environmental health licence, FHRS sticker or registration certificate	Cost Recovery	per licence	20.50	21.00	OS

Training Courses

Foundation Level Food Safety Training	Cost Recovery	per person	41.00	42.00	OS
Foundation Level Food Safety Training (Online Course)	Cost Recovery	per person, per course	15.00	15.40	OS



Housing and Health

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
			£	£	
Foundation Level Food Safety Training (up to 10 places at customer's premises)	Cost Recovery	per course	369.00	378.20	OS
Cancellation Fee (less than 10 working days before course)	Cost Recovery	per person, per course	100% of fee paid	100% of fee paid	OS

Food Hygiene and Safety

Food register	Cost Recovery	per single entry	14.00	14.40	OS
Food register	Cost Recovery	per category	30.00	30.80	OS
Food register	Cost Recovery	per full copy	87.00	89.10	OS
Issue of certificate following surrender of food (excl. disposal costs)	Cost Recovery	per hour or part	55.00	56.58	OS
Food export health certificate	Cost Recovery	per hour or part	55.00	56.58	OS
Replacement Food Hygiene Rating certificate	Cost Recovery	per certificate	20.50	21.00	OS
Letter confirming food premises registration	Cost Recovery	per letter	20.50	21.00	OS
Food Hygiene Rating Scheme Rescoring Visit	Cost Recovery	per visit	163.00	167.10	OS
Safer Food, Better Business Coaching Visit	Cost Recovery	per visit	163.00	167.10	S
Cancellation Fee for SFBB Coaching Visit (less than 10 working days before course)	Cost Recovery	per visit	100% of fee paid	100% of fee paid	S

Miscellaneous Fees & Charges

Contaminated Land/ additional land charge enquiry (simple land search)	Cost Recovery	per enquiry	68.50	70.20	OS
Contaminated Land/ additional land charge enquiry (detailed land search)	Cost Recovery	per enquiry	170.00	174.25	OS
Statement of fact for civil cases	Cost Recovery	per hour or part	55.17	56.58	S
Attendance at Exhumations	Cost Recovery	per hour or part	55.17	56.58	OS
Costs associated with public health burials	Cost Recovery	per hour or part	n/a	56.58	OS

Private Water Supplies

Risk Assessment (smaller supplies - Regulation 10)	Cost Recovery	per hour or part	55.17	56.58	OS
Risk Assessment (larger supplies - Regulation 9)	Cost Recovery	per hour or part	55.17	56.58	OS
Risk Assessment (Desktop)	Cost Recovery	per hour or part	55.17	56.58	OS
Sampling Visit (excl. analysis costs)	Cost Recovery	per hour or part	55.17	56.58	OS
Investigation (excl. analysis costs)	Cost Recovery	per hour or part	55.17	56.58	OS
Granting of Authorisation	Cost Recovery	per authorisation	100.00	102.50	OS
Granting of Authorisation	Cost Recovery	per hour or part	55.17	56.58	OS
Analysis Costs (Regulation 10)	Cost Recovery	per set of samples	full cost charged by laboratory	full cost charged by laboratory	OS



Housing and Health

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
			£	£	
Analysis Costs (Check Monitoring)	Cost Recovery	per set of samples	full cost charged by laboratory	full cost charged by laboratory	OS
Analysis Costs (Audit Monitoring)	Cost Recovery	per set of samples	full cost charged by laboratory	full cost charged by laboratory	OS

Private Sector Housing

Standards inspection for immigration	Cost Recovery	per inspection	165.50	169.66	S
Housing Notices (excluding cost of additional reports such as electrical, EICR etc)	Cost Recovery	fixed charge	380.60	390.10	OS
Fixed penalty for failure to belong to an approved redress scheme		fixed charge	5,000.00	5,000.00	OS
Licence for a HMO with no more than 5 bedrooms (initiated by applicant without LA intervention)	Cost Recovery	per licence	910.00	932.75	OS
Licence for a HMO with no more than 5 bedrooms (initiated by applicant with LA intervention)	Cost Recovery	per licence	1,235.00	1,265.90	OS
Additional bedrooms	Cost Recovery	each	16.60	17.00	OS
Variation of licence	Cost Recovery	per variation	137.90	141.40	OS
Renewal of HMO Licence	Cost Recovery	per licence	755.60	774.50	OS
Confirmation of empty home status for VAT reduction	Cost Recovery	per letter	85.00	87.10	OS
HMO Confirmation Letters for licensable HMOs after application has been received	Cost Recovery	per letter	20.00	20.50	OS
Housing Advice Visit	Cost Recovery	per hour or part	159.00	56.58	S

Miscellaneous Engineering Fees

Sewer Records/Plans		per item	30.00	30.80	OS
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OTHER LICENCES

Sex Establishments		per annum	2,884.40	2,956.50	OS
Sex Establishments		per renewal	2,553.80	2,617.70	OS
Sex Establishments		transfer	82.75	84.80	OS
Hypnotism Act 1952 - Occasional licensed premises			154.50	158.40	OS
Hypnotism Act 1952 - Occasional unlicensed premises			595.50	610.40	OS
Scrap Metal Site Licence		per licence granted	271.42	278.20	OS
Scrap Metal Site Licence		per licence renewed	201.90	207.00	OS
Scrap Metal Site Licence - Variation, Name Change, Change of Site		per change	48.00	49.20	OS
Scrap Metal Collectors Licence		per licence granted	245.50	251.60	OS
Scrap Metal Collectors Licence		per licence renewed	175.70	180.10	OS
Scrap Metal Collectors Licence - Variation, Name Change		per change	48.00		OS



Housing and Health

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

TAXI LICENSING

Private Hire vehicle (new) - 1 year		per new licence	286.00	293.00	OS
Private Hire vehicle (renewal) - 1 year		per renewal	280.00	287.00	OS
Vehicle - either Hackney Carriage or Private Hire (new) only - 1 year	HC	per new licence	390.00	400.00	OS
Vehicle - either Hackney Carriage or Private Hire (renewal) HC only - 1 year		per renewal	310.00	318.00	OS
Dual Driver or Private Hire Driver (new) - 3 year PH			384.00	393.50	OS
Dual Driver or Private Hire Driver (renewal) - 3 year PH			277.00	284.00	OS
Dual Driver or Private Hire Driver (new) - 1 year			335.00	343.00	OS
Dual Driver or Private Hire Driver (renewal) - 1 year			228.00	233.70	OS
Private Hire Operator - 5 year (new)			295.00	302.00	OS
Private Hire Operator - 5 year (renewal)			289.00	296.00	OS
Private Hire Operator - 1 year (new)			263.00	269.50	OS
Private Hire Operator - 1 year (renewal)			263.00	269.50	OS
Each additional vehicle above 6			-	-	OS
Change of vehicle (new vehicle on old plate number)			54.00	55.00	OS
Change of vehicle (courtesy car)			83.00	85.00	OS
Vehicle Inspection (5 year check)			32.00	33.00	OS
Private Hire Driver converted to Dual Driver			50.00	51.00	OS
Private Hire Driver converted to Hackney Carriage			99.00	101.00	OS
Change of vehicle proprietor			37.00	38.00	OS
Change of DVLA details (registration number etc.)			56.00	57.00	OS
Change of Drivers address			11.00	11.00	OS
Knowledge test and training day (all new applicants)			98.00	98.00	OS
Resit of both routes and rules & regulations tests			52.00	52.00	OS
Resit of routes test only			34.00	34.00	OS
Update training for existing drivers			59.00	59.00	OS
Enhanced DBS Online			62.00	62.00	OS
Basic Disclosure Online			43.00	43.00	OS
Roof light (complete)		per light	74.00	74.00	S



Housing and Health

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
			£	£	
Roof light (top cover or base plate)(new cost for top cover only)		per light	37.00	37.00	S
Roof Light (base)			28.00	28.00	S
Replacement badges			24.00	25.00	S
Replacement plate (or additional for a trailer)			40.00	41.00	S
Roof light bulbs			3.00	3.00	S
Magnets (sold as a pair)			6.00	6.00	S
Executive Disc (private hire vehicles only)			11.00	11.00	S
Refund per full calendar month of unexpired drivers licence PH (new)			1.60	2.00	OS
Refund per full calendar month of unexpired drivers licence PH (renewal)			1.30	1.00	OS
Refund per full calendar month of unexpired drivers licence HC (new)			1.60	2.00	OS
Refund per full calendar month of unexpired drivers licence HC (renewal)			1.30	1.00	OS
Refund per full calendar month of unexpired vehicle licence PH (new)			3.70	4.00	OS
Refund per full calendar month of unexpired vehicle licence PH (renewal)			3.70	4.00	OS
Refund per full calendar month of unexpired vehicle licence HC (new)			3.70	4.00	OS
Refund per full calendar month of unexpired vehicle licence HC (renewal)			3.70	4.00	OS
Refund per full calendar year of unexpired operators licence (new)			10.40	11.00	OS
Refund per full calendar year of unexpired operators licence (renewal)			10.40	11.00	OS

PREMISES LICENCES

Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band A - rateable value £0-£4,300	Statutory Fee	per band A premises	100.00	100.00	OS
Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band B - rateable value £4,301-33,000	Statutory Fee	per band B premises	190.00	190.00	OS
Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band C - rateable value £33,001-£87,000	Statutory Fee	per band C premises	315.00	315.00	OS
Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band D - rateable value £87,001-£125,000	Statutory Fee	per band D premises	450.00	450.00	OS
Application for premises, club premises certificate, variations (excluding change of name and address or designated premises supervisor) conversion/variation - Band E - rateable value £125,000 and over	Statutory Fee	per band E premises	635.00	635.00	OS
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band A - rateable value £0-£4,300	Statutory Fee	per band A premises per annum	70.00	70.00	OS



Housing and Health

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
			£	£	
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band B - rateable value £4,301-33,000	Statutory Fee	per band B premises per annum	180.00	180.00	OS
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band C - rateable value £33,001-£87,000	Statutory Fee	per band C premises per annum	295.00	295.00	OS
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band D - rateable value £87,001-£125,000	Statutory Fee	per band D premises per annum	320.00	320.00	OS
PREMISES LICENCES (Holders of premises licences and club premises certificate) - Band E - rateable value £125,000 and over	Statutory Fee	per band E premises per annum	350.00	350.00	OS
PERSONAL LICENCE		per licence	39.83	40.83	OS

OTHER FEES AND CHARGES

Supply of copies of information contained in register		per black & white A4 sheet	0.11	0.11	S
Supply of copies of information contained in register		per black & white A3 sheet	0.22	0.23	S
Supply of copies of information contained in register		per black & white A0 sheet	1.22	1.25	S
Supply of copies of information contained in register		per colour A4 sheet	0.22	0.23	S
Supply of copies of information contained in register		per colour A3 sheet	0.55	0.56	S
Supply of copies of information contained in register		per colour A0 sheet	1.87	1.91	S
Application for copy of licence or summary on theft, loss etc. of premises licence or summary	Statutory Fee	per application	10.50	10.50	OS
Notification of change of name or address (holder of premises licence)	Statutory Fee	per change	10.50	10.50	OS
Application to vary or to specify individual as premises supervisor	Statutory Fee	per application	23.00	23.00	OS
Application to transfer premises licence	Statutory Fee	per application	23.00	23.00	OS
Interim authority notice	Statutory Fee	per notice	23.00	23.00	OS
Application for making of a provisional statement	Statutory Fee	per statement	315.00	315.00	OS
Application for copy of certificate or summary on theft, loss etc. of certificate or summary	Statutory Fee	per copy	10.50	10.50	OS
Notification of change of name or alteration of club rules	Statutory Fee	per change	10.50	10.50	OS
Change of relevant registration address of club	Statutory Fee	per change	10.50	10.50	OS
Temporary event notice	Statutory Fee	per notice	21.00	21.00	OS
Application of copy of notice on theft, loss etc. of temporary event notice	Statutory Fee	per copy	10.50	10.50	OS
Application of copy of licence on theft, loss etc. of personal licence	Statutory Fee	per copy	10.50	10.50	OS
Notification of change of name or address (personal licence)	Statutory Fee	per change	10.50	10.50	OS
Notice of interest in any premises	Statutory Fee	per notice	21.00	21.00	OS



Housing and Health

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
			£	£	
Bingo Premises		per licence	2,953.70	3,027.50	OS
Bingo Premises		per variation	1,477.13	1,514.00	OS
Bingo Premises		per transfer	1,012.70	1,038.00	OS
Bingo Premises		Annual Fee	843.92	865.00	OS
Adult Gaming Centre Premises		per licence	1,707.20	1,749.90	OS
Adult Gaming Centre Premises		per variation	843.92	865.00	OS
Adult Gaming Centre Premises		per transfer	992.20	1,017.00	OS
Adult Gaming Centre Premises		Annual Fee	843.92	865.00	OS
Betting Premises (Track)		per licence	2,110.34	2,163.10	OS
Betting Premises (Track)		per variation	1,055.73	1,082.10	OS
Betting Premises (Track)		per transfer	802.00	822.00	OS
Betting Premises (Track)		Annual Fee	843.92	865.00	OS
Betting Premises (Other)		per licence	2,537.26	2,600.70	OS
Betting Premises (Other)		per variation	1,266.43	1,298.10	OS
Betting Premises (Other)		per transfer	1,012.70	1,038.00	OS
Betting Premises (Other)		Annual Fee	330.95	339.20	OS
Family Entertainment Centre Premises		per licence	1,687.83	1,730.00	OS
Family Entertainment Centre Premises		per variation	843.92	865.00	OS
Family Entertainment Centre Premises		per transfer	802.00	822.00	OS
Family Entertainment Centre Premises		Annual Fee	633.21	649.00	OS
Temporary Use Notices		per notice	551.58	565.40	OS
Temporary Use Notices		per copy	27.58	28.20	OS
Gaming Machine Permit 10 years (Up to 2 machines)	Statutory Fee	per permit	50.00	51.20	OS
Club Gaming Machine Permit 5 years (Up to 3 machines)	Statutory Fee	per permit	100.00	102.50	OS
Club Gaming Machine Permit	Statutory Fee	Annual Fee	50.00	51.20	OS
Small Lotteries		per setup	40.00	41.00	OS
Small Lotteries	Statutory Fee	per renewal	20.00	20.50	OS

CCTV Cameras

Ware Town Council		per annum	11,693.50	11,856.00	OS
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Housing and Health

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
			£	£	
Hertford Town Council		per annum	23,530.30	24,119.00	OS
Bishop's Stortford Town Council		per annum	24,048.80	24,650.00	OS

HOSTELS

Hillcrest Hostel Single Room (excl. service charges)		per week	195.00	195.00	Z
Hillcrest Hostel Double Room (excl. service charges)		per week	220.00	220.00	Z
Hillcrest Hostel Family Room (excl. service charges)		per week	230.00	230.00	Z
Bed & Breakfast - Single person		per week	107.75	107.75	Z
Bed & Breakfast - Single person		per day	15.40	15.40	Z
Bed & Breakfast - Single person and one child		per week	142.80	142.80	Z
Bed & Breakfast - Single person and one child		per day	20.40	20.40	Z
Bed & Breakfast - Single person and two children		per week	155.20	155.20	Z
Bed & Breakfast - Single person and two children		per day	22.20	22.20	Z
Bed & Breakfast - Couple		per week	142.80	142.80	Z
Bed & Breakfast - Couple		per day	20.40	20.40	Z
Bed & Breakfast - Couple and one child		per week	167.60	167.60	Z
Bed & Breakfast - Couple and one child		per day	23.90	23.90	Z
Bed & Breakfast - Couple and two children		per week	176.70	176.70	Z
Bed & Breakfast - Couple and two children		per day	25.90	25.90	Z
Bed & Breakfast - Additional children up to 16		per week	14.70	14.70	Z
Bed & Breakfast - Additional children up to 16		per day	2.10	2.10	Z



Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

HERTFORD THEATRE

HIRE CHARGES

WEEKDAYS Auditorium am (9am to 1pm)			277.00	284.00	E
WEEKDAYS Auditorium am per hour			69.00	71.00	E
WEEKDAYS Auditorium pm (1pm to 6pm)			425.00	436.00	E
WEEKDAYS Auditorium pm per hour			85.00	87.00	E
WEEKDAYS Auditorium Evening (6pm to midnight)			573.00	587.00	E
WEEKDAYS Auditorium Evening per hour			96.00	98.00	E
WEEKDAYS Auditorium 9am-6pm (discounted rate)			597.00	612.00	E
WEEKDAYS Auditorium 1pm-midnight (discounted rate)			841.00	862.00	E
WEEKDAYS Auditorium 9am-midnight (discounted rate)			1,066.00	1,093.00	E
WEEKDAYS Studio am (9am to 1pm)			105.00	108.00	E
WEEKDAYS Studio am per hour			26.25	27.00	E
WEEKDAYS Studio pm (1pm to 6pm)			131.25	134.50	E
WEEKDAYS Studio pm per hour			26.25	27.00	E
WEEKDAYS Studio Evening (6pm to midnight)			157.50	161.00	E
WEEKDAYS Studio Evening per hour			26.25	27.00	E
WEEKDAYS Studio 9am-6pm (discounted rate)			210.00	215.00	E
WEEKDAYS Studio 1pm-midnight (discounted rate)			262.50	269.00	E
WEEKDAYS Studio 9am-midnight (discounted rate)			367.50	376.50	E
WEEKDAYS River Room am (9am to 1pm)			105.00	108.00	E
WEEKDAYS River Room am per hour			26.25	27.00	E
WEEKDAYS River Room pm (1pm to 6pm)			131.25	134.50	E
WEEKDAYS River Room pm per hour			26.25	27.00	E
WEEKDAYS River Room Evening (6pm to midnight)			157.50	161.00	E
WEEKDAYS River Room Evening per hour			26.25	27.00	E
WEEKDAYS River Room 9am-6pm (discounted rate)			210.00	215.00	E
WEEKDAYS River Room 1pm-midnight (discounted rate)			262.50	269.00	E
WEEKDAYS River Room 9am-midnight (discounted rate)			367.50	376.50	E
WEEKDAYS Foyer am (9am to 1pm)			105.00	108.00	E



Hertford Theatre

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT £	2020/21 Charge Ex. VAT £	VAT
WEEKDAYS Foyer am per hour			26.25	27.00	E
WEEKDAYS Foyer pm (1pm to 6pm)			131.25	134.50	E
WEEKDAYS Foyer pm per hour			26.25	27.00	E
WEEKDAYS Foyer Evening (6pm to midnight)			157.50	161.00	E
WEEKDAYS Foyer Evening per hour			26.25	27.00	E
WEEKENDS AND BANK HOLIDAYS Auditorium am (9am to 1pm)			340.00	348.50	E
WEEKENDS AND BANK HOLIDAYS Auditorium am per hour			85.00	87.00	E
WEEKENDS AND BANK HOLIDAYS Auditorium pm (1pm to 6pm)			478.00	490.00	E
WEEKENDS AND BANK HOLIDAYS Auditorium pm per hour			96.00	98.00	E
WEEKENDS AND BANK HOLIDAYS Auditorium Evening (6pm to midnight)			819.00	839.00	E
WEEKENDS AND BANK HOLIDAYS Auditorium Evening per hour			137.00	140.00	E
WEEKENDS AND BANK HOLIDAYS Auditorium 9am-6pm (discounted rate)			713.00	731.00	E
WEEKENDS AND BANK HOLIDAYS Auditorium 1pm-midnight (discounted rate)			1,139.00	1,167.00	E
WEEKENDS AND BANK HOLIDAYS Auditorium 9am-midnight (discounted rate)			1,427.00	1,463.00	E
WEEKENDS AND BANK HOLIDAYS Studio am (9am to 1pm)			105.00	108.00	E
WEEKENDS AND BANK HOLIDAYS Studio am per hour			26.25	27.00	E
WEEKENDS AND BANK HOLIDAYS Studio pm (1pm to 6pm)			131.25	134.50	E
WEEKENDS AND BANK HOLIDAYS Studio pm per hour			26.25	27.00	E
WEEKENDS AND BANK HOLIDAYS Studio Evening (6pm to midnight)			157.50	161.00	E
WEEKENDS AND BANK HOLIDAYS Studio Evening per hour			26.25	27.00	E
WEEKENDS AND BANK HOLIDAYS Studio 9am-6pm (discounted rate)			210.00	215.00	E
WEEKENDS AND BANK HOLIDAYS Studio 1pm-midnight (discounted rate)			262.50	269.00	E
WEEKENDS AND BANK HOLIDAYS Studio 9am-midnight (discounted rate)			367.50	367.50	E
WEEKENDS AND BANK HOLIDAYS River Room am (9am to 1pm)			105.00	108.00	E
WEEKENDS AND BANK HOLIDAYS River Room am per hour			26.25	27.00	E
WEEKENDS AND BANK HOLIDAYS River Room pm (1pm to 6pm)			131.25	134.50	E
WEEKENDS AND BANK HOLIDAYS River Room pm per hour			26.25	27.00	E
WEEKENDS AND BANK HOLIDAYS River Room Evening (6pm to midnight)			157.50	161.00	E
WEEKENDS AND BANK HOLIDAYS River Room Evening per hour			26.25	27.00	E
WEEKENDS AND BANK HOLIDAYS River Room 9am-6pm (discounted rate)			210.00	215.00	E



Hertford Theatre

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT £	2020/21 Charge Ex. VAT £	VAT
WEEKENDS AND BANK HOLIDAYS River Room 1pm-midnight (discounted rate)			262.50	269.00	E
WEEKENDS AND BANK HOLIDAYS River Room 9am-midnight (discounted rate)			367.50	376.50	E
WEEKENDS AND BANK HOLIDAYS Foyer am (9am to 1pm)			105.00	108.00	E
WEEKENDS AND BANK HOLIDAYS Foyer am per hour			26.25	27.00	E
WEEKENDS AND BANK HOLIDAYS Foyer pm (1pm to 6pm)			131.25	134.50	E
WEEKENDS AND BANK HOLIDAYS Foyer pm per hour			26.25	27.00	E
WEEKENDS AND BANK HOLIDAYS Foyer Evening (6pm to midnight)			157.25	161.00	E
WEEKENDS AND BANK HOLIDAYS Foyer Evening per hour			26.25	27.00	E
WEEKLY Auditorium Mon - Sunday (amateur)			5,644.00	5,785.00	E
WEEKLY Auditorium Mon - Sunday (professional)			7,087.00	7,264.00	E
WEEKLY Studio Mon - Sunday			2,258.00	2,314.00	E
WEEKLY River Room Mon - Sunday			2,258.00	2,314.00	E

CINEMA PRICES

Adults			6.08	6.25	S
Concessions			4.38	4.50	S

PIANOS

Concert Grand Piano		per session	136.67	140.00	S
Piano Tuning		per tune	68.75	70.41	S
Electric Piano		per session	40.25	41.25	S

STAGE LIGHTING EQUIPMENT

VL2000s (all floor)		per day	41.87	42.91	S
VL2000s (all floor)		per week	125.83	129.00	S
UV floods		per week	27.50	28.16	S
Rotating disco light (large)		per week	32.42	33.25	S
Smoke machine (includes fluid)		per week	40.83	41.66	S
Point source Hazer		per day	16.67	17.08	S
Point source Hazer		per week	44.58	45.66	S

SOUND EQUIPMENT

Batteries		each	0.39		S
Radio Microphones (single)		per day	31.67	32.50	S



Hertford Theatre

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT £	2020/21 Charge Ex. VAT £	VAT
Radio Microphones (4)		per day	110.00	112.75	S
Radio Microphones (8)		per day	215.00	220.41	S
Radio Microphones (14)		per day	367.50	376.66	S
Radio Microphones (single)		per week	78.75	80.83	S
Radio Microphones (4)		per week	274.75	281.66	S
Radio Microphones (8)		per week	537.25	550.66	S
Radio Microphones (14)		per week	918.33	941.25	S
Sound support tech (4 hour blocks)		per radio mic hire	62.92	64.50	S
AKG 747 condensor microphones		per day	6.50	6.66	S
SM57 microphone		per day	4.67	4.79	S
SM58 microphone		per day	4.67	4.79	S
Condensor microphones		per day	4.67	4.79	S
Seinnheiser vocal mics		per day	5.50	5.66	S
Seinnheiser bass mic		per day	5.50	5.66	S
DI boxes		per week	6.50	6.66	S
Portable PA system (mains or battery)		per day	49.17	50.41	S

PROJECTION EQUIPMENT

Epson data projector & small screen		per day	38.50	39.50	S
Kodak slide projector & small screen		per day	11.42	11.66	S
Barco cinema projector & screen with technician		per hour	55.00	56.33	S

STAFFNG

Technician		per hour	16.67	17.08	S
Followspot operator		per hour	16.67	17.08	S
Projectionist		per hour	38.50	39.50	S
Lighting Design fee		per design	137.92	141.33	S

Seating Removal inc. rake			131.25	134.50	S
Rows A&B removal			36.67	37.58	S
Rows A to D removal			63.00	64.58	S
Studio tiered seating		per day	65.83	67.50	S



Hertford Theatre

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT £	2020/21 Charge Ex. VAT £	VAT
Aluminium staging sections 2m x 1m		per day	21.87	22.41	S
Starcloth		per day	22.50	23.08	S
Starcloth		per week	91.67	94.00	S
Gauze		per day	22.50	23.08	S
Gauze		per week	91.67	94.00	S
Stage Dance Floor		per lay	32.50	33.33	S

PYROTECHNICS

Effects prices vary - Prices on application

Booking Fee			1.00	1.50	
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Operations

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

ANIMAL CONTROL

Stray dog with ID chip (unless first offence and dog is collected the same day)		per dog	25.00	25.50	n/a
Stray dog without ID chip	Statutory		25.00	25.00	n/a
Stray dog collected			21.00	21.00	n/a
Kennel Charges		per night	15.00	15.00	n/a
ID chipping dogs (Ind)		per chip	19.75	20.41	S
ID chipping dogs (Campaign)		per chip	9.41	9.66	S
Assistance to third party organisations		per hour	32.75	33.58	S
Provision of dog waste bag		per box of 5000	32.75	33.58	S
Dog Fouling Sign		per sign	13.83	14.16	S

Allotments

Allotments (25.3m ²)		per annum	3.90	4.00	n/a
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Pest Control

Concessionary fee for residents in receipt of income related benefit - waived in cases of hardship at the discretion of the Head of Environmental Services		per job	16.67	17.08	S
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Outdoor Exercise Group Activities *

Charges for personal trainers and organisations are levied to commercial organisations and individuals using EHC owned land for organised group activities where a charge is levied to participants either directly or through a membership scheme. These are ceiling prices and may be reduced at the discretion of the Head of Environmental Services for shorter time periods or where activities are undertaken in partnership with the Council in pursuit of corporate objectives relating to health and well being. These charges do not apply to the Council's own Leisure Services contractor.

Organisations - per site			1,356.00	1,390.00	n/a
Personal Trainers - per trainer			511.00	524.00	n/a



Waste Services

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

REFUSE COLLECTION - Commercial Refuse Collection

Paid Collections (excl. HCC disposal costs)	medium	81.67	83.33	S
Paid Collections (excl. HCC disposal costs)	large	169.17	173.33	S
Mixed Heridatements - charged according to the proportion of trade waste collected.		Individual charge	Individual charge	
Commercial Events - Cleansing / Refuse Collection	per hour	84.17	85.83	S

REFUSE COLLECTION - Domestic Refuse Collection

Bulky Waste Collection - 1 Item	per collection	28.00	29.00	n/a
Bulky Waste Collection - 2 Items	per collection	39.00	40.00	n/a
Bulky Waste Collection - 3 Items	per collection	49.00	50.00	n/a
Bulky Waste Collection - 4 Items	per collection	60.00	62.00	n/a
Bulky Waste Collection - Load - small	per collection	71.00	73.00	n/a
Bulky Waste Collection - Load - medium	per collection	104.00	106.00	n/a
Bulky Waste Collection - Load - large	per collection	156.00	160.00	n/a
Bulky Collection Cancellation Fee	per cancellation	11.00	11.00	n/a

REFUSE COLLECTION - Other

Cleansing private land (Performance area - regular schedule)	per linear metre per annum	25.83	26.66	S
Cleansing private land - ad hoc litter picking	per hour	81.25	83.33	S
Abandoned Vehicles (end of life vehicles) surrendered and removed by LA	per vehicle	45.00	45.83	S
Abandoned Vehicles (end of life vehicles) surrendered and removed by LA	per caravan	70.00	71.66	S
Cleaning graffiti on private land (chemical cleaning only. Subject to damage waiver from land owner and site survey. Graffiti removal from private land is at the discretion of the Head of Environmental Services and will not be undertaken where there is a risk of damaging surfaces, traffic management requirements or significant health and safety implications. Individual charges may be waived at the discretion of the Head of Environmental Services as part of campaigns or in the interests of preventing or discouraging significant levels of crime and disorder)	per m ²	59.00	60.00	n/a
Cleaning graffiti - small items	per item	36.00	37.00	n/a

REFUSE COLLECTION - Clinical

Charge per site	per visit (max 26)	15.83	16.25	S
Sharps containers	per container	10.00	10.41	S
Sacks - trade (infectious waste)	per sack	6.25		



Waste Services

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT £	2020/21 Charge Ex. VAT £	VAT
Sacks - domestic (infectious waste)		per sack	1.29	1.30	n/a
Sacks - trade (Offensive waste)		per sack	3.75	3.83	S
Sacks - domestic (Offensive waste)		per sack	1.29	1.30	n/a
Extra Sacks delivery charge		per occasion	27.92	28.58	n/a

COMMERCIAL WASTE

Note: The below are 'ceiling' prices and subject to the discretion of the Head of Environmental Services. For these commercial waste collection services the minimum contract period is 3 months. A minimum of 3 months notice must be given by the customer to cancel the contract. In the event of the customer cancelling the contract or the Council terminating the contract for non-payment, no refund will be given for the service not supplied during the notice period

Commercial Waste Collection Services - sacks		per 50	97.00	99.00	n/a
Commercial Waste Collection Services - 240 litres		per bin per annum	441.00	452.00	n/a
Commercial Waste Collection Services - 340 litres		per bin per annum	502.00	515.00	n/a
Commercial Waste Collection Services - 660 litres		per bin per annum	862.00	664.00	n/a
Commercial Waste Collection Services - 1,100 litres		per bin per annum	1,080.00	1,107.00	n/a
Prescribed Waste Collection Service - Sacks		per 50	56.00	57.00	n/a
Prescribed Waste Collection Service - 240 litres		per bin per annum	327.00	335.00	n/a
Prescribed Waste Collection Service - 340 litres		per bin per annum	349.00	358.00	n/a
Prescribed Waste Collection Service - 660 litres		per bin per annum	585.00	600.00	n/a
Prescribed Waste Collection Service - 1,100 litres		per bin per annum	633.00	649.00	n/a
Prescribed Waste for Educational Establishments - Sacks		per 50	56.00	57.00	n/a
Prescribed Waste for Educational Establishments - 240 litres		per bin per annum	297.00	304.00	n/a
Prescribed Waste for Educational Establishments - 340 litres		per bin per annum	331.00	339.00	n/a
Prescribed Waste for Educational Establishments - 660 litres		per bin per annum	542.00	556.00	n/a
Prescribed Waste for Educational Establishments - 1,100 litres		per bin per annum	585.00	600.00	n/a
Bin removal & re-delivery charge following non-payment		per occasion	28.00	29.00	n/a
Extra sacks delivery charge		per occasion	28.00	29.00	n/a



Parking

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

Parking

Off Street Resident Season Ticket - Port Vale			240.00	245.83	S
Off Street Resident Season Ticket - Crown Terrace			1,077.50	1,104.17	S
Off Street Resident Season Ticket - Baldock Street - Ware			841.25	862.50	S
Off Street Business Permit - Charrington's House BS Long Stay			1,086.66	1,113.33	S
On Street Resident Season Ticket - 1st Permit			41.00	41.00	n/a
On Street Resident Season Ticket - 2nd Permit			82.00	82.00	n/a
On Street Resident Season Ticket - 3rd Permit (only available where possible in B1 (Stansted Rd, BS), B2 (Dunmow Rd, BS), B3 (Windhill BS), B7 Chantry BS), W2 (Coronation Rd Ware))			82.00	82.00	n/a
On Street Resident Season Ticket - Motorcycle permit			19.00	19.00	n/a
On Street Resident Season Ticket - Contractor permit		per week	15.00	15.00	n/a
On Street Resident Season Ticket - Business permit		per annum	320.00	320.00	n/a
On Street Resident Season Ticket - Carers/ Special permits (discretionary)			36.00	36.00	n/a
On Street Resident Season Ticket - Vistors Vouchers		per hour	0.10	0.10	n/a
On Street Resident Season Ticket - Vistors Vouchers		per hour pensioners	0.05	0.05	n/a
On Street Resident Season Ticket - Charge for Temporary Dispensation from Parking Restrictions			15.00	15.00	n/a
On Street Residents Parking Permits - Folly Island - 2nd Permit			56.00	56.00	n/a
Penalty Charges issued under Regulation 9 of the General Regulations - Higher Level Penalty Charge - Paid within 21 days		per PCN	35.00	35.00	OS
Penalty Charges issued under Regulation 9 of the General Regulations - Higher Level Penalty Charge - Paid after 21 days		per PCN	70.00	70.00	OS
Penalty Charges issued under Regulation 9 of the General Regulations - Higher Level Penalty Charge - Paid after service of charge certificate		per PCN	105.00	105.00	OS
Penalty Charges issued under Regulation 9 of the General Regulations - Lower Level Penalty Charge - Paid within 21 days		per PCN	25.00	25.00	OS
Penalty Charges issued under Regulation 9 of the General Regulations - Lower Level Penalty Charge - Paid after 21 days		per PCN	50.00	50.00	OS
Penalty Charges issued under Regulation 9 of the General Regulations - Lower Level Penalty Charge - Paid after service of charge certificate		per PCN	75.00	75.00	OS
Penalty Charges issued under Regulation 10 of the General Regulations. - Higher Level Penalty Charge - Paid within 21 days		per PCN	35.00	35.00	OS
Penalty Charges issued under Regulation 10 of the General Regulations. - Higher Level Penalty Charge - Paid after 21 days		per PCN	70.00	70.00	OS
Penalty Charges issued under Regulation 10 of the General Regulations. - Higher Level Penalty Charge - Paid after service of charge certificate		per PCN	105.00	105.00	OS
Penalty Charges issued under Regulation 10 of the General Regulations - Lower Level Penalty Charge - Paid within 21 days		per PCN	25.00	25.00	OS



Parking

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
			£	£	
Penalty Charges issued under Regulation 10 of the General Regulations - Lower Level Penalty Charge - Paid after 21 days		per PCN	50.00	50.00	OS
Penalty Charges issued under Regulation 10 of the General Regulations - Lower Level Penalty Charge - Paid after service of charge certificate		per PCN	75.00	75.00	OS
Bishop's Stortford market traders' tariff - Link Road		per Thursday or Saturday	3.00	3.00	S
Bishop's Stortford market traders' tariff - Northgate End		per Thursday or Saturday	3.00	3.00	S
Bishop's Stortford market traders' tariff - Apton Road		per Thursday or Saturday	3.00	3.00	S
Old London Road - Hertford - Market Traders		per day	3.00	3.00	S
Old London Road - Hertford - Coach / Lorry tariff		per visit	12.50	12.50	S



Legal and Democratic Services

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

LAND CHARGES

Registration of a charge in Part II of the register	Statutory	per charge	67.00	67.00	OS
Filing a definite certificate of the Lands Tribunal under rule 10 (3)	Statutory	per certificate	2.50	2.50	OS
Filing a judgement or order, or written request for the variation or cancellation of any entry in Part 11 of the register	Statutory	per item	7.00	7.00	OS
Inspection of documents filed in the register under rule 10, in respect of each parcel of land	Statutory	per parcel of land	2.50	2.50	OS
Office copy of any plan or other document filed pursuant to the rules	Statutory	per copy	Individual Charge	Individual Charge	OS
Standard search fee (LLC1 + CON29)		Fixed	£116.35	£116.35	S
Extra parcel fee with standard search		Fixed	£21.00	£21.00	S
Standard search including all CON290 questions		Fixed	£364.15	£364.15	S
LLC1		Fixed	£22.05	£22.05	Z
CON29		Fixed	£94.30	£94.30	S
Con290 Qu.4 -21		Fixed	£12.60	£12.60	S
Con29o Qu.22		Fixed	£21.00	£21.00	S
Extra parcel fee (LLC1)		Fixed	£5.25	£5.25	Z
Extra parcel fee (Con29)		Fixed	£15.75	£15.75	S

LEGAL CHARGES

Authorised Guarantee Agreement	Discretionary	Fixed	516.75	529.68	S
Commercial lease assignment	Discretionary	Fixed	699.58	717.08	S
Leases	Discretionary	Fixed	807.08	827.50	S
Licences	Discretionary	Fixed	376.66	386.08	S
Deed of covenants	Discretionary	Fixed	£486.87 PLUS 3%	£499.16 PLUS 3%	S
Landlord licence	Discretionary	Fixed	589.80	604.58	S
Deed of variation (complex)	Discretionary	Fixed	1,076.24	1,103.16	S
Easements	Discretionary	Fixed	1,076.24	1,103.16	S
Drafting Rent Reviews	Discretionary	Fixed	269.07	275.83	S
s.106 TCPA 1990 – simple	Discretionary	Fixed	1,076.24	1,103.16	S
s.106 TCPA – complex	Discretionary	Fixed	2,690.63	2,757.91	S
Deed of Surrender	Discretionary	Fixed	645.75	661.91	S
Transfer of Open Space	Discretionary	Fixed	861.00	882.50	S
Licence of alternations	Discretionary	Fixed	753.33	772.16	S



Legal and Democratic Services

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT £	2020/21 Charge Ex. VAT £	VAT
Licence to assign leasehold premises	Discretionary	Fixed	753.33	772.16	S
Notice of Assignment	Discretionary	Fixed	88.16	90.33	S
Notice of charge	Discretionary	Fixed	88.16	90.33	S
Postponement of Charge	Discretionary	Fixed	88.16	90.33	S
Sale of land	Discretionary	Fixed	807.17	827.33	S
Footpath/Bridleway Creation or Diversion Agreement	Discretionary	Fixed	1,614.37	1,654.75	S

Electoral Registration Fees

Fee for sale of the full register and notices of alteration	Statutory	per sale provided electronically	£20.00	£20.00	Z
and an additional	Statutory	per thousand or part thousand entries	£1.50	£1.50	Z
Fee for sale of the full register and notices of alteration	Statutory	per sale printed	£10.00	£10.00	Z
and an additional	Statutory	per thousand or part thousand entries	£5.00	£5.00	Z
Fee for sale of the open Register	Statutory	per sale provided electronically	£20.00	£20.00	Z
and an additional	Statutory	per thousand or part thousand entries	£1.50	£1.50	Z
Fee for sale of the open Register	Statutory	per sale printed	£10.00	£10.00	Z
and an additional	Statutory	per thousand or part thousand entries	£5.00	£5.00	Z
Fee for sale of the list of overseas electors	Statutory	per sale provided electronically	£20.00	£20.00	Z
and an additional	Statutory	per hundred or part hundred entries	£1.50	£1.50	Z
Fee for sale of the list of overseas electors	Statutory	per sale printed	£10.00	£10.00	Z
and an additional	Statutory	per hundred or part hundred entries	£5.00	£5.00	Z
Fee for sale of the marked document (register or absent voters list)	Statutory	per sale provided electronically	£10.00	£10.00	Z
and an additional	Statutory	per thousand or part thousand entries	£1.00	£1.00	Z
Fee for sale of the marked document (register or absent voters list)	Statutory	per sale printed	£10.00	£10.00	Z



Legal and Democratic Services

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT £	2020/21 Charge Ex. VAT £	VAT
and an additional	Statutory	per thousand or part thousand entries	£2.00	£2.00	Z
Photocopies of Election expense returns	Statutory	Per side copied	£0.20	£0.20	Z
Certificate of Registration	Discretionary	per elector per year	£20.00	£20.50	Z

Street Name & Numbering

Change/addition of house name	Discretionary	Per property	80.70	83.00	Z
Registering 1 plot	Discretionary	Single properties	80.70	83.00	Z
Registering 2-24 plots	Discretionary	Per plot	53.80	55.00	Z
Registering 25-49 plots	Discretionary	Per plot	43.00	44.00	Z
Registering 50-74 plots	Discretionary	Per Plot	32.30	33.00	Z
Registering 75-99 plots	Discretionary	Per Plot	26.90	28.00	Z
Registering 100+ Plots	Discretionary	Per Plot	16.15	16.50	Z
Naming a new street/block where the Council Chooses a Name	Discretionary	Per road name	215.25	220.00	Z
Naming a new street/block where the developer chooses a name (Subject to consultation**)	Discretionary	Per road name	269.05	275.00	Z
Renaming of street where requested by residents and/or the Town/Parish Council	Discretionary	Per address	80.70	83.00	Z
Change to new addresses due to development changing after the schedule has been issued (applies to all amended plots)	Discretionary	Per plot	53.80	55.00	Z



Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

Freedom of Information Act 2000 / Environmental Information Regulations 2004 / Reuse of Public Sector Information Regulations 2005

FOI Request	Statutory	Under 18 hours of staff time	No charge other than disbursements	No charge other than disbursements	
FOI Request	Statutory	In excess 18 hours of staff time	£25 an hour	£25 an hour	

- However, where possible, we will assist the applicant to refine the request and determine what might be achieved within the £450 limit.

Disbursements (photocopying, copying to different media, postage etc)			Free up to £10, above this will be charged at the full cost	Free up to £10, above this will be charged at the full cost	
EIR Request	Statutory	Under 18 hours of staff time	No charge other than disbursements	No charge other than disbursements	
EIR Request	Statutory	In excess 18 hours of staff time	£25 an hour + any additional fees identified in departmental fee structures	£25 an hour + any additional fees identified in departmental fee structures	



Finance & Support Services

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

Letting of Council Offices

Council Chamber - Hertford		per hour	32.00	33.00	n/a
Other Rooms - Hertford		per hour	20.50	21.00	n/a



Finance & Support Services

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

Revenues

Council Tax penalty for failure to promptly notify or provide information		per first offence	70.00	70.00	n/a
Council Tax penalty for failure to promptly notify or provide information		per subsequent offence	280.00	280.00	n/a
Summons and Liability Order		per order	80.00	80.00	n/a

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

Misc Development Management Charges

Copies of any documents	per black & white A4 sheet	0.10	0.10	n/a
Copies of any documents	per colour A4 sheet	0.20	0.20	n/a
Copies of any documents	per black & white A3 sheet	0.20	0.20	n/a
Copies of any documents	per colour A3 sheet	0.40	0.40	n/a
Copies of any documents	per black & white A2 sheet	1.00	1.00	n/a
Copies of any documents	per colour A2 sheet	2.00	2.00	n/a
Copies of any documents	per black & white A1 sheet	1.50	1.50	n/a
Copies of any documents	per colour A1 sheet	3.00	3.00	n/a
Copies of any documents	per black & white A0 sheet	2.00	2.00	n/a
Copies of any documents	per colour A0 sheet	4.40	4.50	n/a
Copies of documents provided on an electronic disc	per disc provided	17.00	17.50	n/a
Historical Research (where records available)	per hour (or part)	87.00	89.00	n/a
Legal obligation agreements - clause monitoring fee	per obligation issue	-	-	n/a
Legal obligation agreements - confirmation of compliance by third parties or where the monitoring fee has not been paid	per hour (or part of) after first hour	85.00	87.00	n/a
Fee for discharge of or compliance with a condition	per request (any number of conditions) relating to works of extension or alteration to an existing dwelling	35.00	36.00	n/a
Fee for discharge of or compliance with a condition	per request (any number of conditions) all other developments	119.00	122.00	n/a
Retrieval of externally stored microfilmed records	per microfilmed record	5.00	5.00	n/a

PRE-APPLICATION ADVICE

Householder proposals	Initial fee	131.67	135.00	S
Householder proposals	Secondary fee	61.25	62.92	S
Request for informal confirmation that proposed development comprises 'permitted development'. (Not Lawful Development Certificate)	Initial fee	119.17	121.08	S

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT £	2020/21 Charge Ex. VAT £	VAT
Request for informal confirmation that proposed development comprises 'permitted development'. (Not Lawful Development Certificate)		Secondary fee	-	-	S
Largescale Major Development Proposals		Initial fee	Individually Quoted Price	Individually Quoted Price	S
Largescale Major Development Proposals		Secondary fee	-	-	S
Smallscale Major Development Proposals		Initial fee	Individually Quoted Price	Individually Quoted Price	S
Smallscale Major Development Proposals		Secondary fee	-	-	S
Minor Development (single new or replacement dwellings and other development of less than 50sqm floorspace)		Initial fee	330.83	339.17	S
Minor Development (single new or replacement dwellings and other development of less than 50sqm floorspace)		Secondary fee	-	-	S
Minor Development (all other minor development)		Initial fee	413.24	423.58	S
Minor Development (all other minor development)		Secondary fee	-	-	S
Minor Development (all other minor development)		Initial fee	413.33	423.75	S
Minor Development (all other minor development)		Secondary fee	-	-	S
Any development where affordable housing is required by virtue of the Council's planning policies and is to be provided		Initial fee	-	-	S
Other Development		Initial fee	110.00	112.75	S
Other Development		Secondary fee	55.00	56.42	S
Advertisement proposals		Initial fee	91.67	94.00	S
Advertisement proposals		Secondary fee	-	-	S
Heritage advice		Initial fee	119.17	122.17	S
Heritage advice		Secondary fee	60.00	61.50	S
Meetings - major and minor developments			Included in quoted fee	Included in quoted fee	
Meetings - all other development types		per officer present / per hour	39.17	40.17	S
Provision of urgent advice		within 5 working days	2 X quoted fee	2 X quoted fee	

Self-build and Custom Housebuilding Register

Entry onto Part 1 of the Register (Individuals)		per officer rate	240.00	246.00	S
Entry onto Part 2 of the Register (Individuals)		per officer rate	95.84	98.25	S
Entry onto Part 1 of the Register (Groups and Associations)		per officer rate	240.00 + 56.00 per individual	246.00 + 57.41 per individual	S
Entry onto Part 2 of the Register (Groups and Associations)		per officer rate	95.00 + 56.00 per individual	98.25 + 57.41 per individual	S



Markets

Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
		£	£	

Markets

Hertford - Standard pitch 3m x 2.1m (10' x 7')		per pitch	22.90	n/a	E
Hertford - Casual Trader pitch 3m x 2.1m (10' x 7')		per pitch	27.30	n/a	E
Hertford - Additional space		per 0.3m (per sq ft)	1.50	n/a	E
Ware - Standard pitch 3m x 2.1m (10' x 7') Where five consecutive weeks are taken, the fifth week will be free.		per pitch	14.70	n/a	E
Ware - Casual Trader pitch 3m x 2.1m (10' x 7')		per pitch	16.40	n/a	E
Ware - Additional space		per 0.3m (per sq ft)	1.30	n/a	E
Charity Stall - Any Market			11.40	n/a	E
Electricity Fee Charges		per stall per day	3.40	n/a	n/a
Market Licence - Commercial - up to 10 stalls			35.30	n/a	n/a
Market Licence - Commercial - up to 11 - 30 stalls			59.10	n/a	n/a
Market Licence - Commercial - up to 31plus stalls			123.00	n/a	n/a
Market Licence - Charity			24.40	n/a	n/a
Farmers Markets - Villages			126.00	n/a	E
Farmers Markets - Hertford (own stall)			-	-	E
Farmers Markets - Hertford (East Herts stall)			29.40	n/a	E
Farmers Markets - Jackson Square		per quarter	1,627.50	n/a	E
Street Trading Consent (Static)			368.50	377.70	OS
Street Trading Consent (Static) (registered charity)			184.25	188.85	OS
Street Trading Occasional			125.80	128.95	OS
Street Trading Occasional (registered charity)			64.00	65.60	OS
Street Trading Occasional for one day only			31.45	32.24	OS
Street Food Market - up to 10 stalls	per event (includes electricity / promotion)		200.00	205.00	OS
Group consent - Commercial - up to 10 stalls	per event (excludes electricity / promotion)		35.30	36.20	OS
Group consent - up to 11 - 30 stalls	per event (excludes electricity / promotion)		59.10	60.60	OS
Group consent - up to 31plus stalls	per event (excludes electricity / promotion)		123.00	126.00	OS



Markets

	Basis of Charge	Unit of Charge	2019/20 Charge Ex. VAT	2020/21 Charge Ex. VAT	VAT
			£	£	
Group consent - Charity market	per event (excludes electricity / promotion)		24.40	25.00	OS
Electricity - Cooking per trading day			5.54	5.54	OS
Electricity - Lighting/tills only	per trading day		2.86	2.86	S
Electricity - Lighting/tills only	monthly trader		37.20	37.20	S
Electricity - Lighting/tills only	weekly trader		148.80	148.80	S

VAT Key:

S - Standard (20%)

Z - Zero (0%)

E - Exempt

OS - Outside Scope of VAT

PROJECTED BALANCES ON RESERVES					
ORIGINAL LAYOUT					
	2019/20 Est Balance 31 Mar '20 £000	2020/21 Balance 31 Mar '21 £000	2021/22 Balance 31 Mar '22 £000	2022/23 Balance 31 Mar '23 £000	2023/24 Balance 31 Mar '24 £000
General Fund	3,854	3,854	3,854	3,854	3,854
General Reserve	756	660	564	564	564
Other Earmarked Reserves					
Interest Equalisation Reserve	1,636	1,636	1,636	1,636	1,636
Insurance Fund	943	943	943	943	943
Emergency Planning Reserve	36	36	36	36	36
LDF - Public Exam / Green Belt Review	62	62	62	62	62
Housing Condition Survey	54	68	82	96	60
Provision for future whole Council elections	0	28	56	84	112
Sinking Fund - Leisure utilities / pension	228	228	228	228	228
Performance reward grant	10	10	10	10	10
Waste recycling income volatility reserve	103	103	103	103	103
Footbridge over the River Stort	150	150	150	150	150
DCLG Preventing Repossessions	18	18	18	18	18
New Homes Bonus Priority Spend	5,967	6,753	7,105	7,420	7,307
Collection Fund Reserve	285	285	285	285	285
DEFRA Flood Support for Local Businesses Grant Reserve	4	4	4	4	4
Neighbourhood Planning Grant	15	15	15	15	15
IER grant	55	55	55	55	55
MTFP Transition Funding Reserve	730	730	730	730	730
Flexible Homelessness Grant	230	230	230	230	230
Preventing Homelessness New Burdens	31	31	31	31	31
Healthy Lifestyle Promotions	33	33	33	33	33
Land Charges New Burdens	30	30	30	30	30
HB Subsidy Volatility	165	165	165	165	165
Total Earmarked Reserves	10,785	11,613	12,007	12,364	12,243
Total Reserves	15,395	16,127	16,425	16,782	16,661

NEW RESERVE LAYOUT

	2019/20 Estimated Balance 31 Mar '20 £000	2020/21 Balance 31 Mar '21 £000	2021/22 Balance 31 Mar '22 £000	2022/23 Balance 31 Mar '23 £000	2023/24 Balance 31 Mar '24 £000
--	--	--	--	--	--

General Fund	3,854	3,854	3,854	3,854	3,854
General Reserve	756	660	564	564	564

Earmarked reserves

Equalisation & Insurance	4,330	4,372	4,414	4,456	4,448
Invest to save	5,967	6,753	7,105	7,420	7,307
Grants	488	488	488	488	488

Total Earmarked Reserves	10,785	11,613	12,007	12,364	12,243
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Total Reserves	15,395	16,127	16,425	16,782	16,661
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East Herts Council Report

Council

Date of Meeting:

29th January 2020

Report by: Councillor Geoff Williamson, Deputy Leader & Executive Member for Financial Sustainability

Report title: CAPITAL STRATEGY 2020 Onwards

Ward(s) affected: All

Summary

- The Ministry of Housing, Communities & Local Government (MHCLG) revised their Investment and Minimum Revenue Provision Guidance, in February 2018 which included the introduction of a capital strategy.
- This report presents the council's second capital strategy since the revisions.

RECOMMENDATIONS FOR COUNCIL:

that:

- (a) the Capital Strategy 2020 onwards as shown in Appendix 'A' be approved;**

1.0 Proposal(s)

- 1.1 The report includes the East Herts Capital Strategy for 2020 onwards which members of the Executive were

asked to consider and, with or without amendment, endorse for consideration by the Council.

2.0 Background

- 2.1 The East Herts Council Capital Strategy provides a valuable opportunity for engagement with Full Council to ensure that overall strategy, investment ambition, risk appetite and governance procedures are fully considered by all elected Members and other Council stakeholders, through engagement with full Council.
- 2.2 The East Herts Council Capital Strategy is intended to be a strategic corporate document which will both be influenced by and in turn influence policy and decision making in respect of capital investment.
- 2.3 The Strategy will continue to develop and evolve as external influences do and will be updated as required in order that this Strategy is responsive to the challenges, opportunities, priorities and objectives that the Council must consider.

3.0 Reason(s)

- 3.1 Revised reporting is required from the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011.
- 3.2 This report includes the second capital strategy since the revisions. The first version of the report was approved by members last year and no comments or suggestions for improvement have been received from either internal or external audit.

4.0 Options

- 4.1 Update the Capital Strategy as per statutory requirements, at least once annually.
- 4.2 An alternative option would be to retain the current Capital Strategy without any revisions. This would result in the council not complying with statutory requirements.

5.0 Risks

- 5.1 Risks are discussed in detail, within the Capital Strategy, including the uncertainty around future funding, both from Government and other areas.

6.0 Implications/Consultations

- 6.1 No.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

All financial implications are included in this report.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

All statutory requirements have been considered in preparing this report

Specific Wards

No

7.0 Background papers, appendices and other relevant material

- 7.1 Appendix A - East Herts District Council Capital Strategy 2020 Onwards

Contact Member

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Appendix A



East Herts District Council Capital Strategy 2020 Onwards

Contents

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Introduction

The East Herts Council Capital Strategy provides a valuable opportunity for engagement with Full Council to ensure that overall strategy, investment ambition, risk appetite and governance procedures are fully understood by all elected Members and other Council stakeholders.

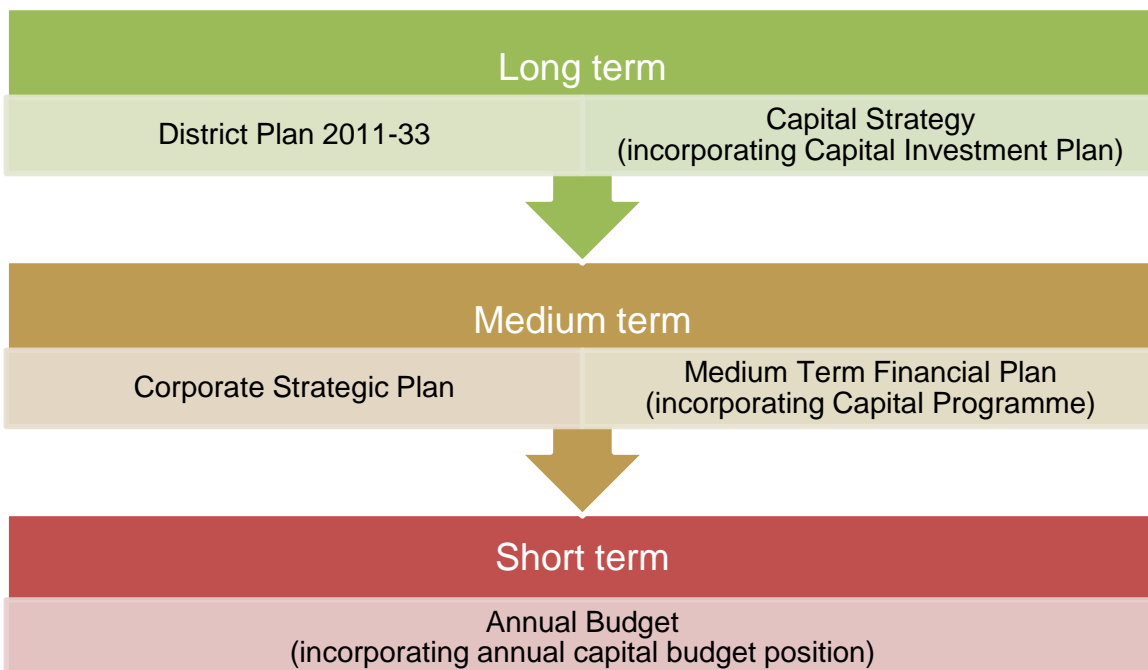
The East Herts Council Capital Strategy is intended to be a strategic corporate document which will both be influenced by and in turn influence policy and decision making in respect of capital investment.

The Strategy will continue to develop and evolve as external influences do and will be updated as required in order that this Strategy is responsive to the challenges, opportunities, priorities and objectives that the Council must consider.

The CIPFA Prudential Code, updated in 2017, includes the requirement for local authorities to produce a Capital Strategy.

The Capital Strategy has not been developed in isolation. The diagram below summarises the relationship between this Capital Strategy and other key corporate strategies and plans.

Figure 1: Long, medium and short term strategic planning at East Herts Council



The Capital Strategy is closely aligned with the priorities and objectives contained within the above, as well as a number of external strategies and plans, which will be explored further in Section 2 of this Strategy.

The East Herts Capital Strategy includes a number of important actions, which will help to implement the Capital Strategy across the organisation and improve overall financial planning in the long term. We recognise the benefits of long term strategic financial planning and therefore this Capital Strategy is seen as key to looking beyond the medium term to fully explore the opportunities which may lie ahead and the role the Council will play in shaping the future for our residents, communities and businesses.

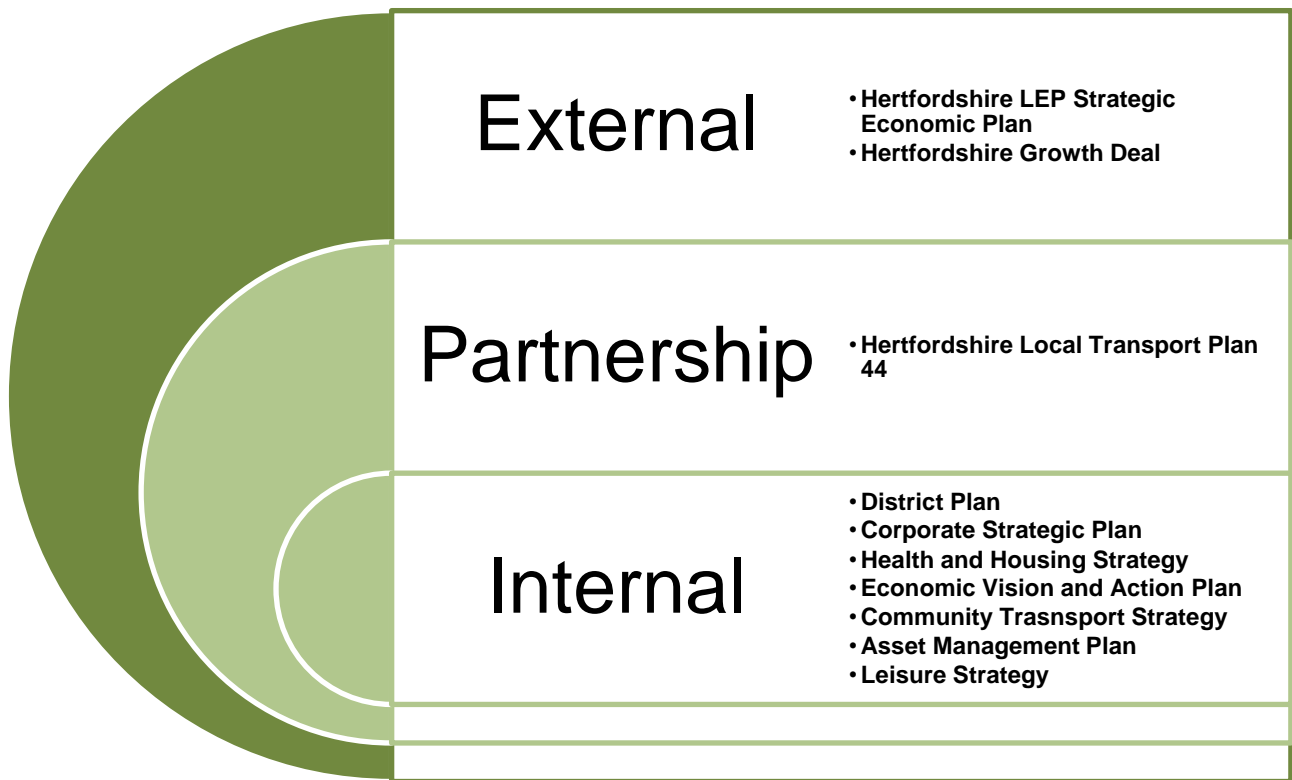
Influences on Capital Investment

The Capital Strategy is influenced by many different factors, which must be taken into account before establishing the appropriate strategy for contributing to the delivery of our corporate priorities.

Our Capital Strategy has considered external, partner and internal influences when shaping our approach. There are many strategies and plans that inform and influence our capital investment plan. It is important to ensure that consideration is given to the aims and objectives that could influence the Council's capital investment ambition over the longer term.

An examination of external and partner influences assists us with supporting decision making on individual capital investment schemes. In future we will therefore use external objectives / targets, alongside our own corporate priorities, to inform decision making when prioritisation needs to be applied to available funding.

Figure 2: Core influences on the Capital Strategy



Our Capital Strategy has taken account of the external, partner and internal influences in shaping our approach. The following sections provide a summary of main points for consideration in each case:

External influences

Hertfordshire LEP Strategic Economic Plan and Hertfordshire Growth Deal

The strategic priorities, as set out in the Hertfordshire Local Enterprise Partnership (LEP) Strategic Economic Plan (SEP), influence the Council's strategic financial planning direction.

The Gilston Area Concept Framework is referenced as a key element of the SEP priorities, with the new Garden Town of Harlow & Gilston acknowledged by government as one of three new Garden Towns nationally.

The new Garden Town initiative for Harlow & Gilston, links through to the now adopted District Plan, working to the detailed Gilston Area Concept Framework and the project governance that is in place via the Gilston Steering Group.

The Growth Deal expanded further in 2017, with additional investment of £43.95m. The Council made a successful bid for Growth Deal funding for Bishop's Stortford Town Centre, an allocation of £9.6m in the form of grant and loan funding.

[Link to Hertfordshire LEP Strategic Economic Plan 2017-30](#)

[Link to Hertfordshire Growth Deal](#)

Partnership influences

Hertfordshire County Council Local Transport Plan 4

We acknowledge the Hertfordshire Local Transport Plan and its main objectives.

The relationship with Hertfordshire County Council (HCC) is very important when considering the longer-term Capital Strategy for the Council. As a planning authority and billing authority, the Council is in a very influential position when it comes to setting the scene for the future development and growth in the area and considering the impact on funding streams at both the County and District level.

Over the coming year, we will examine any County capital schemes that are focused in the East Hertfordshire area, in order that the Council has sight of these schemes as they progress and any potential implications they may have for capital schemes being delivered by the Council, particularly related to our property partnership with the County and the green transport plan.

[Link to Hertfordshire County Council Local Transport Plan 4, 2018 to 2031](#)

Internal influences

District Plan

The vision and strategic objectives contained within the District Plan influence the Council's investment ambition directly. It is important to provide a good view of the long-term impact of the District Plan in the Capital Strategy and the part that the Council's capital investment will play in contributing to meeting the long term needs of the local population and area.

The strategic objectives link to important regional activity, such as the London Stansted Cambridge Corridor Core Area, working with partner authorities, namely Broxbourne, Epping Forest, Harlow and Uttlesford across Hertfordshire and Essex County boundaries.

We currently determine that the District Plan has strategic influence on the following areas of important investment for the Council:

- Housing
- Town Centres
- Provision of leisure facilities

We will ensure that the Capital Strategy demonstrates the links to the District Plan strategic objectives and

specific projects, as part of the capital investment plan.

[**Link to District Plan 2011-33 \(adopted October 2018\)**](#)

Corporate Strategic Plan, Economic Vision and Action Plan

The Corporate Strategic Plan drives the Council's capital investment ambition. The Corporate Strategic Plan includes reference to strategic projects for each year against the aims that support the three priority areas. When the Corporate Strategic Plan is refreshed we will ensure that the Capital Strategy links the capital investment plan to the relevant strategic projects and will therefore demonstrate how the Council's capital investment will contribute to the achievement of the Plan priorities and more detailed aims.

This will help with the evaluation and prioritisation of future capital schemes, where a business case needs to consider the contribution to the achievement of priorities, as well as non-financial and financial benefits.

The Economic Vision for East Herts sets out the strategic areas of focus in order to achieve this vision. The Economic Vision is backed up by a detailed action plan, which assists with making links to the Hertfordshire LEP SEP, Corporate Strategic Plan and District Plan.

The Economic Vision picks up the thread for major projects, such as the development of a planning framework for Bishop's Stortford Town Centre, which has since resulted in a significant funding package via the Hertfordshire LEP from the Growth Fund. Also, the London Stansted Cambridge growth corridor initiatives, where mention is made of lobbying for the right infrastructure.

The Council has already achieved success in lobbying and bidding for regional funding. As the Capital Strategy is developed it will further contribute strong evidence of local need and highlight where the Council cannot deliver as an individual authority and / or has not got sufficient available capital resources.

[**Link to Action Plan**](#)

[**Corporate Plan 2020-2024 currently up for approval**](#)

Health and Housing Strategy

We recognise that it is important for the objectives in the Health and Housing Strategy to be reflected in the Council's Capital Strategy both from a direct capital investment perspective and an enabling perspective. The Council plays a vital role in ensuring that the District Plan is delivered in terms of projects, housing mix, health focus and timescale.

The Health and Housing Strategy highlights the importance of working in partnership, particularly related to affordable and suitable housing to meet identified needs. Any associated capital investment requirement can be put into this context in the Capital Strategy to demonstrate how this investment is contributing to the achievement of important health and housing targets.

[**Link to Health & Wellbeing Strategy 2019-23**](#)

Emerging Leisure Strategy

It is important to consider the Council's Leisure Facilities Strategy in the Capital Strategy to make the direct strategic link to the capital investment plan. This provides strong justification for the significant planned investment and demonstrates why this service area is being prioritised.

These are very important initiatives, which are directed at the Council's community, to improve health and wellbeing across the area, working with health partners, town and parish councils, voluntary sector and community groups. This is important context for the significant planned capital investment by the Council, already included in the Capital Programme.

As the delivery of the Leisure Facilities Strategy progresses, we will reflect the emerging expected outcomes in future Capital Strategy updates, both from a financial and outcome perspective.

Vision for Leisure Facilities

In order to provide the guiding principles for the proposed direction of travel it was important to work with a vision for leisure centres across East Herts. It is proposed that the vision is one of enabling everyone to have the opportunity to participate. The Council has a pivotal role in providing pay and play opportunities which traditionally are not provided through other sectors. In this context the suggested vision is as follows:

“The Council will provide attractive facilities available to the whole community which complement the wider provision of recreation opportunities in the community and voluntary sector. In addition, it will ensure that leisure facilities contribute fully to the health and wellbeing objectives of the Council.”

[**Link to Grange Paddocks and Hartham development**](#)

Asset Management Plan

The importance of the link between the Asset Management Plan (AMP), and its constituent asset categories, is stressed in the CIPFA Prudential Code. There is no doubt that the Asset Management Plan should inform the Capital Strategy, but this also works both ways. The vision and ambition that is articulated in the Capital Strategy should set the scene for the direction that the asset management, in any particular area of operation, should take.

There is an emphasis on the investment property portfolio in the aims, priorities and ambitions in the AMP. Highlighting the Council’s good management of the current portfolio and the approach to due diligence and strong decision making for new property investment. There is also an emphasis on town centre improvements, which links to major projects, such as the work in Bishop’s Stortford and the master-planning in the District Plan.

The key improvement priorities have been mapped to corporate priorities, outcomes, key milestones and timescales in the current AMP. We will ensure that this links effectively with the capital investment plan as work gets underway to refresh the AMP over the coming year.

[**Link to Asset Management Plan**](#)

Financial Sustainability Policy

The Council’s Financial Sustainability Policy is very important at a time when the spotlight has been put on local authority behaviour in addressing significant funding difficulties, particularly with regard to commercial activity.

The Council’s commitments, set out in the Policy, will be closely linked with the Council’s view on risk, proportionality and financial resilience in terms of reserves, as expressed in this Capital Strategy.

Background and Context

Like many local authorities East Herts council finds itself expected to deliver more and higher quality services while funding from central government reduces.

Financial sustainability

The sustainability agenda in terms of finance refers to councils which, often using the powers of General Competence from the Localism Act 2011, have explored and set-up different funding streams to ensure a sustainable mid to long term financial position.

Local authorities are finding new ways to raise money (and reduce spend) by making investments and initiating projects that create profit to organisational continuity.

East Herts council will:

- *Move into other areas of business to raise revenue from new sources*
- *Find newer and more efficient ways of working*
- *Explore new ways of working with business and charity sector as an enabler, not just provider*
- *Invest for return in new ventures such as commercial property investments*
- *Do this with sensitivity to market conditions and operators not giving ourselves undue advantage within the market.*

Core influences action plan:

Action	Why is this required?	Responsibility	Timescale
We will ensure that the Capital Strategy demonstrates the links to the District Plan strategic objectives and specific projects, as part of the development of the capital investment plan	In order to identify how we can strengthen our decision making and prioritisation process, informing what we are doing directly towards these objectives via capital investment	Management Team	During 2020/21
When the Corporate Strategic Plan is refreshed we will ensure that the Capital Strategy links the capital investment plan to the relevant strategic projects	In order to continue to demonstrate how the Council's capital investment will contribute to the achievement of the Corporate Strategic Plan priorities and more detailed aims	Strategic Finance & Property, S151 Officer	In line with Corporate Strategic Plan refresh timescale
As the delivery of the Leisure Facilities Strategy progresses, we will reflect the emerging expected outcomes in future Capital Strategy updates, both from a financial and outcome perspective	In order to demonstrate the importance of this major element of the capital investment plan and the intended outcomes for the future	Strategic Finance & Property, S151 Officer	During 2020/21
The key improvement priorities have been mapped to corporate priorities, outcomes, key milestones and timescales in the current Asset Management Plan , we will ensure that this links effectively with the capital investment plan as work gets underway to refresh the AMP over the coming year.	In order to strengthen the influence of the AMP on the Capital Strategy and also enable the Capital Strategy intention and ambition to inform the emerging refreshed AMP	Management Team	In line with AMP refresh timescale

Capital investment ambition by Corporate Priority

The intention of this section is to set out the long-term ambition for capital investment in terms of the contribution made towards achieving the priorities identified in the Council's Corporate Strategic Plan. The future intention will be to articulate the capital investment plan in terms of achievement of priorities, intended outcomes for all key stakeholders and intended timescales.

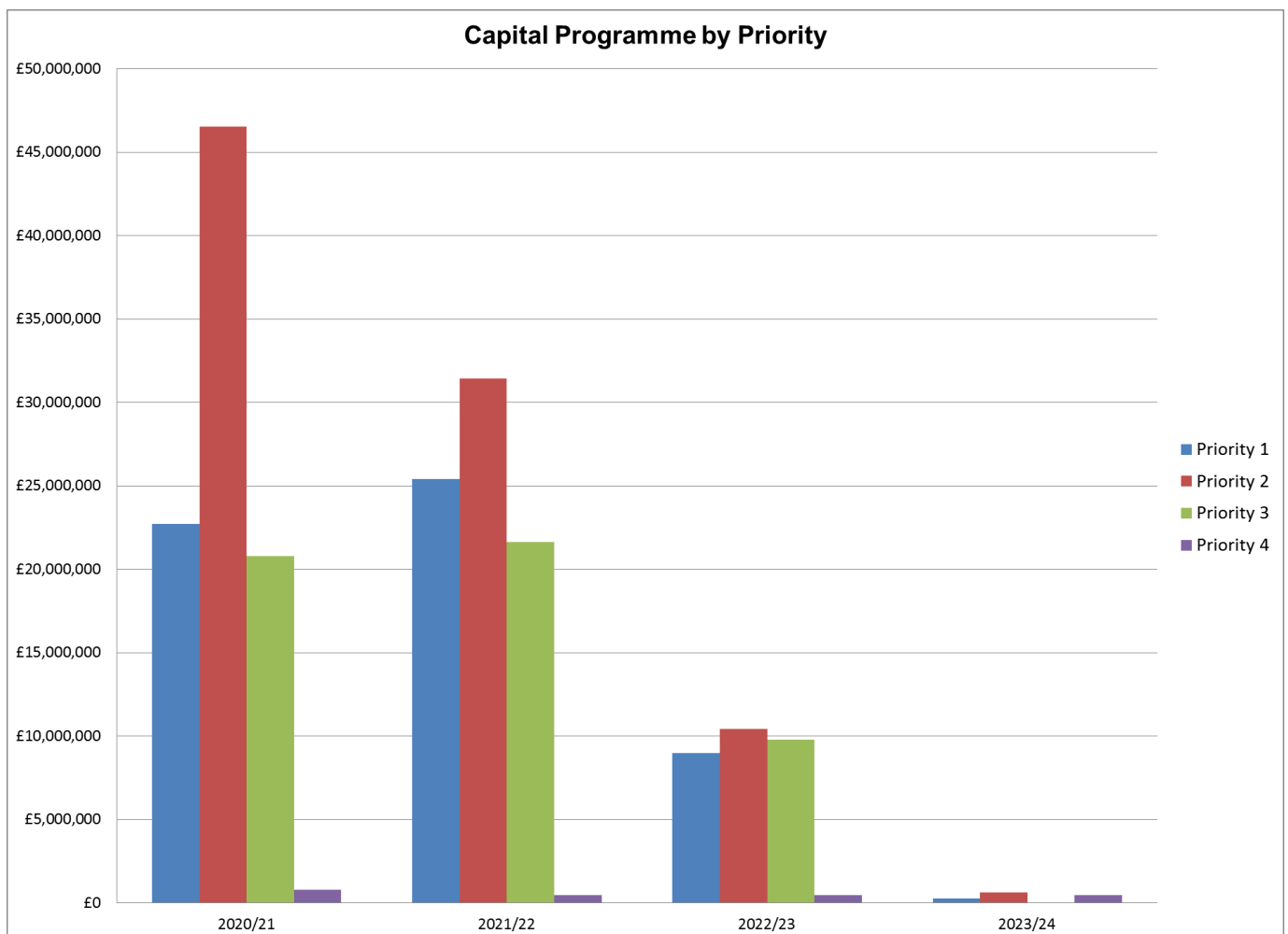
The Corporate Strategic Plan priority initiatives are currently going through the approval process. To demonstrate our current approach ahead of producing a longer-term capital investment plan, we have set out the Corporate Strategic Plan initiatives below which relate to capital investment:

Priority	Aims and initiatives
<p>Priority 1: Sustainability at the heart of everything we do</p>	<p><i>We will make changes to our own premises, people and services</i></p> <ul style="list-style-type: none"> Making direct investment in energy efficiency schemes: e.g. energy efficiency on leisure capital schemes; Hertford Hydro and installing/upgrading LED lighting in our buildings and car parks - Ongoing <p><i>We will influence and encourage behaviour change</i></p> <ul style="list-style-type: none"> Providing financial incentives to increase sustainability e.g. insulation grants and loans - Ongoing
<p>Priority 2: Enabling our communities</p>	<p><i>We will invest in our places</i></p> <ul style="list-style-type: none"> Investing £30m in our Leisure Centres in Hertford, Bishop's Stortford and Buntingford – Ongoing Investing £20m in Hertford Theatre – Ongoing Delivering improvements in our green spaces (e.g. Castle Park) – Ongoing Providing community grants – Ongoing Support the Herts 2020 Year of Culture – Ongoing <p><i>We will ensure all voices in the community are heard</i></p> <ul style="list-style-type: none"> Growing our digital communication channels (twitter, Facebook, Instagram, network) to keep residents informed – Ongoing <p><i>We will support our vulnerable residents</i></p> <ul style="list-style-type: none"> Delivering affordable homes – Ongoing
<p>Priority 3: Supporting economic growth</p>	<p><i>We will develop new sources of income</i></p> <ul style="list-style-type: none"> Delivering the Millstream Property Investments Ltd business plan – Ongoing Delivering Financial Sustainability through investment purchases – Ongoing <p><i>We will support businesses grow</i></p> <ul style="list-style-type: none"> Delivering the Old River Lane project to improve Bishop's Stortford Town Centre – Ongoing Expanding the Launchpad – Ongoing <p><i>We will create viable places</i></p> <ul style="list-style-type: none"> Delivering the district plan – Ongoing Ensuring developer contributions are used effectively – Ongoing

Priority	Aims and initiatives
Priority 4: Digital by design	<p><i>We will improve the customer experience for those who use council services</i></p> <ul style="list-style-type: none"> Increase our investment in digital technology – Ongoing <p><i>We will work with partners to ensure our communities are digitally enabled</i></p> <ul style="list-style-type: none"> Delivering Harlow and Gilston Garden Town as a fully sustainable and digital 'place' – Ongoing Agreeing a countywide digital infrastructure strategy – Ongoing

The planned capital investment programme for 2020/21 onwards, from an expenditure perspective, is undergoing the same approval process as this strategy. At this stage we have undertaken a simple mapping exercise to demonstrate the contribution of planned capital investment to each Corporate Strategic Plan priority. This will be developed further as the Capital Strategy is strengthened during 20/21.

Figure 3: Capital Programme by Corporate Priority



In terms of focus and prioritisation, it is important to note that 78% of the planned capital expenditure in the 4-year Capital Programme (from 2020/21) relates to just three key capital schemes (37% Old River Lane, 25% Leisure Centres and 16% Hertford Theatre). Links between the 4-year capital programme and the corporate priorities are provided at Appendix A.

Corporate priority action plan:

Action	Why is this required?	Responsibility	Timescale
<p>As the longer-term capital investment plan emerges, we will undertake a more detailed mapping exercise against each capital scheme – initially in the capital programme and eventually in the longer-term capital investment plan</p>	<p>This will assist Members and other key stakeholders recognise the contribution that the capital investment is making towards the achievement of the Council's corporate priorities</p>	<p>Strategic Finance & Property, S151 Officer</p>	<p>During 2020/21</p>
<p>As the refreshed Corporate Strategic Plan emerges, we will ensure that the existing capital investment plan is reviewed to ensure that all planned schemes align with the updated corporate priorities</p>	<p>This will ensure that existing investment plans still meet the identified needs of the District and emerging pipeline schemes are aligned to the newly approved priorities</p>	<p>Strategic Finance & Property, S151 Officer</p>	<p>In line with Corporate Strategic Plan refresh timescale</p>

Commercial Investment Strategy

In our Financial Sustainability Policy, we set out a vision statement:

For East Hertfordshire District Council to be an innovative authority that safeguards its future through maximising financial independence from government funding sources. It will do this by raising its own revenue through non-traditional ways and smarter spending.

Financial sustainability is about ensuring the council can continue to discharge its duties to the public whilst keeping a balanced and sustainable budget, proving itself a responsible custodian of the public purse.

We also set out our intention, saying that we will:

- Move into other areas of business to raise revenue from new sources
- Find newer and more efficient ways of working
- Explore new ways of working with business and charity sector as an enabler, not just provider
- Invest for return in new ventures such as commercial property investments
- Do this with sensitivity to market conditions and operators not giving ourselves undue advantage within the market.

With regard to our approach to investment properties, our Asset Management Plan states the following:

These assets are held in order to generate a return on investment for the council. The investment property portfolio generates a source of income for the council which makes a significant contribution to the ongoing financing of council services, ensuring the financial sustainability of the council as government funding reduces.

These assets are subject to a review process to ensure that the return on investment is maximised and opportunities for development are actively explored to secure these returns in the medium to long term.

Where opportunities to acquire further investment properties occur, these will be explored, subject to the relevant due diligence processes. The council will also seek to hold investment properties in the most suitable structure including joint venture/partnership arrangements or wholly-owned local authority trading companies.

Millstream Property Investments Limited

In line with the Council's corporate priorities, and commercial investment ambition, Millstream Property Investments Limited was incorporated in February 2018.

The council, as the company's sole shareholder, has entered into a Shareholder Agreement with the company. The Shareholder Agreement obliges the company to annually review its business plan and produce a revised 30-year business plan, rebasing the forthcoming financial year as the first year of this 30-year period.

The company presented its 30-year business plan for 2019/20 in December 2018, the revised plan for 2020/21 is due to be presented in January 2020. As required by the Shareholder Agreement, the company's 30-year business plan includes:

- a schedule of properties and/or sites to be acquired in the next financial year whether described by name or the number and/or value of specific types of property at least differentiating residential and commercial and existing built properties and sites
- a financial business plan covering not less than 30 years based on development and management and maintenance of existing assets and acquisition of planned new assets

- a procurement plan which shall include details of contracts coming to an end and contracts to be tendered
- an asset management plan including management, maintenance, disposals and acquisitions plans
- key performance indicators with previous performance and targets for the coming financial year; and
- estimates, assumptions regarding reinvestment of profits, distribution of dividends and capitalisation of profits for the coming financial year including the amounts it will be prudent to retain in order to meet operational costs in the coming financial year and the amounts available for distribution to the Shareholder.

The council has asked the company to take a longer view of property acquisitions, development and disposals than just the coming year and so the proposed business plan includes a number of proposals which would see a pipeline of additional properties coming into the company's ownership up until 2022/23.

In overall terms, the company sought approval of its business plan which will:

- increase the company's portfolio of residential properties from three properties at December 2018 to 48 properties by 2022/23, consisting of a mix of private rented homes, affordable rented homes and low-cost home ownership properties;
- provide the council with an annual revenue income stemming from interest on commercial loans extended to the company, sale of services to the company and dividends payable by the company;
- require loan capital and grant funding from the council.

A revised Millstream Business Plan is due to be submitted to Council, for approval on 29th January 2020.

We aim to develop a more detailed commercial investment strategy, as part of the further development of the Capital Strategy, as we recognise that there is continuing scrutiny of local government commercial activity and the effective management of the risk position by individual authorities.

The CIPFA Prudential Code, Treasury Management Code of Practice and the MHCLG Investment Guidance have all been updated, with a particular focus on commercial activity. The announcement of the provisional settlement for local government for 2019/20 included a statement on the potential for government intervention, with further guidance published from CIPFA in November 2019 entitled 'Prudential Property Investment'.

Commercial investment strategy action plan:

Action	Why is this required?	Responsibility	Timescale
Develop a more detailed commercial investment strategy , as part of the further development of the Capital Strategy for 2021/22	This will ensure that we are clear on our intention and expected outcome from commercial investments, which links to our process for undertaking new investments and effectively managing the commercial portfolio	Management Team	During 2020/21

Capital Investment Plan

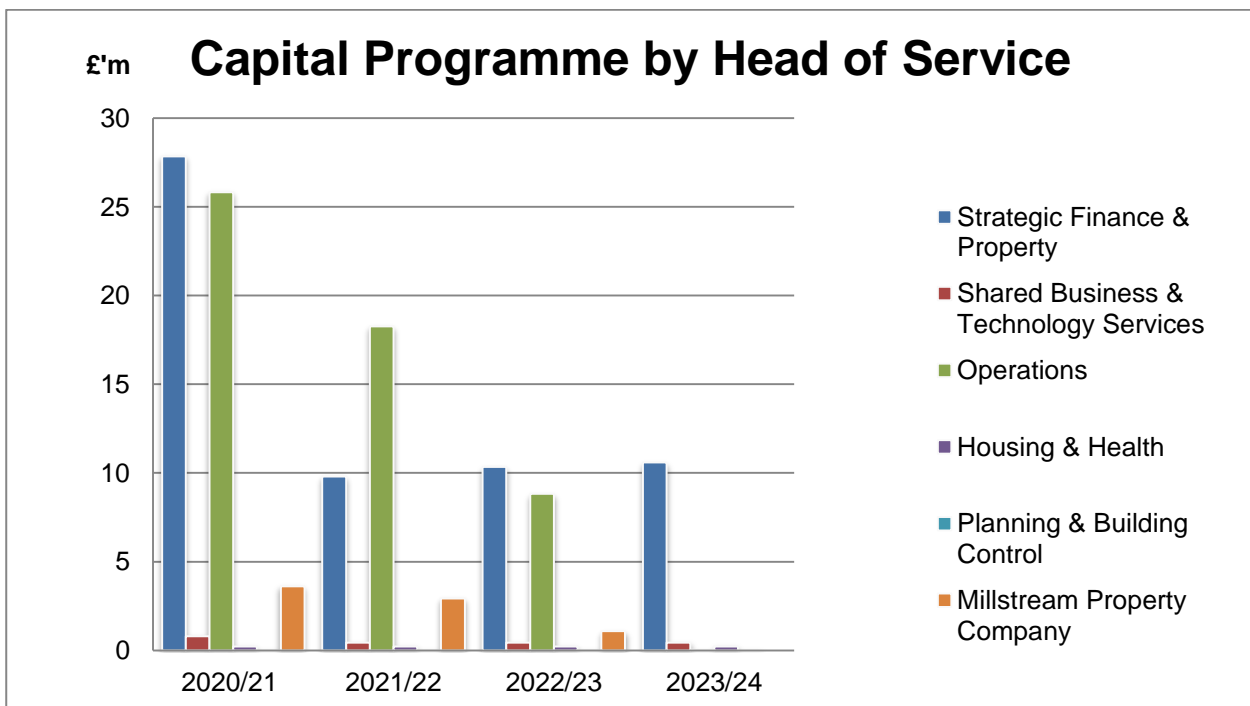
The following sections examine our starting point for a longer-term capital investment plan, the additional analysis that informs our Capital Strategy principles, our capacity to deliver and the potential options for addressing our capital investment ambition gap. We recognise that our Capital Programme currently plans for investment over a four-year period, which is a medium-term view and there is further work to do to extend our plans up to 10 years.

When our strategic planning becomes more mature, and we have identified our plans beyond the four-year horizon, we will update our process for evaluation and prioritisation, to ensure that there is clarity on the level of affordability, based on available capital resources, including a potential borrowing position. It is also important for the Council to establish its potential lobbying position to seek to secure future funding packages from appropriate funding bodies, building on successful bids to date.

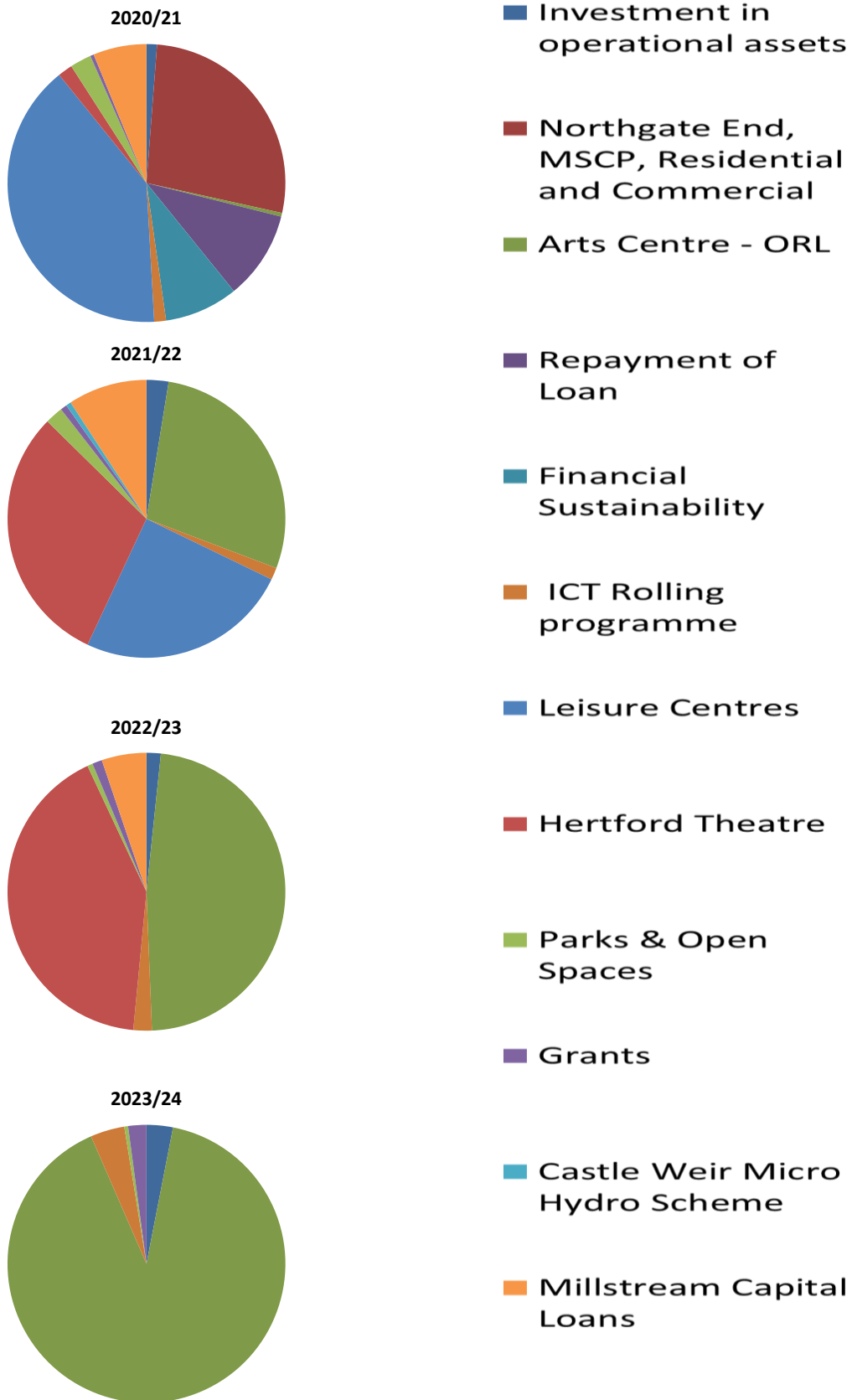
We will ensure that our risk assessment examines the risk against the affordability and deliverability assumptions, as the longer-term capital investment plan emerges, and this will inform the ongoing review of performance and update of the capital investment plan to ensure that it is effectively managed.

The following charts provide a view of the current four-year investment plan from an expenditure perspective by Directorate:

Figure 4: Capital Programme by Head of Service



Capital Programme by Scheme



Approach to capital investment prioritisation

The Medium Term Financial Plan (MTFP) is refreshed annually to accommodate changes in service delivery and financial landscape. Service and financial planning are combined in one report, which demonstrates that we have got an integrated approach to financial planning both from a revenue and capital perspective.

The MTFP is forecast over a 4-year period, in line with the Council's general corporate planning approach. The MTFP sets out the national policy context and describes the impact of this at a local level. It must be recognised that, when looking at a four-year period, the current level of uncertainty makes this an increasingly challenging exercise.

When considering an appropriate long-term period for the Capital Strategy, we are potentially looking at a 20-30 year period but a more realistic period for the capital investment plan, say up to 10 years. This longer-term approach enables a much more robust 4-year Capital Programme forecast and a strong annual budget.

We recognise that the MTFP should be able to articulate the Council's revenue and capital investment plans in the context of a longer-term approach. On this basis, our view is that the MTFP approach needs to be dynamic and aligned to the Council's Corporate Strategic Plan priorities, following an appropriately detailed business planning approach. We feel that the budget setting and service planning process goes a long way towards achieving this approach, however, when it comes to the capital planning process we recognise that we need the process to be less reactive and much more proactive.

As stated in the January 2020 Budget report, the capital programme for 2020/21 onwards contains a number of newly agreed capital schemes and also the rolling schemes agreed in previous years.

Currently the review of the Capital programme is undertaken as part of the quarterly health-check report. Any additions to the programme require a funding request to be made through the appropriate governance process. This process is defined by the value of the capital bid.

The council is likely to undertake a number significant capital schemes within the medium term including Old River Lane, Bishop's Stortford. The scope and funding arrangements of such schemes are still in the early stages of project planning. However, it should be noted that East Herts may need to give careful consideration to its reserves provision in the forthcoming years and will potentially require a borrowing facility within this medium term financial period.

As any of these schemes are agreed and the funding requirements become more definite they will be included in the capital programme presented within the quarterly health-check report.

As we develop the Capital Strategy we intend this to become better informed over time and strengthened by the capital investment plan, which will stretch up to 10 years. We recognise that it is important to identify all required capital investment commitments, to ensure that all existing capital commitments are required, particularly in light of any refresh of the Corporate Strategic Plan, and that potential commitments from emerging new proposals and ideas are reflected.

We also recognise that, if we have any business as usual commitment missing from our capital investment plan, capital schemes that will no longer deliver against corporate priorities, known capital investment ambition not reflected and a short to medium term delivery profile, it is difficult for us to have a strong capital financing requirement, which in turn will not give us a good view of our potential borrowing requirement in the future.

As we develop our Capital Strategy further in the coming financial year we will make sure that our capital investment plan is comprehensive and profiled realistically, so that the revenue consequence, both positive and negative, are as robust and risk aware as possible, to feed into the budget and the medium term financial plan.

Capital investment plan action plan

Action	Why is this required?	Responsibility	Timescale
Agree an appropriate long-term period for the Capital Strategy – potentially up to 20 years, based on the timeframe of the Council’s current strategies, plans and commercial activity	To enable the Council to plan much more effectively for the future – affording time to be clear about risk appetite, management of risk and management of financial resilience	Council	During 2020/21
Develop a longer-term capital investment plan – potentially up to 10 years, based on an appropriate timescale to suit the agreed period of the Capital Strategy	To enable the Council to improve its capital planning process, strengthen the Capital Programme and assist the effectiveness of delivery against plan	Management Team	During 2020/21
Improve the integration with the Council’s financial plans and strategies – particularly the MTFP, Treasury Management Strategy, Annual Investment Strategy and Reserves Strategy	To enable an overall view of the Council’s delivery of a prudent, affordable and sustainable capital investment plan that contributes positively to the achievement of the Council’s corporate priorities	Strategic Finance & Property, S151 Officer	During 2020/21

Risk Management

Risk Management Strategy

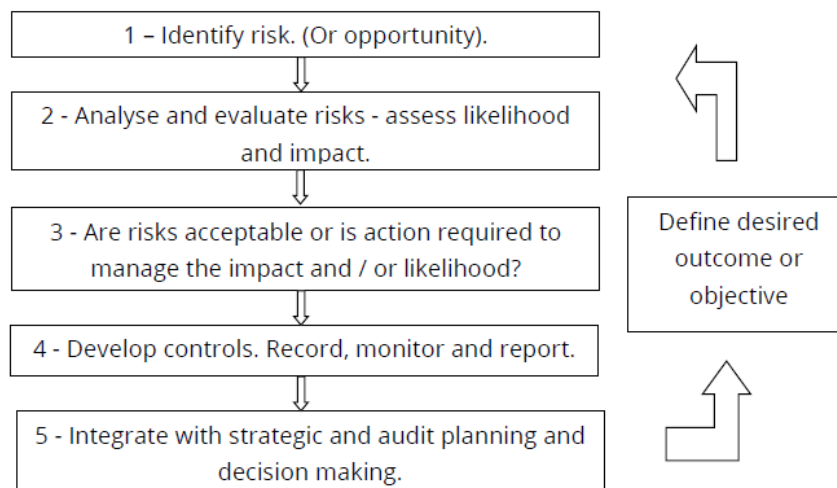
The Council's Risk Management Strategy was last reviewed in spring 2019 and is reviewed on an annual basis.

The Strategy contains a clear definition of risk management as follows:

The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of their failure. (Source: The Institute of Risk Management).

The five stages of risk management are summarised in the diagram below, extracted from the Risk Management Strategy.

Figure 5: Stages of Risk Management



Risk Evaluation and Risk Appetite

The Risk Management Strategy includes a scoring matrix to be used in analysing and evaluating risks as outlined in the image overleaf.

Figure 6: Risk Scoring Mechanism

4 - HIGH >£300,000 and / or national criticism and / or catastrophic fall in service quality				
3 - MEDIUM £150,000 to £300,000 and / or regional criticism and / or major long term fall in service quality		CONTINGENCY	CRITICAL	
2 - LOW £50,000 to £150,000 and / or long term local media criticism and / or minor long term or major short term fall in service quality		CONTROL	CAUTION	
1 - NEGLIGIBLE <£50,000 and / or short term local media criticism and / or short term fall in service quality				
IMPACT LIKELIHOOD	1 - RARE The event could occur in exceptional circumstances	2 - UNLIKELY The event could occur less frequently than every three years	3 - POSSIBLE The event is likely to occur within, or more than one in three years	4 - PROBABLE The event is likely to occur within a year

The Strategy includes a definition of the Council’s risk appetite i.e. the level of risk that it is prepared to tolerate without need for ongoing monitoring or reporting.

A material risk is deemed to be any risk rated higher than 2:2 on the scoring mechanism above. Where a risk rating exceeds this ‘control’ area of tolerance, demonstrable evidence of how risks are being mitigated will be required, together with proposals for future controls.

The Risk Management Strategy acknowledges that with increasing pressure on public finances, Local Authorities are obliged to have more appetite for risk. The Council cannot deliver everything it would ideally like to deliver and tough choices are necessary. The Council is therefore open to considering all delivery options, accepting increased levels of risk in order to secure the successful outcomes or rewards.

Risk management is essential in supporting innovation and moving from a ‘risk averse’ to a more ‘risk aware’ approach. An example is the acquisition of Old River Lane, Bishop’s Stortford. The financial commitment is significant but the acquisition provides an opportunity to shape the town centre, and an additional income stream.

Roles and responsibilities

Roles and responsibilities are contained within the Risk Management Strategy and summarised here for ease of reference:

Role	Responsibility
Elected Members	<p>Elected Members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic risks that the Council faces, and will be made aware of how these risks are being managed.</p> <p>All Members will have the responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the reports that are submitted to them. They cannot seek to avoid or delegate this overall responsibility, as it is key to their stewardship responsibilities.</p> <p>All Members can access strategic risks on Pentana Performance (formerly called Covalent).</p>

Role	Responsibility
Full Council	Full Council recognises the importance of effective risk management and considers risk management issues when making decisions.
Executive	<p>To receive an annual report regarding the content of the Strategic Risk Register, then three exception reports each year detailing any change in risk scoring and the reasons why.</p> <p>Agree the Risk Management Strategy on an annual basis, or if significant changes require a revision.</p> <p>Agree / set the Council's risk appetite.</p> <p>Allocate sufficient resources to address top risks.</p>
Performance, Audit and Governance Oversight Committee	<p>To develop policy options and to review and scrutinise the policies of the Council including Risk Management.</p> <p>To monitor the effective development and operation of risk management and corporate governance in the Council.</p> <p>Receive an annual report regarding the content of the Strategic Risk Register, then three exception reports each year detailing any change in risk scoring and the reasons why.</p>
Chief Executive and Leadership Team	<p>To ensure that effective systems of risk management and internal control are in place to support the Corporate Governance of the Council.</p> <p>Take a leading role in identifying and managing the risks and opportunities to the Council and to set the example and standards for all staff. Advise the Executive and Council on the risk management framework, policy, strategy and processes.</p> <p>Advise on the management of strategic and other significant risks.</p> <p>Ensure that the Policy and Strategy are communicated, understood and implemented by all Members, managers and staff.</p> <p>To report to Members on the management of strategic risks.</p> <p>To ensure that the risk management process is part of all major projects, partnerships and change management initiatives.</p>
Heads of Service	<p>To be individually responsible for their service risks.</p> <p>Be actively involved in the identification and assessment of risks through the service planning process.</p> <p>Ensure that all reports of a strategic nature written for Members include risk commentary.</p> <p>To implement the detail of the Risk Management Strategy and risk related corporate policies, e.g. Health and Safety, Data Protection.</p> <p>Ensure that significant service risks are considered by Leadership Team quarterly.</p>

Role	Responsibility
Strategic Finance and Property	<p>Co-ordinate risk management activities and prepare related reports for management and Members.</p> <p>Review and develop the Risk Management Strategy and processes.</p> <p>Facilitate / arrange risk management training for staff and Members.</p> <p>To co-ordinate the Business Continuity Plan.</p> <p>Support the risk based audit planning process.</p>
Shared Internal Audit Service	<p>To provide assurance to the Council through an independent and objective opinion on the control environment comprising risk management, control procedures and governance.</p> <p>To provide an annual Audit Plan that is based on a reasonable evaluation of risk, and to provide an annual assurance statement to the Council based on work undertaken in the previous year.</p> <p>Review and challenge the effectiveness of the risk management framework.</p>

Monitoring

Existing controls of strategic risks, their adequacy, new mitigation measures and associated action planning information are to be recorded on the Strategic Risk Register.

Strategic risks are subject to one detailed annual report with quarterly reports on an exception basis only.

Capital Risk Register

Risk Category	Description of Risk / Uncertainty	Mitigating Factors	Timescale (for review / implementation)	Owner	Residual Risk Score
Political					
Finance	There is uncertainty around future funding, both from Government and other areas such as income from commodities markets for recycled materials.	Funding situation is being carefully monitored.	Ongoing	Management Team	3

Risk Category	Description of Risk / Uncertainty	Mitigating Factors	Timescale (for review / implementation)	Owner	Residual Risk Score
Social					
Technological					
Legislative / Legal	Challenges to legal powers being employed to deliver capital ambition	Robust technical, expert and legal advice to be sought as required in order to demonstrate that the Council's actions are justified	Ongoing	Management Team	6
Continuity / service delivery	Risk of not having capacity / capability and flexibility to continue to deliver service levels over time.	Services have restructured to ensure their services meet customer demand and are efficient and effective. Digital East Herts will support this transformation.	Ongoing	Heads of Service	4
	Risk of lack of defined process resulting in disrupted service delivery as decision making processes are impaired	The Management Team are to consider standardisation of business cases, project evaluation and scoring mechanisms to aid decision making and prioritisation of resources	12 months	Management Team	5

Risk Category	Description of Risk / Uncertainty	Mitigating Factors	Timescale (for review / implementation)	Owner	Residual Risk Score
Environmental	Development of Old River Lane, Bishop's Stortford: impact on surrounding area	Site options being developed by urban designers and property consultants. Discussions ongoing with other partners such as Hertfordshire County Council, Rhodes and Bishop's Stortford Town Council, to ensure any enabling parts of the site are ready	Ongoing	Head of Service	5

Risk Management action plan

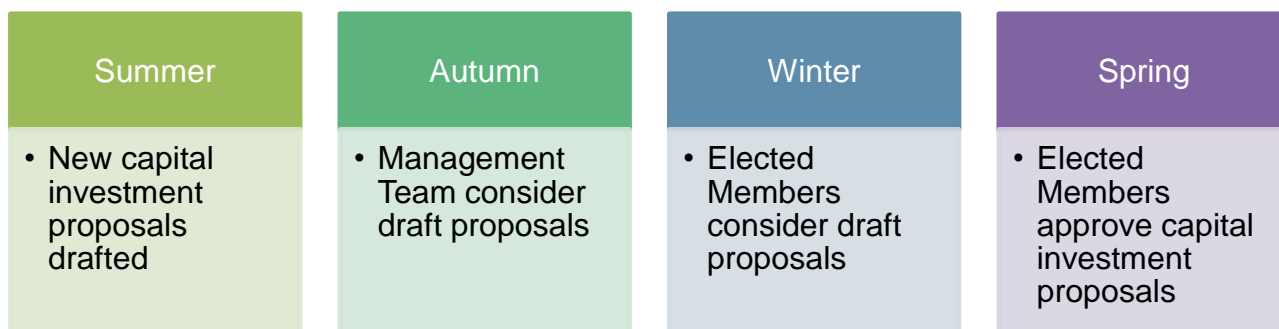
Action	Why is this required?	Responsibility	Timescale
Monitor operational and strategic risks and update relevant risk registers accordingly, reporting strategic risks annually or quarterly by exception	In order that opportunities are explored in full in a timely fashion, and that risks are acknowledged and managed effectively through project lifecycles	All	As required and at least on a quarterly basis

Capital Investment Appraisal Process

Business planning process

The current business planning process for developing investment proposals to be included within the Council's future financial plans is summarised in the diagram below.

Figure 7: Business Planning Process



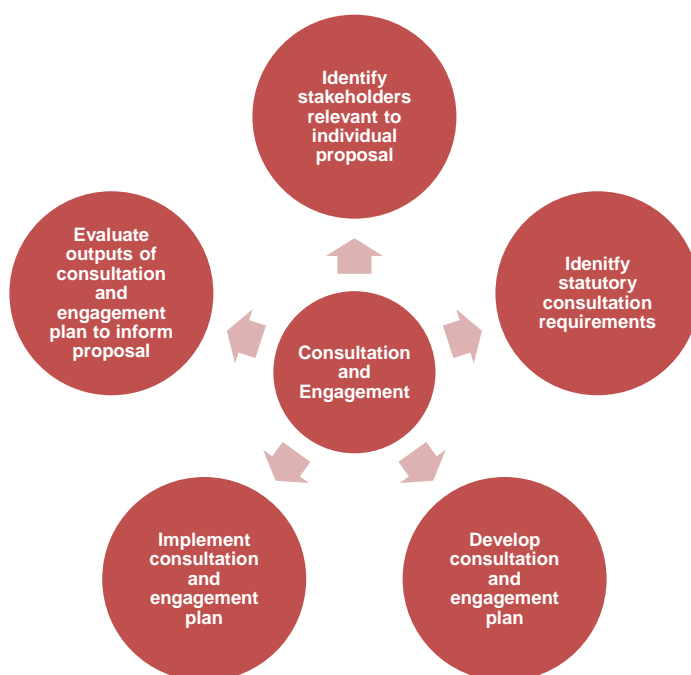
New proposals are developed by individual Project Managers, approved for consideration at service level by the Service / Directorate Manager following which, the proposals will be considered by Management Team and successful proposals will progress for consideration and approval as part of the annual budget cycle.

Investment proposals – consultation and stakeholder engagement

Consultation and engagement is a key part of developing individual proposals and will be tailored to the individual proposal and relevant stakeholders both internal and external to the Council. Stakeholder engagement and consultation can take place throughout the lifecycle of a proposal (from initiation to close down) and the outputs of any engagement or consultation undertaken should be used to inform the proposal as this progresses.

The diagram below summarises the elements to consider in developing capital investment proposals.

Figure 8: Stakeholder engagement and consultation in developing investment proposals



Developing capital investment proposals – description of current processes

Project and Service Managers are encouraged to consider a range of options in developing individual proposals to determine an appropriate way forward, and to capture project details as a business case. However, although new proposals are required to develop a business case, there is as yet no standardised business case template used consistently across the Council to capture key information. This can lead to gaps in information being captured.

The Council has therefore identified that a standardised business case template is required, to support Officers in recording and maintaining project information and inform decision making. Business case must include estimates of capital costs, revenue implications and how the individual proposal aligns with Council plans and strategies and any partnership or external plans and strategies as relevant. Risks should also be documented as part of developing the proposal, along with mitigating actions and relevant timescales.

Business cases would then be maintained throughout the lifecycle of a project to maintain accurate information relating to delivery and lessons learned should be captured as part of project closure reports.

Prioritising capital investment

The intention is for the standardised business cases referenced above to then be subject to a standardised evaluation process, the outcome of which will be the prioritised capital investment programme. Local authorities continue to face financial challenges and as a result, the need to prioritise and target investment is ever present.

The Council has identified that in order to effectively assess investment proposals against one another, a standardised evaluation process and scoring mechanism may be beneficial to help aid decision making and prioritise investment.

Project appraisal process action plan

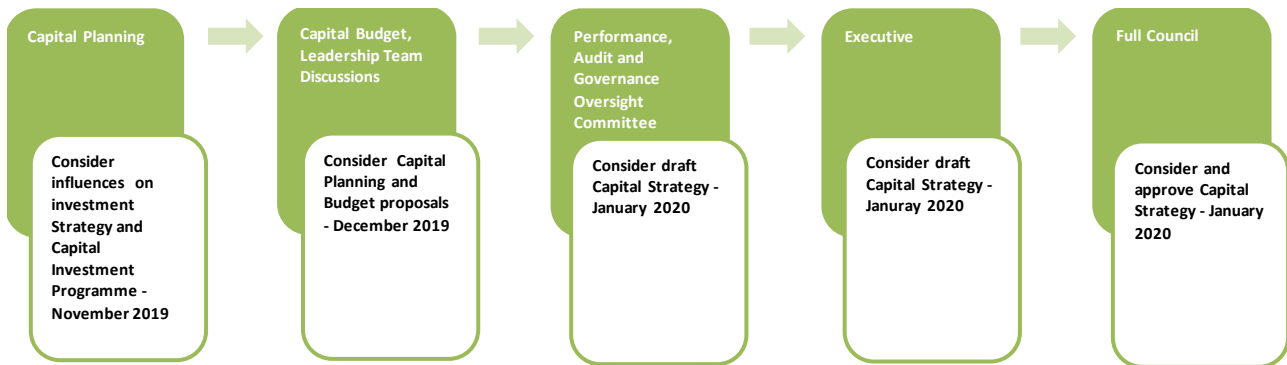
Action	Why is this required?	Responsibility	Timescale
Consider a standardised business case documentation and evaluation scoring mechanism in order to develop and assess capital investment proposals	To support Officers in capturing and maintaining project information, from proposal to project close down, in order to help inform decision making and prioritise investment	Management Team	12 months

Governance

Description of existing approval mechanisms

The existing process for development and approval of the Council’s Capital Strategy is summarised in the diagram below.

Figure 9: Capital Strategy Approval process



The internal governance structure will need to be mindful of partners’ and external governance mechanisms and will need to communicate and engage with these structures through delivery of the Council’s overall capital ambition.

Roles and responsibilities

All Officers and elected Members have a role to play in informing and delivering the Capital Strategy. These roles and responsibilities are summarised below:

Role	Responsibility
Elected members	To approve the Capital Strategy and monitor delivery of the Strategy through various scrutiny forums
Management Team	To develop and propose the Capital Strategy for approval
Programme / Directorate Managers	To help inform the Capital Strategy, identifying constraints and opportunities and communicating to both Senior Management and Project Teams
Project Managers	To manage delivery of individual projects aligned to the Capital Strategy and to develop and maintain project information which will inform decision making processes and the direction and delivery of the Capital Strategy
Project Team members	To contribute to the delivery of individual proposals which align with the Capital Strategy

Skills and training

The Council benefits from the skills and experience possessed by both Officers and elected Members which will support delivery of individual capital proposals and the Council's overall capital ambition. The Council is also keen to support Officers and elected Members to continue to develop their skills sets and is therefore mindful of the implications capital proposals may have on the Council's workforce and future training opportunities and requirements.

The Council already has a programme of staff training available and will look to support those staff who wish to continue their professional development appropriate to their role and subject to appropriate budget availability. Relevant training for elected Members is also undertaken on a routine basis and refreshed as required.

Any skills or experience required which are not already possessed 'in-house' should be identified through individual capital proposals or business cases and will be procured externally as necessary, and in accordance with the Council's Corporate Procurement Strategy.

Capital Strategy engagement

The Capital Strategy is a corporate document which helps stakeholders understand the Council's capital investment objectives and decisions. The Council is therefore keen that the Capital Strategy is informed by knowledge and experience from across the authority.

There is still work to do in fully developing and implementing the Capital Strategy as a corporate strategic document. Therefore, the Senior Management Team will consider a consultation and engagement plan over the coming months which will look to raise awareness of the Strategy and gather stakeholder input for future iterations of the Capital Strategy.

Capital Strategy date for review

The Capital Strategy is intended to be a dynamic document, responsive to changes in policy, strategic influences and delivery.

The Capital Strategy will therefore be updated as required and at least once on an annual basis.

Governance action plan

Action	Why is this required?	Responsibility	Timescale
Update the Capital Strategy as required and at least once annually	To maintain a dynamic and responsive Strategy which evolves as the Council's priorities do	Management Team	As required
Consider an engagement plan for the Capital Strategy	To continue to develop and inform the Capital Strategy, and raise awareness of the Council's capital investment ambition	Management Team	12 months

Signed: **Bob Palmer – Interim Head of Strategic Finance & Property, S151 Officer**

Appendix A – Capital Programme by Corporate Strategic Plan priority

	SUSTAINABILITY at the heart of everything we do	ENABLING our communities	SUPPORTING economic growth	DIGITAL by design
Investment in operational assets	✓	✓		
LED Lighting Upgrades	✓	✓		
Improve, maintain & renew structures along rivers and watercourses		✓		
Land Management Asset Register & Associated Works		✓		
Northgate End, MSCP, Residential and Commercial		✓	✓	
Arts Centre – Old River Lane	✓	✓	✓	
Repayment of Loan				
Financial Sustainability				
ICT Rolling Programme				✓
Grange Paddocks Leisure Centre	✓	✓		
Bridge Works		✓		
Hartham Leisure Centre	✓	✓		
Fixtures, Fittings and Equip (Both Centres)		✓		
Hartham pool filtration works		✓		
Ward Freman		✓		

	SUSTAINABILITY at the heart of everything we do	ENABLING our communities	SUPPORTING economic growth	DIGITAL by design
Hertford Theatre	✓	✓	✓	
The Wash Open Space Improvements		✓		
Folly View, Open Space Improvements		✓		
Cannons Mill Lane Open Space improvements		✓		
Replacement play equipment across the district		✓		
Castle Park - HLF - Delivery Phase		✓		
Decent Home Grants		✓		
Community Capital Grants		✓		
Energy Grants	✓			
Castle Weir Micro Hydro Scheme	✓	✓		
Historic Building Grants		✓		
Millstream Property Company Loans		✓	✓	

East Herts Council Report

Council

Date of Meeting:

29th January 2020

Report by: Councillor Geoff Williamson, Deputy Leader & Executive Member for Financial Sustainability

Report title: TREASURY MANAGEMENT STRATEGY 2020/21

Ward(s) affected: All

Summary

- The report sets out the proposed Treasury Management and Annual Investment Strategy for 2020-21, including the prudential indicators.

RECOMMENDATIONS FOR COUNCIL:

that:

- (a) The Treasury Management Strategy and Annual Investment Strategy Appendix A, including the prudential indicators discussed in paragraphs 3.6 be approved;**
- (b) The credit and counterparty risk management and approved countries list discussed in paragraphs 3.7 be approved.**

1.0 Proposal(s)

- 1.1 The report includes the East Herts Treasury Management and Investment Strategy for 2020-21

which members of the Executive were asked to consider and, with or without amendment, endorse for consideration by the Council.

2.0 Background

- 2.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 2.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

- 2.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 2.5 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 2.6 This activity is supported by the council's appointed independent advisors – Link Asset Services.

3.0 Reason(s)

- 3.1 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.
- 3.2 Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).

- 3.3 A mid-year treasury management report – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- 3.4 An annual treasury report – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- 3.5 The above reports are required to be adequately scrutinised before being recommended to the Council.
- 3.6 Prudential Indicators are included in Appendix ‘A’: Treasury Management Strategy and Annual Investment Strategy 2020-21 paragraphs 2.1, 2.2, 2.3, 3.1, 3.2, and 5.2. Which are designed to assist members’ overview and confirm capital expenditure plans.
- 3.7 Please refer to the Credit and Counterparty Risk Management paragraph 5.4 and Approved Countries List paragraph 5.5.

4.0 Options

- 4.1 The treasury management strategy report is a statutory document, required by both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

5.0 Risks

- 5.1 One of the biggest areas of risks within treasury management is interest rate risk, which is discussed in paragraph 3.3 of Appendix A Treasury Management Strategy and Annual Investment Strategy 2020-21.
- 5.2 East Herts aims to be one of a number of financially sustainable councils that achieve independence from Central Government funding. Such councils are diverse

and take a wide range of approaches to achieve financial independence. However, one thing they all have in common is investments in commercial properties for a given rate of return.

- 5.3 East Herts has the appetite to consider opportunities inside and outside of the district, as there are limited options in the area and this could constrain the portfolio of investments which could result in reduced returns, excessive risk, or both.

6.0 Implications/Consultations

- 6.1 No.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

All financial implications are included in this report.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

All statutory requirements have been considered in preparing this report

Specific Wards

No

7.0 Background papers, appendices and other relevant material

- 7.1 Appendix A - Treasury Management Strategy and Annual Investment Strategy 2020-21

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East Herts District Council 2020/21

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement
and Annual Investment Strategy

Including commercial activities / non treasury investments

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ABBREVIATIONS USED IN THIS REPORT

ALMO: an Arm's Length Management Organisation is a not-for-profit company that provides housing services on behalf of a local authority. Usually an ALMO is set up by the authority to manage and improve all or part of its housing stock.

LAS: Link Asset Services, Treasury solutions – the council's treasury management advisers.

CE: Capital Economics - is the economics consultancy that provides Link Asset Services, Treasury solutions, with independent economic forecasts, briefings and research.

CFR: capital financing requirement - the Council's annual underlying borrowing need to finance capital expenditure and a measure of the council's total outstanding indebtedness.

CIPFA: Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.

CPI: consumer price index – the official measure of inflation adopted as a common standard by countries in the EU. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

ECB: European Central Bank - the central bank for the Eurozone

EU: European Union

EZ: Eurozone -those countries in the EU that use the Euro as their currency

Fed: the Federal Reserve System, often referred to simply as "the Fed," is the central bank of the United States. It was created by the Congress to provide the nation with a stable monetary and financial system.

FOMC: the Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing policy. It is composed of 12 members--the seven members of the Board of Governors and five of the 12 Reserve Bank presidents.

GDP: gross domestic product – a measure of the growth and total size of the economy.

G7: the group of seven countries that form an informal bloc of industrialised democracies--the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom--that meets annually to discuss issues such as global economic governance, international security, and energy policy.

Gilts: gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a coupon and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); while the coupon rate is fixed, the yields will change inversely to the price of gilts i.e. a rise in the price of a gilt will mean that its yield will fall.

HRA: housing revenue account.

IMF: International Monetary Fund - the lender of last resort for national governments that get into financial difficulties.

LIBID: the London Interbank Bid Rate is the rate bid by banks on deposits i.e., the rate at which a bank is willing to borrow from other banks. It is the "other end" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend).

MHCLG: the Ministry of Housing, Communities and Local Government -the Government department that directs local authorities in England.

MPC: the Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.

MRP: minimum revenue provision -a statutory annual minimum revenue charge to reduce the total outstanding CFR, (the total indebtedness of a local authority).

PFI: Private Finance Initiative – capital expenditure financed by the private sector i.e. not by direct borrowing by a local authority.

PWLB: Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.

QE: quantitative easing – is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, such as government bonds, (but may also include corporate bonds). This process aims to stimulate economic growth through increased private sector spending in the economy and aims to return inflation to target. These purchases increase the supply of liquidity to the economy; this policy is employed when lowering interest rates has failed to stimulate economic growth to an acceptable level and to lift inflation to target. Once QE has achieved its objectives of stimulating growth and inflation, QE will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that it held which matures. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation. Economic growth, and increases in inflation, may threaten to gather too much momentum if action is not taken to 'cool' the economy.

RPI: the Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – CPI. The main differences between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.

TMSS: the annual treasury management strategy statement reports that all local authorities are required to submit for approval by the full council before the start of each financial year.

VRP: a voluntary revenue provision to repay debt, in the annual budget, which is additional to the annual MRP charge, (see above definition).

1. INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasions, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements, and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Performance, Audit, Governance and Oversight Committee.

1.3 Treasury Management Strategy for 2020/21

The Strategy for 2020/21 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury Management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be arranged before the end of the financial year.

The training needs of treasury management officers are periodically reviewed, with relevant seminars and workshops regularly attended.

1.5 Treasury Management Consultants

The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, and the Council uses its in-house property and estates team, who follow a process, set out within the Financial Sustainability Strategy 2019-2025.

The Financial Sustainability Board is now a formally constituted committee of the Council, with 10 Members, with the Exec Member for Financial Sustainability as chair. The committee is supported by officers as appropriate.

The Board's delegated budget will be available for investment opportunities and they will review opportunities and assess them according to risk and return.

The Board will be looking purely for financial return with an emphasis on safe and secure investments.

A structure and analysis of any potential opportunity must pass a criteria matrix, made up of a set of 13 Yes/No tests in which any investment opportunity should pass, but the Committee has discretion if there is good reason why a negative outcome from a test should be over-ridden.

East Herts aims to be one of a number of financially sustainable councils that achieve independence from central government funding. Such councils are diverse and take a wide range of approaches to achieve financial independence. However, one thing they all have in common is investments in commercial properties for a given rate of return.

East Herts has the appetite to consider opportunities inside and outside of the district as there are limited options internally and this could constrain the portfolio of investments to either result in reduced returns, excessive risk, or both.

2 THE CAPITAL PRUDENTIAL INDICATORS 2020/21 – 2022/23

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate*	2021/22 Estimate*	2022/23 Estimate*
Services	3.7	8.8	33.8	28.8	19.9
Commercial activities / non-financial investments **	2.5	6.3	24.5	2.9	1.1
Total	6.2	15.1	58.3	31.7	21.0

* Provision figures to be approved at Full Council 29th January 2020.

** Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need.

Financing of capital expenditure £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Capital receipts	3.4	3.0	1.0	1.0	1.0
Capital grants	0.1	2.1	7.7	0.6	0.0
Capital reserves	2.7	0.6	0.2	0.2	0.2
Revenue	0.0	0.0	0.0	0.0	0.0
Net financing need for the year	0.0	9.4	49.4	29.9	19.8

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Capital Financing Requirement					
Total CFR	(23.1)	(13.7)	35.7	65.6	85.4
Net financing need for the year (above)	0.0	9.4	49.4	29.9	19.8

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and, by approving these figures, members consider the scale proportionate to the Authority's remaining activity.

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Fund balances / reserves	13.9	15.4	15.9	16.3	16.6
Capital receipts	1.9	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Total core funds	15.8	15.4	15.9	16.3	16.6
Working capital*	10	10	10	10	10
Surplus capital resource	23.1	13.7	0	0	0
(Under)/over borrowing	7.5	7.5	(4.2)	(4.1)	(4.9)
Expected investments	56.4	46.6	21.7	22.2	21.7

* Working capital balances shown are estimated year-end; these may be higher mid-year

2.4 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

Following the disposal of the Council's Housing stock, the calculated MRP is currently nil and it is not anticipated that any MRP will be required for 2020/21.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2019 and the position as at 30 November 2019 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual 31.3.19	actual 31.3.19	current 30.11.19	current 30.11.19
	£000	%	£000	%
Treasury investments				
banks	40,700	67%	47,685	70%
building societies - unrated	0	0%	0	0%
building societies - rated	0	0%	0	0%
local authorities	0	0%	0	0%
DMADF (H.M.Treasury)	0	0%	0	0%
money market funds	0	0%	0	0%
certificates of deposit	0	0%	0	0%
Total managed in house	40,700	67%	47,685	70%
bond funds		0%		0%
property funds	20,000	33%	20,000	30%
Total managed externally	20,000	33%	20,000	30%
Total treasury investments	60,700	100%	67,685	100%
Treasury external borrowing				
local authorities		0%		0%
PWLB	(1,500)	20%	(1,500)	20%
LOBOs	0	0%	0	0%
BOND	(6,000)	80%	(6,000)	80%
Total external borrowing	(7,500)	100%	(7,500)	100%
Net treasury investments / (borrowing)	53,200		60,185	

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
External Debt					
Debt at 1 April	7.5	7.5	7.5	31.5	61.5
Expected change in Debt	0.0	0.0	24.0	30.0	19.0
Other long-term liabilities (OLTL)	0.0	0.0	0.0	0.0	0.0
Expected change in OLTL	0.0	0.0	0.0	0.0	0.0
Actual gross debt at 31 March	7.5	7.5	31.5	61.5	80.5
The Capital Financing Requirement	(23.1)	(13.7)	35.7	65.6	85.4
Under / (over) borrowing	7.5	7.5	(4.2)	(4.1)	(4.9)

Within the above figures the level of debt relating to commercial activities / non-financial investment is currently nil, a forward borrowing plan is being worked up and will be submitted for approval separately:

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
External Debt for commercial activities / non-financial investments					
Actual debt at 31 March £m	0	0	0	0	0
Percentage of total external debt %	0%	0%	0%	0%	0%

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Head of Strategic Finance and Property reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Debt	7.5	32.0	62.0	81.0
Other long term liabilities*	0.0	0.5	0.5	0.5
Commercial activities / non-financial investments	0.0	0.0	0.0	0.0
Total	7.5	32.5	62.5	81.5

* e.g. finance leases

The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £m	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Debt	9.5	32.0	62.0	82.0
Other long term liabilities*	2.0	1.5	1.5	1.5
Commercial activities/ non-financial investments	0.0	4.2	4.1	3.9
Total	11.5	37.7	67.6	87.4

* e.g. finance leases

3.3 Prospects for Interest Rates

A more detailed interest rate forecast and commentary are set out in appendices 5.3 and 5.4

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the General Election. In its meeting on 7th November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate at its 19 December meeting as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

Bond yields / PWLB rates. There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years, in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as

much now to have a major impact on consumer spending, inflation, etc. which has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. (See paragraph 3.7 for comments on the increase in the PWLB rates margin over gilt yields of 100bps introduced on 9.10.19.) There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts. At various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management.
- While this authority will not be able to avoid borrowing to finance new capital expenditure, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.3 Borrowing Strategy

The Council is currently in a negative CFR position. This means that the capital borrowing need (the Capital Financing Requirement), has not been reached due to the level of the Council's reserves.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Head of Strategic Finance and Property will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

Any decisions which will result in a significant change to the CFR and this Council's need to borrow, will be reported to Full Council at the next available opportunity.

3.4 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.5 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

The historic loan (bond) taken out by the council in 1995 for £6m, is due to mature in May 2020 and will be fully repaid.

3.6 New financial institutions as a source of borrowing and / or types of borrowing

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

3.7 Approved Sources of Long and Short term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Finance leases	●	●

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The Council’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.5 under the categories of ‘specified’ and ‘non-specified’ investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-

specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.

5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 50% of the total investment portfolio, (see paragraph 4.3).
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2019/20 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

4.2 Creditworthiness policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;
- CDS spreads that may give early warning of likely changes in credit ratings;

- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system, which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands:

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored on a daily basis. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour
	Colour (and long term rating where applicable)	Money limit per banking group	Transaction limit	Time Limit				
Banks *	yellow	£10m	£10m	5yrs				
Banks	purple	£10m	£10m	2 yrs				
Banks	orange	£10m	£10m	1 yr				
Banks – part nationalised	blue	£20m	£20m	1 yr				
Banks	red	£10m	£10m	6 mths				
Banks	green	£10m	£10m	100 days				
Banks	No colour	Not to be used	Not to be used					
Limit 3 category – Council's banker (where "No Colour")	XXX	£20m	1 day	1 day				
Property Funds	-	£20m	£10m	Not a fixed term investment so no time limit				
DMADF	UK sovereign rating	unlimited	unlimited	6 months				
Local authorities	n/a	£10m (per local authority)	£10m	unlimited				
	Fund rating**	Money and/or % Limit		Time Limit				
Money Market Funds CNAV	AAA	£10m (per fund)	£10m	liquid				
Money Market Funds LVNAV	AAA	£10m (per fund)	£10m	liquid				
Money Market Funds VNAV	AAA	£10m (per fund)	£10m	liquid				
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£10m (per fund)	£10m	liquid				
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink / AAA	£10m (per fund)	£10m	liquid				

* Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt – see appendix 5.4.

** Please note: “fund” ratings are different to individual counterparty ratings, coming under either specific “MMF” or “Bond Fund” rating criteria.

UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.3 Country limits

Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

- a) **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 75% of the total investment portfolio.
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
- c) **Other limits.** In addition:
 - limits in place above will apply to a group of companies;
 - sector limits will be monitored regularly for appropriateness.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that the Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days			
Current investments as at 30.11.19 in excess of 1 year maturing in each year	2020/21	2021/22	2022/23
£m	£m	£m	£m
20.0	40.0	40.0	40.0

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

4.5 Investment performance / risk benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day, 1, 3, 6 or 12 month LIBID compounded / un-compounded

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5 APPENDICES

1. Acquisition of Commercial Property Interests Parameters
2. Prudential and treasury indicators and MRP statement
3. Interest rate forecasts
4. Economic background
5. Treasury management practice 1 – credit and counterparty risk management
6. Approved countries for investments
7. Treasury management scheme of delegation
8. The treasury management role of the section 151 officer

5.1 ACQUISITION OF COMMERCIAL PROPERTY INTERESTS PARAMETERS

- Investments should be within a 20 mile radius of the District of East Hertfordshire boundary. (This is for the ongoing cost effective management of the asset by EHDC officers).
- The yield (annual gross rent/property value, excluding stamp duty and fees) should be no lower than 4.0%. (any lower than this will not be sustainable should borrowing be required).
- Investments should not be within a 'High' or 'Medium' risk zone for environment agency flood risk zone.
- Avoid investments where we will become responsible and at risk from historic or current nuisance, contamination, hazardous processes and materials (e.g. Petrol stations, waste sites, landfill)
- Assets should be freehold or long leaseholds with unexpired terms exceeding 80 years.
- Any ground rent, non-recoverable service charge, non-recoverable maintenance should not exceed 20% of the gross annual rent receivable.
- Full planning permission for asset and current use required with all conditions discharged.
- No assets with an EPC worse than a D should be considered to protect the investment for tightening of MEES requirements in 2023.
- Initially for 2019/2020. The total investment including Price, SDLT and Taxes cannot exceed £3m for Prospective assets.
- Investment in residential or mixed used (containing residential) only to consider with partnership with Millstream.
- Investment containing charities and non-profit making third sector organisation discounted to avoid the current Community Lettings Policy.
- Investments containing voids or leases that expire or can be broken earlier than 5 years for higher than 20% of the total lettable space to be avoided.
- Investments elect for VAT to be avoided initially.

Exceptions to the above criteria.

- Opportunities adjoining existing council ownership
- Opportunities for projects where development/demolition/change of use fits in with a project business case.
- Opportunities as part of longer term strategic/development investments to tie in with future town planning policy.

5.2 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2020/21 – 2022/23 AND MRP STATEMENT

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.2.1 Capital expenditure

Capital expenditure £m	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Head of Strategic Finance and Property	0.1	1.2	7.0	9.8	10.3
Head of Shared Business & Technology Services	0.5	0.9	0.8	0.5	0.5
Head of Operations	1.8	6.0	25.8	18.3	8.9
Head of Housing & Health	0.3	0.3	0.2	0.2	0.2
Head of Planning & Building Control	0.9	0.2	0.0	0.0	0.0
Head of Communications, Strategy & Policy	0.1	0.2	0.0	0.0	0.0
Total services	3.7	8.8	33.8	28.8	19.9
Commercial activities/ non-financial investments	2.5	6.3	24.5	2.9	1.1
Total	6.2	15.1	58.3	31.7	21.0

5.2.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

%	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Services	4.49%	1.29%	1.42%	2.89%	4.24%

The estimates of financing costs include current commitments and the proposals in this budget report.

5.2.3 Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2020/21		
Under 12 months	80%	£6.0m
12 months to 2 years	0%	£0.0m
2 years to 5 years	0%	£0.0m
5 years to 10 years	0%	£0.0m
10 years to 20 years	0%	£0.0m
20 years to 30 years	0%	£0.0m
30 years to 40 years	20%	£1.5m
40 years to 50 years	0%	£0.0m
Maturity structure of variable interest rate borrowing 2020/21		
Under 12 months	0%	£0.0m
12 months to 2 years	0%	£0.0m
2 years to 5 years	0%	£0.0m
5 years to 10 years	0%	£0.0m
10 years to 20 years	0%	£0.0m
20 years to 30 years	0%	£0.0m
30 years to 40 years	0%	£0.0m
40 years to 50 years	0%	£0.0m

5.2.4. Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.3 INTEREST RATE FORECASTS 2019 – 2021

PWLB forecasts are based on PWLB certainty rates.

Bank Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	0.75%	0.75%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
5yr PWLB Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.36%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.20%	3.20%
Capital Economics	2.36%	2.40%	2.40%	2.40%	2.40%	2.40%	-	-	-	-	-	-	-	-	-
10yr PWLB Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.61%	2.60%	2.70%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%
Capital Economics	2.61%	2.60%	2.60%	2.60%	2.60%	2.60%	-	-	-	-	-	-	-	-	-
25yr PWLB Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	3.18%	3.20%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%
Capital Economics	3.18%	2.90%	2.90%	2.90%	2.90%	2.90%	-	-	-	-	-	-	-	-	-
50yr PWLB Rate															
	Now	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	3.04%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%
Capital Economics	3.04%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-	-	-	-	-

5.4 ECONOMIC BACKGROUND

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the **General Election** on 12th December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

While the Bank of England went through the routine of producing another **quarterly Inflation Report**, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in October to 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, this was about half of what had been expected. The unemployment rate fell back again to a 44 year low of 3.8% on the Independent Labour Organisation measure in September, despite the fall in numbers employed, due to numbers leaving the work force. Wage inflation has been edging down from a high point of 3.9% in July to 3.8% in August and now 3.6% in September, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 1.9%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 1.9% in quarter 3; it is expected to fall further. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy is cooling, while inflationary pressures are also weakening; CPI inflation fell from 2.3% to 2.0% in September.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt).

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China. However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs which gives some hope of resolving this dispute.

EUROZONE. **Growth** has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be

particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”, but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank’s eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum. At its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**; (at its October meeting it said this would start in November at €20bn per month - a relatively small amount compared to the previous buying programme). It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments will need to help stimulate growth by ‘growth friendly’ fiscal policy.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government

has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support (i.e. subsidies) to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments**. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged

up that there was **potential for a rerun of the 2008 financial crisis**, but his time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.

- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

5.5 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. *(If a deposit is made for say 2 years, it starts as being a non-specified investment and remains as a non-specified investment even when its time to maturity falls under 12 months.)*

NON-SPECIFIED INVESTMENTS: These are any investments that do not meet the specified investment criteria. A maximum of 75% will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	6 months (max. is set by the DMO*)
UK Government gilts	UK sovereign rating	100%	12 months
UK Government Treasury bills	UK sovereign rating	100%	364 days (max. is set by the DMO*)
Bonds issued by multilateral development banks	AAA	40%	12 months
Money Market Funds CNAV	AAA	95%	Liquid
Money Market Funds LNAV	AAA	95%	Liquid
Money Market Funds VNAV	AAA	95%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	95%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	95%	Liquid

	Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max. maturity period
Local authorities	N/A	100%	Unlimited
Term deposits with banks and building societies	Green	100%	24 months
CDs or corporate bonds with banks and building societies	Green	100%	24 months
Gilt funds	UK sovereign rating	100%	12 months

* DMO – is the Debt Management Office of H.M.Treasury.

SPECIFIED INVESTMENTS:

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – housing associations	--	In-house
Term deposits – banks and building societies	Green	In-house

Term deposits with Nationalised Banks and Banks and Building Societies

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
UK part nationalised banks	Blue	In-house	80	12 months
UK part nationalised banks	Blue	Fund Managers	80	12 months
Banks part nationalised by high credit rated (sovereign rating) countries – non UK	Blue	In-house and Fund Managers	40	12 months
UK Government Gilts	UK sovereign rating	In-house buy and hold and Fund Managers		
Bonds issued by multilateral development banks	AAA	In-house buy and hold and Fund Managers		
Bonds issued by a financial institution which is explicitly guaranteed by the UK Government e.g. National Rail	UK sovereign rating	In-house buy and hold and Fund Managers		
Sovereign bond issues (other than the UK govt)	AAA	In-house buy and hold and Fund Managers		
Treasury Bills	UK sovereign rating	In house and Fund Managers		

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1a. Money Market Funds (CNAV)	AAA MMF rating	In-house and Fund Managers
1b. Money Market Funds (LVNAV)	AAA MMF rating	In-house and Fund Managers
1c. Money Market Funds (VNAV)	AAA MMF rating	In-house and Fund Managers
2a. Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA Bond fund rating	In-house and Fund Managers
2b. Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA Bond fund rating	In-house and Fund Managers
3. Bond Funds	AAA Bond fund rating	In-house and Fund Managers
4. Gilt Funds	AAA UK sovereign rating	In-house and Fund Managers

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

NON-SPECIFIED INVESTMENTS: A maximum of 75% will be held in aggregate in non-specified investment

1. Maturities of any period

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Fixed term deposits with variable rate and variable maturities: -Structured deposits	Orange	In-house	75%	As per minimum Credit Criteria
Certificates of deposit issued by banks and building societies	Orange	In-house	75%	As per minimum Credit Criteria
Commercial paper other	AAA	In-house and Fund Managers	10%	2 Years
Corporate bonds	AAA	In-house and Fund Managers	10%	5 Years
Floating rate notes	AAA	In house and Fund Managers	10%	5 Years
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)				
Corporate bond fund	AAA	In house and Fund Managers	10%	5 Years
Property Funds	Based on external credit assessment from the Council's Treasury Management Advisors, UK asset investment.	In house and Fund Managers	£20m at fund entry, Maximum of two funds at any one time for viability	Long Term

2. Maturities in excess of 1 year

	* Minimum Credit Criteria	Use	** Max % of total investments	Max. maturity period
Term deposits – local authorities	--	In-house	80%	5 years
Term deposits – banks and building societies	Orange	In-house	80%	5 years
Certificates of deposit issued by banks and building societies	Orange	In-house	80%	5 years
Certificates of deposit issued by banks and building societies	Orange	Fund Managers	80%	5 years
UK Government Gilts	UK sovereign rating	In-house and Fund Managers	80%	10 years
Bonds issued by multilateral development banks	AAA	In-house and Fund Managers	10%	5 years
Sovereign bond issues (other than the UK govt)	AAA	In-house and Fund Managers	50%	10 years
Corporate bonds	AAA	In-house and Fund Managers	10%	5 years
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)				
Property Funds	Based on external credit assessment from the Council's Treasury Management Advisors, UK asset investment.	In house and Fund Managers	£20m at fund entry, Maximum of two funds at any one time for viability	Long Term

5.7 APPROVED COUNTRIES FOR INVESTMENTS

This list outlined below, is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets that have credit ratings of green or above in the Link Asset Services credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Hong Kong
- France
- U.K.

AA-

- Belgium
- Qatar

THIS LIST IS AS AT 16.12.19

5.8 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Executive / Full Council

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Performance, Audit and Governance Overview Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.9 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
 - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

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East Herts Council

Date of Meeting: 29th January 2020

Report by: Joint Report by the Directors of Millstream Property Investments Ltd and the Executive Member for Financial Sustainability

Report title: Millstream 30 Year Business Plan: 2020/21 Onwards

Ward(s) affected: All

Summary

- This report presents the Business Plan for the 30 year period commencing 2020/21 prepared by Millstream Property Investments Ltd (herein referred to as 'Millstream' or 'the company'). It updates the company's previous 30 year plan. In line with the Shareholder Agreement between Millstream and the council, the directors of the company are required to review the company's business plan and submit for the approval of its shareholder (the council) a revised plan each year, based on a rolling 30 year planning period.
- This report is presented by the directors of the company jointly with the council's Executive Member for Financial Sustainability because it is recognised that the income accruing to the council from Millstream's activities will be of paramount interest to members.

RECOMMENDATIONS FOR COUNCIL, that:

- (a) Millstream Property Investment Ltd's 2020/21 30 Year Business Plan, including its programme of acquisitions and development, presented in the EXEMPT Appendix A, be approved**
- (b) £2.75m unused loan approvals granted to Millstream by full Council on 19th December 2018 in support of the previous business plan be reassigned to support the new priorities**

in the 2020/21 30 Year Business Plan

(c) up to an additional:

- **£3.70m be loaned to Millstream on commercial terms or as shareholder cash loans and**
- **£0.65m be made available as a shareholder asset-backed loan**

to combine with the existing unused loan approvals covered in recommendation (b) to enable Millstream to deliver its acquisitions and development programme for 2020/21 as detailed in the business plan, including substituting schemes if necessary

(d) authority be delegated to the Head of Strategic Finance and Property to determine (i) the balance of commercial and other loans relating the company's activity and (ii) the terms and conditions attached to the finance made available.

1.0 Proposal(s)

- 1.1 As required by the Shareholder Agreement, Millstream has revised and updated its business plan and now puts before Council its new 30 Year Business Plan commencing 2020/21.
- 1.2 In overall terms, the company is proposing to its shareholder, full Council, approval of its business plan which would:
 - increase the company's portfolio of residential properties from nine properties in the company's ownership at the end of 2019/20 to 36 available for letting by the beginning of 2022/23 at the latest
 - see Millstream offer the council two units of accommodation for use as much needed temporary accommodation for homeless households and in doing so assist the council reduce its use of bed and breakfast accommodation for homeless people

- meet the income targets set by the council for 2020/21 and 2021/22, notably by providing the council with an annual revenue income projected to be £166k in 2020/21 rising to over £300k a year within three years
- require additional loan capital to combine with the unspent loan approvals already agreed by Council
- affirm Millstream's willingness to work with the council to provide a wider range of affordable rented and private rented properties in the future.

2.0 Background

- 2.1 At its meeting of 5th September 2017, the Executive approved the establishment of a property investment company wholly owned by East Herts Council, subsequently incorporated in February 2018 as Millstream Property Investments Ltd.
- 2.2 The council established the company as a commercial endeavour with the aim of generating an income stream to the council arising from:
 - interest on loans made by the council to the company
 - council officer time and services sold to the company
 - operating surpluses available as dividends, on the assumption that the company pro-actively manages surpluses so as to legitimately minimise losses to corporation tax.
- 2.3 The Shareholder Agreement between Millstream and the council requires the directors of the company to review the company's business plan on an annual basis and submit an updated plan for the approval of its shareholder (the council). Full Council has previously approved Millstream's business plans on an annual

basis at its meetings held on 18th October 2017 and 19th December 2018.

2.4 Millstream's directors have reviewed the company's business plan and produced a revised 30 year business plan, rebasing the forthcoming financial year as the first year of this 30 year period. Millstream has fully complied with the requirement in the Shareholder Agreement to have submitted its first draft 30 Year Business Plan to the council's Shareholder Representative (Richard Cassidy, the Chief Exec) and the members of the Shareholder Advisory Committee by 31st October in the preceding year. The views of the council's Lead Member for Financial Sustainability and Head of Strategic Finance and Property have also been sought. Thus, the company, having consulted these representatives of the council, is now presenting its final draft revised 30 Year Business Plan for the period commencing 2020/21.

2.5 As required by the Shareholder Agreement, the company's 30 year business plan includes:

- a schedule of properties and/or sites it proposes to acquire in the next financial year whether described by name or the number and/or value of specific types of property at least differentiating residential and commercial and existing built properties and sites
- a financial business plan covering not less than 30 years based on development and management and maintenance of existing assets and acquisition of planned new assets
- a procurement plan which shall include details of contracts coming to an end and contracts to be tendered

- an asset management plan including management, maintenance, disposals and acquisitions plans
- key performance indicators with previous performance and targets for the coming financial year; and
- estimates, assumptions regarding reinvestment of profits, distribution of dividends and capitalisation of profits for the coming financial year including the amounts it will be prudent to retain in order to meet operational costs in the coming financial year and the amounts available for distribution to the Shareholder.

3.0 Reason(s)

- 3.1 Millstream’s directors contend that the proposed business plan as presented in the EXEMPT Appendix A meets the requirements of the Shareholder Agreement and contributes to the council’s income targets presented in the budget report elsewhere on this agenda. The business plan, which presents a programme of acquisitions and development, includes commercially sensitive information provided by a third party (that is, Millstream) and so is exempt from consideration in public. The directors of the company have incorporated amendments to the first draft plan suggested by the various council representatives consulted, as discussed in paragraph 2.4 above.
- 3.2 The revenue cashflows for both Millstream and the council are presented in the business plan attached in the EXEMPT Appendix A. The council’s targets for income accruing from Millstream’s activity are projected to be met in 2020/21 and 2021/22 from this latest proposed 30 Year Business Plan. The company’s next business plan, commencing 2021/22, which will be presented to Council for approval in a year’s time, will

include proposals to meet the council's targets in 2022/23 and 2023/24.

- 3.3 Due diligence by the company has revealed that the redevelopment of the Kingsmead site is no longer commercially viable and that progressing the scheme would require the council to provide a substantial level of non-recoverable subsidy which would not represent best value. Millstream can still meet its income targets set by the council for 2020/21 and 2021/22 and will bring forward proposals in future business plans to meet subsequent years' targets. Millstream has made suggestions to the council as to how grant monies already allocated to the company could instead be used by the council to contribute to the refurbishment of the existing community centre.
- 3.4 The company proposes to retain the current performance indicators (PIs) agreed by the shareholder – see the table below. Performance (to date) in 2019/20 and targets for 2020/21 are given in the business plan.

Performance Indicator	Reason
Gross yield per private rented property – annual rent as a % of property value	'Industry standard' means of gauging the value and performance of private rental stock
Average price per property acquired in the open market	A means by which the shareholder can monitor that the company is acting within the financial envelope approved by the shareholder
Company's projected end-of-year financial position as a % of modelled position at year start	A means by which the shareholder can monitor the overall financial performance of the company

4.0 Options

- 4.1 The specific proposals within the business plan have been subject to discussion with the Shareholder Representative and members of the Shareholder Advisory Group who have indicated that the council

would like Millstream to bring forward development proposals. This has been accommodated.

- 4.2 Other options considered but not recommended include the following.
- 4.3 Acquisition of only five individual properties in line with the purchasing programme in 2019/20 – NOT RECOMMENDED because this would mean Millstream could not meet the additional target set by the council to yield an additional £100k income stream for the council.
- 4.4 Acquisition of more individual properties than planned – NOT RECOMMENDED as Millstream would ideally wish to diversify its sources of income. That said, however, the company has established a track record of successful property purchases and would revert to acquisition of individual properties if any of its other acquisition or development proposals cannot proceed for whatever reason, having discussed such a move with the Shareholder Advisory Group.
- 4.5 Prioritisation of new build over acquisition of properties – NOT RECOMMENDED as the lead-in time for development, coupled with the greater risks as compared with property acquisition, means that over-emphasis on new build could put at risk the company's ability to meet the income targets set by the council.
- 4.6 Decision not to adopt the revised business plan – this option is open to Council although this approach is NOT RECOMMENDED as without the proposed programme of acquisitions and development the company would not be able to meet the council's income targets which would put significant pressure on the council's resources.

5.0 Risks

- 5.1 Millstream's directors have identified a series of risks

and mitigations.

- 5.2 Risk 1: the company is unable to acquire the number and type of properties within the cost criteria in the business plan. To mitigate this, the company keeps the local market under close review and is confident of being able to acquire the necessary properties by, if necessary, amending the size, location and type of properties acquired, including amending the balance of acquisitions between houses and lower cost flats. The exact details of the portfolio of properties acquired by the company is not crucial, so long as the yield, that is the rental income expressed as a percentage of the purchase price, produced by the properties is maintained at the level discussed in the business plan as this will ensure the company can deliver the income targets set by the council. The Shareholder Advisory Group will be kept informed of the progress of Millstream's acquisition programme.
- 5.3 Risk 2: new build development cannot proceed due to, for example, cost increases or planning considerations. Development proposals by the company are based on prudent assumptions, however, it is recognised that it is impossible to be absolutely certain about costs at the outset of any capital project. Furthermore, development will always be subject to gaining planning permission. The company will engage suitable expertise to ensure costs are minimised and planning issues are addressed at the pre-application stage. Should development not be able to proceed, however, the company will seek alternative development opportunities or revert to property acquisition so as to ensure the council's income targets are met, having discussed such a move with the Shareholder Advisory Group.
- 5.4 Risk 3: there are adverse inflationary movements and other costs increases. The business plan includes a comprehensive 'downside sensitivity analysis' which has

sought to assess the combined impact of a number of adverse changes. The sensitivity analysis indicates that the company's profits over the lifetime of the business plan, and thus the availability of dividend payments to the council, would be eroded by the adverse factors applied over the 30 years of the business plan. Of note, however, is that the impact is not 'fatal' on the company's viability. Furthermore, the company believes it could, if / as necessary, mitigate the impact of inflation through, for example, revenue efficiencies, value engineering and procurement efficiencies. In addition, the downside sensitivity testing has a less marked impact on the income to the council as although dividend income would drop, this loss would in large part be offset by increased interest income from Millstream accruing from the imposition of higher interest rates.

6.0 Implications/Consultations

- 6.1 Paragraph 2.4 above explains how the company has consulted the shareholder during the preparation of this revised business plan.
- 6.2 The 30 Year Business Plan includes full 30 year forecasts for the company's cashflows along with capital requirements to cover the acquisitions in 2020/21 and the developments commencing in 2020/21. The business plan has been subjected to sensitivity testing with the results included in the business plan.
- 6.3 Development or acquisitions commencing beyond 2020/21 will be the subject of consideration by Millstream in the coming year and the company will discuss emerging schemes with the council, notably the Shareholder Rep and members of the Shareholder Advisory Group. The company is open to working with the council to acquire, own and manage both affordable rented and private rented homes developed by the

council as part of the Northgate End and Old River Lane developments in Bishop's Stortford and will, in consultation with the shareholder, bring forward proposals in future years' business plans.

- 6.4 Annex B to the business plan includes revenue cashflows for the council. These cashflows enable the council to realise its targeted additional income in 2020/21 and 2021/22 arising from the company's activities. The company has noted the council's targets for 2022/23 and 2023/24 and will bring forward proposals in next year's business plan to deliver this income for the council.
- 6.5 The company will carefully manage its finances so as to ensure resources are available to manage and maintain its properties. Realistic assumptions have been made for void periods and bad debt based on benchmarking with other organisations. In addition, resources for day-to-day repairs and replacement of capital items such as kitchens and bathrooms over the lifetime of ownership have been included in the financial modelling. Again, the financial provisions for repairs and investment have been based on benchmarked data.
- 6.6 Detailed tax advice was sought during the inception of the company and, where the company or the shareholder feels it necessary, further advice will be sought to ensure that the company's finances are managed in the most tax efficient way.
- 6.7 The company relies on meeting its capital requirements from funding provided by the council. The proposals in the 2020/21 30 Year Business Plan foresee the council making resources available to the company in the form of:
- loans made on commercial terms
 - shareholder cash loans

- shareholder asset-backed loans (the council providing an asset to the company in return for a charge on the company's assets to a commensurate value).
- 6.8 The capital requirements of the company over the period 2020/21 to 2021/22 arising from the proposals in the business plan under consideration are given in the Annex C to the business plan.
- 6.9 Specific advice has been sought from Cipfa regarding the handling of the commercial and shareholder loans to the company. This has confirmed the council's and company's existing understanding, that is, that the commercial loans should be made with interest charged at rates likely to be available to the company in the open market, with the council able to dictate its own rates for the monies it is lending in its capacity as a shareholder.
- 6.10 This report seeks Council approval of the funding required by the company.

Community Safety

Yes/No

Data Protection

Yes/No

Equalities

Yes/No

Environmental Sustainability

Yes/No

Millstream pays close attention the Energy Performance Certificate ratings of the properties it acquires. In addition, it prioritises works to its properties to increase energy efficiency, for example, in 2019/20 the company replaced the boiler in one of its properties with a new, high efficiency condensing boiler.

When building new homes, the company will meet the energy efficiency standards set out by the council in its District Plan and national building regulations.

Financial

Yes/No

See the discussion of revenue and capital implications in section 6 above.

Health and Safety

Yes/No

Human Resources

Yes/No

Human Rights

Yes/No

Legal

Yes/No

Specific Wards

Yes/No

Development or significant acquisitions in particular wards will be discussed with the relevant ward members should Council approved the business plan.

7.0 Background papers, appendices and other relevant material

- 7.1 EXEMPT Appendix 1 – DRAFT Millstream 30 Year Business Plan 2020/21.

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